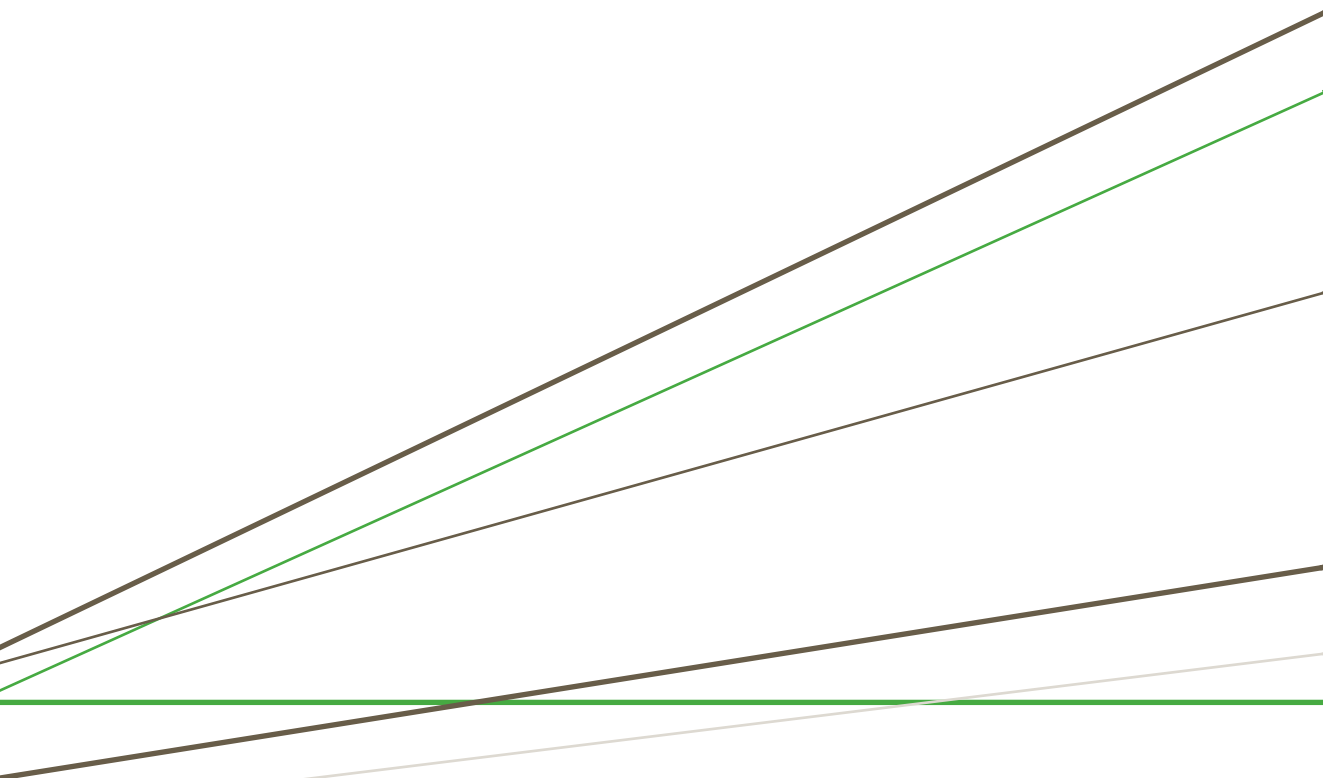


Sentencing Advisory Council

Annual Report 2010–2011

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Highlights of the Year

There were a number of highlights for the Council during 2010–11.

- We commenced two new series of publications, one on current sentencing practices, building on our Sentencing Snapshots series by providing more detailed statistical analyses, and the other on outcomes of a national public opinion survey on aspects of sentencing.
- We published two research reports containing previously unreleased data on sentencing in the Koori Court Division of the Magistrates' Court and on gender differences in sentencing.
- We released a report synthesising previous research showing that sentences of imprisonment are only minimally effective in deterring crime.
- We launched an interactive version of our popular You be the Judge program on our website allowing visitors to interact with various aspects of a sentencing hearing. Over 4,000 people used the program during its first six months.
- We redeveloped our website allowing us to deliver content in new and more effective ways, enhancing opportunities for user feedback and enabling better integration with social media platforms.
- We received three references from the new government asking us to examine baseline sentences, gross violence and parole, reflecting the ongoing importance of the Council's role in providing independent, high quality sentencing research and policy advice.

Chair's Foreword

In public discourse and policy making there is often a vast gap between perception and reality and between myth and fact. These disparities are particularly evident in debates about the operation of the criminal justice system. Public perceptions of the level of crime and its nature rarely accord with what is known about crime rates. The public has relatively little knowledge of the process of sentencing, available sanctions, sentencing levels, patterns and trends. What knowledge people have is often obtained through sources whose purpose is not to provide accurate information but to entertain or alarm or pursue a particular criminal justice or political agenda.

One of the Council's most important functions is to provide information to the public, the courts and other interested parties in relation to sentencing matters in order to promote informed discussion and to assist policy makers to make wise decisions. Because sentencing is such a sensitive and emotive issue, and because the consequences of poor policy decisions can affect the liberty of the citizens of Victoria, it is vitally important that the gap between perception and fact be narrowed. Though facts alone do not determine policy, incorrect information can badly skew public debate and decision-making.

Often social science accords with 'common sense', but there are times when it does not. The Council's publication this year of a research paper on deterrence research presented information which appeared to be counterintuitive. The deterrent effect of the criminal justice system generally, and sentencing in particular, seems obvious. Without police and the courts crime would spiral out of control.

Yet the reality is more complex, and the fact that deterrence is one of the primary purposes of sentencing does not mean that it is effective, especially in relation to certain offender groups. In this research paper, discussed briefly later in this annual report, the Council's task has not been to adopt one view or another about the effectiveness of deterrence as a crime control strategy but to find, summarise and analyse the literature and present those findings in an accessible manner. Courts, decision-makers and the public can then assess for themselves how deterrence might operate and what are its limits.

'Public opinion' is another concept about which much is assumed but less is known. There are many unscientific ways to gauge public opinion but fewer ways of doing it properly. This year saw the publication of the first in a series of reports of surveys, undertaken by the Council, in conjunction with university researchers, of community attitudes to various aspects of sentencing.

Once again there is a disparity between what we think we know about what the public thinks and what might actually be the case. As the Council found in one of its earlier publications, myths and misconceptions abound in relation to crime and punishment, and redressing information deficits is therefore an important enterprise.

One of the largest information deficits over past decades has been in relation to sentencing statistics. The Council's highly influential Sentencing Snapshots continue to provide accurate and timely information to the courts, the legal profession and the community in relation to sentences imposed and sentencing trends. These publications can assist the courts in achieving consistent outcomes and assessing whether sentencing levels for particular offences are adequate. Coupled with more detailed analyses of current sentencing practices in relation to some offences, the work of the courts becomes far better known.

The election of a Liberal National Coalition Government in November 2010 with a set of criminal justice policies that relate specifically to sentencing means that the Council has a full program of projects which require it to provide advice to the Attorney-General – another of its important statutory functions.

Assisted by the talented and tireless staff who support it, the Council will continue to contribute to the development of criminal justice policy and debate in Victoria. The Council's board is ably supported by the Chief Executive Officer, Mr Stephen Farrow, whose leadership and management of the organisation has been outstanding.

The workload upon both full-time staff and part-time directors of the Council is heavy and I express my thanks and admiration for their commitment to the enterprise. The Council was sad to receive the resignations of Ms Andrea Lott and Mr David Ware, a member since 2007 who was appointed as Chief Executive Officer of the Supreme Court in June 2011. Andrea and David's contributions were most valuable, particularly in respect of the effect of sentencing on offenders and correctional policy and practices.



Professor Arie Freiberg
Chair



Professor
Arie Freiberg

CEO's Report

It is with great pleasure that I present the Sentencing Advisory Council's report of operations for 2010–11 under section 45(1)(b) of the *Financial Management Act 1994* (Vic).

The Council's previous annual report noted the significant time and effort that the Council was investing in expanding the range of sentencing data available to it. This includes collecting data from sentencing remarks in the higher courts, and I would like to acknowledge Christine Knowles-Diamond for her meticulous work in coding the data. The new source of data enabled the Council this year to publish a report on current sentencing practices for the offence of aggravated burglary. The report contains much more sophisticated statistical analysis than has previously been possible.

During the year, the Council also published detailed statistical research reports on sentencing in the Koori Court Division of the Magistrates' Court and on gender differences in sentencing, as well as continuing its program of publishing Sentencing Snapshots for particular offences.

Another vital area of the Council's work is community education about sentencing. The value of this work was highlighted in an

independent evaluation of the Council conducted in 2008, which recommended an expansion of this aspect of the Council's work. During the year, the Council provided You be the Judge community education sessions to approximately 2,500 participants across Victoria. The Council also launched an interactive version of You be the Judge on its website, which was used by over 4,000 people in its first six months. I would particularly like to acknowledge Jenni Coady for her outstanding leadership on this aspect of the Council's work, supported by Sheryn Anderson and Chris Gill.

As part of its role in providing information about sentencing, the Council published a report examining studies on the deterrent effect of imprisonment.

In previous years, the Council had published information about research that has been conducted elsewhere on public opinion relating to sentencing. During this financial year, the Council published the results of its first detailed empirical study of public opinion on sentencing in Victoria.

The report examined community views of imprisonment and alternatives to imprisonment.

The many achievements listed in this report are a testament to the hard work and skills of the staff of the Council in conducting research, analysing data, consulting with stakeholders, preparing papers and providing assistance to the Council's board of directors. It is a privilege to lead such an enthusiastic and talented team, and I thank each member of staff who contributed over the past year.

My thanks to the Operations Manager Prue Boughey, administrative staff Sarah Lappin and Therese Mobayad and librarian Julie Bransden who have provided the essential operational support that keeps the Council running smoothly. Thanks also to Catherine Jeffreys for her exceptional publications skills in ensuring that the Council's publications and website are of a high standard.

The Council benefits from the cooperation of many parts of the Department of Justice. In particular, I would like to express my gratitude to both John Griffin, Executive Director, Courts until February 2011, and his successor, Dr Graham Hill, for their support and advice. The Business Intelligence area of the Courts and Tribunals unit, the Courtlink unit of the Magistrates' Court and Corrections Victoria have continued to assist us with access to data for our analyses and publications.

Finally, I would like to thank the Directors of the Board of the Council and the Council's Chair, Professor Arie Freiberg.



Stephen Farrow
Chief Executive Officer



Stephen Farrow

Functions and Objectives

Our Functions

The Sentencing Advisory Council is an independent statutory body that was established under part 9A of the *Sentencing Act 1991* in July 2004.

Our functions, as set out in section 108C(1) of that Act, are:

- a) to state in writing to the Court of Appeal its views in relation to the giving, or review, of a guideline judgment;
- b) to provide statistical information on sentencing, including information on current sentencing practices, to members of the judiciary and other interested persons;
- c) to conduct research, and disseminate information to members of the judiciary and other interested persons, on sentencing matters;
- d) to gauge public opinion on sentencing matters;
- e) to consult, on sentencing matters, with government departments and other interested persons and bodies as well as the general public; and
- f) to advise the Attorney-General on sentencing matters.

The Council was established to allow properly ascertained and informed public opinion to be taken into account in the criminal justice system on a permanent and formal basis. This is in part achieved through the membership of the Council, because it is comprised of people with broad community experience in issues affecting courts and members of victim of crime support or advocacy groups as well as experienced legal practitioners.

Our Mission

The Council's mission is to:

Bridge the gap between the community, the courts and government by informing, educating and advising on sentencing issues.

The Council's work revolves around providing sound evidence upon which to base sentencing policies and practice, and increasing community confidence in those sentencing policies and practices.

Context of Our Role

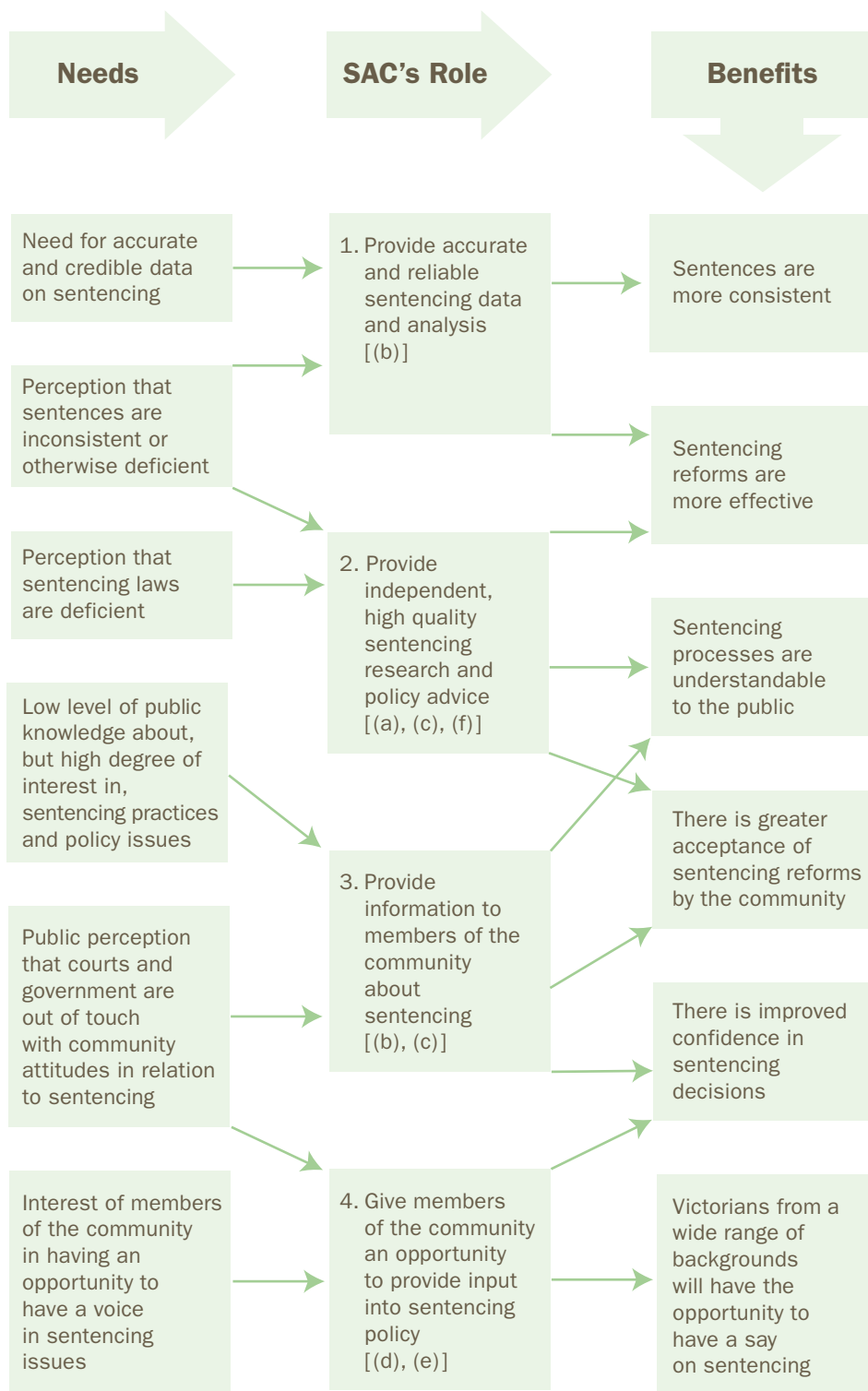
The Council addresses a range of needs. These key needs are identified in Figure 1. This figure also notes the relationship between these key needs and our roles and statutory functions (indicated by the letters that refer to the statutory functions listed above) and the benefits that flow from our work.

Our Guiding Principles

The Council has agreed on a set of guiding principles to underpin the way in which we carry out our functions. The objective is to ensure that our work is of the highest quality and that we maintain productive and responsive relationships with our stakeholders.

The Council is committed to:

- demonstrating integrity through evidence-based information and advice;
- adopting an inclusive, consultative and open approach to our work;
- maintaining independence in the process of building a bridge between government, the judiciary and the community;
- being responsive to the needs of stakeholders; and
- supporting and developing staff.



**FIGURE 1:
THE CONTEXT OF THE
COUNCIL'S ROLE**

Council Directors

In April 2011, the Council's establishing legislation was amended to increase its membership from 12 to 14 and to provide for the following profile areas for the two new directors to be appointed under:

- one person who is a member of the police force, who is actively engaged in criminal law enforcement duties and who is of the rank of senior sergeant or below; and
- one person who is involved in the management of a victim of crime support group or advocacy group and who is a victim of crime or representative of victims of crime.

The amending provision is due to come into operation on 1 January 2012, if not proclaimed earlier.

During 2010–11 the Council Board consisted of the following directors.

Professor Arie Freiberg AM (Chair)

Profile – Senior member of an academic institution

Professor Arie Freiberg, Dean of Law at Monash University, headed a major review of Victorian sentencing laws during 2001–02. Professor Freiberg is an authority on sentencing issues and the criminal justice system who has undertaken extensive research on sentencing theory, policy and practice.

Council meetings attended: 11/11

Carmel Arthur

Profile – Operation of the criminal justice system

Carmel Arthur has great personal insight into the operation of the criminal justice system, both from her experience as a victim of crime and through her long association with Victoria Police. She was appointed to the Adult Parole Board in early 2009.

Council meetings attended: 10/11

Hugh de Kretser

Profile – Community issues affecting courts

Hugh de Kretser is the Executive Officer of the Victorian Federation of Community Legal Centres and a commissioner on the Victorian Law Reform Commission. He has extensive legal practice and policy experience in the criminal justice system, working on both offender and victim issues.

Council meetings attended: 9/11

David Grace QC

Profile – Highly experienced defence lawyer

David Grace has over 30 years' experience as a legal practitioner, having appeared in numerous court jurisdictions in a number of leading sentencing cases. He regularly appears in the High Court and the Court of Appeal and was the previous Chair of the Criminal Law Section of the Law Institute of Victoria.

Council meetings attended: 8/11

Ken Lay APM

Profile – Operation of the criminal justice system

Ken Lay has worked in a wide range of policing roles and is currently Acting Chief Commissioner, Victoria Police. He is a board member of the Blue Ribbon Foundation and Chair of the Australian and New Zealand Policy Advisory Agency Road Policing Forum. He sits on numerous professional boards and committees including the Victorian Ministerial Advisory Council on Motor Cycles.

Council meetings attended: 6/11

Thérèse McCarthy

Profile – Community issues affecting courts

Thérèse McCarthy has a long history of involvement with community organisations such as Centre Against Sexual Assault (CASA) House and Court Network. She has also worked with Australian courts to enhance the relationship between the courts and the community. Ms McCarthy brings to the Council a community perspective on a range of criminal justice issues, including domestic violence and sexual assault.

Council meetings attended: 9/11

Professor Jenny Morgan

Profile – Member of a victim of crime support or advocacy group

Professor Jenny Morgan is a member and previous Co-chair of the Women's Domestic Violence Crisis Service and has extensive experience in victims' issues. She is a former Chair of the Board of Centre Against Sexual Assault (CASA) House, former member of the Board of Court Network and has written extensively on issues to do with gender and the law.

Council meetings attended: 11/11

Barbara Rozenes

Profile – Member of a victim of crime support or advocacy group

Barbara Rozenes is President of Court Network, a community organisation designed to assist court users. She has had close contact with victims of crime and others in over 16 years of service as a weekly volunteer networker in the Supreme and County Courts. In 2006 she was elected to the Committee of the Victorian Association of Restorative Justice and completed a Ratione's Certificate in Mediation to become an Associate Member of the Australian Institute of Arbitrators and Mediators.

Council meetings attended: 9/11

Gavin Silbert SC

Profile – Highly experienced prosecution lawyer

Gavin Silbert joined the Council in November 2007. He has over 30 years' experience as a barrister having appeared in all jurisdictions, including the Court of Appeal and the High Court. He was appointed Chief Crown Prosecutor for Victoria in March 2008.

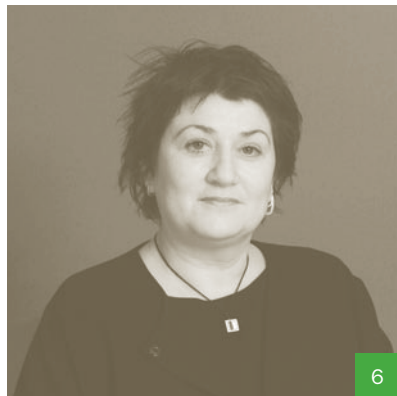
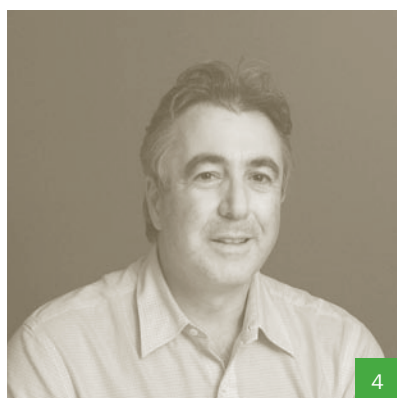
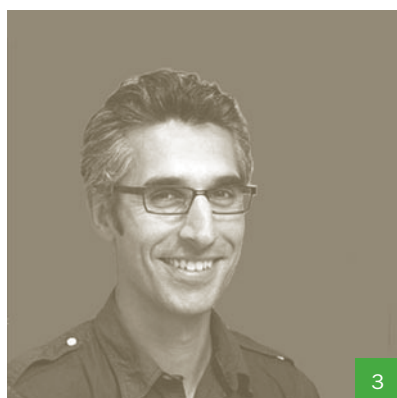
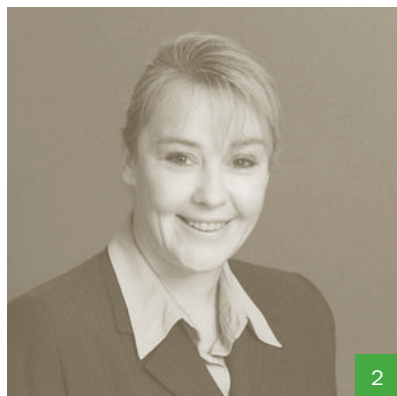
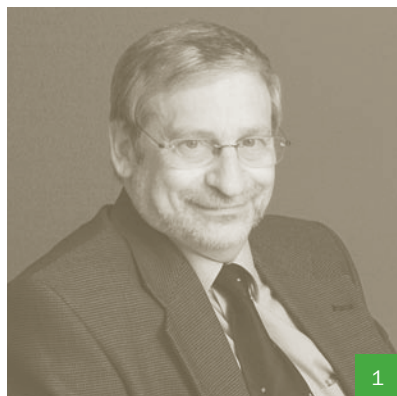
Council meetings attended: 10/11

Lisa Ward

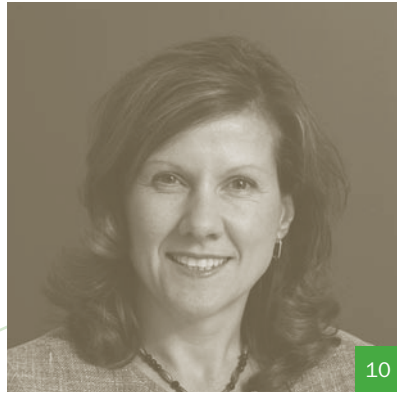
Profile – Operation of the criminal justice system

Lisa Ward was appointed to the Council in August 2008. She has extensive experience in a range of human services, including Juvenile Justice, Child Protection and Adult Corrections. For the last decade, she has operated a human services consulting business, providing research, program evaluation and policy review services to government and community organisations. Ms Ward is a member of the Adult Parole Board and the Victorian Women's Correctional Services Advisory Committee.

Council meetings attended: 10/11



1. Arie Freiberg AM
2. Carmel Arthur
3. Hugh de Kretser
4. David Grace QC
5. Ken Lay
6. Thérèse McCarthy



- 7. Jenny Morgan
- 8. Barbara Rozenes
- 9. Gavin Silbert SC
- 10. Lisa Ward
- 11. Andrea Lott
- 12. David Ware

Retired Directors 2010–11

Andrea Lott

(Retired July 2010)

Profile – Community issues affecting courts

Andrea Lott brings over 20 years' experience in the delivery and management of services, particularly in working with families and individuals who are homeless or at risk of homelessness and those who have come into contact with the criminal justice system.

Council meetings attended: 0/0

David Ware

(Retired June 2011)

Profile – Operation of the criminal justice system

David Ware joined the Council in August 2007. A Barrister and Solicitor of the Supreme Court of Victoria, Mr Ware has over 20 years' experience in public administration within Victoria, with a particular focus on strategy, planning, policy and development across a range of social policy areas. Mr Ware is the Chief Executive Officer of the Supreme Court of Victoria.

Council meetings attended: 6/10

Council Secretariat

Staff

The part-time Council directors are supported by a Secretariat that undertakes the Council's daily work. While the Secretariat's organisational structure remained stable over 2010–11, there were several changes in staffing.

Secretariat staff bring skills from a range of disciplines, such as law, policy development, criminology, statistics, publishing and community education and engagement, to assist the Council in meeting its objectives.

In 2010–11, Secretariat staff included the following.

Chief Executive Officer

Stephen Farrow

Acting Chief Executive Officer

Jenni Coady (1 November to 24 November 2010)

Legal Policy

Principal Legal Policy Officer:
Felicity Stewart (to April 2011)

Principal Legal Policy Officer:
Narelle Sullivan (from June 2011)

Senior Legal Policy Officer:
Nina Hudson

Senior Legal Policy Officer:
Hilary Little

Legal Policy Officer:
Tal Karp

Legal Policy Officer:
Donald Ritchie

Criminology

Senior Criminologist:
Karen Gelb

Acting Senior Criminologist:
Nina Hudson (2 September to 27 October 2010)

Statistics and Data

Senior Data Analyst:
Geoff Fisher

Senior Data Analyst:
Tim Brennan (from May 2011 to June 2011)

Data Analyst:
Dennis Byles

Data Analyst:
Christine Knowles Diamond

Database Manager:
Wendy Strong (to March 2011)

Community Engagement

Community Engagement Manager:
Jenni Coady

Education and Online Engagement
Coordinator:
Chris Gill (from March 2011)

Community Education Officer:
Sheryn Anderson (to September 2010)

Publications and Website Officer:
Catherine Jeffreys

Administration

Operations Manager:

Prue Boughey

Acting Operations Manager:

Tatiana Regos (4 November 2010 to
5 January 2011)

Administrative Assistant:

Sarah Lappin (to November 2010)

Administrative Assistant:

Therese Mobayad (from February 2011)

Administrative Assistant:

Jane Wheen (from November 2010 to
February 2011)

Administrative Trainee:

Caitlin Brown (to January 2011)

Casual Librarian:

Julie Bransden

Student Interns

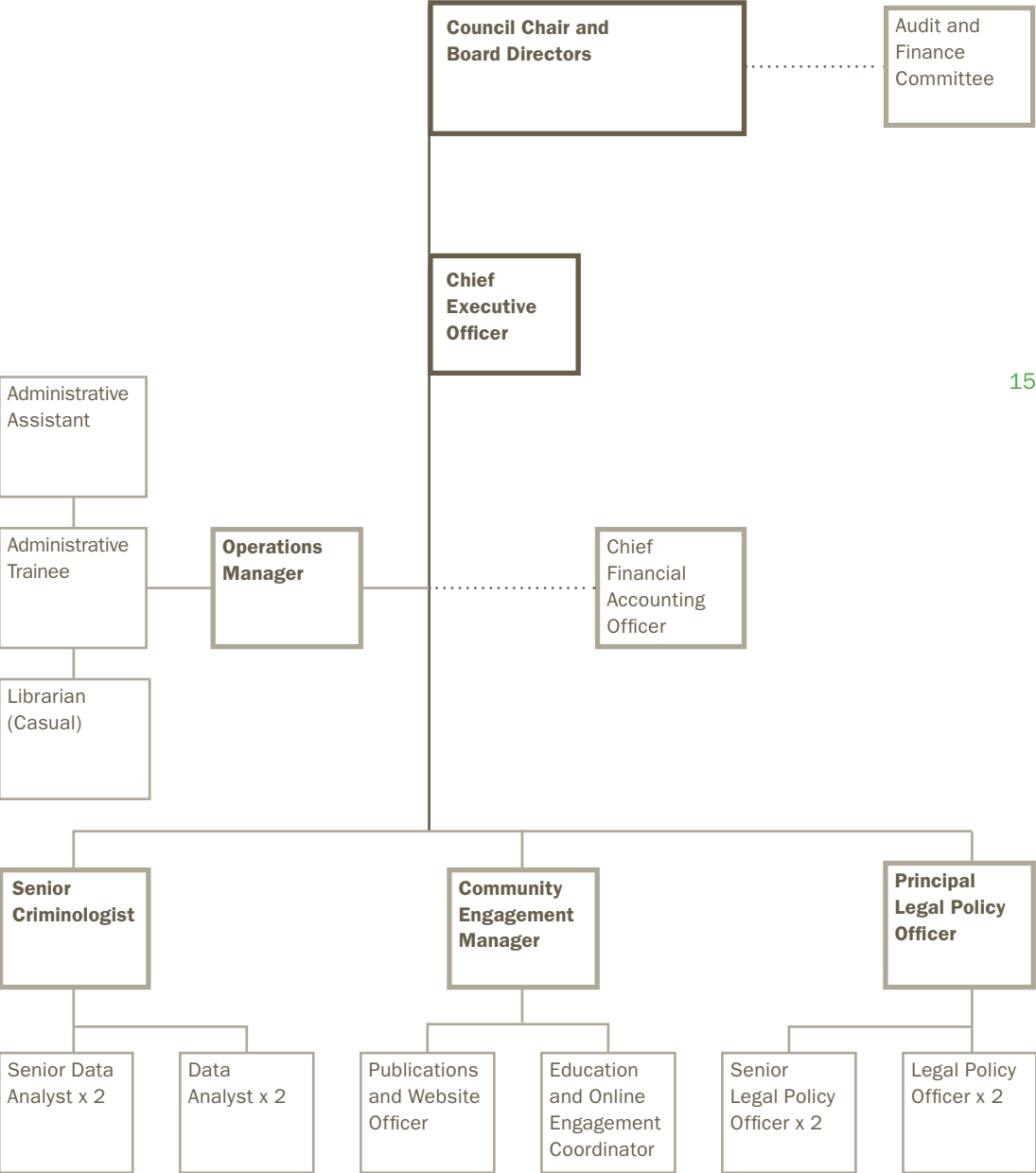
The Council's student research placement program aims to foster greater collaboration with universities and to assist the Council with its research priorities. Students with suitable research skills and a demonstrated commitment to public interest are selected to undertake short-term supervised research projects that typically overlap with the Council's work program and, in some cases, the students' current academic research. The Council also partners with the Victoria Law Foundation's Legal Policy Placement Program.

In 2010–11, the Council hosted two students, Orry Pilven and Timothy Sackville, through the Victoria Law Foundation's Legal Policy Placement Program.

Organisational Chart

The Council's organisational structure as at 30 June 2011 is shown in Figure 2.

**FIGURE 2:
ORGANISATIONAL
CHART**



Accurate and Reliable Sentencing Data and Analysis

The provision of accurate and reliable sentencing data and analysis relates to the Council's statutory function of providing statistical information on sentencing, including information on current sentencing practices.

During 2010–11, the Council achieved this objective by publishing reports on current sentencing practices for aggravated burglary and sentencing in the Koori Court Division of the Magistrates' Court. We also continued to produce Sentencing Snapshots for the higher courts and undertook development work on two new projects, SACStat and a sentencing remarks database.

Current Sentencing Practices for Aggravated Burglary

The Council has commenced a new series of publications, Current Sentencing Practices. The first publication in the new series was released in June 2011 and it focused on the offence of aggravated burglary.

The Council chose aggravated burglary as the first offence in the series because of the offence's prevalence, its unusually diverse range of sentences and difficulties court practitioners have in defining current sentencing practices for it.

The report focused on sentences imposed between July 2008 and June 2009. It examined general sentencing practices at all court levels; however, its main focus was on cases sentenced in the County Court. Case details were obtained from written remarks made by judges when delivering their sentences, using the Council's sentencing remarks database.

Sentencing for Aggravated Burglary

The report found that for the 210 charges of aggravated burglary sentenced in the County Court in 2008–09 sentences ranged from an adjourned undertaking to imprisonment for seven years.

Figure 3 shows the distribution of major sentence types and sentence lengths. An imprisonment sentence was the most frequently imposed sentence (55.2% of charges) and the median imprisonment term was two years. A wholly suspended sentence was the second most common sentence type, imposed on 28.2% of charges.

The median total effective imprisonment term for the 190 aggravated burglary cases was three years and three months, substantially longer than the median for aggravated burglary charges (two years). This was due to the presence of other offences sentenced in aggravated burglary cases. As Figure 4 (page 18) shows, injury-related offences were common, with causing injury offences sentenced in 42.1% of cases and causing

serious injury offences sentenced in 19.5% of cases. Criminal damage was common as well (34.2%), while robbery (14.2%) and sexual offences (5.3%) were relatively infrequent.

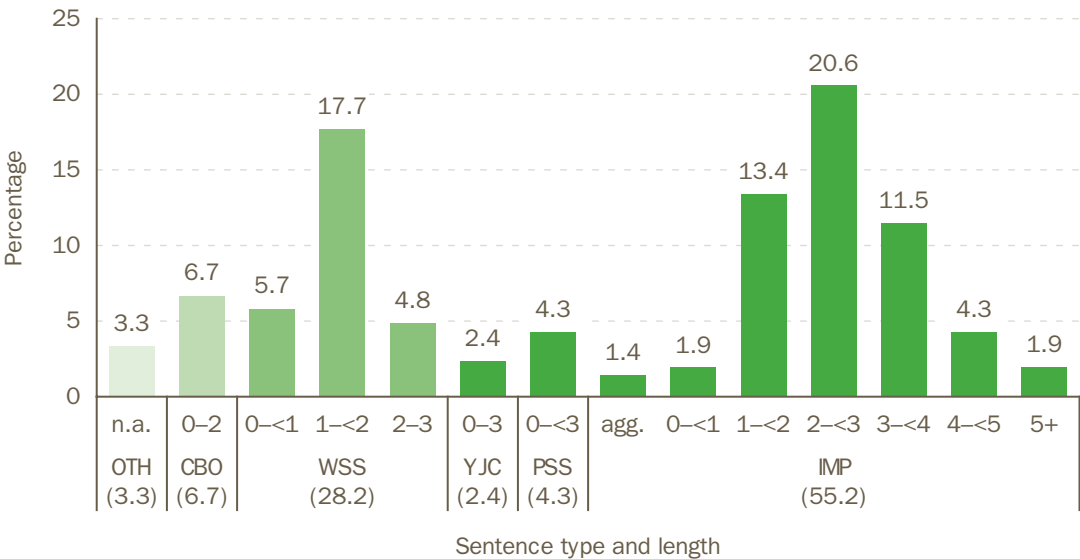
Characteristics of Aggravated Burglaries

The report identified some common features of aggravated burglaries sentenced in the higher courts. The offender was usually a person already known to the victim (71.8% of charges) rather than a stranger. The offence almost always occurred in residential premises (90.4%). The offender almost always committed at least one other offence (96.6%) – frequently this was an offence of causing injury or criminal damage. More than half of the offences involved at least one co-offender (59.0%), and the offender was usually armed with a weapon (61.8%).

Despite these common features, there were many important differences and patterns of sentencing. The Council analysed the differences by separating the cases into six distinct categories, five of which had sufficient numbers to analyse.

Confrontational aggravated burglaries were by far the most common category, accounting for over half of the cases. Confrontational aggravated burglaries include ‘drug run-throughs’ (where there is a pre-existing dispute arising from illegal drug dealing and the offender breaks into premises to confront the other party and to take or damage property) and vigilante actions (such as where the offender seeks to punish the victim because of a belief that the victim has done something wrong). Confrontational aggravated burglaries were significantly less likely to result in an immediate custodial sentence than other categories of aggravated burglary.

FIGURE 3: PERCENTAGE OF CHARGES OF AGGRAVATED BURGLARY BY SENTENCE TYPE AND LENGTH, HIGHER COURTS, 2008–09



OTH = other sentence (includes adjourned undertaking, fine and residential treatment order); CBO = community-based order; WSS = wholly suspended sentence; YJC = youth justice centre order; PSS = partially suspended sentence; IMP = imprisonment.

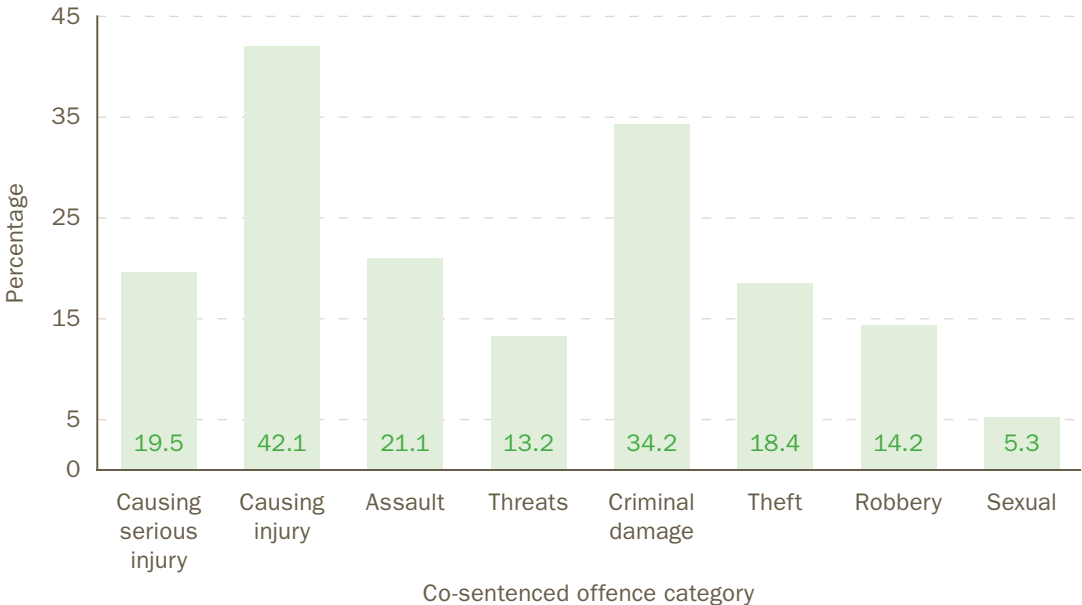
Intimate relationship aggravated burglaries were the second most common category, accounting for approximately one in six cases. They cover aggravated burglaries that were committed against the offender’s former partner or that were otherwise related to an intimate relationship (for example, if the victim was the new partner of the offender’s ex-partner). The report found no significant difference in sentencing practices for intimate relationship and other types of aggravated burglary.

Aggravated burglaries relating to robbery offences accounted for approximately one in 10 cases. In contrast to the other categories, these cases frequently involved offenders who were strangers to the victim (52.4%). The overwhelming majority of these offenders had prior convictions (85.7%), and half had previously been imprisoned. A relatively high proportion of these offenders had personal issues, with 85.7% identified as having substance abuse issues and

85.7% having suffered non-sexual abuse or neglect as a child. Offences in this category had a significantly higher chance of receiving an immediate custodial sentence than all other categories of aggravated burglary (95.2% compared with 53.5%). When imprisonment was imposed, the average term was significantly longer than sentences for all other types of aggravated burglary (36.6 months versus 26.3 months).

Aggravated burglaries relating to sexual offences accounted for 5% of aggravated burglaries. They involved cases where the offender broke into the premises intending to commit a sexual offence, or where the offender committed a sexual offence once inside. Sentencing of aggravated burglaries in this category was quite divergent. Some sentences were at the top end of the range of seriousness for this offence. The longest sentence in this study was for an offence in this category and compared with other categories of aggravated burglary, a

FIGURE 4: PERCENTAGE OF AGGRAVATED BURGLARY OFFENDERS BY SELECTED CO-SENTENCED OFFENCE CATEGORY



higher proportion of aggravated burglaries relating to sexual offences resulted in a term of imprisonment of three years or more. However, four of the nine charges for aggravated burglary relating to sexual offences received sentences other than imprisonment, including two wholly suspended sentences, one residential treatment order and one community-based order (the conviction for this last case was quashed on appeal).

Aggravated Burglaries That Received an Immediate Custodial Sentence

The report also includes a statistical study measuring the effects of various characteristics on whether the offender received an immediate custodial sentence (imprisonment, partially suspended sentence or youth justice centre order). Of 21 factors examined, six had a statistically significant effect. The strongest factor was if the case contained a co-sentenced offence of causing serious injury. The second strongest factor was if the offender was serving an existing order at the time of the offence followed by whether the offender had served a previous term of imprisonment. Other significant factors were that the aggravated burglary was something other than a confrontational aggravated burglary, the offender was aged 25 years or over and the offender had a history of substance abuse. Co-offending relating to robbery was also found to be a statistically significant factor.

Aggravated Burglaries That Received a Wholly Suspended Sentence

Approximately two in five aggravated burglary charges sentenced in the higher courts resulted in a sentence other than an immediate custodial sentence. Most commonly this was a wholly suspended sentence (30.3% of offenders).

In comparison with offenders who received sentences of imprisonment, these offenders were generally younger, less likely to have prior offending, less likely to have personal background

issues, in particular relating to substance abuse, and less likely to have worn a disguise. The offence was more likely to be a confrontational aggravated burglary and more likely to be committed with co-offenders. It was less likely to be robbery related and more likely to occur in a private dwelling. It was also more likely to be sentenced in the same case as causing injury offences and criminal damage but less likely to be sentenced with causing serious injury offences, armed robbery and theft. The victims were less likely to have submitted a Victim Impact Statement.

Conclusion

The findings of the report suggest that aggravated burglary is a complex offence comprised of a number of sub-categories of offending. The report found that the combination of the gravity of other offences in aggravated burglary cases (including the trauma suffered by the victim), the offender's criminal history and age as well as the motivation for committing the offence are critical to understanding the diversity of sentences imposed in aggravated burglary cases.

SACStat

The Council is committed to expanding its statistical publications and has been investigating options for publishing more statistical material electronically. We have developed a proof of concept product, SACStat, which contains basic statistical information on the sentencing of all offences in the Magistrates' Court, County Court and Supreme Court. We launched a test version of SACStat for the Magistrates' Court in July 2010. It is available to all magistrates through the Judicial Officers Information Network administered by the Judicial College of Victoria.

The test version has identified a number of technical issues that require further development. Subject to resource constraints, the Council is committed to further developing this product.

Sentencing in the Koori Court Division of the Magistrates' Court: A Statistical Report

The Council has long been committed to undertaking a project on the sentencing of Indigenous people. We first began work in this area in 2005, convening a Koori Sentencing Statistics Reference Group (KSSRG) to help us determine research questions in relation to the sentencing of Koori people. In June 2006, the Aboriginal Justice Agreement (Phase Two) asked us to investigate the impact of sentencing practices on Indigenous people. However, due to data limitations, we concluded that the research could not be undertaken as requested.

In 2009, the Council was able to recommence this work when new, sufficiently reliable data became available.

Although primarily a descriptive statistical profile, in writing this report the Council believed it was also important to look beyond the data and theory behind the court and understand how it operates in practice. To this end, Council staff visited the Broadmeadows and Shepparton Koori Courts, observing the courts in session and meeting with Elders and Respected Persons, Magistrates, Koori Court officers, senior registrars and other staff.

Background and Context

The report presents the data in the context of the significant reforms made in Victoria over the last 20 years to address the over-representation of Indigenous people in the criminal justice system across Australia. This includes the 1991 findings of the Royal Commission into Aboriginal Deaths in Custody relating to the over-representation of Indigenous Australians in the criminal justice system due to social, economic and cultural disadvantage. The Royal Commission also identified the need to make court processes more culturally sensitive and less intimidating and alienating for Indigenous people.

The report then sets out the jurisdiction, aims, practice and procedures of the Magistrates' Koori Court. The practices and procedure of the court are specifically designed to further the court's aims, which include providing a culturally relevant and inclusive court process and outcomes, reducing over-representation in custody, decreasing offending and reoffending and reducing the number of breached court orders. These are particularly relevant in considering the approach to sentencing in the Koori Court.

Key Findings

Persons Sentenced in the Koori Court

Of the 890 cases analysed in the report, the vast majority were sentenced between 2007 and 2009. The Council did not have reliable data from the pilot period or from early years of the permanent operation of the court. Since 2007, the uptake of the court has slowly increased from 208 in 2007 to 381 in 2009.

The Royal Commission identified social and economic disadvantage as a key factor in the over-representation of Indigenous people in custody. The data available on two indicators of disadvantage (education and employment) were striking in the level of disadvantage they suggest. While there was no information on priors in the Magistrates' Court data to enable a comparison, this is consistent with the level of disadvantage across broader offending populations in Victoria. However, the Koori Court data support the correlation identified by the Royal Commission between Indigenous over-representation in custody and social and economic disadvantage, and the need for criminal justice initiatives that place emphasis on addressing the factors underlying criminal behaviour. In the Koori Court, 90% of accused persons sentenced had completed school at the year 10 level or less, while 69% of accused persons were unemployed.

Sentencing Outcomes in the Koori Court

Before presenting the data on sentencing outcomes, the report describes the approach to sentencing in the Koori Court, as a context for the interpretation of the data. Like in all Magistrates' Courts, the Koori Court must apply the same sentencing law, take into account the purposes and principles of sentencing and have regard to the same specific factors in determining sentence.

The exercise of the sentencing discretion, however, occurs within the broader context for which the court was established and the specific practices and procedures that apply in the court. The Koori Court was developed with the aim of addressing Koori disadvantage underlying offending behaviour, rather than just the offending behaviour itself. While Indigenous identity is not a basis for discrimination in the sentencing process, it has been recognised that factors associated with Indigenous identity, such as social and economic disadvantage, may be taken into account where relevant.

The Council's analysis of sentencing outcomes in the Koori Court compared with the mainstream Magistrates' Court indicates that there are observable differences in the sentences imposed. In the Magistrates' Court, fines were the most common sentence (60%), contrasting with the Koori Court, where community-based orders were the most frequently imposed sentence (25%), followed by adjourned undertakings (23%) and wholly suspended sentences (17%). A slightly higher proportion of cases was sentenced to imprisonment in the Koori Court (9%) compared with the mainstream Magistrates' Court (6%).

These differences in sentencing could reflect the different emphasis on deriving meaningful and rehabilitative sentencing outcomes in the Koori Court and its objective to address the underlying problems that contributed to the offending behaviour. While the same

sentencing options are available in the Koori Court, there is an emphasis on case managed and meaningful sentencing outcomes. This includes the use of deferred sentencing, which provides the court with the flexibility to tailor sentencing outcomes to address the particular needs of an accused person, and to play an active monitoring role.

Prior Convictions

The report considers prior convictions, both as an indicator of over-representation and as a factor relevant to sentencing outcomes. Consistent with the Royal Commission findings, the report shows that two-thirds of accused persons sentenced in the Koori Court had prior convictions (76%). There were no comparative data for persons sentenced in the mainstream court.

As a relevant factor in the determination of sentence, the existence of prior convictions may also contribute to the imposition of sentences higher in the sentence hierarchy, such as imprisonment. This issue is particularly important given that a central objective of the Koori Court is to divert Indigenous offenders away from prison through non-custodial sentencing options.

The Council's analysis indicates that the existence of prior convictions was correlated with different sentencing outcomes. Specifically, people without prior convictions tended to attract dispositions at the lower end of the sentencing hierarchy, such as adjourned undertakings and fines, while those with prior offences tended to attract sentences at the higher end, such as suspended sentences or imprisonment. On the rare occasions that imprisonment was imposed, it was in almost all cases correlated with the accused having prior convictions. This is consistent with the requirement, which applies equally in the Koori Court, that prior convictions are taken into account in the determination of sentence.

Distribution of Offences

The report also considers whether the different profile of offences being sentenced in the Koori Court could underlie differences in sentencing outcomes.

The principal proven offences of causing injury (intentionally or recklessly), criminal damage, burglary, assaulting police and obtaining property by deception were more frequently sentenced in the Koori Court compared with the mainstream Magistrates' Court. Conversely, cases with driving and traffic offences as the principal proven offence, such as driving while disqualified or suspended, were more frequently sentenced in the mainstream Magistrates' Court.

This is consistent with the high proportion of fines that are imposed in the mainstream Magistrates' Court (60%). Offence specific analysis indicates that 62% of people sentenced for driving while disqualified or suspended in the mainstream Magistrates' Court were sentenced to a fine. In direct contrast, 55% of people sentenced in the Koori Court for the same offence received a suspended sentence of imprisonment. This suggests that accused people sentenced for this offence in the Koori Court are more likely to have a prior conviction for the same offence, thus invoking the mandatory minimum sentence of one month's imprisonment.

However, differences in sentencing outcomes cannot be fully accounted for by differences in the types of offences brought before each court. When sentencing patterns for the same offence are compared across both courts, differences still occur. In particular, community-based orders, wholly suspended sentences and adjourned undertakings tended to be used more commonly in the Koori Court compared with the Magistrates' Court for the same offence categories, although the duration of such sentences tended to be similar.

Sentencing Snapshots

During 2010–11 the Council continued to expand on its higher courts Snapshot series, with 10 such reports published, all of which provided an update of Snapshots previously released. The higher courts Sentencing Snapshots released this year include the following:

March 2011

- No. 105 – Handling Stolen Goods
- No. 106 – Theft
- No. 107 – Obtaining a Financial Advantage by Deception
- No. 108 – Obtaining Property by Deception

May 2011

- No. 109 – Murder
- No. 110 – Manslaughter
- No. 111 – Culpable Driving Causing Death
- No. 112 – Making a Threat to Kill

June 2011

- No. 113 – Indecent Act with a Child under 16
- No. 114 – Sexual Penetration of a Child Aged between 10 and 16

Each Snapshot examined trends by reference to the age and gender of the sentenced person, sentence types and lengths, principal and total effective sentences and non-parole periods.

The Council has now published more than 100 Snapshots for offences heard in the County Court and Supreme Court, covering over 75% of all people sentenced in those courts. The Snapshots were also cited in a number of judgments during 2010–11 in the Court of Appeal and the Supreme Court:

- *Le v The Queen* [2010] VSCA 199 (20 July 2010)
- *R v Causer* [2010] VSC 341 (19 August 2010)
- *Alecu v The Queen; Theoharethes v The Queen* [2010] VSCA 208 (25 August 2010)
- *White v The Queen* [2010] VSCA 261 (4 October 2010)
- *DDP v Pollard* [2010] VSCA 272 (8 October 2010)
- *Cay v The Queen* [2010] VSCA 292 (21 October 2010)
- *Hudson v The Queen; DDP v Hudson* [2010] VSCA 332 (9 December 2010)
- *Hasan v The Queen* [2010] VSCA 352 (17 December 2010)
- *Mok v The Queen* [2011] VSCA 38 (17 February 2011)
- *Spiteri v The Queen* [2011] VSCA 33 (21 February 2011)
- *DPP v Wightley* [2011] VSCA 74 (22 March 2011)
- *Adams v The Queen; DPP v Paranihi; DPP v Soltan* [2011] VSCA 77 (30 March 2011)
- *DPP v H P W* [2011] VSCA 88 (5 April 2011)
- *Pettiford v The Queen* [2011] VSCA 96 (11 April 2011)
- *R v Lubik* [2011] VSC 137 (13 April 2011)
- *Russell v The Queen* [2011] VSCA 147 (19 May 2011)
- *Yang v The Queen; DPP v Yang* [2011] VSCA 161 (7 June 2011)
- *Mann v The Queen* [2011] VSCA 189 (24 June 2011)
- *Maurice v The Queen* [2011] VSCA 197 (30 June 2011)

The Sentencing Snapshots are available free for download from the Council's website. In the coming year we will continue to update previously released Snapshots for people sentenced in the higher courts.

Sentencing Remarks Database

The Sentencing Remarks Database (SRDB) was established by the Council to enable the collection of detailed information about cases sentenced in the higher courts in a form that permits efficient data extraction and analysis with a broader aim of being able to provide more precise information relating to questions on sentencing and sentencing policy.

Currently, the primary source for analysable higher courts sentencing information is the higher courts database, managed by the Business Intelligence area of the Courts and Tribunals unit. This database contains sentencing information and the offence type for all charges and cases sentenced in the higher courts. It also contains basic demographic information about the offender (age and gender). The Council has used data from this database for many of its references and legal and statistical projects (for instance, in Sentencing Snapshots).

Sentencing requires the consideration of a large number of factors relating to the circumstances of the offence, the offender and the victim, however. As such, the Council believed that consideration of factors beyond those available in the higher courts database is important for an understanding of variation in sentencing. Indeed, limitations of high-level sentencing analyses have been highlighted by the Court of Appeal in *Hasan v The Queen* [2010] VSCA 352 (17 December 2010).

A rich source of data on these broader factors for cases sentenced in the higher courts is sentencing remarks. Although data collection per se is not a purpose of sentencing remarks and consequently their content varies considerably, information relating to some factors is consistently present and the terminology used consistent. It is this type of information the Council collects in our SRDB.

The Council has access to County Court sentencing remarks through an arrangement with the County Court, and the Council accesses Supreme Court remarks via the Australasian Legal Information Institute's website.

The information collected by the Council relates to the offender, the offence and (where relevant) the victim. Offender information includes criminal history, such as prior imprisonment and types of prior offending, and background issues relating to substance abuse, mental illness and childhood abuse.

Charge information relates to a specific offence and includes the plea entered by the offender, the offence date, the location of the offence, whether there were co-offenders, whether the offender wore a disguise, the actions that caused any injuries to victims, weapon use and type of weapon and whether drugs and/or alcohol influenced offending. Additional offence information is collected for certain types of offences, such as aggravated burglary (e.g. statutory aggravating factor) and kidnapping (e.g. method of detainment).

Victim information is also collected for charges where a person was a victim. It includes the number of victims, age of the victim/s, gender, relationship to offender, injuries suffered and whether a Victim Impact Statement was submitted.

Data collection in 2010–11 focused on the offences of aggravated burglary, intentionally causing serious injury, recklessly causing serious injury, kidnapping, armed robbery, rape and driving causing death or serious injury. Data collected for aggravated burglary formed the basis of the Council's report *Aggravated Burglary: Current Sentencing Practices*, and data collected for causing serious injury offences are currently being used to inform other work of the Council.

Independent, High Quality Sentencing Research and Policy Advice

The provision of independent, high quality sentencing research and policy advice relates to the Council's statutory functions of stating in writing to the Court of Appeal our views in relation to the giving, or review, of a guideline judgment; conducting research, and disseminating information on sentencing matters; and advising the Attorney-General on sentencing matters.

During 2010–11, the Council achieved this objective by undertaking Attorney-General references on baseline sentences, gross violence, maximum penalties and parole. We also undertook research into deterrent effects of imprisonment and gender differences in sentencing.

Baseline Sentences

In April 2011, the Attorney-General requested the Council to provide its advice on the introduction of baseline sentences of imprisonment for 'serious' offences as defined in the *Sentencing Act 1991* (Vic) and 'significant' offences as defined in the Sentencing Further Amendment Bill 2010.

The request for advice forms part of major sentencing reforms being undertaken by the government. The Council has been requested to provide its advice by 29 February 2012.

Does Imprisonment Deter? A Review of the Evidence

In April 2011, the Council published a new paper in our 'Sentencing Matters' research series that contains a review of the evidence of the effectiveness of imprisonment as a deterrent to crime. The paper synthesised empirical studies and criminological research on deterrence from approximately the last 10 years.

Background

Deterrence is one of the purposes of sentencing in Victoria, along with punishment, denunciation, rehabilitation and incapacitation (or 'community protection'). Deterrence is a significant consideration for sentencing courts and in formulating sentencing policy. The effectiveness of deterrence is easier to measure than some of these other sentencing purposes, and there is substantial research and literature on the effectiveness of imprisonment as a deterrent to crime.

The scope of the research paper was limited to examining the sentencing

purpose of deterrence only – and it does not present an analysis of the evidence of imprisonment’s effectiveness in regard to other sentencing purposes.

Deterrence Theory

Deterrence can be described as the prevention of crime through the fear of a threatened – or the experience of an actual – criminal sanction. Deterrence theory is based upon the classical economic theory of rational choice, which assumes that people weigh up the costs and benefits of a particular course of action whenever they make a decision. The theory relies on the assumption that offenders have knowledge of the threat of a criminal sanction and then make a rational choice whether or not to offend based upon consideration of that knowledge.

Key Findings

General Deterrence

General deterrence is aimed at reducing crime by directing the threat of a criminal sanction at all potential offenders.

The key findings of the research review were:

- The threat of imprisonment generates a small general deterrent effect. However, research also indicates that increases in the severity of penalties – such as increasing the length of terms of imprisonment – do not consistently produce a corresponding increase in deterrence.
- Reasons for this include that many crimes are committed in circumstances where it is difficult to identify when, or if, an offender (particularly one who is drug affected, intoxicated or mentally ill) has made a rational choice, and considered the consequences of his or her criminal behaviour.
- The evidence also suggests that harsher penalties do not more broadly deter otherwise rational individuals because people exhibit a ‘present bias’ – they ‘discount’ the cost of future penalties, and are more strongly influenced by the perceived immediate benefits of committing crime.

- The research demonstrates (and the courts have acknowledged) that the effectiveness of imprisonment as a deterrent to crime will vary according to the type of crime and the type of offender.
- Increases in the certainty of apprehension and punishment (as opposed to the level of punishment) demonstrate a significant deterrent effect. Perceptions about the certainty of apprehension may counter the ‘present bias’ and reinforce the potential cost of committing crime.

Specific Deterrence

Specific deterrence is aimed at reducing crime by applying a criminal sanction to a specific offender, in order to dissuade him or her from reoffending.

The key findings of the research review were:

- Imprisonment has, at best, no effect on the rate of reoffending and often results in a greater rate of recidivism. Possible explanations for this include that prison is a learning environment for crime, that prison reinforces criminal identity and may diminish or sever social ties that encourage lawful behaviour and that imprisonment is not the appropriate response to many offenders who require treatment for the underlying causes of their criminality (such as drug, alcohol and mental health issues).
- Harsh prison conditions do not generate a greater deterrent effect, and the evidence shows that such conditions may lead to more violent reoffending.

Conclusion

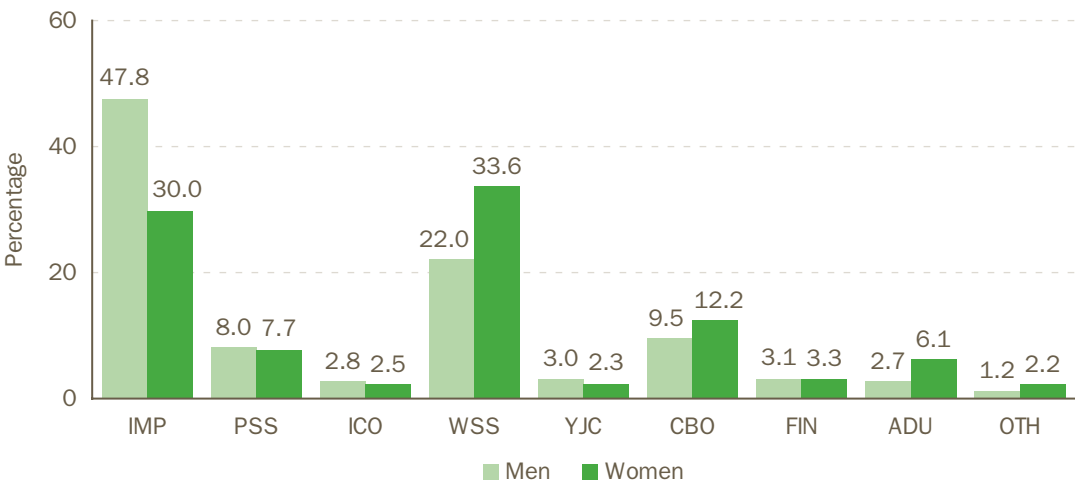
Given the significance of deterrence for sentencing courts and sentencing policy, the review of the evidence on the effectiveness of imprisonment as a deterrent to crime suggests caution should be exercised when imprisonment is justified as a means of deterring all types of crimes and all kinds of offenders. Further, it is important to be aware of the limitations of deterrence and the reasons why they might occur.

Gender Differences in Sentencing Outcomes

In his final report of *Pathways to Justice* in 2002, Professor Arie Freiberg made specific note of issues that had been identified with the operation of the *Sentencing Act 1991* (Vic) relating to several special offender groups that posed particular challenges to sentencing. One of the groups identified as requiring further attention was female offenders.

The Council has a long-standing interest in sentencing practices for women. The central focus of this paper was on identifying differences in sentencing practices for men and women in the Victorian courts, and understanding some of the factors that lead to these differences, such as differential patterns of arrest and the varying biographies of male and female offenders.

FIGURE 5: PERCENTAGE OF DEFENDANTS SENTENCED IN THE HIGHER COURTS BY TOTAL EFFECTIVE SENTENCE TYPE AND GENDER, JULY 2000 TO JUNE 2009



IMP = imprisonment; PSS = partially suspended sentence of imprisonment; ICO = intensive correction order; WSS = wholly suspended sentence of imprisonment; YJC = youth justice centre order; CBO = community-based order; FIN = fine; ADU = adjourned undertaking; OTH = other.
Source: Department of Justice (Vic), unpublished statistics.

Key Findings

The key finding from this paper was that men and women are sentenced differently in the Victorian criminal courts. This difference is not necessarily due to any systemic bias in the system but rather to differences in the behaviours and biographies of male and female offenders.

Gender Differences in Recorded Offending in Victoria

Data drawn from Victoria Police publications show that the vast majority of alleged offenders are men: there were 9,958 adult women arrested as alleged offenders in 2008–09 in Victoria, compared with 51,394 adult men.

The most common offences for which women were arrested in Victoria in 2008–09 were theft from a shop (1,927 women) and deception (1,639 women). The most common offences for which men were arrested in 2008–09 were assault (6,561 men), deception (4,730 men) and offences against justice procedures, such as breach of intervention order or failing to answer bail (4,580 men).

Men and women thus have different patterns of criminal behaviour: women's offending tends to be less serious in terms of the nature of the criminal behaviour, with women being less likely to be involved in violent offences.

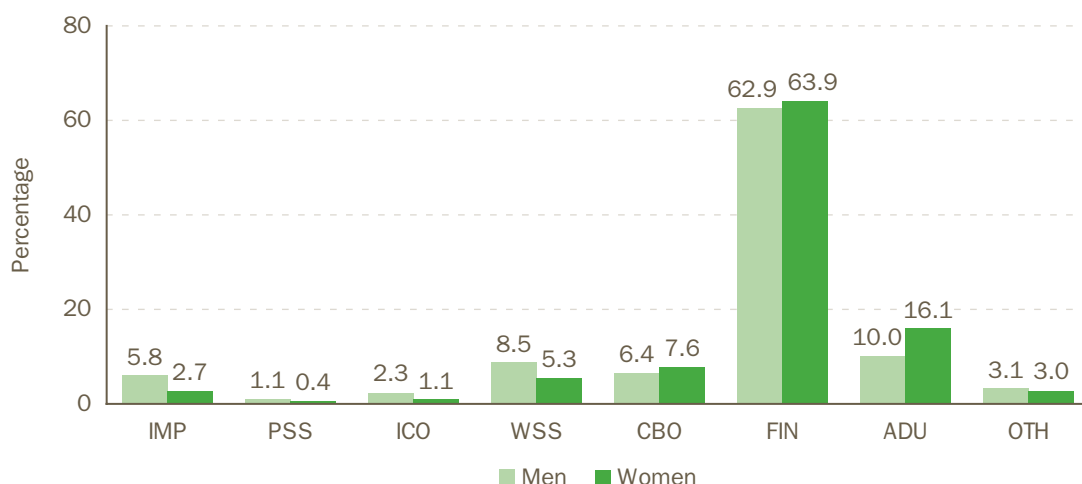
Gender Differences in Sentencing Outcomes in Victoria

Differential sentencing practices are clearly seen in the higher courts. Overall, in the higher courts, men are far more likely than women to be sentenced to a term of imprisonment (47.8% of men compared with 30.0% of women), while women are more likely to be given a wholly suspended sentence (33.6% of women compared with 22.0% of men), a community-based order (12.2% compared with 9.5%) or an adjourned undertaking (6.1% compared with 2.7%). Thus men are more likely to receive an immediate custodial sentence, while women are more likely to receive a sentence that allows them to remain in the community. When women are sentenced to imprisonment, their terms are shorter than are those for men.

The overall picture emerging from the Magistrates' Court is similar to that seen in the higher courts, with women again being less likely than men to be sentenced to an immediate term of imprisonment: men in the Magistrates' Court are more than twice as likely as women to be imprisoned (5.8% of men compared with 2.7% of women). However, in the Magistrates' Court women are also less likely than men to receive a wholly suspended sentence (5.3% of women compared with 8.5% of men), whereas in the higher courts women were more likely to receive this sentence.

In order to provide a more nuanced view of Victorian data beyond the use of descriptive statistics on sentencing outcomes, a matched sample analysis was also undertaken to identify other factors that may influence sentencing outcomes for men and women.

FIGURE 6: PERCENTAGE OF DEFENDANTS SENTENCED IN THE MAGISTRATES' COURT BY TOTAL EFFECTIVE SENTENCE TYPE AND GENDER, JULY 2004 TO JUNE 2009



IMP = imprisonment; PSS = partially suspended sentence of imprisonment; ICO = intensive correction order; WSS = wholly suspended sentence of imprisonment; CBO = community-based order; FIN = fine; ADU = adjourned undertaking; OTH = other.
Source: Department of Justice (Vic), unpublished statistics.

Gender Differences in Prison Statistics in Victoria

Consistent with the research evidence, Victorian data show that women tend to be sent to prison for shorter periods, likely a reflection of their less serious offending in terms of both the nature of the crime itself (tending to be property crimes rather than crimes against the person) and their less serious prior criminal history (with women being less likely to have been imprisoned before).

While both men and women in the Victorian prison system experience a range of complex needs, women tend to present with greater and more complex needs – and a higher degree of comorbidity of mental illness, trauma and substance abuse – that are more directly linked to their offending behaviour.

Thus behavioural explanations for gender differences were supported by the research: women have less serious criminal histories than do men, with fewer prior convictions and less serious previous and current offending. But in addition, the report concluded that a second explanation is supported by the research, that the biographies of female offenders vary systematically from those of men. Women are more likely than men to have a history of psychiatric illness, to have been traumatised by physical or sexual victimisation in childhood or early adulthood and to have a history of substance abuse.

Statutory Minimum Sentences for Gross Violence

In April 2011, the Attorney-General asked the Council to advise him by 5 September 2011 on a range of issues relating to the government's introduction of statutory minimum penalties for the offences of intentionally or recklessly causing serious injury in circumstances of 'gross violence'. The policy involves a minimum non-parole period of four years' imprisonment for adult offenders and a minimum custodial sentence of two years for offenders aged 16 or 17.

In particular, the terms of reference from the Attorney-General ask the Council to advise on:

- the circumstances that should constitute 'gross violence';
- the exceptional circumstances in which a court should be able to impose a sentence below the statutory minimum; and
- the likely impact of the scheme on the numbers of people serving custodial and non-custodial orders.

Since receiving the terms of reference, the Council has conducted two forums, has met with a wide range of stakeholders and has made a public call for submissions on these issues.

Review of Victoria's Adult Parole Framework

In June 2011, the Attorney-General asked the Council to review and report on the legislative and administrative framework governing the release and management of sentenced prisoners on parole in Victoria with the purpose of ensuring that the parole system best serves the Victorian community, including promoting public safety and reducing reoffending.

The Council has been requested to provide its advice by 7 November 2011.

Maximum Penalties for Crime Bill Offences

In March 2010, the then Attorney-General asked the Council to review the appropriateness of the maximum penalties for about 250 of the most serious criminal offences in Victoria. This project stems from a comprehensive review of the *Crimes Act 1958* (Vic) commenced by the previous government, seeking to simplify, modernise and rationalise offences.

The Council was asked to consider the appropriateness of the maximum penalties to be included in the Crimes Bill, and to ensure there is a similar hierarchy between similar offences.

This advice was due to be provided by 30 June 2011 or within six months of the Council receiving the Crimes Bill.

As part of this project, the Council has conducted research on the background to the development of the current penalty scale and the principles relevant to setting statutory maxima. This has included analysing the elements of the 250 offences subject to review as well as concepts such as harm and culpability as a framework for determining offence seriousness. This research identified a number of key issues, in particular:

- the approach to comparing different levels of harm and culpability;
- the approach to incomplete offences (such as attempts, incitement, conspiracy, preparatory offences and offences that risk harm);
- the approach to aggravated offences (such as aggravated burglary and armed robbery); and
- the relevance of related prior convictions to the seriousness of an offence.

Data analysis for this project has included an overview of sentencing practices for the 250 offences to be included in the Crimes Bill and additional analysis of the 'problem' offences relevant to the key issues identified.

The Council has also conducted multiple consultation activities as part of this project. Meetings with key criminal justice stakeholders were held in July to discuss the preliminary issues in this project.

In October 2010, the Council released a preliminary issues paper to facilitate discussion of the principles and purposes upon which a scale of maximum penalties should be based. This was followed by a roundtable attended by key stakeholder representatives to discuss the issues raised in the paper. The paper was also provided to a broad range of criminal justice and professional organisations and individuals. Members of the community were also invited to provide comments and views on the key issues raised.

To inform the Council's consideration of community attitudes towards relative offence seriousness, we also held a series of research and consultation community panels across Victoria and ran an online forum.

Following the change of government in November 2010, the maximum penalties for Crimes Bill offences project was under review. In April 2011, the Council received a letter from the Attorney-General indicating that the project was to continue. The letter also requested advice on two new projects as part of major sentencing reforms being undertaken by the government on baseline sentences and statutory minimum sentences for serious injury offences involving gross violence.

Due to these two new projects and a delay with the preparation of the Crimes Bill, the Council's work on this project has been placed on hold. However, the Council is still committed to providing its advice on the terms of reference within six months of receiving the Crimes Bill.

Informing Members of the Community about Sentencing

The provision of information to members of the community about sentencing relates to the Council's statutory functions of providing statistical information on sentencing, including information on current sentencing practices and conducting research, and disseminating information on sentencing matters.

During 2010–11, the Council achieved this objective by continuing to enhance You be the Judge as well as developing an online version of the program. A major redevelopment of the Sentencing Advisory Council website also took place.

You be the Judge is the Council's hallmark community education program. The aim of the program is to enhance community knowledge of sentencing and to impart some understanding of the complexities inherent in the sentencing process.

You be the Judge sessions are run regularly for a variety of audiences, and the program also exists as a teachers' kit based on the Victorian school curriculum.

You be the Judge Sessions and Teaching Resources

The Sentencing Advisory Council's You be the Judge sessions continue to be a sought after learning experience for a wide variety of groups. In 2010–11 we visited 70 groups and presented to more than 2,500 participants.

Sessions have been delivered to groups such as Honorary Justices of the Peace and Bail Justice Associations, Court Network, Rotary, Probus, University of the Third Age, Victorian Commercial Teachers' Association and numerous school groups.

While the age of our participants varies widely, the useful learnings and interesting experiences are shared outcomes for all of our groups.

Participants in the sessions are challenged to take on the role of the judge in a sentencing case study. They are first asked to give a 'top-of-the-head' sentence after viewing a TV news report, followed by a more considered sentence at the end of the session after being exposed to information about sentencing principles, purposes and trends for the particular case under review.

One of our key projects in 2010–11 was participating in training run by the Victims Support Agency (VSA) in relation to the newly legislated provisions in regard to Victim Impact Statements (VISs). The VSA hosted five full-day training sessions for criminal justice and victims support agencies in regard to the VIS scheme. We presented a You be the Judge session at the commencement of these sessions to inform participants about sentencing and to give a context to how and when VISs are used in the process.

The two You be the Judge teachers' kits provide resources to allow teachers to present material to students that follows a similar structure to the You be the Judge sessions. The kits provide additional material including suggested class activities at various points throughout the program.

The You be the Judge materials provide greater relevance for teachers following the 2011 update of the VCE legal studies curriculum. One of several inclusions in the new curriculum is a requirement in Unit 1 to consider 'trends in crime, sentencing and recidivism'. All of the case studies in the You be the Judge teachers' kits provide data on sentencing trends for each of the crimes under consideration.

The VELS kit is specifically targeted at several domains within the Victorian Essential Learning Standards (VELS) Years 9 and 10 curriculum. The VELS kit encourages teachers to team-teach across a number of domains, including English, mathematics, the arts and information technology. An important aspect of You be the Judge is the opportunity to teach and develop thinking skills – applied intellectual activities that use information to achieve outcomes and include elements such as solving problems, making decisions, thinking critically, developing an argument and using evidence in support of that argument.

Both teachers' kits are available in hardcopy with an accompanying CD and are also available for download from the Sentencing Advisory Council website.

Virtual You be the Judge

Following the success of the You be the Judge sessions and teaching materials, the Sentencing Advisory Council received many requests for the program to be available online. In 2010–11 we achieved this goal with the release of our Virtual You be the Judge (VYBTJ) program in October 2010.

Visitors to VYBTJ can interact with various aspects of a sentencing hearing, receiving information from victims, offenders, prosecutors, defence lawyers and the judge. The Flash application currently includes three case studies: Dane, charged with intentionally causing serious injury; Terri, charged with trafficking a drug of dependence; and Richard, charged with culpable driving causing death.

Each case study commences with the offender telling their story of events. Visitors can then ask a range of questions of the offender, prosecutor and the defence lawyer, and hear information from the victim of the crime or the community corrections officer involved. When it comes time to sentence the offender, visitors can choose from three types of sentence and then select the length of sentence up to the maximum penalty for the particular offence.

Table 1 shows the number of visitors to VYBTJ from January to June 2011. Over the six months more than 4,000 visitors entered the application and attempted one or more of the case studies.

TABLE 1: NUMBER OF VISITORS AND CASES ATTEMPTED PER VISIT IN VIRTUAL YOU BE THE JUDGE APPLICATION, JANUARY TO JUNE 2011

	January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	Total
Total users	100	258	911	923	1,238	611	4,041
Attempted 1 case in visit	43	129	382	521	600	301	1,976
Attempted 2 cases in visit	10	34	113	119	147	70	493
Attempted 3 cases in visit	22	38	193	143	182	108	686

No data are currently collected about visitors; however, it is assumed that a large number are students of legal studies (VCE Years 11 and 12) and undertaking tertiary law subjects. This assumption is partly based on comments made on the SAC website, such as:

‘This “You Be The Judge” exercise was extremely helpful, thank you for providing it for students studying law. It was helpful to see what in real life situations you have to take into account in order to come to a final verdict as a judge. Very helpful!’

‘Thanks for the exercise. I have an exam in criminal law tomorrow and it was very helpful for me to do this.’

‘My year 11 Legal Class really enjoyed this, to aid in their knowledge of sentencing as part of their course. A lot more interesting to them than the PowerPoints. They wish there were more cases!’

Table 2 shows details of the sentences that visitors are imposing on each offender. Of note is that the most given sentence for each of the offenders is the same sentence given by the actual sentencing judge. This result may be partially explained by anecdotal information from visitors (particularly school teachers who have tasked class groups to complete the exercise), which suggests that many users approach the exercise from a ‘wanting to get it right’ perspective.

The most popular case with visitors is that of Richard, with 2,023 visitors commencing the case and 58% of them sentencing Richard. While Terri had the smallest number of visitors starting the case, it had the highest percentage completing, with 68% giving Terri a sentence. It may be that Richard is the more popular case because his picture appears first on the introductory screen, although test subjects in our initial user-testing tended not to select Terri because she ‘didn’t look interesting enough’.

TABLE 2: SENTENCE OUTCOMES FOR EACH CASE, JANUARY TO JUNE 2011

		Richard	Dane	Terri
Crime		Culpable driving	Intentionally causing serious injury	Traffic drug of dependence
Sentence given by actual judge		IMP 5 years	ICO 12 months	CBO 12 months
Number of visitors starting case		2,023	1,501	1,496
Number of visitors who gave a sentence		1,182 (58%)	977 (65%)	1,017 (68%)
Sentence given (type) (percentage of users who gave a sentence)	Imprisonment	811 (69%)	343 (35%)	104 (10%)
	Home detention	153 (13%)	n.a.	n.a.
	Intensive correction order	218 (18%)	486 (50%)	n.a.
	Community-based order	n.a.	146 (15%)	844 (83%)
	Fine	n.a.	n.a.	69 (7%)
Most given sentence (type and length)		IMP 5 years	ICO 12 months	CBO 12 months
		165 (14%)	296 (30%)	245 (24%)



Of those 811 visitors who gave Richard a prison sentence...

- 36.6% gave higher imprisonment than the judge
- 43.0% gave lower imprisonment than the judge
- 20.3% gave the same sentence as the judge



Of those 486 visitors who gave Dane an intensive corrections order...

- 61% gave 12 months (maximum possible for ICO)
- 17% gave between one and six months
- 22% gave between seven and 11 months



Of those 844 visitors who gave Terri a community-based order...

- 29% gave 12 months
- 25% gave more than 12 months
- 46% gave less than 12 months

Part of the 'interaction' built into VYBTJ is the opportunity for visitors to ask questions of various people involved in the case. Nine questions are available to the visitor, and they must ask at least four before moving on.

Table 3 shows the percentage of participants who asked questions of the offender, prosecutor and defence lawyer, and also the most popular question in each case. While the cases do not have exactly the same questions, interestingly the most popular question in each case was to do with the offender's prior criminal history – 'Has he/she committed any other crimes?' Also, in all cases, the prosecutor received the most questions.

While VYBTJ has been available for just over six months, already we are receiving very positive feedback and requests for more cases. During 2011–12 we hope to be able to add additional cases to the program, and are currently awaiting proposed changes to sentencing orders to ensure that our application reflects the latest situation regarding sentencing in Victoria.

**TABLE 3: QUESTIONS ASKED
BY EACH VISITOR**

	Dane	Richard	Terri
Questions asked of offender	32.5%	30.6%	32.6%
Questions asked of prosecutor	35.9%	36.5%	34.5%
Questions asked of defence lawyer	31.6%	32.9%	32.9%
Most asked question	Has he committed any other crimes (838 visitors)	Has he committed any other crimes (1,194 visitors)	Has she committed any other crimes (989 visitors)

Website

The Council's website

<www.sentencingcouncil.vic.gov.au> has undergone a major transformation during 2010–11.

Our site is visited by a wide variety of users, including legal professionals, students, teachers, interest groups and the broader community. We wanted to create a website that would appeal to as wide an audience as possible while allowing us to deliver content in new and more effective ways.

We have streamlined our header and footer menus to facilitate navigation and reorganised our content into more user-friendly subject areas, including:

- **Our Work**, which has information on our present and past projects and information on how to get involved with the Council's work. This section also includes useful links.
- The **Publications** section now includes an A to Z listing as well as a Browse by Category page.
- **About Sentencing** combines the previous About Sentencing and Sentencing Statistics sections into a single sentencing resource.
- **Education** is a new section devoted to our resources for teachers and students.
- **News** details our latest news and highlights new publication releases.
- **About Us** describes the Council's functions and personnel.

Many of our popular pages are also featured on our homepage to make access to favourite pages quicker for most users.

User feedback has been enhanced with a number of pages on the website having their own comments feature. This enables users to not only give us their comments, but also see what other visitors have to say about the information.

We have also added an RSS (Really Simple Syndication) feed, so with a few mouse clicks users can receive updates on Council news directly into their RSS reader, keeping people informed of the latest updates to the site as they happen.

The new platform was also developed to enable the Council to take advantage of social networking trends, as more of our users are seeking information through this medium. Our site analytics show that more users are coming to the Council website via social networking sites, and in 2011–12 we will enhance our own presence in such forums so that a greater number of people can participate in the Council's important work.

The Council aims to ensure that the website conforms to Level AA Web Content Accessibility Guidelines (WCAG) 2.0 developed by the World Wide Web Consortium (W3C). This ensures the site is accessible to a broad range of users, including people with sight disabilities. Some of the improved features include enhanced navigability, improved presentation of text and images and the provision of our recent publications in alternative formats.

Giving Members of the Community the Opportunity to Provide Input into Sentencing Policy

Giving members of the community the opportunity to provide input into sentencing policy relates to the Council's statutory functions of consulting on sentencing matters and gauging public opinion on sentencing matters.

The Council's consultation functions focus predominately on capturing informed opinions specific to research references and projects that we undertake. Gauging public opinion, on the other hand, is conducted as a separate process to assist our understanding of broader community views of sentencing in Victoria, and this work ultimately contributes to the field of academic research on public opinion.

Consultation

Since the establishment of the Council in 2004, we have endeavoured to incorporate the views of a wide range of stakeholders and community members into our research work. A specific consultation strategy is developed for each project based on the identified stakeholders, their needs and the time available to conduct the consultation.

During 2010–11 the Council conducted numerous consultation activities including forums, meetings and roundtables to assist with our research into:

- maximum penalties for Crimes Bill offences;
- sentencing outcomes in the Koori Court;
- statutory minimum sentences for gross violence; and
- baseline sentences.

Offence Seriousness Panels and e-Forum

To inform the Council's consideration of community attitudes towards relative offence seriousness, as part of our project on maximum penalties for Crimes Bill offences, we held a series of research and consultation community panels across Victoria and ran an online forum.

Fourteen community panel sessions, comprising 244 participants, were conducted by the Council in July and August 2010 across metropolitan and regional locations in Victoria. The sessions used an original methodology developed with reference to previous research undertaken in this area to collect data on community attitudes on:

- the relative seriousness of a wide range of offences; and
- the factors that render an offence more or less serious.

The panels provided rich quantitative and qualitative data and gave community members the opportunity to participate in discussions on the issues surrounding relative offence seriousness.

The Council also ran an online forum in 2010 to provide Victorians with an opportunity to have a say on issues relating to the maximum penalties project. The forum, *Talksentencing*, was open to the public during September and October 2010 and used video content and scenario-based questions to stimulate online discussion. In this period, there were over 2,900 visits to the forum site by 1,186 visitors, and over 200 comments were made in response to the forum questions posed by us.

A report on the findings of these two activities will be published later in 2011.

Gauging Public Opinion

To assist the Council with undertaking our work on gauging public opinion we joined a national research project funded by the Australian Research Council, and since 2008–09 have been involved in a large-scale, representative survey of public opinion about sentencing.

The research involved a longitudinal design that surveyed people repeatedly over four separate phases. The aim of the project was to gather data on public attitudes about crime and sentencing and to examine avenues for incorporating public opinion into sentencing policy. The research aimed to provide evidence of community views that would enable governments, the courts, the public and the media to have an accurate and evidence-based understanding of the views of the community.

During 2010–11, the Council produced its first report, *Alternatives to Imprisonment*, in a series on the results of the Victorian component of a national survey on public opinion about sentencing.

Alternatives to Imprisonment: Community Views in Victoria

The Victorian data used for this report were collected by two computer-assisted telephone surveys conducted in 2008 and 2009. The attitudinal measures were collected in 2008 from a random sample of 1,200 Victorians, while the measures of acceptance of alternatives to imprisonment were collected in 2009 from a random sub-sample of 300 people, drawn from the original pool of 1,200.

Measures

There were two main measures of interest in this analysis. After presenting respondents with a series of facts and arguments for and against the use of alternatives to prison, respondents were first asked to make a choice between the policy of building more prisons and the policy of increasing the use of alternatives to prison as a way to address prison overcrowding.

The second main measure of interest was a scale measuring respondents' attitudes to specific alternatives to imprisonment for certain types of offenders (such as mentally ill, drug addicted or young offenders).

Key Findings

Policy Choice

There was clear support among the survey respondents for using alternatives to prison as a way of addressing the increasing number of people in prison and the subsequent prison overcrowding.

The final policy question, where respondents were faced with a forced choice between the two approaches, illustrated people's policy preference: 25.7% of respondents chose 'build more prisons' as their final policy choice, while 74.3% of respondents chose 'increase the use of alternatives to imprisonment' as their final policy choice.

Support for the policy of increasing the use of alternatives to imprisonment was significantly *related to* a number of the attitudinal factors measured in the survey, including the following:

- People who reported that non-commercial/broadsheet media were their main source of news and information were more likely to support alternatives, while people who relied on commercial/tabloid media were more likely to support the policy of building more prisons.
- People who did not believe that judges should reflect public opinion when sentencing were more likely to support alternatives, while people who believed in the need for judges to reflect public opinion were more likely to support building more prisons.
- People who felt that court processes were fair and that the courts treated people well were more likely to support alternatives, compared with those who felt that the courts were not fair.

- Less punitive people supported the policy of increasing the use of alternatives to imprisonment, while more punitive people preferred the option of building more prisons.
- People with greater confidence in sentencing were more likely to support alternatives, while those who had lower levels of confidence chose the policy of building more prisons.
- People who felt that current sentences were appropriate were more likely to support alternatives, while those who were not satisfied with current sentencing practices preferred the prison policy approach.
- People who held more accurate views about trends in crime rates were more likely to support alternatives to imprisonment, while those who believed that crime in Victoria had increased a lot were more likely to support building more prisons.
- People who worry less about becoming a victim of crime were more likely to support alternatives, while those who worry greatly about crime preferred the policy of building more prisons.

Choosing the policy of increasing the use of alternatives to imprisonment as a response to prison overcrowding was *predicted by* two variables: lower levels of worry about crime and lower levels of punitiveness. Thus choosing the policy of building more prisons was predicted by respondents having higher levels of worry about crime and higher levels of punitiveness.

Alternatives to Imprisonment for Certain Offenders

Following the policy dilemma, respondents were asked to consider the use of specific alternatives to imprisonment for certain sub-groups of offender. Figure 7 shows that the vast majority of survey respondents agreed that alternatives to prison were acceptable for a range of offenders.

Bivariate analyses showed that the same attitudinal measures were *related to* acceptance of the use of alternatives to imprisonment for certain types of offender as found for the policy preference question. However, there were two additional measures that were significantly related to this scale, as follows:

- People who classified themselves as being on the left of the political spectrum were more likely to accept alternatives to imprisonment for certain offenders.
- People who classified themselves as belonging to a lower income group were also more likely to accept alternatives to imprisonment for certain offenders.

Multivariate analyses showed that acceptance of the use of alternatives to imprisonment for certain types of offender was *predicted by* three variables: lower levels of worry about crime, lesser perception of the leniency of current sentencing practices and self-classification as lower income.

Respondents to this survey were thus accepting of alternatives to imprisonment as a general policy to reduce prison overcrowding, and were especially accepting of specific alternatives for certain offenders. People who had positive attitudes towards the courts and sentencing, and who were less worried about crime, were more likely to accept alternatives to imprisonment. People who were critical of the courts and who were worried about crime were less likely to support alternatives.

These findings are generally consistent with previous Australian and international research on attitudes to imprisonment.

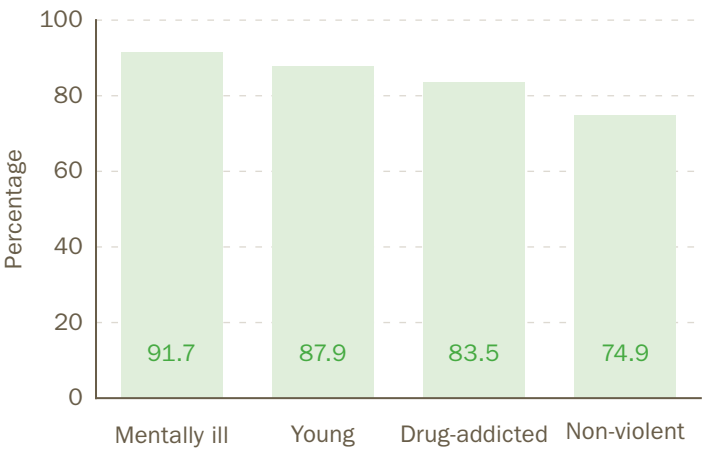


FIGURE 7: PROPORTION OF SURVEY RESPONDENTS EITHER ‘STRONGLY AGREEING’ OR ‘AGREEING’ WITH STATED ALTERNATIVES FOR EACH TYPE OF OFFENDER

Organisational Governance and Statutory Compliance

As a public entity, accountable and effective governance is required under the *Financial Management Act 1994*, the *Public Administration Act 2004*, the *Audit Act 1994* and other applicable laws, regulations and directions from the Minister of Finance.

The Council has undertaken to complete compliance certification under the Financial Management Certification Framework in conjunction with the Department of Justice.

Additional Information

The Council's published reports and other public documents are all available online at <www.sentencingcouncil.vic.gov.au>. Any other relevant information in relation to the financial year is retained by the Accountable Officer and is available on request, subject to freedom of information requirements and our privacy policy.

Audit and Finance Committee

The Council and the Judicial College of Victoria have established a joint Audit and Finance Committee to oversee their financial operations. This is due to their small size and to maximise the most effective use of limited resources. During 2010–11 the Committee consisted of the following members:

- David Greenall (Chairperson – independent member)
- Geoff Davine (independent member to November 2010)
- Darrell de Silva (independent member from November 2010)

- Prue Boughey (Sentencing Advisory Council representative)
- Gep Blake (Judicial College of Victoria representative to September 2010)
- Julie Venturini (Judicial College of Victoria representative from March 2011)
- Kylie Pearse (acting Judicial College of Victoria representative from September 2010 to March 2011)
- Tatiana Regos (acting Sentencing Advisory Council representative for November 2010)

Tony Phillips, a financial consultant, is the Council's Chief Financial Accounting Officer and attends Committee meetings by standing invitation, providing finance support as required. The Chief Executive Officers of both organisations and representatives of the Victorian Auditor-General's Office and internal auditors, Pitcher Partners, also attend meetings by standing invitation.

The Audit and Finance Committee undertakes the oversight of:

- financial performance and reporting processes, including the annual financial statements;
- the scope of work, performance and independence of the internal auditor;
- the scope of work, performance and independence of the external auditor;
- the operation and implementation of the risk management framework;
- matters of accountability and internal control affecting the operations of the Council;
- processes for monitoring compliance with laws and regulations; and
- selection, appointment and removal of the Council’s Chief Financial Accounting Officer.

In performing its duties, the Committee maintains an effective working relationship with the management of the Council, and both internal and external auditors.

Comparative Financial Results

Table 4 summarises information on the financial results and financial position, prepared on an accrual basis, of the Sentencing Advisory Council for the financial year 2010–11 and comparisons with the preceding four financial years.

TABLE 4: FINANCIAL RESULTS AND POSITION 2006–07 TO 2010–11

	Notes	2010–11 \$	2009–10 \$	2008–09 \$	2007–08 \$	2006–07 \$
Income						
Grant from Department of Justice	(a)	2,015,100	1,904,200	1,979,200	1,476,512	1,554,096
Other revenue					223	35,694
Total income		2,015,100	1,904,200	1,979,200	1,476,735	1,589,790
Expenses	(b)	2,014,383	1,837,711	1,891,161	1,476,877	1,596,358
Other economic flows	(c)	(112)	822	(8,520)	–	–
Net result for the period		605	67,311	79,519	(142)	(6,568)
Net cash flow from operating activities		–	–	–	(2,256)	19,042
Total assets	(d)	530,617	531,602	496,122	330,351	301,880
Total liabilities	(e)	308,847	310,437	342,268	256,016	227,403

Notes – movements between 2009–10 and 2010–11

- (a) Income received increased by \$110,900 (5.8%) reflecting inflationary increases and a one-off grant from the Department of Justice for a specific project.
- (b) Expenses increased by \$176,672 (9.6%) reflecting inflationary increases and additional staffing costs.
- (c) Other economic flows decreased by \$934. This reflects gains and losses arising from revaluation of long service leave liability due to movements in bond rates.
- (d) The movements in total assets was minimal (less than 1%).
- (e) The movements in total liabilities was minimal (less than 1%).

Compliance with the *Building Act 1993*

The Council does not own or control any government buildings in so far as the Council utilises building infrastructure and property services provided by the Department of Justice.

Environmental Management and Impacts

Operating within the context of the Department of Justice, the Council has adopted the Department's environmental management policy, implementing efficient office recycling, waste management and energy efficiency practices.

Some specific steps the Council has taken include:

- installing power timers on office equipment such as printers;
- having a standing item on the environment at staff meetings;
- running campaigns to remind staff to turn off monitors and reduce unnecessary paper consumption;
- posting signage to remind staff to turn off lights and monitors; and
- collecting data on monthly paper consumption and reporting these to staff.

Since December 2009, the Council has been tracking its staff's paper consumption. For the 2010–11 financial year, secretariat staff used on average 23.9 reams of copy paper per person. In the first half of 2010–11, staff used on average 11.8 reams of copy paper per person, which is similar to the average used in the same period in 2009–10 (11.4 reams per person).

Financial Management

The Council abides by a Financial Code of Practice that encompasses procurement, the use of assets and resources, potential conflicts of interest, secondary employment, financial gifts and gratuities. Employees are subject to the Department of Justice Code of Conduct (consistent

with the Victorian Public Service Code of Conduct and the objectives of the *Public Administration Act 2004*), and regular financial reporting is scrutinised by internal audit provided by Pitcher Partners.

Freedom of Information

The *Freedom of Information Act 1982* allows the public the right to access documents held by the Council. For the year ending 30 June 2011 there were no FOI applications.

Human Resource Management

The Council promotes the personal and professional development of its staff in order to achieve sustained improvements and to create satisfying career paths. The Council actively promotes safe work practices, career development, work–life balance and a friendly and non-discriminatory working environment.

Implementation of the Victorian Industry Participation Policy

The *Victorian Industry Participation Policy Act 2003* requires public bodies and departments to report on the application of the Victorian Industry Participation Policy in all tenders over \$3 million in metropolitan Melbourne and \$1 million in regional Victoria. While the Council uses local suppliers for goods and services, the policy does not apply to the Council due to the threshold of expenditure.

Industrial Relations

The Council enjoys a cooperative relationship with employee representative organisations. For the year ending 30 June 2011 no time was lost through industrial disputes or accidents.

Merit and Equity

Department of Justice merit and equity principles are applied in the appointment and management of staff, and the Council's guiding principles are consistent with the public sector values and employment principles articulated in the *Public Administration Act 2004*.

Occupational Health and Safety

The Council has assigned an Occupational Health and Safety (OHS) Officer, and OHS has been factored into the Council's overall risk management framework. In addition to attending OHS presentations, all staff are provided with materials on the *Occupational Health and Safety Act 2004* and with guides on ergonomic assessment. Staff also have access to ergonomic equipment and to assessments by qualified professionals, and all have participated in fire-drill evacuation exercises. There were no claims of OHS related injury for the year ending 30 June 2011.

Outsourced Consultancies and Major Contracts

There were no outsourced consultancies or contracts in excess of \$100,000.

Privacy

The Council manages personal information in accordance with the *Information Privacy Act 2000* and our privacy policy. Regular reviews are carried out in relation to the recording of personal information to ensure that the Council is in compliance with regulations. There were no privacy related complaints for the year ending 30 June 2011.

Risk Management

In accordance with DTF Standing Direction 4.5.5, the following attestation of compliance is made following agreement by the Audit and Finance Committee that such an assurance can be given:

I, Stephen Farrow (CEO), certify that the Sentencing Advisory Council has risk management processes in place consistent with the *Australian/New Zealand Risk Management Standard* and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit and Finance Committee verifies this assurance and that the risk profile of

the Sentencing Advisory Council has been critically reviewed within the last 12 months.



Stephen Farrow
Chief Executive Officer
Sentencing Advisory Council

Social and Cultural Diversity

The Council acknowledges the importance of cultural diversity and endeavours to maintain an inclusive, consultative and open approach to its work. Diversity is enhanced through the selection criteria of Council members (appointed by the Attorney-General), staff recruitment, student research placements and a broad community consultation strategy that includes a diverse range of individuals and community groups.

Staff Development and Training

During 2010–11, the Council offered a wide range of programs to equip staff with the knowledge and skills required to perform their jobs successfully. Staff members were encouraged to extend their professional skills via:

- attendance at internal and external professional development courses in communication, finance, personal development, statistics and information technology;
- attendance and presentation of papers at relevant conferences; and
- executive and management training programs.

Whistleblowers

The *Whistleblowers Protection Act 2001* encourages and facilitates disclosures of improper conduct by public officers and public bodies. For the year ending 30 June 2011 the Council was not subject to any complaints or disclosures.

Disclosure Index

The Annual Report of the Sentencing Advisory Council is prepared in accordance with all relevant Victorian legislations and pronouncements. This index has been prepared to facilitate identification of the Council's compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Report of Operations – FRD Guidance		
Charter and Purpose		
FRD 22B	Manner of establishment and the relevant ministers	6
FRD 22B	Objectives, functions, powers and duties	6–7, 16, 25, 31, 36
FRD 22B	Nature of range of services provided	6–7
Management and Structure		
FRD 22B	Organisational structure	15
Financial and Other Information		
FRD 8A	Budget portfolio outcomes	–
FRD 10	Disclosure index	44–45
FRD 12A	Disclosure of major contracts	43
FRD 15B	Executive officer disclosures	–
FRD 22B, SD 4.2(k)	Operational and budgetary objectives and performance against objectives	16–39
FRD 22B	Employment and conduct principles	42–43
FRD 22B	Occupational health and safety policy	43
FRD 22B	Summary of the financial results for the year	41
FRD 22B	Significant changes in financial position during the year	41
FRD 22B	Major changes or factors affecting performance	–
FRD 22B	Subsequent events	80
FRD 22B	Application and operation of <i>Freedom of Information Act 1982</i>	42
FRD 22B	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	42
FRD 22B	Statement on National Competition Policy	–
FRD 22B	Application and operation of the <i>Whistleblowers Protection Act 2001</i>	43
FRD 22B	Details of consultancies over \$100,000	42
FRD 22B	Details of consultancies under \$100,000	–
FRD 22B	Statement of availability of other information	40

FRD 24C	Reporting of office-based environmental impacts	42
FRD 25	Victorian Industry Participation Policy Disclosures	42
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SD 4.2(j)	Sign-off requirements	43, 47, 49

Financial Report

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SD 4.2(b)	Balance sheet	51
SD 4.2(b)	Cash flow statement	53

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FRD 109	Intangible assets	–
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FRD 114A	Financial Instruments – general government entities and public non-financial corporations	74–77
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Legislation

<i>Freedom of Information Act 1982</i>	42
<i>Building Act 1983</i>	42
<i>Whistleblowers Protection Act 2001</i>	43
<i>Victorian Industry Participation Policy Act 2003</i>	42
<i>Financial Management Act 1994</i>	42
<i>Multicultural Victoria Act 2004</i>	–

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Accountable Officer's and Chief Finance and Accounting Officer's Declaration

We certify that the attached financial statements for the Sentencing Advisory Council has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, including interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and financial position of the Council as at 30 June 2011.

We are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 25 August 2011.



Mr Stephen Farrow
Chief Executive Officer
Accountable Officer
Sentencing Advisory
Council

Melbourne
25 August 2011



Mr Anthony Phillips
Chief Finance and
Accounting Officer
Sentencing Advisory
Council

Melbourne
25 August 2011



Prof. Arie Freiberg AM
Chair
Sentencing Advisory
Council

Melbourne
25 August 2011



Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Sentencing Advisory Council

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Sentencing Advisory Council comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the accountable officer's and chief finance and accounting officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of the Sentencing Advisory Council are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independence

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



Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Opinion


In my opinion, the financial report presents fairly, in all material respects, the financial position of the Sentencing Advisory Council as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Sentencing Advisory Council for the year ended 30 June 2011 included both in the Sentencing Advisory Council's annual report and on the website. The Board Members of the Sentencing Advisory Council are responsible for the integrity of the Sentencing Advisory Council's website. I have not been engaged to report on the integrity of the Sentencing Advisory Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

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MELBOURNE
26 August 2011



for D D R Pearson
Auditor-General

Comprehensive Operating Statement for the Financial Year Ended 30 June 2011

	Notes	2011 \$	2010 \$
Income from transactions			
Grant from the Department of Justice	2	2,015,100	1,904,200
Total income from transactions		2,015,100	1,904,200
Expenses from transactions			
Employee expenses	3(a)	1,555,978	1,392,259
Supplies and services	3(b)	458,405	445,452
Total expenses from transactions		2,014,383	1,837,711
Net result from transactions (net operating balance)		717	66,489
Other economic flows included in net result			
Other gains/(losses) from other economic flows	4	(112)	822
Total other economic flows included in net result		(112)	822
Net result		605	67,311
Comprehensive result		605	67,311

The comprehensive operating statement should be read in conjunction with the accompanying notes included on pages 54–83.

Balance Sheet

as at 30 June 2011

	Notes	2011 \$	2010 \$
Assets			
Financial assets			
Cash and deposits	15(a)	500	500
Receivables	5	522,421	531,102
Total financial assets		522,921	531,602
Non-financial assets			
Plant and equipment	6	–	–
Other non-financial assets	7	7,696	–
Total non-financial assets		7,696	–
Total assets		530,617	531,602
Liabilities			
Payables	8	13,705	77,507
Provisions	9	295,142	232,930
Total liabilities		308,847	310,437
Net assets		221,770	221,165
Equity			
Accumulated surplus/(deficit)		(95,607)	(96,212)
Contributed capital		317,377	317,377
Net worth		221,770	221,165
– Commitments for expenditure	12		
– Contingent assets and contingent liabilities	13		

The balance sheet should be read in conjunction with the accompanying notes included on pages 54–83.

Statement of Changes in Equity

for the Financial Year Ended 30 June 2011

	Accumulated surplus \$	Contribution by owners \$	Total \$
Balance at 1 July 2009	(163,523)	317,377	153,854
Net result for year	67,311	–	67,311
Balance at 30 June 2010	(96,212)	317,377	221,165
Net result for year	605	–	605
Balance at 30 June 2011	(95,607)	317,377	221,770

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The statement of changes in equity should be read in conjunction with the accompanying notes included on pages 54–83.

Cash Flow Statement

for the Financial Year Ended 30 June 2011

	Note	2011 \$	2010 \$
Cash flows from operating activities			
Receipts			
Receipts from the Department of Justice		2,023,781	1,868,720
Total receipts		2,023,781	1,868,720
Payments			
Payments to suppliers and employees		(2,023,781)	(1,868,720)
Total payments		(2,023,781)	(1,868,720)
Net cash flows from/(used in) operating activities	15(b)	–	–
Net increase/(decrease) in cash and cash equivalents		–	–
Cash and cash equivalents at beginning of financial year		500	500
Cash and cash equivalents at end of financial year	15(a)	500	500

The above cash flow statement should be read in conjunction with the accompanying notes included on pages 54–83.

Notes to the Financial Statements for the Financial Year Ended 30 June 2011

Note 1. Summary of Significant Accounting Policies

The annual financial statements represent the audited general purpose financial statements for the Sentencing Advisory Council (SAC).

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

(A) Statement of Compliance

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

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

The annual financial statements were authorised for issue by the Chairperson of SAC on 25 August 2011.

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

(B) Basis of Accounting Preparation and Measurement

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgments made by management in the application of the AASs that have significant effects on the financial

statements and estimates, with the risk of material adjustments in the next year, are disclosed throughout the notes to the financial statements.

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

Exceptions to the historical cost convention include:

- non-financial physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value; and
- the fair value of an asset other than land is generally based on its depreciated replacement value.

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

(C) Reporting Entity

The financial statements cover the SAC as an individual reporting entity.

SAC is an independent government-funded body established in July 2004 by the *Sentencing (Amendment) Act 2003*. The Council was formed to implement a key recommendation arising out of Professor Arie Freiberg's 2002 review of sentencing in Victoria. The *Pathways to Justice* report recognised the need for a body that would allow properly informed public opinion to be taken into account in the sentencing process, as well as the dissemination of up-to-date and accurate sentencing data to assist judges in their role to promote consistency in sentencing outcomes.

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Its principal address is:

Sentencing Advisory Council
4/436 Lonsdale Street
MELBOURNE VIC 3000

The financial statements include all the controlled activities of SAC.

A description of the nature of SAC's functions and its principal activities is included in the Report of Operations on page 6 which does not form part of these financial statements.

Functions and Funding

SAC's functions are set out in section 108C of the *Sentencing Act 1991* and are to provide statistical information on sentencing, including information on current sentencing practices, to members of the judiciary and other interested persons; to conduct research, and disseminate information to members of the judiciary and other interested persons, on sentencing matters; to gauge public opinion on sentencing matters; to consult, on sentencing matters, with government departments and other interested persons and bodies as well as the general public; to advise the Attorney-General on sentencing matters; and to state in writing to the Court of Appeal its views in relation to the giving, or review, of a guideline judgment.

SAC is funded for the provision of outputs consistent with its statutory function. Funds are from accrual-based grants derived from monies appropriated annually by parliament through the Department of Justice (DoJ).

(D) Scope and Presentation of Financial Statements

Comprehensive Operating Statement

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

'Transactions' and 'other economic flows' are defined by the *Australian System of Government Finance Statistics: Concepts, Sources and Methods* 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics (see note 19).

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

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

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

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

Balance Sheet

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

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

Cash Flow Statement

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

Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Rounding of Amounts

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

(E) Income from Transactions

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

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

Income is recognised for SAC's major activities as follows.

Grants from the Department of Justice

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

(F) Expenses from Transactions

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

Employee Expenses

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

Superannuation – State Superannuation Defined Benefit Plans

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

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

Depreciation and Amortisation

Refer to Note 1(J) for the depreciation policy for leasehold improvements.

Other Operating Expenses

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

Supplies and Services

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

(G) Other Economic Flows Included in Net Result

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

Net Gain/Loss on Non-financial Assets

Net gain/loss on non-financial assets and liabilities include realised and unrealised gains and losses as follows.

Other Gains/(Losses) from Other Economic Flows

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

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

(H) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of SAC's activities, certain financial assets and financial liabilities arise from statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*. For example, statutory payables arising from taxes do not meet the definition of financial instruments as they do not arise under contract.

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

Categories of Non-derivative Financial Instruments

Loans and Receivables

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

Loans and receivables category includes cash and deposits but not statutory receivables.

Financial Liabilities at Amortised Cost

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

Financial instrument liabilities measured at amortised cost include all payables other than those designated at fair value through the profit and loss.

(I) Financial Assets

Cash and Deposits

Cash and deposits, including cash equivalents, comprise cash on hand. For the cash flow statement presentation purposes, cash and cash equivalents includes cash on hand.

Receivables

Receivables consist predominantly of amounts owing from the Department of Justice. Receivables that are contractual are classified as financial instruments. Amounts owing from the Department of Justice/Victorian Government are statutory receivables that are not classified as financial instruments.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less an allowance for impairment.

(J) Non-financial Assets

Plant and Equipment

Plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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

Plant and equipment are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds its recoverable amount and the difference is written off as an other economic flow.

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(K) Liabilities

Payables

Payables consist predominantly of accounts payable and other sundry liabilities. Accounts payable represent liabilities for goods and services provided to SAC prior to the end of the financial year that are unpaid, and arise when SAC becomes obliged to make future payments in respect of the purchase of those goods and services.

Other liabilities included in payables mainly consist of accrued salaries and fringe benefits tax payable.

Payables are initially measured at fair value, being the cost of the goods and services, and then subsequently measured at amortised cost.

Borrowings

Borrowings are initially measured at fair value, being the cost of the borrowings, net of transaction costs.

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

Provisions

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows, using discount rate that reflects the time value of money and risks specific to the provision.

Employee Benefits

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

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave are recognised in the provision for employee benefits, classified as current liabilities. Those liabilities which are expected to be settled within 12 months of the reporting period, are measured at their nominal values.

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

(ii) Long Service Leave

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

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

The components of this current LSL liability are measured at:

- nominal value – component that SAC expects to settle within 12 months.
- present value – component that SAC does not expect to settle within 12 months: and

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

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

Employee Benefits On-costs

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

(L) Equity

Contribution by Owners

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

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

(M) Commitments

Commitments are disclosed at their nominal value and inclusive of the goods and services (GST) payable. In addition, where it is considered appropriate and provides additional relevant information for users, the net present values of significant individual projects are stated.

(N) Contingent Assets and Contingent Liabilities

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

(O) Accounting for the Goods and Services Tax (GST)

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

Receivables and payables are stated exclusive of the amount of GST receivable or payable. The Department of Justice (DoJ) manages the GST transactions on behalf of SAC and the net amount of GST recoverable from or payable to the Australian Taxation Office is recognised in the financial statements of DoJ.

(P) Events after the Reporting Date

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

(Q) AASs Issued That Are Not Yet Effective

Certain new AASs have been published that are not mandatory for the 30 June 2011 reporting period. The Department of Treasury and Finance assesses the impact of these new standards and advises departments and other entities of their applicability and early adoption where applicable.

As at 30 June 2011, the following standards and interpretations that are applicable to SAC had been issued but were not mandatory for the financial year ending 30 June 2011. Standards and interpretations that are not applicable to SAC have been omitted. SAC has not early adopted these standards.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on SAC financial statements
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial Instruments, Recognition and Measurement</i> (AASB 139 <i>Financial Instruments, Recognition and Measurement</i>).	Beginning 1 January 2013	Detail of the impact is still being assessed.
AASB 124 related party disclosures (Dec 2009)	Government related entities have been granted partial exemption with certain disclosure requirements.	Beginning 1 January 2011	Preliminary assessment suggests that impact is insignificant. However, SAC is still assessing the detailed impact and whether to early adopt.

AASB 1053 Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12)	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 January 2013	Details of impact are still being assessed.
AASB 2009-12 Amendments to Australian Accounting Standards (AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052)	This Standard amends AASB 8 to require an entity to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. The Standard also makes numerous editorial amendments to other AASs.	Beginning 1 January 2011	The amendments only apply to those entities to whom AASB 8 applies, which are for-profit entities except for for-profit government departments. Detail of impact is still being assessed.

AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (AASB Interpretation 14)	Amendment to Interpretation 14 arises from the issuance of prepayments of a minimum funding requirement.	Beginning 1 January 2011	Expected to have no significant impact.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 January 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, AASB 7, AASB 101 and AASB 134 and Interpretation 13)	This Standard makes numerous improvements designed to enhance the clarity of standards.	Beginning 1 January 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards (AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 and 1038 and Interpretations 112, 115, 127, 132 and 1042)	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 January 2011	No significant impact on the financial statements.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (AASB 1 and AASB 7)	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on SAC as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB (December 2010) (AASB 1, 3, 4, 5, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 1023 and 1038 and Interpretations 2, 5, 10, 12, 19 and 127)	These amendments are in relation to the introduction of AASB 9.	Beginning 1 January 2013	This amendment may have an impact on SAC as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.
AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	This amendment provides a practical approach for measuring deferred tax assets and deferred tax liabilities when measuring investment property by using the fair value model in AASB 140 <i>Investment Property</i> .	Beginning 1 January 2012	This amendment provides additional clarification through practical guidance.
AASB 2010-9 Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (AASB 1)	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first-time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on SAC.

AASB 2011-1 Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project (AASB 1, AASB 5, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, and AASB 134 and Interpretations 2, 112, and 113)	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australia and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on SAC.
AASB 2011-2 Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project – Reduced Disclosure Requirements (AASB 101 and AASB 1054)	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards – Reduced Disclosure Requirements.	Beginning 1 January 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to Victorian Public Sector.
AASB 2011-3 Amendments to Australian Accounting Standards – Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments (AASB 1049)	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

Note 2. Income from Transactions

	2011 \$	2010 \$
Grants and other income transfers		
Department of Justice	2,015,100	1,904,200
Total grants and other income transfers	2,015,100	1,904,200
Total income	2,015,100	1,904,200

Note 3. Expenses from Transactions

	2011 \$	2010 \$
(a) Employee expenses		
Post employment benefits:		
– Defined contribution superannuation expenses	110,325	102,433
Salary, wages and long service leave	1,306,053	1,175,237
Other on-costs (fringe benefits tax, payroll tax and WorkCover levy)	75,131	69,312
Staff training	64,469	45,277
Total employee expenses	1,555,978	1,392,259
(b) Supplies and services		
– Purchase of supplies and consumables	77,917	85,110
– Purchase of services	241,822	239,810
– Maintenance	13,223	15,009
– Other (rent and associated costs)	125,443	105,523
Total supplies and services	458,405	445,452

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Note 4. Other Economic Flows Included in Net Result

	2011 \$	2010 \$
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(112)	822
Total other gains/(losses) from other economic flows	(112)	822

Note 5. Receivables

	2011 \$	2010 \$
Current receivables		
Statutory		
Amount owing from the Department of Justice (i)	464,533	497,082
Total current receivables	464,533	497,082
Non-current receivables		
Statutory		
Amount owing from the Department of Justice (i)	57,889	34,020
Total non-current receivables	57,889	34,020
Total receivables	522,421	531,102

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

Note 6. Plant and Equipment

Classification by 'Public Safety and Environment' Purpose Group (I)

Table 6.1 Gross carrying amounts and accumulated depreciation

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
– Leasehold fitout at fair value	446,673	446,673	(446,673)	(446,673)	–	–
	446,673	446,673	(446,673)	(446,673)	–	–

(I) Plant and equipment is classified primarily by the 'purpose' for which the assets are used, according to one of the six 'Purpose Groups' based upon Government Purpose Classification (GPC). All assets within a purpose group are further subcategorised according to the asset's nature (i.e. buildings, plant and equipment, etc.) with each subcategory being classified as a separate class of asset for financial reporting purposes.

Classification by 'Public Safety and Environment' Purpose Group

Movements in Carrying Amount

There were no movements in carrying value during the year (\$Nil – 2010).

Accumulated Depreciation Recognised as an Expense during the Year

There was nil depreciation recognised as an expense in the year (\$Nil – 2010).

Note 7. Other Non-financial Assets

	2011 \$	2010 \$
Current other assets		
Prepayments	7,696	–
Total current other assets	7,696	–
Total other assets	7,696	–

Note 8. Payables

	2011 \$	2010 \$
<hr/>		
Current payables		
<i>Contractual</i>		
Supplies and services	13,705	38,743
Employee benefits	–	38,764
<hr/>		
Total contractual payables	13,705	77,507
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Total payables	13,705	77,507
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(a) Maturity analysis of payables

Refer to Table 14.2 in Note 14.

(b) Nature and extent of risk arising from payables

Refer to note 14(d).

Note 9. Provisions

	2011 \$	2010 \$
Current provisions		
Employee benefits (i) (note 9(a)) – annual leave		
Unconditional and expected to be settled within 12 months (ii)	39,248	22,703
Unconditional and expected to be settled after 12 months (iii)	2,693	2,096
Employee benefits (i) (note 9(a)) – long service leave		
Unconditional and expected to be settled within 12 months (ii)	71,513	61,063
Unconditional and expected to be settled after 12 months (iii)	85,789	80,875
	199,243	166,737
Provisions related to employee benefit on-costs (note 9(a))		
Unconditional and expected to be settled within 12 months (ii)	26,874	22,207
Unconditional and expected to be settled after 12 months (iii)	11,136	9,966
	38,010	32,173
Total current provisions	237,253	198,910
Non-current provisions		
Employee benefits (i) (note 9(a))	50,430	29,580
Employee benefit on-costs (note 9(a) and note 9(b))	7,459	4,440
Total non-current provisions	57,889	34,020
Total provisions	295,142	232,930

(a) Employee Benefits (i) and Related On-costs

Current employee benefits

Annual leave entitlements	41,941	24,799
Long service leave entitlements	157,302	141,938

Non-current employee benefits

Long service leave entitlements	50,430	29,580
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Total employee benefits	249,673	196,317
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Current on-costs	38,010	32,173
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Non-current on-costs	7,459	4,440
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Total on-costs	45,469	36,613
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Total employee benefits and related on-costs	295,142	232,930
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Notes:

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

(ii) The amounts disclosed are nominal amounts.

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

(b) Movement in Provisions

	On-costs 2011 \$	Total 2011 \$
Opening balance	36,613	36,613
Additional provisions recognised	43,330	43,330
Reductions arising from payments/other sacrifices of future economic benefits	(34,474)	(34,474)
Closing balance	45,469	45,469
Current	38,010	38,010
Non-current	7,459	7,459
	45,469	45,469

Note 10. Superannuation

Employees of SAC are entitled to receive superannuation benefits and SAC contributes solely to defined contribution plans.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of SAC.

The name, details and amount expensed in relation to the major employee superannuation funds and contributions made by SAC are as follows.

Fund	Paid contribution for the year		Contribution outstanding at year end	
	2011	2010	2011	2010
	\$	\$	\$	\$
Defined contribution plans				
VicSuper	92,077	94,478	–	–
Other	18,248	7,955	–	–
Total	110,325	102,433	–	–

Note 11. Leases

Disclosure for Lessees – Operating Leases

There were no commitments for operating leases as at 30 June 2011 (\$Nil – 2010).

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Note 12. Commitments for Expenditure

Capital Expenditure Commitments

There were no commitments for capital expenditure as at 30 June 2011 (\$Nil – 2010).

Note 13. Contingent Assets and Contingent Liabilities

At balance date there were no contingent assets or liabilities not provided for in the balance sheet as at 30 June 2011 (\$Nil – 2010).

Note 14. Financial Instruments

(a) Financial Risk Management Objectives and Policies

SAC's principal financial instruments comprise of:

- cash assets;
- receivables (excluding statutory receivables);
- payables (excluding statutory payables).

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

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

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

SAC uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the management team of SAC.

The carrying amount of SAC's financial assets and financial liabilities by category are disclosed in Table 14.1 below.

Table 14.1: Categorisation of financial instruments

	Contractual financial assets – cash, loans and receivables \$	Contractual financial liabilities at amortised cost \$	Total \$
2011			
Contractual financial assets			
Cash and deposits	500		500
Total contractual financial assets (i)	500		500
Contractual financial liabilities			
Payables			
Supplies and services		13,705	13,705
Other payables		–	–
Total contractual financial liabilities (i)		13,705	13,705
2010			
Contractual financial assets			
Cash and deposits	500		500
Total contractual financial assets (i)	500		500
Contractual financial liabilities			
Payables			
Supplies and services		38,743	38,743
Other payables		38,764	38,764
Total contractual financial liabilities (i)		77,507	77,507

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

(b) Credit Risk

Credit risk arises from the contractual financial assets of SAC, which comprise cash and deposits and non-statutory receivables.

SAC's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to SAC. Credit risk is measured at fair value and is monitored on a regular basis.

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

(c) Liquidity Risk

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

SAC's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet.

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

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

Table 14.2: Maturity analysis of financial liabilities

	Maturity dates (ii)		
	Carrying amount	Nominal amount	Less than 1 month
2011			
Financial liabilities			
Payables (i)			
Supplies and services	13,705	13,705	13,705
Other payables	–	–	–
Total	13,705	13,705	13,705
2010			
Financial liabilities			
Payables (i)			
Supplies and services	38,743	38,743	38,743
Other payables	38,764	38,764	38,764
Total	77,507	77,507	77,507

Notes:

(i) The carrying amounts disclosed exclude statutory amounts (e.g. taxes payable).

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

(d) Market Risk

SAC's exposure to market risk is primarily through interest rate risk. The exposure to interest rate risk is insignificant and arises through SAC's borrowings.

Interest Rate Risk

Interest rate risk might arise as a result of its floating rate borrowings. Currently SAC does not have borrowings so its exposure to risk is insignificant.

(e) Foreign Currency Risk

SAC has no exposure to foreign currency risk.

(f) Fair Values

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

Note 15. Cash Flow Information

	2011 \$	2010 \$
<hr/>		
(a) Reconciliation of Cash and Deposits		
Total cash and deposits disclosed in the balance sheet	500	500
<hr/>		
Balance as per cash flow statement	500	500
<hr/>		
(b) Reconciliation of Net Result for the Period		
Net result for the period	605	67,311
Movements in assets and liabilities		
(Increase)/decrease in receivables	8,681	(35,480)
(increase)/decrease in other non-financial assets	(7,696)	–
Increase/(decrease) in payables	(63,802)	(38,515)
Increase/(decrease) in provisions	62,212	6,684
<hr/>		
Net cash flows from (used in) operating activities	–	–
<hr/>		

Note 16. Responsible Persons

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

Names

Ministers and the Department

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

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

Sentencing Advisory Council

The persons who were Responsible Persons of SAC for the reporting period are as follows:

Accountable Officer

Chief Executive Officer	Mr Stephen Farrow	1 July 2010 to 30 June 2011
Acting Chief Executive Officer	Ms Jenni Coady	1 November 2010 to 24 November 2010

Statutory Office Holders

Chairperson	Professor Arie Freiberg AM	1 July 2010 to 30 June 2011
Council members	Ms Carmel Arthur	1 July 2010 to 30 June 2011
	Mr Hugh de Kretser	19 July 2010 to 30 June 2011
	Mr David Grace QC	1 July 2010 to 30 June 2011
	Mr Ken Lay APM	19 July 2010 to 30 June 2011
	Ms Andrea Lott	1 July 2010 to 26 July 2010
	Ms Thérèse McCarthy	1 July 2010 to 30 June 2011
	Professor Jenny Morgan	1 July 2010 to 30 June 2011
	Ms Barbara Rozenes	1 July 2010 to 30 June 2011
	Mr Gavin Silbert SC	1 July 2010 to 30 June 2011
	Ms Lisa Ward	1 July 2010 to 30 June 2011
	Mr David Ware	1 July 2010 to 2 June 2011

Remuneration

Ministers and the Department

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

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

Sentencing Advisory Council

Remuneration received or receivable by the Chairperson and Council members in connection with their duties on the Council was in the range:

	Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.
\$0–\$9,999	8	9	8	9
Total numbers	8	9	8	9

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

	Total Remuneration		Base Remuneration	
	2011 No.	2010 No.	2011 No.	2010 No.
\$140,000–\$149,999	–	–	–	1
\$150,000–\$159,999	–	1	1	–
\$160,000–\$169,999	1	–	–	–
Total numbers	1	1	1	1

There are no executive officers other than the above.

Council members are appointed by Governor-in-Council order under sections 108F(1)(f) and 108F(2) of the *Sentencing Act* 1991 (Vic) (the Act). Details of the appointment, including payment provisions, are contained in a schedule attached to the order. Council members, depending on their substantive employment, are eligible for remuneration according to section 108H(1)(b) of the Act and the schedule attached to the order appointing them. Remuneration of Council members is made in line with their Governor-in-Council appointment and Department of Premier and Cabinet guideline, Guidelines for the Appointment and Remuneration of Part-Time Non-Executive Directors of State Government Boards and Members of Statutory Bodies and Advisory Committees. During the 2010–11 financial year, eight Council members were eligible for remuneration for their work on the Council.

Related Party Transactions

A number of Council members are employed by the Department of Justice. During the financial year, SAC and the Department conducted business transactions at arms length and at normal commercial terms.

Note 17. Remuneration of Auditors

	2011 \$	2010 \$
Victorian Auditor-General's Office		
Audit of the financial statements	12,500	11,990
	12,500	11,990

Note 18. Subsequent Events

There were no significant events occurring after the reporting date to be reported as at 30 June 2011 (\$Nil – 2010).

Note 19. Glossary of Terms and Style Conventions

Glossary

Commitments

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

Comprehensive result

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

Depreciation

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

Employee benefits expenses

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

Financial asset

A financial asset is any asset that is:

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

Financial instrument

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

Financial liability

A financial liability is any liability that is a contractual or statutory obligation:

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

Financial statements

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

Interest expense

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

Net result

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

Net result from transactions/net operating balance

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

Net worth

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

Other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. It includes gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets; fair value changes of financial instruments and agricultural assets; and depletion of natural assets (non-produced) from their use or removal. In simple terms, other economic flows are changes arising from market remeasurements.

Payables

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

Receivables

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

Supplies and services

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

Transactions

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

Style Conventions

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

The notation used in the tables is as follows:

- zero or rounded to zero
- (xxx) negative numbers
- 201x year period
- 201x–1x year period

The financial statements and notes are presented based on the illustration for a government department in the 2010–11 *Model Report for Victorian Government Departments*. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of SAC’s annual reports.

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