



Victorian
Law Reform
Commission



Annual report 2010–11



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

- ▶ In July 2010, two new Commissioners were appointed to the Commission. Justice Karin Emerton of the Supreme Court was previously Crown Counsel for the Victorian Government and spent many years as a barrister. Lynne Haultain is the Chair of the Board of the Victorian Foundation for Survivors of Torture, as well as the General Manager, Strategic Communications for the Australian Competition and Consumer Commission.
- ▶ The Commission released the *Easements and Covenants: Consultation Paper* in July 2010.
- ▶ The Commission's *Surveillance in Public Places: Final Report* was tabled in Parliament in August 2010. The report contains 33 recommendations to modernise surveillance laws and promote the responsible use of surveillance devices in public places.
- ▶ In October 2010, the Commission's final report on protection applications in the Children's Court, completed in June 2010, was tabled in Parliament. The report recommends options for procedural, administrative and legislative changes that may minimise disputation and maintain a focus on the best interests of children.
- ▶ The Attorney-General also released the Commission's *Review of the Property Law Act 1958: Final Report* in October 2010. The report makes 58 recommendations, all of which point to the need for a new Property Law Act that is easier to understand and use.
- ▶ The Commission opened Facebook and Twitter accounts in October 2010.
- ▶ In January 2011, the Commission released updated versions of our *Law reform in action* booklet and *Law reform: Our process* poster.
- ▶ In February 2011, part-time Commissioner Associate Professor Pamela O'Connor finished her term with the Commission after the completion of the property reference.
- ▶ The Commission released a consultation paper for our guardianship reference in March 2011 and embarked on an extensive second round of consultations. We also released easy English, summary and translated versions of the paper.
- ▶ In April 2011, the Attorney-General announced that the Commission would be conducting a review on the laws governing the registration of sex offenders. The purpose of the review is 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 is due to provide a final report to the Attorney-General on 4 November 2011.
- ▶ The Attorney-General tabled the Commission's *Easements and Covenants: Final Report* in Parliament in May 2011. The report makes 48 recommendations that aim to simplify and clarify the law, reduce costs, improve access to justice and make it easier for landowners to know their rights and obligations.
- ▶ The Commission opened our first online forum for the guardianship reference in May 2011. The forum provided case studies for users to read and respond to. The responses will help shape our recommendations for the final report.
- ▶ The Commission released an information paper on the registration of sex offenders in June 2011 and commenced community consultation.
- ▶ The Commission launched our community law reform project, *Supporting Young People in Police Interviews: Final Report*, in June 2011. The report contains recommendations to introduce a statewide scheme for supporting young people in police custody with trained volunteers. Commission Chairperson Professor Neil Rees launched the report, and the Honourable John Coldrey QC and Sally Reid, Manager for Statewide Programs at the Centre for Multicultural Youth, spoke at the launch.
- ▶ Commission staff gave speeches on a range of law reform topics throughout metropolitan and regional Victoria, including in schools, universities, government departments and community service organisations.



It has been an exciting and productive year for the Victorian Law Reform Commission; we have welcomed two new Commissioners, completed two important projects, made significant progress on an ongoing reference, commenced a new reference, and broadened our approaches to community engagement.

Two new Commission members, Lynne Haultain and the Honourable Justice Karin Emerton, joined the Commission in July 2010 and another Commissioner, Associate Professor Pamela O'Connor, left the Commission after the completion of our property reference.

The Commission delivered three final reports to the Attorney-General. We also published two consultation papers and an information paper during the reporting period. All of these documents are available on our website.

"The Commission has also expanded the ways in which we engage with the community by embracing social media, including Facebook, Twitter and online forums."

The work of the Commission continued to inform new laws. The *Civil Procedure Act 2010* and the *Bail Amendment Act 2010* implement many of the recommendations in the Commission's *Civil Justice Review: Report and Review of the Bail Act: Final Report*.

Reports

Property

The Commission was asked to review Victoria's property laws in August 2009. The reference comprised two components—a review of the *Property Law Act 1958* and a review of the laws relating to easements and covenants.

The Commission produced separate final reports for the two components of the review. The *Review of the Property Law Act 1958: Final Report* was delivered to the Attorney-General in September 2010 and tabled in Parliament in October 2010. The report recommends replacing the current Act with a new Act that is easier to understand and use. About one quarter of the current Act would be repealed and most of the remaining sections would be revised. Some new provisions are also proposed.

The *Easements and Covenants: Final Report* was delivered to the Attorney-General in December 2010 and tabled in Parliament in May 2011. Easements and covenants are private rights that affect land use. The law governing these rights is unduly complex and much in need of reform. In

the final report, the Commission made 48 recommendations that aim to simplify and clarify the law, reduce costs, improve access to justice and make it easier for landowners to know their rights and obligations.

Continuing references

Guardianship

In May 2009, the Attorney-General asked the Commission to review and report on the desirability of changes to the *Guardianship and Administration Act 1986*. Much has changed since Victoria's groundbreaking guardianship laws commenced operation a generation ago.

The Commission released a consultation paper in March 2011 and undertook extensive second-round consultations throughout the following months. The consultation paper provides a detailed description of current guardianship law and practice in Victoria and outlines community responses to questions posed in our information paper. We received 81 submissions in response to the consultation paper.

In May 2011, the Commission also hosted our first online forum for the guardianship review. The forum presented a series of case studies describing different support arrangements and asked questions about each scenario. The site attracted a high level of interest and users' comments will help shape recommendations in our final report, which is due in December 2011.

Sex offenders registration

In April 2011, the Attorney-General asked the Commission to review the laws governing the registration of sex offenders and the use of information about registered sex offenders by law enforcement and child protection agencies.

The Victorian Ombudsman recommended the reference in his report to Parliament about problems with the management of the sex offenders registration scheme. The purpose of the review is 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.

In June 2011, the Commission released an information paper that describes the operation of Victoria's sex offender registration system and asks questions about ways in which it can be improved. We also commenced consultations with organisations and members of the community.

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 change. 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 November 2010, the Commission completed a community law reform project about the law governing support for young people during police interviews. The report recommends the introduction of a statewide scheme for supporting young people in police custody and changes to the law concerning the presence and role of a support person. The Commission launched the report in June 2011.

Commissioners and staff

Associate Professor Pamela O'Connor left the Commission in February 2011 after the completion of our property reference. Pam was an inspirational leader of the property team which benefited greatly from her deep knowledge and understanding of this complex area of the law. I thank her for her significant contribution to the work of the Commission.

Longstanding Commissioners Mandy Chambers, Judge Felicity Hampel and Hugh de Kretser, together with new Commissioners Lynne Haultain and Justice Karin Emerton, have invested a great deal of time and energy in the Commission's work. My thanks to them for the hard work involved in helping to guide consultations with the community and in developing recommendations for reform.

The Commission's staff, led by CEO Merrin Mason, have continued to work together to consult wisely, to research well and to produce excellent publications. Our research and policy officers, communications team and administrative staff are to be congratulated for their commitment and creativity.

The Commission has enjoyed another successful year and we look forward to delivering more innovative and practical recommendations for improving Victoria's laws in the year to come.



Professor Neil Rees
Chairperson

Our Commissioners



During 2010–11 there were significant changes to the Commission, with two new Commissioners appointed and one part-time Commissioner returning to academic work after completing a major reference.

In July 2010 the Commission welcomed Justice Karin Emerton, Supreme Court Judge, and Lynne Haultain, Chair of the Board for the Victorian Foundation for the Survivors of Torture.

In February 2011, Associate Professor Pamela O'Connor's term as part-time Commissioner finished after the completion of the Commission's property reference.

Commissioners are responsible for the overall direction of the organisation. They are members of the Commission's Divisions, in which they work on specific references. Commissioners meet regularly to discuss recommendations and publications for all references.

At the close of the year, there were six Commissioners: five part-time Commissioners and a full-time Chairperson, Professor Neil Rees.

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 Commission's jury directions, child protection, guardianship and sex offenders registration 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 has also worked in employment and industrial relations law. He has also been a non-executive director of the Human Rights Law Resource Centre.

Hugh has been a member of the jury directions, surveillance in public places, child protection, guardianship and community law reform Divisions.

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 and sex offenders registration Divisions.



Left to right: Magistrate Mandy Chambers, Hugh de Krester, Justice Karin Emerton, Judge Felicity Hampel, Lynne Haultain, Associate Professor Pamela O'Connor, Professor Neil Rees

Judge Felicity Hampel has been a part-time Commissioner since 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 jury directions, property law, child protection, sex offenders registration and community law reform Divisions.

Lynne Haultain was appointed as part-time Commissioner in 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 Board for the Victorian Foundation for Survivors of Torture as well as General Manager, Strategic Communications for the Australian Competition and Consumer Commission.

Lynne has been a member of the guardianship Division.

Associate Professor Pamela O'Connor was a part-time Commissioner from November 2009, when she was appointed to work on the Commission's review of Victoria's property laws,

until February 2011, after the reference was completed. She is one of Australia's leading property lawyers who has taught, researched and published in property law at Monash University for 20 years. She is a contributor to a leading Australian text on property law, and has received grants from the Australian Research Council as part of a research team investigating the interaction between property law, sustainability and climate change.

Professor Neil Rees has been the Chairperson of the Commission since 1 June 2007. His legal career includes periods in academia, in legal practice and as a member of tribunals. Before joining the Commission, he was a 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 has been involved with all references throughout the year.



Another busy and productive year has seen the Commission complete two references, commence one new reference and publish a comprehensive consultation paper for an ongoing reference.

References

Both stages of our property law project were completed in the last year. Reports on the review of the *Property Law Act 1958* and easements and covenants were tabled in October 2010 and May 2011 respectively. The property team did an excellent job of making these reports readable and accessible. Team leader Lindy Smith skilfully guided the research and consultation processes and ensured both reports were delivered on time. The quality of the work produced by legal research officers Hilda Wrixon and Zane Gaylard was recognised by both staff subsequently finding work in related property law areas.

The guardianship team continues to work hard on what is currently our largest project. As well as the size and complexity of the reference, the importance of consulting with and giving voice to the views of those most affected by guardianship laws has required extensive consultation and a larger than usual team of researchers. Team leader Emma Cashen has done a fabulous job of keeping her team on track and motivated and keeping the project moving. Researchers Martin Wimpole, Ian Parsons and Kirsten McKillop have all produced excellent

work and have consistently been able to analyse and distil complex material into principled and workable options and recommendations. The huge task of organising the many consultations and other meetings has been very efficiently managed by research assistant Tess McCarthy. Tess's particular skill in liaising with stakeholders has ensured maximum participation in consultations.

We commenced a new reference in May 2011 on sex offender registration. Lindy Smith is leading this team with her usual efficiency and the team is making great progress in meeting its very tight deadlines. Retired Supreme Court Judge the Honourable John Coldrey has been engaged as a consultant to work on this reference, bringing his expert knowledge and many years of experience. We have also engaged Laura McDonough, an experienced Victoria Legal Aid (VLA) solicitor and manager of the VLA sex offences team, to work on this project. Mia Hollick completes the team, contributing her excellent legal research skills and remarkable attention to detail.

Community law reform

The final report for our community law reform project supporting young people in police interviews was launched on 29 June 2011. The project was very ably led by Myra White, the community law reform manager, with Mia Hollick and Alexandra Krummel both contributing substantially to the final report, and displaying excellent research and writing skills.

Communications

The Commission appointed Nicola Edwards as communications manager in July 2010. Nicola has done outstanding work during the year, updating our community publications, developing our schools program and perhaps most importantly, getting the Commission involved in social media. We now have a presence on both Facebook and Twitter.

Carlie Jennings, our publications officer, has done a wonderful job with our publications again this year. Her calm demeanour persists regardless of the time pressures we place on her. During the year Carlie developed a new report writing template which is much more user friendly. This kind of behind-the-scenes support is important in improving the Commission's processes and helping us meet our deadlines.

Julie Bransden continues to efficiently manage our library and provide timely assistance with locating and obtaining publications.

Administration

My thanks to the administration team including operations manager Kathy Karlevski, assistant operations manager Vicki Christou and administration officers Failelei Siatua and Sara Yekenkurul for their hard work during the year.

Jess Saunders, my executive assistant and project officer, has provided excellent executive and research support, as well as playing a significant role in presenting to school and community groups on behalf of the Commission. Jess has been a great pleasure to work with.

Staff movements

A number of staff have left the Commission during the year and the Commission thanks them for their contributions. This includes a number of members of the team that worked on our child protection reference—Freia Carlton, Becky Batagol and Sarah Dillon. Researchers from our property law project Hilda Wrixon and Zane Gaylard both left at the completion of that reference. Alexandra Krummel left after completing work on our community law reform project, and Simone Marrocco left the role of executive assistant and project officer after 10 years in the role.

Commissioners

Once again the part-time Commissioners have made substantial contributions to the Commission's references and I pass on my and the staff's thanks to them for their support throughout 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 2011.



Merrin Mason
CEO
Victorian Law Reform Commission

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 our 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
- ensure the government is fully informed of law reform developments that have occurred interstate and overseas
- 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 contain 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 2011.

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 \$54.8m.

The total output cost for the Commission is an amount derived from the *Appropriation (2010/2011) Act 2010*, 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.

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.	Delivered <i>Easements and Covenants: Consultation Paper</i> Delivered <i>Review of the Property Law Act 1958: Final Report</i> Delivered <i>Easements and Covenants: Final Report</i> Delivered <i>Supporting Young People in Police Interviews: Final Report</i> Delivered <i>Guardianship: Consultation Paper</i> Delivered <i>Sex Offenders Registration: Information Paper</i>
Engage the community in law reform processes and foster community-wide debate on law reform proposals.	Staff participated in conferences and forums hosted by third parties. Conducted broad-ranging community consultations in metropolitan and regional Victoria for our guardianship and property references. Conducted an online forum with case studies and questions for our guardianship reference.
To promote the role of law reform and improve community understanding of law and legal processes relevant to the Commission's references.	Published and distributed updated versions of our <i>Law reform in action</i> booklet and <i>Law reform: Our process</i> poster. Provided information about references and the law reform process to media outlets, universities, schools, organisations and community groups. Engaged individuals, organisations and media via social media platforms Facebook and Twitter. Explained the law reform process at consultations.
To identify community law reform opportunities in areas of emerging concern.	Finalised and launched a report on the role of independent persons in police interviews following a request from the youth sector.
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.	Modified contacts database. Upgraded the telephone systems. Conducted staff seminars with external speakers. Supported a staff lunchtime netball team. Took out corporate membership of the Melbourne Bike Share scheme.

Performance Measures	Unit of Measure	2010-11 Actual	2010-11 Target
Quantity			
Community education and consultation sessions ⁽ⁱ⁾	number	50	50
Law reform projects ⁽ⁱⁱ⁾	number	4	4
Quality			
Stakeholder satisfaction with consultation/education processes	per cent	85	85
Cost			
Annual appropriation		0.908	0.912
Legal Services Board		2.370	1.785
Total output cost	\$ million	3.278	2.697

Notes:

- (i) *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.*
- (ii) *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.*

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.



The laws and practices that assist Victorians with impaired decision-making capacity are being reviewed under the Commission's guardianship reference.

This is the first review of Victorian guardianship and administration laws in 25 years. The review is an exciting opportunity to design guardianship laws for Victoria's future.

Guardianship and administration—background

In Victoria, the *Guardianship and Administration Act 1986* is designed to help people with disabilities who are unable to make important decisions. The Act allows for the appointment of another person to make personal, financial and medical decisions when a formal decision maker is needed.

Terms of reference

The Commission has been 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.

While the Guardianship and Administration Act was groundbreaking legislation when first enacted, the social conditions it deals with are now very different to those that existed when the Act commenced operation 25 years ago.

The Commission's recommendations must have regard to Australia's human rights obligations and the *Charter of Human Rights and Responsibilities Act 2006*.

In particular, the Commission has been 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.

The Attorney-General has extended the date for the Commission to provide our final report to 23 December 2011.

Staff and Commissioners

The guardianship team comprises Emma Cashen (team leader) and research and policy officers Kirsten McKillop, Ian Parsons and Martin Wimpole. Research and administrative assistance is provided by Tess McCarthy.

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

Consultative committees

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 year, 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.

Information paper and consultations

The Commission has released two papers for community comment in our review of guardianship laws. We have also conducted two rounds of community consultations.

In March 2010, we released an information paper. That paper explained existing law and practice as simply as possible to generate public discussion about what areas of the law might need reform.

The Commission received 60 submissions from a wide variety of organisations and individuals in response to the information paper. Submissions have been published on our website.

In March, April and May 2010, the Commission also consulted a broad range of people with disabilities and their carers and friends who have experience both with Victoria's guardianship system and with other issues relating to people whose disability affects their ability to make decisions. We also met with advocate groups, health professionals, service-delivery groups, trustee organisations, the Public Advocate and VCAT. We conducted consultations in both metropolitan Melbourne and regional Victoria.

Consultation paper and consultations

Submissions and consultations, as well as discussions with our consultative committees, provided the Commission with valuable information about current practice. From this information, the Commission identified a number of areas in need of reform.

"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 81 submissions in response to the consultation paper. These have also been published on our website.

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

Final report

The guardianship team is currently preparing a final report and recommendations for reform of the law.



Over the last year the Commission has completed two reports on Victoria's property laws: a review of the *Property Law Act 1958* and a review of the laws of easements and covenants.

Review of Victoria's property laws

In August 2009, the Commission was asked to review the *Property Law Act 1958* and the law of easements and covenants. The purpose of the review was to ensure that the laws are transparent, accessible, and support an efficient and effective system of property rights and transactions in Victoria.

Staff and Commissioners

Associate Professor Pamela O'Connor, who has extensive experience in teaching, researching and writing about property law, was appointed Commissioner to lead the reference. She joined Professor Neil Rees, Judge Felicity Hampel and Professor Sam Ricketson (until 30 June 2010) in forming a Division of the Commission with responsibility for the reference.

The property research and policy team comprised Lindy Smith (team leader), Zane Gaylard and Hilda Wrixon. Interns Frankie Barbour and Cara Bredebusch provided research assistance while at the Commission.

A consultative committee of experts in property law provided valuable guidance on the identification of the issues and reform options.

Conduct of the reference

The two components of the reference were conducted simultaneously. Following the publication of a consultation paper on the review of the *Property Law Act* in April 2010, the Commission delivered the final report to the former Attorney-General on 30 September 2010. A consultation paper on easements and covenants was published in July 2010 and the final report was presented to the Attorney-General on 17 December 2010.

Review of the Property Law Act 1958: Final Report was tabled in Parliament on 29 October 2010. *Easements and Covenants: Final Report* was tabled on 3 May 2011.

Recommendations for a new Property Law Act

The Property Law Act is the foundation of Victoria's property law but has been largely superseded by other legislation.

Almost all dealings in land are now regulated by the *Transfer of Land Act 1958*, and property rights are affected by the *Planning and Environment Act 1987* and the *Subdivision Act 1988*. The particular rights of tenants, minors, and members of owners corporations are found in specialised Acts such as the *Residential Tenancies Act 1980*, the *Retail Leases Act 2003*, the *Settled Land Act 1958* and the *Owners Corporations Act 2006*.

Nowadays, the Property Law Act is difficult to follow and contains many references to outdated concepts and practices. The Commission found that at least 25 per cent of the existing provisions reflect discontinued practices or refer to legislation that has already been repealed. Many other provisions need to be either substantially amended or redrafted for clarity.

“Overall, the Commission made 58 recommendations in the review, but the core recommendation was to replace the current Act with a new one in simpler, plainer language.”

The Commission also recommended giving the courts additional powers to deal with disputes about buildings that encroach onto neighbouring land and changing the way the law deals with improvements made to someone's land by mistake because the owner of the land, or the land itself, was incorrectly identified. These changes will bring Victorian law into line with the law in other states.

The Commission did not review the provisions of the Property Law Act concerning co-owned lands and goods, which it reviewed in 2001–02, or those that deal with mortgages, leases and land held on trust, which need to be reviewed under wider terms of reference.

Review of the law of easements and covenants

An easement is a right to make use of someone else's land without occupying it, such as when an owner of a property has the right to travel across neighbouring land to reach a public road. A restrictive covenant limits what can be done on or with the land, such as limiting the height of buildings and the construction materials.

When land is sold or transferred, any easements or restrictive covenants attached to it can be enforced against subsequent owners and occupiers.

Easements and restrictive covenants were first recognised by law at a time when land use was determined largely by custom and private agreements between landholders. Today, most land use is determined by public planning bodies under legislation.

Easements can now be created by a bewildering variety of rules and doctrines, under statute or at common law, expressly or by implication. They may or may not be recorded on the title to the land.

Restrictive covenants are created by private agreements between landowners, or between a vendor and a purchaser. They are commonly meant to ensure that a new neighbourhood is built to the developer's plan and does not change. They are distinct from restrictions on land use that are created under legislation, by plans of subdivision and by agreements between landowners and government authorities.

The Commission's recommendations aim to provide increased certainty for owners and purchasers and clarify concepts and processes that have become more muddled as public planning has expanded. Easements and restrictions required for planning purposes would be created, enforced and removed under planning law. Easements and restrictive covenants required for private purposes would be created, enforced and removed under property law.



In April 2011, the Commission was asked to review the laws governing the registration of sex offenders and the use of information about registered sex offenders by law enforcement and child protection agencies.

Victoria's sex offender registration scheme

In Victoria, all adults who are convicted of and sentenced for sexual offences involving children become registered sex offenders. Other offenders, including children convicted of certain sexual offences, may become registered sex offenders if the sentencing court is satisfied that they pose a risk to the sexual safety of another person or the community.

The register of sex offenders is maintained by Victoria Police. Registered sex offenders must report to the police at least annually for a period of time fixed by legislation and provide a broad range of information about their identity and movements. Keeping the police informed in this way seeks to reduce the likelihood that a sex offender will re-offend and assist the investigation and prosecution of any future offences committed.

The legislation under which the scheme operates is the *Sex Offenders Registration Act 2004*. Approximately 50 people are added to the register every month. As at 1 June 2011, 3933 people had been registered since the scheme began and it is estimated that 5000 people will be on the register by the end of 2012.

Terms of reference

In April 2011, the Attorney-General asked the Commission to review the registration of sex offenders and the management and use of information about sex offenders by law enforcement and child protection agencies.

The Attorney-General's reference followed the tabling in Parliament of a report by the Victorian Ombudsman concerning a failure by the police to inform the Child Protection Division of the Department of Human Services that many registered sex offenders were living with or had unsupervised contact with children.

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

The purpose of the review is 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 has been asked to consider in particular:

- The powers and obligations of the Chief Commissioner of Police to collect information from registered sex offenders and relevant agencies, and for the Chief Commissioner and those agencies to exchange the information for law enforcement and risk assessment purposes.
- The powers of the Chief Commissioner of Police to assess the veracity of information provided by registered sex offenders and manage the risks they pose to children and the broader community.
- The definition of unsupervised contact with a child (which the registered sex offender must report to police), including whether it should be broadened to include non-physical contact.

The Commission is to report by 4 November 2011.

Staff and Commissioners

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

“The Honourable John Coldrey QC, retired Supreme Court Judge and former Director of Public Prosecutions, has been engaged to work as a consultant on the project.”

The sex offenders registration team comprises Lindy Smith (team leader) and research and policy officers Laura McDonough, Mia Hollick and Sarah Krasnostein.

Information paper

An information paper was released in June 2011. It describes the operation of Victoria’s sex offender registration scheme, asks questions about how it could be improved, and invites submissions from the public. The submissions have been published on our website.



The *Victorian Law Reform Commission Act 2000* allows the Commission to make recommendations on minor legal issues of general community concern or to suggest to the Attorney-General that he or she refer a law reform project to the Commission.

Spotlight on community law reform

Members of the community can and do suggest ideas for law reform projects. If the project involves a relatively minor change to the law, it may be accepted by the Commission as 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 administers the program with assistance from Commission staff. The community law reform program also has a dedicated Division that assesses community suggestions and contributes to projects once they are established. This financial year, the Division comprised Commission Chairperson Professor Neil Rees, Judge Felicity Hampel and Hugh de Kretser.

Criteria for community suggestions

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

- The area in which the law applies—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 amount 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 amount of community consultation that will be needed 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 affect a significant proportion of the population or address problems faced by 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.

The Commission's community law reform projects in 2010–11

Supporting young people in police interviews

The Commission launched the *Supporting Young People in Police Interviews: Final Report* on 29 June 2011. The report examines the role of independent persons in police interviews with young people.

“Independent persons regularly attend police interviews with young people when their parent or guardian is unavailable, but legislation does not define who can and cannot be an independent person or what their role should be.”

The Commission made 24 recommendations in the report, including:

- building on the successful Youth Referral and Independent Persons Program (YRIPP) pilot program and establishing the scheme statewide with a pool of trained people
- having the legislation clearly describe the role of the person to inform young people of their legal rights and supporting them when they choose to exercise those rights
- changing the name from 'independent person' to 'support person' to better indicate the nature of their role
- clearly indicating the consequences of failing to comply with the requirement that a young person be supported by a parent, guardian or support person during police questioning.

Community law reform suggestions

This financial year, the Commission received 23 formal suggestions for community law reform, including reforms to laws 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 federal laws, or were areas requiring significant changes to the law.

With the completion of our project on providing support to young people when being interviewed by police, the Commission is currently in the process of investigating a number of possible new projects.

The Commission's online form for community law reform suggestions remained the primary method of submission, with 11 suggestions received online, and seven suggestions received via email. Although the option of Twitter suggestions was canvassed, it was decided that it was not an appropriate way for people to fully voice their ideas. The Commission continued to receive suggestions by mail, phone and in person.

The Commission has continued its education and outreach activities in line with our objectives to engage the community in the law reform process and promote the role of law reform.

Engagement with schools and universities

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

VCE legal studies students are now required to study the Commission as part of the 2011–15 Victorian Certificate of Education curriculum. Students need to consider the role of the Commission in changing the law. In response, the Commission produced updated versions of the *Law reform: Our process* poster and *Law reform in action* booklet. Secondary schools can request copies of the resources or download them from our website. An updated case study of the sexual offences reference was also produced.

The Commission has developed a presentation for legal studies students on the law reform process that includes a case study on our surveillance in public places reference. The Commission responded to a number of requests for speakers, particularly from regional schools.

In April 2011, the Commission again participated in the Victorian Law Foundation's Law Talks program, this time at Wodonga Senior Secondary College.

In September 2010, staff spoke at the Monash Law School Ambassador Program's seminar, Beyond Law Practice.

Intern program

The Commission has continued to participate 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.

In 2010 Frankie Barbour worked on the property reference and Ian Pelekanakis provided research assistance on a number of projects.

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 2010–11.

Commissioner Associate Professor Pamela O'Connor spoke about the Commission's review of the *Property Law Act 1958* to the Surveying Institute and Planning Institute, Institute of Surveyors Victoria and Surveying and Spatial Sciences Institute.

Chairperson Professor Neil Rees spoke about the Commission's review of child protection applications in the Children's Court at the Office of the Child Safety Commissioner planning day, Victorian Children's Council, Court Advocacy Unit Conference, the Law Institute of Victoria's Family Law Conference, Victorian Commercial Teachers Association and at the Australian Institute of Judicial Administration conference.

Chairperson Professor Neil Rees and various members of the guardianship team spoke about the Commission's review of guardianship law at the Australian Guardianship and Administration Council, Aged and Community Care Victoria and Aged Care Assessment Service.

Professor Rees also presented on the future of civil justice at the Civil Procedure Act 2010 Conference and presented on areas of law requiring specialist expertise at the Law Institute of Victoria's National Accredited Specialisation Forum.

Delegates from the Ministry of Justice and Home Affairs of Mongolia visited the Commission in March and were interested to discuss the law reform process.

Team leader Emma Cashen spoke about the law reform process and consultation at the National Policy Lawyers Forum. The Commission also spoke to community organisations to inform participants about the general law reform process.

In the news

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

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

Chairperson Professor Neil Rees and team leader Myra White had an article published in the *Australian Journal of Family Law* that summarised the outcome of the child protection reference in the context of national developments in child protection and family law.

Social media

The Commission set up Facebook and Twitter accounts in late 2010. Both mediums are a source of information for the media on the Commission's work and law reform. A social media policy has been developed and can be viewed on our website.

A mix of individuals, including lawyers, law students and journalists and organisations such as Australian Law Reform Commission, the Public Interest Law Clearing House and the Domestic Violence Resource Centre Victoria are following us on Twitter.

"At 30 June, the Commission had posted 247 'tweets'—a mix of updates on our work and 're-tweets' of others—and had approximately 400 followers."

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

Audit committee membership and roles

The audit committee consists of:

- Anthony Phillips (Chairperson)
- Professor Neil Rees
- John Bafit.

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 Department's internal control environment covering:
 - effectiveness and efficiency of operations;
 - reliability of financial reporting; and
 - 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; and
- oversee the effective operation of the risk management framework.

Human resource management

During the 2010–11 financial year, the Commission developed initiatives to improve the health and safety of staff by subscribing to the Melbourne Bike Share scheme and continuing ergonomic assessments.

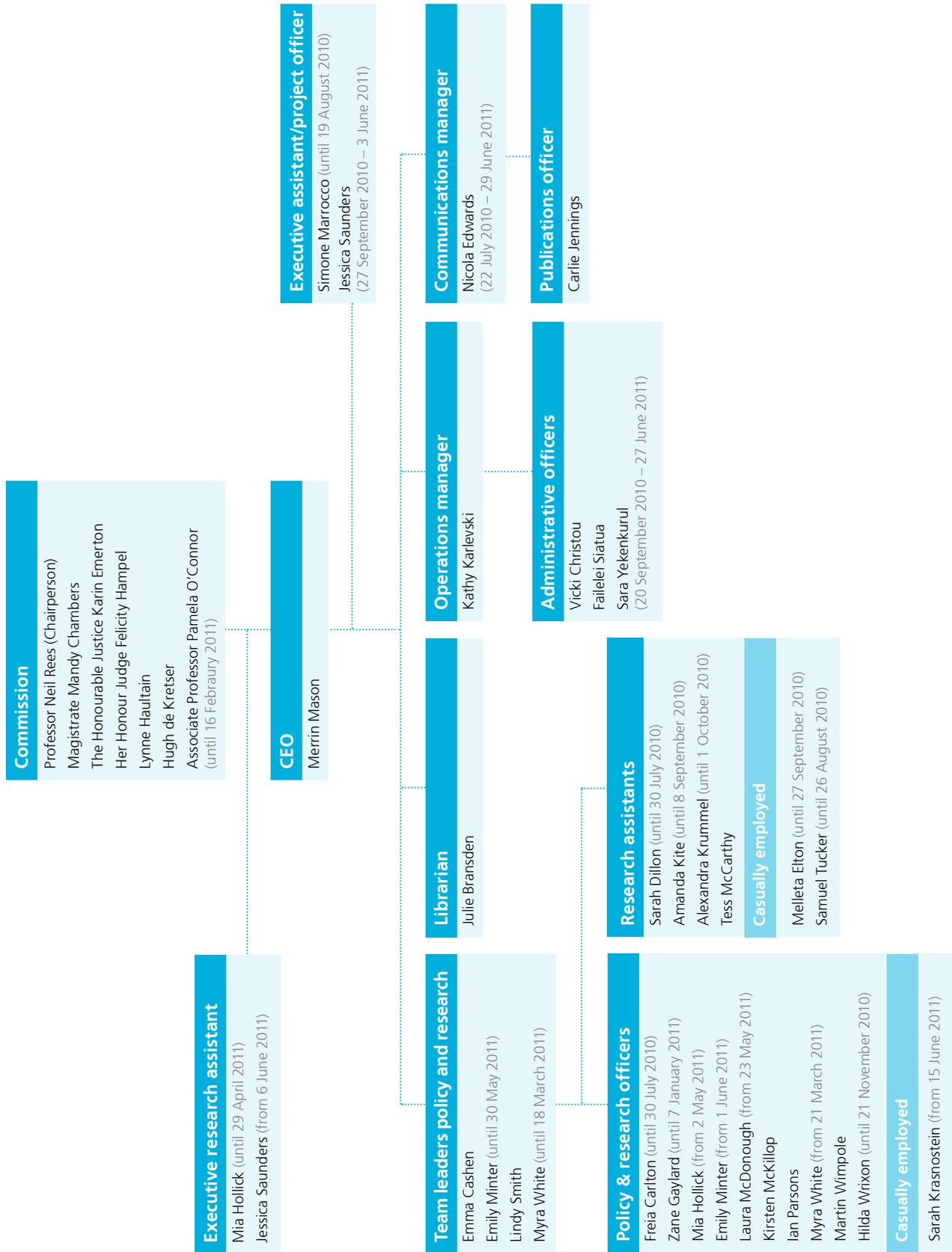
Card access to the fire stairs was provided so that staff could use the stairs to access our offices on the third floor.

Staff members continued their fire warden and first aid officer training. All staff participated in the fire drills undertaken by the building management.

Employment and conduct principles

The Commission is committed to applying merit and equity principles when appointing staff. The selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities without discrimination.

Organisational chart



Diversity reporting

The Commission is committed to promoting workplace diversity and advocating for people in the community through policy development, specialist research and consultation with community, government departments and others to foster inclusion and to develop initiatives to support diversity planning. This approach ensures effective cultural, economic and social outcomes for all Victorian communities.

Women's affairs

For our review of guardianship laws, the Commission has appointed a representative of Women with Disabilities Victoria as a representative on our Consultative Committee. In undertaking this reference, the Commission recognises that guardianship issues arise particularly for families providing care to a family member with a disability, and acknowledges that women often assume this carer role. To this end, the Commission targeted a large number of our consultations to carer groups, principally represented by women.

The Commission has also delivered presentations about the law reform process to women's groups, including the Victorian Women's Team at Amnesty International and the Women's Group at Diamond Valley Learning Centre.

Young people

Throughout the year, the Commission has engaged with young people for both our references and our community engagement activities. The terms of reference for the Commission's guardianship reference specifically ask us to address the minimum age provisions for guardianship appointments, an issue particularly relevant to young people with a disability. In response, the Commission has engaged Victoria's Youth Disability Advocacy Network as part of the Consultative Committee steering the guardianship reference. A number of young people with disabilities also attended forums held throughout our consultation phase.

As part of our community education program, the Commission has provided information on law reform to schools and has participated in the Law Victoria Foundation's Law Talks. We have also updated our community education publications, including our *Law reform in action* brochure and *Law reform: Our process* poster, and made a new case study available on our website.

Culturally and linguistically diverse communities

The Commission has engaged with culturally and linguistically diverse (CALD) communities and organisations for our guardianship reference. We conducted consultations with members of CALD communities in partnership with ADEC (Advocacy Disability Ethnicity Community), Victoria's peak organisation representing disability in culturally and linguistically diverse communities, and Spectrum Migrant Resource Centre, which offers immigration services such as education, training and aged home care and personal support for carer families. We also translated key points from our *Guardianship: Consultation Paper Summary* into 11 community languages, which were published on our website and distributed through relevant CALD organisations.

Indigenous communities

Throughout the consultation process for our guardianship reference, the Commission consulted specifically with Indigenous organisations both in Melbourne and in regional Victoria. The Commission has also appointed a representative of the Victorian Aboriginal Community Services Association Limited to the reference's Consultative Committee.

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.

Workforce data staffing trends

Year	2011	2010	2009	2008	2007
Employees	18	22	16	20	20

	Ongoing employees ^(a)				Fixed term & casual employees	
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE ⁽ⁱⁱ⁾	FTE ⁽ⁱⁱ⁾	
June 2011	9	7	2	8.5	9	
June 2010	8	6	2	7.5	14.4	

	2011			2010		
	Ongoing ⁽ⁱ⁾		Fixed term & Casual Employees	Ongoing ⁽ⁱ⁾		Fixed term & Casual Employees
	Employees (Headcount)	FTE ⁽ⁱⁱ⁾	FTE ⁽ⁱⁱ⁾	Employees (Headcount)	FTE ⁽ⁱⁱ⁾	FTE ⁽ⁱⁱ⁾
Gender						
Male	1	1	2	1	1	3.2
Female	8	7.5	7	7	6.5	11.2
Total	9	8.5	9	8	7.5	14.4
Age						
Under 25	0	0	0	0	0	4.2
25–34	2	2	6	2	2	6.6
35–44	3	3	1	2	2	1
45–54	2	1.9	2	2	1.9	2.0
55–64	2	1.6	0	2	1.6	0.6
Over 64	0	0	0	0	0	0
Total	9	8.5	9	8	7.5	14.4
Classification						
VPS 1	0	0	0	0	0	0
VPS 2	1	1	1	1	1	0
VPS 3	2	1.6	2	3	2.6	5.8
VPS 4	1	1	0	0	0	1
VPS 5	2	1.9	5	1	0.9	5
VPS 6	1	1	1	1	1	2
Executive ⁽ⁱⁱⁱ⁾	1	1	0	1	1	0
Statutory appointee	1	1	0	1	1	0.6
Total	9	8.5	9	8	7.5	14.4

Notes:

- (i) 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.
- (ii) FTE means full time staff equivalent.
- (iii) 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.
- All figures reflect employment levels during the last full pay period of June of each year.
- 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 2010 and June 2011 is due to fixed term and casual staff's employment ceasing at the end of their contracts as the references they were working on ended.

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 2011.

Consultancies

Details of consultancies under \$100,000

In 2010–11, the total for the 15 consultancies engaged during the year, where the total fees payable to the consultants was less than \$100,000, was \$160,428. All figures are excluding GST.

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 2011.

Making a request

Access to documents may be obtained through written request to the Freedom of Information Manager, as detailed in section 17 of the *Freedom of Information Act 1982*. In summary, the requirements for making a request are:

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

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

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

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

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

Compliance with the *Building Act 1993*

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

National Competition Policy

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; and
- the objectives of the legislation can only be achieved by restricting competition.

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

Compliance with the *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 2011, 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

Damien O'Shea
Director, Executive Services (Department of Justice)
Phone: (03) 8684 0090

Protected Disclosure Officers

Ms Sue Coleman
Assistant Director, Civil Law Policy (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

Office-based environmental impacts

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

The EMS objectives include:

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

Current environmental management practices

- GreenEarth electricity.
- 25 per cent GreenPower (Accredited Renewable Energy).
- Motion sensors.
- Lighting audits and de-lamping.
- VISY paper, plastic, glass, aluminium and steel recycling.
- Chook bucket for food scraps.
- Using 80–100 per cent recycled paper.
- Double-sided printing.
- Draft printing (half strength toner).
- Ink and toner cartridge recycling.
- Staff members have been issued thermal mugs for takeaway beverages. This has significantly reduced the number of carton/plastic coffee cups. Staff are happy to take the thermal mug with them to buy their coffee.
- 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.

- Organic and environmentally sustainable catering.
- A staff awareness program to encourage staff to turn off equipment and lights after use.
- Unplugging 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.

The data represented below was collected through energy retailer billing information.

Indicator	2010–11		2009–10	
	Electricity	Green Power	Electricity	Green Power
Total energy usage segmented by primary source (MJ)	149,803	53,500	158,867	48,914
Greenhouse gas emissions associated with energy use, segmented by primary source and offsets (t CO ₂ e)	58	...	59	...
Percentage of electricity purchased as Green Power	25%		20% 25% from 2 Sep 09	
Units of energy used per FTE (MJ/FTE)	11,295		9,488	
Units of energy used per unit of office area (MJ/m ²)	227		232	
Actions undertaken				
Delamping	In 2010–11, an additional 12 fluorescent tubes were removed; 100 fluorescent tubes were removed in 2009–10.			
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.			

Notes:

- *The overall use of electricity has reduced, as have gas emissions.*
- *The increase of energy used per FTE is due to there being four 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	2010–11	2009–10
Total units of office waste disposed of by destination (kg/year)	1009	573
Units of office waste disposed of per FTE by destination (kg/FTE)	56	26
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

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 they do not collect contaminated waste. A sticker is placed on the bin advising the waste is contaminated and the bin is not collected. All waste produced by the Commission has been collected.*
- *Landfill is collected nightly. The company contracted to do the cleaning does not collate any data on waste, therefore none can be provided.*

Paper use

Indicator	2010–11	2009–10
Total units of A4 equivalent copy paper used (reams)	288	293
Units of A4 equivalent copy paper used per FTE (reams/FTE)	16	13.4
Percentage of 75–100% recycled content copy paper purchased (%)	93.75%	95.65%
Percentage of 50–75% recycled content copy paper purchased (%)	0	0
Percentage of 0–50% recycled content copy paper purchased (%)	6.25%	4.34%
Optional indicators		
Total units of A4 equivalent paper used in publications (reams)	2020	1640
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) entirely of 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	

Notes

- The overall use of paper has decreased.
- The increase of units of A4 equivalent copy paper used per FTE is due to there being four less staff in the reporting period.

Water consumption

The data in the table below is based on water meter readings for the building, which consists of seven floors, one of which is occupied by the Commission. Sole use for the Commission cannot be identified as the consumption of water is included in the building's overhead costs and charges.

Indicator	2010–11	2009–10
Total units of metered water consumed by usage types for building (kilolitres)	1516	2828
Units of metered water consumed in offices per unit of office area (kilolitres/m ²)	226	420
Units of metered water consumed in offices per unit of office area (kilolitres/m ²) per FTE (kilolitres/FTE)	12.55	18.45

Notes

- The apportionment method used to calculate water consumption is total units of metered water consumed by area occupied within building.
- The overall decrease of water consumption may be attributed to vacant tenancies per floor or less staff numbers in the building.

Transport

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

The total distance travelled by aeroplane was 20,387 kilometres for 2010–11; in 2009–10, 63,345 kilometres were travelled.

Over 95 per cent of employees regularly use public transport, cycle or walk to and from work.

Eighty-nine per cent of staff reside in metropolitan Melbourne; the remainder live in regional Victoria.

Procurement

The Commission complies with the Government's Environmental Purchasing Policy. 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; and
- 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 the:

Operations Manager
Phone: (03) 8608 7820

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



Anthony Phillips
Chairperson
Audit Committee

Disclosure index

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



Financial report 2010–11

For the financial year
ended 30 June 2011



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Accountable officer's and chief finance and accounting officer'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 2011 and financial position of the Commission at 30 June 2011.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 5 September 2011.



Mary Polis
Acting Chief Executive Officer
Victorian Law Reform Commission
Melbourne
5 September 2011



Kathy Karlevski
Chief Finance and Accounting Officer
Victorian Law Reform Commission
Melbourne
5 September 2011



Professor Neil Rees
Chairperson
Victorian Law Reform Commission
Melbourne
5 September 2011

INDEPENDENT AUDITOR'S REPORT

To the Commissioners, Victorian Law Reform Commission

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Victorian Law Reform Commission which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's 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, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Commissioners determine is necessary to enable the preparation 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.

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.

Comprehensive operating statement for the financial year ended 30 June 2011

	Notes	2011 \$	2010 \$
Income from transactions			
Output appropriations—Department of Justice	2b	908,857	1,310,500
Other income—Legal Services Board	2b	2,370,000	1,700,000
Interest received on Trust Account funds	2a	14,718	16,985
Total income from transactions		3,293,575	3,027,485
Expenses from transactions			
Employee expenses	3a	(1,900,627)	(1,989,037)
Depreciation	3b	(224,946)	(223,355)
Interest expense	3c	(1,888)	(1,310)
Other operating expenses	3d	(955,132)	(991,616)
Total expenses from transactions		(3,082,593)	(3,205,318)
Net result from transactions (net operating balance)		210,982	(177,833)
Other economic flows included in net result			
Other gains/(losses) from other economic flows	4	(756)	(301)
Total other economic flows included in net result		(756)	(301)
Net result		210,226	(178,134)
Comprehensive result		210,226	(178,134)

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 40 to 67.

Balance sheet

as at 30 June 2011

	Notes	2011 \$	2010 \$
Assets			
Financial assets			
Cash and deposits	15	400	400
Receivables	5	642,729	295,374
Total financial assets		643,129	295,774
Non-financial assets			
Other receivables	5	8,328	0
Plant and equipment	6	471,902	696,848
Total non-financial assets		480,230	696,848
Total assets		1,123,359	992,622
Liabilities			
Payables	7	113,713	192,709
Borrowings	8	23,981	32,104
Provisions	9	250,685	243,057
Total liabilities		388,379	467,870
Net assets		734,980	524,752
Equity			
Accumulated surplus		261,603	51,377
Contributed capital		473,377	473,377
Net worth		734,980	524,754
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 67.

Statement in changes of equity for the financial year ended 30 June 2011

	Accumulated Surplus \$	Contributions by owners \$	Total \$
Balance at 1 July 2009	229,511	473,377	702,888
Net result for the year	(178,134)		(178,134)
Balance at 30 June 2010	51,377	473,377	524,754
Net result for the year	210,226		210,226
Balance at 30 June 2011	261,603	473,377	734,980

The above statement of changes in equity should be read in conjunction with the accompanying notes included on pages 40 to 67.

Cash flow statement for the financial year ended 30 June 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Receipts			
Receipts from Government		553,174	1,149,394
Receipts from other entities		2,370,000	1,700,000
Interest received		14,718	16,985
Total receipts		2,937,893	2,866,379
Payments			
Payments to suppliers and employees		(2,929,770)	(2,855,676)
Total payments		(2,929,770)	(2,855,676)
Net cash flows from/(used in) operating activities	15b	8,123	10,703
Cash flows from investing activities			
Proceeds from sale of non-financial assets		0	43,909
Payments for non-financial assets		0	(70,653)
Net cash flows from/(used in) investing activities		0	(26,744)
Cash flows from financing activities			
Proceeds from/(repayment of) finance leases		(8,123)	16,041
Net cash flows from/(used in) financing activities		(8,123)	16,041
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 67.

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Notes to the financial statements

for the financial year ended 30 June 2011

Note 1. Summary of significant accounting policies

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

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 19.

(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.

The annual financial statements were authorised for issue by the Chairperson of the Victorian Law Reform Commission on 5 September 2011.

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.

(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.

These financial statements are presented in Australian dollars, the functional and presentation currency of the Commission.

In the application of AAS, judgments, 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 judgments derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and associated assumptions are reviewed on an ongoing basis. 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. Judgments made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

This report has been prepared in accordance with the historical cost convention. Historical cost is based on the fair values of the consideration given in exchange for assets.

Exceptions to the historical cost convention include:

- 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

Note 1. Summary of significant accounting policies (continued)

with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value;

- the fair value of an asset other than land is generally based on its depreciated replacement value.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011 and the comparative information presented for the year ended 30 June 2010.

(C) Reporting entity

The financial statements cover the Victorian Law Reform Commission as an individual reporting entity. The Commission was proclaimed on 6 April 2001. The entity was incorporated under the *Victorian 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.

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 Cat. No. 5514.0 published by the Australian Bureau of Statistics (see Note 19).

'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.

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

Note 1. Summary of significant accounting policies (continued)

- 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.

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 (those expected to be recovered or settled beyond 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*.

Statement of changes in equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity 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 comprehensive income related to other non-owner changes in equity.

Rounding of amounts

Amounts in the financial statements (including the notes) have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate 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.

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.

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 includes interest received on deposits and other investments.

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

Grants

Grants from third parties (other than contribution by owners) are recognised as income in the reporting period in which the Commission gains control over the underlying assets.

(F) Expenses from transactions

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

Employee expenses

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

Superannuation – State superannuation defined benefit plans

The amount recognised in the comprehensive operating statement in relation to employer contributions for members of defined benefit superannuation plans is simply the employer contributions that are paid or payable to these plans during the reporting period. The level of these contributions will vary depending upon the relevant rules of each plan, and is based upon actuarial advice.

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 and amortisation

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 19 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 expenses 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. These include:

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*.

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables

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

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

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. They

are initially measured at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method.

Financial instrument liabilities measured at amortised cost include all 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. For cash flow statement presentation purposes, cash and cash equivalents include cash on hand.

Receivables

Receivables consist of:

- statutory receivables, which include predominantly amounts owing from the Victorian Government and GST input tax credits recoverable; and
- contractual receivables, which include mainly debtors in relation to goods and services, accrued investment income, and finance lease receivables (refer to Note 1(L) *Leases*).

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

Investments and other financial assets

Investments are classified as financial assets at fair value through profit or loss.

Any dividend or interest earned on the financial asset is recognised in the consolidated comprehensive operating statement as a transaction.

Note 1. Summary of significant accounting policies (continued)

(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.

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.

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

The fair value of infrastructure systems and 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.

Certain assets are acquired under finance leases, which may form part of a service concession arrangement. Refer to notes 1(L) *Leases* and 1(N) *Commitments* in relation to such assets and arrangements.

Where an asset is received for no or nominal consideration, the cost is the asset's fair value at the date of acquisition.

Leasehold improvements

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

Revaluations of non-financial physical assets

Non-financial physical assets are measured at fair value, 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 immediately as other economic flows in the net result, except that the net revaluation decrease is 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. 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.

(K) Liabilities

Borrowings

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs (refer also to Note 1(L) *Leases*).

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in net result over the period of the borrowing using the effective interest method.

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

Payables

Payables consist of:

- contractual payables, such as accounts payable, and unearned income including deferred income from concession arrangements. 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.

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 and sick leave

Liabilities for wages and salaries, annual leave and accumulating sick 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.

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.

Note 1. Summary of significant accounting policies (continued)

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.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the estimated consolidated comprehensive operating statement.

(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.

(N) Commitments

Commitments are disclosed 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.

(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, unless the GST incurred is not recoverable from the taxation authority. In this case, it 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. 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.

(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.

(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 reporting periods.

(S) AASs issued that are not yet effective

Certain new AASs have been published that are not mandatory for the 30 June 2011 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 2011, the following standards and interpretations that are applicable to the Commission had been issued but are not mandatory for the financial year ending 30 June 2011. Standards and Interpretations that are not applicable to the Commission have been omitted. The Commission has not early adopted these standards.

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 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>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 124 <i>Related Party Disclosures (Dec 2009)</i>	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests the impact is insignificant. <i>However, the Commission is still assessing the detailed impact and whether to early adopt.</i>
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.	Beginning 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 to the Victorian Public Sector.
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.	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-12 <i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]</i>	This standard amends AASB 8 to require an entity to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for-profit government departments. Detail of impact is still being assessed.
AASB 2009-14 <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14]</i>	Amendments to Interpretation 14 arise from the issuance of prepayments of a minimum funding requirement.	Beginning 1 Jan 2011	Expected to have no significant impact.
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.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.

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 2010-4 <i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</i> [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-5 <i>Amendments to Australian Accounting Standards</i> [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 Jan 2011	No significant impact on the financial statements.
AASB 2010-6 <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets</i> [AASB 1 & AASB 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i> [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]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 Jan 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.

Note 2. Income from transactions

	2011 \$	2010 \$
(a) Interest		
Interest on bank deposits	14,718	16,985
Total interest	14,718	16,985
(b) Grants and other income transfers		
Department of Justice	908,857	1,310,500
Other public bodies	2,370,000	1,700,000
Total grants and other income transfers	3,278,857	3,010,500

Note 3. Expenses from transactions

	2011 \$	2010 \$
(a) Employee expenses		
Post employment benefits:		
Superannuation expense	(136,585)	(147,159)
Salaries, wages and long service leave	(1,764,041)	(1,841,879)
Total employee expenses	(1,900,627)	(1,989,037)
(b) Depreciation		
Depreciation of property, plant and equipment	(224,946)	(223,355)
Total depreciation and amortisation	(224,946)	(223,355)
(c) Interest expense		
Interest on finance leases	(1,888)	(1,310)
Total interest expense	(1,888)	(1,310)
(d) Other operating expenses		
Supplies and services:		
Purchase of supplies and consumables	(282,490)	(301,999)
Purchase of services	(277,427)	(280,553)
Maintenance	(8,298)	(6,438)
Rent and associated costs	(386,917)	(402,627)
Total other operating expenses	(955,132)	(991,616)

Note 4. Other economic flows included in net result

	2011 \$	2010 \$
(a) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service leave liability	(756)	(301)
Total other gains/(losses) from other economic flows	(756)	(301)

Note 5. Receivables

	2011 \$	2010 \$
Current receivables		
Contractual		
Other receivables ⁽ⁱ⁾	8,328	0
	8,328	0
Statutory		
Amounts owing from Victorian Government	564,943	248,178
Total current receivables	573,271	248,178
Non-current receivables		
Statutory		
Amounts owing from Victorian Government	77,786	47,196
Total non-current receivables	77,786	47,196
Total receivables	651,057	295,374

Notes:

(i) Consist of overpaid and prepaid salaries.

Note 6. Plant and equipment

	2011 \$	2010 \$
Gross carrying amounts and accumulated depreciations		
Leasehold improvements		
At cost	1,069,403	1,069,403
Less: accumulated depreciation	(624,204)	(410,324)
	445,199	659,079
Plant and equipment		
At cost	20,399	20,399
Less: accumulated depreciation	(17,333)	(14,686)
	3,066	5,713
Motor vehicle		
Under finance lease - at cost	32,757	32,757
Less: accumulated depreciation	(9,119)	(702)
	23,637	32,056
Net carrying amount of plant and equipment	471,902	696,848

Note: The Commission's property, plant and equipment are classified within the 'Public Administration' 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 \$
2010				
Carrying amounts				
Balance at 1 July 2009	868,731	8,475	16,253	893,459
Additions	4,159	0	66,493	70,652
Disposals	0	0	(43,908)	(43,908)
Depreciation expense	(213,811)	(2,762)	(6,782)	(223,355)
Balance as 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 30 June 2011	445,199	3,066	23,637	471,902

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

	2011 \$	2010 \$
Leasehold improvements	(213,880)	(213,811)
Plant and equipment	(2,647)	(2,762)
Motor vehicle	(8,419)	(6,782)
	(224,946)	(223,355)

Note 7. Payables

	2011 \$	2010 \$
Current payables		
Contractual		
Supplies and services ⁽ⁱ⁾	109,126	120,892
Other payables ⁽ⁱⁱ⁾	0	66,582
	109,126	187,474
Statutory		
Taxes payable	4,587	5,236
Total current payables	113,713	192,709

Notes:

- (i) *Terms and conditions of amounts payable to other government agencies vary according to a particular agreement with that agency.*
- (ii) *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.

(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

	2011 \$	2010 \$
Current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	8,667	8,123
Total current borrowings	8,667	8,123
Non-current borrowings		
Finance lease liabilities ⁽ⁱ⁾ (Note 11)	15,314	23,981
Total non-current borrowings	15,314	23,981
Total borrowings	23,981	32,104

Notes:

(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.

(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

	2011 \$	2010 \$
Current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)]—annual leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	82,391	82,503
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	8,908	13,254
Employee benefits ⁽ⁱ⁾ [Note 9(a)]—long service leave:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	36,100	32,401
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	8,310	30,429
	135,709	158,587
Provisions related to employee benefit on-costs [Note 9(a) and Note 9(b)]:		
Unconditional and expected to settle within 12 months ⁽ⁱⁱ⁾	31,328	29,214
Unconditional and expected to settle after 12 months ⁽ⁱⁱⁱ⁾	4,926	8,060
Total current provisions	171,963	195,861
Non-current provisions		
Employee benefits ⁽ⁱ⁾ [Note 9(a)]	68,419	41,019
Employee benefit on-costs [Note 9(a) and Note 9(b)]	10,303	6,177
Total non-current provisions	78,722	47,196
Total provisions	250,685	243,057

Note 9. Provisions (continued)

(a) Employee benefits and related on-costs

	2011 \$	2010 \$
Current employee benefits		
Annual leave entitlements	91,298	95,757
Long service leave entitlements	44,410	62,830
	135,709	158,587
Non-current employee benefits		
Long service leave entitlements	68,419	41,019
Total employee benefits	204,128	199,606
Current on-costs	36,254	37,274
Non-current on-costs	10,303	6,177
Total on-costs	46,557	43,451
Total employee benefits and related on-costs	250,685	243,057

(b) Movement in provisions

	On-costs Annual Leave \$	On-costs LSL \$	Total \$
2011			
Opening balance	28,477	14,974	43,451
Additional provisions recognised	18,769	2,109	20,878
Reductions arising from payments/other sacrifices of future economic benefits	(16,813)	(959)	(17,772)
Closing balance	30,433	16,124	46,557
Current	30,433	5,821	36,254
Non-current		10,303	10,303
	30,433	16,124	46,557

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.

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 recognises and discloses the State's defined benefit liabilities in its financial statements.

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		Contribution Outstanding at Year End	
	2011 \$	2010 \$	2011 \$	2010 \$
State Superannuation Fund—revised and new	82,933	90,245	2,549	3,548
Various other funds	53,652	56,913	1,554	1,890
Total	136,585	147,159	4,103	5,438

Note 11. Leases

Finance leases

Leasing arrangements

The finance leases the Commission had entered into with the Department of Treasury and Finance—Vic Fleet relate to motor vehicles with lease terms of 27 months. The Commission does not have an option to purchase the leased asset at the expiry of the lease period.

	Minimum future lease payments ⁽ⁱ⁾		Present value of minimum future lease payments	
	2011 \$	2010 \$	2011 \$	2010 \$
Finance lease liabilities payable				
Not longer than 1 year	9,970	9,970	8,667	8,123
Longer than 1 year but not longer than 5 years	15,476	25,447	15,314	23,981
Longer than 5 years	0	0	0	0
Minimum lease payments	25,446	35,417	23,981	32,104
Less future finance charges	1,465	3,313	0	0
Present value of minimum lease payments	23,981	32,104	23,981	32,104
Included in the financial statement as:				
Current borrowings (Note 8)			8,667	8,123
Non-current borrowings (Note 8)			15,314	23,981
			23,981	32,104

Notes:

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

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 four per cent 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.

	2011 \$	2010 \$
Non-cancellable operating leases payable		
Not longer than one year	367,022	348,868
Longer than one year and not longer than five years	386,403	753,425
Longer than five years	0	0
	753,425	1,102,293

Note 12. Commitments for expenditure

Capital expenditure commitments

There are no capital expenditure commitments as at 30 June 2011 (\$NIL—2010).

Note 13. Contingent assets and contingent liabilities

There are neither contingent assets nor contingent liabilities at balance date not provided for in the Balance Sheet as at 30 June 2011. (\$NIL—2010).

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.

The carrying amounts of the Commission's 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 \$
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
Other payables	0	0	0
Finance lease liability	0	23,981	23,981
Total contractual financial liabilities⁽ⁱ⁾	0	133,108	133,108
2010			
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	120,892	120,892
Other payables	0	66,582	66,582
Finance lease liability	0	32,104	32,104
Total contractual financial liabilities⁽ⁱ⁾	0	219,578	219,578

Notes:

- (i) The total amount of financial assets disclosed here excludes statutory amounts (i.e. amounts owing from Victorian Government and GST input tax credit recoverable, and taxes payable).

(b) Credit risk

Credit risk arises from the contractual financial assets of the Commission, which comprise cash and deposits, trade and other 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 2011. (\$400—2010).

Note 14. Financial instruments (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Commission would be unable to meet its financial obligations as 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. It also continuously manages 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 \$
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	15,315
Total	133,108	133,108	109,827	1,413	6,552	15,315
2010						
Payables⁽ⁱⁱ⁾						
Supplies and services	120,892	120,892	120,892	0	0	0
Other Payables	66,582	66,582	66,582	0	0	0
Borrowings						
Finance lease liabilities	32,104	32,104	677	2,493	6,647	22,287
Total	219,578	219,578	188,151	2,493	6,647	22,287

Notes:

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

(ii) The carry amounts disclosed exclude statutory amounts (e.g. 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.

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.

Note 14. Financial instruments (continued)

(e) Fair value

The fair values and net fair values of financial assets and financial 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

	2011 \$	2010 \$
(a) Reconciliation of cash and cash equivalents		
Total cash and cash equivalents disclosed in the balance sheet ⁽ⁱ⁾	400	400
Balance as per cash flow statement	400	400
(b) Reconciliation of net result for the period		
Net result for the period	210,226	(178,134)
Non-cash movements:		
Depreciation and amortisation of non-current assets	224,946	223,355
Movements in assets and liabilities:		
(Increase)/decrease in receivables	(355,683)	(161,107)
(Increase)/decrease in prepayments	0	57,655
(Decrease)/Increase in payables	(78,995)	60,142
(Decrease)/Increase in provisions	7,629	8,792
Net cash flows from/(used in) operating activities	8,123	10,703

Notes:

- (i) For the purposes of the cashflow statement 'Total cash and cash equivalents' is Cash on Hand.

Note 16. Remuneration of auditors

	2011 \$	2010 \$
Victorian Auditor-General's Office		
Audit or review of the financial report	17,000	16,834
	17,000	16,834

Note 17. Subsequent events

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

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 are as follows:

Attorney-General	The Hon. Rob Hulls, MP	1 July 2010 to 1 December 2010
	The Hon. Robert Clark, MP	2 December 2010 to 30 June 2011
Secretary to the Department of Justice	Ms Penny Armytage	1 July 2010 to 30 June 2011

The Commission

The persons who were Responsible Persons of the Commission as stipulated in section 19 of the *Victorian Law Reform Commission Act 2000*, for the reporting period are as follows:

Statutory Office Holder

Chairperson	Prof. Neil Rees	1 July 2010 to 30 June 2011
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Accountable Officer

Chief Executive Officer	Ms Merrin Mason	1 July 2010 to 30 June 2011
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Note 18. Responsible persons (*continued*)

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 Chairperson in connection with the management of the Commission during the reporting period was in the range:

Base: \$219,000–\$219,999. Total: \$219,000–\$219,999.
(Base: \$205,000–\$205,999. Total: \$205,000–\$205,999 in 2010).

Remuneration received or receivable by the Accountable Officer (CEO) in connection with the management of the Commission during the reporting period was in the range:

Base: \$144,000–\$144,999. Total: \$144,000–\$144,999.
(Base: \$116,000–\$116,999. Total: \$163,000–\$163,999 in 2010).

Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

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. Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses reflect movements in the superannuation liability resulting from differences between the assumptions used to calculate the superannuation expense from transactions and actual experience.

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.

Commitments

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

Note 19. Glossary of terms and style conventions (*continued*)

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.

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 19. 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.

Interest expense

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

Interest income

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

Net result

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

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.

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.

Note 19. Glossary of terms and style conventions (continued)

Supplies and services

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

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows 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 agency or department in the 2010–11 *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.

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

(a) Summary of compliance with annual parliamentary appropriations

The following table discloses the details of the annual parliamentary appropriation received by the Commission for the year. In accordance with

accrual output-based management procedures 'Provision of outputs' and 'Additions to net assets' are disclosed as 'controlled' activities of the Commission. Administered transactions are those that are undertaken by the Department of Justice 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		2011	2010	2011	2010	2011	2010
	2011	2010	2011	2010	2011	2010						
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Controlled												
Provision for outputs	912,000	932,000	0	0	0	382,000	912,000	1,314,000	908,857	1,310,500	3,143	3,500
Total	912,000	932,000	0	0	0	382,000	912,000	1,314,000	908,857	1,310,500	3,143	3,500

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.

Appendix 1: Disclosure index

The Commission's annual report 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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Appendix 1: Disclosure index (*continued*)

Legislation	Requirement	Page
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<i>Whistleblowers Protection Act 2001</i>		
<i>Victorian Industry Participation Policy Act 2003</i>		
<i>Financial Management Act 1994</i>		
<i>Multicultural Victoria Act 2004</i>		

Appendix 2: Budget Portfolio Outcomes

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

The following table provides financial review of operations and financial condition 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.

	2011 \$	2010 \$	2009 \$	2008 \$	2007 \$
Five year financial summary					
Target Budget	Unavailable	Unavailable	Unavailable	Unavailable	2,400,000
Expected Outcome	Unavailable	Unavailable	Unavailable	Unavailable	2,400,000
Annual Appropriation ⁽ⁱ⁾	912,000	932,000	982,000	1,010,000	1,046,000
Actual					
Grant from Department of Justice	908,857	1,310,500	940,641	948,525	957,648
Other revenue	2,370,000	1,700,000	1,300,000	1,640,000	1,600,000
Interest received on Trust Account funds	14,718	16,985	0	31,466	20,767
Total revenue	3,293,576	3,027,485	2,240,641	2,619,992	2,578,413
Net result from continuing operations	210,226	(178,134)	(492,169)	150,475	239,695
Net cash flow from operating activities	8,123	10,703	1,073,392	7,638	53,959
Total assets	1,123,359	992,622	1,085,781	1,540,591	1,365,568
Total liabilities	388,379	467,868	382,892	345,534	279,238

Notes:

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

Appendix 2: Budget Portfolio Outcomes (*continued*)

For the 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.

In the financial year ending June 2010, the Commission was only partially funded for the two new references it received. Eight additional staff were engaged to work on the references. The increase in employee expenses significantly impacted upon the Commission's income, as well as the overall increase in supplies and services.