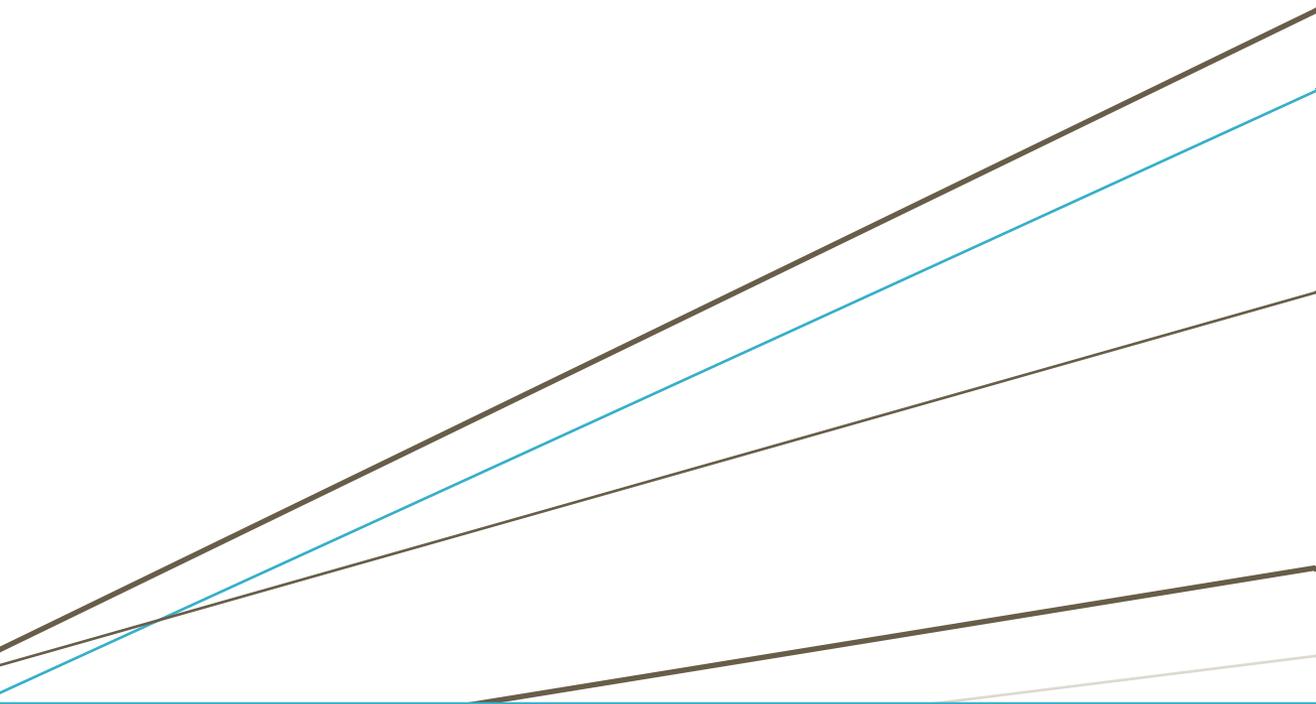


Sentencing Advisory Council

Annual Report 2015–2016

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Highlights of the Year

The Council had many highlights during 2015–16:

- We published a comprehensive report containing recommendations for sentencing guidance in Victoria. The report formed the Council's advice in response to terms of reference received from the Attorney-General on 24 November 2015.
- We also published a number of other important reports:
 - *Guilty Pleas in the Higher Courts: Rates, Timing, and Discounts*;
 - *Community Correction Orders: Second Monitoring Report (Pre-Guideline Judgment)*;
 - *Sentencing for Contravention of Family Violence Intervention Orders and Safety Notices: Second Monitoring Report*;
 - *Parole and Sentencing: Research Report*;
 - *Sentencing of Offenders: Sexual Penetration with a Child under 12*; and
 - *Community Correction Orders: Third Monitoring Report (Post-Guideline Judgment)*.
- As part of Law Week 2016, we hosted 'Courts, Media, and Public Opinion – Who's Leading Who?', an event that presented on issues of sentencing and the media and attracted an audience of over 220 people.
- We published *How Courts Sentence Adult Offenders*, a pamphlet aimed at assisting victims of crime, witnesses, and others interested in the criminal justice system, and we released a second edition of our popular *Quick Guide to Sentencing*.
- We launched a new version of SACStat, our online tool for accessing sentencing statistics for the Magistrates', County, and Supreme Courts, and we released 15 new Sentencing Snapshots.
- We delivered 19 You be the Judge sessions with approximately 830 participants, and we presented You be the Judge as part of a segment on ABC Radio National's *Law Report*.
- We received over 100,000 visits to our website and now have over 4,400 Twitter followers.
- We welcomed two new Council directors: Brendan Kissane QC and Acting Senior Sergeant Sherril Handley.

Chair's Foreword

Sentencing operates in a highly volatile environment. It is the subject of intense public interest and generates a great deal of emotion. Public concern over the adequacy of sentences can lead to a loss of confidence in the courts and calls for restrictions on judicial discretion.

In last year's annual report, the Council noted the introduction of a system of baseline sentences, which came into effect in November 2014. The Council was involved in publishing a number of reports on the system and was charged with the task of monitoring its effects. We noted that the legislation was complex and its operation uncertain. In November 2015, a full bench of the Court of Appeal, by a majority, held that the scheme was inoperable, in consequence of which the Council was requested by the Attorney-General, the Hon Martin Pakula, MP, to provide him with advice on the most effective legislative mechanism to provide sentencing guidance to the courts.

In a comprehensive report, delivered under tight time constraints, the Council advised the Attorney-General that the baseline sentencing scheme should be repealed and that guidance could better be provided by other means. A summary of the key recommendations is found elsewhere in this annual report, but in essence, the Council recommended that the current guideline system be enhanced by empowering the Attorney-General to apply for a guideline judgment and the procedures regarding the timing of submissions to the Court of Appeal and the time frames required to prepare and deliver a guideline judgment be clarified. Importantly, the Council recommended that the *Sentencing Act 1991* (Vic) be amended to allow the court to provide guidance as to the appropriate level or range of sentences for a particular offence or class of offences.

In June 2016, the Attorney-General indicated that the government supported these recommendations in principle and

would seek the advice of the courts as to their implementation.

The Council's report also recommended that if a new 'standard sentence scheme' is adopted, it should only apply to those offences for which there is evidence of significant problems that can be addressed by this form of sentencing guidance. The standard sentence scheme is intended to provide guidance to the courts in the form of a legislated guidepost, but one which is consistent with existing sentencing methodologies. The proposed guideline scheme would apply to standard sentences and would enable the Court of Appeal to elaborate the meaning and effect of a standard sentence on sentencing practices.

The Council's report also sets out an aspirational model that would allow a more comprehensive system of guidelines to be created by a differently constituted Council, with greater judicial representation, along similar lines to those operating in England, Wales, and Scotland.

Under any of these schemes, the Council, in some form, will play a central role in assisting the courts, engaging the public, and advising governments. The Council has shown that in times of change and uncertainty such a body can provide considered, empirically informed advice, arrived at following consultation with relevant parties.

The work of the Council over this period and before also shows the importance, in any public policy setting, of constant monitoring, evaluation, and feedback to policy makers, legislatures, and the community generally. The reports that the Council has published in this and previous years cast a light on systemic practices that was previously absent. The Victorian community has vastly more knowledge about the operation of this central part of the criminal justice system because the Council's reports and publications are all in the public domain, as are its sentencing statistics. Consequently, debate on the merits of the system can take place in a more informed manner.

The range of work performed by the Council over the past year is detailed in this annual report. Research reports, monitoring reports, statistical reports, and community engagement remain its core business. Its publications are increasingly being cited in scholarly works

and government reports, its statistics are widely cited in the courts, and its policy recommendations have generally been accepted by governments and translated into legislation. As well as being active and engaged, the Council is being effective in discharging its various statutory functions.

All this is only possible because of the work of the secretariat and its CEO, Ms Cynthia Marwood, who work closely with Council directors. The relationship between the secretariat and the Council is extraordinarily close and productive, with each learning from the other. My fellow Council directors continue to provide wise advice, support, and guidance.

As always, the Council is grateful to all those in government, the judiciary, the community sector, and the public in general for their support of its work.



Professor Arie Freiberg
Chair



Professor
Arie Freiberg

CEO's Report

The Council welcomed the opportunity to provide advice to the Attorney-General, the Hon Martin Pakula, MP, on sentencing guidance in the wake of the Court of Appeal's decision in *Director of Public Prosecutions v Walters (A Pseudonym)* [2015] VSCA 303 (17 November 2015), where a majority of the court held that the baseline sentencing provisions were 'incapable of being given any practical operation'.

The Council was asked for advice on the most effective legislative mechanism to provide sentencing guidance to courts in a way that:

- promotes consistency of approach in sentencing offenders; and
- promotes public confidence in the criminal justice system.

The Council was invited to have regard to mechanisms in existence in other comparable jurisdictions and other sentencing advisory regimes. The Council was specifically asked to provide advice on:

- the type of sentencing guidance that should feature in a new sentencing scheme;
- the offences that should be subject to such a scheme; and
- the levels at which sentencing guidance should be set for such offences.

The Council's advice, in the form of a detailed report with evidence-based recommendations, was delivered to the Attorney-General within the short time frame set in the terms of reference. This is a credit to the Council's reference team, ably led by the Council's Manager, Legal Policy and Community Engagement, Don Ritchie, who worked tirelessly and efficiently in preparing the report. It is also a credit to all those within Victoria's criminal justice system that prepared submissions and made themselves available for consultation on short notice.

In addition to the advice, the Council published a number of other important reports (see page 20). I would like to

thank the many agencies and people who took the time to attend round tables, make submissions, and review and comment on draft reports – all with a view to ensuring the Council's reports are well informed and of the highest standard.

The Council would also like to thank Alan Chan and Lyn Germain and their respective teams within Court Services Victoria for providing the raw data that underpins the Council's reports and its online products, including SACStat and Sentencing Snapshots. Thanks are also due to Ryan Mallia of the County Court of Victoria for patiently assisting the Council with its numerous requests for sentencing remarks.

The Council has continued to provide community education on sentencing with a number of face-to-face presentations. One of the Council's You be the Judge sessions featured on the ABC's Radio National *Law Report*, helping to raise awareness within the community of the complex considerations involved in the sentencing of offenders.

The Council prepared and published a new pamphlet, *How Courts Sentence Adult Offenders*. This pamphlet outlines what the court must consider when deciding which sentence to give an offender. The pamphlet is a short summary of the Council's *A Quick Guide to Sentencing*. I thank the Council's Community Education and Online Engagement Officer, Chris Gill, for his effort and dedication in working with numerous stakeholders to produce the pamphlet.

The Council's forum 'Courts, Media, and Public Opinion – Who's Leading Who?',

presented as part of Law Week 2016, was an informative and entertaining community event attracting the Council's largest ever audience. I would like to thank the host, Professor Arie Freiberg AM, as well as the Honourable Christopher Beale, Mr Jon Faine, and Her Excellency Professor the Hon Kate Warner AO for their presentations as part of the panel of experts. The panel offered the audience different perspectives on the media's critical role in shaping the community's views on sentencing. Professor Warner also presented key findings from the Victorian Jury Sentencing Study, highlighting the differences in 'informed' public opinion on sentencing compared with 'top of mind' opinion that is often based on tabloid media reporting.

The Council remains active on social media to raise community awareness of sentencing and criminal justice issues. The Council has also published several newspaper opinion pieces to address some of the misinformation on sentencing that has appeared in local media.

I thank the talented and dedicated staff of the Council's secretariat for all their hard work in achieving the outcomes detailed in this report. Sarah Lappin and Brittany Healey, the Council's administrative team, have worked diligently behind the scenes to keep the Council's office running smoothly. Catherine Jeffreys, the Council's Senior Publications and Website Officer, has outdone herself again with her editorial and design work on the Council's numerous publications. Her work on improving SACStat's accessibility to those who use mobile devices has been exceptional.

This year has seen the departure of Peter Kidd SC, who resigned from the Council when he took up his appointment as Chief Judge of the County Court of Victoria. I thank him for his service to the Council. The Council welcomed Senior Crown Prosecutor Brendan Kissane QC and Acting Senior Sergeant Sherril Handley, Victoria Police.

I thank Michael Almond, the Council's Chief Financial and Accounting Officer, for his wise advice. Thanks are also due to the Chair and members of the Council's Audit and Finance Committee. Karol Hill stepped down as Chair of the Committee this year, but kindly agreed to remain as a member. Rob Camm has graciously stepped into the role as Chair. Cameron Hume is also on the Committee and gives generously of his time and expertise.

I also would like to thank Marisa De Cicco, Deputy Secretary, Criminal Justice, Department of Justice and Regulation, who continues to provide the Council with support and guidance. The Council's Board of Directors, under the enthusiastic leadership of its Chair, Arie Freiberg, brings years of experience and expertise to the Council's work. I thank them for their dedication and flexibility in dealing with the Council's workload this year.



Cynthia Marwood
Chief Executive Officer



**Cynthia
Marwood**

Functions and Objectives

Our Functions

The Sentencing Advisory Council is an independent statutory body established under Part 9A of the *Sentencing Act 1991* (Vic).

Section 108C of the *Sentencing Act 1991* (Vic) provides that the functions of the Council are to:

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

In addition, the *Corrections Act 1986* (Vic) was amended in 2015 to require the Council to report annually on the number of persons convicted each financial year of a 'serious offence' committed while subject to a community correction order. The Council is required to report on the outcomes for 2016–17 in the 2017–18 financial year.

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 directorship of the Council. It is comprised of people with a wide range of backgrounds, including broad community experience in issues affecting courts, as well as police, legal practitioners, members

of victim of crime support or advocacy groups, and others with broad experience in the operation of the criminal justice system.

Our Mission

The Council's mission is to:

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

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

Context of Our Role

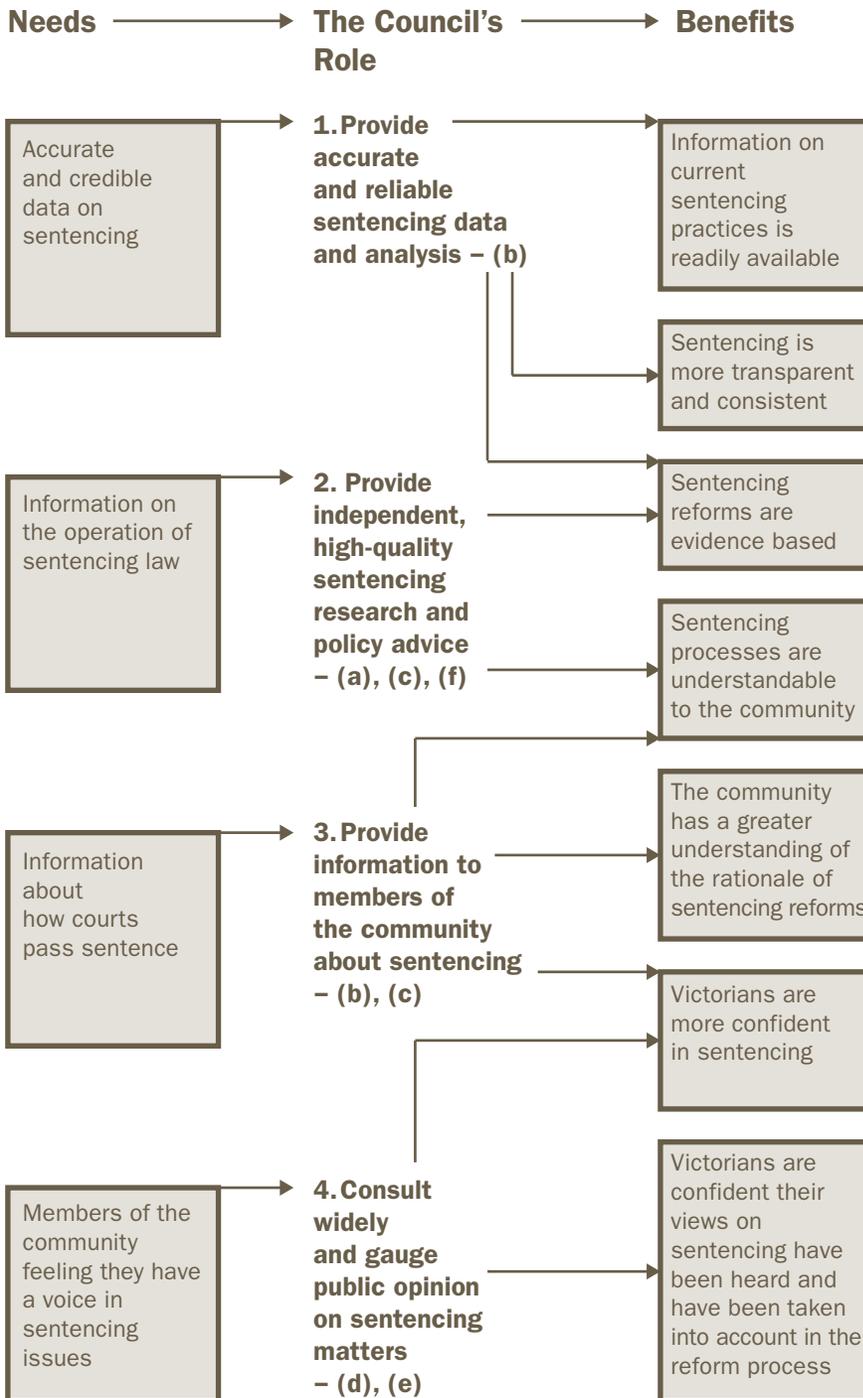
The Council addresses a range of needs. Key needs are identified in Figure 1, which also describes the relationship between these needs, our role (with reference to the statutory functions set out in section 108C(1) of the *Sentencing Act 1991* (Vic)), and the benefits that flow from our work.

Our Guiding Principles

The Council has agreed on a set of guiding principles that 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 the 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

The Council Directors come from a broad spectrum of professional and community backgrounds and represent a range of perspectives.

In 2015–16 the Council farewellled Peter Kidd SC, who resigned from the Council when he took up his appointment as Chief Judge of the County Court of Victoria. The Council welcomed Senior Crown Prosecutor Brendan Kissane QC and Acting Senior Sergeant Sherril Handley, Victoria Police.

Professor Arie Freiberg AM (Chair)

Profile – senior member of an academic institution

Emeritus Professor Arie Freiberg is an authority on sentencing issues and the criminal justice system, having undertaken extensive research on sentencing theory, policy, and practice. He was Dean of Law at Monash University from 2004 to 2012 and has served as a consultant on sentencing matters to the federal, Victorian, South Australian, and Western Australian governments as well as to the Australian Law Reform Commission and South African Law Reform Commission. Professor Freiberg was appointed as Chair of the Tasmanian Sentencing Advisory Council in 2013.

Council meetings attended: 9/10

Lisa Ward (Deputy Chair)

Profile – operation of the criminal justice system

Lisa Ward 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.

Council meetings attended: 9/10

Carmel Arthur

Profile – operation of the criminal justice system

Carmel Arthur has great personal insight and a unique comprehension of the operation of the criminal justice system. She is not only a victim of crime but has also worked with many victims of crime. She advocates better treatment of victims and their families through the criminal justice process, and is particularly conscious of the need to keep the community engaged and informed about the justice system. Carmel is a founding director of the Sentencing Advisory Council and a long-term community member of the Adult Parole Board. She has vast experience in the criminal justice system, particularly with courts, Corrections, and Victoria Police.

Council meetings attended: 9/10

Hugh de Kretser

Profile – community issues affecting courts

Hugh de Kretser is the Executive Director of the Human Rights Law Centre. He has extensive legal practice and policy experience in the criminal justice system, working on both offender and victim issues. He previously worked for six years as the Executive Officer of the Federation of Community Legal Centres and was a commissioner on the Victorian Law Reform Commission from 2008 to 2012.

Council meetings attended: 8/10

Fiona Dowsley

Profile – operation of the criminal justice system

Fiona Dowsley has over a decade of experience in building the evidence base in crime and justice to support improved research and decision-making. She spent two years as Director of the National Centre for Crime and Justice Statistics at the Australian Bureau of Statistics and has collaborated in the international sphere, such as with the United Nations Office on Drugs and Crime Task Force, to develop an international classification of crime. She was appointed as the founding Chief Statistician of the Crime Statistics Agency in Victoria in January 2014.

Council meetings attended: 8/10

Helen Fatouros

Profile – operation of the criminal justice system

Helen Fatouros, Executive Director of Criminal Law Services, Victoria Legal Aid, has an extensive criminal law background. Her previous roles include Legal Prosecution Specialist and Directorate Manager of the Specialist Sex Offences Unit for the Victorian Office of Public Prosecutions. In 2012, Helen led the Sexual Offences Interactive Legal Education Program, earning her the Law Institute of Victoria's 2013 President's Award for Government Lawyer of the Year. Helen was appointed a Commissioner of the Victorian Law Reform Commission in 2014.

Council meetings attended: 8/10

David Grace QC

Profile – highly experienced defence lawyer

David Grace has nearly 40 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 is a former Chair of the Criminal Law Section of the Law Institute of Victoria.

Council meetings attended: 7/10

John Griffin PSM

Profile – operation of the criminal justice system

John Griffin has over 40 years' experience in the operation of criminal justice systems, including senior executive roles in both the Victorian correctional system and the Victorian court system. He is currently a member of the Mental Health Review Tribunal and Chair of the Building Practitioners Board Inquiry Subcommittee.

Council meetings attended: 9/10

Sherril Handley

Profile – member of the police force of the rank of senior sergeant or below who is actively engaged in criminal law enforcement duties

Acting Senior Sergeant Sherril Handley joined Victoria Police in 2003 and worked in various operational policing roles prior to joining the Prosecutions Division where she currently manages the Prosecutor Training Course. She has represented Victoria Police interstate and overseas in relation to Family Violence reforms and has received several internal commendations.

Council meetings attended: 7/10

Brendan Kissane QC

Profile – highly experienced prosecution lawyer

Brendan Kissane has been a barrister for thirty years, commencing his career in law as a solicitor with the Victorian Aboriginal Legal Service. He has practised principally in criminal law with over 20 years' experience in that area. He was appointed a Crown Prosecutor in 2007 and a Senior Crown Prosecutor in 2015. As a Crown Prosecutor he has been allocated to the Specialist Sexual Offences Unit. He was the first Crown Prosecutor in the Geelong Office of Prosecutions, and for the last three years he has been appearing regularly in the Court of Appeal.

Council meetings attended: 6/10



1. Arie Freiberg AM
2. Lisa Ward
3. Carmel Arthur
4. Hugh de Kretser
5. Fiona Dowsley
6. Helen Fatouros
7. David Grace QC
8. John Griffin
9. Sherril Handley
10. Brendan Kissane QC
11. Shane Patton
12. Barbara Rozenes
13. Geoff Wilkinson OAM
14. Kornelia Zimmer



11



Shane Patton

Profile – operation of the criminal justice system

Deputy Commissioner, Special Operations, Shane Patton joined Victoria Police in 1978 and has held a wide range of diverse policing roles including operational uniform policing, criminal investigations, and public transport safety. He led the ‘Schools of Practice’ project within the Victoria Police training environment and has received several internal commendations. He is a Williamson Fellow (Williamson Community Leadership Victoria 2007) and an Australian and New Zealand School of Government Alumni.

Council meetings attended: 8/10

Barbara Rozenes

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

Barbara Rozenes is the immediate past President and inaugural ambassador of Court Network, where she has had over 23 years’ experience with victims of crime as a weekly volunteer in the County Court. She is a board member of the Victorian Association for the Care and Resettlement of Offenders, an ambassador for Windana Drug and Alcohol Recovery, an associate member of the Australian Institute of Arbitrators and Mediators, and a patron of the Epilepsy Foundation of Victoria. She is also a member of the critical care network (Department of Health and Human Services).

Council meetings attended: 10/10

Geoff Wilkinson OAM

Profile – operation of the criminal justice system

Geoff Wilkinson specialised in crime and justice issues during 43 years as a journalist. He was founding Media Director of Victoria Police and in 1987, as the result of a Churchill Fellowship, established Australia’s first Crime Stoppers program. In 2008, he was awarded Medal of the Order of Australia for community service, and was presented with a Lifetime Achievement Award by the Melbourne Press Club in 2011. He was appointed as a community member of the Adult Parole Board in 2014.

Council meetings attended: 10/10

Kornelia Zimmer

Profile – involved in management of a victim of crime support or advocacy group and is a victim of crime

Kornelia Zimmer was appointed to the Council in January 2012. She has been an advocate for victims of crime since 2008, following her experience with the criminal justice system after the homicide of her brother. She was appointed as an inaugural member of the Victims of Crime Consultative Committee in 2013 and as a community member on the Adult Parole Board in 2014. She works within the community sector, where she specialises in research and policy.

Council meetings attended: 4/10 (on leave from 1 December 2015 – 30 June 2016)

Retired Directors 2015–16

Peter Kidd SC

Council meetings attended: 1/10

Retired August 2015

Council Secretariat

The part-time Council directors are supported by a secretariat that undertakes the Council's daily work.

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

Secretariat Staff 2015–16

Chief Executive Officer

Cynthia Marwood

Legal Policy and Community Engagement

Manager, Legal Policy and Community Engagement: Donald Ritchie

Principal Legal Policy Officer: Felicity Stewart

Senior Legal Policy Officer: Nina Hudson (from January 2016)

Legal Policy Officer: Anusha Kenny
Paige Darby (from December 2015)

Education and Online Engagement Coordinator: Chris Gill

Research Assistant (Casual): Katharine Brown (to March 2016)
Sarah Ward (from March 2016)

Statistics and Data

Manager, Statistical Analysis: Geoff Fisher

Senior Data Analyst: Dennis Byles

Data Analyst: Zsombor Bathy
Angela Volkov (from August 2015)

Publishing

Senior Publications and Website Officer: Catherine Jeffreys

Administration

Operations Manager: Sarah Lappin

Administrative Assistant: Brittany Healey

Chief Finance and Accounting Officer: Michael Almond

Organisational Chart

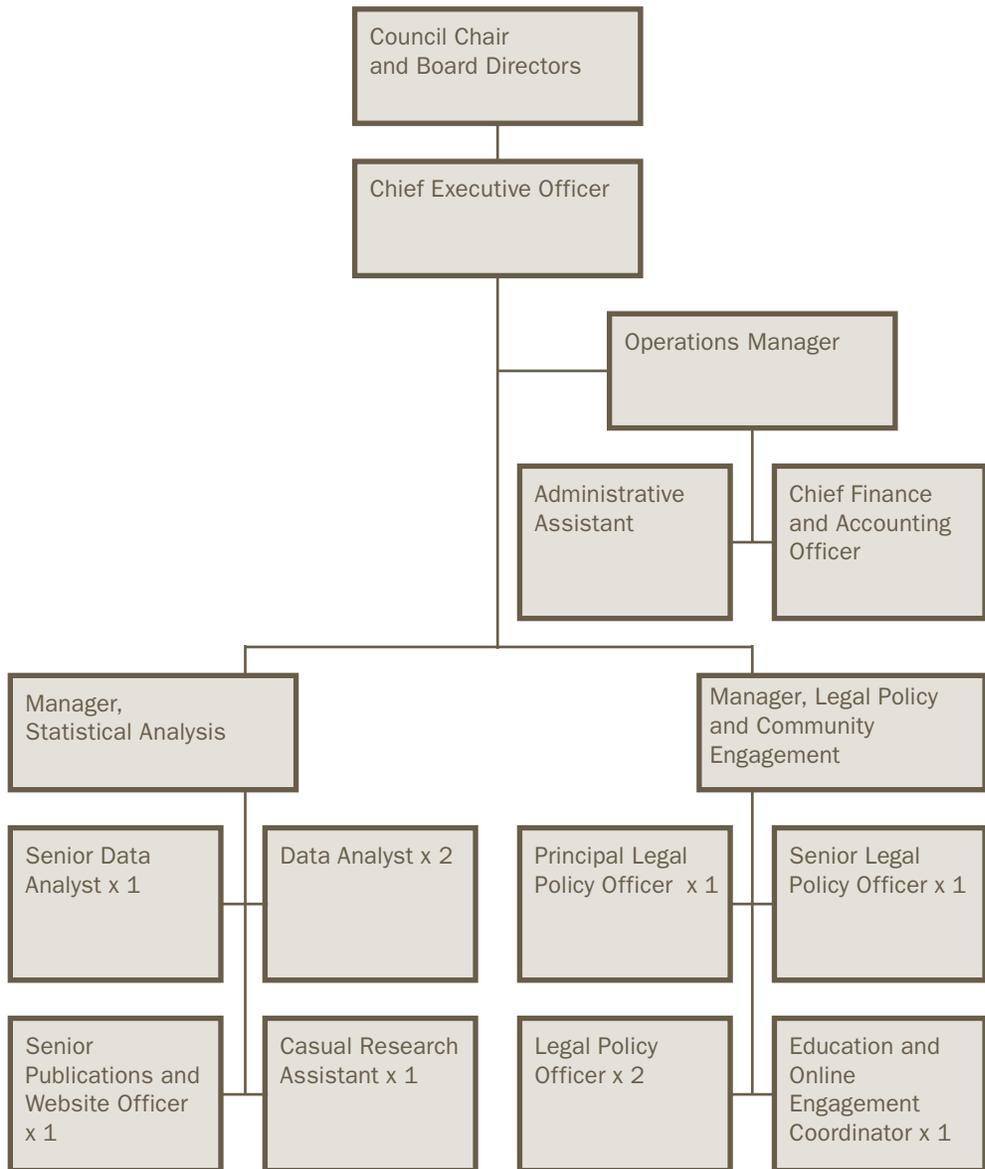


FIGURE 2:
SENTENCING ADVISORY COUNCIL
ORGANISATIONAL CHART

Citations and Media Mentions

The Council's work continues to be cited widely in judicial and academic circles.

Cases

During 2015–16, Sentencing Snapshots were cited in at least 55 published decisions in the Supreme Court, the Court of Appeal, and the County Court, including:

- *DPP v Dalgliesh (A Pseudonym)* [2016] VSCA 148 (29 June 2016);
- *DPP v Jiang* [2016] VCC 494 (26 April 2016);
- *DPP v Moodie-Williamson* [2016] VCC 215 (3 March 2016);
- *DPP v Nguyen* [2016] VCC 242 (3 March 2016);
- *DPP v Fogarty* [2016] VCC 207 (1 March 2016);
- *DPP v Trinh & Trinh* [2016] VCC 274 (26 February 2016);
- *DPP v Nguyen* [2016] VCC 199 (23 February 2016);
- *DPP v Calleri* [2016] VCC 166 (22 February 2016);
- *DPP v Walker & Hannah* [2016] VCC 142 (19 February 2016);
- *DPP v Deluca* [2016] VCC 151 (18 February 2016);
- *DPP v Lorenzana* [2016] VCC 236 (17 February 2016);
- *DPP (Cth) v Cheng* [2016] VCC 98 (12 February 2016);
- *DPP v Jury* [2016] VCC 277 (9 February 2016);
- *DPP v Aldrich* [2015] VCC 1913 (17 December 2015);
- *DPP v Nguyen* [2015] VCC 1908 (16 December 2015);
- *DPP v Spanidis* [2015] VCC 1906 (16 December 2015);
- *DPP v Tran* [2015] VCC 1896 (15 December 2015);
- *DPP v Duong & Tran* [2015] VCC 1842 (14 December 2015);
- *DPP v La & Tieu* [2015] VCC 1836 (11 December 2015);
- *DPP v Le* [2015] VCC 1809 (9 December 2015);
- *DPP v Do* [2015] VCC 1957 (9 December 2015);
- *DPP v Hind* [2015] VCC 1794 (9 December 2015);
- *DPP v Pham* [2015] VCC 1793 (4 December 2015);
- *DPP v Morgan (A Pseudonym)* [2015] VCC 1668 (20 November 2015);
- *DPP v Coronado* [2015] VCC 1859 (18 November 2015);
- *DPP v Baston* [2015] VCC 1622 (13 November 2015);
- *DPP v Cox* [2015] VCC 1608 (13 November 2015);
- *DPP v Badem (A Pseudonym)* [2015] VCC 1585 (9 November 2015);
- *DPP v Piccolotto* [2015] VCC 1392 (30 September 2015);
- *DPP v Hassan* [2015] VCC 1383 (25 September 2015);
- *DPP v Michelsson* [2015] VCC 1308 (16 September 2015);
- *DPP v Reid* [2015] VCC 1304 (9 September 2015);
- *DPP v Daglas* [2015] VCC 1038 (29 July 2015);
- *DPP v Janson* [2015] VCC 983 (22 July 2015);
- *DPP v Van Der Zant* [2015] VCC 972 (17 July 2015);

- *The Queen v Walker & Maybus* [2016] VSC 116 (18 March 2016);
- *DPP v Strange* [2016] VSC 45 (12 February 2016);
- *The Queen v Afacan & Ghanim* [2015] VSC 755 (18 December 2015);
- *DPP v Kunduraci* [2015] VSC 707 (10 December 2015);
- *The Queen v Freeman* [2015] VSC 506 (18 September 2015);
- *The Queen v Rachele* [2015] VSC 468 (3 September 2015);
- *The Queen v McPherson and Sargent* [2015] VSC 403 (10 August 2015);
- *The Queen v Lai* [2015] VSC 346 (31 July 2015);
- *The Queen v Rapovski* [2015] VSC 359 (24 July 2015);
- *The Queen v Spence* [2015] VSC 321 (13 July 2015);
- *Coronado v The Queen* [2016] VSCA 86 (29 April 2016);
- *Roper v The Queen* [2016] VSCA 52 (23 March 2016);
- *Nei Lima Da Costa Junior v The Queen* [2016] VSCA 49 (21 March 2016);
- *DPP v Natoli* [2016] VSCA 35 (11 March 2016);
- *Stewart v The Queen* [2015] VSCA 368 (22 December 2015);
- *DPP v Walters (A Pseudonym)* [2015] VSCA 303 (17 November 2015);
- *Jafari v The Queen* [2015] VSCA 295 (13 November 2015);
- *DPP v Barnes & Barnes* [2015] VSCA 293 (12 November 2015);
- *Chen v The Queen* [2015] VSCA 253 (16 September 2015);
- *Lakkis v The Queen* [2015] VSCA 208 (7 August 2015); and
- *Sadrani v The Queen* [2015] VSCA 202 (23 July 2015).

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Edgely, Michelle, 'Addressing the Solution-Focused Sceptics: Moving Beyond Punitivity in the Sentencing of Drug-Addicted and Mentally Impaired Offenders' (2016) 39(1) *University of New South Wales Law Journal* 206.

Eriksson, Anna, 'Prisons and the Social Production of Immorality' in Anna Eriksson (ed.), *Punishing the Other: The Social Production of Immorality Revisited* (Routledge, 2015).

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Freiberg, Arie, Hugh Donnelly, and Karen Gelb, *Sentencing for Child Sexual Abuse in Institutional Contexts* (Royal Commission into Institutional Responses to Child Sexual Abuse, 2015).

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Media

The Council's work received widespread media attention during 2015–16, featuring in a range of print, online, and radio mentions.

Accurate and Reliable Sentencing Data and Analysis

One of the Council’s statutory functions is to provide statistical information on sentencing, including information on current sentencing practices.

During 2015–16, the Council fulfilled this function by updating the higher courts data on SACStat, publishing 15 Sentencing Snapshots, and updating sentencing statistics on the Council’s website, which received over 100,000 visits.

SACStat

SACStat is an online tool for viewing sentencing data for Victoria, containing a range of sentencing data in graphs and tables. SACStat presents aggregate data for a large number of offences, incorporating case-level sentences for all people – by age group and gender – and on charge-level sentences. The data is accessible via a ‘Legislation Index’ and ‘Offence Search’.

SACStat is updated on a regular basis, ensuring that it continues to display relevant and contemporary sentencing data. Currently, SACStat – Higher Courts covers the period from July 2010 to June 2015 and includes data on nearly 200 offences. SACStat – Magistrates’ Court covers the period from July 2011 to June 2014 and includes nearly 500 offences.

During the financial year, the Council released a major update to SACStat to improve user experience, including streamlining SACStat’s visual layout and incorporating responsive design elements to facilitate ease of use on mobile devices. The updated version of SACStat was successfully released on 31 March 2016.

Sentencing Snapshots

In 2015–16, the Council released 15 Sentencing Snapshots covering the following offences:

- burglary (no. 183);
- aggravated burglary (no. 184);
- robbery (no. 185);
- armed robbery (no. 186);
- causing serious injury intentionally (no. 187);
- causing serious injury recklessly (no. 188);
- causing injury intentionally (no. 189);
- causing injury recklessly (no. 190);
- affray (no. 191);
- incest (no. 192);
- trafficking in a non-commercial quantity of drugs (no. 193);
- trafficking in a commercial quantity of drugs (no. 194);
- trafficking in a large commercial quantity of drugs (no. 195);
- cultivating a non-commercial quantity of narcotic plants (no. 196); and
- cultivating a commercial quantity of narcotic plants (no. 197).

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 the Council's view in relation to the giving, or the review, of a guideline judgment, conducting research and disseminating information on sentencing matters, and advising the Attorney-General on sentencing matters.

During 2015–16, the Council fulfilled this function by publishing a comprehensive report containing recommendations for sentencing guidance in Victoria. The report formed the Council's advice in response to terms of reference received from the Attorney-General on 24 November 2015. In addition, the Council published six research reports:

- *Guilty Pleas in the Higher Courts: Rates, Timing, and Discounts;*
- *Community Correction Orders: Second Monitoring Report (Pre-Guideline Judgment);*
- *Sentencing for Contravention of Family Violence Intervention Orders and Safety Notices: Second Monitoring Report;*
- *Parole and Sentencing: Research Report;*
- *Sentencing of Offenders: Sexual Penetration with a Child under 12; and*
- *Community Correction Orders: Third Monitoring Report (Post-Guideline Judgment).*

The Council is also examining prior offences and reoffending patterns for a group of 1,898 family violence offenders who were sentenced in 2009–10 for contravening a family violence intervention order or safety notice.

Sentencing Guidance in Victoria

In June 2016, the Council released *Sentencing Guidance in Victoria: Report*, containing 18 recommendations in response to the Attorney-General's terms of reference requiring advice on the most effective legislative mechanism to provide sentencing guidance to Victorian courts.

Key Recommendations

The Council considered that baseline sentencing was incurably flawed and recommended its repeal. In its place, the Council has recommended a suite of reforms to the guideline judgment scheme. This enhanced scheme is intended to facilitate greater use of guideline judgments, which can provide comprehensive guidance on the sentencing of all offences and offence categories, including offences sentenced in the higher courts or the Magistrates' Court.

The Council recommended that numerical guidance on the appropriate level or range of sentences for an offence or offence category should be permitted within a guideline judgment. This will allow the Court of Appeal to provide guidance on which sentences are adequate, not simply declare where sentencing practices are inadequate.

The Council recommended that, in particular circumstances, the Attorney-General should have the power to apply for a guideline judgment, without the need for an appeal case. This power is intended to overcome the problem of, for some offences, sentencing judges being constrained by inadequate current sentencing practices and the Court of Appeal not having the opportunity to provide guidance on such practices, in the absence of a suitable appeal case.

The report also contained recommendations on a 'standard sentence scheme', although it is not the Council's preferred option. Under the scheme, parliament fixes a 'standard' sentence that represents the sentence for a charge of an offence in the middle of the range of seriousness. This standard sentence would operate as a 'guidepost' to offence seriousness (in addition to the maximum penalty), and a court would be required to consider this new guidepost when sentencing. The Council considered that 40% of the maximum penalty would represent a 'rule of thumb' measure for determining the middle of the range of seriousness for any offence included in the standard sentencing scheme.

The Council recommended that, if a standard sentence scheme is adopted, it should only apply to offences for which there is evidence of significant problems that can be addressed by this form of sentencing guidance, and that the scheme should be combined with an enhanced guideline judgment scheme. The Council recommended that the sentencing of children, and sentencing in the Magistrates' Court, should be excluded from the standard sentence scheme.

Approach to Identifying Problem Offences

In responding to the terms of reference, the Council formed its views using an evidence-based approach. This evidence included relevant qualitative research, quantitative analysis, and commentary and feedback received in submissions and during consultations. The Council also drew on findings from its report *Sentencing of Offenders: Sexual Penetration with a Child under 12*, also released on the same day as the sentencing guidance report. The Council identified that the following offences have sentencing problems for which sentencing guidance is required.

TABLE 1: OFFENCES WITH SENTENCING PROBLEMS REQUIRING GUIDANCE

Offence	Crimes Act 1958 (Vic)	Standard sentence
Intentionally causing serious injury	section 16	n.a.
Recklessly causing serious injury	section 17	n.a.
Negligently causing serious injury	section 24	n.a.
Rape*	section 38	10 years
Incest with child/step-child*	section 44(1)	10 years
Incest with child/step-child (under 18) of de facto*	section 44(2)	10 years
Sexual penetration with a child under 12*	section 45(2)(a)	10 years
Sexual penetration with a child 12–16 under care, supervision, or authority*	section 45(2)(b)	6 years
Sexual penetration with a child 12–16*	section 45(2)(c)	4 years
Indecent act with a child under 16*	section 47	4 years
Persistent sexual abuse of a child under 16*	section 47A	10 years
Aggravated burglary	section 77	n.a.

All of these offences could be addressed through the provision of guidance in the form of a guideline judgment. The Council considered that eight of these offences (asterisked) were suitable for a standard sentence scheme.

The Council also identified three groups of offences (family violence, high-level fraud, and firearm-related offences) for which more research is needed to determine whether any of these offence groups should be covered by a guidance scheme. The Council concluded that there was currently insufficient evidence to warrant inclusion of a number of offences – including three baseline offences (murder, culpable driving causing death, and trafficking in a large commercial quantity of drugs) – in a sentencing guidance scheme.

Other Recommendations

Sentencing Guidance in Victoria also called for a number of other reforms that would make the Victorian sentencing system more transparent. These include the publication of all sentencing remarks online, a review of the sentencing schemes under the *Sentencing Act 1991* (Vic), and further research on public opinion on sentencing. The Council recommended against the introduction of jury sentencing on the basis of numerous and significant practical and procedural issues.

Through its examination of other sentencing mechanisms and models, the Council also affirmed its view that mandatory or statutory minimum sentencing does not constitute a form of sentencing guidance, and is inconsistent with the approach to sentencing in Victoria of structured discretion.

Guilty Pleas in the Higher Courts: Rates, Timing, and Discounts

In sentencing an offender in Victoria, a court must have regard to whether the offender pleaded guilty to the offence and the timing of that plea. If the court imposes a less severe sentence because the offender pleaded guilty, in certain circumstances the court must state the sentence that would have been imposed had the defendant not pleaded guilty. This information must be recorded and is usually referred to as a ‘section 6AAA statement’.

The Council initiated a project monitoring the use of section 6AAA in the higher courts (the County and Supreme Courts of Victoria). One of the first studies of its kind in Australia, it examined:

- the rate and timing of guilty pleas generally and for particular offences;
- whether there had been a change to the rate and timing of guilty pleas in the County Court over the last 10 years;
- whether courts are applying section 6AAA in relevant cases; and
- the amount of the notional sentencing ‘discount’ for a plea of guilty.

The findings of this study were presented in the report *Guilty Pleas in the Higher Courts: Rates, Timing, and Discounts*, published in August 2015.

What Proportion of Offenders Plead Guilty?

The study found that most offenders sentenced in the Victorian higher courts plead guilty. From 2009–10 to 2013–14, 72.4% of proven charges in the Supreme Court and 84.6% of proven charges in the County Court were resolved by a guilty plea.

Have Plea Rates or Timing Changed?

The introduction of section 6AAA was one part of a concerted effort by the government, the courts, the Office of

Public Prosecutions, Victoria Legal Aid, and legal practitioners to reform criminal procedure to ensure that defendants who intended to plead guilty were in a position to do so at the earliest opportunity. Changes included reforms to pre-trial processes, earlier provision of evidence to the defence, a change in Office of Public Prosecutions' policy intended to facilitate early discussion between the parties, and greater case management by the courts.

By increasing transparency around the sentence discounts for pleading guilty, section 6AAA was intended to encourage defendants who intended to plead guilty to do so as early as possible without inducing or coercing defendants to change their plea. Ideally there would be no increase in the proportion of cases resolved by a guilty plea, but an increase in the proportion of guilty pleas entered at an early stage.

A comparison of plea rates and timing from 2004–05 to 2013–14 in the County Court revealed that:

- there was no increase in the proportion of cases resolved by a guilty plea; and
- there was a statistically significant increase in the proportion of guilty pleas entered *at an early stage* in proceedings, with the biggest increase occurring between section 6AAA's first and second year of operation.

It is difficult to isolate the specific effect, if any, that section 6AAA may have had on changes to plea timing, given the many procedural reforms that have been unfolding over the past decade. However, the findings are consistent with the intended outcome of section 6AAA and other reforms.

Factors Associated with Guilty Pleas

The Council found differences in plea rates associated with:

- different offence types – for example, the offence of murder had the lowest

plea rate (48.0% of proven murder charges) while attempted armed robbery had one of the highest plea rates (96.8% of proven charges). A number of sexual offences also had low plea rates;

- different sentence types – sentences of imprisonment had the lowest guilty plea rates (80.9%), whereas almost all proven charges sentenced to a youth justice centre order (97.9%) or a community correction order (95.8%) were resolved by a guilty plea; and
- offender age – with increasing offender age, the rate of guilty pleas significantly and progressively decreased, and those offenders pleading guilty did so later.

Imprisonment

The most common guilty plea discount for imprisonment sentences was 20% to less than 30% of the sentence that would otherwise have been imposed (44.9% of cases).

As well as being required to take into account a guilty plea, sentencing judges must take into account its timing. For imprisonment cases, discounts were compared for offenders who pleaded guilty 'early' (during the committal stage in the Magistrates' Court or during the pre-trial hearing stage) and those who pleaded guilty 'late' (at the door of the court or during trial).

The Council found that discounts were associated with both the timing of the guilty plea and the length of the imprisonment sentence. Offenders who received shorter sentences of imprisonment and/or indicated a plea at an early stage tended to receive a larger discount (as a proportion of their sentence) than offenders who were sentenced to a longer sentence and/or indicated a plea at a later stage.

The Council's findings suggest that both plea timing and sentence length play an important role in determining the level of discount.

Community Correction Orders: Second Monitoring Report (Pre-Guideline Judgment)

In September 2015, the Council published *Community Correction Orders: Second Monitoring Report (Pre-Guideline Judgment)*, which examined sentencing trends between 2012 and 2014. Over the three years, nearly 25,000 cases received a community correction order (CCO) from Victorian adult courts, with the Magistrates' Court dealing with over 95% of these cases. A CCO was used as a principal sentence in 16% of cases sentenced in the higher courts and 8% of cases sentenced in the Magistrates' Court.

Over the three years, the use of CCOs increased. Between Period 1 (January 2012 to June 2013) and Period 2 (July 2013 to December 2014), the number of CCOs imposed in the higher courts increased by 30.8%, while the number imposed in the Magistrates' Court increased by 17.4%. The report also found a substantial increase in the use of CCOs combined with imprisonment. Between the September quarter of 2014 and the December quarter of 2014, the number of combined sentences increased by 62.3% in the Magistrates' Court and 238.9% in the higher courts.

The report attributed the rise in the use of CCOs to two factors. First, the courts increasingly used CCOs in place of suspended sentences, which were in decline following their abolition. The practice was explicitly encouraged by a legislative amendment in September 2014. Second, courts increasingly combined CCOs with imprisonment sentences following another legislative change in September 2014 that increased the maximum imprisonment term with which a CCO could be combined from three months to 24 months.

While the use of CCOs increased over the three-year period, there was no change in the typical duration (as measured by

the median) attached to CCOs. As in the previous 18 months, the median duration between July 2013 and December 2014 was 24 months in the higher courts and 12 months in the Magistrates' Court.

The choice of conditions attached to CCOs changed in the Magistrates' Court. While the conditions of unpaid community work and assessment and treatment remained steady, supervision declined from 50.9% of cases to 31.7%. There continued to be very infrequent use of conditions that did not exist for the community-based order, such as alcohol exclusion and curfews.

Sentencing for Contravention of Family Violence Intervention Orders and Safety Notices: Second Monitoring Report

In December 2015, the Council released *Sentencing for Contravention of Family Violence Intervention Orders and Safety Notices: Second Monitoring Report*. This is the Council's third report examining sentencing for contravention of family violence intervention orders (FVIOs) and family violence safety notices (FVSNs). The Council has published previous reports, in 2009 and 2013,* which examined sentencing for breach/contravention of FVIOs and FVSNs for an earlier time period.

Sentencing for Contravention of Family Violence Intervention Orders and Safety Notices: Second Monitoring Report examines changes in sentencing practices for contravention of FVIOs and FVSNs over the six-year period from 2009–10 to 2014–15. The report also examines sentencing for three new aggravated contravention offences that commenced on 17 April 2013:

- contravention of an FVIO intending to cause harm or fear for safety;
- contravention of an FVSN intending to cause harm or fear for safety; and
- persistent contravention of notices and orders.

* *Sentencing Practices for Breach of Family Violence Intervention Orders: Final Report* (2009); *Family Violence Intervention Orders and Safety Notices: Sentencing for Contravention* (2013).

Use of Family Violence Intervention Orders and Safety Notices

The report finds that the number of FVIOs issued has increased independently from population growth. Between 2009–10 and 2014–15, the number of FVIOs issued rose by 54.6% (from 17,777 to 27,478) and the rate at which FVIOs were issued per 100,000 people increased by 42.3% (from 328 to 467 per 100,000 people).

The report also finds that police are attending more family violence incidents, and are making more applications for FVIOs, on behalf of affected family members. Between 2009–10 and 2014–15:

- the number of family violence incidents attended by Victoria Police nearly doubled from 35,666 to 70,906 and the percentage of these incidents where charges were laid increased from 22.3% of incidents to 38.2% of incidents;
- the number and percentage of successful FVIO applications made by Victoria Police increased (from 8,706 (49.0%) to 19,064 (69.4%)); and
- a significant proportion of FVIOs were commenced through Victoria Police issuing FVSNs.

Sentencing Outcomes for Intervention Order and Safety Notice Contravention

The report found that fines and low-end orders (including adjourned undertakings) remained relatively common penalties for non-aggravated FVIO and FVSN contravention, but that the imposition of imprisonment and community sentences was increasing over time. In 2014–15, non-aggravated FVIO contraventions received:

- imprisonment in 16.2% of cases, increasing by 4.1% since 2009–10;
- suspended sentences in 6.2% of cases, decreasing by 7.3%;
- community sentences (such as community correction orders) in 24.7% of cases, increasing by 5.1%;
- fines in 27.1% of cases, increasing by 3.7%; and

- low-end orders (including adjourned undertakings) in 22.3% of cases, decreasing by 3.7%.

The number of people sentenced for aggravated family violence contravention offences steadily increased from the introduction of the offences on 17 April 2013 to the end of the reference period on 30 June 2015. As expected, those sentenced for aggravated offences are more likely to receive imprisonment or a community correction order, rather than a fine, low-end order, or diversion, compared with those sentenced for non-aggravated contravention offences.

The report also found that contraventions accompanied by co-sentenced offences were associated with more severe penalties (such as imprisonment and community sentences), but fines and low-end orders were the most common sentences where the contravention was the only offence in the case. This pattern occurred across both non-aggravated and aggravated contravention offences.

Explaining the Change in Sentencing Outcomes

Based on consultations with stakeholders, the Council concludes that a change in charging and sentencing practices (including the introduction of aggravated offences and the abolition of suspended sentences) is responsible for changes in the most recent sentencing outcomes.

Stakeholders remarked that there appears to be some encouraging signs of progress, particularly in the willingness of police to charge people with the new aggravated contravention offences where warranted, and the greater severity in sentencing outcomes for these offences compared with the non-aggravated contravention offences.

Some stakeholders, however, continued to express concern that a large percentage of aggravated contravention offences without co-sentenced offences (particularly FVIO contraventions intending to cause harm or fear for safety) were still receiving fines.

Parole and Sentencing: Research Report

In February 2016, the Council released a report that examined changes in the setting of non-parole periods by Victorian courts over the five years ending 30 June 2015.

The report revealed a decline in the practice of setting non-parole periods as part of a prison sentence in both the higher courts (the Supreme and County Courts) and the Magistrates' Court. The approximate proportion of all prison sentences that included a non-parole period declined from 95% in 2010–11 to 70% in 2014–15 in the higher courts, and from 22% to 10% in the Magistrates' Court.

The Council considered that this shift was due to a number of factors, including the phasing out of suspended sentences and reforms to the parole system. The trend away from non-parole periods was accelerated, however, by a change to the *Sentencing Act 1991* (Vic) in September 2014, which increased the maximum prison sentence that could be combined with a CCO from three months to two years. Courts have the discretion whether or not to set a non-parole period for sentences between one and two years. For sentences within that range, courts can now choose to impose a non-parole period, a CCO, neither, or both.

The report revealed that the higher courts, in particular, have chosen to combine prison with a CCO rather than impose a non-parole period for prison sentences of between one and two years. Prior to the change in the law, none of the prison sentences of one to two years imposed in the higher courts was combined with a CCO, while approximately 94% received a non-parole period. In the June quarter of 2015, less than a year after the legislative change, approximately 72% of these prison sentences imposed in the higher courts were combined with a CCO, while just over 20% included a non-parole period.

This preference for imposing CCOs (instead of setting non-parole periods) suggests that the higher courts consider that the range of conditions available for a CCO makes it an appropriate order for supervision of an offender in the community after a short prison sentence.

Sentencing of Offenders: Sexual Penetration with a Child under 12

In June 2016, the Council published *Sentencing of Offenders: Sexual Penetration with a Child under 12*. This report sought to answer the following research questions:

- What are the sentencing practices for the offence of sexual penetration with a child under 12?
- Are sentencing practices adequate for the offence of sexual penetration with a child under 12?
- How do the courts assess offence seriousness in cases involving sexual penetration with a child under 12?
- Which factors contribute to sentencing practices for sexual penetration with a child under 12?

In answering these questions the Council employed both quantitative and qualitative research methods. The Council analysed all 49 County Court cases involving offenders sentenced over a five-year period between 1 July 2009 and 30 June 2014 for the principal proven offence of sexual penetration with a child under 12. A comparison sample of cases involving offenders sentenced during the reference period for the principal proven offence of rape was also analysed.

The Council found that, for principal charges that received imprisonment, the median term was four years, while the longest sentence was six years (representing less than 25% of the maximum penalty of 25 years). Just over 80% of charges received a term of imprisonment of less than five years, while almost 15% received non-custodial sentences.

Principal charges of rape during the same period attracted a median sentence of five years imprisonment – 25% higher than the median sentence for sexual penetration with a child under 12.

On average, child sexual penetration cases involved at least two charges, and an average of seven sexual offence charges in total. The median total effective imprisonment term for these cases was six years and one month, and the longest sentence imposed was 14 years and six months.

An analysis of County Court sentencing remarks revealed that:

- sentences appear to be influenced by problematic assessments of sexual violence, reflecting historical understandings. In the language used, especially the descriptions of offending, the harm to victims caused by the offending and the culpability of the offender tended to be underestimated;
- adherence to current sentencing practices has inhibited increases in sentences despite countervailing sentencing considerations and growing recognition of the grave harm involved in this type of offending; and
- the courts' approach to proportionality, totality, and cumulation has also acted to limit increases in sentences for this offence.

The Council's textual analysis also revealed significant differences between judges in their approach to a number of sentencing considerations, including:

- whether and how *Verdins* principles (which concern how a court is to consider mental impairment of an offender when sentencing) apply to reduce the offender's culpability; and
- the treatment of the offender's 'previous good character' as a mitigating factor when it assisted the offender to commit the offence.

The report concludes that the current approach to sentencing for the offence of sexual penetration with a child under 12 suggests that outdated concepts of harm persist in the criminal justice system and that such concepts of harm are not confined to the courts, but represent a broader, systemic issue. The report suggests that outdated concepts of harm may reflect deeply rooted and historical power imbalances. The report also concludes that current sentencing practices reinforce past norms and that trial judges feel constrained when imposing sentences for the offence of sexual penetration with a child under 12, despite changing community attitudes.

The report also suggests that the issues identified with the courts' assessment of the seriousness of this offence and the weighting given to aggravating and mitigating factors within cases lend themselves to guidance in the form of a guideline judgment rather than legislative responses that remove judicial discretion, such as fixing mandatory penalties.

Community Correction Orders: Third Monitoring Report (Post-Guideline Judgment)

In June 2016, the Council released *Community Correction Orders: Third Monitoring Report (Post-Guideline Judgment)*. The report examined how Victorian courts used the community correction order (CCO) in 2015 following the Court of Appeal's guideline judgment in *Boulton v The Queen* [2014] VSCA 342 (22 December 2014).

The report found that there were substantial increases between 2014 and 2015 in the number of CCOs imposed in each court level. In the Magistrates' Court, there was a 36% increase to 10,508 in the number of offenders who received a CCO as a principal sentence and a 100% increase to 2,028 in the number of offenders who received imprisonment combined with a CCO. In the higher courts, the number of

CCOs imposed as a principal sentence increased by 15% to 393, while the number imposed as a combined order increased by 370% to 356. However, the report also found that the increased use of community correction orders has not reduced the number of offenders sent to prison.

Offence and Offender Profiles of CCOs Imposed as Principal Sentences

The increased number of offenders receiving a CCO as a principal sentence in 2015 was accompanied by three important changes in the profile of CCOs imposed, compared with previous years. First, the age of offenders receiving a CCO increased. Between 2012 and 2015, the percentage of offenders aged 25 years and over increased in the higher courts (from 68.9% to 75.7%) and in the Magistrates' Court (from 50.9% to 69.0%).

Second, the offending profile of offenders receiving a CCO shifted modestly away from non-sexual violent offences. In the Magistrates' Court in 2015, CCOs continued to be imposed most frequently for assault (30.7%), traffic (19.2%), and theft and deception (13.8%) offences. However, between 2014 and 2015 there was a small shift away from assault offences towards traffic and weapons offences. In the higher courts in 2015, assault (30.8%), sexual offences (20.9%), and robbery and burglary offences (19.6%) were the most common offence categories to receive a CCO. However, there was a shift away from assault and robbery towards theft and deception.

Third, CCOs became more punitive. In the Magistrates' Court, there was a steady increase in the duration of CCOs imposed between 2012 and 2015 (the mean duration increased from 11.7 months to 12.8 months), and there was a substantial increase in the percentage of CCOs that included a supervision condition between 2014 and 2015 (from 28.8% to 49.7%). However, there was no

increase in the use of unpaid community work, and new conditions continued to be used very infrequently. In the higher courts, the duration of CCOs increased between 2014 and 2015 (the mean rose from 2.0 years to 2.3 years).

Offence and Offender Profiles of CCOs Imposed in Combination with Imprisonment

The profile of CCOs imposed in combination with imprisonment differed in a number of ways from the profile of CCOs imposed as principal sentences. First, offenders who received a combined order were more likely to be male and were typically older than offenders who received a CCO as a principal sentence. Second, the duration of CCOs combined with imprisonment tended to be longer than the duration of CCOs imposed as principal sentences. For example, in the Magistrates' Court, the average duration of CCOs imposed in combination with imprisonment was 14.6 months, compared with 12.7 months for CCOs imposed as principal sentences. Third, the CCO combined with imprisonment was less likely to involve a condition of unpaid community work and more likely to involve supervision, compared with CCOs as principal sentences. For example, in the Magistrates' Court, unpaid community work was used for 32.0% of CCOs imposed in combination with imprisonment and 76.6% of CCOs imposed as principal sentences.

Factors Contributing to Change in the Number of CCOs

The abolition of suspended sentences, combined with legislation that encouraged the use of the CCO in place of suspended sentences, was the most influential factor increasing the number of CCOs imposed as principal sentences. The guideline judgment, referred to in many sentencing remarks across 2015, appeared to have an immediate effect, with CCOs replacing some imprisonment sentences in the higher courts. However,

the effect was short-lived, and by the end of 2015, the trend had reversed. The increased punitiveness of CCOs imposed in 2015 may be attributable to the guideline judgment.

While the influence of the guideline judgment was not sustained for CCOs imposed as principal sentences, the guideline judgment seemed to play a greater role in the use of the CCO in combination with imprisonment. The rates at which these combined sentences were imposed increased immediately following the guideline judgment. The rates were also substantially higher, particularly in the higher courts, than the rates observed following the legislative change in September 2014 increasing the maximum sentence that could be combined with a CCO from three months to two years. Therefore, the guideline judgment appears to have accelerated the increase in the use of combined orders. Use of the combined order, however, has also been influenced by the courts' preference for using a CCO in combination with imprisonment instead of fixing a non-parole period to an imprisonment sentence.

Contravention of Family Violence Intervention Orders and Safety Notices: Prior Offences and Reoffending

Family violence is a critical issue for Victoria and its criminal justice system. While it is unknown whether the prevalence of family violence is on the rise, it is clear that the level of family violence being reported to Victoria Police and being dealt with in the courts has increased dramatically since 2005. While the literature around family violence continues to evolve, there remains a research 'gap' in Victoria in relation to the recidivism of family violence perpetrators.

The Council is examining the prior offences and reoffending patterns of a group of 1,898 family violence offenders who were sentenced in 2009–10

for contravening a family violence intervention order or safety notice. The analysis includes all of their sentenced offences in an 11-year period from 2004–05 to 2014–15 across all Victorian courts, from the Children's Court to the Supreme Court.

The study examines differences in offenders' rate and type of reoffending with reference to a number of factors, including age and gender, offending patterns, and number and type of prior offences. The study also looks at the prevalence of offences such as assault and criminal damage across the 11-year criminal history of these offenders, exploring whether there is any correlation between the number of times a person is sentenced for breaching an intervention order and the likelihood that the person has also been sentenced for a violent offence such as assault.

The study is intended to help inform decisions about effective responses to family violence by the courts, policy-makers, and those who develop, review, and operate programs to address violent behaviour. An increased understanding of the factors that may increase the risk of reoffending may also contribute to ensuring that sentencing options and practices focus on how best to mitigate that risk and protect affected family members and, ultimately, the community.

The report, *Contravention of Family Violence Intervention Orders and Safety Notices: Prior Offences and Reoffending*, is due to be released in August 2016.

Informing Members of the Community about Sentencing

The Council's obligations under the *Sentencing Act 1991* (Vic) involve providing 'to the judiciary and other interested persons' statistical and other information on sentencing, including current sentencing practices, gauging public opinion on sentencing matters, and consulting with government departments, other interested persons, and the general public on sentencing matters.

Community education and community engagement are key to achieving these goals. While most Council projects involve consultation with key stakeholders, the Council also engages with the community through its educational resources, Law Week event, face-to-face educational sessions, website, media relations, and social media.

How Courts Sentence Adult Offenders

Following consultation with peak bodies assisting witnesses and victims of crime, the Council published a pamphlet called *How Courts Sentence Adult Offenders*. This

project gave the Council the opportunity to work closely with key stakeholders and learn more about their work and what is important to their clients.

The pamphlet is a major new addition to the Council's education program. It is now being distributed by a number of agencies, including the Victims Assistance Program within the Department of Justice and Regulation and the Witness Assistance Service within the Office of Public Prosecutions. The pamphlet is also available for download from the Council's website.

A Quick Guide to Sentencing – 2nd Edition

Sentencing is a dynamic area of the law and is subject to constant change. The Council's most downloaded publication, *A Quick Guide to Sentencing*, was updated in early 2016 to reflect changes to the law in 2015.

Law Week Event: 'Courts, Media, and Public Opinion: Who's Leading Who?'

About 220 people came out to hear a distinguished panel discuss 'Courts, Media and Public Opinion: Who's Leading Who?' – the Council's major community education event for the year and part of Law Week 2016.



The panel discussed the dynamics at play between Victoria's courts, the media, and the community – and whether things could be improved. The panellists were:

- Professor Arie Freiberg AM – Chair of the Sentencing Advisory Council;
- The Honourable Justice Christopher Beale – Judge of the Supreme Court of Victoria;
- Mr Jon Faine – radio presenter and journalist at 774 ABC Radio Melbourne; and
- Her Excellency Professor the Honourable Kate Warner AM – Governor of Tasmania and lead researcher on the Victorian Jury Sentencing Study.

'You be the Judge' Education Sessions

The Council's face-to-face You be the Judge education sessions require participants to consider and discuss the principles and purposes of sentencing law and impose a sentence for a case study based on an actual offence.

In the 12 months to 30 June 2016, the Council delivered 19 You be the Judge sessions to approximately 830 participants, with audiences including:

- staff and volunteers of Road Trauma Support Services;
- La Trobe University Legal Studies students;
- Volunteer participants in the Fairley Leadership Program, Williamson Community Leadership Program, Northern Mallee Community Leadership Program, and Community Leadership Loddon Murray;
- Melbourne Polytechnic (formerly NMIT) Justice and Youth Justice students;
- RMIT postgraduate journalism students;
- seniors groups in Frankston, Camberwell, and Croydon;
- Victims of Crime Consultative Committee;

- Victims Assistance Program, Swan Hill;
- RMIT Work in Justice System students; and
- Old Melbourne Gaol (National Trust) staff facilitating the 'Crime and Justice Experience' school groups.

Audience groups ranged in size between 150 (LaTrobe University Legal Studies, RMIT Criminal Justice System) to six (Victims of Crime Consultative Committee). Most groups had between 20 and 30 participants.

In April 2016, ABC Radio National's *Law Report* recorded one of the sessions (with 60 members of the Life Activities Club of Croydon) and interviewed participants before and after the session. The interviews and excerpts of the presentation were combined into a broadcast on the topic of community attitudes to sentencing.

Virtual You Be the Judge

The Council's online, interactive sentencing education application, Virtual You be the Judge (VYBTJ), was accessed by 5,832 users in 7,776 sessions in the 12 months ending 30 June 2016, up from 4,808 users in 6,320 sessions in the previous year.

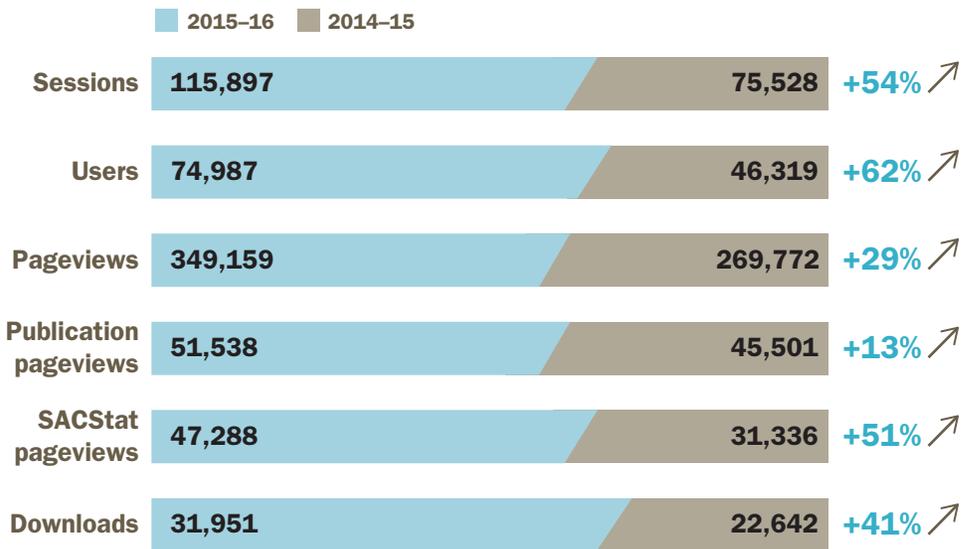
Virtual You be the Judge has four cases to choose from, each adapted from a real-life case:

- Richard, convicted of culpable driving causing death;
- Dane, convicted of intentionally causing serious injury;
- Terri, convicted of trafficking in a drug of dependence; and
- Peter, convicted of burglary.

Having selected a case, users choose at least four questions to ask the court about the offender and the offence. Users select a sentence type and length (or amount for fines) to impose. Finally, users then find out what sentence the judge actually imposed in the real-life case.

Virtual You be the Judge has continued to be a popular teaching resource.

FIGURE 3: SESSIONS, USERS, PAGEVIEWS, AND DOWNLOADS FOR WWW.SENTENCINGCOUNCIL.VIC.GOV.AU



Website

The Council's website is central to all areas of our work. It is the gateway for Victorian sentencing statistics (through our online database SACStat and the Sentencing Snapshots series) and for our research (through our many online publications and project reports). The site also incorporates numerous educational resources, including our popular About Sentencing content.

There has been continued growth in the number of user sessions on our website in the 12 months to 30 June 2016. There were 115,897 sessions in 2015–16, up 54% from 75,528 sessions in 2014–15. Since 2011, the site has shown a steady increase in user sessions.

More than one in every three visits to our website is now made from a smartphone or a tablet. The Council continues to improve the site for users, ensuring that the website works as well on mobile devices and tablets as it does on desktops.

In 2015–16, the most visited section of the Council's website was 'About Sentencing', which describes various aspects of Victorian sentencing law and details the sentencing orders available in Victoria. Publications and SACStat were the next most visited sections of the site.

Around 25% of material downloaded from the site was from the Sentencing Snapshots series. Our most popular single publication was *A Quick Guide to Sentencing*.

FIGURE 4: PERCENTAGE OF MOBILE SESSIONS ON WWW.SENTENCINGCOUNCIL.VIC.GOV.AU



Media Relations

As key influencers of public opinion, media can be valuable partners in educating the community about sentencing law and practice.

This year, the Council's Chair, Professor Arie Freiberg, has been a frequent guest on Neil Mitchell's top-rating morning 3AW talk show, with an estimated audience of 11 per cent of Melbourne's morning radio listeners.

This year saw an increase in the number of journalists receiving our reports and media releases, and the Council has continued its efforts to brief journalists about our work.

Infographics and Data Visualisations Collaboration with RMIT

The complexity of sentencing law, practice, and statistics is a significant barrier to community understanding, but new design and information technologies enhance our ability to effectively communicate complex ideas through data visualisation and educational graphics ('infographics').

In early 2016, the Council partnered with the RMIT Master of Communication Design program in the School of Media and Communication to collaborate

with the 80 students in the program in developing data visualisations and infographics based on the Council's statistics.

Each of the 80 students produced up to eight images, many of which will be used in the Council's future work.

A similar project will be undertaken in 2016–17.

Social Media

Social media, especially Twitter, have proven to be an effective way to share our research, grow our reputation, and develop relationships with key community stakeholders.

Journalists, lawyers, academics, and people working with communities affected by crime make up the majority of those following the Council on Twitter.

The number of people and organisations following the Council on Twitter increased 25% in the past 12 months, from 3,586 in July 2015 to 4,413 in June 2016. The Council posted 803 tweets over the same period.

The Council uses Pinterest as a content aggregation and sharing tool primarily for students and teachers. We have 398 followers and posted 101 pins in 2015–16, for a total of 1,567 pins.

Consulting Widely and Gauging Public Opinion

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

Consultation

The Council's consultation functions focus predominantly on capturing informed opinions specific to research references and projects that we undertake. The Council consulted key stakeholders during the preparation of our report on *Sentencing Guidance in Victoria*. The Council also called for and received public submissions, all of which were referred to in the report.

In addition, the Council held roundtables and consulted with a wide range of stakeholders in the preparation of *Sentencing for Contravention of Family Violence Intervention Orders and Safety Notices: Second Monitoring Report* as well as for the upcoming report *Contravention of Family Violence Intervention Orders and Safety Notices: Prior Offences and Reoffending*.

We also consulted with agencies representing the interests of victims of crime to identify how the Council could assist victims. That consultation continued throughout the preparation of the Council's pamphlet *How Courts Sentence Adult Offenders*.

Gauging Public Opinion

Gauging public opinion 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.

The Council notes that a number of studies (including the Tasmanian Jury Sentencing Study and the Victorian Jury

Sentencing Study) show that members of the public are far more likely to consider a sentence as appropriate when they:

- have been provided with all of the facts and circumstances of a particular case; and
- understand all of the considerations that have been made by the sentencing judge.

The Council considers that gauging informed public opinion on sentencing (as part of its statutory function) is an essential part of promoting public confidence in sentencing. Such research is resource intensive and requires sufficient time (often several years) to collect representative samples and analyse data. Nevertheless, the value of such work – to the courts, to government, to policy makers, and to members of the public – cannot be overstated. In its report *Sentencing Guidance in Victoria*, prepared in response to a request for advice from the Attorney-General, the Hon Martin Pakula, MP, the Council recommended that the government should consider opportunities for initiating or promoting such studies, either independently of the Council or through a reference to the Council.

Victorian Jury Sentencing Study

The Council has continued to support the work of the University of Tasmania in surveying informed public opinion on sentencing in Victoria. The Victorian Jury Sentencing Study surveyed jurors about the sentences that were imposed for the particular cases on which they deliberated. The sample of cases used in the study involved all trials resulting

in a guilty verdict in the Victorian County Court from May 2013 to June 2014. A total of 124 trials were included in the study involving both metropolitan and non-metropolitan courts, and 987 jurors participated in the study.

The principal offences included in the study were divided into the following categories: sexual offences, violent offences, property offences, drug offences, culpable driving, and other offences. When asked to rate the appropriateness of the judge's sentence on a four-point scale ('very appropriate', 'fairly appropriate', 'fairly inappropriate', or 'very inappropriate'), overall, 87% of jurors in the Victorian study said that the sentence was either 'appropriate' or 'fairly appropriate'. The study found that:

- most jurors (61.7%) chose a more lenient sentence than the judge;
- 2.4% chose the same sentence as the judge; and
- 35.9% chose a more severe sentence than the judge.

Analysis by offence type, however, revealed some differences in juror agreement with judges' sentences. Consistent with the results of the Tasmanian Jury Sentencing Study, jurors had greater concerns with the sentencing of sexual offences, compared with other offence categories, and in particular with the sentencing of sexual offences against young children.

The Council invited the study's chief investigator, Her Excellency Professor the Honourable Kate Warner AM, to present the findings of this study as part of its Law Week event. The University of Tasmania is publishing the results of this study in a peer-reviewed journal in the near future, and the Council will be considering how it can further promote the findings within the Victorian community.

National Sex Offence Sentencing Survey

The Council continued to assist the National Sex Offence Sentencing Survey with the provision of statistics and financial support. This is another initiative of the University of Tasmania and seeks to build on the findings of the Tasmanian and Victorian Jury Sentencing Study.

As discussed above, both of the jury sentencing studies found that jurors were least satisfied with sentences for sex offences. These studies found that jurors were less likely to say that sentences were very appropriate and more likely to say that sentences were inappropriate for these offences. This survey is designed to delve more deeply into jurors' perceptions of sex offence sentencing.

To date, over 600 Victorian jurors have been surveyed in the first stage of this study. The study is expected to continue to the end of 2017.

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 2014*, 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 and Regulation.

Additional Information

The Council's published reports and other public documents are 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 Sentencing Advisory Council and the Judicial College of Victoria have established a joint Audit and Finance Committee to oversee their financial operations. Due to their small size, the Council and the College have come together to maximise effective use of resources. During 2015–16, the Committee comprised the following members:

Chair

Robert Camm (from November 2015)
Karol Hill (to November 2015)

Independent Members

Cameron Hume
Robert Camm (from July 2015 to November 2015)
Karol Hill (from November 2015)

The Committee receives secretarial assistance from staff members of the Council, Sarah Lappin, and the College, Linda Barbera.

Michael Almond is the Council and the College's Chief Finance and Accounting Officer (CFAO) and attends Committee meetings by standing invitation, providing finance advice and support as required.

The chief executive officers of both organisations and a representative of the Victorian Auditor-General's Office also attend meetings by standing invitation.

The Audit and Finance Committee oversees:

- financial performance and reporting processes, including the annual financial statements;
- 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 College and the Council;
- processes for monitoring compliance with laws and regulations; and
- selection, appointment, and removal of the Council and the College's CFAO.

In fulfilling its responsibilities, the Committee has:

- reviewed the financial statements for the annual report and recommended them to the responsible bodies (or delegates) for approval;
- reviewed the scope and results of the external auditor's examination of the financial report and matters brought to its attention;
- regularly reviewed the CFAO's financial reports on the entities' finances;

- completed a Committee self-assessment and submitted a summary of the results to the entities;
- reviewed the risk register and noted that the risks were being appropriately addressed by management;
- reviewed the Committee's annual programme;
- endorsed the use of the Department of Justice and Regulation Financial Code of Practice by the Sentencing Advisory Council, and the Court Services Victoria Financial Code of Practice by the Judicial College of Victoria;
- reviewed the entities' Business and Strategic Plans; and
- met separately with representatives of the Victorian Auditor-General's Office and reviewed the VAGO audit strategy for the 2015–16 annual financial audit.

Comparative Financial Results

Table 2 summarises information on the financial results and financial position, prepared on an accrual basis, of the Sentencing Advisory Council for the financial year 2015–16 and comparisons with the preceding four financial years.

TABLE 2: FINANCIAL RESULTS AND POSITION, 2011–12 TO 2015–16

	Notes	2015–16 \$	2014–15 \$	2013–14 \$	2012–13 \$	2011–12 \$
Income						
Grant from Department of Justice	(a)	1,792,400	1,752,800	1,680,600	1,765,400	2,162,400
Other revenue		–	–	–	–	–
Total income		1,792,400	1,752,800	1,680,600	1,765,400	2,162,400
Expenses						
Other economic flows	(c)	(2,756)	(7636)	2,105	2,935	(10,577)
Net result for the period		17,289	3,671	52,779	5,272	15,789
Net cash flow from operating activities		–	(500)	2,585	7,394	5,872
Total assets	(d)	724,811	642,832	579,169	598,414	680,727
Total liabilities	(e)	403,903	339,216	279,224	351,339	420,968

Notes – movements between 2014–15 and 2015–16

- (a) Income received increased by \$39,600 (2.3%) as a result of the carry forward of budgeted funds from 2013–14 into 2014–15 for specific projects.
- (b) Expenses increased by \$30,861 (1.8%) reflecting additional employment costs associated with certain new project referrals and EBA increases that were offset by reduced operating costs.
- (c) Other economic flows amounted to \$7,636. This item reflects the gains and losses arising from the revaluation of long service leave liability due to movements in bond rates.
- (d) Total assets increased by \$81,979 (12.8%). This increase reflects the movement in the amount receivable from the Department of Justice and Regulation relating to the established funding arrangements associated with the increase in employment provisions and payables.
- (e) Total liabilities increased by \$64,687 (19.1%). This is mainly due to an increase in employee provisions and payables.

Compliance with the *Building Act 1993*

The Council does not own nor control any government buildings insofar as the Council sublets building infrastructure and property services provided by the Victorian Law Reform Commission.

DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the Council's financial statements and workforce data for the year ending 30 June 2016 will be available at www.data.vic.gov.au/ in machine readable format.

Environmental Management and Impacts

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

Specific steps the Council has taken include:

- shifting from hardcopy to electronic publishing for almost all Council reports and papers;
- having a standing item on the environment at staff meetings;
- encouraging staff to adopt PIN printing;
- encouraging staff to adopt systems to reduce paper consumption; and
- posting signage to remind staff to turn off lights and monitors.

In terms of paper usage, the Council's consumption of copy paper totalled 175 reams at an average per staff member of 13.5 reams. This was down from 17.8 reams per staff member in 2014–15.

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 and Regulation Code of Conduct (consistent with the Victorian public service Code of Conduct and the objectives of the *Public Administration Act 2004*).

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 2016, there were no freedom of information applications.

Government Advertising Expenditure

The Council has not expended more than \$100,000 on advertising.

Human Resource Management

During 2015–16, the Council continued to promote 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 2016, no time was lost through industrial disputes or accidents.

Insurance

I, Cynthia Marwood (CEO), certify that the Sentencing Advisory Council has complied with Ministerial Direction 4.5.5 – Insurance.



Cynthia Marwood
Chief Executive Officer
Sentencing Advisory Council

Merit and Equity

Department of Justice and Regulation 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, who undertakes quarterly inspections of the Council's office. OHS has also 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 guides on ergonomic assessment.

This year staff were offered standing desks at their work stations to help prevent neck and back problems associated with spending long periods of time sitting at a desk. More than half of the Council's staff took up this offer.

Staff have also participated in fire drill evacuation exercises.

There were no claims of OHS related injury for the year ending 30 June 2016.

Outsourced Consultancies

There were no outsourced consultancies in excess of \$10,000 for the year ending 30 June 2016.

Privacy

The Council manages personal information in accordance with the *Privacy and Data Protection Act 2014* 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 2016.

Protected Disclosures

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

The Council is committed to the aims and objectives of the Act. It does not tolerate improper conduct by its employees, officers, or members, nor the taking of reprisals against those who come forward to disclose the conduct.

The Council recognises the value of transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

For the 12 months ending 30 June 2016, the Council did not receive any disclosures under the Act.

Making a Disclosure

A disclosure is an allegation of improper or corrupt conduct. Disclosures of improper conduct or detrimental action by the Council or its employees may be made in writing or by telephone to:

Independent Broad-Based
Anti-Corruption Commission (IBAC)

GPO Box 24234
Melbourne VIC 3000

Tel: 1300 735 135

Further Information

The IBAC website contains further information about the disclosure framework: www.ibac.vic.gov.au.

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, Cynthia Marwood (CEO), certify that the Sentencing Advisory Council has risk management processes in place consistent with the *Australian/ New Zealand Risk Management Standard (ISO 31000:2009)* 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.



Cynthia Marwood
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 directors (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 2015–16, 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, policy development, finance, personal development, social media, statistics, project management, and information technology;
- attendance and presentation of papers at relevant conferences; and
- executive and management training programs.

Workforce Data

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

The Council, through the Department of Justice and Regulation, has a suite of detailed employment policies, including policies with respect to grievance resolution, recruitment, redeployment, and managing diversity. Policies with respect to managing underperformance and discipline were produced and have been implemented across the Council, via the Department.

Comparative Workforce Data

TABLE 3: FULL TIME EQUIVALENT (FTE) STAFFING TRENDS FROM 2013 TO 2016

Year	2016	2015	2014	2013
	14.4	11.4	12	12.3

TABLE 4: SUMMARY OF EMPLOYMENT LEVELS IN JUNE 2015 AND 2016

	Ongoing employees			Fixed Term and casual employees	
	Employees (headcount)	Full time (headcount)	Part time (headcount)	FTE	FTE
June 2016	10	8	2	9.4	5
June 2015	9	7	2	8.4	3

TABLE 5: DETAILS OF EMPLOYMENT LEVELS IN JUNE 2015 AND 2016

	2016			2015		
	Ongoing		Fixed term and casual employees	Ongoing		Fixed term and casual employees
	Employee (Headcount)	FTE		Employee (Headcount)	FTE	
Gender						
Male	5	4.8	0	5	4.8	
Female	5	4.6	5	4	3.6	3
Total	10	9.4	5	9	8.4	3
Classification						
VPS 2	1	1				
VPS 3			1			1
VPS 4	2	2	3	3	3	1
VPS 5	4	4		3	3	
VPS 6	3	2.4		3	2.4	
Executive			1			1
Total	10	9.4	5	9	8.4	3

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Notes

- All figures reflect employment levels during the last full pay period of June of each year.
- Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies.
- The increase in employment headcount levels between June 2015 and June 2016 is due to additional staff being employed to work on a reference referred to the Council by the Attorney-General.

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

The attached financial statements for the Sentencing Advisory Council ('the Council') have 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 accompanying notes presents fairly the financial transactions during the year ended 30 June 2016 and financial position of the Council as at 30 June 2016.

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

We authorise the attached financial statements for issue on 3 October 2016.



Prof. Arie Freiberg AM

Board Chairperson
Sentencing Advisory Council

Melbourne
3 October 2016



Ms Cynthia Marwood

Chief Executive Officer
Accountable Officer
Sentencing Advisory Council

Melbourne
3 October 2016



Mr Michael Almond

Chief Finance and
Accounting Officer
Sentencing Advisory Council

Melbourne
3 October 2016

Auditor-General's Report

VAGO

Victorian Auditor-General's Office

Level 24, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Sentencing Advisory Council

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of the Sentencing Advisory Council which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the chairperson, accountable officer and chief finance and accounting officer's declaration.

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, 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 and fair presentation 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 Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

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

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 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
6 October 2016

TAG
Per Andrew Greaves
Auditor-General

Comprehensive Operating Statement for the Financial Year Ended 30 June 2016

	Notes	2016 \$	2015 \$
Income from transactions			
Grants	2	1,792,400	1,752,800
Total income from transactions		1,792,400	1,752,800
Expenses from transactions			
Employee expenses	3(a)	1,452,131	1,340,872
Supplies and services	3(b)	320,224	400,621
Total expenses from transactions		1,772,354	1,741,493
Net result from transactions (net operating balance)		20,046	11,307
Other economic flows included in net result			
Other gains/(losses) from other economic flows	4	(2,756)	(7,636)
Total other economic flows included in net result		(2,756)	(7,636)
Net result		17,289	3,671
Comprehensive result		17,289	3,671

The comprehensive operating statement should be read in conjunction with the notes to the financial statements.

Balance Sheet as at 30 June 2016

	Notes	2016 \$	2015 \$
Assets			
Financial assets			
Cash and deposits	14(a)	–	–
Receivables	5	719,270	642,832
Total financial assets		719,270	642,832
Other non-financial assets			
Prepayments	6	5,541	–
Total non-financial assets		5,541	–
Total assets		724,811	642,832
Liabilities			
Payables	7	53,359	36,522
Provisions	8	350,545	302,694
Total liabilities		403,903	339,217
Net assets		320,907	303,615
Equity			
Accumulated surplus/(deficit)		(575)	(17,865)
Contributed capital		321,482	321,482
Net worth		320,907	303,617
– Commitments for expenditure	11		
– Contingent assets and contingent liabilities	12		

The balance sheet should be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity for the Financial Year Ended 30 June 2016

	Accumulated Surplus \$	Contributed Capital \$	Total \$
Balance at 1 July 2014	(21,536)	321,390	299,854
Net result for year	3,671	–	3,671
Capital appropriations	–	92	92
Balance at 30 June 2015	(17,865)	321,482	303,617
Net result for year	17,289	–	17,289
Capital appropriations	–	–	
Balance at 30 June 2016	(575)	321,482	320,907

The statement of changes in equity should be read in conjunction with the notes to the financial statements.

Cash Flow Statement for the Financial Year Ended 30 June 2016

	Notes	2016 \$	2015 \$
Cash flows from operating activities			
Receipts			
Receipts from the Department of Justice and Regulation		1,715,962	1,688,636
Total receipts		1,715,962	1,688,636
Payments			
Payments to suppliers and employees		(1,715,962)	(1,689,136)
Total payments		(1,715,962)	(1,689,136)
Net cash flows from/(used in) operating activities	14(b)	–	(500)
Cash flows from investing activities			
Sales of non-financial assets		–	–
Net cash flows from/(used in) investing activities		–	–
Net cash flows from/(used in) investment and financing activities		–	–
Net increase/(decrease) in cash and cash equivalents		–	(500)
Cash and cash equivalents at the beginning of the financial year		–	500
Cash and cash equivalents at the end of the financial year	14(a)	–	–

The above cash flow statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements for the Financial Year Ended 30 June 2016

Note 1

Summary of Significant Accounting Policies

These annual financial statements represent the audited general-purpose financial statements for the Council for the period ending 30 June 2016. The purpose of the report is to provide users with information about the Council's stewardship of resources entrusted to it.

(A) Statement of Compliance

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

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

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.

To gain a better understanding of the terminology used in this report, a glossary of terms and style conventions can be found in Note 18.

These annual financial statements were authorised for issue by the Board Chairperson of the Council on 3 October 2016.

(B) Basis of Accounting Preparation and Measurement

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

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

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

- superannuation expense (refer to Note 1 (G)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1 (L)).

These financial statements are presented in Australian dollars and prepared in accordance with the historical cost convention except for non-financial physical assets, which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

Consistent with AASB 13 *Fair Value Measurement*, the Council determines the policies and procedures both for recurring fair value measurements such as property, plant and equipment, biological assets, investment properties, and financial instruments and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant financial reporting directions.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, the Council has determined classes of assets and liabilities on the basis of the nature, characteristics, and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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In addition, the Council determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Valuer-General of Victoria (VGV) is the Council's independent valuation agency.

The Council, in conjunction with VGV, monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

(C) Reporting Entity

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

The Council is an independent government-funded body established under Part 9A of the *Sentencing Act 1991*. The Council was formed to implement and enable 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.

Its principal address is:

Sentencing Advisory Council
3/333 Queen Street
Melbourne VIC 3000

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

A description of the nature of the Council's operations and its principal activities is included in the report on operations on pages 1–41, which does not form part of these financial statements.

Objectives and Funding

The Council'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 judgement.

The Council 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 and Regulation (DJR).

(D) Scope and Presentation of Financial Statements

Comprehensive Operating Statement

The comprehensive operating statement comprises three components, being 'net result from transactions' (or termed as 'net operating balance'), 'other economic flows included in net result', as well as 'other economic flows – other comprehensive income'. The sum of the former two, together with the net result from discontinued operations, represents the net result.

The net result is equivalent to profit or loss derived in accordance with AASs. This classification is consistent with the whole of government reporting format and is allowed under AASB 101 *Presentation of Financial Statements*.

Balance Sheet

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

Current and non-current assets and liabilities (non-current being those assets or liabilities expected to be recovered or settled more than 12 months after the reporting period) 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 non-owner and owner changes in equity from the opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the 'comprehensive result' and amounts related to 'transactions with owner in its capacity as owner'.

Rounding

Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. Figures in the financial statements may not equate due to rounding. Please refer to the end of Note 18 for a style convention for explanation of minor discrepancies resulting from rounding.

(E) Changes in Accounting Policies

Subsequent to the 2014–15 reporting period, new and revised standards have been adopted in the current period as outlined in Note 1 (S). There has been no financial impact on the existing financial disclosures or on the comparative financial information for the 2014–15 financial year from the adoption of these new and revised standards.

(F) Income from Transactions

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

Grants from the Department of Justice and Regulation

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

Fair Value of Services Provided by the Department of Justice and Regulation

The DJR has been centrally funded for services that it provides to the Council. These services are not recognised in the financial statements of the Council as their fair values cannot be reliably determined. The services that are utilised include the use of the DJR's financial systems, payroll systems, accounts payable, asset register, and IT network.

(G) Expenses from Transactions

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

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Employee Expenses

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

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

Superannuation

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

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

Depreciation

All plant, equipment, and motor vehicles that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Refer to Note 1 (M) for the depreciation policy for leasehold improvements.

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

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

Asset	Useful life
Plant and equipment	2–15 years
Motor vehicles	3 years

Interest Expense

Interest expense is recognised in the period in which it is incurred. Refer to Note 18 for an explanation of interest expense items.

Other Operating Expenses

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

Supplies and Services

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

(H) Other Economic Flows Included in the Net Result

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

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.

Gain/(Loss) on Disposal of Non-Financial Assets

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of Non-Financial Assets

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment (as described below) and whenever there is an indication that the asset may be impaired.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that class of asset.

If there is an indication that there has been a change in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

Refer to Note 1 (K) in relation to the recognition and measurement of non-financial assets.

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 annual leave and long service leave liability due to changes in the bond interest rates.

(I) Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Council'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.

The following refers to financial instruments unless otherwise stated.

Categories of Non-Derivative Financial Instruments

Loans and Receivables

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

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The loans and receivables category includes cash and deposits (refer to Note 1 (J)), trade receivables, and other receivables, but not statutory receivables.

Financial Liabilities at Amortised Cost

Financial instrument liabilities are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method (refer to Note 18).

Financial instrument liabilities measured at amortised cost include all of the Council's contractual payables and interest-bearing arrangements other than those designated at fair value through profit and loss.

(J) Financial Assets

Cash and Deposits

Cash and deposits, including cash equivalents, recognised on the balance sheet comprise cash on hand.

Receivables

Receivables consist of statutory receivables, such as amounts owing from DJR.

Contractual receivables are classified as financial instruments and categorised as loans and receivables (refer to Note 1 (I) *Financial Instruments* for recognition and measurement). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment) but are not financial instruments because they do not arise from a contract.

Receivables are subject to impairment testing as described below. A provision for doubtful receivables is recognised when there is objective evidence that the debts may not be collected, and bad debts are written off when identified.

For the measurement principle of receivables, refer to Note 1 (I).

Impairment of Financial Assets

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

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

(K) Non-Financial Assets

Plant and Equipment

All non-financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment.

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

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

For the accounting policy on impairment of non-financial physical assets, refer to impairment of non-financial assets under Note 1 (H), *Impairment of Non-Financial Assets*.

Leasehold Improvements

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

Other Non-Financial Assets

Prepayments

Other non-financial assets include prepayments, which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

(L) Liabilities

Payables

Payables consist of:

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

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

Borrowings

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

Provisions

Provisions are recognised when the Council 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 provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using the 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, Salaries, Annual Leave, and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits annual leave and accumulating sick leave, are all recognised in the provision for employee benefits as 'current liabilities', because the Council does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave, and sick leave are measured at:

- nominal value – if the Council expects to wholly settle within 12 months; or
- present value – if the Council does not expect to wholly settle within 12 months.

(ii) Long Service Leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Council 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 – if the Council expects to wholly settle within 12 months; and
- present value – if the Council does not expect to wholly settle within 12 months.

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

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

On-Costs

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

(M) Leases

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

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

Finance Leases – SAC as Lessee

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset. If there is certainty that the Council will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Minimum finance lease payments are apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

(N) Equity

Contribution by Owners

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

(O) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 11 *Commitments for Expenditure*) at their nominal value and exclusive of the goods and services tax (GST) payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

(P) 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 (refer to Note 12 *Contingent Assets and Contingent Liabilities*) and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented exclusive of GST receivable or payable respectively.

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

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

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

(R) Events After the Reporting Period

Assets, liabilities, income, or expenses arise from past transactions or other past events. Where the transactions result from an agreement between the Council 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 that occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions that existed at the reported date. 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 that arose after the end of the reporting period and that are considered to be of material interest.

(S) Summary of New/Revised Accounting Standards Effective for Current and Future Reporting Periods

Current Reporting Period

The following amending standards were effective for the 2015–16 reporting period and were considered to have insignificant impacts on public sector reporting more generally and the Council in particular:

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 and 2010)]

Future Reporting Periods

As at 30 June 2016, the following standards and interpretations that are applicable to the Council had been issued but were not mandatory for financial year ending 30 June 2016. Standards and interpretations that are not applicable to the Council have been omitted. The Council has not early adopted these standards.

	Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
62	AASB 15 <i>Revenue from Contracts with Customers</i>	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2018	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The standard will also require additional disclosures on service revenue and contract modifications.
	AASB 9 <i>Financial Instruments</i>	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model, and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.

AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 Jan 2019	The assessment has indicated that as most operating leases will come on the balance sheet, recognition of lease assets and lease liabilities will cause net debt to increase. Depreciation of lease assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. The amounts of cash paid for the principal portion of the lease liability will be presented within financing activities, and the amounts paid for the interest portion will be presented within operating activities in the cash flow statement.
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124, and AASB 1049]	The amendments extend the scope of AASB 124 Related Party Disclosures to Not-for-Profit Public Sector Entities. A guidance has been included to assist the application of the standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity’s key management personnel (KMP) and the related party transactions.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2015–16 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting generally and the Council in particular:

- AASB 1057 Application of Australian Accounting Standards;
- AASB 2015-2 Amendments to Australian Accounting Standards – *Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134, and AASB 1049];
- AASB 2016-2 Amendments to Australian Accounting Standards – *Disclosure Initiative: Amendments to AASB 107*; and
- AASB 2015-9 Amendments to Australian Accounting Standards – *Scope and Application Paragraphs* [AASB 8, AASB 133, and AASB 1057].

	2016 \$	2015 \$
Note 2		
Income from Transactions		
Grants		
Department of Justice and Regulation	1,792,400	1,752,800
Total grants	1,792,400	1,752,800
Total income	1,792,400	1,752,800

Note 3
Expenses from Transactions

(a) Employee Expenses

Post employment benefits:

– Defined contribution superannuation expense	97,668	88,319
– Defined benefit superannuation expense	15,114	12,982
Salaries, wages, and long service leave	1,267,414	1,173,562
Other on-costs (fringe benefits tax, payroll tax, and workcover levy)	71,935	66,009

Total employee expenses	1,452,131	1,340,872
--------------------------------	------------------	-----------

(b) Supplies and Services

– Purchase of supplies and consumables	70,491	52,395
– Purchase of services	94,423	190,163
– Maintenance	17,115	24,889
– Rent	138,195	133,174

Total supplies and services	320,224	400,621
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Note 4
Other Economic Flows Included in Net Result

Net gain/(loss) arising from revaluation of long service leave liability	(2,756)	(7,636)
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Total other gains/(losses) from other economic flows	(2,756)	(7,636)
---	----------------	---------

	2016 \$	2015 \$
Note 7		
Payables		
Current payables		
Contractual		
Supplies and services	28,189	26,229
Employee benefits	25,170	10,293
	53,359	36,522
Statutory		
Taxes payable	–	–
Total payables	53,359	36,522
(a) Maturity analysis of payables		
Refer to table 13.2 in Note 13.		
(b) Nature and extent of risk arising from payables		
Refer to table 13.3 in Note 13.		
Note 8		
Provisions		
Current provisions		
Employee benefits (i) (Note 8(a)) – annual leave		
Unconditional and expected to settle within 12 months (ii)	65,560	61,812
Unconditional and expected to settle after 12 months (iii)	10,285	9,350
Employee benefits (i) (Note 8(a)) – long service leave		
Unconditional and expected to settle within 12 months (ii)	74,498	36,508
Unconditional and expected to settle after 12 months (iii)	107,654	103,892
	257,997	211,562
Provisions related to employee benefit on-costs (Note 8(a))		
Unconditional and expected to settle within 12 months (ii)	27,306	23,190
Unconditional and expected to settle after 12 months (iii)	18,858	18,256
	46,164	41,446
Total current provisions	304,161	253,008

	2016 \$	2015 \$
Non-current provisions		
Employee benefits (i) (Note 8(a))	40,209	43,071
Employee benefits on-costs (Note 8(a) and Note 8(b))	6,175	6,615
Total non-current provisions	46,384	49,686
Total provisions	350,545	302,694

(a) Employee benefits and related oncosts (i)

Current employee benefits

Annual leave	75,845	71,162
Long service leave	182,152	140,400

Non-current employee benefits

Long service leave	40,209	43,071
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Total employee benefits	298,206	254,633
--------------------------------	----------------	---------

Current on-costs	46,164	41,446
------------------	--------	--------

Non-current on-costs	6,175	6,615
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Total on-costs	52,339	48,061
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Total employee benefits and related on-costs	350,545	302,694
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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 2016 \$	Total 2016 \$
Opening balance	48,061	48,061
Additional provisions recognised	28,679	28,679
Reduction arising from payments/other sacrifices of future economic benefits	(24,401)	(24,401)
Closing balance	52,339	52,339
Current	43,840	43,840
Non-current	8,499	8,499
	52,339	52,339

**Note 9
Superannuation**

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

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

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

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

Fund	Paid contribution for the Year		Contribution outstanding at year end	
	2016 \$	2015 \$	2016 \$	2015 \$
(i) Defined benefit plans:				
State Superannuation Fund	15,114	12,982	-	-
(i) Defined contribution plans:				
VicSuper	64,125	62,022	-	-
Various other funds	33,544	26,297	-	-
Total	112,782	101,300	-	-

Note:

(i) The basis for determining the level of contributions is determined by the various actuaries of the defined benefits superannuation plans.

Note 10 Leases

Operating Leasing Arrangements

The operating lease relates to the office accommodation leased by the Council with a lease term of five years, with an option to extend for a further five years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

	2016	2015
	\$	\$
Non-cancellable operating lease payable		
Not longer than one year	98,577	94,095
Longer than one year and not longer than five years	103,239	201,815
	201,816	295,910

Note 11 Commitments for Expenditure

(a) Capital Expenditure Commitments

There were no commitments for capital expenditure as at 30 June 2016 (\$nil – 2015).

(b) Lease Commitments

There are no finance lease commitments. Non-cancellable operating lease commitments are disclosed in Note 10.

Note 12 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 2016 (\$nil – 2015).

Note 13 Financial Instruments

(a) Financial Risk Management Objectives and Policies

The Council's principal financial instruments comprise:

- prepayments;
- receivables (excluding statutory receivables); and
- 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 the Council's financial risks within the government policy parameters.

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

The Council 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 the Council.

The carrying amount of the Council's contractual financial assets and financial liabilities by category are in Table 13.1 below.

Table 13.1: Categorisation of financial instruments

2016	Contractual financial assets – cash, loans, and prepayments \$	Contractual financial liabilities at amortised cost \$	Total \$
Contractual financial liabilities			
<i>Payables</i>			
Supplies and services		28,189	28,189
Other payables		25,170	25,170
Total contractual financial liabilities (i)		53,359	53,359
2015			
Contractual financial liabilities			
<i>Payables</i>			
Supplies and services		26,229	26,229
Other payables		10,293	10,293
Total contractual financial liabilities (i)		36,522	36,522

Note:

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

(b) Credit Risk

Credit risk arises from the contractual financial assets of the Council, which comprise cash and deposits.

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

Credit risk associated with the Council's contractual financial assets is minimal because the only actual financial assets are cash on hand.

(c) Liquidity Risk

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

The Council's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed on the face of the balance sheet. The Council manages its liquidity risk by careful maturity planning of its financial obligations based on forecasts of future cash flows.

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

The following table discloses the contractual maturity analysis for the Council's contractual financial liabilities:

Table 13.2: Maturity analysis of contractual financial liabilities (i)

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	Carrying amount	Nominal amount	Maturity dates (ii)			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
2016						
Payables (i)						
Supplies and services	28,189	28,189	28,189	-	-	-
Other payables	25,170	25,170	25,170	-	-	-
	53,359	53,359	53,359	-	-	-
2015						
Payables (ii)						
Supplies and services	26,229	26,229	26,229	-	-	-
Other payables	10,293	10,293	10,293	-	-	-
	36,522	36,522	36,522	-	-	-

Note:

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

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

(d) Market Risk

The Council has insignificant exposure to market risk.

The carrying amounts of financial assets and financial liabilities that may be exposed to interest rates are set out in the following table:

Table 13.3: Interest rate exposure of financial instruments

	Weighted average effective interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non- interest bearing \$
2016					
Payables (i)	–	53,359	–	–	53,359
Total financial liabilities	–	53,359	–	–	53,359
2015					
Payables (i)	–	36,522	–	–	36,522
Total financial liabilities	–	36,522	–	–	36,522

Note:

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from the Department of Justice and Regulation/the Victorian Government and taxes payable).

(e) Foreign Currency Risk

The Council has no exposure to foreign currency risk.

(f) Fair Value

The Council considers 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.

2016 2015
\$ \$

Note 14
Cash flow information

(a) Reconciliation of cash and cash equivalents

Total cash and deposits disclosed in the balance sheet	–	–
Balance as per cash flow statement	–	–

(b) Reconciliation of net result for the period to net cash flows from operating activities

Net result for the period	17,289	3,671
Non-cash movements		
Nil	–	–
Movements in assets and liabilities		
(Increase)/decrease in prepayments	–	–
(Increase)/decrease in receivables	(81,979)	(64,164)
Increase/(decrease) in payables	16,839	12,043
Increase/(decrease) in provisions	47,850	47,950
Net cash flows from (used in) operating activities	(0)	(500)

Note 15
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.

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

Attorney-General	The Honourable Martin Pakula, MP	1 July 2015 to 30 June 2016
Acting Attorney-General	The Honourable Jane Garrett, MP	24 December 2015 to 10 January 2016
	The Honourable Jill Hennessy, MP	23 September 2015 to 2 October 2015
Secretary to the Department of Justice and Regulation	Mr Greg Wilson	1 July 2015 to 30 June 2016

Sentencing Advisory Council

The persons who were responsible persons of the Council for the reporting period are as follows:

Chief Executive Officer	Ms Cynthia Marwood	1 July 2015 to 30 June 2016
Chairperson	Professor Arie Freiberg AM	1 July 2015 to 30 June 2016
Other Board Members	Ms Carmel Arthur	1 July 2015 to 30 June 2016
	Mr Hugh de Kretser	1 July 2015 to 30 June 2016
	Ms Fiona Dowsley	1 July 2015 to 30 June 2016
	Ms Helen Fatouros	1 July 2015 to 30 June 2016
	Mr David Grace QC	1 July 2015 to 30 June 2016
	Mr John Griffin PSM	1 July 2015 to 30 June 2016
	Ms Sherril Handley	6 October 2015 to 30 June 2016
	Mr Peter Kidd SC	1 July 2015 to 31 August 2015
	Mr Brendan Kissane QC	1 December 2015 to 30 June 2016
	Mr Shane Patton	1 July 2015 to 30 June 2016
	Ms Barbara Rozenes	1 July 2015 to 30 June 2016
	Ms Lisa Ward	1 July 2015 to 30 June 2016
	Mr Geoff Wilkinson OAM	1 July 2015 to 30 June 2016
	Ms Kornelia Zimmer	1 July 2015 to 30 June 2016

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 and Regulation.

For information regarding related party transactions of ministers, the register of members' interests is publicly available from www.parliament.vic.gov.au/publications/register-of-interests.

Sentencing Advisory Council

Thirteen board members received sitting fees for their role on the Council Board. The total aggregate remuneration received by them in 2016 was \$31,503 (2015 \$30,797).

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

	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
\$0 – \$9,999	13	13	13	13
\$10,000 – \$19,999	–	–	–	–
\$170,000 – \$179,999				1
\$180,000 – 189,999		1	1	
\$190,000 – 199,999	1			
Total numbers	14	14	14	14

There are no executive officers other than the above.

Related Party Transactions

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

Other Transactions

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

2016
\$

2015
\$

Note 16
Remuneration of Auditors

Victorian Auditor-General’s Office

Audit of the financial statements	14,400	14,000
	14,400	14,000

Note 17
Subsequent Events

There were no significant events occurring after the reporting date to be reported as at 30 June 2016.

Note 18
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 the operating result and other comprehensive income.

Depreciation

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

Effective Interest Method

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

Employee Benefits Expenses

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

Financial Asset

A financial asset is any asset that is:

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

Financial Instrument

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

Financial Liability

A financial liability is any liability that is:

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

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Financial Statements

A complete set of financial statements comprises:

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income for the period;
- (c) a statement of changes in equity for the period;
- (d) a statement of cash flows for the period;
- (e) notes comprising a summary of significant accounting policies and other explanatory information; and
- (f) comparative information in respect of the preceding period as specified in paragraphs 38 of AASB 101 Presentation of Financial Statements.

Grant and Other Transfers

Grants and other transfers are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general-purpose grants that refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

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 economic flows – other comprehensive income’.

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

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

Non-Financial Assets

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

Other Economic Flows Included in Net Result

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

Other Economic Flows – Other Comprehensive Income

Other economic flows – other comprehensive income comprises items (including reclassification adjustments) that are not recognised in the net result as required or permitted by other Australian Accounting Standards.

The components of other economic flows – other comprehensive income include:

- (a) changes in physical asset revaluation surplus;
- (b) share of net movement in revaluation surplus of associates and joint ventures; and
- (c) gains and losses on remeasuring available for sale financial assets.

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 the day-to-day running costs, including maintenance costs, incurred in the normal operations of the Department.

Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in 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.

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Style Conventions

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

The notation used in the tables is as follows:

.. zero, or rounded to zero

(xxx.x) negative numbers

201x year period

201x–1x year period

The financial statements and notes are presented based on the illustration for a government department in the 2015–16 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of the Council's annual reports.



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