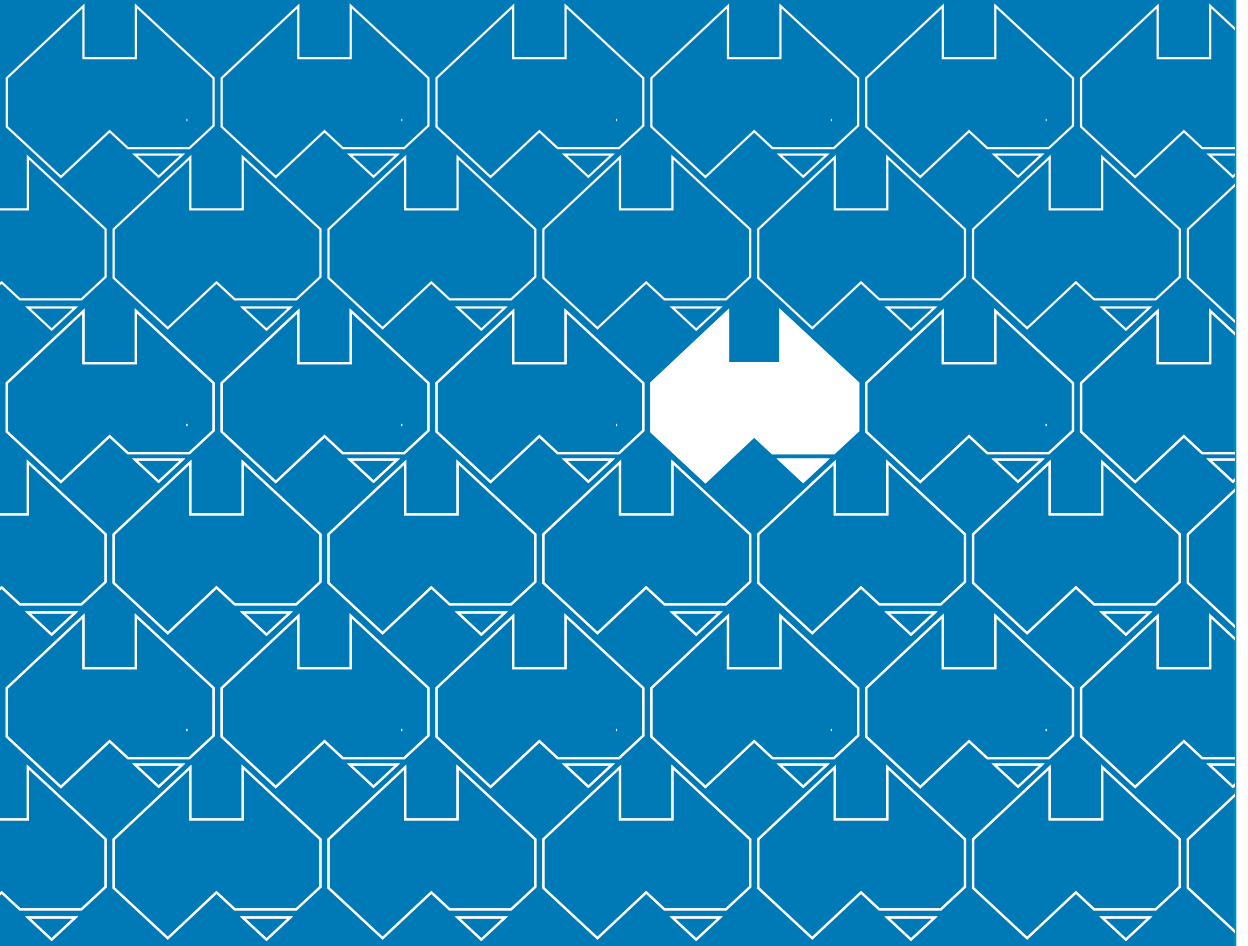


# ALRC

ANNUAL  
REPORT  
2017 2018



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**Australian Government**  
**Australian Law Reform Commission**

The Hon Justice S C Derrington  
President

The Hon Christian Porter MP  
Attorney-General  
Parliament House  
Canberra ACT 2600

19 September 2018

Dear Attorney-General

On behalf of the members of the Australian Law Reform Commission, I am pleased to present the Commission's Annual Report for the period 1 July 2017 to 30 June 2018.

This Report has been prepared in accordance with Division 6, s 46 of the *Public Governance, Performance and Accountability Act 2013* (Cth).

Yours sincerely

[signed]

Justice S C Derrington

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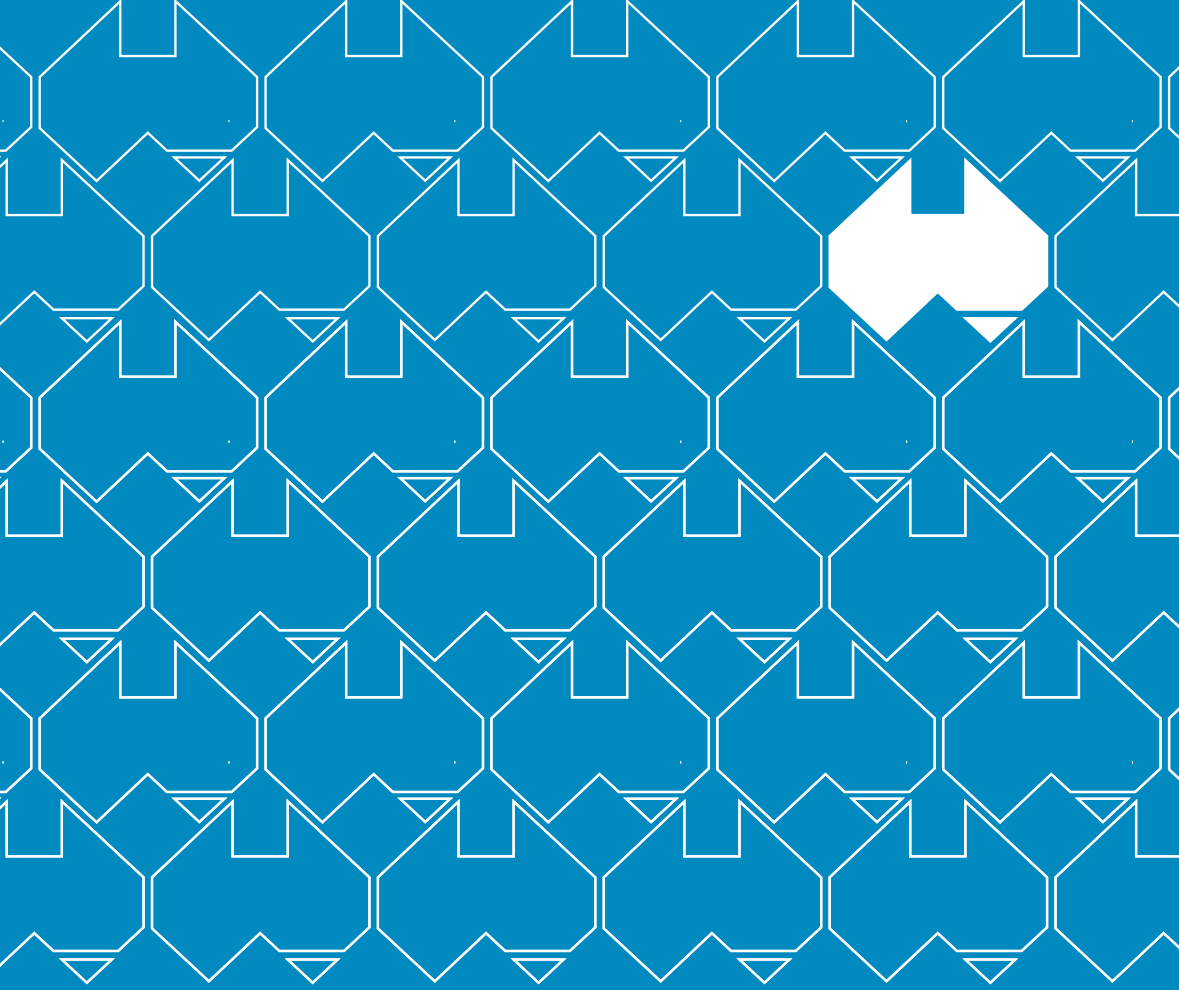
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# 1

## PRESIDENT'S FOREWORD



# PRESIDENT'S FOREWORD

On behalf of the Australian Law Reform Commission (ALRC), I present the Annual Report for 2017–18.

The ALRC is an independent statutory agency for law reform, which is respected by Government and the community as a centre of excellence. It sits within the Attorney-General's portfolio and supports the Attorney-General and the Australian Government by providing evidenced-based research to inform government decisions about the development, reform and harmonisation of Australian laws and related processes.

This is my first Annual Report as President of the ALRC. I would like to take this opportunity to thank the previous President, Emeritus Professor Rosalind Croucher AM for her sound stewardship of the Commission over many years. I would also like to thank Robert Cornall AO and Professor Helen Rhoades who acted in the role of President during this financial year prior to my commencement in January 2018.

I acknowledge the excellent work of my fellow Commissioners and thank them for their wisdom and sage advice in all matters of concern to the ALRC: full-time Commissioner, Professor Helen Rhoades, and part-time Commissioners, Judge Matthew Myers AM, the Hon Justice John Middleton, the Hon John Faulks, Geoffrey Sinclair and Dr Andrew Bickerdike.

This year has been one of significant change at the ALRC. The Commission is moving to a shared services model under which some of the Commission's corporate and financial management will be provided by the Attorney-General's Department. Such a model provides economies of scale and enables the ALRC to focus on its core responsibility of

providing evidenced-based reports to assist Government to reform Australian laws. While the Attorney-General's Department will provide the ALRC with some corporate services support, the leadership of the Commission by a statutorily appointed President and Commissioners will ensure the independence, rigour and integrity of the ALRC's reports is maintained and strengthened.

The move to a shared services model has meant that this year we have farewelled the Commission's Executive Director and Communications Manager. And in the coming year, we will say goodbye to our Finance Manager, Finance Assistant, Project Coordinator, and Office Services Coordinator. I wish to record my thanks, on behalf of the ALRC, for the many years of dedicated service provided by these individuals.

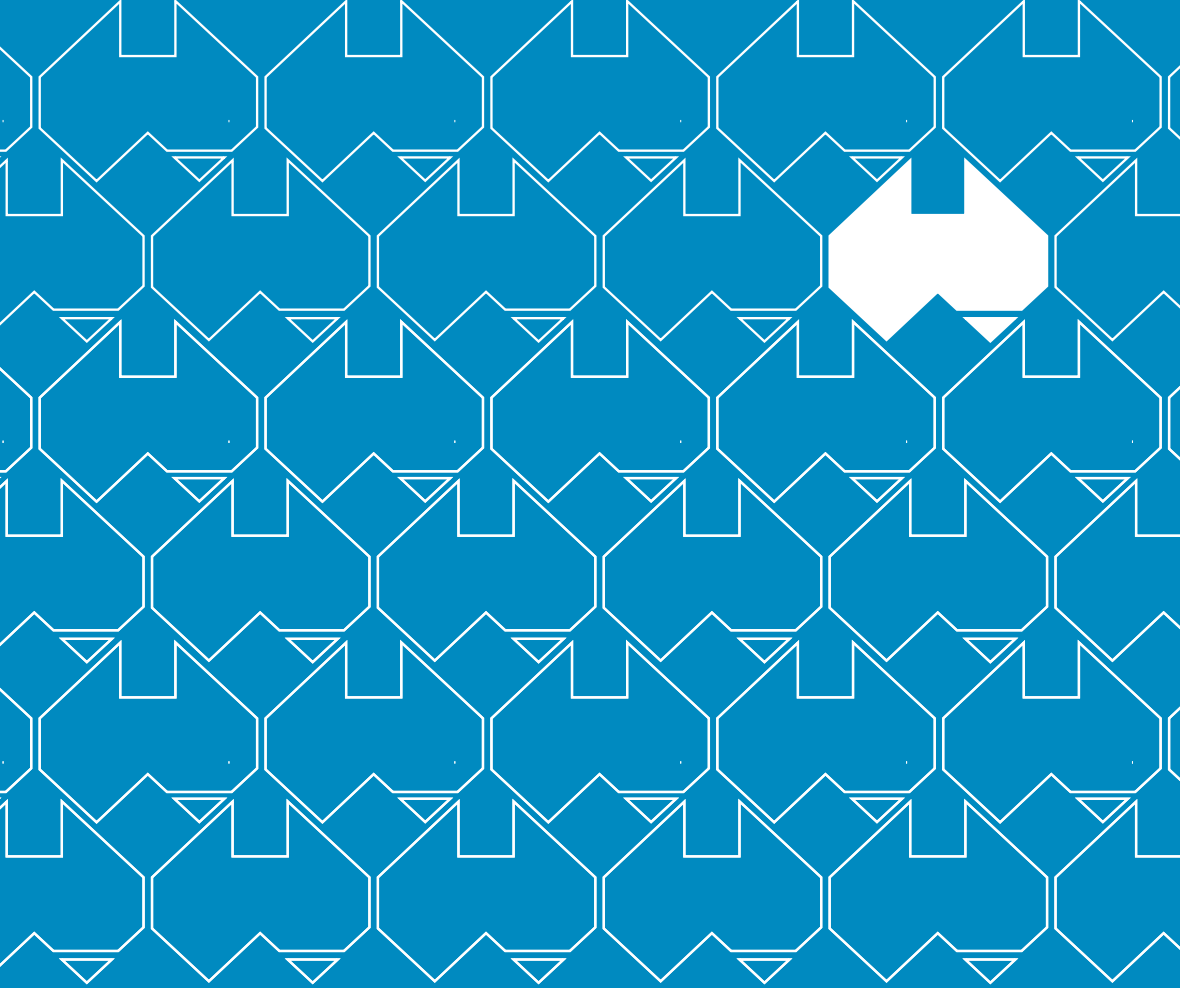
I also wish to record my thanks to the dedicated team of excellent legal officers within the Commission, without whom the work of the ALRC could not be accomplished. We look forward to strengthening the legal team in the coming years.

In the year ahead, the ALRC will complete its review into class actions and third-party litigation funders as well as a review of the family law system. As the ALRC is reliant on referrals from the Attorney-General, our future program is in the hands of Government and we look forward to future terms of reference to inquire into matters of national significance.

The Hon Justice S C Derrington



# 2<sup>+</sup> YEAR IN REVIEW



# ► **ROLE AND FUNCTIONS** OF THE ALRC

The ALRC is an independent statutory authority that operates under the *Australian Law Reform Commission Act 1996* (Cth) (ALRC Act), the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) and the *Public Service Act 1999* (Cth).

The ALRC is responsible to Parliament through the Attorney-General, the Minister responsible for the ALRC.

In accordance with the ALRC Act and the terms of reference provided by the Attorney-General for each inquiry, the ALRC reviews Commonwealth laws and makes recommendations for reform that:

- bring the law into line with current conditions and ensure that it meets current needs;
- remove defects in the law;
- simplify the law;
- adopt new or more effective methods for administering the law and dispensing justice;

- promote uniformity between states and territories; and
- provide improved access to justice.

At the conclusion of each inquiry, the ALRC provides a report to the Attorney-General that includes evidence-based recommendations for reform.

The ALRC is structured around inquiry teams which are led by the President or a Commissioner supported by legal officers of various seniority. In addition, the ALRC had a corporate services team, which until April 2018, was led by an Executive Director.

## ► **SNAPSHOT** OF 2017–18

### **APPOINTMENTS AND CESSATIONS**

- On 28 July 2017, Emeritus Professor Rosalind Croucher AM resigned as President.
- On 30 July 2017, Robert Cornall AO was appointed as Acting President until 29 October 2017.
- On 1 October 2017, Professor Helen Rhoades was appointed as a Commissioner to lead the Review of the Family Law System.
- On 21 November 2017, the Hon John Faulks was appointed as a part-time Commissioner to the Review of the Family Law System.
- On 21 November 2017, Geoffrey Sinclair was appointed as a part-time Commissioner to the Review of the Family Law System.

- ▶ On 22 December 2017, following the completion of the Inquiry into Incarceration Rates of Aboriginal and Torres Strait Islander Peoples, the part-time commission of His Honour Judge Matthew Myers AM ceased.
- ▶ On 10 January 2018, the Hon Justice S C Derrington was appointed as President.
- ▶ On 27 June 2018, Dr Andrew Bickerdike was appointed as a part-time Commissioner to the Review of the Family Law System.

## SIGNIFICANT EVENTS

- ▶ On 27 September 2017, the ALRC received Terms of Reference for a Review of the Family Law System.
- ▶ On 11 December 2017, the ALRC received Terms of Reference for an Inquiry into Class Action Proceedings and Third-party Litigation Funders.
- ▶ On 28 March 2018, ALRC Final Report *Pathways to Justice—Inquiry into the Incarceration Rate of Aboriginal and Torres Strait Islander Peoples* (ALRC Report 133), was tabled in Parliament.

## PUBLICATIONS

**TABLE 1:** ALRC publications completed 2017–18

AREA	PUBLICATION TITLE	DATE OF COMPLETION
Indigenous Incarceration	<i>Incarceration Rates of Aboriginal and Torres Strait Islander Peoples</i> (DP 84)	19 July 2017
Corporate	<i>Annual Report 2016–17</i> (ALRC Report 132)	15 September 2017
Indigenous Incarceration	<i>Pathways to Justice—Inquiry into the Incarceration Rate of Aboriginal and Torres Strait Islander Peoples</i> (ALRC Report 133)	22 December 2017
Family Law	<i>Review of the Family Law System</i> (IP 48)	14 March 2018
Litigation Funding	<i>Inquiry into Class Action Proceedings and Third-party Litigation Funders</i> (DP 85)	31 May 2018



## PATHWAYS TO JUSTICE—INQUIRY INTO THE INCARCERATION RATES OF ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLES

### Referred

10 February 2017

### Date due

22 December 2017

### Delivered

22 December 2017

### Tabled in Parliament

28 March 2018

### Submissions received

121

### Consultations held

145+

### Recommendations made

35

The Report, *Pathways to Justice—Inquiry into the Incarceration Rate of Aboriginal and Torres Strait Islander Peoples*, was delivered to the Attorney-General in December 2017, and tabled in Parliament in March 2018. The Report made 35 recommendations for criminal justice reform in the states and territories, as well as for reform and leadership at the Commonwealth level.

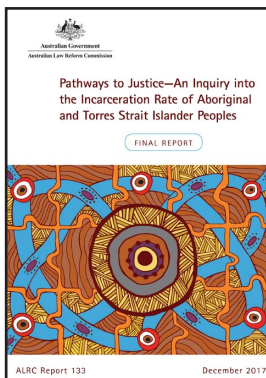
### Background

The ALRC received Terms of Reference which asked it to examine laws, frameworks and institutions leading to the over-representation of Aboriginal and Torres Strait Islander peoples in the prison system in February 2017.

His Honour Judge Matthew Myers AM was appointed as the Commissioner to lead the Inquiry. The ALRC then invited national criminal justice experts and advocates for Aboriginal and Torres Strait Islander peoples to form an Advisory Committee to help guide the direction of the ALRC's work in this area. The majority of the Advisory Committee constituted Aboriginal or Torres Strait Islander persons.

### Consultation

The ALRC released a Discussion Paper and called for submissions in July 2017, to which the ALRC received 121 submissions from stakeholders nation-wide. From February through to December 2017, the ALRC attended over 145 consultations. These were held across the country in capital cities and regional and remote towns, including Alice Springs, Thursday Island and Bourke in NSW. The ALRC met with government, criminal justice experts, participants and advocates, and prioritised meetings with Aboriginal and Torres Strait Islander led advocacy, support and legal bodies.



## Findings

At the time of reporting, Aboriginal and Torres Strait Islander peoples constituted 2% of the adult population and 27% (10,500) of the adult prison population (38,800). The ALRC found that the disproportional representation increased with progression into the criminal justice system: Aboriginal and Torres Strait Islander people were seven times more likely to go before a court; 11 times more likely to be denied bail and held in prison on remand; and 12.5 times more likely to receive a sentence of imprisonment than non-Indigenous people. This was a cyclical problem, with 76% of Aboriginal and Torres Strait Islander prisoners having been in prison before.

The evidence-base produced by the ALRC showed that Aboriginal and Torres Strait Islander offenders were likely to receive short sentences of imprisonment—up to 45% of Aboriginal and Torres Strait Islander offenders received a sentence of imprisonment of less than six months (compared with 27% of non-Indigenous offenders), and only few received community-based sentences.

## Recommendations

In writing the report, the ALRC accepted that Aboriginal and Torres Strait Islander people have unique cultures and lived experience, and that criminal justice programs that successfully prevent offending or reoffending need to include Aboriginal and Torres Strait Islander people in the design and implementation of these programs. Where possible, programs should be Aboriginal led. The ALRC also accepted that the criminal justice system

should strive to achieve substantive equality. These understandings were apparent in many of the recommendations that sought to 'circuit break' cycles of imprisonment, including the recommendations that: bail authorities take into account issues that arise due to a person's Aboriginality when making bail determinations, including cultural background and obligations; and that access to community-based sentences and prison programs be provided and that these be culturally safe and appropriate, particularly for Aboriginal and Torres Strait Islander female offenders who are likely to have also been victims of sexual and domestic violence.

The ALRC also examined some of the drivers that intersect with criminal justice, including:

- ▶ **Fine enforcement regimes**, recommending that prison should never be an option for fine default, and that fine enforcement regimes should be amended to provide for greater efficacy and less harm, including lowering fine amounts and providing for alternative payment mechanisms;
- ▶ **Alcohol availability**, recommending that governments work with communities to implement solutions that are Aboriginal led;
- ▶ **Police engagement**, recommending police training in local matters and suitable responses to family violence, and the expansion of statutory custody notification services (including when a person is detained for protective reasons); and
- ▶ **Justice reinvestment**, providing means for tailoring community supports, education, health, community centres and schools.





## REVIEW OF THE FAMILY LAW SYSTEM

### Referred

27 September 2017

### Date due

31 March 2019

### Issues Paper released

14 March 2018

### Consultations held

100+

### Submissions received

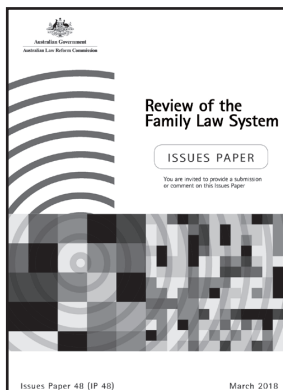
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### Inquiry established

On 27 September 2017, the Attorney-General provided the ALRC with Terms of Reference for a comprehensive review of the family law system. The Terms of Reference require the ALRC to consider the reforms necessary to ensure the family law system meets the contemporary needs of families and addresses family violence and child abuse effectively. The inquiry follows a number of recent reviews of the family law system that have recommended significant reforms.

The review will provide the first comprehensive template for reform of the modern family law system since it was established 42 years ago. At that time, the creation of a no-fault federal regime for managing divorce was considered radical. The creation of the family law system and passage of the *Family Law Act* it was designed to administer were, in large part, a response to the then growing policy recognition that the existing divorce regime was out of step with the changing social values of Australian society. The government's motivation for the new family law system, was to provide Australian couples with a more dignified and less acrimonious way to end their marital relationship, so they could move on with their independent lives.

The Terms of Reference for the present review recognise that changing social needs require a new approach to assisting families to navigate relationship transitions. The nature of family life in Australia has evolved significantly since the 1970s, and families with children now reflect a great diversity of forms. In particular, the past forty years have seen increases in unmarried and sole-parent families, as well as step-families, blended families, same sex families, and both formal and informal kinship care arrangements. There have also been significant changes in methods of family formation, including a growing use of assisted





reproductive technologies and, more recently, surrogacy arrangements, to become parents.

Significant changes in the jurisdiction, structure and workload of the family law system have also taken place. These include changes to give effect to Australia's obligations under the *United Nations Convention on the Rights of the Child* and to ensure the Family Court can make orders about the children of unmarried parents and the property of unmarried couples. Approaches to dispute resolution have also evolved, with a growing emphasis on pre-filing and alternative dispute resolution processes, as well as more active judicial case management of litigated matters. The family courts have also seen increasing numbers of self-represented litigants.

Against this background, the review is focusing both on legislative and systemic reform. Key challenges include strengthening the system's ability to meet the needs of children in separated families affected by risk factors, such as family violence, drug or alcohol dependency and serious mental illness, who form the core of the client base of family law services and especially courts. At the same time, the review is examining how the system can more effectively assist the broader spectrum of separating families who seek assistance from the family law system.

## The Commissioners

Professor Helen Rhoades from the University of Melbourne Law School was appointed on 1 October 2017 to lead the Review into the Family Law System as Commissioner in Charge. Professor Rhoades is an eminent scholar in Family Law, and a past Chair of the Family Law Council. Three part-time Commissioners with specialist expertise in family law were appointed to assist Professor Rhoades. The Hon John Faulks is a retired Deputy Chief Justice of the Family Court. Geoffrey Sinclair is a practising principal solicitor in Brisbane and an accredited Family Law Specialist and Mediator who has

specialised in family law for over thirty years. He is listed as a *Preeminent Family Law & Divorce Lawyer* in the 2014–2017 editions of *Doyle's Guide*, and in *Best Lawyers 2017* for his expertise in Family Law Mediation. Dr Andrew Bickerdike has a distinguished track record of leadership in the areas of dispute resolution and family support services. Dr Bickerdike is the Chief Executive Officer of Relationships Australia Victoria. He is also the National Board Chair of Relationships Australia, a Director of the Mediation Standards Board and Board Member of the Australian Chapter of the Association of Family and Conciliation Courts.

## The Advisory Committee

The ALRC also established a wide-ranging Advisory Committee of experts to assist the ALRC in developing sound recommendations for reform. The committee encompasses expertise from the family law courts, legal practitioners, academics, the family dispute resolution and family services sector, family violence organisations, the National Children's Commissioner and specialist organisations, including those involving Aboriginal and Torres Strait Islander peoples, and culturally and linguistically diverse communities.

## Approach to the review

An Issues Paper, in part shaped by a series of initial consultations, was released on 14 March 2018. It outlined the key issues to be considered in the review and invited submissions in relation to 47 questions about the family law system covering eight key areas. These were:

- ▶ the role and objectives of the contemporary family law system;
- ▶ improving access to and engagement with the system;
- ▶ dispute resolution and adjudication processes;
- ▶ the legal principles that apply to parenting and property matters;

- ▶ integration of services and collaboration between service providers;
- ▶ children's experiences and perspectives;
- ▶ professional skills and competencies; and
- ▶ governance of the family law system.

The Issues Paper met with strong community interest and feedback. Since the release of the Issues Paper on 14 March, the ALRC has received feedback in three key ways:

- ▶ meetings with over 100 individuals and organisations in each of the capital cities, and a number of regional centres (including Albury/Wodonga, Mt Gambier, the Gold Coast, Cairns, Townsville, Alice Springs, Newcastle, and Wollongong);
- ▶ receipt of approximately 480 submissions on the Issues Paper; and
- ▶ many members of the community have shared their personal experiences of the family law system through the confidential Tell Us Your Story portal on the ALRC's website.

The ALRC will outline proposals for reform in a Discussion Paper in October 2018 and its Final Report will be delivered in March 2019.





## INQUIRY INTO CLASS ACTION PROCEEDINGS AND THIRD-PARTY LITIGATION FUNDERS

### Referred

11 December 2017

### Date due

21 December 2018

### Discussion Paper released

31 May 2018

### Consultations held

40+



### Background

On 11 December 2017, the Attorney-General provided Terms of Reference to the ALRC for an inquiry into class actions and third-party litigation funders. The Terms of Reference ask the ALRC to consider whether the costs of class actions are 'appropriate and proportionate' and whether the 'interests of plaintiffs and class members are protected'. The ALRC was also asked 'whether and to what extent class action proceedings and third-party litigation funders should be subject to Commonwealth regulation'.

ALRC President, the Hon Justice S C Derrington is leading the Inquiry. The ALRC has established two expert panels: a Judicial Experts Panel and an Academic Experts Panel to help guide the direction of the ALRC's work on this Inquiry.

### Consultation

Following receipt of the Terms of Reference, the ALRC conducted 40 consultations with key stakeholders in the sector including: plaintiff and defence class action lawyers, barristers, judges, academics, third-party litigation funders, insurers, company directors and shareholder representatives. The ALRC also participated in a number of panels and symposiums including the *Increased Regulation of Litigation Funding Seminar* hosted by Monash Business School at the Federal Court Melbourne in April 2018.

On 31 May 2018, the ALRC released a Discussion Paper and called for submissions from interested stakeholders. Following the release of the Discussion Paper, the ALRC began a second round of stakeholder consultations.

## Discussion Paper

The Discussion Paper provides 16 proposals and asks 11 questions that focus on the introduction of regulation appropriate for third-party litigation funders and strengthening the role of the Federal Court to further supervise funded class action proceedings.

The Discussion Paper proposes a bespoke litigation funding licensing regime to regulate litigation funding in Australia. It asks whether the introduction of contingency fee agreements for solicitors acting in class action proceedings would provide better protection for class members than the current system where both lawyers and funders receive a proportion of settlement. It also proposes a system for regulatory collective redress, enabling potential class members to recover damages without going through the statutory class action regime.

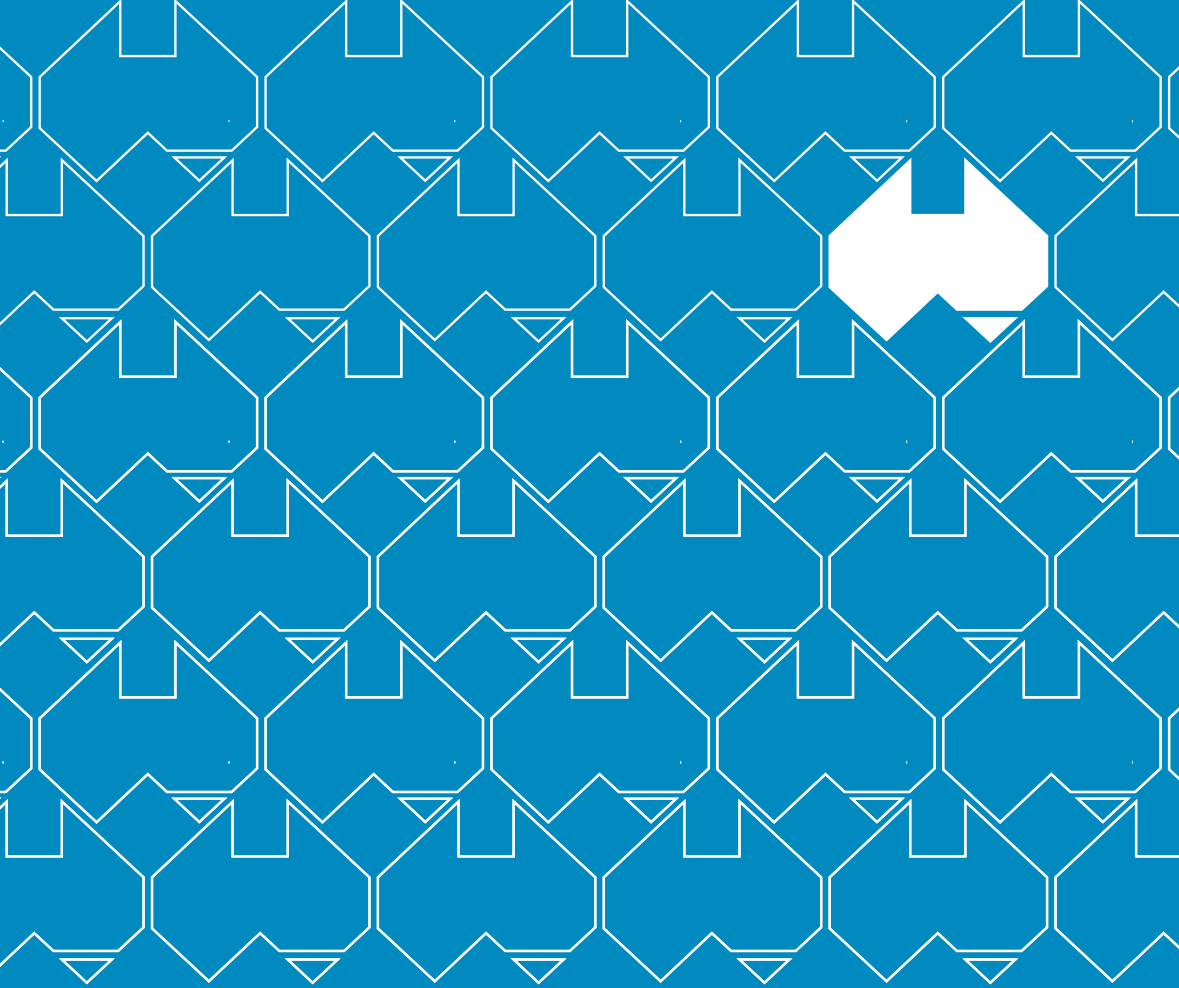
In relation to shareholder class actions, the Discussion Paper proposes a review of the existing statutory provisions concerning the continuous disclosure obligations and those relating to misleading and deceptive conduct, including a review of their legal and economic impact on the Australian corporate and insurance sectors.

## Final Report and recommendations

The Final Report, including recommendations for law reform, is due to the Attorney-General by 21 December 2018.

# 3

REPORT ON PERFORMANCE



# ► OUTCOME

## AND PROGRAM STRUCTURE

### OUTCOME

Informed government decisions about the development, reform and harmonisation of Australian laws and related processes through research, analysis, reports and community consultation and education

### PROGRAM 1

Conducting inquiries into aspects of Australian law and related processes for the purpose of law reform

### DELIVERY

- Conduct inquiries
- Undertake research
- Consult stakeholders
- Elicit submissions
- Produce consultation documents
- Produce reports
- Present at conferences & Parliamentary inquiries
- Track implementation

### KEY PERFORMANCE INDICATORS

- Implementation of reports
- Citations or references
- Visitors to the website
- Submissions received
- Presentations and speaking engagements
- Media mentions

# ► ANNUAL PERFORMANCE STATEMENT

## INTRODUCTORY STATEMENT

The ALRC annual performance statement is prepared for paragraph 39(1)(a) of the PGPA Act for the 2017–18 financial year and accurately presents ALRC performance in accordance with subsection 39(2) of the PGPA Act.

## OUR OUTCOME

The intended outcome of the ALRC's activities is:

Informed government decisions about the development, reform and harmonisation of Australian laws and related processes through research, analysis, reports and community consultation and education (Outcome 1).

The ALRC has one program to achieve its outcome—conducting inquiries into aspects of Australian law and related processes for the purpose of law reform (Program 1). It is through the inquiry process that the ALRC undertakes rigorous research and analysis that underpin recommendations for law reform.

## ENVIRONMENT

The ALRC strives to be a law reform agency at the leading edge of internationally recognised best practice.

Ideally, the ALRC would have at least 25 staff comprising lawyers, researchers, an economist and a socio-legal expert. Within the current budget, the ALRC maintains an average staffing level of 12 and has the capacity to work on two inquiries at any one time. The ALRC is reliant on Government for referrals and, accordingly, the extent to which the ALRC can meet its performance targets

is influenced from year to year by the number of inquiries referred to the ALRC and the resources made available to it.

In light of this, the ALRC will continue to work closely with the Attorney-General's Department to ensure appropriate lead time for planning and managing resources when new inquiries are referred to the ALRC.

## DELIVERY

During 2017–18, the ALRC conducted three inquiries; held 216 stakeholder consultations; received 611 submissions; produced one Final Report, one Issues Paper and two Discussion Papers; and presented at 28 conferences and seminars.

## PERFORMANCE CRITERIA FOR 2017–18

### Implementation rates

The ALRC tracks the implementation of its recommendations over time. The rate of implementation provides evidence of ALRC success in facilitating informed decision making by government, leading to development, reform and harmonisation of Australian laws and related processes.

### Citations

The number of citations of ALRC reports provides an indication of the relevance of ALRC work to legal proceedings and judgments.

### Visitors to website

The number of visitors to the ALRC website is an indicator of the community's engagement with the work (past and present) of the

ALRC. This engagement underpins and gives confidence to informed government decision making.

Submissions

The number of submissions received is one indicator of the breadth of the evidence-base that underpins ALRC recommendations and of community engagement with law reform.

Presentations and speaking engagements

Presenting at public conferences, seminars and Parliamentary inquiries ensures that the work of the ALRC is publicly debated and discussed.

Media mentions

The number of media mentions provides an indicator of community engagement in the ALRC’s work and contributes to the community’s knowledge about the Government’s law reform agenda.

CRITERION SOURCE

The ALRC Performance Criteria are sourced from the ALRC Corporate Plan 2017–21 and Portfolio Budget Statements 2018–19, p 111.

RESULT AGAINST PERFORMANCE

ANALYSIS OF PERFORMANCE

The ALRC can only undertake inquiries that are referred to it by the Attorney-General. Therefore, the ALRC’s performance from year to year will be affected by the Government’s law reform agenda and the number of inquiries referred to the ALRC and the prescribed timeframe as indicated in the Terms of Reference.

During 2017–18, the ALRC completed the Inquiry into the Incarceration Rates of Aboriginal and Torres Strait Islander Peoples and commenced work on a Review of the Family Law System and an Inquiry into Class Action Proceedings and Third-party Litigation Funders.

Implementation of reports

The ALRC has no direct role in implementing its recommendations. There is no statutory requirement for the Australian Government to respond formally to ALRC reports. However, the ALRC monitors major developments in relation to issues covered in its past reports, and assesses the level of implementation that those reports have achieved. It is not uncommon for implementation to occur some years after the completion of a report.

The ALRC considers that a report is ‘substantially implemented’ when the majority of the report’s key recommendations have

TABLE 2: KPI performance 2017–18

KPI MEASURE	2017–18 TARGET	2017–18 ACTUAL
Implementation of reports	85%	86%
Citations or references	50	138
Visitors to website	>250,000	1,184,073
Submissions received	150	611
Presentations and speaking engagements	25	28
Media mentions	250	320

been implemented by those to whom the recommendations were directed. ‘Partial implementation’ refers to implementation of at least some recommendations of an ALRC report. The term ‘awaiting response’ refers to reports that have been completed within the past 10 years in relation to which the ALRC is yet to receive a formal response from government. The term ‘not implemented’ refers to reports that were completed more than 10 years ago and for which there has been no response from government.

The levels of implementation of all ALRC reports are as follows:

- ▶ 61% are substantially implemented;
- ▶ 25% are partially implemented;
- ▶ 5% are awaiting response; and
- ▶ 9% have not been implemented.

These figures represent an overall implementation rate for ALRC reports of 86%. In the last year the Australian Government took steps to substantially implement *Elder Abuse—A National Legal Response* (ALRC Report 131, 2017). The Australian Government 2018–19 Budget included a measure *More Choices for a Longer Life—protecting older Australians*, which, together with an earlier MYEFO measure (*Protecting the Rights of Older Australians*), will implement

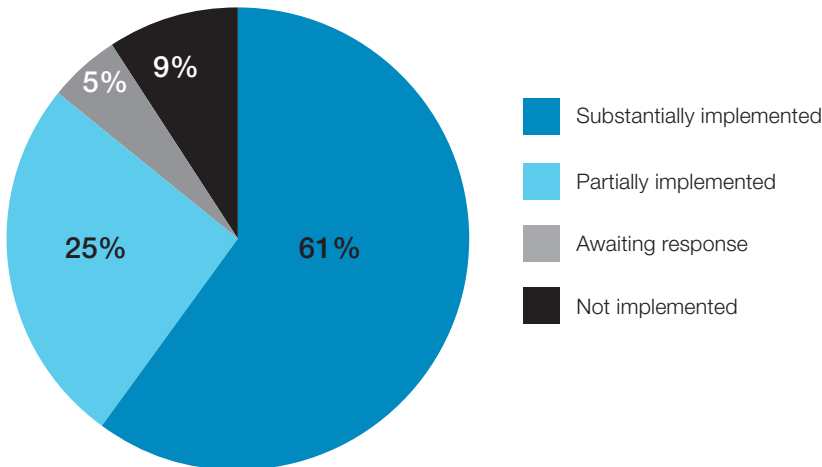
a number of recommendations of the report, including through:

- ▶ Development of a National Plan on Elder Abuse (Recs 3–1 to 3–4);
- ▶ Development of options for a Serious Incident Response Scheme in Aged Care (Recs 4–1 to 4–6);
- ▶ Working with States and Territories to establish a National Online Register for Enduring Powers of Attorney (Rec 5–3);
- ▶ Development of an Elder Abuse Knowledge Hub (Rec 3–1); and
- ▶ Funding a National Prevalence Study (Rec 3–5).

Other reports implemented in the last year include:

- ▶ *Family Violence—A National Legal Response* (ALRC Report 114, 2010). On 6 December 2017, the Family Law Amendment (Family Violence and Other Measures) Bill 2018 was introduced in the Senate and would implement recommendation 16–5 (amendments to section 68T of the *Family Law Act*) and recommendation 17–4 (criminalisation of breaches of injunctions for personal protection made under the *Family Law Act*); and

**CHART 1:** Implementation status of ALRC reports as at 30 June 2018



- ▶ *Pathways to Justice—Inquiry into the Incarceration Rate of Aboriginal and Torres Strait Islander Peoples* (ALRC Report 133, 2018). On 21 May 2018, the Western Australian Government announced that it would introduce a Custody Notification Service. This would partially implement recommendation 14–3 of the report.

A brief overview of the implementation status of all 89 inquiry-related ALRC reports can be found on the ALRC website at [alrc.gov.au/implementation-final-reports](http://alrc.gov.au/implementation-final-reports).

## Court citations

Past ALRC reports are frequently a source of accurate and informative material on the law that is the subject of each inquiry.

During 2017–18, there were at least 39 mentions of ALRC reports in the judgments of Australian courts and tribunals. This included a citation in the High Court of Australia and 11 citations by the Federal Court of Australia. Frequently, cited reports include:

- ▶ *Evidence (Interim)* (ALRC Report 26, 1985), *Evidence* (ALRC Report 38, 1987) and *Uniform Evidence Law* (ALRC Report 102, 2006);
- ▶ *Grouped Proceedings in the Federal Court* (ALRC Report 46, 1988);
- ▶ *Principled Regulation: Federal Civil and Administrative Penalties in Australia* (ALRC Report 95, (2002); and
- ▶ *Elder Abuse—A National Legal Response* (ALRC Report 131, 2017).

Encouragingly, both older and newer reports by the ALRC have been considered substantive evidence based reports worthy of citation in the superior courts of Australia.

## Mentions in Parliament

During 2017–18, there were 26 references to ALRC reports and recommendations in second reading speeches and other Parliamentary proceedings. Examples include references to:

- ▶ *Elder Abuse—A National Legal Response* (ALRC Report 131, 2016) in respect of the Aged Care (Single Quality Framework) Reform Bill 2018;
- ▶ *For Your Information: Australian Privacy Law and Practice* (ALRC Report 108, 2008) in respect of the National Consumer Credit Protection Amendment (Mandatory Comprehensive Credit Reporting) Bill 2018; and
- ▶ *Family Violence and Commonwealth Laws—Improving Legal Frameworks* (ALRC Report 117, 2012) in the respect of Migration Amendment (Family Violence and Other Measures) Bill 2016.

## References in academic journals

The work of the ALRC has long been a resource for academics studying law as well as social policy. The ALRC strives for its published reports to be authoritative and accurate. In 2017–18, the ALRC was cited in at least 73 academic journals, as well as research papers and text books.

## ALRC website

The ALRC website is a pivotal communication tool for the ALRC and a law reform resource for the wider public. The ALRC strives to continually build value into the website, both in terms of providing useful and accessible content relevant to stakeholders and researchers, and utilising its functionality as an online consultation tool.

Key website metrics for 2017–18:

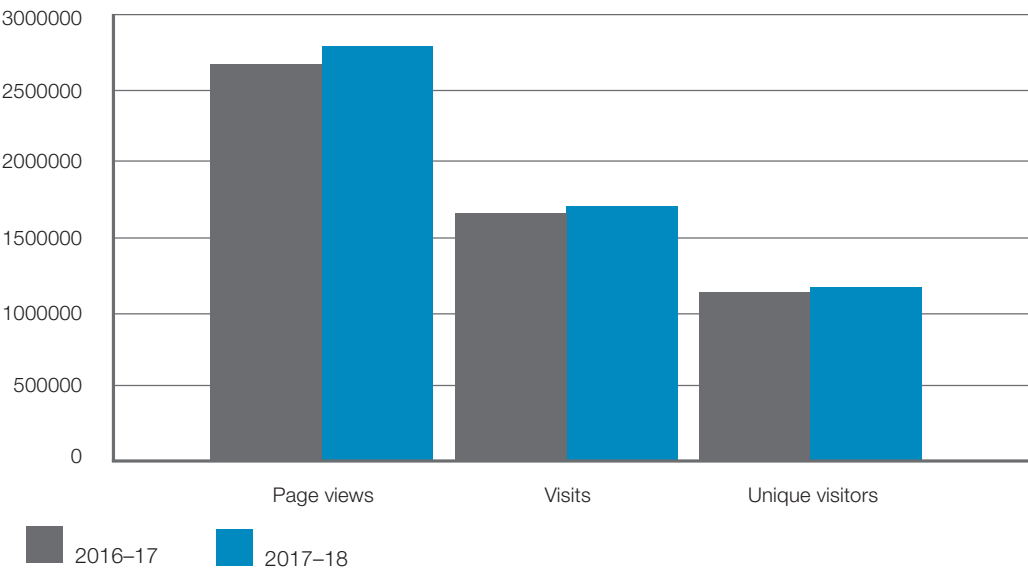
- ▶ visits = 1,691,211;
- ▶ page views = 2,801,403; and
- ▶ unique visitors = 1,184,073.

These metrics represent, compared to the 2016–17 reporting period:

- ▶ 3% increase in visits;
- ▶ 4% increase in page views; and
- ▶ 2% increase in unique visitors.



**CHART 2:** Comparison of website traffic: July–June in 2016–17 and 2017–18



ALRC website statistics indicate that it is not just in implementation that the ALRC makes a significant contribution to the discussion of laws and legal frameworks in Australia.

In 2017–18, the top five reports accessed by PDF downloads were:

1. *Recognition of Aboriginal Customary Laws* (ALRC Report 31)
2. *Essentially Yours: The Protection of Human Genetic Information in Australia* (ALRC Report 96)

3. *Grey Areas—Age Barriers to Work in Commonwealth Laws* (DP 78)
4. *Equality, Capacity and Disability in Commonwealth Laws* (DP 81)
5. *For Your Information: Australian Privacy Law and Practice* (ALRC Report 108)

The inclusion in this list of the *Recognition of Aboriginal Customary Laws* Report from 1986 illustrates the enduring value of the ideas, discussion and research contained in these landmark reports.

**Table 3:** Submissions received 2017–18

CONSULTATION PAPER	SUBMISSION CLOSING DATE	SUBMISSIONS RECEIVED DURING REPORTING PERIOD
<i>Incarceration Rates of Aboriginal and Torres Strait Islander Peoples</i> (DP 84)	4 September 2017	127
<i>Review of the Family Law System</i> (IP 48)	7 May 2018	480
<i>Inquiry into Class Action Proceedings and Third-party Litigation Funders</i> (DP 85)	31 July 2018	4
<b>Total submissions received</b>		<b>611</b>

## Submissions

The number of submissions received by the ALRC is a measure of public engagement with its work and the extent to which the consultation papers have stimulated debate and discussion. However, the number of submissions received for any inquiry is also influenced by its subject matter—particular inquiries are likely to generate a greater, broader degree of public interest and participation than others. The public interest in the Review of the Family Law System is reflected in the receipt of nearly 500 formal submissions as well as over 900 contributions to the ALRC’s confidential ‘Tell us your story’ portal.

## Presentations and speaking engagements

Presenting at public conferences, seminars and Parliamentary inquiries ensures that the work of the ALRC is publicly debated and discussed. During 2017–18, ALRC Commissioners and staff made 28 presentations at a range of events around the country. They also contributed eight articles to a range of journals and publications.

## Media mentions

The ALRC actively promotes public debate on issues raised by its current and past inquiries, and on law reform generally.

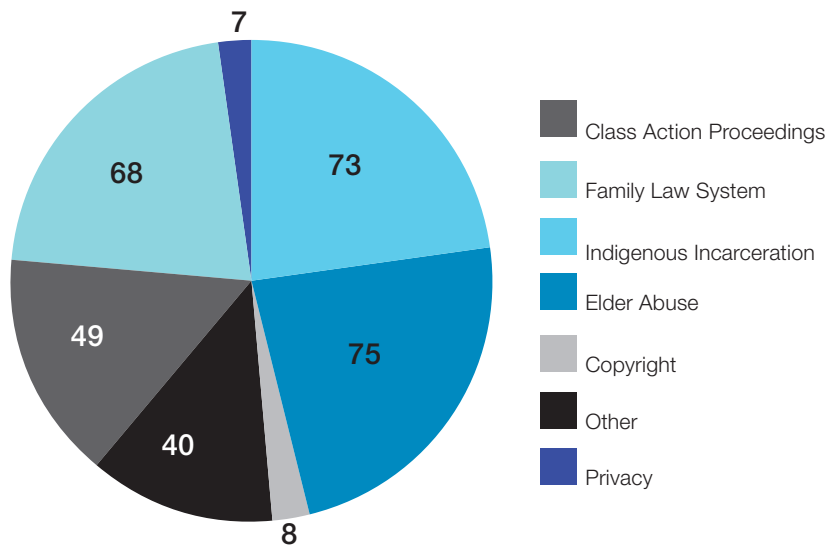
During 2017–18 the ALRC identified 320 mentions of its work across a range of media. This is equivalent to the number of mentions last year (317), which was 30% greater than the previous reporting period.

The Elder Abuse Inquiry and the Inquiry into the Incarceration Rates of Aboriginal and Torres Strait Islander Peoples attracted the most media attention (24% and 23% respectively).

In 2017–18, the Family Law Inquiry and the Inquiry into Class Actions and Third-party Litigation Funders also received a significant proportion of media mentions (21% and 15% respectively).

The ALRC conducts its own media monitoring. An archive of 2017–18 online media mentions is available on the ALRC website at [alrc.gov.au/news-media](http://alrc.gov.au/news-media).

CHART 3: Media mentions per inquiry 2017–18



## NEW PERFORMANCE INDICATORS FOR 2018–2019

As set out in the ALRC's Corporate Plan 2018–2022, the ALRC has updated its key performance indicators to better reflect the ALRC's contribution to government and the broader Australian community.

From 1 July 2018, the ALRC will measure its success through the following key performance indicators:

- ▶ the number of consultation papers and the number of reports to government;
- ▶ the percentage of inquiries completed on time in accordance with the terms of reference set by the Attorney-General;
- ▶ the number of citations or references to ALRC consultation documents, reports and recommendations in Parliamentary debates and committee reports, in court citations and decisions, and in academic publications and other publications;
- ▶ the number of submissions received for each inquiry;
- ▶ the number of consultations held for each inquiry;
- ▶ the breadth of community engagement in the work of the ALRC through the number of subscribers to the ALRC's E-news, visitors to the website and followers on twitter; and
- ▶ the number of publications, presentations, and speaking engagements of ALRC staff.

# ▶ SUMMARY AND ANALYSIS OF FINANCIAL PERFORMANCE

## FINANCIAL OUTCOMES

### Operating outcome

The 2017–18 financial statements show an operating deficit of \$0.772m.

### Operating revenue

The ALRC's operating revenue of \$2.740m comprised of revenue from government of \$2.701m, revenue from sale of goods (publications) of \$0.004m, other revenue (audit remuneration) of \$0.035m.

### Operating expenses

Total operating expenses of \$3.511m were \$0.760m more than in 2016–17. This increase is due to the ALRC working on three inquiries as opposed to two in the previous financial year.

The ALRC's depreciation and amortisation expense decreased by \$0.023m.

### Equity

The ALRC's total equity is in deficit of \$0.009. This includes contributed equity of \$0.016m.

## Total assets

The ALRC's total assets increased by \$0.103m.

## Total liabilities

The ALRC's total liabilities increased by \$0.859m.

## ENTITY RESOURCE STATEMENT

The ALRC's Entity Resource Statement and Expenses for Outcomes 2017–18, which summarises the total resources available to the ALRC and the total payments made by the ALRC during 2017–18, can be found in the Financial Statements.

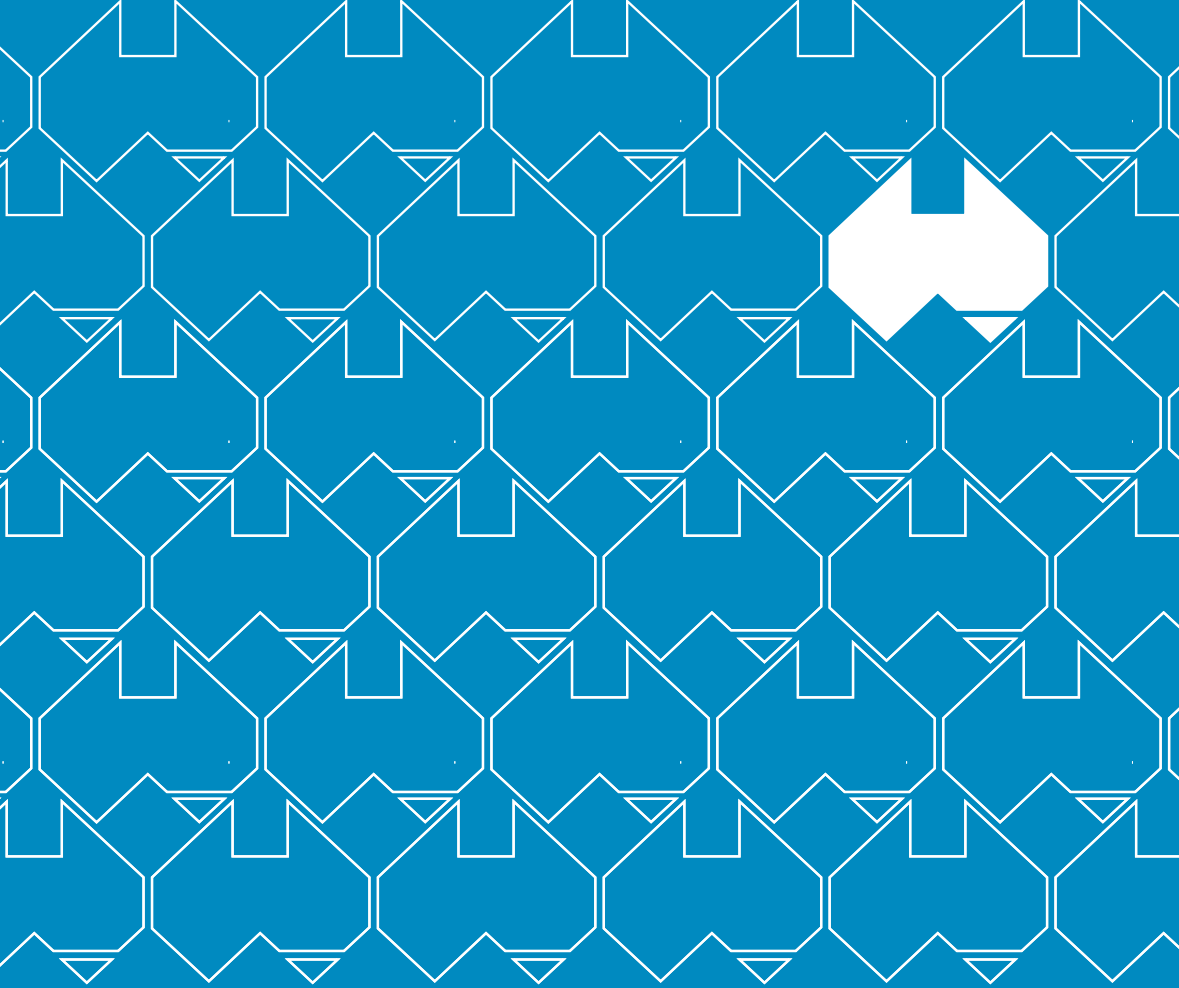
## COMPLIANCE

The ALRC has not had any significant non compliance with financial requirements and has therefore not made any report to its Minister, the Attorney-General.



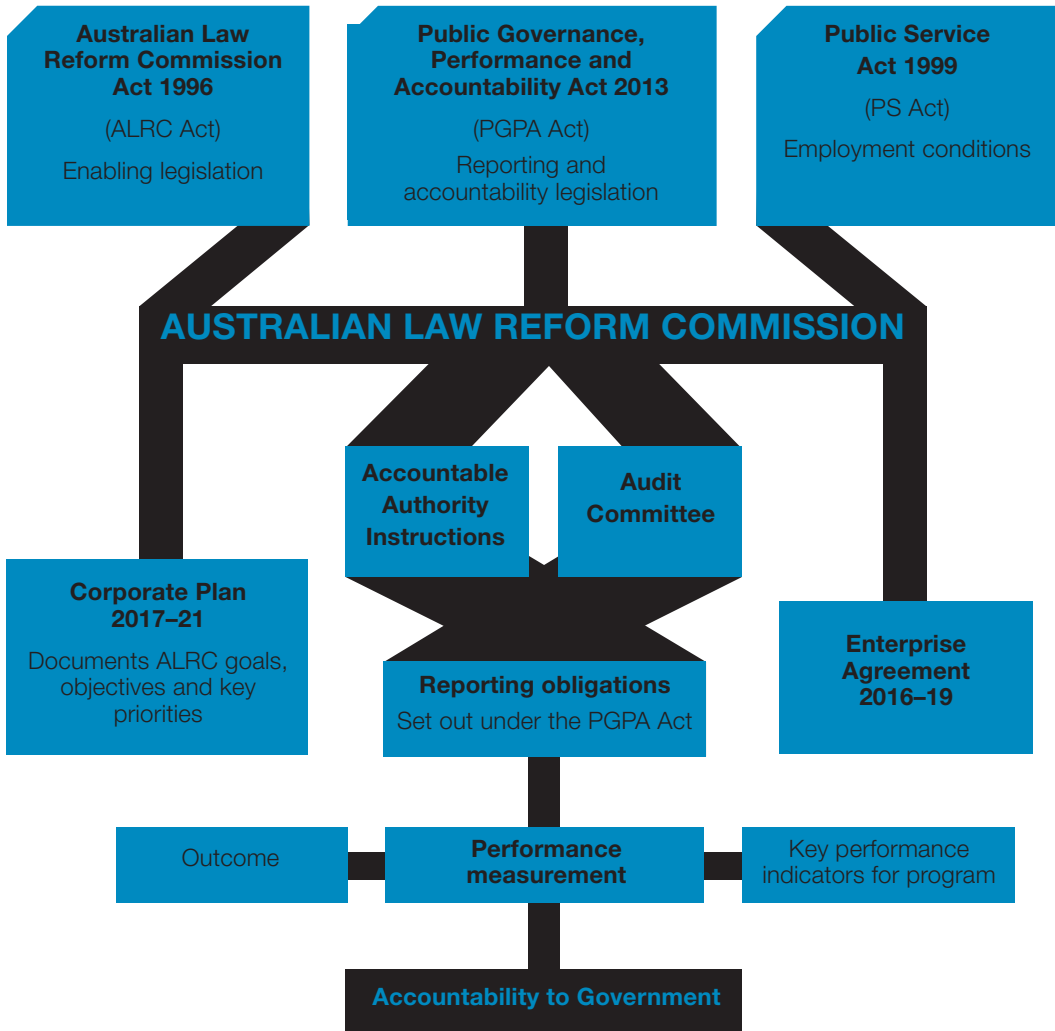
# 4

## Management and Accountability



# ► **CORPORATE**

## GOVERNANCE FRAMEWORK



# ► CORPORATE GOVERNANCE

ALRC accountability and governance requirements are met through its Accountable Authority Instructions. These provide the framework to ensure that the ALRC meets its obligations and responsibilities with regard to governance, reporting and accountability of Commonwealth entities and for their use and management of public resources, in line with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

## MINISTERIAL POWERS

The Minister responsible for the ALRC is the Attorney-General for Australia.

The ALRC is a statutory agency under the PGPA Act and an employer subject to the *Public Service Act 1999*.

The ALRC is constituted under the *Australian Law Reform Commission Act 1996* (ALRC Act). Section 20 of the ALRC Act states that the Attorney-General may refer matters to the ALRC for review.

## MEMBERS OF THE COMMISSION

The President is the Accountable Authority of the ALRC. Table 4 lists members of the ALRC during 2017–18 and their terms of appointment. On 30 June 2018, there were six members of the ALRC—two full-time members and four part-time members.

**TABLE 4:** Members 2017–18

COMMISSIONER	TERM OF APPOINTMENT
<b>Full-time Commissioners</b>	
Emeritus Professor Rosalind Croucher AM	Reappointed as President 14 December 2015–13 December 2018. Resigned effective 28 July 2017.
Robert Cornall AO	Appointed as Acting President 30 July 2017–29 October 2017.
Professor Helen Rhoades	10 October 2017–31 March 2019. Acting President 30 October 2017–9 January 2018.
The Hon Justice S C Derrington	Appointed as President 10 January 2018–9 January 2023.
<b>Part-time Commissioners</b>	
The Hon Justice John Middleton QC	Reappointed 28 November 2016–27 November 2019.
Judge Matthew Myers AM	7 February 2017–22 December 2017.

**TABLE 4:** Members 2017–18 (continued)

COMMISSIONER	TERM OF APPOINTMENT
<b>Part-time Commissioners (continued)</b>	
The Hon John Faulks	21 November 2017–31 March 2019.
Geoffrey Sinclair	21 November 2017–31 March 2019.
Dr Andrew Bickerdike	27 June 2018–31 March 2019.

## REMUNERATION

The Commonwealth Remuneration Tribunal determines the remuneration for all ALRC Commissioners.

## POLICIES

The Accountable Authority Instructions and the ALRC Policy Manual contain current ALRC policies, guidelines and procedures on a range of administrative matters. ALRC policies are reviewed and revised as required. All new and revised policies are approved by the President.

New policies implemented or updated during 2017–18 include:

- Conflicts of Interest Policy; and
- Related Party Disclosures Policy.

Policies that concern interaction with members of the public are published on the ALRC website. New staff members are advised of ALRC policies as part of the induction process and all staff have access to ALRC policies via the intranet.

## CORPORATE PLANNING

The ALRC Corporate Plan 2018–22 is available on the ALRC website.

## FINANCIAL MANAGEMENT AND AUDIT

The audit of the 2017–18 financial statements was performed by the Australian National Audit Office (ANAO). The Auditor's opinion

was that the financial statements of the ALRC were prepared in accordance with all relevant legislation and Finance Minister's Orders, and give a true and fair view of the ALRC's financial position and performance. The ANAO conducted an interim audit of the ALRC 2017–18 financial accounts and provided an interim report to the Audit Committee on 21 June 2018. No material issues were identified at this time.

The ALRC Audit Committee is established in compliance with section 45 of the PGPA Act and section 17 of the Public Governance, Performance and Accountability Rule 2014 (PGPA Rule). The objective of the Audit Committee is to provide independent assurance and assistance to the President on the ALRC risk, control and compliance framework, and its financial and performance reporting responsibilities.

The ALRC President authorises the Audit Committee, within its responsibilities, to:

- obtain any information it requires from any employee or external party (subject to any legal obligation to protect information);
- discuss any matters with the external auditor, or other external parties (subject to confidentiality considerations);
- request the attendance of any employee, including the President, at Audit Committee meetings; and
- obtain legal or other professional advice, as considered necessary to meet its responsibilities, with the prior approval of the President.



During 2017–18 the ALRC Audit Committee was comprised of three members, appointed by the President, as follows:

- ▶ Chair and External Member: Darrell Yesberg, Chief Financial Officer, Australian Human Rights Commission;
- ▶ External Member: Kathryn Hunter, Chief Financial Officer, Federal Court;
- ▶ External Member: Megan Pitt, Director, Australian Government Solicitor (resigned December 2017); and
- ▶ External Member: Helen O’Loughlin, Senior Executive Leader, People and Development, Australian Securities and Investment Commission (appointed March 2018).

A representative of the ANAO is also invited to attend meetings of the Audit Committee.

The ALRC Audit Forward Plan sets a meeting schedule and outlines the activities of the Audit Committee over the next financial year. The Audit Committee met on 7 September 2017, 22 March 2018 and 21 June 2018.

## FRAUD CONTROL AND RISK MANAGEMENT

The ALRC has a commitment to fraud control and for promoting efficient, effective and ethical use of Commonwealth resources. No fraudulent activity was detected in 2017–18.

The ALRC’s Accountable Authority certifies that the ALRC has prepared Fraud Risk Assessments and a Fraud Control Plan (FCP) and Statement for 2018–20. These were approved by the Audit Committee in June 2018. The FCP is a strategic document drawing together all fraud prevention, detection, minimisation and reporting initiatives adopted by the ALRC to control fraud. The FCP provides the ALRC with appropriate mechanisms for preventing, detecting, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific requirements of the ALRC. The FCP was developed from a risk assessment and is an integral part of the ALRC Assurance and

Governance Framework. The ALRC Fraud Control Plan and Statement will be reviewed in March 2020.

The ALRC Audit Committee is responsible for the ongoing monitoring and review of the fraud control framework, including the actions agreed to in the FCP. The President is the Fraud Control Officer and is responsible for ensuring that the appropriate processes are in place to manage the risk of fraud.

During 2017–18, the ALRC has taken all reasonable measures to minimise the incidence of fraud and has raised awareness of fraud control among employees to foster an environment that encourages employee involvement in the strategies to prevent fraud.

The ALRC has assessed that it has a low to negligible residual fraud risk profile, with an effective control environment. In accordance with s 8.14 of the *Commonwealth Fraud Control Guidelines*, the ALRC collects any information relating to fraudulent matters and reports it to the Attorney-General’s Department and the Australian Institute of Criminology annually. No fraudulent activity was detected in 2017–18.

## ENTERPRISE RISK MANAGEMENT

The ALRC’s Enterprise Risk Management Plan (ERMP) was updated in September 2017 following an external review by Oakton Consultancy.

The objective of the ERMP is to identify and articulate any organisational risks and to develop a mechanism to track and report on controls in place, and treatments required, to mitigate these risks.

The ALRC has continued to assess and manage its risks through:

- ▶ appropriate levels of insurance, including cover for public liability, directors’ liability, and property loss or damage, with nature and levels of cover reviewed annually;

- ▶ a positive approach to work health and safety, based on preventative strategies, flexible return to work arrangements and early response to injury;
- ▶ provision of training to staff to ensure that they understand their responsibilities and have the skills necessary to fulfil their responsibilities;
- ▶ transparent reporting of financial management and operational matters, both internally and externally; and
- ▶ updated administrative policies aimed at preventing fraud and managing risk, through a Fraud Control Plan and Business Continuity Plan.

## ETHICS

The ALRC fosters a culture of integrity, honesty and fairness in the workplace and actively seeks to comply with all relevant laws, regulations, codes and government standards.

Employees of the ALRC are Australian public servants and must follow the APS Values and APS Code of Conduct, which articulate the culture and operating ethos of the ALRC and provide the framework within which employment powers will be exercised by the President. ALRC employees are expected to comply with ALRC policies, and with any lawful direction given by the President and/or their supervisor.

Any suspected or actual breaches of the APS Code of Conduct will be dealt with in accordance with the ALRC's Procedures for Determining Breaches of the Code of Conduct, established in accordance with s 15(3) of the *Public Service Act 1999*. During 2017–18, there were no suspected or actual breaches of the APS Code of Conduct.

The ALRC has a Public Interest Disclosure Policy in accordance with the *Public Interest Disclosure Act 2013*. This Policy is available on the ALRC website and intranet. During 2017–18, there were no public interest disclosures.

## CONFLICT OF INTEREST

The ALRC Conflict of Interest Policy was updated in June 2018 and is designed to protect the ALRC's reputation and integrity; to ensure that employees understand what a conflict of interest is, and how to recognise and avoid a conflict of interest; and to outline the ALRC process for disclosing an actual or potential conflict of interest. This policy applies to Commissioners, employees, contractors and consultants engaged or employed by the ALRC.

Section 29 of the PGPA Act requires members to disclose any material personal interest in a matter under consideration by the Commission. Section 13(7) of the *Public Service Act 1999*, which contains the APS Code of Conduct, requires that an APS employee must disclose and take reasonable steps to avoid any conflict of interest (real or perceived) in connection with APS employment. In addition, s 10 of the Act requires that the Australian Public Service performs its functions in an impartial and professional manner.

ALRC employees are required to disclose a potential or actual conflict of interest in advance. Failing to disclose appropriately may be regarded as misconduct. The President maintains a Conflict of Interest Register that records any reported conflict of interest within the ALRC, for the purpose of monitoring and managing the conflict.

During 2017–18, there were no conflict of interest disclosures.

Full-time Commissioners (members) of the ALRC make annual declarations of private interests, which are provided to the Attorney-General in August of each year.

## RELATED PARTY DISCLOSURES

Australian Accounting Standards Board (AASB) 124 sets out the related party disclosures required by reporting entities including those producing General Government Sector financial statements.

The ALRC is committed to complying with applicable Accounting Standards and associated disclosures in the annual financial statements in compliance with AASB 124 and has developed a policy and reporting procedure that meets both the requirements of the AASB and the Department of Finance. This policy requires that ALRC financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related party relationships and by transactions and outstanding balances, including commitments.

## **INDEMNITY**

The ALRC carries directors' liability insurance for all Commissioners of the ALRC and members of the Audit Committee.

## **Nature of liability**

The ALRC insures against damages arising as a consequence of a wrongful act of a director, including an error by omission or commission; a misstatement or misleading statement; or negligent breach of duty.

The ALRC has not indemnified or agreed to indemnify any current or former officer against a liability other than by coverage under the directors' liability insurance.

# **EXTERNAL** SCRUTINY AND CONTROLS

There have been no significant developments affecting the ALRC's external scrutiny in 2017–18.

## **PARLIAMENTARY SCRUTINY**

Representatives of the ALRC may appear at Senate Estimates Committee Hearings to answer questions about ALRC operations.

The ALRC was called to Senate Estimates on 24 May 2018.

# ► HUMAN RESOURCE MANAGEMENT

## STAFFING

The ALRC has one office in Sydney. On 30 June 2018, the full-time equivalent staffing level was 11 FTE including those staff seconded from other Departments and Agencies on a temporary basis. This figure does not include Commissioners.

## INDIGENOUS EMPLOYMENT

During the 2017–18 financial year there was one employee and one Commissioner who identified as Indigenous.

## STAFF RETENTION AND TURNOVER

During 2017–18 two ongoing employees resigned from the ALRC. In addition, one SES employee received an incentive to retire and one non-SES employee received a voluntary redundancy.

## EMPLOYMENT CONDITIONS

Non-SES employees engaged directly by the ALRC are covered by the ALRC Enterprise Agreement 2016–19. The Enterprise Agreement sets out terms and conditions of employment. One employee is currently working with individual flexibility arrangements. The only non-salary benefits provided during the period were paid as a health and well-being allowance.

## PERFORMANCE REWARDS AND BONUSES

The ALRC Enterprise Agreement 2016–19 makes provision for performance appraisal and allows for performance to be rewarded through a mixture of movement up the salary scale and one-off performance bonuses for those at the top of their pay point salary band, as summarised in Table 6.

**TABLE 5:** Staffing profile as at 30 June 2018

ALRC CLASSIFICATION	MEN	WOMEN	FULL-TIME	PART-TIME	TOTAL
EL2/PLO (\$134,375–\$142,558)	2	3	5		5
EL1/SLO (\$99,987–\$130,461)		2	2		2
APS 5–6/LO (\$75,173–\$95,225)		2	2		2
APS 3–4 (\$59,342–\$72,983)		2	1	1	2
<b>Total</b>	<b>2</b>	<b>9</b>	<b>10</b>	<b>1</b>	<b>11</b>

**TABLE 6:** Performance rewards

PERFORMANCE RATING	OUTCOME
Exceeding performance expectations	2 pay point increase
Meets all performance expectations	1 pay point increase
Meets most performance expectations	Remain on current pay point
Does not meet performance expectations	Remain on current pay point or go down one or more pay points in accordance with procedures in Clause 20, 'Managing Underperformance'

**TABLE 7:** Performance bonuses 2017–18

CLASSIFICATION	NUMBER OF EMPLOYEES	TOTAL PAID	AVERAGE	RANGE
EL 1	2	\$4,602.26	\$2,301.13	\$2,318–\$2,284
APS 6	1	\$1,876.36	\$1,876.36	\$1,876.36
APS 4	2	\$2,416.37	\$1,208.18	\$978–\$1,438

An employee who is at the maximum salary point for a classification will be eligible for a bonus of up to 2% of his or her annual salary, based on a performance appraisal. If rated as exceeding performance expectations, the bonus will be 2%. If rated as meeting all performance expectations, the bonus will be 1%. If rated as meeting most, or not meeting performance expectations, there will be no bonus awarded.

During 2017–18, five employees were awarded a performance bonus, amounting to a total bonus payment for the year of \$8,894.99.

Further details of total remuneration expenditure in 2017–18 are provided in the financial statements.

## STAFF DEVELOPMENT

The ALRC identifies and responds to the professional development needs of its employees as identified during the

performance appraisal process to ensure that they are able to meet the ALRC's objectives. The ALRC also considers requests for education and training as they arise. The ALRC budgets for professional development at a whole-of-organisation level as well as for individual employees. In addition, the ALRC considers attendance at relevant conferences and professional seminars to contribute to the professional development of staff.

## STUDY LEAVE

Study leave is available for all ongoing employees (full-time and part-time). Study assistance provided by the ALRC is in the form of granting up to five days unpaid leave per academic year (part-time staff will be granted a pro rata amount) to facilitate an employee's study. No employees applied for study leave during 2017–18.

## ALRC INTERNSHIP PROGRAM

The ALRC offers internships to students in their penultimate or final year of a law degree. An internship at the ALRC provides experience in a public policy environment and skills development for students to increase their awareness of law reform processes and improve their legal research and writing skills. Interns join a team for a current ALRC inquiry and are supervised by the Commissioner in charge and/or Legal Officers.

In 2017–18, 14 internships were offered. Interns were involved in a range of ALRC activities, including attending consultation meetings with inquiry stakeholders, Advisory Committee meetings and inquiry team meetings.

The ALRC captures the intern experience through interviews with students at the completion of their internship. They discuss the work they have been undertaking and describe the experience of interning at the ALRC. These podcasts are available on the ALRC website.

This year the ALRC was fortunate to have two Indigenous law students participate in the ALRC intern program.

Additionally, the ALRC hosted an Aurora Project supported intern for four weeks. The Aurora Project aims to improve educational outcomes for Indigenous Australians by facilitating internships at a range of organisations.

# ▶ OTHER REPORTING REQUIREMENTS

## PROCUREMENT AND PURCHASING

Purchasing within the ALRC is guided by its Procurement and Purchasing Policy, which is consistent with the Commonwealth Procurement Rules (CPRs) and the PGPA Act. As an agency expending public money, the ALRC must be accountable for its resources and expenditure.

The ALRC Procurement and Purchasing Policy sets ‘value for money’ as the core principle in procurement decisions and also ensures that ALRC procurement encourages competition and the proper use of resources, accountability and transparency. ‘Value for money’ in a procurement process requires a comparative analysis of all relevant costs and benefits of each proposal throughout the whole procurement cycle (whole-of-life costing) and making decisions in an

accountable and transparent manner. ‘Value for money’ also involves adopting processes that reflect the scale and risk profile of a particular procurement and that simple procurements should be undertaken using simple processes.

Risk management is built into ALRC procurement processes and the extent of risk management required will vary from following routine procurement processes, to a significant undertaking involving the highest level of planning, analysis and documentation.

Where the Government has established a coordinated Whole-of-Government procurement contract for a particular property or service, the ALRC will use the Government contract established for that property or service, unless an exemption has been provided. The ALRC currently uses a

coordinated procurement contract for travel, purchasing major office machines, desktop computers, Microsoft software and office supplies.

The ALRC publishes an Annual Procurement Plan on the AusTender website. The ALRC has previously reported Contract Notices for:

- ▶ Secure Internet Gateway—CN 3096982
- ▶ Subscriptions to online legal services—CN 3084922
- ▶ ICT support—CN 3081972
- ▶ Rent—CN 3081902
- ▶ Office supplies and stationary—CN 1014931 and CN 1014921
- ▶ Photocopiers—CN 824411.

During 2017–18, no new contracts were entered into by the ALRC.

## Procurement initiatives to support small business

The ALRC supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website.

Due to the nature of the operations of the ALRC and its small size, the ALRC's procurement is small in scale and under the \$200,000 threshold. Much of the ALRC's procurement is either through Whole-of-Government panels or from SMEs. The ALRC's Procurement and Purchasing Policy facilitates the involvement of SMEs in procurement by:

- ▶ adopting a risk assessment framework for procurement that is commensurate with the scale and scope of the procurement;
- ▶ communicating in clear simple language and presenting information in an accessible format; and
- ▶ utilising electronic systems to facilitate on-time payments where possible.

## Indigenous procurement

During 2017–18, the ALRC did not contract with any Indigenous SME.

The ALRC purchased office supplies sourced from Muru Group.

## CONSULTANCIES

Annual Reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

From time to time, the ALRC may engage consultants. Prior to engaging consultants, the ALRC takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise.

During 2017–18, the ALRC employed three new consultancies totalling \$37,090. Consultancies were for employment support, research, and proofreading. There were no ongoing consultancy contracts active during the reporting period.

## ADVERTISING AND MARKET RESEARCH

As required under s 311A of the *Commonwealth Electoral Act 1918*, the ALRC reports that, during 2017–18, it did not undertake any advertising campaigns nor conduct any market research with advertising agencies, market research organisations, polling organisations, direct mail organisations, or media advertising organisations.

## DISABILITY STRATEGY

The ALRC is committed to the inclusion of people with disability in its inquiry work. The ALRC encourages consultation with people with disability by presenting our publications in a range of different formats and, at the end of our inquiries, providing community information sheets that outline the key recommendations made in its reports that may impact on people with disability, where relevant.



Disability reporting is published in the Australian Public Service Commission's State of the Service Report and the APS Statistical Bulletin. These reports are available at [apsc.gov.au](http://apsc.gov.au).

## FREEDOM OF INFORMATION

Agencies subject to the *Freedom of Information Act 1982* are required to publish information to the public as part of the Information Publication Scheme. This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an Annual Report. The ALRC Information Publication Plan is updated annually and contains details about the information held within the ALRC, and how it handles this information. The Plan is published on the ALRC website at [alrc.gov.au/ips-agency-plan](http://alrc.gov.au/ips-agency-plan).

During 2017–18, the ALRC received three FOI requests.

## LEGAL SERVICES EXPENDITURE

As per the *Legal Services Directions 2005*, the ALRC reports that during 2017–18 the ALRC was compliant with these Directions. The ALRC spent \$6,835.95 on legal expenditure for 2017–18.

## WORK HEALTH AND SAFETY

The ALRC is committed to providing and maintaining the highest degree of work health and safety for all employees and other persons who engage with the ALRC's work by aiming to prevent all injury and illness potentially caused by working conditions. The ALRC recognises its responsibility to provide a healthy and safe workplace for employees and to provide them with easily accessible information on work health and safety matters.

The ALRC Health and Safety Management Arrangements and Work Health and Safety Policy (WH&S Policy) provide the framework for ensuring the health, safety and welfare of all its employees. The ALRC has a

commitment to consult with employees and their representatives on health and safety issues and to work together to ensure a safe work environment.

There were no accidents or any dangerous occurrences during 2017–18 that required giving of notice under the WH&S Act.

All employees undertake emergency procedures training at least once per year. Fire Warden training is also undertaken on a regular basis as part of our tenancy requirements.

As a workplace health initiative under its Enterprise Agreement, the ALRC provides free and voluntary influenza vaccinations to staff each year. In 2017–18, eight employees took advantage of a free vaccination.

The ALRC also offers a reimbursement of up to \$150 per annum for activities that contribute to employees' health and well-being. In addition, all employees have access to a free and confidential counselling service that provides up to three free sessions of counselling per year.

## ENVIRONMENTAL PERFORMANCE

The ALRC maintains efficient and effective environmental office practices that comply with relevant government policy and environmental legislation.

In line with the principles of ecologically sustainable development, and in line with s 516A of the *Environment Protection and Biodiversity Conservation Act 1999* (the EPBC Act), the ALRC makes the following report for 2017–18:

### Energy efficiency

The ALRC is located in the MLC Centre at Level 40, 19 Martin Place, Sydney. The MLC building has achieved 4.5 stars under the NABERS Energy rating system. NABERS is a performance-based rating system



which measures the overall environmental performance of a building during its hours of operation.

Automated lighting controls are used in the ALRC office that switch off office lighting when people are out of the office, and non-essential lighting outside of work hours. Employees are requested to turn off computers, printers and photocopiers over weekends to minimise energy use.

## **Waste and recycling**

The ALRC supports recycling programs including for paper, co-mingled material and electronic equipment as part of our office tenancy. ALRC employees are encouraged to sort waste appropriately in order to maximise recycling and minimise the ALRC disposal of waste to landfill.

## **Water**

The ALRC office is located at the MLC Centre and it is not possible to rate the ALRC water usage separately. NABERS Water measures the water consumption of an office building on a scale of one to five stars, reflecting the performance of the building relative to the market, from least efficient (one star) to best practice (five stars). Two and a half stars is the current market average. The MLC building received a rating of 2.5 stars under the NABERS Water rating system.

## **Air travel**

ALRC employees are encouraged to undertake air travel only where there is a demonstrated business need and other communication methods, such as teleconferencing, are not available or not appropriate in the circumstances. The ALRC's air travel is most commonly to undertake consultations for inquiry purposes and to ensure that people from around Australia are able to meet with the ALRC about the areas of law that are under review.

## **Vehicles**

The ALRC does not have a vehicle fleet. ALRC employees use public transport and share vehicles as far as possible.

## **Printing**

The ALRC has committed to reducing the amount of print copies of documents produced. Consultation papers are now only published online, unless there are special circumstances that require a hard copy to be produced.

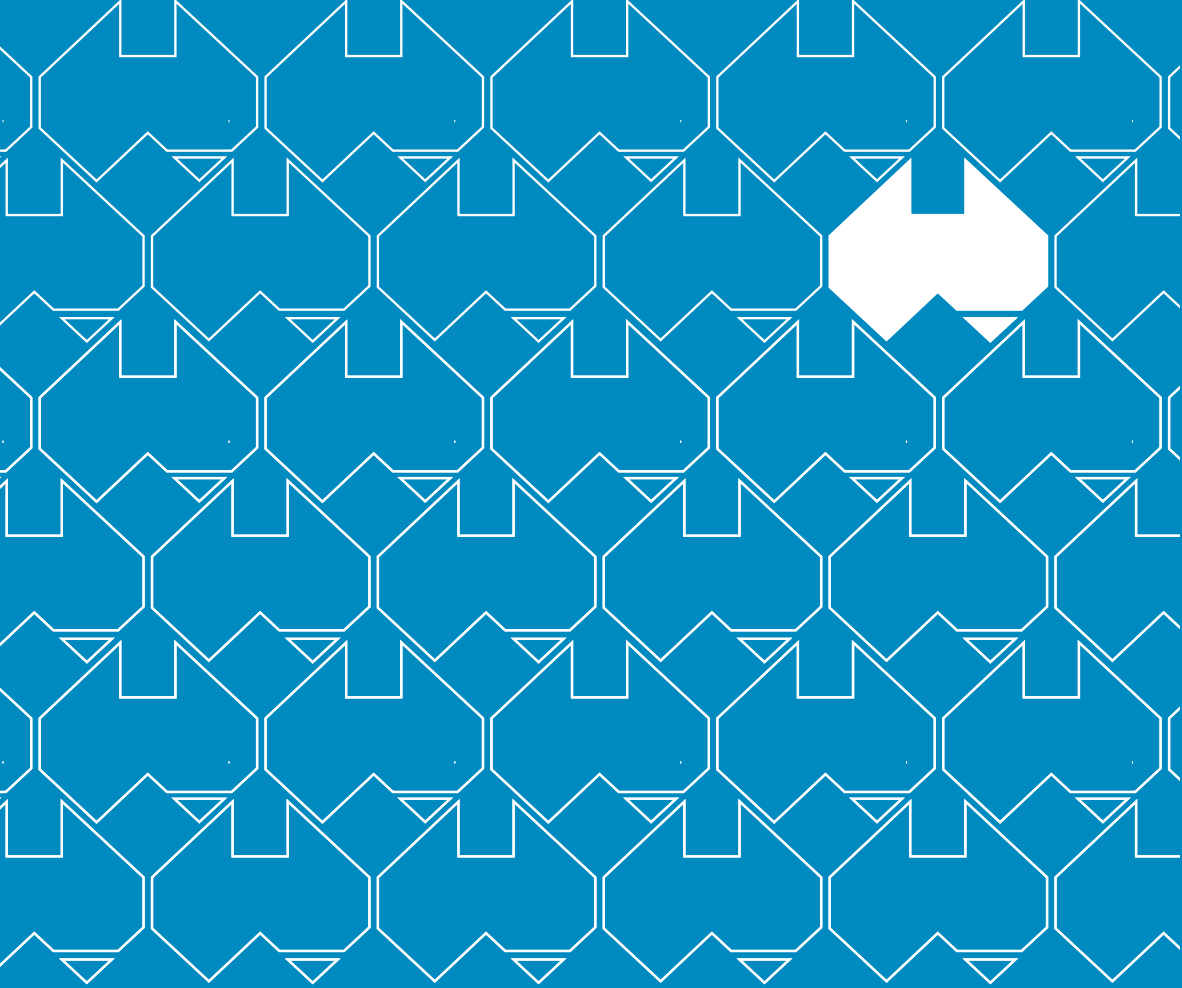
All employees are encouraged to consider ways to minimise printing and encouraged to print double-sided for documents that are for internal purposes. The general-use office copy paper is 100% recycled, carbon neutral and Forest Stewardship Council rated.

As part of the government's digital transition policy, the ALRC has moved away from the creation and storage of paper records and in turn has reduced both the usage of paper and the amount of printing done by the organisation.



5

FINANCIAL STATEMENTS





## INDEPENDENT AUDITOR'S REPORT

### To the Attorney-General

#### Opinion

In my opinion, the financial statements of the Australian Law Reform Commission for the year ended 30 June 2018:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Australian Law Reform Commission as at 30 June 2018 and its financial performance and cash flows for the year then ended.

The financial statements of the Australian Law Reform Commission, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by the President and Commissioner;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

#### Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Australian Law Reform Commission in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Australian Law Reform Commission, the President is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The President is also responsible for such internal control as the President determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the President is responsible for assessing the Australian Law Reform Commission's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The President is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Australian National Audit Office



Bola Oyetunji  
Senior Executive Director  
Delegate of the Auditor-General  
Canberra  
19 September 2018

Australian Law Reform Commission

Forms of Financial Statements 2017–18

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**STATEMENT BY THE PRESIDENT AND COMMISSIONER**

In our opinion, the attached financial statements for the year ended 30 June 2018 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Australian Law Reform Commission will be able to pay its debts as and when they fall due.

[signed]

The Hon Justice S C Derrington  
President and Chief Financial Officer  
19 September 2018

[signed]

Professor Helen Rhoades  
Commissioner  
19 September 2018



## AUSTRALIAN LAW REFORM COMMISSION

### Statement of Comprehensive Income for the period ended 30 June 2018

	Notes	2018 \$	2017 \$	Original Budget \$
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee Benefits	1.1A	2,658,396	2,031,673	2,023,000
Suppliers	1.1B	844,509	688,893	720,000
Depreciation and amortisation	2.2A	7,859	30,430	26,000
<b>Total expenses</b>		<b>3,510,764</b>	<b>2,750,996</b>	<b>2,769,000</b>
<b>Own-Source Income</b>				
<b>Own-source revenue</b>				
Sale of goods and rendering of services	1.2A	3,461	2,515	1,000
Other revenue	1.2B	34,500	31,000	33,000
<b>Total own-source revenue</b>		<b>37,961</b>	<b>33,515</b>	<b>34,000</b>
<b>Gains</b>				
Other gains	1.2C	-	5,560	-
<b>Total gains</b>		<b>-</b>	<b>5,560</b>	<b>-</b>
<b>Total own-source income</b>		<b>37,961</b>	<b>39,075</b>	<b>34,000</b>
<b>Net (cost of)/contribution by services</b>		<b>(3,472,803)</b>	<b>(2,711,921)</b>	<b>(2,735,000)</b>
Revenue from Government	1.2D	2,701,000	2,751,000	2,709,000
<b>Surplus/(Deficit) before income tax on continuing operations</b>		<b>(771,803)</b>	<b>39,079</b>	<b>(26,000)</b>
<b>Surplus/(Deficit) after income tax on continuing operations</b>		<b>(771,803)</b>	<b>39,079</b>	<b>(26,000)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation surplus		-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(771,803)</b>	<b>39,079</b>	<b>-</b>

The above statement should be read in conjunction with the accompanying notes.

#### Budget Variances Commentary

##### Statement of Comprehensive Income

The variance in total expenses and Revenue from Government between budget and actual, greater than 10%, is due to the following:

Employee benefits increased against the budgeted amount because the Commission had a restructure in corporate services, where redundancy payments were paid and also made provision for.

Supplier expenses increased against budgeted amount because the Commission undertook three inquiries in the financial year instead of the usual two concurrent inquiries.

The variance in depreciation was due to the Commission's plant and equipment fully depreciating and new capital purchases were bought towards the end of the financial year.

Revenue from Government decreased against the budgeted amount because the Commission had a Section 51 quarantine in appropriation for an amount of \$0.008m.

Also an operating deficit of \$0.200m was approved for the 2017–18 financial year and is included in the deficit.

## AUSTRALIAN LAW REFORM COMMISSION

### Statement of Financial Position

as at 30 June 2018

		2018	2017	Original Budget
	Notes	\$	\$	\$
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents	2.1A	1,432,667	1,332,011	1,288,000
Trade and other receivables	2.1B	5,841	6,919	9,000
<b>Total financial assets</b>		<b>1,438,508</b>	<b>1,338,930</b>	<b>1,297,000</b>
<b>Non-financial assets</b>				
Plant and equipment	2.2A	44,589	35,049	38,000
Other non-financial assets	2.2B	27,893	34,189	15,000
<b>Total non-financial assets</b>		<b>72,482</b>	<b>69,238</b>	<b>53,000</b>
<b>Total assets</b>		<b>1,510,990</b>	<b>1,408,168</b>	<b>1,350,000</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	10,331	17,554	30,000
Other payables	2.3B	911,956	125,309	160,000
<b>Total payables</b>		<b>922,287</b>	<b>142,863</b>	<b>190,000</b>
<b>Provisions</b>				
Employee provisions	4.1A	597,785	518,584	495,000
<b>Total provisions</b>		<b>597,785</b>	<b>518,584</b>	<b>495,000</b>
<b>Total liabilities</b>		<b>1,520,072</b>	<b>661,447</b>	<b>685,000</b>
<b>Net assets</b>		<b>(9,082)</b>	<b>746,721</b>	<b>665,000</b>
<b>EQUITY</b>				
Contributed equity		287,000	271,000	287,000
Reserves		135,058	135,058	136,000
Retained surplus/(Accumulated deficit)		(431,140)	340,663	242,000
<b>Total equity</b>		<b>(9,082)</b>	<b>746,721</b>	<b>665,000</b>

The above statement should be read in conjunction with the accompanying notes.

#### Budget Variances Commentary

##### Statement of Financial Position

The variance in the statement of financial position between budget and actual, greater than 10%, is due to the following:

The variance in cash and cash equivalents takes into account the Commission receiving funding from the Attorney - General's Department for the Review of the Family Law System.

The variance in Other payables is the provision made for receiving funding from the Attorney - General's Department for the Review of the Family Law System.

The variance in Employee provisions takes into account the provision for the remaining corporate staff undertaking redundancies.

The variance in Plant and equipment takes into account that the Commission purchased new plant and equipment towards the end of the financial year.

The variance in suppliers was due to a timing issue.

The variance in Retained surplus/(Accumulated deficit) between budget and actual is due to restructuring of the Commission resulting in redundancy payments. The Commission is still considered as a going concern as it has received funding from Appropriation Act 1 and Departmental Capital Budget for the 2018/19 financial year.

# AUSTRALIAN LAW REFORM COMMISSION

## Statement of Changes in Equity for the period ended 30 June 2018

	2018	2017	Original Budget
Notes	\$	\$	\$
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	271,000	255,000	271,000
<b>Adjusted opening balance</b>	<b>271,000</b>	<b>255,000</b>	<b>271,000</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	16,000	16,000	16,000
<b>Total transactions with owners</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Closing balance as at 30 June</b>	<b>287,000</b>	<b>271,000</b>	<b>287,000</b>
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			-
Balance carried forward from previous period	340,663	301,584	268,000
<b>Adjusted opening balance</b>	<b>340,663</b>	<b>301,584</b>	<b>268,000</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(771,803)	39,079	(26,000)
<b>Total comprehensive income</b>	<b>(771,803)</b>	<b>39,079</b>	<b>(26,000)</b>
<b>Closing balance as at 30 June</b>	<b>(431,140)</b>	<b>340,663</b>	<b>242,000</b>
<b>ASSET REVALUATION RESERVE</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	135,058	135,058	136,000
<b>Adjusted opening balance</b>	<b>135,058</b>	<b>135,058</b>	<b>136,000</b>
<b>Comprehensive income</b>			
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Closing balance as at 30 June</b>	<b>135,058</b>	<b>135,058</b>	<b>136,000</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	746,721	691,642	675,000
<b>Adjusted opening balance</b>	<b>746,721</b>	<b>691,642</b>	<b>675,000</b>
<b>Comprehensive income</b>			
Surplus/(Deficit) for the period	(771,803)	39,079	(26,000)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>(771,803)</b>	<b>39,079</b>	<b>(26,000)</b>
<b>Transactions with owners</b>			
<b>Contributions by owners</b>			
Departmental capital budget	16,000	16,000	16,000
<b>Total transactions with owners</b>	<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Closing balance as at 30 June</b>	<b>(9,082)</b>	<b>746,721</b>	<b>665,000</b>

The above statement should be read in conjunction with the accompanying notes.

## AUSTRALIAN LAW REFORM COMMISSION

### Statement of Changes in Equity (cont'd)

#### **Accounting Policy**

##### Equity Injections

Amounts appropriated which are designated as 'equity injections' for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

#### **Budget Variances Commentary**

##### **Statement of Changes in Equity**

The variance in the statement of changes in equity between budget and actual, greater than 10%, is due to the following:

The variance in Total Equity between budget and actual was due to restructuring of the Commission's corporate services and moving to the Attorney - General's Department shared services. The Commission is still considered as a going concern as it has received funding from Appropriation Act 1 and Departmental Capital Budget for the 2018/19 financial year.

## AUSTRALIAN LAW REFORM COMMISSION

### Cash Flow Statement

for the period ended 30 June 2018

	Notes	2018 \$	2017 \$	Budget \$
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Appropriations		2,701,000	2,751,000	2,709,000
Sale of goods and rendering of services		3,461	2,515	1,000
Net GST received		75,822	70,104	-
Other		837,922	5,560	-
<b>Total cash received</b>		<b>3,618,205</b>	<b>2,829,179</b>	<b>2,710,000</b>
<b>Cash used</b>				
Employees		2,575,500	2,003,046	2,023,000
Suppliers		940,650	797,934	687,000
<b>Total cash used</b>		<b>3,516,150</b>	<b>2,800,980</b>	<b>2,710,000</b>
<b>Net cash from/(used by) operating activities</b>		<b>102,055</b>	<b>28,199</b>	<b>-</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash used</b>				
Purchase of property, plant and equipment		17,399	-	16,000
<b>Total cash used</b>		<b>17,399</b>	<b>-</b>	<b>16,000</b>
<b>Net cash from/(used by) investing activities</b>		<b>(17,399)</b>	<b>-</b>	<b>(16,000)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Contributed equity		16,000	16,000	16,000
<b>Total cash received</b>		<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Net cash from financing activities</b>		<b>16,000</b>	<b>16,000</b>	<b>16,000</b>
<b>Net increase/(decrease) in cash held</b>		<b>100,656</b>	<b>44,199</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period		1,332,011	1,287,812	1,288,000
<b>Cash and cash equivalents at the end of the reporting period</b>	2.1A	<b>1,432,667</b>	<b>1,332,011</b>	<b>1,288,000</b>

The above statement should be read in conjunction with the accompanying notes.

#### Budget Variances Commentary

##### Cash Flow Statement for not-for-profit Reporting Entities

Revenue from Government decreased against the budgeted amount because the Commission had a Section 51 quarantine in appropriation for an amount of \$0.008m.

The variance in net GST received from the budgeted amount was due to the net outcome from the recovery of GST on supplier payments and GST collected on invoices raised.

The variance in total cash used from the budgeted amount was due to restructuring of the Commission's corporate services and moving to the Attorney - General's Department shared services. The Commission is still considered as a going concern as it has received funding from Appropriation Act 1 and Departmental Capital Budget for the 2018/19 financial year

## AUSTRALIAN LAW REFORM COMMISSION

### Overview

#### Objectives of the Australian Law Reform Commission

The Australian Law Reform Commission (the Commission) is an Australian Government controlled entity. It is a not-for-profit entity. The objective of the Commission is to report to the Attorney-General on the results of any review for the purposes of developing and reforming the law.

The Commission is structured to meet one outcome: informed government decisions about the development, reform and harmonisation of Australian laws and related processes through research, analysis, reports and community consultation and education.

The continued existence of the Commission in its present form and with its present programs is dependent on Government policy and on continuing funding by Parliament for the Commission's administration and programs.

Commission activities contributing towards this outcome are classified as Departmental Activities. Departmental Activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Commission in its own right.

Section 45 of the *Australian Law Reform Commission Act 1996* (the ALRC Act), requires that money appropriated by the Parliament be transferred to the Law Reform Special Account (refer to note 3.2).

#### The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a) *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) for reporting periods ending on or after 1 July 2017; and
- b) Australian Accounting Standards and Interpretations—Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars.

## AUSTRALIAN LAW REFORM COMMISSION

### Overview (cont'd)

#### New Accounting Standards

All new, revised amending standards and interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Commission's financial statements.

Accounting Standard	Summary of changes	Effective date
AASB 15 Revenue from Contracts with Customers	<p>AASB 15 contains a single model that applies to contracts with customers and two approaches to recognising revenue at a point in time or over time.</p> <p>The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.</p> <p>The compiled AASB 15 does not apply mandatorily to not-for-profit entities. However earlier application is permitted for annual reporting periods beginning before January 2019.</p>	1-Jan-19

## AUSTRALIAN LAW REFORM COMMISSION

### Overview (cont'd)

Accounting Standard	Summary of changes	Effective date
AASB 16 Leases	<p>AASB 16 removes the classification of leases as either operating leases or finance leases—for the lessee—effectively treating all leases as finance leases. AASB 16 requires a lessee to recognise assets and liabilities for all lessee with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.</p> <p>AASB 16 requires enhanced disclosures for both lessees and lessors to improve information disclosed about an entity's exposure to leases.</p> <p>As subsequent to year end a new lease arrangement has been initiated the ALRC's assessment indicates that the implementation of the standard may have a substantial impact of the financial statements. The property lease will create a right of use asset and lease liability.</p>	1-Jan-19

### Taxation

The Commission is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

### Events After the Reporting Period

#### Departmental

There have been no subsequent events that have the potential to significantly affect the ongoing structure and the financial activities of the Commission.



**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

## Financial Performance

This section analyses the financial performance of Australian Law Reform Commission for the year ended 30 June 2018.

### 1.1 Expenses

	2018	2017
	\$	\$
<b><u>1.1A: Employee Benefits</u></b>		
Wages and salaries	1,728,965	1,571,487
Superannuation		
Defined contribution plans	56,804	77,061
Defined benefit plans	176,905	194,915
Leave and other entitlements	173,031	188,210
Separation and redundancies	522,691	-
<b>Total employee benefits</b>	<b>2,658,396</b>	<b>2,031,673</b>

#### Accounting Policy

Accounting policies for employee related expenses is contained in the People and Relationships section.

### 1.1B: Suppliers

#### Goods and services supplied or rendered

Committees	174,200	104,362
Library	38,917	27,943
Professional services	70,523	64,441
Printing and office requisites	11,271	14,137
Freight and removals	1,050	374
Telephone and postage	19,936	17,641
Incidentals	8,241	9,488
Minor assets	10,177	9,343
Staff training	2,487	7,397
Maintenance	7,484	7,572
Promotional activities	12,183	2,640
Advertising	19,134	173
Travel	116,041	71,666
IT services	16,623	17,372
<b>Total goods and services supplied or rendered</b>	<b>508,266</b>	<b>354,549</b>

Goods supplied	473,766	323,549
Services rendered	34,500	31,000
<b>Total goods and services supplied or rendered</b>	<b>508,266</b>	<b>354,549</b>

#### Other suppliers

Operating lease rentals	330,633	325,009
Workers compensation expenses	5,610	9,335
<b>Total other suppliers</b>	<b>336,243</b>	<b>334,344</b>
<b>Total suppliers</b>	<b>844,509</b>	<b>688,893</b>

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**1.1 Expenses (cont'd)**

**1.1B Suppliers (cont'd)**

**Leasing commitments**

The Commission's lease payments are subject to an annual increase of approximately 4% in accordance with upwards movements in the Consumer Price Index. The commitments are GST inclusive where relevant. Operating lease included is effectively non-cancellable. The Commission's lease expires 1 October 2018. The Commission has made a commitment to enter a leasing arrangement for a period of five years, starting 1 October 2018.

	2018	2017
	\$	\$
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>		
Within 1 year	<b>106,960</b>	434,455
Between 1 to 5 years	-	109,829
<b>Total operating lease commitments</b>	<b>106,960</b>	544,284

**Accounting Policy**

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**1.2 Own-Source Revenue and Gains**

	2018	2017
	\$	\$

**Own-Source Revenue**

**1.2A: Sale of goods and rendering of services**

Sale of goods and rendering of services	3,461	2,515
<b>Total sale of goods and rendering of services</b>	<b>3,461</b>	<b>2,515</b>

**Accounting Policy**

Revenue from the sale of goods and rendering of services is recognised when the goods and services have been provided.

**1.2B: Other Revenue**

Resources received free of charge		
Remuneration of auditors	34,500	31,000
<b>Total other revenue</b>	<b>34,500</b>	<b>31,000</b>

**Accounting Policy**

Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense. Resources received free of charge are recorded as either revenue or gains depending on their nature.

**1.2C: Other Gains**

Overpayment in 2016 relating to publishing costs	-	5,560
<b>Total other gains</b>	<b>-</b>	<b>5,560</b>

**1.2D: Other Revenue from Government**

Appropriations		
Departmental appropriations	2,701,000	2,751,000
<b>Total revenue from Government</b>	<b>2,701,000</b>	<b>2,751,000</b>

**Accounting Policy**

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the entity gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

## Financial Position

This section analyses the Australian Law Reform Commission's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.1 Financial Assets

	2018	2017
	\$	\$
<b>2.1A: Cash and cash equivalents</b>		
Cash in special accounts	1,427,520	1,315,987
Cash on hand or on deposit	5,147	16,024
<b>Total cash and cash equivalents</b>	<b>1,432,667</b>	<b>1,332,011</b>
<b>2.1B: Trade and other receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	54	348
<b>Total goods and services receivables</b>	<b>54</b>	<b>348</b>
<b>Other receivables</b>		
Statutory receivables	5,787	6,571
<b>Total other receivables</b>	<b>5,787</b>	<b>6,571</b>
<b>Total trade and other receivables (gross)</b>	<b>5,841</b>	<b>6,919</b>
<b>Total trade and other receivables (net)</b>	<b>5,841</b>	<b>6,919</b>

#### Accounting Policy

##### Receivables

Trade and other receivables that have fixed or determinable payments and that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method less impairment. Trade and other receivables are assessed for impairment at the end of each reporting period. At year end none are overdue. Credit terms for goods and services were within 30 days (2017: 30 days).

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**2.2 Non-Financial Assets**

**2.2A: Reconciliation of the Opening and Closing Balances of Plant and Equipment**

	Plant and equipment \$	Total \$
<b>As at 1 July 2017</b>		
Gross book value	103,938	<b>103,938</b>
Accumulated depreciation	(68,889)	<b>(68,889)</b>
<b>Total as at 1 July 2017</b>	<b>35,049</b>	<b>35,049</b>
Additions		
Purchase	17,399	<b>17,399</b>
Depreciation and amortisation	(7,859)	<b>(7,859)</b>
<b>Total as at 30 June 2018</b>	<b>44,589</b>	<b>44,589</b>
<b>Total as at 30 June 2018 represented by</b>		
Gross book value	121,337	<b>121,337</b>
Accumulated depreciation, amortisation and impairment	(76,748)	<b>(76,748)</b>
<b>Total as at 30 June 2018</b>	<b>44,589</b>	<b>44,589</b>

Plant and equipment are not expected to be disposed of within the next 12 months.

**Revaluations of non-financial assets**

All revaluations were conducted in accordance with the revaluation policy stated below. On 30 June 2016, an independent valuer conducted the revaluation.

No indicators of impairment were found for plant and equipment.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**2.2 Non-Financial Assets (cont'd)**

**Accounting Policy**

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

**Asset Recognition Threshold**

Purchases of plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$1,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

**Revaluations**

Following initial recognition at cost, plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

**Depreciation**

Depreciable plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying at present are 3–10 years.

AUSTRALIAN LAW REFORM COMMISSION  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

**2.2 Non-Financial Assets (cont'd)**

	2018	2017
	\$	\$
<hr/>		
<b>2.2B: Other Non-Financial Assets</b>		
Prepayments	27,893	34,189
<b>Total other non-financial assets</b>	<u>27,893</u>	<u>34,189</u>

No indicators of impairment were found for other non-financial assets.

AUSTRALIAN LAW REFORM COMMISSION  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## 2.3 Payables

	2018	2017
	\$	\$

### 2.3A: Suppliers

Trade creditors and accruals—not more than 12 months

**Total suppliers**

<b>10,331</b>	17,554
<b>10,331</b>	17,554

Settlement was usually made within 30 days.

### 2.3B Other Payables

Salaries and wages

Lease incentive<sup>1</sup>

Unearned income

**Total other payables**

<b>62,396</b>	58,701
<b>11,638</b>	66,608
<b>837,922</b>	-
<b>911,956</b>	125,309

**Other payables to be settled**

No more than 12 months

More than 12 months

**Total other payables**

<b>911,956</b>	81,328
-	43,981
<b>911,956</b>	125,309

#### **Accounting Policy**

1. Refer to Note 1.1B.



**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Funding**

This section identifies the Australian Law Reform Commission's funding structure.

**3.1 Appropriations**

**3.1A: Annual Appropriations ('Recoverable GST exclusive')**

**Annual Appropriations for 2018**

	Annual appropriation <sup>1</sup> \$	Adjustments to appropriation <sup>2</sup> \$	Total appropriation \$	Appropriation applied in 2018 (current and prior years) \$	Variance <sup>3</sup> \$
<b>Departmental</b>					
Ordinary annual services	2,709,000	3,461	2,712,461	2,704,461	8,000
Capital Budget <sup>4</sup>	16,000	-	16,000	16,000	-
<b>Total departmental</b>	<b>2,725,000</b>	<b>3,461</b>	<b>2,728,461</b>	<b>2,720,461</b>	<b>8,000</b>

1. In 2017–18 an amount of \$0.008m of appropriation has been withheld (Section 51 of the PGPA Act) and quarantined for administrative purposes.
2. An amount of \$3,461 was received from the PGPA Act Section 74 receipts.
3. In 2017–18, there was a variance of \$0.008m, due to s51 quarantine in Appropriation.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Act.

**Annual Appropriations for 2017**

	Annual appropriation <sup>1</sup> \$	Adjustments to appropriation <sup>2</sup> \$	Total appropriation \$	Appropriation applied in 2017 (current and prior years) \$	Variance <sup>3</sup> \$
<b>Departmental</b>					
Ordinary annual services	2,751,000	2,515	2,753,515	2,753,515	-
Capital Budget <sup>4</sup>	16,000	-	16,000	16,000	-
<b>Total departmental</b>	<b>2,767,000</b>	<b>2,515</b>	<b>2,769,515</b>	<b>2,769,515</b>	<b>-</b>

1. In 2016–17 no amount of appropriation has been withheld (Section 51 of the PGPA Act) and quarantined for administrative purposes.
2. An amount of \$2,515 was received from the PGPA Act Section 74 receipts.
3. In 2016–17, there was no variance.
4. Departmental Capital Budgets are appropriated through Appropriation Acts (No.1). They form part of ordinary annual services, and are not separately identified in the Appropriation Act.

**3.1B: Unspent Annual Appropriations ('Recoverable GST exclusive')**

	2018 \$	2017 \$
<b>Departmental</b>		
Appropriation Act (No. 1) 2017–18	8,000	-
<b>Total departmental</b>	<b>8,000</b>	<b>-</b>

**3.1C: Disclosures by Agent in Relation to Annual and Special Appropriations ('Recoverable GST exclusive')**

	2018 \$	2017 \$
<b>Attorney General's Department<sup>1</sup></b>		
Total receipts	939,675	-
Total payments	101,753	-

1. In 2018, an additional inquiry was undertaken on behalf of the Attorney-General. The unearned income has been deferred.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**3.2 Special Accounts**

	<b>Law Reform Special Account (Departmental)</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Balance brought forward from previous period</b>	<b>1,332,011</b>	<b>1,287,812</b>
<b>Increases</b>	<b>3,558,383</b>	<b>2,775,075</b>
<b>Total increases</b>	<b>4,890,394</b>	<b>4,062,887</b>
<b>Available for payments</b>	<b>4,890,394</b>	<b>4,062,887</b>
<b>Decreases</b>		
<b>Departmental</b>	<b>3,457,727</b>	<b>2,730,876</b>
<b>Total departmental</b>	<b>3,457,727</b>	<b>2,730,876</b>
<b>Total decreases</b>	<b>3,457,727</b>	<b>2,730,876</b>
<b>Total balance carried to the next period</b>	<b>1,432,667</b>	<b>1,332,011</b>
<b>Balance represented by:</b>		
Cash held in the Official Public Account	1,432,667	1,332,011
<b>Total balance carried to the next period</b>	<b>1,432,667</b>	<b>1,332,011</b>

1. Appropriation: *Public Governance, Performance and Accountability Act 2013*, section 80; Establishing Instrument: *Australian Law Reform Commission Act 1996*, section 45.

2. The Commission has a Law Reform Special Account. This account was established under section 80 of the *Public Governance, Performance and Accountability Act 2013*. For the year ended 30 June 2018, the account had a \$1.433m balance and there were transactions debited and credited to it during the current reporting period.

3. The purpose of the Special Account is:

- (a) to pay the costs, expenses and other obligations incurred by the Commonwealth in the performance of the Commission's functions;
- (b) to pay any remuneration and allowances payable to a person under the *Australian Law Reform Commission Act 1996*;
- (c) to pay the expenses of administering the Account;
- (d) to pay any amount that is required or permitted to be repaid; and
- (e) to reduce the balance of the Account (and, therefore, the available appropriation for the Account) without making a real or notional payment.

AUSTRALIAN LAW REFORM COMMISSION  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

**3.3 Net Cash Appropriation Arrangements**

	2018	2017
	\$	\$
<b>Total comprehensive income less depreciation/amortisation expenses previously funded through revenue appropriations</b>	<b>(763,944)</b>	69,509
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<u>(7,859)</u>	<u>(30,430)</u>
<b>Total comprehensive income—as per the Statement of Comprehensive Income</b>	<b><u>(771,803)</u></b>	<b><u>39,079</u></b>

1. From 2010–11, the Government introduced net cash appropriation arrangements, where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

## People and Relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

### 4.1 Employee Provisions

	2018	2017
	\$	\$
<b>4.1A: Employee provisions</b>		
Leave	304,817	518,584
Separations and redundancies	292,968	-
<b>Total employee provisions</b>	<b>597,785</b>	<b>518,584</b>
<b>Employee provisions expected to be settled</b>		
No more than 12 months	511,577	148,003
More than 12 months	86,208	370,581
<b>Total employee provisions</b>	<b>597,785</b>	<b>518,584</b>

#### Accounting policy

Liabilities for 'short-term' employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

#### Leave

The liability for employee benefits includes provision for annual leave and long service leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the Commission's employer superannuation contribution rates, to the extent that the leave is likely to be taken during service rather than paid out on termination.

The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation

Provision is made for separation and redundancy benefit payments. The Commission recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

#### Superannuation

The Commission's staff are members of the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The PSS is a defined benefit scheme for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The Commission makes employer contributions to the employees' defined benefit superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The Commission accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June 2018 represents outstanding contributions for the final fortnight of the year.

#### Accounting Judgements and Estimates

The employee benefits provisions have been estimated in accordance with AASB 119 Employee Benefits and reflect the expected value of those benefits.

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**4.2 Key Management Personnel Remuneration**

Key Management Personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Commission, directly or indirectly, including any director (whether executive or otherwise) of the Commission. The Commission has determined the Key Management Personnel to be Executive Officers including the President, Commissioners and Executive Director/Chief Financial Officer. Key Management Personnel remuneration is reported in the table below.

	2018	2017
	\$	\$
Short-term employee benefits	719,847	579,694
Post-employment benefits	64,931	93,619
Other long-term employee benefits	61,157	57,420
Termination benefits	181,580	-
<b>Total Key Management Personnel remuneration expenses<sup>1</sup></b>	<b>1,027,515</b>	<b>730,733</b>

The total number of Key Management Personnel that are included in the above table are 5 of Key Management Personnel (2017: 2 of Key Management Personnel).

1. The above Key Management Personnel remuneration excludes the remuneration and other benefits of one Commissioner. This Commissioner's remuneration and other benefits are set by the Remuneration Tribunal and are paid as a fee-for-service contract arrangement where the Commission is not the direct employer.

2. Timing and restructuring have inflated temporarily the numbers of Key Management Personnel and the Total Remuneration.

**4.3 Related Party Disclosures**

**Related party relationships**

The Commission is an Australian Government controlled entity. Related parties to this Commission are Key Management Personnel including the Portfolio Minister, President, Executive, and other Australian Government entities.

**Transactions with related parties**

The Commission has no transactions with related parties to report.

AUSTRALIAN LAW REFORM COMMISSION  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

## Managing Uncertainties

This section analyses how the Australian Law Reform Commission manages financial risks within its operating environment.

### 5.1 Financial Instruments

	2018	2017
	\$	\$
<b>5.1A: Categories of Financial Instruments</b>		
<b>Financial Assets</b>		
<b>Loans and receivables</b>		
Cash	1,432,667	1,332,011
Trade and other receivables	54	348
<b>Total loans and receivables</b>	<b>1,432,721</b>	<b>1,332,359</b>
<b>Total financial assets</b>	<b>1,432,721</b>	<b>1,332,359</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	10,331	17,554
Other payables	911,956	125,309
<b>Total financial liabilities measured at amortised cost</b>	<b>922,287</b>	<b>142,863</b>
<b>Total financial liabilities</b>	<b>922,287</b>	<b>142,863</b>

**AUSTRALIAN LAW REFORM COMMISSION**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**5.2 Fair Value Measurement**

**Accounting Policy**

The Commission engaged the service of the Australian Valuation Solutions (AVS) to conduct an external valuation of all non-financial assets at 30 June 2016 and has relied upon those outcomes to establish carrying amounts. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. Comprehensive valuations are carried out at least once every three years. AVS has provided written assurance to the Commission that the models developed are in compliance with AASB 13.

The method utilised to determine and substantiate the unobservable inputs are derived and evaluated as follows:

Physical Depreciation and Obsolescence — Assets that do not transact with enough frequency or transparency to develop objective opinions of value from observable market evidence have been measured utilising the Current Replacement Cost approach. Under the Current Replacement Cost approach the estimated cost to replace the asset is calculated and then adjusted to take into account physical depreciation and obsolescence. Physical depreciation and obsolescence has been determined based on the professional judgement regarding physical, economic and external obsolescence factors relevant to the asset under consideration.

**5.2A Fair Value Measurement**

	Fair value measurements at the end of the reporting period	
	2018	2017
	\$	\$
<b>Non-financial assets</b> <sup>2</sup>		
Plant and equipment <sup>1</sup>	44,589	35,049
<b>Total</b>	<b>44,589</b>	<b>35,049</b>

1. No non-financial assets were measured at fair value on a non-recurring basis as at 30 June 2018 (2017: Nil).
2. The Commission's assets are held for operational purposes and not held for the purpose of deriving a profit. The current use of all non-financial assets is considered their highest and best use.
3. There were no transfers between levels during the year.
4. The remaining assets and liabilities reported by the Commission are not measured at fair value in the Statement of Financial Position.
5. In 2018, software had depreciated so that the fair value is the same as in the plant and equipment (note 2.2A). The total amount of non-financial assets at fair value in 2017 is different from plant and equipment (note 2.2A) because software was not included in the valuation.

# ENTITY RESOURCE

## STATEMENT AND EXPENSES FOR OUTCOMES 2017–18

### ENTITY RESOURCE STATEMENT 2017–18

	ACTUAL AVAILABLE APPROPRIATION FOR 2017–18 \$'000	PAYMENTS MADE 2017–18 \$'000	BALANCE REMAINING 2017–18
	(a)	(b)	(a) – (b)
<b>Special Accounts</b>			
Opening balance	1,332		
Appropriation receipts <sup>1</sup>	3,554		
Other receipts	4		
Payments made		3,458	
<b>Total Special Account</b>	<b>4,890</b>	<b>3,458</b>	<b>1,432</b>
<b>Total net resourcing and payments for ALRC<sup>2</sup></b>	<b>4,890</b>	<b>3,458</b>	

1. Appropriation Act (No.1) 2017–18, and includes an amount of \$0.016m in 2017–18 for the Departmental Capital Budget. For accounting purposes this amount has been designated as 'contributions by owners'.

2. This may also include prior year departmental appropriations and section 74 Retained Revenue Receipts.



## EXPENSES FOR OUTCOME 1

**OUTCOME 1: INFORMED GOVERNMENT DECISIONS ABOUT THE DEVELOPMENT, REFORM AND HARMONISATION OF AUSTRALIAN LAWS AND RELATED PROCESSES THROUGH RESEARCH, ANALYSIS, REPORTS AND COMMUNITY CONSULTATION AND EDUCATION.**

	BUDGET*	ACTUAL	VARIATION
	2017–18	2017–18	2017–18
	\$'000	\$'000	\$'000

(a) (b) (a) – (b)

**Program 1:** Conducting inquiries into aspects of Australian laws and related processes for the purposes of law reform.

Departmental expenses

Departmental appropriation<sup>1</sup>

Special Accounts	2,710	3,469	(759)
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Expenses not requiring appropriation in the Budget year

59	42	(17)
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<b>Total for Program 1</b>	<b>2,769</b>	<b>3,511</b>	<b>(742)</b>
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### Outcome 1 Totals by appropriation type

Departmental expenses

Departmental Appropriation<sup>1</sup>

Special Accounts	2,710	3,469	(759)
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Expenses not requiring appropriation in the Budget year

59	42	(17)
----	----	------

<b>Total expenses for Outcome 1</b>	<b>2,769</b>	<b>3,511</b>	<b>(742)</b>
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**Average Staffing Level**

2016–17	2017–18
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13	13
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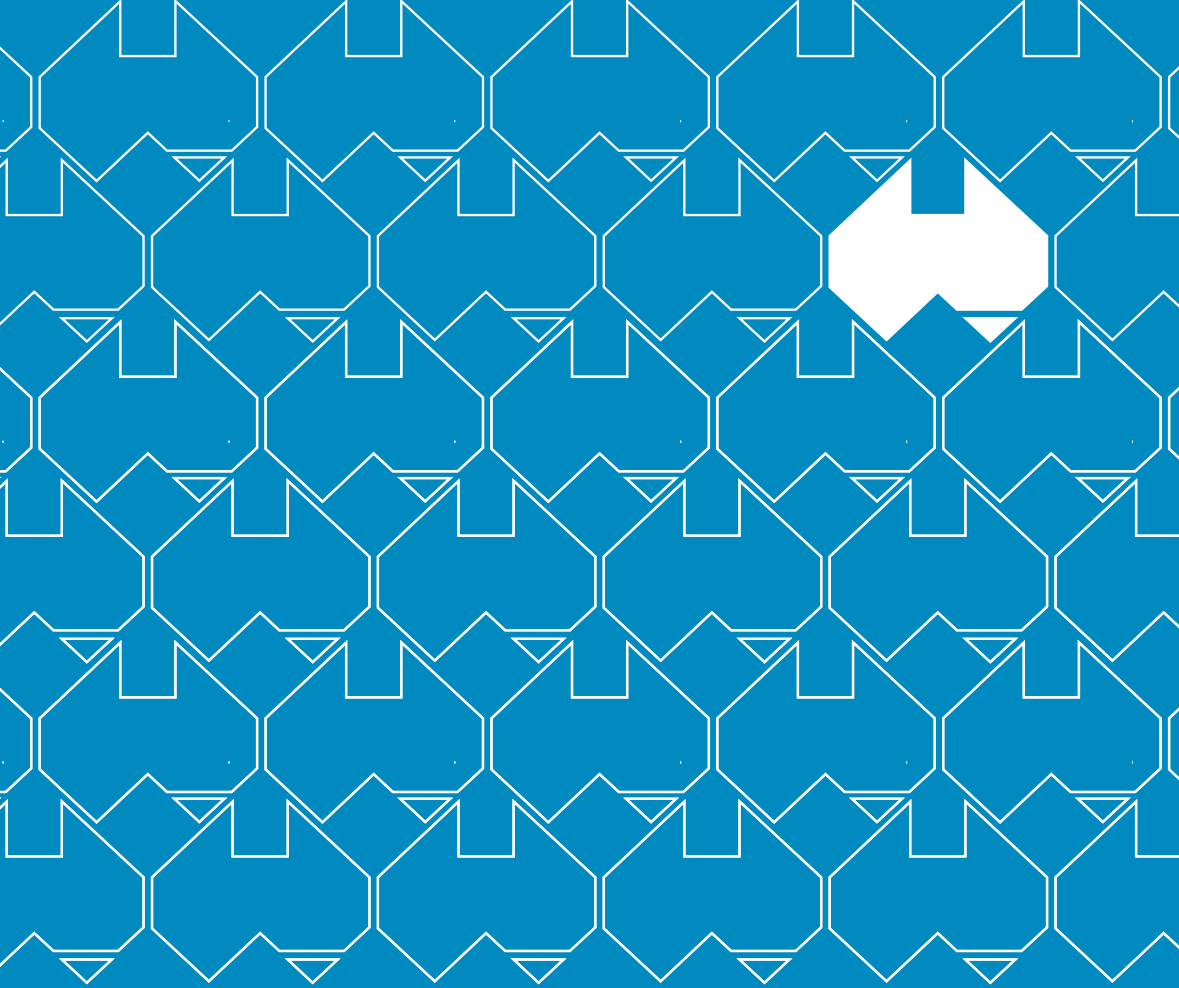
\* Full year budget, including any subsequent adjustment made to the 2017–18 Budget.

1. Departmental Appropriation combines Ordinary annual services (Appropriation Act No.1) and Retained Revenue Receipts under section 74 of the PGPA Act 2013.



# 6

## GLOSSARY AND INDEXES



# ► GLOSSARY

AASB	Australian Accounting Standards Board	PGPA Act	<i>Public Governance, Performance and Accountability Act 2013 (Cth)</i>
ALRC	Australian Law Reform Commission	PLO	Principal Legal Officer
ALRC Act	<i>Australian Law Reform Commission Act 1996 (Cth)</i>	PS Act	<i>Public Service Act 1999 (Cth)</i>
AM	Member of the Order of Australia	QC	Queen's Counsel
ANAO	Australian National Audit Office	SES	Senior Executive Service
AO	Officer of the Order of Australia	SLO	Senior Legal Officer
APS	Australian Public Service	SME	Small and Medium Enterprises
CPR	Commonwealth Procurement Rules	WH&S	Work Health and Safety
Cth	Commonwealth of Australia		
DP	Discussion Paper		
EL	Executive Level		
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999 (Cth)</i>		
ERMP	Enterprise Risk Management Plan		
FCP	Fraud Control Plan		
FOI	Freedom of Information		
FTE	Full-Time Equivalent		
IP	Issues Paper		
KPI	Key Performance Indicator		
LO	Legal Officer		
NABERS	National Australian Built Environment Rating System		
PDF	Portable Document Format		

# ► LIST OF REQUIREMENTS

This is a guide to this report's compliance with the requirements for Annual Reports, as required by s 17AJ(d) of the PGPA Rule.

Part of Report	Description	Page No.
<b>Letter of Transmittal</b>		
	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	iii
<b>Aids to Access</b>		
	Table of contents.	iv
	Alphabetical index.	77
	Glossary of abbreviations and acronyms.	70
	List of requirements.	71
	Details of contact officer.	ii
	Entity's website address.	ii
	Electronic address of report.	ii
<b>Review by Accountable Authority</b>		
	A review by the accountable authority of the entity.	1
<b>Overview of the Entity</b>		
	A description of the role and functions of the entity.	4
	A description of the organisational structure of the entity.	4
	A description of the outcomes and programmes administered by the entity.	14
	A description of the purposes of the entity as included in corporate plan.	4

Part of Report	Description	Page No.
	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	Not applicable
<b>Report of the Performance of the Entity</b>		
Annual Performance Statements		
	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	15
Report on Financial Performance		
	A discussion and analysis of the entity's financial performance.	21
	A table summarising the total resources and total payments of the entity.	66
	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	Not applicable
<b>Management and Accountability</b>		
Corporate Governance		
	Information on compliance with section 10 (fraud systems).	27
	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	27
	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	27
	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	27
	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	24

Part of Report	Description	Page No.
	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	Not applicable
External Scrutiny		
	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	29
	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	Not applicable
	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	Not applicable
	Information on any capability reviews on the entity that were released during the period.	Not applicable
Management of Human Resources		
	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	31
	<p>Statistics on the entity's APS employees on an ongoing and non-ongoing basis, including the following:</p> <p>Statistics on staffing classification level;</p> <p>Statistics on full-time employees;</p> <p>Statistics on part-time employees;</p> <p>Statistics on gender;</p> <p>Statistics on staff location;</p> <p>Statistics on employees who identify as Indigenous.</p>	30
	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	30
	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	30

Part of Report	Description	Page No.
	The salary ranges available for APS employees by classification level.	30
	A description of non-salary benefits provided to employees.	30
	Information on the number of employees at each classification level who received performance pay.	31
	Information on aggregate amounts of performance pay at each classification level.	31
	Information on the average amount of performance payment, and range of such payments, at each classification level.	31
	Information on aggregate amount of performance payments.	31
Assets Management		
	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	Not applicable
Purchasing		
	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	32
Consultants		
	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	33
	A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]."	33



Part of Report	Description	Page No.
	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	33
	A statement that “Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.”	33
Australian National Audit Office Access Clauses		
	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor’s premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	Not applicable
Exempt Contracts		
	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempt from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	Not applicable
Small Business		
	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	33
	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	33
	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	Not applicable

Part of Report	Description	Page No.
<b>Financial Statements</b>		
	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	36
<b>Other Mandatory Information</b>		
	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	Not applicable
	If the entity did not conduct advertising campaigns, a statement to that effect.	33
	A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	Not applicable
	Outline of mechanisms of disability reporting, including reference to website for further information.	34
	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	34
	Correction of material errors in previous annual report.	Not applicable
	Information required by other legislation.	34

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