

ANNUAL REPORT

1999-2000

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ISBN 1 74003 113 X
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The Hon Meredith Burgmann MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon John Murray MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Madam President and Mr Speaker

In accordance with section 12 of the Annual Reports (Departments) Act 1985 and section 99 of the Police Integrity Commission Act 1996, the Commission hereby furnishes to you the Police Integrity Commission Annual Report for the year ended 30 June 2000.

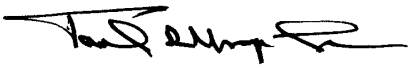
This Annual Report has been prepared in accordance with the requirements of the Police Integrity Commission Act 1996 and the Annual Reports (Departments) Act 1985. The provision of these Acts require the Commission to submit its Annual Report for the year ended 30 June by 31 October.

The provision under section 6 of the Olympic Arrangements Act 2000, commenced on 9 June 2000, permits the Commission to extend the time for lodgment of its Annual Report from 31 October 2000 to 28 November 2000.

It is in accordance with the provisions of the Olympic Arrangements Act 2000 that the Annual Report of the Commission was prepared and is now furnished to you, as required by law.

I draw your attention to section 103(2) of the Police Integrity Commission Act 1996, pursuant to which I recommend that this Annual Report be made public forthwith.

Yours faithfully



Judge P D Urquhart QC
Commissioner

November 2000

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1. OVERVIEW

CHARTER

The Police Integrity Commission ('the Commission') was established upon a recommendation of the Royal Commission into the NSW Police Service ('the Royal Commission'). The Commission is a statutory corporation constituted under the *Police Integrity Commission Act 1996* ('the Act').

The Act sets out the functions and powers of the Commission in section 13. The principal functions of the Commission can be summarised briefly as:

- preventing, detecting or investigating serious police misconduct; and
- managing or overseeing other agencies in the detection and investigation of serious police misconduct and other police misconduct.

The Commission is also to manage those matters not completed by the Royal Commission. The Commission is, as far as practicable, required to turn its attention particularly to serious police misconduct.

Other functions of the Commission described in the Act relate to:

- police activities and education programmes (section 14);
- the qualitative and strategic audit of the reform process (section 14A);
- the collection of evidence and information (section 15); and
- functions under the *Criminal Assets Recovery Act 1990* (section 19).

AIMS AND OBJECTIVES

The Commission's aims and objectives are expressed in the Corporate Plan, relevant parts of which are set out below. The Commission does not provide services directly to the community, but receives complaints from members of the public and prevents, detects, and investigates serious police misconduct in accordance with its functions under the Act. The Commission's stakeholders are the community of NSW, the Parliament, the Government of NSW, the NSW Police Service ('the Police Service'), other organisations with related functions, other law enforcement agencies and the Commission's staff.

MISSION

The mission is 'to be an effective agent in the reduction of serious police misconduct'.

PURPOSE

The Commission's purpose is to develop an understanding of the environment in which we work, maintaining an efficient and effective organisation and encouraging an organisational culture in which innovative and effective strategies can be developed and applied to the prevention, detection and investigation of serious police misconduct.

VALUES

As an organisation we value our staff, integrity, independence, accountability and continuous improvement.

FOCUS

Our focus organisationally, as distinct from operationally, for the reporting year has been on:

- implementing the Corporate Plan, to provide clear guidance on the organisation's objectives and the basis for an overarching performance review and reporting framework;

- reviewing the investigations structures and decision making processes to improve flexibility in resource allocation and responsiveness; and

- reviewing complaint management processes and our ability to independently develop subjects for investigation, to better inform decision making processes in regard to individual complaints and the selection of investigations.

The Commission's focus for the coming year will be on:

- improving our investigation planning methodology;

- benchmarking investigation processes with like organisations; and

- developing and implementing an investigations performance measurement framework.

COMMISSIONER'S REPORT

The 1999-2000 reporting year saw the Commission build on the number and range of outcomes achieved in previous years. For the first time since its inception the Commission furnished a Special Report to Parliament of an audit on the quality of Police Service internal investigations. The Dresden Report identified some Service-wide shortcomings and deficiencies in the way in which Police Service internal investigations are conducted. It also made recommendations as to the systems and processes within the Police Service that need to be targeted for improvement.

Another Special Report followed soon after the end of the reporting year. Project Oracle examined patterns and trends in complaints of assault by NSW police officers and identified a number of areas of concern, particularly in relation to the high proportion of off-duty officers who were the subject of assault complaints. This Special Report also presented a series of recommendations designed to assist the Police Service in preventing this form of misconduct.

In addition the year under review saw the Commission present two Reports to Parliament on its investigations. Two further Reports were largely completed by the end of the reporting year and were presented to Parliament in October and November. The Reports presented to Parliament have made recommendations that criminal charges be considered in relation to fourteen persons and that the Commissioner of Police consider removing six officers from the Police Service. Most of these were amongst the fourteen the Commission has recommended be considered for prosecution.

As well as making recommendations for consideration to be given to prosecutions and disciplinary action, the Commission's Reports have made recommendations for Service-wide changes to its practices and systems. The Commission considers that the implementation of these recommendations will have the effect of reducing opportunities for serious police misconduct. As detailed later in this Report[1] the response by the Police Service to all the Commission's recommendations has been positive.

Work in relation to the Qualitative and Strategic Audit of the Reform of the NSW Police Service, which the Commission oversights and administers under section 14A of its Act, also continued during the reporting year.

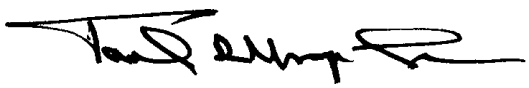
[1] See p. 39.

In late 1999, the Commission conducted a review of its operational structure and systems. While some modifications were made to the Commission's investigative structure as a result of this process, the review re-affirmed the appropriateness of the multi-disciplinary approach to investigations for agencies such as the Commission - an approach that the Commission has had in place since its inception. Amongst the most notable changes to arise out of the review was the establishment of a new capacity to proactively detect serious police misconduct and identify opportunities for investigation. The new arrangements brought about by the review have improved the efficiency and effectiveness of the Commission's operational resources.

The Commission enhanced its international profile during 1999-2000. In September 1999, I gave a paper at the 15th World Conference of the International Association for Civilian Oversight for Law Enforcement, which was held in Sydney. Moreover, positive responses to the Commission's public Reports have been received from overseas official bodies that have a role in relation to investigating police misconduct or overseeing law enforcement. The responses indicate that those organisations have acknowledged, and taken guidance from, the Commission's findings and recommendations.

In organisational terms, there are a number of challenges to be faced by this Commission in the 2000-2001 reporting year and beyond. Of particular note is the work commenced in 1999-2000 in relation to a performance measurement framework for investigations. Traditional performance measurement models based on numbers of prosecutions and / or numbers of investigations do not provide a 'real picture' of the outcomes that are, and can be, achieved. The Commission's work in this area, which draws on the work of academics and others from around the world, is seeking to develop a framework that reflects more accurately the results it achieves and the impact and reach of those results.

The Commission's achievements over the past year, including the production of Reports to Parliament and the finalisation of investigations, have been significant. This is due to the commitment and enthusiasm of all Commission staff, to whom I give my sincere thanks.



Judge P D Urquhart QC
Commissioner

ACCOUNTABILITY REGIME OF THE COMMISSION

There were no changes to the Commission's Executive during the year. When the second appointment period of Judge PD Urquhart QC as Commissioner ended, in December 1999, his Honour was reappointed for a further term.

THE EXECUTIVE

THE COMMISSIONER

His Honour, Judge PD Urquhart QC, has held the position of Commissioner since the Commission's commencement in August 1996. Before his appointment to the Commission his Honour held the position of Royal Commissioner in connection with the Royal Commission.

THE ASSISTANT COMMISSIONER

Mr GE (Tim) Sage was appointed Assistant Commissioner in October 1996 for a period of five years. Prior to this appointment Mr Sage worked at the Royal Commission where he was seconded, from the National Crime Authority, Sydney, in April 1996 to lead the Legal Advising Unit. His position at the National Crime Authority was Regional Director.

THE DIRECTOR, OPERATIONS

The Director, Operations, Mr Andy Nattress, commenced employment with the Commission in January 1997 as Director of Operations Special Services. He was appointed Director, Operations during 1997-1998. Prior to his appointment to the Commission Mr Nattress was employed at the National Crime Authority. His final position there was Director Intelligence.

THE DIRECTOR, CORPORATE AND INFORMATION SERVICES

Mr Dave Rawson was appointed to the position of Director, Corporate and Information Services of the Commission in April 1997. In that position he is responsible for the management of the financial, personnel, administrative, and registry services together with the oversight of security services provided by the NSW Sheriff's Office. Prior to his appointment at the Commission Mr Rawson was employed with the Royal Commission in the positions of Director of Corporate Services and then Executive Director of the Royal Commission.

ORGANISATIONAL STRUCTURE

The Commission's organisational structure as at 30 June 2000 is shown in the diagram on the next page. During the year 1999-2000 there were some changes to the organisational structure. The two operational teams were combined as one team under the leadership of the Manager Investigations. Two new positions were created - that of Investigator, Special Advisor and Operational Lawyer, Special Advisor. The Projects and Reports team, formed during 1998-1999, was restructured to include the functions of complaints handling and target development. It was renamed the Assessments and Reports Team.

THE COMMITTEE

The functions of the Committee on the Office of the Ombudsman and Police Integrity Commission ('the Committee'), as they relate to the Commission, are set out in section 95 of the Act.

MEMBERSHIP

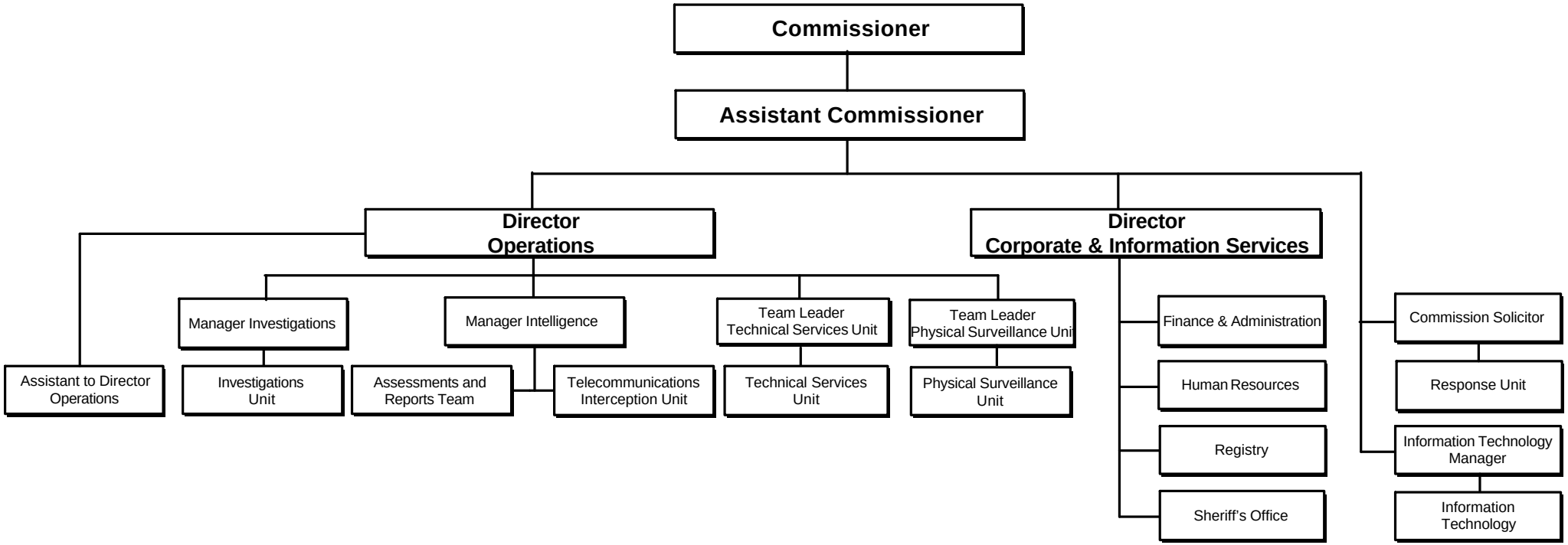
The Committee is made up of seven members - three members of, and to be appointed by, the Legislative Council and four members of, and to be appointed by, the Legislative Assembly.

The members of the Committee as at 30 June 2000 were:

- Mr Paul Gerard Lynch, MP, Member for Liverpool (Chairperson)
- The Hon Deirdre Mary Grusovin, MP, Member for Heffron (Vice Chairperson)
- Mr Malcolm John Kerr, MP, Member for Cronulla
- Mr Wayne Douglas Smith, MP Member for South Coast
- The Hon Peter James Breen, MLC
- The Hon Jennifer Ann Gardiner, MLC
- The Hon John Hatzistergos, MLC

POLICE INTEGRITY COMMISSION
ORGANISATIONAL STRUCTURE

As at 30 June 2000



INTERACTION BETWEEN THE COMMITTEE AND THE COMMISSION

The fourth General Meeting between the Commissioner and the Committee was held on 5 November 1999. Senior members of the Commission, including the Assistant Commissioner, accompanied the Commissioner to the meeting. As with the previous meetings the Committee had provided written questions to the Commission and the answers to these were furnished to the Committee before the meeting. The matters covered by the questions and discussed in the meeting dealt with various activities of the Commission, particularly the exercise of the Commission's powers, investigations, the Corporate Plan, controlled operations, Reports to Parliament, the strategic audit of the reform of the Police Service, Category 1 complaints, and the Police Complaints / Case Management system. A report was later issued detailing the issues raised and the discussions held during the meeting.

In addition to the meeting correspondence passed between the Commission and the Committee. The Committee is particularly interested in the Police Service responses to recommendations made by the Commission and is concerned about the rate of implementation. The Committee raised this issue both in correspondence and during the General Meeting. Notice was given that this issue would be followed up in the next General Meeting.

During the year members of the Commission appeared before the Committee on occasions when the Committee was not exercising its oversight role. On 3 September 1999 the Commissioner addressed the third in a series of meetings of Working Groups involving Parliamentary Commissions for Australian Jurisdictions with a role in oversighting criminal justice and law enforcement bodies. On 28 March 2000, Mr Andrew Naylor, Commission Solicitor, appeared before the Committee on behalf of the Commission to give evidence in relation to the Committee's review of the *Protected Disclosures Act 1994.* The evidence related to submissions made by the Commission to the Committee in relation to the review.

INTERNAL REVIEW

The Commission's 1999-2002 Corporate Plan was presented to staff and other stakeholders during September 1999. The Corporate Plan describes our values and objectives, it indicates the manner in which we will meet those objectives and provides the basis upon which we will inform stakeholders of our performance. The structure of this Report's Sections 2 - 4, Measuring Commission Performance, is based around the Corporate Plan, with the results for the reporting year and the plans for next year aligned with appropriate performance indicators.

While it has a three year cycle, the Corporate Plan and the internal performance measurement framework, is reviewed annually to determine

whether changes need be made to accommodate objectives achieved and variations in priorities. The Corporate Plan and the internal framework is also reviewed to determine whether, over time, it continues to provide a sound basis against which organisational effectiveness might be measured.

INVESTIGATIONS PERFORMANCE FRAMEWORK PROJECT

During the year the Commission commenced a detailed review of the performance measurement framework for the Investigations Unit, the object of which is the development of a trial framework which is expected to be implemented by January 2001. It is intended that the trial framework will create a culture of performance monitoring and reporting that will enhance the work of the Unit and decisions made in respect of that work. The review will result in a series of Key Performance Indicators and a performance framework that will enable the members of the Unit, the Commission and the Commission's stakeholders to accurately assess the work of the Unit. Once the validity of the trial framework as a means of measuring performance and informing operational decision making has been established, it is intended that the framework will be extended laterally and vertically within the Commission as the means of measuring and reporting the Commission's overall performance within the context provided by the Corporate Plan. Extension of the framework is tentatively scheduled for the 2001-2002 financial year to coincide with the review of the Corporate Plan.

Early national and international research indicates that development of the framework will be a difficult task as there is no single existing performance model anywhere that will meet the needs of the Commission. The performance model for the Commission must therefore be built from first principles.

One of the main reasons for developing the framework is that many civilian oversight agencies in Australia and overseas have found that using existing models based on 'headcounts' of prosecutions and / or 'numbers' of investigations undertaken do not provide a real picture of the performance of their investigative units. In addition, existing models do not provide a sound basis for comparison of performance with respect to investigative outcomes achieved under different processes and between different jurisdictions. To measure the performance of an investigations group using simple statements of numbers of complaints or numbers of prosecutions, particularly when drawing comparisons to other agency groups, is misleading at best.

The review, with contributions by staff and national / international academics and agency leaders, is therefore currently considering a performance measurement framework focused on the investigative *processes* used by the Commission's Investigations Unit, combined with an analysis of the *outcomes* of the Unit's work, and the development of positive *relations*

with key external agencies. This kind of framework, that is a focus on the efficiency with which outputs are produced, the effectiveness of outcomes and the extent and reach of organisational relationships, is consistent with NSW Treasury and Audit Office guidance on best practice in performance measurement.

OPERATIONAL STRUCTURE AND SYSTEMS REVIEW STAGE I AND II

During the reporting year the Commissioner sought a review of some aspects of the Commission's operations. The Operational Structure and Systems Review Stage I ('OSSR I') considered the efficiency and effectiveness of the Investigations Unit structure and investigation decision making processes. OSSR I resulted in the merging of what were two investigations teams into one, in a flatter structure under a single Manager Investigations. This structure provides for small investigative Case Units of multi-disciplinary professionals to be formed dynamically and flexibly. Coordinators are allocated to investigations on the basis of relevant skill sets rather than on the basis of professional discipline. There is no fixed hierarchy under the Manager Investigations, although the Manager is supported with respect to the development of standards, training and development, and performance monitoring and review, by three functional advisors - an investigator, a lawyer and an analyst.

In addition, a number of changes were made to improve vertical and lateral communication and to clarify individual roles and decision-making responsibilities. Outcomes included improvements in the Investigations Unit's capacity to respond to changing operational priorities and improved clarity and responsiveness in operational decision making.

The Operational Structure and Systems Review Stage II ('OSSR II') considered the Commission's complaint assessment processes and the extent of the Commission's capacity to independently develop new subjects for investigation. As a result of OSSR II, complaints assessment is now part of an integrated approach to informing decisions on overall operational priorities and on future work for the Commission.[2]

An outcome of the OSSR II is a capacity to develop new work independent of the complaints assessment process. A further outcome is better informed decision making on individual complaints within a process that is integrated with other decision making in relation to operational priorities. A coincidental outcome is that the Commission now has a capacity to conduct short incisive preliminary investigations, that determine whether a more

[2] Further details about this new process for the evaluation of complaints can be found at p. 32.

complete investigation is warranted, without impacting directly on the current activity of the Investigations Unit.

The review of the operational structure of the Commission, discussed above, resulted in changes to the organisational structure of the Commission. The new structure is demonstrated in the diagram on page 9. During the next reporting year it is intended that the structural changes arising from OSSR I be monitored for continued effectiveness and the processes arising from OSSR II be further embedded.

2. MEASURING COMMISSION PERFORMANCE

- FIRST CORPORATE OBJECTIVE

FIRST CORPORATE OBJECTIVE

To develop an understanding of the nature, causes and extent of serious police misconduct.

Strategies

- **Identify, collect, collate and analyse information relating to serious police misconduct.**
- **Develop operational and strategic advice on the nature and extent of serious police misconduct.**

Performance Indicators

1. **The extent to which issues and trends in serious police misconduct are identified and reported.**
2. **The extent to which strategic advice and recommendations relating to NSW Police Service policies, procedures, management practices and training methodologies are developed and adopted.**

Last year, the Commission reported its results against the performance indicators of its Corporate Plan. This approach was adopted to demonstrate how the Commission's work was directed towards achieving its corporate objectives and - in line with the Commission's mission statement - towards making it a more effective agent in the reduction of serious police misconduct in NSW. The feedback received to date seems to indicate that this is an effective method of communicating outcomes. By way of example, the Assistant Director (Professional Responsibility), Federal Bureau of Investigation of the United States of America, complimented the Commission on its 1998-1999 Annual Report and indicated that that Office would be adopting some of the Commission's strategies for communicating organisational objectives and accomplishments.[3]

In this year's Annual Report, as in last year's, the Commission has reported its performance and its work against the objectives and performance indicators in the Commission's Corporate Plan.

In 1999-2000, the Commission has developed its understanding of the nature, causes and extent of serious police misconduct through a number of activities including:

- research-based projects;
- investigations that have incidentally disclosed information on broader issues relating to serious police misconduct; and
- tracking the implementation of recommendations made by the Commission relating to policies, procedures, management practices and training methodologies.

RESEARCH-BASED PROJECTS 1999-2000

PROJECT ORACLE

Although this Special Report was furnished to the NSW Parliament in August 2000 - outside the 1999-2000 reporting year - work on Project Oracle took place throughout the entire reporting year. Commenced in 1998, Project Oracle examined complaints of assault against NSW police officers. The project was initiated in view of the seemingly large number of assault complaints that had come to the Commission's attention.

[3] Letter from Mr MA DeFeo, Assistant Director Office of Professional Responsibility, US Federal Bureau of Investigation, to Assistant Commissioner T Sage, 15 November 1999.

Whereas inquiries and reviews of police use of force overseas have been initiated in the wake of specific incidents - such as the establishment, in 1991, of the Independent Commission on the Los Angeles Police Department following the police assault of Rodney King - Project Oracle was a pro-active project. No specific incident prompted this project.

Project Oracle was prepared in order to, amongst other things:

- alert the Police Service to issues arising out of the Commission's research that the Commission considers warrant the Service's attention;

- equip the Police Service with information that may assist in the development of policies and procedures to reduce the incidence of police assault; and

- provide information that may assist in targeting training at those categories of officers most likely to be the subject of an assault complaint.

Project Oracle contributes to the Commission meeting its First Corporate Objective in that it has contributed to the development of an understanding of the nature, causes and extent of a particular form of serious police misconduct - police assaults. A measure of the value of Project Oracle - given that it is a comprehensive review of complaints of police assault - is that it disclosed a significant *range* of trends relating to police assaults. This is particularly noteworthy, given that little was known about the nature and extent of this form of misconduct. Police assaults, as a separate issue, was not an issue investigated, or researched, by the Royal Commission.

Performance Indicator 1

The extent to which issues and trends in serious police misconduct are identified and reported.

Outcomes of Project Oracle

Project Oracle has identified trends relating to the:

- **demographic characteristics of the complainants and officers who are the subject of complaints;**

- **location of incidents (such as the type of premises);**

(cont'd next page)

- **geographic 'hot spots' for complaints; and**
- **causal issues of assault complaints.**

Amongst other things, Project Oracle found that:

- **a significant proportion of assault allegations - nearly 30 percent - were directed against off-duty officers;**
- **alcohol was recorded as a causal factor in 22.3 percent of complaints against off-duty officers (although the data does not disclose, in relation to each matter, if the officer or complainant was alleged to be alcohol affected);**
- **in 10.8 percent of off-duty assault allegations, registered hotels or clubs were recorded as the location where the alleged assault occurred;**
- **in the case of a core group of officers with multiple complaints against them, nearly 50 percent of allegations were recorded as occurring while the officer was off-duty;**
- **the age group most frequently making allegations of assault were persons from 16 to 20 years of age; and**
- **a higher number of assault allegations occurred in Kings Cross, Mt Druitt, Redfern, Bankstown and City Central.**

Performance Indicator 2

The extent to which strategic advice and recommendations relating to NSW Police Service policies, procedures, management practices and training methodologies are developed and adopted.

Outcomes of Project Oracle

The Commission made a number of recommendations aimed at assisting the Police Service to reduce and prevent this form of misconduct, including:

- **closely reviewing off duty incidents of assault, particularly where alcohol is involved;**
- **targeting officers with multiple complaints, with a view to effecting early intervention with officers at risk; and**
- **auditing training and education programmes regarding police use of force.**

The preliminary indications from the Police Service are that the recommendations will be adopted. The implementation of the recommendations will be reported in future Annual Reports.

PROJECT DRESDEN

Project Dresden is discussed principally in the section dealing with the Second Corporate Objective.[4] As a comprehensive audit on the quality of Police Service internal investigations, Project Dresden was designed to improve the effectiveness of the Police Service in its detection and investigation of serious police misconduct. One of the issues to emerge from the statistical analysis of the complaints data was that some geographical regions attracted a higher proportion of complaints of serious police misconduct than others.

[4] Project Dresden is discussed in more detail at p. 66.

Performance Indicator 1

The extent to which issues and trends in serious police misconduct are identified and reported.

Outcomes of Project Dresden

Although not a central aspect of the audit, Project Dresden revealed that the Northern Region of NSW had attracted the highest proportion of complaints in the State.

TRENDS IN SERIOUS POLICE MISCONDUCT

On 5 November 1999, the Chairperson of the Committee asked the Commissioner to comment on whether or not corruption in the Police Service was largely opportunistic. Judge Urquhart QC gave the following evidence in response (emphasis added):[5]

> There is no doubt that there is opportunistic corruption. As to whether opportunistic corruption is endemic or whether there is another form of corruption that is otherwise than opportunistic is the difficult question. One of our performance indicators for one of our corporate objectives is the identification of issues and trends in serious police misconduct. That is a very difficult area in which to give proper consideration**. One needs to have a benchmark of valid information to start with and then a comparative data bank of information that gives rise to a valid comparison.**
>
> **What we do in each annual report is to bring out some statistics that will demonstrate hopefully trends in serious police misconduct.** As to whether I would be prepared at this stage to say that it is opportunistic would be a big call. I would not say it was all opportunistic. There is certainly opportunistic corruption. That is everywhere and if the opportunity presents itself people will be dishonest, commit crimes or whatever. But to suggest that that is what police corruption is all about is a simplistic approach. It is far more complicated than that.

Following these remarks, the Commission began a continuing analysis of trends in serious police misconduct. In this context, 'serious police

[5] The Committee, *Fourth General Meeting with the Commissioner of the Police Integrity Commission*, December 1999, p. 41.

misconduct' means cases in which police are involved, or are allegedly involved, in one or more of the following activities:[6]

- perverting the course of justice;
- very serious assaults or thefts, or other offences punishable by a sentence of at least five years;
- bribery;
- interfering in the investigation by another police officer of an alleged offence;
- improperly failing to carry out duties in investigating an offence alleged to have been committed by another officer; or
- the manufacture, cultivation or supply of prohibited drugs.

Before describing the analysis, it is necessary to draw attention to the difficulties and limitations of any approach to monitoring serious police misconduct.[7] Ordinary police misconduct, so to speak, which is relatively common and covers matters such as low level assaults, rudeness and drug / alcohol abuse, is susceptible to specific purpose research by, for example, various kinds of surveys and random testing. Serious police misconduct, however, is relatively uncommon and is not susceptible to such specific purpose research. Much serious police misconduct (bribery is a good example) consists of acts of consensual corruption, where it is in the interests of both parties to remain silent.

Evaluating trends in serious police misconduct can however be approached in two other ways. The first is by using relevant statistics that are collected for other purposes, and putting them together in the one 'basket' so that collectively and over a period they might indicate whether serious police misconduct is increasing or decreasing. The other way, which was used very effectively by the Royal Commission, is to examine a number of completed investigations that reveal serious police misconduct, so that again over a period of time they may indicate trends.

The remainder of this section is concerned with the 'basket' of statistical indicators.

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6 As indicated in Appendix 6 of this Report, these matters also form the basis of Category 1 complaints.

7 Much of this discourse draws upon a paper entitled 'Strategies for Monitoring Trends in Police Misconduct' by Dr D Brereton, Director, Research, Queensland Criminal Justice Commission, delivered at the US National Institute of Justice Research Conference in 1998.

Six broad statistical indicators were initially identified as having the potential to give some guide to trends relating to serious police misconduct. Taken separately, they have limited value, but the Commission initially believed that when they were considered together, and particularly if all or most of them pointed in the same direction, then some trend assessments might reasonably be made. The indicators originally chosen were as follows.

1. **Section 181D nominations**. Under section 181D of the *Police Service Act 1990*, the Commissioner of Police may remove a police officer from the Service if the Commissioner does not have confidence in the officer's suitability to continue as a police officer, having regard to the officer's competence, integrity, performance or conduct. The limitations on this indicator are that it deals with nominations rather than the results of the nominations (an officer may be nominated for consideration of removal, but the judgment is subsequently made that he or she does not reach the necessary standard for removal). Also, the reason for the removal may be incompetence rather than misconduct. Another limitation is that a range of factors affect whether a police officer is actually nominated or not. The first limitation is balanced to some extent by the fact that some officers resign or obtain a medical discharge after nomination but before their nominations have been fully considered. Indeed, some officers resign when the prospect of nomination is raised.

2. **Integrity tests**. Under Part 10A of the *Police Service Act 1990*, the Commissioner of Police may conduct, or may authorise any police officer or any other person to conduct, programmes to test the integrity of any particular police officer or class of police officers. As this Part also requires the Commissioner of Police to furnish quarterly returns of such tests to it, the Commission is aware of the details of these tests. For the purposes of this exercise, tests not involving serious police misconduct have been excluded. The main limitation of this indicator is that, compared to other indicators, the numbers are small.

3. **Complaints against police**. While the Police Service keeps comprehensive statistics on complaints against police officers, the Commission found, in an earlier Report, that so far as complaints of serious police misconduct are concerned, the Police Service's statistics were not always reliable.[8] The Office of the NSW Ombudsman ('the Ombudsman') has for many years kept its own statistics on police complaints and publishes them in each Annual Report.[9] The figures used by the Commission are drawn mainly from the Criminal Conduct table, but also from the Investigations and Prosecutions table so as to

[8] PIC, *Special Report to Parliament Project Dresden*, April 2000, pp. 37-38.

[9] NSW Ombudsman, *Annual Report 1998-1999*, pp. 40-42.

better reflect the description of serious police misconduct being used by the Commission.[10]

4. **Officers charged with criminal offences**. Again, the Ombudsman has kept these figures for many years. Not all such charges would arise from abuse of office, and there are often delays caused by seeking legal advice before the preferring of charges.

5. **Officers suspended from duty with or without pay**. Under clause 40 of the Police Service Regulation 1990,[11] the Commissioner of Police may, if he or she has reasonable cause to believe that the conduct of a police officer has been such as to justify disciplinary actions or the institution of criminal proceedings against the officer, suspend the officer with or without pay. Such action is not able to taken against a commissioned police officer. A limitation on this indicator is that the figures will include those whose suspensions have been lifted after further investigation.

6. **Officers participating in the Internal Witness Support Programme.** This Programme offers support to members of the Police Service, both sworn and unsworn, who provide information alleging corruption, maladministration, substantial waste or other misconduct by another member of the Police Service. Members normally enter this Programme after having made a complaint. The limitations on these figures are that they are not confined to serious misconduct, as described above, nor are they confined to serious misconduct by police officers.

As the Commission began to analyse these statistical indicators, however, it soon became clear that several of them involved double, or multiple, counting of the same officer for a single instance of misconduct. For example, an officer who is charged with a criminal offence may be suspended from duty and also nominated for section 181D action. Research on the 37 officers who were suspended from duty as at 31 May 2000 indicated that all but one appeared on at least one other statistical indicator, thus:

- 28 were on the section 181D list, of whom seven had also been charged; and

- of the remaining nine, five were the subject of complaints, three had been charged and one had recorded a positive drug test (it was only this last case which did not appear elsewhere, and recording a positive drug test, on the criteria listed above, is not serious police misconduct).

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10 NSW Ombudsman, *Annual Report 1998-1999*, pp. 40-41.

11 The Police Service Regulation 1990 was repealed and remade with effect from 1 September 2000. The provisions of cl 40 of the 1990 Regulation are now contained in cl 20 of the Police Service Regulation 2000.

In the light of these outcomes, the Commission was obliged to discard from the basket three of the six indicators: integrity tests, officers charged with criminal offences, and officers suspended from duty.

The Commission considers, however, that the three remaining indicators - section 181D nominations, complaints and internal witnesses - are sufficiently independent of each other to be regarded as valid for the present purpose, the limitations with regard to each having been noted above. The figures for each of the three indicators are shown in the table below.

The Commission also notes that the indicators are being used as a guide to *trends*, rather than as a quantitative assessment of the *extent*, of serious police misconduct. In evaluating trends in serious police misconduct in the future, the Commission will examine possible adjustments, or indeed other alternatives, to the methodology used to identify trends in serious police misconduct.

Table 1. Comparison of Indicators from 1995-1996 to 1999-2000

INDICATOR	1995-1996	1996-1997	1997-1998	1998-1999	1999-2000
s 181D action	N/A	163	141	106	125
Complaints	1092	1141	1003	913	740
Internal witnesses	X	+	-	-	-

As discussed on page 24, these figures are drawn mainly from the Criminal Conduct table, but also from the Investigations and Prosecutions table. Notes:

- N/A means not applicable - the legislative changes enabling section 181D action to be taken did not come into effect until 1996-1997;

- the decline in the complaints figures is consistent with a similar decline in the number of Category 1 complaints made since February 1998, when the present criteria were set: the monthly rate in the February-June 1998 period was 83; it fell to 49 in 1998-1999, and has remained at a similar level (48) for 1999-2000; and

- it is unnecessary and undesirable to show the actual figures for internal witnesses; 'X' in the first year is taken as a base figure, and '+' or '-' in subsequent years shows the year on year movement; thus the number of internal witnesses rose from 1995-1996 to 1996-1997, but declined in the next three years.

Performance Indicator 1

The extent to which issues and trends in serious police misconduct are identified and reported.

Outcomes of Trends Analysis

The indicators examined by the Commission in its trends analysis show a similar rise in the first two years of the five year period followed by a gradual fall. The comparatively high levels for these two years might reasonably be attributed to the effects of the Royal Commission. For example, it identified numbers of corrupt officers, and the section 181D provisions were enacted, on the recommendation of the Royal Commission, to enable the Commissioner of Police to remove such officers from the Police Service.

It is difficult and too early to draw any conclusions from these indicators at this time.

INVESTIGATIONS 1999-2000

During the year the Commission experienced an increase in its investigative workload. This included both the volume and the seriousness of matters investigated.

OPERATION BELFAST

Operation Belfast is the codename of the Commission's investigation into police conduct during the investigation into the 1989 murder of Stockton teenager Leigh Leigh. That investigation, and outcomes achieved to date through it, relates principally to the Second Corporate Objective. This matter is discussed in greater detail in the section of the Annual Report that deals with the Commission's Second Corporate Objective.[12] Mention is made of the operation in this section however, as the outcomes of Operation Belfast also related to the First Corporate Objective.

[12] See p. 58.

The Commission considers that some of the shortcomings identified in the systems, policies and procedures of the Police Service identified through Operation Belfast may create circumstances that are conducive to serious police misconduct. Consistent with the First Corporate Objective, this information assists the Commission in developing an understanding of the causes of serious police misconduct.

Performance Indicator 2

The extent to which strategic advice and recommendations relating to NSW Police Service policies, procedures, management practices and training methodologies are developed and adopted.

Outcomes of Operation Belfast

The Commission has identified a number of shortcomings in the procedures and practices extant at the time the investigation into Leigh Leigh's murder occurred, and made recommendations for Service-wide change. The recommendations related to:

- **record-keeping procedures for persons attending police premises to assist voluntarily with police inquiries;**
- **record-keeping procedures in relation to attempts made to contact parents or guardians of young persons attending police premises;**
- **the witnessing of typewritten records of interview or handwritten statements by support officers;**
- **proposed amendments to the *Listening Device Act 1984*; and**
- **the adoption of typed records of interview or handwritten statements.**

The Commission expects to be able to report the achievement of further outcomes in relation to this matter on the acceptance and implementation of the recommendations by the Police Service.

OPERATION ALGIERS

Operation Algiers concerned the Commission's investigation into the activities and financial interests of Superintendent David Care. This matter is discussed in greater detail in the section of the Annual Report that deals with the Commission's Second Corporate Objective.[13] However, in line with the First Corporate Objective, the Commission considers the information revealed in this investigation, regarding Superintendent Care's secondary employment activities in a licensed premises, has assisted the Commission in further developing its understanding of the causes of serious police misconduct.

Performance Indicator 1

The extent to which issues and trends in serious police misconduct are identified and reported.

Outcomes of Operation Algiers

The Commission identified a number of matters of concern in relation to Superintendent Care's conduct and activities relating to secondary employment and his involvement with a licensed hotel. The Commission also re-affirmed the concerns expressed by the Royal Commission in relation to secondary employment in certain industries.

As a result of this the Commission made a number of adverse assessments in its Report to Parliament in relation to Superintendent Care. In addition the Commission emphasised the Royal Commission's recommendation that secondary employment be prohibited in those industries in which police have a regulatory role, including liquor.

OPERATIONS COPPER, TRITON & NICKEL

Operations Copper, Triton and Nickel were the subject of a Report to Parliament tabled in June 2000. All three investigations concerned the alleged forgery, of one police officer's signature by another police officer, on documents intended

[13] See p. 52.

for court proceedings. These matters are mainly discussed in the section of this Annual Report dealing with the Second Corporate Objective.[14]

Last year's Annual Report observed that these investigations contributed to the Commission meeting its First Corporate Objective, noting that from the evidence given at its hearings, it was valid to surmise that there are probably other similar forgery incidents which have occurred in the Police Service, but which have gone unreported. The way in which the Commission's Report to Parliament in relation to these matters contributes to meeting the First Corporate Objective is described below.

Performance Indicator 2

The extent to which strategic advice and recommendations relating to NSW Police Service policies, procedures, management practices and training methodologies are developed and adopted.

Outcomes of Operations Copper, Triton and Nickel

In its Report on these matters, the Commission noted that evidence in relation to Operation Nickel had revealed a practice of officers keeping original documents in their pigeonholes. The Report further indicated that evidence received in the hearings in relation to Operations Copper and Triton also revealed briefs of evidence being left in police pigeonholes. On this basis, the Commission's Report stated that it could be inferred that such practices are probably common in police stations. Moreover, it noted that there was a potential for corruption and misconduct to arise from this practice and that the Police Service should introduce a system that will maintain original documents required for briefs in a secure location. A recommendation was made to this effect.

In terms of the Commission's Corporate Plan, this assessment and recommendation identifies a potential cause of corruption or circumstances that might be conducive to serious police misconduct.

[14] Operations Copper, Triton and Nickel are discussed in more detail at p. 54.

STRATEGIC AUDIT

The Qualitative and Strategic Audit of the Reform of the NSW Police Service ('QSARP') is an independent audit of the progress of reform (as intended by the Royal Commission) within the Police Service. The purpose of the QSARP is to:

- evaluate and report on the progressive implementation of the reform of the Service;
- advise on measures to improve the reform process;
- engender greater public confidence in the Service through open public reporting of progress in reform and performance; and
- support the leadership of the Service by providing independent, objective feedback.

The QSARP is oversighted and administered by the Commission under section 14A of the Act. The QSARP will be conducted over three years with progress reports to be produced at the conclusion of the first and second year and a final audit report to be produced within three months of the completion of the third year. It is anticipated that the QSARP will provide the Police Service, the Government and the community with a professionally validated measure of the extent to which reform is being achieved.

The first audit was conducted in accordance with contractual requirements during the period 3 March 1999 to 22 March 2000. A draft report was provided to the Commissioner of Police in two parts. The first part consisted of the analysis, conclusions, and findings. The second part consisted of the audit methodology, executive summaries, and the detailed survey reports. Extracts from parts of the draft report were also provided to individuals within the Police Service for comment. The Police Service provided the auditors with a 'summary' response to the draft report on 28 July 2000, indicating that a detailed response would be provided to the Commission. The Police Service provided an 'interim' response to the Commission on 19 October 2000.

The final report for the first year was provided by the auditors to the Commission on 27 October 2000. On 30 October 2000 the Commission furnished a copy of that report to the Minister of Police and to the Commissioner of Police in accordance with section 14A(5) of the Act. It is anticipated that the Police Service's detailed response will be provided by 21 November 2000. The Commission will consider that response and, in accordance with section 14A(5), will prepare 'such comments and recommendations as it sees fit' for the Minister and the Commissioner of Police.

COMPLAINT HANDLING

The Commission's complaint handling process underwent a significant review during the reporting year. The review (OSSR II) was part of the restructuring discussed at page 12. Although the existing processes were considered to be effective it was thought that a process that integrated complaint handling with the selection of information from which to develop investigative opportunities would better enable the Commission to make informed decisions and achieve effective outcomes.

All complaints continue to be individually evaluated against both the Category 1 criteria and the Commission's operational priority setting criteria. Decisions are made with respect to the disbursement of each complaint on the basis of those specific criteria. Only a small number of complaints are developed into investigative opportunities. The remaining complaints are filtered out of the process after the initial assessment and dealt with on the basis of their origin. Complaints satisfying the Category 1 criteria, together with other matters which might have been independently developed within the Commission and not otherwise arising from a complaint, are considered for investigative opportunities. Those considered a high priority are investigated by the Investigations Unit. Others may be researched further and developed for decision at a later time.

Complaints referred to the Commission by the Police Service or the Ombudsman, and assessed as not meeting the criteria for development into investigations, are referred back to be dealt with under Part 8A of the *Police Service Act 1990*. Where a Category 1 complaint is received directly by the Commission, and the Commission determines not to commence an investigation into it, the consent of the complainant is sought to refer the matter on to the Police Service and the Ombudsman. Category 2 complaints (those assessed as not being Category 1) are referred to the Police Service pursuant to 131(1)(b) of the *Police Service Act 1990* to be dealt with under Part 8A of that Act.

The Commission's complaint handling processes prior to the review are discussed in detail in the *Annual Report 1998-1999*.[15] This process continued until early 2000 when the implementation of the new process commenced. Although the review occurred within the reporting year the implementation of the recommendations has been slow due to a number of factors including staff shortages and changes. It is anticipated that the new process will be completely implemented by the end of 2000.

[15] pp. 33-34.

Performance Indicator 1

The extent to which issues and trends in serious police misconduct are identified and reported.

Outcomes of Complaint Handling

The evaluation of a large number of complaints assists in informing the Commission's understanding of the nature, causes and extent of serious police misconduct and the process by which issues and trends in serious police misconduct are identified and reported.

COMPLAINT STATISTICS

In 1999-2000 the Commission received 581 Category 1 complaints. This is a similar number to the previous reporting year when 587 Category 1 complaints were received. The total number of all complaints received by the Commission during the reporting year was 811. This compared with 1052 complaints received during 1998-1999. The difference in the two totals reflected a decrease in the number of Category 2 complaints received.

The Commission classifies the Category 1 complaints into two groups, referred and non-referred. Referred Category 1 complaints are those received from either the Police Service or the Ombudsman. Non-referred Category 1 complaints are those received by the Commission from any other source. In 1999-2000 the Commission received 414 referred, and 167 non-referred, Category 1 complaints. By comparison in 1998-1999 the Commission received 417 referred, and 170 non-referred, Category 1 complaints. The monthly average for Category 1 complaints received was 48 as compared with 49 for the last reporting period 1998-1999.

The following three tables show the following statistics, and the corresponding figures from the last reporting year:

- the sources of complaints received by the Commission and the numbers of complaints received from each source (Table 2);

- the number of complaints falling within each of the various categories of Category 1 complaints (Table 3); and

- the types of decisions made by the Commission in relation to Category 1 complaints (Table 4).

Table 2. Sources of Category 1 Complaints

SOURCE OF COMPLAINT	NO. AND % OF COMPLAINTS			
	July 1999 - June 2000		*July 1998 - June 1999*	
Referred	***414***	***71.3***	*417*	*71.0*
Police Service	**358**	**61.6**	355	60.5
Ombudsman	**53**	**9.1**	59	10.1
Both Police Service and Ombudsman	**3**	**0.5**	3	0.5
Non-Referred	***158***	***27.2***	*154*	*26.2*
AFP	**4**	**0.7**	5	0.9
Anonymous	**13**	**2.2**	19	3.2
Attorney General's Department (NSW)	**0**	**0.0**	1	0.2
AUSTRAC	**1**	**0.2**	1	0.2
Cabinet Office	**0**	**0.0**	1	0.2
Criminal Justice Commission	**0**	**0.0**	1	0.2
Crown Solicitor's Office	**0**	**0.0**	1	0.2
ICAC	**7**	**1.2**	6	1.0
Legal Aid	**0**	**0.0**	1	0.2
Members of the Judiciary	**4**	**0.7**	1	0.2
Members of NSW Parliament	**3**	**0.5**	3	0.5
Member of Parliament & Member of the public	**1**	**0.2**	0	0.0
Members of the public	**101**	**17.4**	91	15.5
Military Police	**1**	**0.2**	0	0.0
NCA (as well as member of the public)	**0**	**0.0**	2	0.3
NSW Crime Commission	**2**	**0.3**	1	0.2
Office of the Director of Public Prosecutions (NSW)	**2**	**0.3**	5	0.9
Police Integrity Commission	**2**	**0.3**	0	0.0
Police officers / former officers / Police Service employees	**0**	**0.0**	5	0.9
Royal Commission	**9**	**1.5**	1	0.2
Solicitors	**8**	**1.4**	9	1.5

(cont. next page)

SOURCE OF COMPLAINT	NO. AND % OF COMPLAINTS			
	July 1999 - June 2000		*July 1998 - June 1999*	
Referred and Non-Referred	***9***	***1.5***	*16*	*2.7*
Police Service and Anonymous	**0**	**0.0**	2	0.3
Police Service and Judiciary	**0**	**0.0**	1	0.2
Police Service and Member of Parliament	**2**	**0.3**	0	0.0
Police Service and Ministry for Police	**0**	**0.0**	1	0.2
Police Service and Office of the Director of Public Prosecutions (NSW)	**1**	**0.2**	0	0.0
Police Service and Police Officer	**0**	**0.0**	2	0.3
Police Service and Public	**3**	**0.5**	6	1.0
Ombudsman and Member of Parliament	**0**	**0.0**	1	0.2
Ombudsman and Public	**2**	**0.3**	3	0.5
Police Service & Ombudsman and AFP & Anonymous & Office of the Director of Public Prosecutions (NSW)	**1**	**0.2**	0	0.0
Total of all Complaints	***581***	***100***	*587*	*100*

Table 3. Types of Allegations Raised in Category 1 Complaints[16]

CATEGORY 1 ALLEGATION	JULY 1999 - JUNE 2000		JULY 1998 - JUNE 1999	
	No.	*%*	*No.*	*%*
A.Pervert the course of justice	**366**	**48.6**	369	50.6
B. (i) Crime - grievous bodily harm etc	**2**	**0.3**	12	1.6
(ii) Crime - larceny etc	**8**	**1.1**	26	3.6
	183	**24.3**	93	12.8
C. Solicit / accept bribe	**64**	**8.5**	92	12.6
D. Interfere with investigation by another officer	**50**	**6.6**	53	7.3
E. Failure to investigate offence by another officer	**17**	**2.3**	8	1.1
F. Manufacture / supply of prohibited drug	**60**	**8.0**	68	9.3
Other	**3**	**0.4**	8	1.1
Total	***753***	***100***	*729*	*100*

[16] Some complaints may contain more than one type of Category 1 allegation.

Table 4. Decisions Made regarding Category 1 Complaints

DECISION	JULY 1999 - JUNE 2000		JULY 1998 - JUNE 1999	
	No.	*%*	*No.*	*%*
Investigate by the Commission	**14**	**2.4**	26	4.4
Monitor by the Commission	**7**	**1.2**	21	3.6
Audit by the Commission	**235**	**40.4**	374	63.7
Referred to the Ombudsman - No Further Action by Commission	**281**	**48.4**	130	22.1
Deferred	**1**	**0.2**	6	1.0
Not taken over / No further action	**43**	**7.4**	30	5.1
Total	**581**	**100**	587	100

Allegations that police officers have perverted the course of justice continue to be the largest category of complaint although the number, as a proportion of all complaints, is very similar to that for the reporting period 1998-1999. The only noteworthy change for this year is that allegations that police officers have committed an offence for which the penalty is five years imprisonment, or more, have doubled. This rise may not be significant as there were numerous types of offences, for which the penalty is five years imprisonment or more, involved in the allegations.

DISCHARGES OF POLICE FIREARMS AND DEATHS IN POLICE CUSTODY

DISCHARGE OF FIREARMS

The arrangement by which the Commission receives prompt notification of each occasion on which a police officer discharges his or her firearm has continued. This arrangement accords with the agreement entered into in July 1997, between the Commission and the Police Service, following the recommendation by the Royal Commission[17] that the Commission maintain an interest in these matters. Notification to the Commission is irrespective of whether any person is injured or dies as a consequence of the discharge of the firearm. The arrangement does not extend to firearms training or the destruction of animals where there is no injury or death occasioned to any person. The receipt and evaluation of these notifications provides contextual information that assists the Commission in the development of an understanding of the nature and causes of serious police misconduct.

[17] Royal Commission, *Final Report Volume II: Reform*, May 1997, para. 4.82, p. 349, and Recommendation 78, p. 548.

During the reporting year, the Commission received notification of 24 (31 in 1998-1999) instances of a discharge of a police firearm. This involved 22 separate incidents. In two incidents both police officers attending the scene discharged their firearms. Eighteen instances occurred in Sydney city and Wollongong regions and six occurred in rural NSW.

Of the total number of discharges of police firearms:

- four were reported as being the result of accidental firing (10 in 1998-1999);
- two resulted in the deaths of police officers, one by suicide (one incident in 1998-1999 related to an attempted suicide by a police officer);
- four resulted in the wounding of three offenders (no comparable statistics for 1998-1999);
- two resulted in the death of the offenders (no comparable statistics for 1998-1999);
- five related to the arrest of offenders - one of which occurred during an incident where the offender took, and fired, the police officer's weapon during a struggle (no comparable statistics for 1998-1999); and
- seven involved the police officer firing his firearm at a vehicle being driven towards him or her (nine in 1998-1999). In last year's Annual Report the increase of incidents where a suspect used a motor vehicle as a dangerous weapon to attempt to avoid apprehension was noted. The number of this type of incident this year is slightly lower than for the previous reporting period but remains the largest category of incidents.

The Commission maintains a continuing interest in the investigations of some discharges of police firearms. Further particulars have been sought, and received, in relation to four discharges that have occurred during the course of the reporting year. The Commission monitors the investigation of discharges of firearms where necessary.

The Police Service is currently implementing new procedures for the reporting of discharges of police firearms to ensure that all discharges are reported systematically. This will allow both better reporting of incidents and an improvement in the ability to audit investigations.

It was noted in the *Annual Report 1998-1999* that the Commission was undertaking further inquiries[18] in relation to the officers involved in the shooting of Roni Levi, at Bondi Beach, on 28 June 1997. As foreshadowed in that Report hearings were conducted in relation to this matter during the reporting year.[19]

DEATHS IN CUSTODY

The Commission continues to receive reports from the Police Service concerning deaths in police custody.[20] As with the notifications of discharges of police firearms the notifications of deaths in custody provide the Commission with contextual information that assists in the development of an understanding of the nature and causes of serious police misconduct. Where appropriate the Commission takes an ongoing interest in the investigation of these matters and requests progress reports and or final reports as appropriate.

Performance Indicator 1

The extent to which issues and trends in serious police misconduct are identified and reported.

Outcomes of Discharges of Firearms and Deaths in Custody Notifications

The receipt and evaluation of notifications of discharge of firearms and deaths in custody has the potential to inform the Commission's understanding of serious police misconduct and the process by which issues and trends in serious police misconduct are identified and reported.

[18] PIC, *Annual Report 1998-1999*, p. 49.

[19] See section entitled 'Operation Saigon', p. 56.

[20] As recommendated in the Royal Commission's *Final Report Volume II: Reform*, May 1997, para. 9.29, p. 529, and Recommendation 169, p. 559.

TRACKING THE COMMISSION'S RECOMMENDATIONS

Section 99(2)(c) of the Act requires the Commission to include in its Annual Report 'an evaluation of the response of the Commissioner of Police, relevant members of the Police Service Senior Executive Service and other relevant authorities to the findings and recommendations of the Commission'. The process of following the acceptance and implementation of the recommendations made in previous Reports to Parliament also assists the Commission in meeting its First Corporate Objective.

OPERATION JADE RECOMMENDATIONS

Background

Chapter 6 of the *Annual Report 1998-1999* set out the Commission's recommendations as made in the Jade Report and the responses to those recommendations by the Police Service. The Commission's evaluation of each response followed the Police Service's response.

In the Police Service response to the Commission, received on 30 October 1998, it was stated that 'the Service has given careful consideration to the recommendations' and that 'the Service had already implemented a number of systems and approaches in a range of areas some of which are identified in the recommendations of the Report'. The Commission's evaluation in relation to some of the responses was that the responses was inadequate and that the Commissioner may have been poorly advised. In relation to Recommendation 6, Review of New Procedures, the Police Service advised that it would be conducting a review of the level of compliance and effectiveness of the new procedures aimed at addressing the management and procedural shortcomings revealed during the Operation Jade public hearings. The result of that review was to be communicated to the Commission after its completion in October 1999.

Progress Since June 1999

Following the release of the *Annual Report 1998-1999*, representatives of the Police Service met with members of the Commission to discuss the recommendations, the Police Service's responses and the Commission's evaluations of the responses. The Commission then wrote to the Police Service and a response was received by letter dated 15 December 1999. In that letter the Police Service was not able to provide a complete response to all the issues raised however the provision of further responses was foreshadowed. Those responses were received from the Police Service in June 2000.

Set out in the following pages are the recommendations made in the Jade Report and a summary of the responses made by the Police Service.

Recommendation 1: Risk Management[21]

> …the Police Service give consideration to developing a standardised corruption risk management methodology that managers within the Police Service can use to assess the risk and tailor specific strategies for their areas of responsibility

Police Service Response

The Police Service's initial response and the Commission's evaluation of that response can be found at pages 53-54 of the *Annual Report 1998-1999*.

The Police Service made a further response in December 1999:[22]

> Surveys were conducted within Field Operations, Specialist Operations and Crime Agencies. The results of those surveys identified that the Threat Assessment Model was inadequately communicated and that a simple, convenient Police Service standard risk model is required. Corruption Prevention Plans were also surveyed, which identified inconsistent (command) approaches with a general poor awareness of the plan(s) and their strategies with the field.
>
> As these issues are linked, it is proposed to address them in an integrated approach to risk identification and treatment. Further, we will use that approach to proactively address corruption risks through an integrated Corruption, Conduct & Integrity Compliance Program (based on Australian Standard Compliance Programs AS3806-1998), which is part of the Service's overall approach to risk management. In the interim, a memorandum has been issued under my hand to field commanders requiring them to comply with their obligations to conduct risk assessments and to have in place and action, appropriate Corruption Prevention Plans …

The response further stated that Internal Affairs and Audit and Evaluation had been tasked to prepare and disseminate a risk methodology and Corruption Prevention Programme, and to conduct further audits to ensure field compliance.

In June 2000 a further response was received. In that response development and progress by the Police Service of their Corruption Prevention Plan ('the Plan') was outlined. In addition to the development of the Plan, the response stated that Audit and Evaluation has, in line with Police Service policy of adopting best practice, moved away from compliance auditing to a control risk self-

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21 PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, para. 9.2, p. 78.

22 Letter from Commissioner Ryan to Commissioner Urquhart, 15 December 1999, barcode 5575439.

assessment model where individual commands are accountable for monitoring their own performance against key organisational goals. To assist in this process a Command Management Framework ('CMF') was developed in consultation with a number of stakeholders including the Commissioner of Police, the Deputy Commissioners, Special Crime and Internal Affairs, the Internal Audit Bureau, the Business Risk Committee, the Independent Commission Against Corruption ('ICAC'), the Police Association and both Region and Local Area Commanders. It is anticipated that effective self-assessment will reduce the opportunity, and incidence of, corrupt activity. In the response it was stated that:[23]

> … Each command will use the CMF as a template which will help them identify those risks most pertinent to their own unique circumstances. These risks and their levels can be changed by commands as their expertise in using the Framework develops … To further help commands Audit and Evaluation, as part of its continual improvement focus, identifies good practice and maintains a Register of Best Practice. Part of this function is to disseminate to commands those good practices which might be of benefit Service wide. This function will continue, particularly in relation to corruption prevention.
>
> Ongoing monitoring to ensure compliance will be conducted in a number of ways … One of the key areas being the identification of evidence which establishes a suitable corruption prevention plan is in place and that action has been taken to implement the strategies identified in the plan …

Commission Evaluation

The Commission notes the favourable response by the Police Service to its evaluation in relation to the Police Service's initial response to the recommendations.[24] The Police Service acknowledged the shortcomings in its initial response and reacted in a positive way to the Commission's evaluation with the development and implementation of a cohesive Corruption Prevention Plan. It is also noted that the Police Service is taking action to ensure accountability in relation to corruption prevention and compliance with the Plan.

Recommendations 2 & 3: Informant Management[25]

> … the Police Service develop, as an addendum to the *Informant Management Manual*, procedures that explain the relationship between the Special Expenses Allowance (currently paid to detectives) and other aspects of the Service's informant management systems, particularly, the recording and reporting of contact with community sources, prospective informants or registered informants, and the payment to registered informants from official fund sources

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23 Letter from Commander MJ Brammer, Special Crime and Internal Affairs Command, to Assistant Commissioner T Sage, 8 June 2000, barcode 5656340.

24 PIC, *Annual Report 1998-1999*, p. 54.

25 PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, para. 9.2, p. 78.

> … the Police Service prepare an addendum to the *Informant Management Manual* that articulates the obligations of officers who may be involved in close formalised working arrangements with other agencies (such as task forces). That is, if officers fall under the line management control of the Service, they are to observe its informant management procedures

Police Service Response

The Police Service's initial response together with the Commission's evaluation of that response can be found in the *Annual Report 1998-1999*.[26] A further response was made in the letter dated 15 December 1999.[27] Included in this second response was the result of the 'thematic audit' and the review of the Special Expenses Allowance as foreshadowed.

As a result of the thematic audit the Informant Management Manual ('IMM') was reviewed and an amended IMM issued. The amendments related to the recruitment of informants and inclusion of a mandatory requirement to document all contact with informants together with related expenses. The Special Expenses Allowance has been discontinued. The amended IMM contains a new section that deals specifically with the issue of the management of informants by police service personnel involved with joint operations with other agencies.

Commission Evaluation

Once again the Commission notes the Police Service's favourable response to the Commission's initial evaluation of the response to this recommendation. Following the publication, by the Police Service, of the amended IMM addressing the particular issues as stated above, the Commission is now satisfied with the response of the Police Service to this recommendation.

Recommendation 4: Comprehensive Audit Section[28]

> …the Comprehensive Audit Section of the Police Service proactively conduct audits to evaluate the efficiency and effectiveness of procedures in both specialist and non-specialist areas of the Police Service

Police Service Response

The Police Service's initial response to this recommendation and the Commission's evaluation of that response can be found in the *Annual Report 1998-1999*.[29] In

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[26] pp. 54-55.

[27] Letter from Commissioner Ryan to Commissioner Urquhart, 15 December 1999.

[28] PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, para. 9.2, p. 78.

the response dated 15 December 1999 the Police Service advised that the Comprehensive Audit Section ('CAS') no longer existed and that the resources had been reallocated to Audit and Evaluation Services and Internal Affairs Command.[30]

Within the Audit and Evaluation Services a new group, the Management Audit Group ('MAG') was formed to provide a 'more holistic appraisal of risk within Commands, by examining both operational and administrative risks'. The CAS positions transferred to the Internal Affairs Command were formed into a new unit called the Systems and Process Investigation Unit ('SPIU'). The purpose of this new unit is 'to undertake a systems review function in respect of investigations undertaken by Internal Affairs Command'.

The specific matter that gave rise to this general recommendation about procedures was the discovery, by the Commission, that there were no procedures in place for the communication of confidential fingerprint analyses. The Police Service's response to the recommendation covered both the general recommendation and the specific matter.

It should be noted, that in making the general recommendation, the Commission was concerned that there may be specialist sections of the Police Service, other than the fingerprint section, for which there were no procedures in place. The general recommendation was made with the intention that the implementation of it would address not only the lack of procedures in the fingerprint section but, in addition, a lack of procedures that may exist in any other section within the Police Service.

In relation to the specific matter of fingerprint analysis, the Commissioner advised that:[31]

> The specific matter of fingerprinting in confidential matters has been addressed through the development and implementation of 'Procedures for examination of exhibits on behalf of Internal Affairs'.

Commission Evaluation

The Police Service accepted the advice of the Commission and the Commission is satisfied with the new procedures that have been implemented.

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29 p. 56.

30 Letter from Commissioner Ryan to Commissioner Urquhart, 15 December 1999, barcode 5575441.

31 Letter from Commissioner Ryan to Commissioner Urquhart, 15 December 1999, barcode 5575441.

The Commission has informed the Police Service that it intends to monitor the implementation and work of the MAG and the specialist financial auditing being conducted by the Internal Audit Bureau. As part of this monitoring the Commission has also requested a copy of any reports published by these groups. This is in line with the recommendation made by the Royal Commission.[32]

Recommendation 5: Managers Accessing COPS[33]

> … managers be authorised to conduct online COPS inquiries about the possible criminal background or affiliations of individuals with whom their staff have formed associations. Managers should be required to record the reasons for such searches in their duty books or diaries.

Police Service Response[34]

> Given that this matter is likely to be an action arising from a risk assessment, it will be incorporated within the proposed Police Service risk / threat methodology and Corruption Prevention (Resistance) Program. The specific inclusion of a response to this recommendation within the Program also ensures that it remains a contemporary issue, in the (respective Command) Plan's development, action and review.

Commission Evaluation

The Commission's evaluation in relation to the initial response was that the response was merely a restatement of the existing policy. The Commission notes that the Police Service has given further consideration to the matter and has implemented appropriate changes.

Recommendation 6: Review of New Procedures[35]

> … the Police Service review the level of compliance and effectiveness of the new procedures, presented in its submissions to the Commission, to address the management and procedural shortcomings revealed during the Operation Jade public hearings. That review should be conducted twelve months hence and the results communicated to the Commission.

Police Service Response

The Commissioner reported that terms of reference for strike forces had been developed and enacted within Crime Agencies. A sample audit of 50 strike

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32 Royal Commission, *Final Report Volume II: Reform*, May 1997, para. 9.46, p. 533.

33 PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, para. 9.2, p. 78.

34 Letter from Commissioner Ryan to Commissioner Urquhart, 15 December 1999.

35 PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, para. 9.2, p. 78.

forces showed widespread compliance with their terms of reference. Operational guidelines have also been developed by Crime Agencies to assist Local Area Commands and Regions to prepare terms of reference for strike forces that they establish independently of crime agencies. The guidelines are intended to provide assistance with accountability and effective management of strike forces.

Recruitment of staff in Crime Agencies has also been addressed and the fleet rationalisation process has commenced. A new car diary system was introduced in September 1999 that more thoroughly accounts for the use and garaging of vehicles.

Commission Evaluation

The Commission considered that the initial response in relation to this recommendation was satisfactory and waited for the further information to be provided after the October 1999 review. That further information was provided and the Commission considers that the Police Service is continuing to address the issues satisfactorily.

Recommendation 7: Crime Agencies Recruitment Policy[36]

> … upon appointment, the auditor responsible for carrying out a qualitative and strategic audit of the reform process begun by the Royal Commission review the effectiveness of the Crime Agencies recruitment policy outlined in the Police Service submissions on 13 February 1998.

Police Service Response[37]

> The Service supports this recommendation and looks forward to assisting the PIC Strategic Auditor in examining the Service's compliance with the effectiveness of the Crime Agencies recruitment policy.

Commission Evaluation

The Commission regarded the initial response by the Police Service as being satisfactory.[38]

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[36] PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, Para. 9.2, p. 78.

[37] PIC, *Annual Report 1998-1999*, p.57.

[38] PIC, *Annual Report 1998-1999*, p. 57.

OPERATION WARSAW RECOMMENDATIONS

The recommendations arising from this report were as follows:

- that the Commissioner of Police undertake a review of current training and procedures relating to conflict of interest recognition, avoidance and management, especially in terms of the senior ranks, with a view to developing training and procedures that accord with world's best practice; and

- that Deputy Commissioner Jarratt participate in such conflict of interest recognition, avoidance and management programmes as the Commissioner of Police may determine. The Commission further recommended that, for future evaluations and assessments of Mr Jarratt's performance as Deputy Commissioner, the Commissioner of Police, in addition to such other matters as he may take into account, have regard to Mr Jarratt's performance in the management of conflicts of interest.

The Commissioner of Police provided a response to the Commission in June 1999. In the response it was noted that a review of current management courses established that there is no curriculum relating to conflict of interest recognition. The response also noted that the deficit was considered in the process of re-establishing a continuing programme of supervisory and management training for first-line team leaders.

The Police Service also informed the Commission separately that Deputy Commissioner Jarratt's performance agreement with Commissioner Ryan included a target in relation to his personal development, that he complete a course, during 1999, on the management of conflicts of interest.[39] The Deputy Commissioner has since completed a series of meetings on the subject with Dr Simon Longstaff, the Chief Executive Officer of the St James Ethics Centre.

In September 1999 the Commissioner of Police informed the Commission that Deputy Commissioner Jarratt had completed a programme of education relating to the identification and manner of dealing with conflicts of interest.[40] In addition to the series of meetings with Dr Longstaff, Deputy Commissioner Jarratt completed a programme of training with the Federal Bureau of Investigation, National Executive Institute that involved him attending the FBI Academy at Quantico, Virginia, USA and the Police Staff College, Bramshill, UK. The programme was intended to equip senior police executives with the necessary skills to enable them to carry out their responsibilities effectively. As a result of attending these programmes the Commissioner of Police is of the opinion

[39] Report by Ms J Kelly, Executive Officer, 27 September 1999, barcode 5514794.

[40] Letter from Commissioner Ryan to Commissioner Urquhart, 30 September 1999.

that the recommendation relating to Deputy Commissioner Jarratt has been successfully met.

Strategies for raising awareness amongst Police Service personnel in both the short and medium term have been addressed with the introduction of conflict of interest training for all levels of police officers. In May 2000 the Police Service advised the Commission of the strategies that had been implemented or were in the development process.[41] Training has been provided for senior managers including Local Area Commanders and the Police Service Executive, which includes Region Commanders, Deputy Commissioners, Commanders of Specialist Support and non-sworn executive Police Service members.

A review was conducted in relation to conflict of interest training and ethics in the Constable Education Programme and Dr Devery, Head of School, Operational Policing has indicated that he is satisfied with the level of cover in the programme. In June 2000 details of the content of the curriculum were provided to the Commission. Material is currently being developed for a VETAB[42] accredited Advanced Diploma in Police Management the leadership curriculum of which contains material specifically targeting the issue of conflict of interest. It was anticipated that the programme would commence in July 2000.

In late 2000 an article is to be included in the quarterly Policing Issues and Practice Journal addressing conflict of interest issues.[43] This journal has a statewide distribution. As a longer term goal the Police Service plans to integrate conflict of interest education into the succession planning model for executive officers.

41 Report by Supt G Moore, 18 May 2000, barcode 5650064.

42 Vocational Educational and Training Accreditation Board.

43 Report by Supt G Moore, 18 May 2000, barcode 5650064.

Performance Indicator 2

The extent to which strategic advice and recommendations relating to NSW Police Service policies, procedures, management practices and training methodologies are developed and adopted.

Outcomes of Tracking the Commission's Recommendations

Recommendations made in the first Operation Jade Report to Parliament have now been satisfactorily implemented by the Police Service. The Commission considers that this has improved and will continue to improve:

- **the standard and extent of corruption prevention planning within the Police Service at the level of Local Area Commands and Specialist Commands; and**

- **the level of accountability in the management of informants in the Police Service.**

Recommendations made in the Operation Warsaw Report to Parliament, which were reported on in subsequent Annual Reports, have been fully implemented. The Commission considers that the initiatives set in train by the Police Service in relation to conflict of interest recognition, avoidance and management will assist police officers to deal with a potential cause of serious police misconduct.

3. MEASURING COMMISSION PERFORMANCE

- SECOND CORPORATE OBJECTIVE

SECOND CORPORATE OBJECTIVE

To develop and apply innovative and effective strategies and methodologies for the prevention, detection and investigation of serious police misconduct.

Strategies

- **Establish and maintain effective arrangements for the exchange of information in respect to new prevention, detection and investigation methodologies with appropriate Australian and international agencies.**
- **Actively encourage, develop and employ new and innovative police misconduct prevention strategies and investigative methodologies.**
- **Identify key features of serious police misconduct and selectively implement suitable strategies in the conduct of investigations and assessments.**
- **Identify and promote policies, methodologies and practices which will impede and discourage, or reduce the opportunity for, serious police misconduct.**
- **Contribute to the improvement in the standards associated with investigations of serious police misconduct.**

Performance Indicators

1. **The extent to which new strategies and methodologies are developed and applied.**
2. **The significance and impact of the outcome of investigations.**
3. **Strategic assessments of serious police misconduct disclose that the incidence of serious police misconduct is reduced over time.**

In 1999-2000, the Commission has developed and applied strategies and methodologies for the prevention, detection and investigation of serious police misconduct through a number of activities including the following:

- investigations into serious police misconduct;
- research-based projects; and
- the implementation of a new capability to detect serious police misconduct.

INVESTIGATIONS 1999-2000

The following discussion of the Commission's investigations only mentions a sample of the investigations. The table at Appendix 2 shows the basis of all of the Commission's investigations during the reporting year. The reasons for not reporting all the investigations in more detail relate to the number of investigations and the need for secrecy to preserve the integrity of the investigations.

OPERATION ALGIERS

On 30 June 2000, the Commission furnished a Report to Parliament in relation to Operation Algiers. This investigation - which commenced in January 1998 - concerned the activities and business interests of Superintendent David Care. Between January and November 1998, the Commission collected information and evidence concerning possible police misconduct involving Superintendent Care. Public hearings were held between 30 March 1999 and 20 August 1999, the scope and purpose of which was to ascertain whether:

- Superintendent Care had engaged in unauthorised secondary employment;
- Superintendent Care was a partner shareholder or director of an enterprise or company operating premises licensed under the *Liquor Act 1982*;

- Superintendent Care had a pecuniary, family, or other personal or business relationship with those involved in operating premises licensed under the *Liquor Act 1982* and, if so, whether he had declared such interest to the Police Service as was required;

- Superintendent Care or any other person had made false statements or given false evidence in relation to the business and / or financial interests of Superintendent Care or any members of his family;

- there had been misconduct or unlawful conduct by any police officer or former police officer or any other person in relation to the said matters; and

- there has been potential for police misconduct arising from the practices and procedures occurring in the said matters.

Allegations that Superintendent Care had an interest in, or a close personal association with persons with interests in, a hotel located in Cabramatta were also investigated by the Police Service following the receipt of an internal police complaint in January 1998. In August 1998, however, a report on the investigation was furnished to the Commander of Crime Agencies that there was no evidence of unlawful or improper involvement of Superintendent Care in what was then the Heartbreak Hotel in Cabramatta. The recommendation made to the Commander of Crime Agencies was that no further action was required. In September 1998, the Commission notified the Police Service that it was taking over the investigation of the complaint.

Consistent with its Second Corporate Objective, the Commission considers that through Operation Algiers, it applied an effective strategy for the detection and investigation of serious police misconduct. Sufficient material and admissible evidence was obtained to support recommendations for consideration of disciplinary action and criminal charges.

In terms of its investigative methodology, Operation Algiers relied heavily on the collection, collation and analysis of documents of a financial nature. The Commission made its recommendations on the basis of a substantial amount of evidence amassed during the course of the investigation. The outcomes achieved to date through Operation Algiers can be seen to relate to Performance Indicator 2 of Second Corporate Objective.

Performance Indicator 2

The significance and impact of the outcome of investigations.

Outcomes of Operation Algiers

In its Report concerning Operation Algiers, the Commission recommended that consideration be given to:

- **the laying of four criminal charges against Superintendent Care;**
- **the taking of reviewable disciplinary action against Superintendent Care (on the basis that there is material available to the Commissioner of Police that is capable of satisfying him that Superintendent Care undertook secondary employment without first obtaining authorisation); and**
- **the removal of Superintendent Care from the Police Service under section 181D of the *Police Service Act 1990*.**

The Commission assesses that the outcomes from Operation Algiers were the:

- **demonstration of the Commission's preparedness - and capability - to engage in complex financial investigations to collect information in relation to serious police misconduct; and**
- **deterrence of police from engaging in unauthorised secondary employment where a high potential for conflict of interest exists.**

OPERATIONS COPPER, TRITON & NICKEL

On 30 June 2000, the Commission furnished a Report to Parliament concerning three investigations conducted in 1998 - Operations Copper, Triton and Nickel. All three investigations were commenced in response to complaints involving the

falsification of one police officer's signature by another police officer on documents intended for court. The similarity of the complaints, coupled with the fact that they were all unrelated, involving different officers from different locations, raised a concern in the Commission that the forgery of signatures could reflect a practice that may not be uncommon in the Police Service.

The Commission reported on these investigations in its last Annual Report in relation to work done on these matters during the course of the 1998-1999 reporting year. As noted in that Report, the Commission heard evidence in relation to the production of court documents that included:

- The loose practice adopted by some police in relation to the dating and witnessing of statements. This included backdating statements, and the failure to have the signing of the statement witnessed correctly.

- The presentation to prosecuting authorities of documents that bore false signatures.

Consistent with the Second Corporate Objective, the Commission considers that, through Operations Copper, Triton and Nickel, it applied an effective strategy for the detection and investigation of serious police misconduct as sufficient material and admissible evidence was collected to support the consideration of disciplinary action and criminal charges.

Performance Indicator 2

The significance and impact of the outcome of investigations.

Outcomes of Operations Copper, Triton & Nickel

In relation to these Operations, the Commission recommended in its Report that consideration be given to:

- **the charging of three police officers with a number of criminal offences; and**

- **the removal of those three police officers from the Police Service under section 181D of the *Police Service Act 1990*.**

(cont. next page)

The Commission will be able to report further outcomes of these investigations, when decisions are made in relation to the implementation of the recommendations.

Another outcome of these investigations was the demonstration of the seriousness of forging signatures on documents intended for court. Following on from this other expected outcomes include:

- **a reduction in the number of inexperienced officers exposed to inappropriate practices;**
- **such conduct not being seen as an alternative to diligent and skilled policing work; and**
- **emphasis on strict adherence by police officers to court process and evidence.**

It is also anticipated that the investigation - including the public hearings - and the subsequent release of its Report will have the effect of deterring such practices in the future.

OPERATION SAIGON

In last year's Annual Report, the Commission reported that it commenced hearings in relation to Operation Saigon in February 1999 and that at the end of that reporting year, the investigation was continuing. Operation Saigon was initiated on the basis of information and evidence provided by the Police Service Internal Affairs Command, now Special Crime and Internal Affairs Command. Further hearings took place during the course of the 1999-2000 reporting year, in November 1999 and February 2000.

The hearings, in November 1999 and February 2000, examined evidence gathered by the Commission and by the Special Crime and Internal Affairs Command in relation to alleged drug use by former Constable Rodney Podesta and former Senior Constable Anthony Dilorenzo before and after the shooting of Roni Levi on 28 June 1997. The hearings also enquired into the conduct of the Internal Affairs investigation into these former police officers which was taking place at the same time as the investigation of the shooting of Roni Levi. The Commission explored allegations of impropriety and bias against the

Police Service in relation to the manner in which those two investigations were conducted and kept separate from each other.

On a broader level, the Commission's hearings also examined the manner in which police shootings are investigated and the mandatory drug testing requirements that came into force following the shooting of Roni Levi. Issues included the appropriateness of urine testing versus blood testing for those officers involved in critical incidents such as a police shooting, and whether the purpose of such testing should be limited to determining the integrity issue alone (that is, whether or not the involved officer is drug free) or also permit an assessment of impairment, in the event that the officer tests positive for a prohibited drug. At the time of writing, submissions of Counsel Assisting the Commission had been served upon the affected parties and final submissions in reply were awaited.

Operation Saigon was an important investigation, examining as it did a matter of high public profile in relation to which serious concerns about the handling of the matter by the Police Service had been expressed publicly. The investigation involved a close examination by the Commission of allegations against particular officers and against the Police Service as a whole, as well as consideration of important policy issues, particularly the drug testing of police officers. These issues will be discussed in the Commission's Report to Parliament regarding the matter.

The Commission's public Report in relation to Operation Saigon will be delivered to Parliament in the 2000-2001 reporting year. Some outcomes, however, are already apparent as a result of the first part of the investigation and the evidence gathered by the Police Service.

Performance Indicator 2

The significance and impact of the outcome of investigations.

Outcomes of Operation Saigon

The outcome of this Operation was the exposure, by the Commission, of alleged misconduct, by relatively young police officers, that was quite different to the more traditional types of misconduct identified by the Royal Commission and other investigations. The successful prosecution of some officers followed.

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A number of witnesses who gave evidence during the first segment of public hearings in February 1999 were charged by the Police Service with criminal offences arising out of the matters examined during the hearings. Some of those charges were determined in 1999-2000:[44]

- **seven individuals were charged; and**
- **charges involved serious matters including charges under section 25 of the *Drug Misuse and Trafficking Act 1985* and Giving False Evidence to the Commission pursuant to section 107 of the *Police Integrity Commission Act 1996.***

OPERATION BELFAST

The purpose of Operation Belfast was to investigate all police conduct in the investigation of incidents on the evening of 3 November 1989, in and around the North Stockton Surf Club, including the death of Leigh Leigh. Submissions were invited and received from a number of persons including submissions on behalf of Mrs Robyn Leigh, mother of Leigh Leigh.

Preparations continued on the Report in relation to Operation Belfast during the course of the 1999-2000 reporting year. The Report was presented to Parliament on 18 October 2000.

As a result of the Commission's hearings the Commission has made assessments about a number of aspects of police conduct during the 1989-1990 investigation of the murder of Leigh Leigh. Principal amongst the Commission's assessments are that police:

- questioned a child without the presence of a parent or guardian;
- failed to contact the parents of a child in police custody;
- falsely arrested suspects to the murder in order to question them about the murder;

[44] See Appendix 3 for the details of those charges and the progress of the prosecutions.

- falsely arrested Leigh Leigh's murderer, Matthew Webster, in order that he be placed in a room equipped with a listening device; and

- probably assaulted Matthew Webster whilst he was in police custody.

Performance Indicator 2

The significance and impact of the outcome of investigations.

Outcomes of Operation Belfast

The outcomes from this operation were the identification of a number of procedural issues requiring change. These related to the:

- **voluntary attendance of persons at a Police Station to assist police;**
- **procedures relating to 'vulnerable persons';**
- **witnessing of statements of young persons;**
- **suggested amendments to the *Listening Devices Act 1984;* and**
- **guidelines relating to the adoption of handwritten statements.**

Another outcome was the clear separation of facts and evidence as distinct from the rumour and innuendo that had surrounded much of the investigation of the murder of Leigh Leigh. In particular the Commission found that the allegations of sexual assault by Police were without foundation.

In its Report the Commission recommended that:

- **the Commissioner of Police give consideration to making an order pursuant to section 181D of the *Police Service Act 1990* dismissing one officer;**

(cont. next page)

- **the Commissioner of Police give consideration to the taking of reviewable action pursuant to section 173 of the *Police Service Act 1990* against three officers;**
- **the Commissioner of Police give consideration to the taking of non-reviewable action within the meaning of section 173(1) of the *Police Service Act 1990* in respect to one officer; and**
- **the Director of Public Prosecutions give consideration to the prosecution of the five officers for a range of offences.**

OPERATION GLACIER

In November 1998, the Commission received information from the ICAC that a currently serving police officer may have been involved in corrupt activity. That police officer was later identified as Acting Sergeant Michael David Nemeth-Laky.

The information suggested that Acting Sergeant Nemeth-Laky was passing on confidential motor vehicle registration information, stored in a Police Service computer system, to a private investigator. The identity of the private investigator is the subject of a non-publication order made by this Commission and is referred to in this Report under the pseudonym 'L1'. Following receipt of the information, in November 1998 the Commission commenced an investigation, codenamed Operation Glacier.

On 27 October 1999 the Commission held a public hearing for the purposes of its investigation and heard evidence over one day. The scope and purpose of the hearing was to investigate the unlawful provision of confidential information by a member or members of the Police Service.

The Commission heard evidence that the police officer concerned, Acting Sergeant Nemeth-Laky, had accessed a Police Service computer system in order to obtain motor vehicle registration details after being requested to do so by L1. In addition there was an indication that Acting Sergeant Nemeth-Laky had entered into an improper arrangement to provide Police Service information to L1 on an ongoing basis.

The evidence also indicated that Acting Sergeant Nemeth-Laky had been prepared to make false entries in his official notebook as to his reasons for accessing the information, and that he had advised and colluded with L1 in order to formulate a plan to cover-up their improper arrangement. There was, however, no evidence found of any specific payment or other consideration being made for providing the service.

Performance Indicator 2

The significance and impact of the outcome of investigations.

Outcomes of Operation Glacier

A Report to Parliament in relation to Operation Glacier was being finalised at the time of writing.

The outcome of the investigation was the identification of, and the disruption of, a corrupt activity that had every indication that it would have been ongoing. The Commission anticipates that the identification and disruption of this activity will have a significant deterrent effect on other police officers contemplating similar activities.

It was recommended that consideration be given to the laying of criminal charges against:

- **Acting Sergeant Michael David Nemeth-Laky (2 charges);**
- **Alexander Byczkov (3 charges);**
- **Coryne Byczkov (1 charge); and**
- **L1 (2 charges)**

In addition it was recommended that the Commissioner of Police give consideration to making an order pursuant to section 181D of the *Police Service Act 1990* dismissing Acting Sergeant Nemeth-Laky.

OPERATION D

On 8 March 2000, the Commission published a notice in the press that it would be holding public hearings in relation to this operation. It announced that the general scope and purpose of the hearing was to investigate:

- a complaint of serious assault upon a male person on or about 28 June 1999 by a police officer attached to a task force that operated in the Bankstown area from July 1998 to September 1999; and

- whether some police officers attached to the above task force have engaged in serious police misconduct.

After consideration, the Commission decided that it was not in the public interest to hold its hearings in public and proceeded with private hearings. At the time, there had been a number of drive-by shootings in the Bankstown area that allegedly involved members of the Lebanese community.

The Commission will forward a Report to the Commissioner of Police in relation to this matter. An outcome in relation to this matter will be reported in next year's Annual Report. It is anticipated it will relate to the Commission's Second Corporate Objective.

OPERATION J

This operation was commenced during 1999-2000. It has not been finalised, and the names of persons who were the subject of investigation, together with details about the investigation itself, have not been included so as not to prejudice court proceedings. The purpose of the operation was to investigate whether a senior constable in the Police Service, his associates and / or members of his family:

- were or are involved in the supply of prohibited drugs, or derived any benefit from the supply of prohibited drugs; and

- were or are involved in the practice known as rebirthing of stolen vehicles (including but not limited to the theft and resale of vehicles and vehicle parts and tampering with or unlawfully altering Vehicle Identification Numbers), or derived any benefit from such rebirthing activities.

Additional purposes were:

- to investigate such other police misconduct as may relate to the investigation of the above-mentioned matters; and

- in connection with matters arising during or out of the investigation, to exercise functions under the *Criminal Assets Recovery Act 1990* in relation to the senior constable under investigation, his associates and / or members of his family.

During the reporting year there have been two significant phases in this investigation.

- The first relates to a significant criminal fraud allegedly committed by the senior constable, with several other people. The investigation of this matter is in its final stages.

- The second relates to the confiscation of assets. Extensive financial investigations have been undertaken and Supreme Court hearings have commenced.

Future directions for this investigation are, respectively, that:

- the criminal investigation will be finalised and relevant information will be disseminated to the Director of Public Prosecutions; and

- the confiscation proceedings will continue in the Supreme Court.

The Commission cannot report an outcome in relation to this investigation as it was incomplete at the time of writing. The Commission notes, however, that this operation marked the first occasion that the Commission has commenced Supreme Court proceedings under the *Criminal Assets Recovery Act 1990*. That Act was designed to address the profit motive for crime. The Commission anticipates that its use of that Act's powers in cases of serious police misconduct will be a further deterrent to officers contemplating corrupt conduct.

An outcome in relation to this matter will be reported in next year's Annual Report. It is anticipated it will relate to the Commission's Second Corporate Objective.

INVESTIGATIONS INITIATED 1999-2000

Figure 1 represents the sources of matters which were initiated during the year as either preliminary or full investigations. The types of Category 1 allegations raised in those matters are depicted in Figure 2. It should be noted that some matters may contain more than one Category 1 allegation.

Figure 1. Source of Matters Investigated 1999-2000

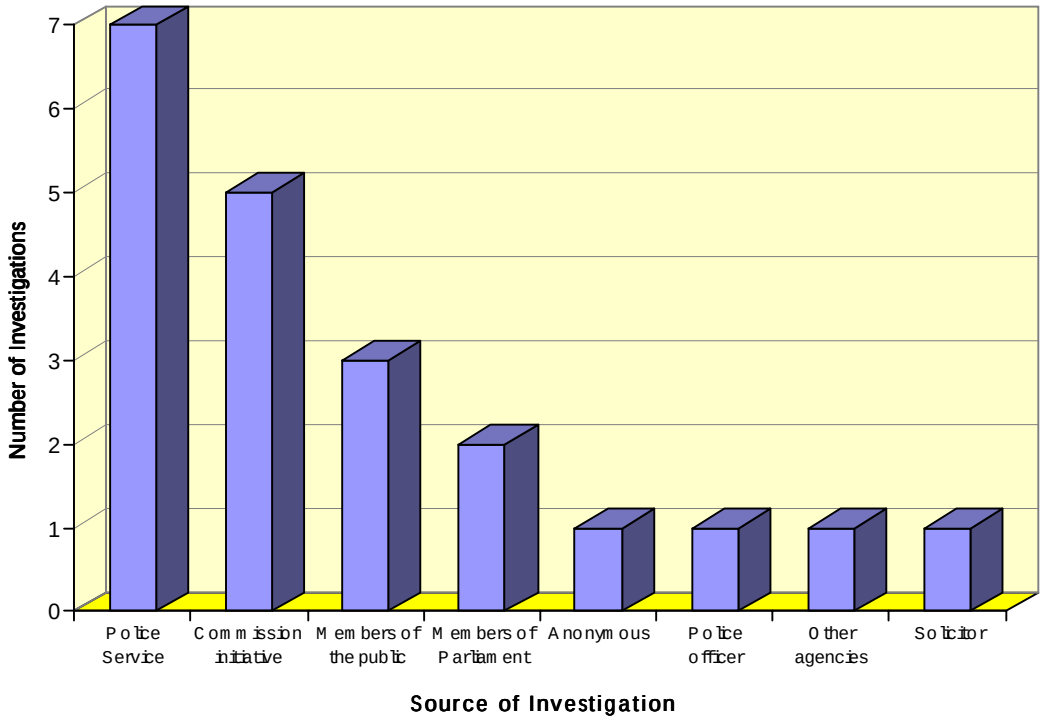
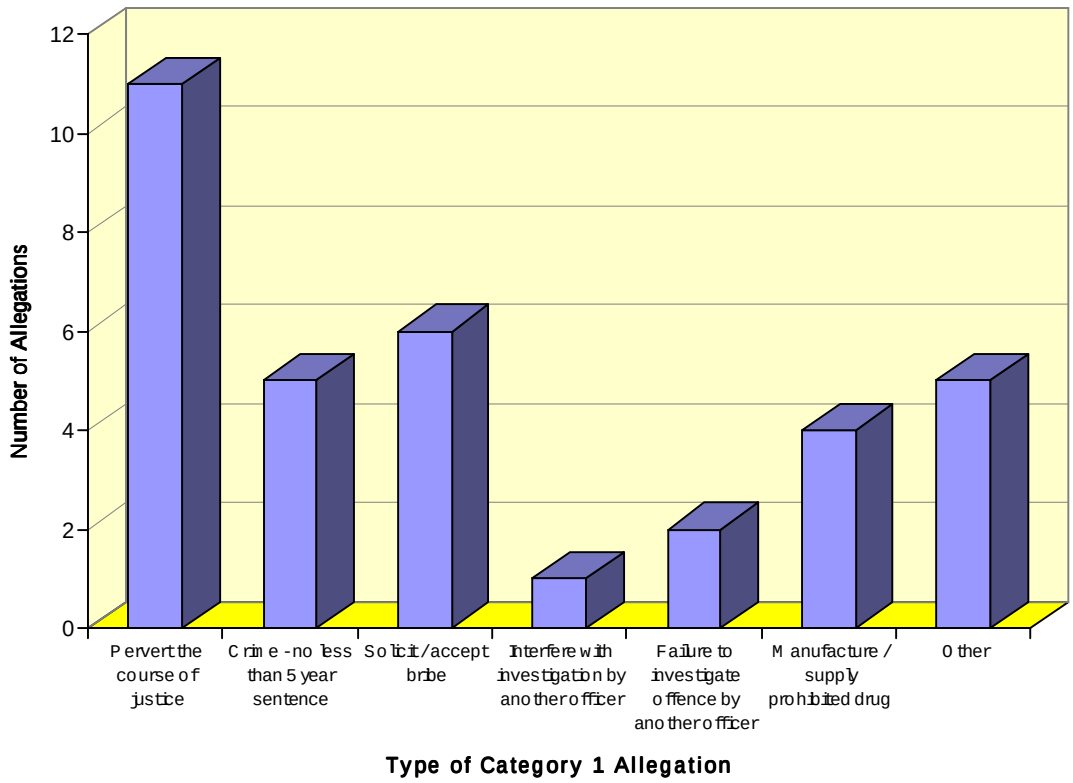


Figure 2. Category 1 Allegations Raised in Matters Investigated 1999-2000



PROSECUTIONS

This year has seen the resolution of 10 prosecutions arising from the Royal Commission, however there are still 30 Royal Commission prosecutions current. A number of Commission staff service these matters as they proceed through the Courts. Some of these prosecutions utilise witnesses who co-operated with the Royal Commission and for whom the Commission continues to provide assistance. The nature and level of the assistance varies with witnesses requiring greater assistance during those periods when matters are before the Court.

In addition to the Unit's obligations in relation to Royal Commission matters, the Unit has an ongoing role in preparing and servicing briefs of evidence arising from the Commission's investigations.

Performance Indicator 2

The significance and impact of the outcome of investigations.

Outcomes of Prosecutions

An outcome of the Commission's investigations is often a recommendation that consideration be given to the prosecution of an officer or officers. The successful prosecution of those officers impacts on the significance of an investigation and is itself an additional outcome in relation to that investigation. The provision of briefs and other information in relation to prosecutions therefore assists the Commission in the achievement of the Second Corporate Objective.

RESEARCH-BASED PROJECTS 1999-2000

PROJECT DRESDEN

Presented to Parliament on 1 May 2000, Project Dresden was an audit of the quality of a sample of Police Service internal investigations. The purpose of the audit was to:

- assess whether there had been any demonstrable improvements in the conduct of investigations by the Police Service into the more serious complaints made against police officers since the Royal Commission;

- recommend such remedial action as may be necessary in light of the audit findings, noting the legislative and policy changes made since the Final Report of the Royal Commission; and

- establish a benchmark against which future Reports by the Commission on the standard of Police Service investigations into Category 1 complaints might be assessed.

Project Dresden identified a number of Service-wide shortcomings with regard to the standard of internal investigations. Amongst other things, the audit found that:

- the level of pre-investigative checking of officers' complaints histories and other relevant information was extremely low;

- pre-investigation planning was rarely conducted;

- investigative methods, other than interview, were rarely used;

- about one in four investigations examined were assessed by the Commission as being unsatisfactory or very unsatisfactory; and

- in over 40 percent of the group of investigations examined, where the decision was not to investigate the complaint, the Commission considered that decision unreasonable.

Based on the findings, the Commission formed the opinion that a common underlying problem with the investigations examined was a lack of rigour by investigating officers and their managers.

In an effort to assist the Police Service to improve the effectiveness and quality of its internal investigations, the Commission made a number of recommendations relating to, amongst other things:

- the nature and level of preparatory work done before investigations begin;
- real or potential conflicts of interest by investigators conducting investigations;
- the investigative methods used in internal investigations;
- the application of penalties when complaints are sustained; and
- the nature of the role performed by investigators' supervisors with regard to investigative planning.

It should be acknowledged that the Internal Affairs Command was not the sole focus of the audit. Indeed, the majority of internal investigations were, and are, conducted by Local Area Commands and Specialist Commands. The Commission further acknowledged that, at the time its Report was published, the Police Service had recognised some of the deficiencies with its internal investigations and was in the process of developing strategies to overcome them.

Project Dresden was undertaken to discharge one of the functions of the Commission as set down in section 14(b) of the Act, to monitor the quality of the management of investigations conducted within the Police Service and to undertake audits of those investigations. It is the Commission's intention that this audit not be a 'one-off' review but that it should be the first in a series of similar audits. It is anticipated that the second of the series will be published during the next reporting period (2000-2001).

Project Dresden was the first comprehensive audit conducted by the Commission into the standard of Police Service internal investigations. As such, it was a new area of work. Some of the responses to date, however, indicate that the approach adopted by the Commission was sound. Professor Patrick Knoll QC, Chairman of the Alberta Law Enforcement Review Board and a commentator of international standing in the field of civilian oversight of law enforcement, wrote that Project Dresden was '… the most insightful and penetrating audit of IA currently available in the international context'. Professor Knoll QC also noted that he expected it would '… become a template and an authority for other jurisdictions engaged in external IA reviews'.[45]

[45] Letter from Professor P Knoll QC, Chairman Law Enforcement Review Board, Alberta, Canada, to Commissioner Urquhart, 1 May 2000.

In terms of the Commission's Corporate Plan, Project Dresden relates directly to the Second Corporate Objective. As indicated at page 22, to some extent Project Dresden also assists the Commission in meeting the First Corporate Objective.

Performance Indicator 1

The extent to which new strategies and methodologies are developed and applied

Outcomes of Project Dresden

As it was intended ultimately to improve the quality of Police Service investigations, Project Dresden can reasonably be regarded as contributing to the improvement in the standards associated with investigations of serious police misconduct.

The Project identified a series of Service-wide shortcomings with the standards of internal investigations and provided recommendations as to the systems and processes that need to be targeted for improvement. The Project was, in itself, a new strategy in that this type of review had not been previously undertaken. It will assist the Commission to develop new methodologies so that subsequent reviews of this type continue to be effective tools in improving Police Service investigations. It is also anticipated that the implementation of the recommendations by the Police Service will lead to the development of new methodologies in the investigation of complaints about serious police misconduct.

In terms of the extent to which the recommendations from Project Dresden are adopted, it is noted that the initial reaction from the Police Service is that the recommendations will be adopted and implemented.

PROJECT ORACLE

Project Oracle is principally discussed in the section dealing with the First Corporate Objective. In addition, Project Oracle contributes to the Commission meeting its Second Corporate Objective as it has a preventative

focus. The trends identified by the Commission and the recommendations made to tackle the potential causes and hotspots for police assault should enable the Police Service to prevent some police assaults from occurring.

As the focus of Project Oracle was on the prevention of police misconduct, it is consistent with the principal functions of the Act. Sub-section 13(1)(a) of the Act states that one of the principal functions of the Commission is to prevent serious police misconduct and other police misconduct.

IMPLEMENTATION OF TARGET DEVELOPMENT CAPABILITY

The implementation of the target development capability is discussed at page 12.

Performance Indicator 1

The extent to which new strategies and methodologies are developed and applied.

Outcomes of Implementation of Target Development Capability

The establishment of a target development capability, and the review that preceded it, has contributed to the Second Corporate Objective. This capability is regarded by the Commission as an innovative and effective approach to detect serious police misconduct. By May 2000, this capability was operational and by the end of the reporting year was making use of an assessment methodology for evaluating the relevance, relative seriousness and viability of matters for investigation.

INNOVATIVE METHODOLOGIES

The Commission investigates police involved in the most serious forms of misconduct. These police are highly secretive and are wary of surveillance. The need to maintain operational security prevents the Commission from discussing the specifics of covert operational strategies and methodologies in its Annual Reports. Some matters, however, can be discussed.

Further development work was undertaken during the year to improve the capacity of the Commission's telecommunications interception systems to receive certain types of communications and to manage and communicate more effectively information received. Improvements include a capacity to intercept data from a wider range of telecommunications systems. This increased capacity reduces the opportunity for corrupt officers to communicate effectively, without fear of potential interception. Seventeen communications were made under the provisions of the *Telecommunications (Interception) Act* 1979.

Staff are kept abreast with developments in interception both nationally and internationally, by attending the National Telecommunications Interception Conference, training courses and maintaining relations with key agency representatives, as part of the Commission's ongoing development of new technical capabilities. Some development work is intended for the next reporting period that will further integrate intercepted information with other information obtained from investigations.

Detailed effort was devoted to the development of the Enterprise Application Suite, which is due for implementation late in 2000. These new systems will provide the Investigations Unit with integrated desktop access to all relevant investigative information. Information will be entered into the system once only and it will be possible to compile virtual chronologies which will include information from a wide range of sources while maintaining appropriate levels of protection as set down in Commission policy and in relevant legislation. The virtual chronology component (Sherlock) was successfully implemented during the reporting year. The document management (ORCA) and telecommunications interception management (TITAN) systems are planned for completion by the end of 2000.

Progress was made on the development of an interim capability in respect of the Police Oversight Data Store (PODS), which is a sub-component of the Police Complaints Case Management system (PCCM), a joint Police Service, Ombudsman and Commission project that is overseen by the Premier's Department. The lead agency in respect of PODS is the Commission. The Police Service is the lead agency for the two remaining components of PCCM, the investigations case management system (e@gle.i) and the Complaints Administration Management System (c@ms).

PODS provides for access by Ombudsman, Internal Affairs Command and Commission staff to data derived from disparate Police Service systems through a single interface. PODS will reduce the manual activity associated with developing profiles of potentially corrupt officers, which in turn will improve efficiency at the Investigations Unit level, and will provide a capacity to conduct cross-system, ad-hoc queries which will improve the effectiveness of the agencies' strategic analysis. The interim capability, the first stage of the PODS Project, was in place

at the end of the reporting period with a limited range of data. The completed PODS is due to be implemented during the next reporting period, however its implementation is dependent on the successful implementation of the c@ms project.

The Commission has made considerable use of the covert investigative powers afforded it under legislation. Investigations conducted by the Commission made use of controlled operations, assumed identities, listening devices and telecommunications interceptions. Public and private hearings continued to prove an effective investigative strategy for exposing alleged serious police misconduct.[46]

As part of OSSR II, the Commission implemented a capacity to identify, review and prioritise potential investigations independently of complaint processes.[47] This capacity relies on a range of strategies, many of which are new, to develop potential investigations with a capacity to positively impact on the Police Service in terms of improving procedure and practice and reducing serious police misconduct. It is intended that this capacity be monitored and reviewed during the next reporting period and adjustments made as necessary to improve the efficiency of the processes involved and the effectiveness of advice provided to operational decision makers.

Performance Indicator 1

The extent to which new strategies new strategies and methodologies are developed and applied.

Outcomes of Innovative Methodologies

Outputs for the reporting year include a number of new technical methodologies developed, trialled and implemented. Outcomes include an improved capacity to covertly deploy technical resources and maintenance of good effective relationships with technical staff in agencies with similar charters. Further development work and maintenance of good, productive relations with other agency technical staff is intended for the next reporting period.

[46] See Appendix 1 for the frequency with which the Commission used its various powers during the reporting period.

[47] Details of OSSR II can be found earlier in this Report, p. 12.

POLICE CORRUPTION EDUCATION PREVENTION PROGRAMMES

Under section 14(c) of the Act, one of the functions of the Commission is:

> to make recommendations concerning police corruption education programs, police corruption prevention programs, and similar programs conducted within the Police Service or by the Ombudsman or the Independent Commission Against Corruption for the Police Service.

Consistent with this function, the Commission's Report in relation to Project Oracle recommends that the Police Service undertake an audit of the content of training and education programmes currently delivered to police officers regarding the use of force (as noted in the section that deals with the First Corporate Objective). This recommendation provides details as to the duration of the audit and itemises particular issues that should be considered.

Given that it relates to the development of a strategy for the prevention of serious police misconduct, this recommendation can be considered as contributing towards the Commission meeting its Second Corporate Objective.

It is too early to report any outcomes in relation to this recommendation. The Commission considers, however, that the successful completion of the audit will assist the Police Service in developing and applying new strategies and methodologies, in line with Performance Indicator 1. Future Annual Reports will report on the Police Service's response in relation to this recommendation.

LEGISLATIVE MATTERS AND LAW REFORM

Commission solicitors work in co-operation with other agencies in the development and amendment of relevant legislation. Generally these legislative developments and amendments are designed to improve and streamline the ways in which the Commission conducts its core functions of detecting and preventing serious police misconduct. Thus the work involved contributes to the achievement of the Second Corporate Objective in that it identifies policies which will impede and discourage, or reduce the opportunity for, serious police misconduct. This in turn will impact on the outcome of investigations. Below is a discussion of the relevant changes to legislation that have occurred during the reporting year.

TELECOMMUNICATIONS (INTERCEPTION) LEGISLATION AMENDMENT ACT 2000 (CTH)

Inspector's Access to Telephone Intercept Material

As previously reported,[48] in July 1998, pursuant to the declaration by the Commonwealth Attorney General of the Commission as an 'agency' for the purposes of the *Telecommunications (Interception) Act 1979* (Cth), the Commission became eligible to apply for telecommunications interception warrants. In his 1998-1999 Annual Report, the Inspector of the Police Integrity Commission ('the Inspector') noted that the Commission was precluded under the Commonwealth Act from the communication to him of information lawfully obtained by telephone intercepts, even though he required access to that material in order to fulfil his function under the *Police Integrity Commission Act 1996.* The Inspector noted that he had made representations to the Commonwealth Government to amend the legislation to allow access to be provided.[49]

That issue has now been addressed with the commencement, on 22 June 2000, of the *Telecommunications (Interception) Amendment Act 2000* (Cth) ('the Amendment Act'). Schedule 1 of that Act defines the Inspector as an 'eligible authority' for the purposes of the *Telecommunications (Interception) Act 1979,* and makes various consequential amendments. One key effect of these amendments is to allow the Commission to communicate lawfully obtained telephone intercept information to the Inspector, subject to certain legislative requirements. Procedures have been agreed between the Inspector and the Commission to facilitate his access to this material.

'Named Person' Warrants

Schedule 2 of the Amendment Act creates a new form of telecommunications interception warrant. Previously, a warrant to intercept a particular telecommunications service could only be obtained on the basis that a person who was the subject of the Commission's investigation was using that service. Each warrant applied to one particular service. Such a warrant was ineffective where a person under investigation used a number of telephone services, or changed telephone numbers regularly to avoid detection. The new type of warrant names the person, who is the subject of investigation, but not the service used. Accordingly, Commission investigators can respond quickly, rather than having to seek a fresh telecommunications interception warrant each time the person uses a different service.

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[48] PIC, *Annual Report 1997-1998*, p. 50.

[49] Inspector PIC, *Annual Report for the Year Ended 30 June 1999*, pp. 17-18.

Evidence Given in Exempt Proceedings

Under the interception legislation, telephone intercept material may generally not be communicated. An exception to this rule is that such material may be given in 'exempt proceedings'. Hearings under the *Police Integrity Commission Act 1996* are defined as exempt proceedings for this purpose. The decision of the NSW Court of Criminal Appeal in the matter of *Wood v Beves* (1997) 92 A Crim R 209 raised some doubt as to the subsequent admissibility of such material in other proceedings. In response, the *Telecommunications (Interception) Act 1979* was amended to provide that, where information is given in evidence in an exempt proceeding, that information may later be given in evidence in any proceeding.

REVIEW OF THE LAW ENFORCEMENT (CONTROLLED OPERATIONS) ACT 1997

In the *Annual Report 1998-1999*, the Commission referred to the Inspector's review of the *Law Enforcement (Controlled Operations) Act 1997*, and noted that the Government was giving consideration to the recommendations in the Inspector's final report.[50]

Following those recommendations, Parliament passed the *Law Enforcement (Controlled Operations) Amendment Act 1999* in December 1999 which made various minor amendments designed to improve the operational efficiency of that Act. The Act has not yet commenced, as the accompanying regulations have not yet been finalised. The Commission has been involved in consultations with the Ministry for Police and other law enforcement agencies on the draft Law Enforcement (Controlled Operations) Amendment Regulation 2000. This regulation will prescribe the forms for a Controlled Operations Authority and Variation of Authority.

AMENDMENT OF THE LISTENING DEVICES ACT 1984

During the reporting period, the *Listening Devices Act 1984* was amended by the *Crimes Legislation Amendment Act 2000* to enable warrants to be issued in respect of the use of devices which are capable not only of recording sounds but which may also record visual images or enable the movement of physical objects to be tracked. The amendments commenced on 31 July 2000, and were passed in response to a decision by the District Court of NSW in the matter of *R v Kay and Kay,* 22 October 1999, District Court of NSW, Judge Viney QC.

[50] PIC, *Annual Report 1998-1999*, p. 61.

REVIEW OF THE LAW ENFORCEMENT AND NATIONAL SECURITY (ASSUMED IDENTITIES) ACT 1998

Section 21 of the *Law Enforcement and National Security (Assumed Identities) Act 1998* provides that the Minister for Police is to review that Act to determine whether its policy objectives remain valid and whether its terms remain appropriate for securing those objectives.

During March and April 2000, the Commission and other law enforcement agencies participated in the review which was conducted by the Inspector on behalf of the Minister for Police. The Inspector's report, tabled in the Legislative Assembly on 9 August 2000 and in the Legislative Council on 29 August 2000, found that the policy objectives of that Act remained valid and, subject to two proposals for minor amendments, that its terms remain appropriate for securing those objectives.

REVIEW OF THE PROTECTED DISCLOSURES ACT 1994

In November 1999 the Commission was invited by the Chairperson of the Committee on the Office of the Ombudsman and the Police Integrity Commission to make submissions to a statutory review of the *Protected Disclosures Act 1994*. The Committee had conducted an earlier review of the Act in 1996. The Commission made a number of submissions and gave evidence during Committee hearings concerning a range of issues, including the establishment of a suitably funded Protected Disclosures Unit (PDU) within the Office of the Ombudsman.

The Committee's report of its second review of that Act was published in August 2000. Consistent with submissions made by the Commission, the Committee recommended the establishment of a PDU within the Office of the Ombudsman. The PDU is to be funded by an appropriate budgetary allocation. Its monitoring and advisory functions include the provision of advice to persons intending to make a protected disclosure, and the provision of advice to public authorities on matters such as the conduct of investigations, protections for staff, and general legal advice on interpreting that Act. The Committee made several other recommendations intended to facilitate the effective management of the protected disclosures scheme.

PRIVACY AND PERSONAL INFORMATION PROTECTION ACT 1998

The *Privacy and Personal Information Protection Act 1998* establishes a new privacy regime for the collection, use and disclosure of 'personal information' by public sector agencies, according to the 'information protection principles' set out in Part 2 of that Act. Most of the provisions of that Act came into effect on 1 July 2000.

Like other law enforcement agencies, the Commission is exempt from many of the Act's requirements regarding the management of personal information. Among other benefits, the Commission may obtain intelligence about persons who are the subject of covert investigations without having to inform them of the receipt of such information. The Commission is, however, subject to that Act in relation to its administrative and educative functions.

On 21 June 2000, the Commission submitted a privacy management plan to the NSW Privacy Commissioner. This plan sets out the Commission's policies and procedures for handling personal information regarding its administrative and educative functions.

4. MEASURING COMMISSION PERFORMANCE

- THIRD CORPORATE OBJECTIVE

THIRD CORPORATE OBJECTIVE

To be an effective and focused organisation.

Strategies

- **Establish and maintain a united management team under strong, committed leadership.**
- **Establish and maintain an organisational culture which:**
  - **encourages and recognises innovation;**
  - **determines and manages risk effectively; and**
  - **is capable of responding effectively to changing demands, constraints and expectations.**
- **Constantly review organisational priorities and the effectiveness of investigative, preventative and internal administrative strategies and methodologies.**
- **Develop and implement effective performance management processes.**
- **Establish and maintain sound information management and complaints handling practices and systems.**
- **Establish and maintain effective working relationships with relevant organisations - develop effective mechanisms for the exchange of information, methodologies and services.**
- **Provide high quality, cost effective corporate support services for the organisation.**

Performance Indicators

1. **Managers make informed, transparent decisions and take responsibility for the management of staff and resources.**

2. **Resources are allocated and applied on the basis of organisational priorities.**

3. **The level of validation and support by external stakeholders.**

4. **The extent to which staff and management have a common sense of purpose, resulting in individual and unit objectives continually being achieved.**

5. **The extent to which information and communication strategies and procedures are used consistently throughout the organisation and the timeliness associated with the flow of relevant information between management and staff.**

6. **Information technology systems and applications are reviewed, updated and introduced in accordance with the IT Strategic Plan.**

7. **There is a significant and timely exchange of relevant information and services with agencies.**

MANAGERIAL DECISIONS AND STAFF / RESOURCE MANAGEMENT

Last year the Commission refined its overarching operational decision making framework and defined the criteria upon which broad operational priorities are set. The Assistant Commissioner, advised by the Operations Advisory Group ('OAG'),[51] makes all key decisions on investigation direction, relative priority and allocation of resources. All such decisions are made based on the operational priority setting criteria. Key decisions are recorded, together with details of the criteria on which decisions are based, and made available to all operational staff. Staff seeking a review of a decision must address relevant issues in the context of the priority setting criteria. This framework provides for improved accountability and transparency in the decision making process and for a more informed staff in respect of key operational decisions and the reasons for them.

OSSR I and II, described earlier in this Report, impacted significantly on operational decision making processes within the Commission. OSSR I, amongst other things, clarified decision making authority at each level within the Commission's investigations sub-structure and up to Assistant Commissioner level. OSSR II, amongst other things, provided the Commission with the means to identify potential investigations within a framework, which replaces the existing complaints assessment processes. The new framework is designed to allow rigorous assessment and informed decisions to be made in each step of the process and to assist the Assistant Commissioner in determining the relative priority for potential investigations and the nature and extent of any investigation activity by the Commission. The new processes arising from OSSR II were being implemented at the end of the reporting period.

Investigative Unit and other support resources are allocated according to relative priority. Investigation progress is monitored by the OAG at its fortnightly meetings and major investigations are now reviewed at least quarterly. Monitor and review processes consider the progress of the investigation and decisions are made whether to continue, defer, refer or conclude an investigation on the basis of the effectiveness of the investigation to date and continuing achievement of a high relative priority based upon the priority setting criteria.

[51] Made up of the Director Operations, the Manager Investigations and advised by the Team Leader Assessments and Reports.

The priority setting criteria pervade the Commission's operational decision making processes. A sub-set of the criteria assist in determining the extent to which complaints, information and potential investigations progress through identification and selection processes. Investigations are selected on the basis of potential for investigative opportunities, for a capacity to deliver on organisational level outcomes and on achieving a high relative priority in the context of the priority setting criteria. Resources are then allocated during an investigation on the basis of priority and investigations are regularly monitored and reviewed in light of the priority setting criteria.

Performance Indicator 1

Managers make informed, transparent decisions and take responsibility for the management of staff and resources.

Outcomes of Managerial Decisions and Staff / Resource Management

Outputs include an investigations identification and selection process consistent with, and integrated within, the Commission's overall operational priority setting framework. Outcomes, from the moment information relating to a potential investigation arises and through identification, selection, development and investigation processes, include:

- **better informed decision making;**
- **more streamlined decision making; and**
- **accountability and transparency in decision making.**

During the next reporting period it is intended that the focus will be on fine tuning investigation planning and review systems to reflect the outcomes of the Investigations Performance Framework, a project which is discussed earlier in this Report.

RESOURCE ALLOCATION AND APPLICATION

As discussed in the previous section, operational priorities are required to be broadly determined on the basis of the Commission's priority setting criteria. Early indications from the Investigations Performance Framework Project are that:

- the extent to which the criteria are the right criteria, in accordance with benchmarks established with like organisations; and

- the extent to which the Commission bases its operational decisions on the criteria;

may be suitable measures of one aspect of the performance of the Commission's investigations. These possible measures indicate the *efficiency* with which resources are applied and the *prioritisation* of resource usage and will have a bearing on the *quality* of the investigation effort.

Process benchmarking with like agencies, possibly including the ICAC, the Queensland Criminal Justice Commission and the Western Australia Anti-Corruption Commission, is likely to occur during 2000-2001 and into the following year. While the criteria pervades the operational decision making processes, the Commission is not presently able to unequivocally quantify the extent to which the criteria underpin individual operational decisions and the extent to which resource allocation reflects investigation priorities for performance reporting purposes. Subject to these performance measures being recommended at the conclusion of the Project, the Commission will modify its investigations monitoring and review systems over the next two years so that appropriate performance data can be collected and readily reported.

It was indicated in last year's Annual Report that the Commission intended finalising processes for reporting investigation progress and reviewing ongoing priority and resource allocation. These processes were implemented during the reporting year and most investigations are now consistently reporting in a format which is designed specifically to assist decision makers to evaluate investigation performance and review priority. All investigations are required to report within this framework by the end of 2000.

STAKEHOLDER VALIDATION AND SUPPORT

Performance in respect of this indicator is measured by the extent to which:

- Commission recommendations are accepted and acted upon by the Police Service and other agencies;
- government, agencies and other stakeholders refer high priority investigations to the Commission;
- other agencies are prepared to engage in joint investigations or joint projects; and
- stakeholders make positive references about the Commission.

During the reporting year there continued to be a high level of acceptance by the Police Service of Commission recommendations for improvements in practices and procedures and in respect of consideration for the prosecution of offences. The Commission monitors and reviews the implementation of its recommendations and reports on progress to the Committee. The Commission reported to the Committee during the reporting year that it was satisfied that nine recommendations from two Reports had been implemented successfully. Those Reports to Parliament, on Operations Jade and Warsaw, made recommendations concerning issues ranging from the development of standardised corruption risk management methodology to the recommendation that Deputy Commissioner Jarratt participate in conflict of interest recognition, avoidance and management programmes. All recommendations from the three Reports,[52] produced prior to this reporting year, have been accepted. The Police Service is currently giving consideration to the implementation of the 44 outstanding recommendations from four Reports produced in 1999-2000.[53] The Commission will continue to monitor the implementation of, and report outcomes with regard to, those recommendations.[54]

During the reporting year 581 potential investigations were referred by stakeholders, and stakeholder agencies, to the Commission. Included in these was a matter which has since become a high priority investigation.[55] The Commission continued to develop relationships with agencies both within and outside NSW with a view to engaging in complementary work

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[52] The third Report was the *Report to Parliament Regarding the Former Special Branch of the New South Wales Police Service*, June 1998.

[53] Regarding Project Dresden, Operations Algiers, Copper, Triton and Nickel, and Project Oracle.

[54] Information relating to prosecutions arising from Commission investigations can be found at Appendix 3.

[55] See Table 2, pp.34-35, for further information on the sources of these matters.

on benchmarking and the developing of appropriate performance regimes for 'anti-corruption' agencies and conducting joint investigations. An example of this is the work during the year by the Commission, in cooperation with the Ombudsman, on the development of the methodologies that will form the basis of the second Dresden style project. It is anticipated that the Commission will be able to report on further outcomes in relation to benchmarking and the development of performance regimes next year.

A number of positive references have been made about the Commission in relation its work during the year concerning:

- the Commission's corporate planning and performance reporting framework - positive comments made by a senior representative of a US investigation bureau in the context of best practice;[56]

- Project Dresden - a number of very positive comments made by national and international agency representatives and academics, described by an overseas agency head (and academic) as an 'insightful, penetrating audit of IA currently available in an international context … a template and an authority for other jurisdictions';[57]

- interaction between the Commission and the Inspector - '… the Commission has gone well beyond what was required of it, in order to address concerns raised by or through my Office.';[58] and

- interaction between the Commission and the Committee - 'The Committee's dialogue with the Commissioner and his senior staff in this forum is a key mechanism through which the Committee can exercise its functions. The General Meeting illustrates the constructive relationship which has developed between the Police Integrity Commission and the Parliament to which it is accountable'.[59]

During the reporting period arrangements were made to exchange information electronically with the Committee Secretariat. This has improved the capacity of Committee members, the Secretariat and the Commission to search for information of interest and has improved responsiveness.

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[56] Letter from Mr MA DeFeo, Assistant Director Office of Professional Responsibility, US Federal Bureau of Investigation, to Assistant Commissioner T Sage, 15 November 1999.

[57] Letter from Professor P Knoll QC, Chairman Law Enforcement Review Board, Alberta, Canada, to Commissioner PD Urquhart QC, 1 May 2000.

[58] Inspector PIC, *Annual Report for the Year Ended 30 June 2000*, p. 8.

[59] The Committee, *Fourth General Meeting with the Commissioner of the Police Integrity Commission*, December 1999, p. 5.

In the next reporting year the Commission will focus its efforts further on its relationships with other agencies to improve the effectiveness of joint investigations, improve the outcomes of investigative work and to benchmark investigative processes.

ACHIEVING INDIVIDUAL AND UNIT OBJECTIVES

Performance in respect of this indicator is measured by the extent to which individual and unit objectives are achieved and the extent to which unit and personal plans, investigation plans, project plans and proposals are derived from the Corporate Plan.

The Commission's Performance Development System (personal performance planning) was not implemented until August 2000 and, as such, quantitative data is not able to be presented to show the extent to which individuals achieved personal objectives. However, it can be reported from anecdotal information available that:

- of those staff whose performance was reviewed for the purposes of contract renewal, all staff achieved a satisfactory performance level or better and were offered a new contract - performance being measured at this time against core skill sets (for example interpersonal, communication, organisation skills, and so on) and specialist skill sets; and

- of those staff eligible for incremental advances in salary on a better than satisfactory performance, a high proportion of staff were offered an increase - performance again measured against core skill sets and specialist skill sets.

It is expected that more useful data in regard to the achievement of personal objectives and the linkages in personal objectives to corporate goals, will be available for the next, and subsequent, reporting periods.

Two related activities impact on the Commission's capacity to provide useful data in respect of this performance indicator at this time. They are the Investigations Performance Framework Project and the Review of the Commission's investigation planning systems, both of which will not be finalised until the next reporting period.

As discussed earlier in this report the Project will inform on the kinds of indicators that will be used to determine whether investigations are performing efficiently and effectively. The Review will provide a system for investigations performance reporting, monitoring and review. Subject to a satisfactory implementation, quantitative data derived from individual investigation performance reports and

reviews will provide the basis for determining the extent to which investigations meet objectives and will be included in the next Annual Report.

INFORMATION AND COMMUNICATION STRATEGIES

The Commission uses information technology systems to enhance communications within the organisation. All correspondence received by the Commission and all documents produced internally, which meet certain criteria, are imaged and attached to the Commission's document management system (Detrak). Correspondence is managed by the Correspondence Action Tracking System (CATS). Imaged documents can be referred for decision or action to staff members and detailed records are maintained in respect of actions and key decisions. Both CATS and Detrak were developed internally to facilitate communication in accordance with strict information handling rules. Compliance with those rules is, therefore, very high with minimal irregularities detected during the year.

Detrak and CATS are due to be replaced by a new system, ORCA, during the next reporting period as part of the Commission's Enterprise approach to software development. The new system will provide for improvements in functionality both from an operational and a management perspective.

The Commission also records all of its key operational decisions in Detrak and in the future will record such decisions on ORCA. These decisions, relating to investigation priority, resource allocation, investigations direction, and the status of investigations are recorded in decision fields or in associated documents attached to Detrak and made available to operational staff. Operational decisions, together with the reasons for the decision, are available to staff a very short time after being made.

Independent reviews of the Commission's financial reporting, controlled operations and telecommunications interception activities reported compliance with the provisions of relevant legislation. The internal Annual Compliance Survey for the State Records Authority continued to show compliance with the provisions of the *State Records Act 1998*.

A number of new procedures were developed during the year to provide guidance and / or prescribe Commission activities. Commission procedures are regularly examined for continuing efficacy and changes made where necessary. A number of important procedures will be reviewed in detail as part of the process benchmarking exercise described earlier in this Report.

A number of structural changes made as a result of OSSR I and II should also be mentioned in the context of this performance indicator. Roles, responsibilities and decision making authority in the operational structure are better defined. Complaint management, investigations, and strategic reports staff are all located

in the same work area to enhance operational communication. This has proved to be a particularly good decision as it has facilitated both formal and informal cross-discipline communication. The result has been an improvement in the quality of the advice provided to the Assistant Commissioner on a variety of operational matters.

INFORMATION TECHNOLOGY SYSTEMS

The Commission relies heavily on computerised information systems to support all of its operations and functions. In accordance with the Commission's IT Strategic Plan, during the year, IT staff focused on the continuing development of an Enterprise application suite[60] which will address the inherited problems of disparate systems by providing:

- standardisation of future software development;
- standard user interface for all internally developed applications;
- decreased complexity of software support;
- increased efficiency for searching across multiple or single databases; and
- increased productivity.

Results for the year include the successful implementation of:

- the investigative module of the Enterprise Application suite;
- a suitable Y2K strategy to ensure the Commission was not adversely impacted by affected dates;
- the first stages of the multi-agency PODS[61] interim capability;

In addition, the Commission was successful in gaining funding for the establishment of a web site through the Government's *connect.nsw* initiative.

The outcomes for the year have been positive with respect to system implementations and the efficiencies they have introduced to the Commission.

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[60] Comprising document management, case management, investigation management and telephone interception enhancements modules.

[61] See discussion of PODS at p. 70.

The focus for next year includes:

- final implementation and consolidation of the Enterprise Application suite;
- development, implementation and ongoing management of the Commission web site;
- participation in the Government's Electronic Service Delivery programme;
- review of the IT Disaster Recovery Strategy; and
- full implementation of the PODS interim system as a prelude to implementation of the main PODS system.

INTERACTION WITH OTHER AGENCIES

During the year the Commission has continued to work closely with other agencies in a range of areas, both operational and administrative, to facilitate the exchange of information and ideas. Effective liaison arrangements are maintained with the ICAC, the Ombudsman, the NSW Crime Commission and the Police Service. In addition the Commission continues to maintain liaison arrangements with the Australian Federal Police, the Queensland Criminal Justice Commission, the Queensland Crime Commission, the Western Australia Anti-Corruption Commission and a number of other Police Services, national security organisations and other government departments.

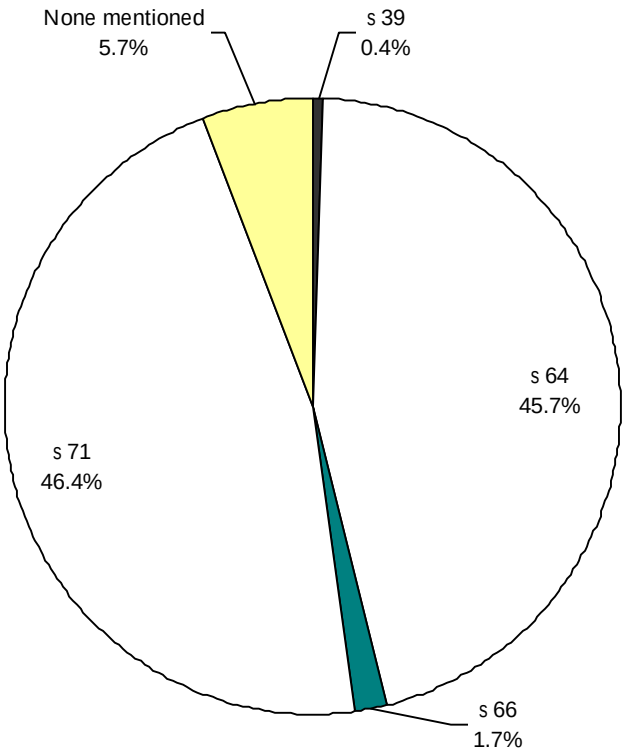
In addition, there is regular contact between agencies with a similar charter to that of the Commission, both nationally and internationally, in regard to investigative methodologies, project methodologies (such as those used in Dresden), investigations review systems, performance measurement issues and a range of other matters.

Outcomes include good solid working relationships with other agencies where relevant, useful information is exchanged regularly and where agreed timeframes are rarely exceeded.

INTEGRITY REPORTS

Before appointing officers to positions within the Police Service the Commissioner of Police is required to make inquiries as to the integrity of the officers. This information is provided by the Commission to the Police Service under sections 24, 64, 66 and 71 of the *Police Service Act 1990*. During the year the Commission provided responses to 163 requests covering 1172 officers. This represents a significant increase on the previous year when the Commission provided responses to 58 requests covering 489 officers.

Figure 3. 1999-2000 Requests per Section of *Police Service Act 1990*



The Commission also assisted other law enforcement agencies by responding to requests from them for information. Some Australian investigative agencies requested that the Commission provide integrity reports on serving or former NSW police officers who were under consideration for appointment, promotion and transfer. Such information is provided to an agency under section 18 of the Act.

The number of this type of request has also increased over the past year. During the year the Commission responded to 64 requests of this type covering 137 serving or former NSW police officers seeking appointment elsewhere in the State or in the Commonwealth. In 1998-1999, 30 requests were received in respect of 121 officers.

Compared with the previous year, there has been a 260 percent increase in requests for this type of information during the year. The number of names in those requests has doubled. The following graphs represent the source and number of these requests.

Figure 4. Source of 1999-2000 Requests for Integrity Reports

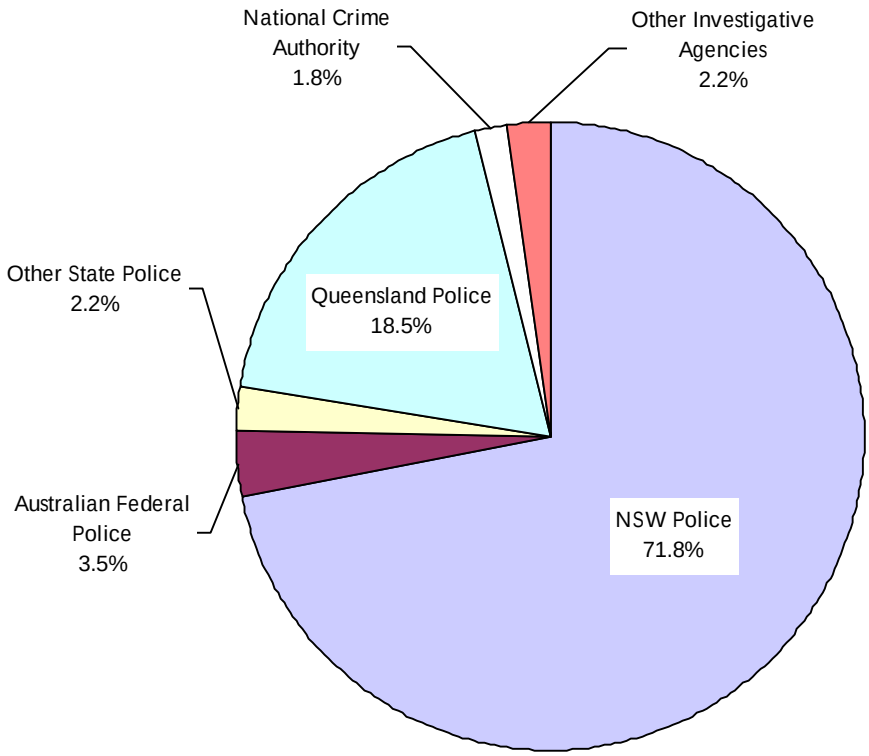
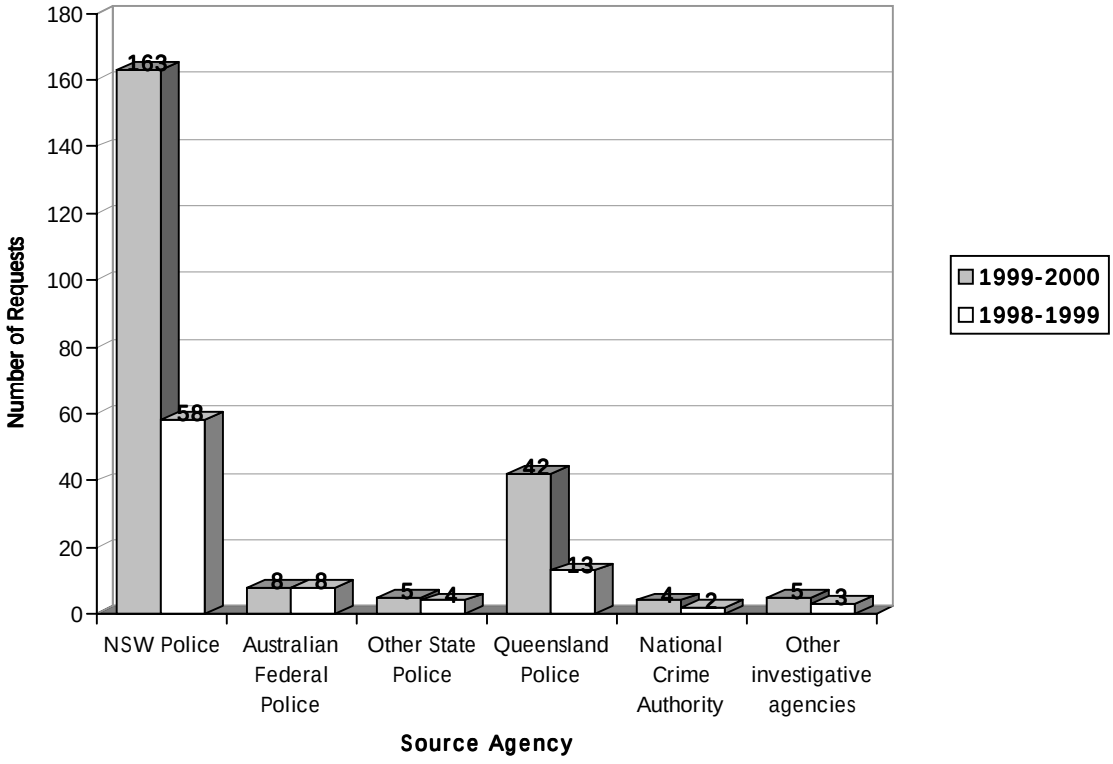


Figure 5. Comparison of Number of Requests Received 1 July - 30 June



DISSEMINATIONS

The Act provides a statutory basis for the dissemination of information and material held by the Commission both in its own right and as custodian of the Royal Commission holdings. Requests by individuals and organisations for such information and material must be considered within this legislative framework. The overriding factor in the consideration of such requests is whether or not *it is necessary in the public interest* to disseminate the requested material.[62] Organisational requests have included requests for information from intrastate, interstate and national law enforcement agencies.

This year the Commission has dealt with over 160 requests for information of which 63 were disseminations of information under section 56(4). Responding to such requests is a two step process involving: firstly, the interrogation of the Commission's numerous data bases to identify holdings that are the subject of a request and secondly a consideration of the Commission's obligations under the Act in determining a response. The time taken to research and prepare a dissemination can vary from a few hours to several weeks depending upon the size and complexity of the Commission's holdings.

Requests for information are varied and over the past twelve months have related to:

- access to material in support of applications for judicial review of convictions;
- information for use in civil proceedings;
- information for use in workers compensation claims; and
- information for use in criminal proceedings other than Royal Commission and Commission matters.

In addition to requests for information the Commission has also been the subject of subpoenas seeking production of information and documents. Twenty-six subpoenas were issued to the Commission during the year. Where subpoenas have been issued for matters arising from Commission investigations the Commission has utilised, where appropriate, the services of the Crown Solicitor's Office when issues of public interest immunity have arisen.

[62] See section 56(4) of the Act.

Where subpoenas have been issued in proceedings which do not arise from investigations conducted by the Royal Commission or the Commission the requesting party is referred to the Commission's statutory immunity from production as contained in section 56(3) of the Act. In these instances the requesting party has then made a request for the dissemination of material pursuant to section 56(4) in lieu of reliance on the subpoena.

MEMORANDA OF UNDERSTANDING

The Commission continues to have discussions with a number of related agencies to facilitate the working relationships between the Commission and those agencies. During the reporting year the Memorandum of Understanding between the Commission and the Office of the Director of Public Prosecutions was amended to include an extra clause relating to the timeliness of provision of advice in relation to prosecutions. The amended memorandum was signed on 23 June 2000.

Discussions have continued throughout the year with the Police Service, the Ombudsman and the Commission in relation to the development of a memorandum of understanding relating to the PCCM.

THE POLICE SERVICE

The Commission continued to enjoy a sound, co-operative working relationship with the Police Service during the year. The Commissioner and the Commissioner of Police met and exchanged correspondence as required throughout this period. The Assistant Commissioner and the Commander, Special Crime and Internal Affairs Command met each week to exchange information.

The main point of contact between the Commission and the Police Service continued to be the Police Integrity Commission Liaison Unit, which forms part of the Special Crime and Internal Affairs Command. This contact ensures the Commission's requirements for information are met. The Commission continues to be well served by this Unit.

On 1-3 September 1999, the Commission and the Internal Affairs Command of the Police Service jointly hosted the Eighth Annual Internal Investigations Conference. The Commissioner and the Commissioner of Police jointly opened the Conference, which had the theme 'Corruption Investigations Beyond 2000'. The Conference presentations, tutorials and facilitated workshops focused on strategies and techniques to deal effectively with corruption. Overseas presenters included the following experts in the area of preventing police corruption: Sir David O'Dowd CBE QPM, Her Majesty's Chief Inspector of Constabulary; Professor Patrick Knoll QC, of the Faculty of Law at the University of Calgary, Canada and Chairman of the Alberta Law Enforcement Review Board; Detective Chief Superintendent

David Wood**,** the Commander of the Anti-Corruption Squad of London Metropolitan Police; and Mr Justice Wallace Oppal of British Columbia, Canada. Australian presenters, amongst others, included the former Commissioner of the Royal Commission, the Hon Justice James Wood QC, Ms Irene Moss who was at that time the NSW Ombudsman, and Commander Brammer of Internal Affairs. Sir David O'Dowd and Detective Chief Superintendent Wood also visited the Commission during their stay in Australia.

Liaison with the Police Service also included a meeting at the Goulburn Police Academy on 23 November 1999 between representatives of the Education and Training Command and a number of Commission staff. The purpose of this meeting was to discuss issues associated with the development of police officer training and education programmes and the many areas which fall within the responsibility of the Academy and officer training and education.

THE OMBUDSMAN

The Commission appreciated continuing cooperative relations with the Ombudsman and the Ombudsman's Office. Regular meetings were held between the Assistant Commissioner and the Assistant Ombudsman (Police). Positive co-operation with the Ombudsman continues to reduce duplication in areas where the Commission's, and Ombudman's, functions overlap. Close contact was also maintained between Commission officers and the Liaison Officer of the Ombudsman in order to ensure that the timely flow of information continued between the two agencies.

During the year work commenced, with the Ombudsman, on the development of a common audit methodology for future Dresden style audits.[63] The common methodology will be used by both the Commission and the Ombudsman to assess the quality of Police Service investigations. The Commission will assess the quality of investigations into Category 1 complaints and the Ombudsman will use the methodology to assess the quality of investigations into Category 2 complaints.

OTHER AUSTRALIAN LAW ENFORCEMENT AGENCIES

There were several liaisons between the Commission and other Australian law enforcement agencies during the year. On 27 July 1999 the Commissioner attended the National Conference of Commissioners. The meeting was organised by the Independent Commission Against Corruption and attended by Commissioners and representatives of the Criminal Justice Commission,

[63] See discussion of Project Dresden on p. 66.

Queensland, the Western Australian Anti-Corruption Commission, the NSW Crime Commission, the Queensland Crime Commission and the National Crime Authority. The purpose of the meeting included the enabling of better co-operation and liaison in relation to mutual assistance and the exchange of information.

There were a number of contacts with Western Australian agencies. On 28 July 1999 two Commissioners from the Anti-Corruption Commission in Western Australia, Mr Don Doig and Mr Robert George, visited the Commission. On 28 October 1999 an officer of the Commission made a presentation to the 12th Officer Management Course of the Western Australian Police Service. The topic of the presentation was 'Lessons from the Royal Commission into the New South Wales Police Service'. On 10 November 1999, Mr Shayne Sherman, Manager Complaints and Compliance, Anti-Corruption Commission, WA visited the Commission. The visit allowed a useful exchange of information in relation to complaints and complaint handling. Assistant Commissioner Graham Lienert, WA Police Service, visited the Commission on 13 April 2000 to have discussions with Assistant Commissioner Tim Sage. On 5 May 2000 Commissioner Urquhart addressed an open hearing of the Western Australian Anti-Corruption Commission Joint Standing Committee. The subject of the open hearing was 'Effectiveness of the Anti-Corruption Commission'.

THE INSPECTOR

The Commissioner had regular discussions during the reporting period with the Inspector, the Hon Mervyn Finlay QC. The Inspector dealt with a number of complaints about the Commission and its staff, details of which can be found in the Inspector's own Annual Report.[64]

OVERSEAS AGENCIES

During the year the Commission had a number of visits from overseas delegations. These visits allow for useful dialogue and exchange of information between agencies with mutual interests with the Commission. The visits included delegations from:

- Burma, organised by the Asia Pacific Forum of National Human Rights Institutions;

- two separate delegations from China, the first from Mr Han Zhubin, the Procurator-General, and the second delegation organised through the Human Rights and Equal Opportunity Commission;

[64] Inspector PIC, *Annual Report for the Year Ended 30 June 2000*, pp. 7-12.

- the Chief Superintendent of the Philippine National Police - Mr Crisogono Rebano Francisco;

- Indonesia - Mr Mohammad Fajrul Falaakh, an academic in constitutional law and member of the National Law Commission of Indonesia; and

- Kenya - the Director of the Kenyan Anti-Corruption Authority and senior staff members of that Authority.

In September 1999 the IACOLE[65] World Conference was held in Sydney. The Commissioner presented a paper on the topic 'Operational Strategies to Reduce Corruption'. During and after the conference the Commission had a number of visits from international delegates including:

- Professor Patrick Knoll, QC, of the Faculty of Law at the University of Calgary, Canada and Chairman of the Alberta Law Enforcement Review Board, Canada; and

- Mr Neville Melville, Executive Director, Independent Complaint Directorate, Pretoria, South Africa.

COMMITTEES

The Commission has a presence on the following Committees:

Commission / Internal Affairs Weekly Liaison Meeting

The Assistant Commissioner and the Commander, Police Service Internal Affairs meet weekly to discuss matters relevant to the functions of both the Commission and Special Crime and Internal Affairs Command.

Police Complaints / Case Management (PCCM) Programme Review Group

The Assistant Commissioner and the Manager Intelligence represent the Commission on this Committee, which is chaired by the Premier's Department. The Committee meets monthly in order to resolve high level policy issues relating to, and to oversight the progress of, sub-projects encapsulated within the PCCM.

[65] International Association for Civilian Oversight of Law Enforcement.

The Commission is also represented on the Steering Committee for the Complaints Administration Management System (c@ms), one of the components of the PCCM.

Commission / Ombudsman Quarterly Liaison Meeting

The Assistant Commissioner and Assistant Ombudsman together with other representatives from both agencies meet quarterly to discuss matters of mutual interest.

Ombudsman's Network

This network includes the chief executive officers of the major investigative agencies of NSW and meets four times each year to discuss matters of mutual interest. The Commission is represented by the Assistant Commissioner.

Commission / Police Service / Ombudsman / ODPP Liaison Meeting

This Committee meets quarterly. It was formed so that the four agencies involved may discuss matters of mutual interest, such as Office of the Director of Public Prosecutions advices, and prosecutions arising from corruption investigations. The committee members are the Commander, Police Service Internal Affairs, the Assistant Ombudsman, the Managing Lawyer (Special Crime), Office of the Director of Public Prosecutions, and the Assistant Commissioner.

Protected Disclosures Steering Committee

The Protected Disclosures Steering Committee was established by the Premier, following the enactment of the *Protected Disclosures Act 1994*, to develop strategies to implement that Act more effectively across the NSW public sector. The Steering Committee comprises representatives from the ICAC, the Office of the Auditor General, the Ombudsman, the Cabinet Office, the Department of Local Government, the Police Service, the Premier's Department and the Commission. The Commission is represented by the Commission Solicitor. The Steering Committee meets quarterly.

CORPORATE SERVICES - ACTIVITY STATEMENT

During the year the Corporate and Information Services Division continued to provide the Commission with a diverse range of support services. Those services included: financial management, human resource services, registry and records management, and administrative services.

In August 1999 the Commissioner released the recommendations of the review into the structure and functions of the Corporate Services Division. The major changes emanating from those recommendations were the reallocation of management responsibilities for Finance, Human Resources and Information Technology services.

All deadlines required by legislation or by central agencies, and all prescribed standards, for a range of projects, plans and systems, including Year 2000 planning, and the Goods and Services Tax, were met by the Commission during the reporting period.

Major achievements for the year include the:

- implementation of changes to financial systems to meet the Commission's obligations in respect of the Goods and Services Tax;
- development and implementation of the Olympics Workforce Plan;
- successful implementation of Year 2000 strategies - all system changes were made on time and no system failures were detected; and
- implementation of the Commission's Energy Management Plan, the Waste Reduction and Purchasing Plan, the draft Disability Action Plan and draft Performance Development System.

Details of these and other Commission activities required to be reported on in the Annual Report are included in the next sections.

Plans for next year include the:

- introduction of the new Financial System Platform;
- development of an Occupational Health and Safety Policy;
- finalisation of the Performance Development System; and
- introduction of the reforms to achieve savings for Administrative Salary Increases.

A number of other activities were undertaken during the year, some of which were required by legislation or regulations and / or specified in guidelines and circulars issued by central agencies. The type and form of activity is often prescribed. The following details those activities and a number of other activities undertaken by the Commission during the year and the results achieved.

In addition the Commission is required to report on a range of other matters. The Commission's responses in respect of those matters are also included below.

HUMAN RESOURCES ISSUES

Olympic Workforce Planning

In November 1999 the Corporate Services area chaired the establishment of an Olympic Games Working Party to assist with the preparation and implementation of the Commission's Olympic Games Workforce and Service Delivery Plan. The purpose of the Plan was to assess and identify the *likely impact* the Games could have upon the operations of the Commission and assist in preparing *appropriate strategies* to overcome or address these impacts.

Industrial Relations

No industrial disputes occurred during the year.

Disability Action Plan

The draft 2000-2002 Disability Action Plan was completed in accordance with Government's Disability Policy Framework. Copies of the Commission's Disability Action Plan are available to the public.

Contract Employment

Commission staff are generally employed on a contractual basis in accordance with section 10 of the Act, and are offered such contracts for periods of 2-5 years duration, with the potential, subject to satisfactory performance, for those contracts to be renewed. Approximately 33 percent of the Commission staff had their contract renewed during the year.

Employment Conditions Review

In February 2000 the Commission adopted a policy of employing staff under three different work groups; Composite Salary, Flex-time and Shiftwork. By adopting this approach the Commission is provided with the maximum level of flexibility it needs to carry out its operational and statutory functions.

Action Plan for Women

The NSW Government's Action Plan for Women provides a foundation for focus on women with the least access to social and economic resources through the principles of equity, access, rights and participation. The Action Plan addresses paid and unpaid work, health and housing, violence and safety, justice and civil legal equality, childcare, education and training, decision making, leadership and access to information.

The Commission is committed to ensuring compliance with the government's initiative and in response, the Commission's first Spokeswoman was elected during the year. It is planned that the Spokeswoman, together with nominated representatives, will assist in the development of the Commission's Action Plan for Women.

Occupational Health and Safety

During the financial year, there were eight workplace injuries / illnesses reported. These resulted in three claims for workers compensation. Time lost due to these injuries / illnesses totalled 21½ working days. One workplace assessment was carried out and two adjustments to workstations were made.

Ethnic Affairs Priority Statement (EAPS)

The Commission recognises and upholds the principles of a culturally diverse society and is committed to the ongoing implementation of these principles, both within the workplace and in order that the full range of services provided by the Commission be made available to all ethnic groups.

Table 5. Ethnic Affairs Priority Statement

INITIATIVE	STRATEGIES / TASKS	TIMELINE	OUTCOMES
Improved access for people from non-English speaking backgrounds (NESB) to services and materials provided by the Commission	- Ensure brochures and other materials are made available to people from NESB in multi-lingual formats - Provide interpreter services as required for witnesses and complainants from NESB	- Ongoing as appropriate - Ongoing	- To reach as many key ethnic groups as possible in order to increase community awareness of the Services of the Commission provides - To provide support to people accessing our services or appearing before the Commision

PIC Staff Movement - 1999-2000

Table 6. Employee Statistics

	JUNE 1997	JUNE 1998	JUNE 1999	JUNE 2000
Statutory appointments	1	1	1	1
Investigative staff	53	68	77	73
Support services staff	14	17	16.85	15.85
Total	*68*	*86*	*94.85*	*89.85*

Table 7. Staff Movement - IN

	MALE	FEMALE	TOTAL
New recruits	10	12	22
Secondments	1	0	1
Total	*11*	*12*	*23*

Table 8. Staff Movement - OUT

	MALE	FEMALE	TOTAL
Resignations	9	10	19
End contracts	3	2	5
Total	*13*	*13*	*26*

Table 9. Staff Numbers by Level

Level[66]	Total Staff	Respondents	Men	Women	Aboriginal People and Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People whose Language first spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work Related Adjustments
<$26,276	3	3	2	1	0	0	0	0	0
$26,276-$34, 512	6	5	2	4	0	0	0	0	0
$34,513-$38,582	4	3	1	3	1	0	0	0	0
$38,583-$48,823	29	27	11	18	0	5	2	3	0
$48,824-$63,137	16	14	3	13	0	4	3	1	0
$63,138-$78,921	22	20	14	8	0	2	1	0	0
>$78,921 (non-SES) *	35	34	28	7	1	4	1	1	1
>$78,921 SES)	0	0	0	0	0	0	0	0	0
Total	*115*	*106*	*61*	*54*	*2*	*15*	*7*	*5*	*1*

* Pursuant to sub-clause 8(1) of the Annual Reports (Departments) Regulation 2000 the Commission reports as follows: the chief executive officer of the Commission was the Commissioner, Judge PD Urquhart QC. His Honour is a Judge of the District Court of NSW, and therefore the holder of a judicial office, and receives remuneration as the holder of that judicial office. Pursuant to clause 5 of Schedule 1 to the Act, the Commissioner is therefore not entitled to, and does not receive, remuneration under the Act.

FINANCIAL REPORTING

Goods and Services Tax (GST)

The GST Compliance Plan was developed and implemented. All project timeframes were met and the financial system changes were implemented and tested in readiness for 1 July 2000.

Financial delegations

A review of the Commission's financial delegations was undertaken in February and was subsequently approved by the Minister.

Accounting manual

The accounting manual was completed this financial year and it is intended that this manual be revised and updated on a regular basis.

[66] Salaries for most Commission staff are based upon a total remuneration package which comprises a base salary plus a component for overtime, shift penalty payments and other allowances commensurate with the duties performed given the nature of the Commission's operations.

Review of Budget Reporting

A new budget reporting format was commenced with the introduction of the 1999-2000 financial year. The Finance Branch continued to provide Treasury with the mandatory monthly Budget Reports and Returns.

Salary Reviews

The Finance and Personnel Branches had significant input into providing financial data to Treasury. These were used during the subsequent negotiations with Treasury in seeking their support for Commission staff to receive flow-on salary increases emanating from changes to the existing and future Crown Employees Awards.

Audits

The Audit Office of NSW was again engaged to carry out the audit of the Commission's 1999-2000 financial statements.[67]

Accounts Payable Policy

The accounts payable policy of the Commission was not amended during the year. The Commission has set a benchmark for paying 85 percent of all accounts received within creditors' trading terms, and this benchmark was achieved during the year.

Table 10. Accounts Payable 1999-2000

ACCOUNTS PAYABLE AT THE END OF EACH QUARTER	1ST QTR ($)	2ND QTR ($)	3RD QTR ($)	4TH QTR ($)
Current (ie. within due date)	363,889	112,088	151,061	175,051
Less than 30 days overdue	69,130	83,257	13,805	8,803
Between 30 and 60 days overdue	28,432	6,812	1,887	16,113
Between 60 and 90 days overdue	1,496	631	84	93
Greater than 90 days overdue	18,908	0	3,594	6,085

The amounts shown as greater than 90 days are considered minor, and every effort was made during the year to resolve outstanding accounts with the Commission's creditors. As a result of these efforts, the Commission did not pay any penalty interest on outstanding accounts during the year.

[67] A copy of the audit report appears with the Financial Statements at Appendix 7.

Table 11. 1999-2000 Accounts Paid On Time

DETAILS OF ACCOUNTS PAID ON TIME (PAID WITHIN TRADING TERMS)	1ST QTR ($)	2ND QTR ($)	3RD QTR ($)	4TH QTR ($)
Total amound of accounts paid	2,550,611	2,892,026	2,687,637	3,737,037
Accounds paid on time	86%	86%	85%	89%
Total amount of accounts paid on time	2,225,941	2,560,146	2,382,195	3,240,231

Statutory Reporting

The Commission's Financial Statements for 1999-2000 were prepared and submitted to the Audit Office within the required time frame.

Consultants

The Commission engaged the services of five consultants during the year. The total fees paid to consultants amounted to $43,660, with each consultant being paid less than $30,000.

Insurance

Insurance during the 1999-2000 financial year was undertaken through the NSW Treasury Managed Fund Scheme self insurance for Government Agencies. The premiums the Commission pays are set by the fund manager in direct relation to the number of claims made by the agency during the previous year.

Current comprehensive insurance undertaken by the Commission includes motor vehicle, workers compensation, public liability and property.

Disclosure of Controlled Entities

The Commission does not have any controlled entities.

Major Assets and Acquisitions

Purchases of non-current property, plant and equipment are detailed in the Commission's financial statements. The Commission does not own or control any property.

RECORDS MANAGEMENT

The Registry has the responsibility for providing the Commission with a wide range of support including:

- records management system encompassing records registration, processing, imaging, summarisation, dissemination, filing, retrieval and disposal action;
- operational and statutory support services;
- effective hearing room service in a secure and confidential environment.

The Commission's records belong to the State of NSW. They contain the corporate memory of the organisation, explain why decisions are made and provide accountability and evidence. The records are managed in accordance with the provisions of the *State Records Act 1998* and the guidelines issued by the State Records Authority.

During the course of the year continual advice has been provided to Information Technology to assist in the development of the Commission's central document management system (ORCA) to ensure it complies with the requirements of the *State Records Act 1998*. That system will integrate fully a physical and electronic record keeping system.

SECURITY SERVICES

The Commission continued to out-source its security services to the NSW Sheriff's Office and as a consequence engaged a group of sheriff officers, under an arrangement, to provide the Commission with extensive security services throughout the year. As part of the Y2K compliancy, the upgrading of the security systems was finalised and customised to suit the Commission's individual security needs.

YEAR 2000 COMPLIANCE

The Commission formed a Y2K Project Team to develop, and be responsible for, the implementation of the Y2K Contingency & Disaster Recovery Plan. The Commission continued to provide monthly progress reports to the Office of Information Technology from July to December 1999.

Axis Technology Pty Limited, an approved independent Y2K Auditor, was engaged by the Commission, to review work undertaken in respect of the Commission's risk assessment and compliance planning, to assist with the preparation of a Business Case for request of funds for Y2K remedial work, preparation of and certification of the Commission's Y2K Rectification Project

Plan and Y2K Contingency & Disaster Recovery Plan, and an assessment of the 'reasonableness' of the implementation of the Commission's Y2K remedial actions.

The Commission's Y2K Contingency & Disaster Recovery Plan was tested from November through to 31 December, 1999, and as a result of its planning the Commission has not experienced any Y2K problems. The final rectification matter was completed in February 2000 when Axis Technology checked and endorsed the computer coding of new Enterprise systems.

The cost to the Commission to have all its systems and equipment Y2K compliant was approximately $320,000.

RISK MANAGEMENT AND INTERNAL CONTROL

The Commission has implemented a number of significant procedures and processes to address the issue of risk management and internal control. Those processes cover all operational and administrative functions and include:

- weekly reporting of Category 1 complaints;
- monthly Budget and Expenditure reports;
- monthly Establishment and Leave reports;
- tracking and monitoring of all correspondence and documentation;
- Listening Device monitoring;
- Assumed Identities monitoring; and
- major Project and Programme reports.

These systems are able to be interrogated at any time and reports are generated regularly to the Executive and various levels of management through established mechanisms. In addition to the normal Public Sector scrutiny and accountability, the Commission is also accountable to the Committee, the Inspector, the Ombudsman, NSW Audit Office and the central agencies of Government on other specific aspects of its operational and statutory functions.

As the Commission has only been fully operational for three years it is planning next financial year to commence work on the adoption of an integrated approach to assessing, limiting, monitoring and controlling risks that impact on the agency's

capacity to perform against its corporate objectives. This approach will culminate in the formulation of a detailed framework, which will constitute the Commission's Risk Management Plan.

ENERGY MANAGEMENT PLAN

A review of the Commission's Energy Management Plan took place in April. The Plan identifies Energy Management Goals and Strategies implementation, monitoring and reporting on performance. Attached is an overview of the Commission's performance against those goals and strategies.

Table 12. Specific Agency Goals

GOAL	AMOUNT	TIME-FRAME
IncludeGreen Power in all electricity purchases (ie. whether or not through government contract) Increase the % of Green Power in accordance with government contract negotiations	6%	July 1999 Ongoing
Reduce the aggregate energy performance indicator for the agency	3% to 5%	June 2000
Reduce greenhouse emissions from all Commission operations	3% to 5%	June 2000
Purchase equipment / computers which comply with SEDA's Energy Star requirements	50%	June 2000
Add 'energy efficiency' as an additional selection criteria for the purchase of any new equipment	50%	June 2000
ALL TARGETS ACHIEVED FOR 1999-2000		

WASTE REDUCTION MANAGEMENT

The Commission continued to apply its Waste Reduction and Purchasing Plan during the year. The Commission also received comments on its plan from the Environment Protection Authority in June and the Commission is considering the implementation of those comments and the suggestions to strengthen the Commission's strategy.

FLEET MANAGEMENT

The Commission continued to utilise 'FigFleet' to manage its vehicle fleet. The Commission also undertook a review of its private use Motor Vehicle Policy and implemented its recommendations.

OVERSEAS VISITS

No Commission staff undertook overseas travel on official business during the reporting period.

5. APPENDICES

APPENDIX 1 - STATISTICAL DATA ON EXERCISE OF COMMISSION POWERS

The following table indicates the frequency with which the Commission exercised its various powers in 1999-2000, compared with the two previous reporting years.

FUNCTIONS	1999-2000	1998-1999	1997-1998
Under Police Integrity Commission Act 1996			
s 16 - Establishment of task forces within the state	2	Nil	Nil
s 25 - Requiring public authority or public official to produce a statement of information	10	17	119
s 26 - Requiring a person to attend before an	138	173	206
s 29 - Commission may authorise an officer of the Commission to enter and inspect	5	1 (not proceeded with)	3
s 32 and s 33 - Hearing days public private	 24 52	 61 33	 28 30
s 38 - Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	86	125	95
s 45(1) - Authorised justice may issue search warrant	3	5 (2 not executed)	NIl
s 45(2) - Commissioner may issue search warrant	Nil	Nil	Nil
s 50 - Number of warrants obtained under Listening Devices Act 1984	23	260	126
Under Law Enforcement (Controlled Operations) Act 1997			
Applications granted by Commissioner for authority to conduct controlled opearations	3	14	4
Applicaitons granted by Commissioner for renewal of authority to conduct controlled operations	Nil	1	Nil
Applications granted by Commissioner for variation of authority to conduct controlled operations	4	Nil	Nil

(cont. next page)

FUNCTIONS	1999-2000	1998-1999	1997-1998
Under Law Enforcement and National Security (Assumed Identities) Act 1998			
Applications of assumed identity approvals granted	26	25	Act not in operattion
Applications of assumed identity approvals revoked	7	3	Act not in operation
Under Protected Disclosures Act 1994			
Complaints received by the Commission that constitute Protected Disclosures	27	-	-

APPENDIX 2 - COMMISSION INVESTIGATIONS AS AT 30 JUNE 2000

CATEGORY 1 ALLEGATION	NUMBER OF CLOSED PRELIMINARY INVESTIGATIONS	NUMBER OF ONGOING PRELIMINARY INVESTIGATIONS	NUMBER OF CLOSED FULL INVESTIGATIONS	NUMBER OF ONGOING FULL INVESTIGATIONS
A. Pervert the course of justice.	32	7	11	1
B. Being involved in a crime attracting a minimum 5 year sentence: (i) Assault occasioning grievous bodily harm; (ii) Larceny; (iii) Other crimes attracting a minimum 5 year sentence.	18	0	6	3
C. Soliciting or accepting bribes.	13	2	8	2
D. Improperly interfering in an investigation being carried out by another police officer.	9	0	2	0
E. Improperly investigating or interfering with an investigation against another police officer.	2	0	1	0
F. Being involved in the manufacture, cultivation or supply of prohibited drugs.	8	4	1	1
Other - including: - complaint made against police officer who is of or above the rank of Superintendent (previous Category 1 agreement); - Improper accessing / disclosure of information (previous Category 1 agreement); - Regional / branch specific investigations; - Failure to disclose outside business interests / unauthorised secondary employment; - Managerial / procedural issues.	36	1	10	0
Total	*118*	*14*	*39*	*7*

APPENDIX 3 - PROSECUTIONS RESULTING FROM INVESTIGATIONS AS AT 30 JUNE 2000

NAME	OFFENCE	STATUS
Peter Jon MURRANT	- Give False / Misleading Evidence - Police Integrity Commission Act 1996 (NSW) s 107	- Convicted on 9 May 2000 - Sentenced to 12 months periodic detention
Anthony BINNS	- Give False / Misleading Evidence - Police Integrity Commission Act 1996 (NSW) s 107	- Proceedings commenced on 1 March 1999 - Dismissed from Police Service on 25 February 2000
Paul James PETITH	- Give False / Misleading Evidence - Police Integrity Commission Act 1996 (NSW) s 107	- Proceedings commenced on 25 February 1999 - Acquitted on 20 April 2000
Christian BRUCE	- Hinder investigation for serious criminal offence - Crimes Act 1900 (NSW) s 315	- Charge of Hinder Investigation dismissed on 15 August 2000 and alternative charge of Pervert the Course of Justice being considered - Dismissed from Police Service on 8 March 2000
Rodney PODESTA	- Supply Prohibited Drug - Drug Misuse and Trafficking Act 1985 s 25	- Resigned from the Police Service March 1998 - Convicted of Supply Prohibited Drug - Sentenced on 9 December 1999 to four months periodic detention
Lenin Marx LAMBERT	- Possess Prohibited Drug x 2 - Supply Prohibited Drugs - Drug Misuse and Trafficking Act 1985 ss 10 and 25 x 4	- Committed for trial on 16 March 2000 on four counts of Supply Prohibited Drug
Lisa TROOST	- Deemed Supply Prohibited Drugs - Drug Misuse and Trafficking Act 1985 s 25	- Indicted ex officio on one count of Supply Prohibited
Easton JAMES	- Supply Prohibited Drugs - Drug Misuse and Trafficking Act 1985 s 25 x 2	- Convicted of one count of Supply Prohibited Drug - Sentenced on 12 May 2000 to six months imprisonment
Anthony DILORENZO		- Dismissed from Police Service on 26 June 1999

APPENDIX 4 - ASSUMED IDENTITIES

The *Law Enforcement and National Security (Assumed Identities) Act 1998*, which came into force on 8 March 1999, provides for the chief executive officers of law enforcement agencies such as the Commission to authorise the use by officers of assumed identities in the course of their duties. Section 10 of that Act requires each such agency to keep a record of assumed identity approvals granted, varied or revoked, and section 11 requires that an audit of those records be conducted at least once every 12 months. Pursuant to section 12 an agency's Annual Report must include details relating to assumed identity approvals granted or revoked in the period to which the report relates. In addition the results of the most recent audit of assumed identities records, as reported to the chief executive officer of the agency, in so far as they 'disclose any fraudulent or other criminal behaviour, must be reported.

APPROVALS GRANTED, REVOKED AND VARIED

During the reporting year 26 assumed identity approvals were granted by the Commissioner or the Assistant Commissioner. Seven assumed identity approvals were revoked and two were varied.

NATURE OF DUTIES UNDERTAKEN

The majority of assumed identity approvals in force related to general investigative duties carried out by officers of the Commission (16), followed by physical (14) and technical (7) surveillance, and covert operations (5). In addition, a total of 6 assumed identity approvals related to administrative duties.

FRAUDULENT OR OTHER CRIMINAL BEHAVIOUR

The audit of assumed identities records for the period 1 July 1999 to 30 June 2000 did not disclose any fraudulent or criminal behaviour. However a question has recently arisen as to whether the use of an assumed identity to open or operate a bank account constitutes the use of a 'false name' contrary to the provisions of the *Financial Transactions Reports Act 1988* (Cth). At the time of publication the Commission was taking steps to have the matter clarified.

APPENDIX 5 - FREEDOM OF INFORMATION REQUESTS

The Commission received one request under the *Freedom of Information Act 1989* the ("FOI Act') during the reporting period. The request concerned documents and functions of the Commission that, by virtue of section 9 of the FOI Act, are exempt from the operation of the FOI Act. The request was, accordingly, declined.

There were no requests under the FOI Act during the previous reporting year 1998-1999. The impact, on the Commission, of fulfilling its requirements under the FOI Act was minimal. No major issues have risen during the year in connection with the Commission's compliance with the FOI requirements.

A NUMBERS OF NEW FOI REQUESTS

FOI Requests	Personal	Other	Total
A1 New A2 Brought Forward	0	1	1
A3 Total to be processed	0	0	0
A4 Completed	0	1	1
A5 Transferred out	0	0	0
A6 withdrawn	0	0	0
A7 total processed	0	0	0
A8 Unfinished (carried forward	0	0	0

B WHAT HAPPENED TO COMPLETED REQUESTS?

Result of FOI Request	Personal	Other
B1 Granted in full B2 Granted in part B3 Refused B4 Deferred	0 0 0 0	0 0 1 0
B5 Completed	0	1

C MINISTERIAL CERTIFICATES

C1 Ministerial Certificates issued	0

D FORMAL CONSULTATIONS

	Issued	Total
D1 Number of requests requiring formal consultation	0	0

E AMENDMENT OF PERSONAL RECORDS

Result of Amendments Request	Total
E1 Result of amendments - agreed	0
E2 Result of amendment - refused	0
E3 Total	0

F NOTATION OF PERSONAL RECORDS

F3 Number of requests for notation	0

G FOI REQUESTS GRANTED IN PART OR REFUSED

Basis of Disallowing or Restricting Access	Personal	Other
G1 Section 19	0	0
G2 Section 22	0	0
G3 Section 25(1)(a1)	0	0
G4 Section 25(1)(a)	0	1
G5 Section (1)(b), (c), (d)	0	0
G6 Section 28(1)(b)	0	0
G7 Section 24(2)	0	0
G8 Section 31(4)	0	0
G9 Totals	0	1

H COSTS AND FEES OF REQUESTS PROCESSED

	Assessed Costs	FOI Fees Received
H1 All completed requests	0	0

I DISCOUNTS ALLOWED

Type of Discount Allowed	Personal	Other
I1 Public	0	0
I2 Financial hardship - Pensioner / child	0	0
I3 Financial hardship - non-profit organisation	0	0
I4 Totals	0	0
I5 Significant correction of personal records	0	0

J DAYS TO PROCESS

Elapsed Time	Personal	Other
J1 1-21 days	0	1
J2 22-35 days	0	0
J3 over 35 days	0	0
J4 Totals	0	1

K PROCESSING TIME

Processing Hours	Personal	Other
K1 0-10 hours	0	1
K2 11-20 hours	0	0
K3 21-40 hours	0	0
K4 over 40 hours	0	0
K5 Totals	0	1

L REVIEWS AND APPEALS

L1 Number of internal reviews finalised	0
L2 Number of Ombudsman reviews finalised	0
L3 Number of District Court appeals finalised	0

Details of Internal Review results

Bases of Internal Review	Personal		Other	
Grounds on which Internal Review Requested	Upheld	Varied	Upheld	Varied
L4 Access refused	0	0	0	0
L5 deferred	0	0	0	0
L6 Exempt matter	0	0	0	0
L7 Unreasonable charges	0	0	0	0
L8 Charge unreasonably incurred	0	0	0	0
L9 Amendment refused	0	0	0	0
L10 Totals	0	0	0	0

APPENDIX 6 - CATEGORY 1 AGREEMENT

AGREEMENT made this fifteenth day of January 1998

BETWEEN **THE COMMISSIONER FOR THE POLICE INTEGRITY COMMISSION** ("the PIC Commissioner") AND **THE OMBUDSMAN** ("the Ombudsman")

WHEREAS:

A. the PIC Commissioner and the Ombudsman made an Agreement on the twentieth day of December 1996 pursuant to section 67 (a) of the Police Integrity Commission Act 1996;

B. It is now appropriate to amend the Schedule to that Agreement:

IT IS HEREBY AGREED that the Schedule attached to this Agreement shall replace the Schedule to the Agreement made on the twentieth day of December 1996; and that the Schedule attached to this Agreement shall come into effect on 1 February 1998.

PIC Commissioner **Ombudsman**

SCHEDULE TO THE AGREEMENT MADE ON 15 JANUARY 1998 PURSUANT TO S 67(a) OF THE POLICE INTEGRITY COMMISSION ACT 1996 BETWEEN THE COMMISSIONER FOR THE POLICE INTEGRITY COMMISSION AND THE OMBUDSMAN

A. A complaint that a police officer has or may have sought or may seek to pervert the course of justice by giving false evidence, by destroying or interfering with evidence, by withholding or refraining from giving evidence, by fabricating evidence or by influencing another so to act.

B. A complaint that a police officer has or may have committed or may commit

(i) an assault which has caused or may cause a serious injury and which could lead to a charge of maliciously wounding or inflicting grievous bodily harm upon a person pursuant to section 35 of the *Crimes Act 1900*; or

(ii) an offence (including larceny) relating to property where the value exceeds $5000; or

(iii) any offence (other than assault occasioning actual bodily harm) punishable on conviction on indictment by a maximum sentence of imprisonment or penal servitude for five years or more.

C. A complaint that a police officer has or may have solicited or accepted, or may solicit or accept, a benefit for himself/herself or for another in return for failing to carry out his/her duties.

D. A complaint that a police officer has or may have sought or may seek to interfere improperly in the investigation by another police officer of an alleged offence.

E. A complaint that a police officer investigating an offence alleged to have been committed by another police officer has or may have improperly failed to carry out, or may improperly fail to carry out, his/her duties in the course of that investigation.

F. A complaint that a police officer has or may have manufactured, or may manufacture, a prohibited drug, cultivated or may cultivate a prohibited plant, or supplied or may supply a prohibited drug or a prohibited plant, unless the amount or number of such drug or plant is less than the indictable quantity therefor as specified in the *Drug Misuse and Trafficking Act 1985*

APPENDIX 7

ABN 22 870 745 340

FINANCIAL STATEMENTS 1999-2000

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Police Integrity Commission

Statement by Department Head

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I state that:

(a) the accompanying financial statements in respect of the year ended 30 June 2000 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and Regulations, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, and the *Treasurer's Directions*

(b) the statements exhibit a true and fair view of the financial position and transactions of the Commission, and

(c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Judge P D Urquhart QC
Commissioner

19 July 2000

BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

Police Integrity Commission

To Members of the New South Wales Parliament and the Commissioner

Scope

I have audited the accounts of the Police Integrity Commission for the year ended 30 June 2000. The Commissioner is responsible for the financial report consisting of the statement of financial position, operating statement, statement of cash flows, and summary of compliance with financial directives, together with the notes thereto, and information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and the Commissioner based on my audit as required by sections 34 and 45F(1) of the *Public Finance and Audit Act 1983* (the Act). My responsibility does not extend to an assessment of the assumptions used in formulating budget figures disclosed in the financial report.

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

In addition, other legislative and policy requirements, which could have an impact on the Police Integrity Commission's financial report, have been reviewed on a cyclical basis. For this year, the requirements examined comprised compliance with:

- core business activities being in accordance with the *Police Integrity Commission Act 1996*;
- the *Police Integrity Commission Act 1996* and policies or procedures of the Commission relating to the employment of staff; and
- the Premier's Department, SES Guidelines in respect of the Commissioner's contract.

These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Act, Accounting Standards and other mandatory professional reporting requirements, in Australia, so as to present a view which is consistent with my understanding of the Police Integrity Commission's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial report of the Police Integrity Commission complies with section 45E of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Police Integrity Commission as at 30 June 2000 and the results of its operations and its cash flows for the year then ended.

P. J. BOULOUS, CA
PRINCIPAL AUDITOR
(duly authorised by the Auditor-General of New South Wales
under section 45F(1A) of the Act)

SYDNEY
16 August 2000

Police Integrity Commission

Operating Statement for the Year Ended 30 June 2000

	Notes	Actual 99-2000 $'000	Budget 99-2000 $'000	Actual 1998-99 $'000
Expenses				
Operating Expenses				
Employee related	2(a)	7,961	8,036	7,655
Other operating expenses	2(b)	5,716	4,842	5,751
Maintenance	2(c)	183	301	109
Depreciation and amortisation	2(d)	1,713	1,311	1,322
Total expenses		15,573	14,193	14,837
Less:				
Retained Revenue				
Sale of goods and services	3(a)	2		4
Investment income	3(b)	61	11	8
Grants & Contributions	3(c)	429	--	287
Other revenue	3(d)	1	--	1
Total Retained Revenue		493	14	300
Gain/(Loss) on sale of non-current asset	4	--	--	
NET COST OF SERVICES	20	15,080	14,479	14,537
Government Contributions				
Recurrent appropriation	6	13,900	12,599	12,701
Capital appropriation	6	967	875	1,739
Acceptance by the Crown Entity of employee entitlements and other liabilities	6	496	581	433
Total Government Contributions		15,363	14,058	14,873
(DEFICIT)/SURPLUS FOR THE YEAR		(717)	(421)	336

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Financial Position as at 30 June 2000

	Notes	Actual 99-2000 $'000	Budget 99-2000 $'000	Actual 1998-99 $'000
ASSETS				
Current Assets				
Cash	10	555	780	117
Receivables	10	41	3	1
Other	12	18	5	18
Total Current Assets		614	788	436
Non-Current Assets				
Plant and equipment	11	5,760	6,183	6,479
Total Non-Current Assets		5,760	6,183	6,179
Total Assets		6,374	6,971	6,915
LIABILITIES				
Current liabilities				
Accounts payable	13	134	112	108
Employee entitlements	14	645	505	495
Other		--	20	
Total Current Liabilities		779	517	603
Total Liabilities		779	517	603
Net Assets		5,595	6,454	6,312
EQUITY				
Accumulated funds	15	5,595	6,454	6,312
Total Equity		5,595	6,454	6,312

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Cash Flows for the Year Ended 30 June 2000

	Notes	Actual 99-2000 $'000	Budget 99-2000 $'000	Actual 1998–99 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(7,725)	(7,885)	(7,735)
Other		(5,872)	(5,259)	(5,895)
Total Payments		(13,597)	(13,144)	(13,630)
Receipts				
Sale of goods and services		2	--	1
Interest received		39	11	8
Grants received		429		287
Other		1	--	6
Total Receipts		471	11	302
Cash flows from Government				
Recurrent appropriation		12,900	12,599	12,701
Capital appropriation		967	875	1,039
Cash reimbursements from the Crown Entity		392	408	772
Net Cash Flows from Government		14,259	13,882	14,512
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	1,133	749	1,664
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment		(995)	(875)	(1,854)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(995)	(875)	(1,854)
NET INCREASE/(DECREASE) IN CASH		138	(126)	(190)
Opening cash and cash equivalents		417	906	607
CLOSING CASH AND CASH EQUIVALENTS	19	555	780	417

The accompanying notes form part of these Statements

Police Integrity Commission

Summary of Compliance with Financial Directives

for the Year Ended 30 June 2000

	2000				1999			
	Recurrent Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000	Recurrent Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
• Appropriation Act	12,599	12,579	875	849	13,246	11,857	1,945	1,739
	12,599	12,579	875	849	13,246	11,857	1,945	1,739
OTHER APPROPRIATIONS/ EXPENDITURE								
• Treasurer's Advance	248	248			844	844		
• Section 22 expenditure for certain works & services	73	73	99	99				
• Transfers from another agency (see 26 of the Appropriation Act)				19				
	321	321	99	118	844	844	–	–
Total Appropriation/ Expenditure/Net claim on Consolidated Fund	12,920	12,900	974	967	14,090	12,701	1,945	1,739
Amount drawn down against Appropriation		12,900		967		12,701		1,739
Liability to Consolidated Fund		NIL		NIL		NIL		NIL

Police Integrity Commission

Summary of Compliance with Financial Directives for the Year Ended 30 June 2000 (cont)

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

Recurrent Appropriations
Additional recurrent allocation supplementations were received, for salary increases relating to the Crown Employees (Public Sector - Salaries June, 1997) Award and the Crown Employees (Public Sector - Salaries January, 2000) Award.

Supplementation of $34,000 was received for the Qualitative and Strategic Audit of the Reform Process of the NSW Police Service (QSARP) from funds returned to the NSW Treasury in June 1999. The remaining $146,000 is due to be received in the final year of the Audit.

While monies received for Year 2000 rectification works were received by way of a capital appropriation, an amount of $200,000 was spent on Year 2000 rectification matters that were recurrent in nature and has, in accordance with accounting standards and other authoritative pronouncements, been expensed in the reporting year.

Capital Appropriation
As noted above the Commission received a capital appropriation of $374,000 for Year 2000 rectification. From this an amount of $200,000 was spent on Year 2000 rectification, and has been expensed in the financial statements.

The accompanying notes form part of these Statements

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission is constituted by the *Police Integrity Commission Act 1996*, and comprises a single entity. The Commission is a separate reporting entity and there are no reporting entities under its control. These financial statements cover the Commission's activities for the 1999–2000 period.

(b) *Basis of accounting*

The Commission's financial statements are a general purpose financial report that has been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (AAS)
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB)
- Urgent Issues Group (UIG) Consensus Views
- the requirements of the Public Finance and Audit Act and Regulations, and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those in the previous year, except as disclosed in note 1(d).

(c) *Administered activities*

The Commission does not administer activities on behalf of the Crown Entity

(d) *Revenue recognition*

Revenue is recognised when the Commission has control of the good or right to receive, it is probable that the economic benefits will flow to the Commission and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations and Contributions from Other Bodies

From this financial year there is a change in accounting policy for the recognition of parliamentary appropriations. Parliamentary appropriations are generally recognised as revenues when the agency obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year-end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are now accounted for as liabilities rather than revenue.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

As the Commission does not have a liability to the Consolidated Fund the change has had no effect on the current financial year.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products and services ie user charges. User charges are recognised as revenue when the agency obtains control of the assets that result from them.

(iii) Investment Income

Interest revenue is recognised as it accrues.

(e) Employee entitlements

(i) Wages and Salaries, Annual Leave, Sick Leave and On-costs

Liabilities for wages and salaries, annual leave and vesting sick leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employee's services up to that date

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the entitlements accrued in the future.

The outstanding amounts of payroll tax, workers' compensation and fringe benefits tax, that are considered consequential to employment, are recognised as liabilities and expenses where the employee entitlements to which they relate have been recognised.

(ii) Extended Leave and Superannuation

The Commission's liabilities for extended leave and superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non monetary revenue item described as "Acceptance by the Crown Entity of Employee Entitlements and Other Liabilities".

Extended leave is measured on a nominal basis. The nominal method is based on the remuneration rates at year end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

(f) *Insurance*
The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(g) *Acquisition of Assets*
The cost method of accounting is used for the initial recording of all acquisition of assets controlled by the agency. Cost is determined as the fair value of assets given as consideration plus the costs incidental to the acquisition. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(h) *Plant and equipment*
Plant and equipment costing $5,000 and above individually are capitalised, as is plant and equipment costing less than $5,000 that forms part of an overall asset.

(i) *Re-valuation of Physical Non-Current Assets*
There has been no re-valuation of any of the Commission's physical non-current assets during the reporting period

(j) *Assets not able to be Reliably Measured*
The Commission does not hold any assets that have not been recognised in the financial statements

(k) *Depreciation of Non-Current Physical Assets*
Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

The Commission has adopted the following depreciation rates for the reporting period:

Computer equipment	4 years
Office machines	7 years
Other plant and equipment	7 years
Leasehold improvements	The initial period of the lease

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

2. EXPENSES

		2000 $'000	1999 $'000
(a)	Employee related expenses comprise the following specific items:		
	Salaries and wages (including recreation leave)	6,697	6,310
	Superannuation	432	430
	Extended leave	61	99
	Worker's compensation insurance	41	31
	Payroll tax and fringe benefits tax	598	632
	Other	132	123
		7,961	7,655
(b)	Other operating expenses		
	Administration charges	490	467
	Bad and doubtful debts	--	--
	Books and periodicals	35	30
	Auditor's remuneration	20	30
	Consultancies	44	55
	Contractors	1,415	1,709
	FBT expenses	138	112
	Insurance	19	19
	Rent and outgoings	1,874	1,315
	Minor equipment	720	591
	Motor vehicle costs (including leasing charges)	283	287
	Advertising	33	79
	Printing and stationery	60	53
	Staff development	79	33
	Travelling expenses	98	305
	Telephones	267	325
	Other	150	221
		5,716	5,751
(c)	Maintenance		
	Repairs and routine maintenance	183	109
		183	109
(d)	Depreciation and amortisation expense		
	Depreciation		
	Computer Equipment	338	337
	Office Equipment	347	230
	Amortisation of Leasehold Improvements	1,016	855
	Written down value of assets written off	12	--
		1,713	1,322

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

3. REVENUES

		2000 $'000	1999 $'000
(a)	Sale of goods and services		
	Sale of transcript from Commission hearings	2	4
		2	4
(b)	Investment income		
	Interest	61	8
		61	8
(c)	Grants & Contributions		
	Grants received from Budget Sector Agency (see Note 7)	429	287
		429	287
(d)	Other Revenue		
	Commission on salary deductions	1	1
		1	1

4. GAIN/(LOSS) ON SALE OF NON-CURRENT ASSETS

The Commission did not sell any non-current assets during the reporting period.

5. CONDITIONS ON CONTRIBUTIONS

The Commission did not receive any contributions during 1999-2000, except by way of grants as discussed in note 7.

6. APPROPRIATIONS

Recurrent appropriations

Total recurrent drawdowns from Treasury (per Summary of Compliance)	12,900	12,701
Less: Liability to Consolidated Fund (per Summary of Compliance)	--	--
Total	12,900	12,701
Comprising:		
Recurrent appropriations (per Operating Statement)	12,900	12,701
Transfer payments		--
Total	12,900	12,701

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

6. APPROPRIATIONS (cont)

Capital appropriations	2000 $'000	1999 $'000
Total capital drawdowns from Treasury (per Summary of Compliance)	967	1,739
Less: Liability to Consolidated Fund (per Summary of Compliance)	--	--
Total	**967**	**1,739**
Comprising:		
Capital appropriations (per Operating Statement)	967	1,739
Less: Transfer payments		
Total	**967**	**1,739**

7. ABNORMAL ITEMS

The Commission received a grant from the NSW Premier's Department of $245,123 for the ongoing research and development of the Police Complaints Case Management System (PCCMS).

The Commission received a further grant from the Premier's Department of $85,000 for the implementation of the Police Oversight Data Store (PODS) project of the PCCMS, to cover capital and recurrent expenses of the PODS project.

The Commission received a capital grant of $98,550 from the Department of Information Technology and Management for the implementation of the Commission's website, to further the government's *connect.nsw* project.

All capital items purchased for the above projects have been recognised in the Commission's assets, in accordance with the accounting policy disclosed in note 1(b).

8. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity

	2000 $'000	1999 $'000
Superannuation	409	313
Extended leave	61	99
Payroll tax	26	21
	496	**433**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

9. PROGRAMS/ACTIVITIES OF THE AGENCY

(a) Program 1: *Prevention of Serious Police Misconduct*

Objective: *To prevent, detect or investigate serious police misconduct and manage and oversee other agencies in the detection or investigation of police misconduct.*

10. CURRENT / NON-CURRENT ASSETS—RECEIVABLES

	2000 $'000	1999 $'000
Other debtors	44	1
	44	1

No provision for doubtful debts has been raised as all amounts are considered to be collectable.

11. NON-CURRENT ASSETS PROPERTY, PLANT AND EQUIPMENT

	Computer equipment $'000	Plant & equipment $'000	Leasehold improvements $'000	Works in progress $'000	Total 2000 $'000	Total 1999 $'000
(i) At cost						
- Balance 1 July 1999	1,193	1,872	4,099	268	8,032	6,177
Additions	487	665	89	(247)	994	1,855
Balance at 30 June 2000	1,680	2,537	4,788	21	9,026	8,032
(ii) Accumulated depreciation						
- Balance at 1 July 1999	360	327	869	--	1,553	251
- Depreciation for the Year	350	347	1,016		1,713	1,302
Balance at 30 June 2000	710	674	1,885	–	3,266	1,553
(iii) Written Down Value						
As at 1 July 1999	833	1,548	3,830	168		6,479
As at 30 June 2000	970	1,866	3,903	21	5,760	

There has been no re-valuation of physical non-current assets during the reporting period. The Commission considers that the written down value of assets approximates the market value of these assets.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

12. CURRENT / NON-CURRENT ASSETS—OTHER

	2000 $'000	1999 $'000
Prepayments	15	18
	15	**18**

13. CURRENT LIABILITIES—ACCOUNTS PAYABLE

Creditors	134	65
Other (accruals for witnesses)	--	43
	134	**108**

14. CURRENT / NON-CURRENT LIABILITIES EMPLOYEE ENTITLEMENTS

Recreation leave	513	393
Accrued salaries and wages	132	102
Aggregate employee entitlements	**645**	**495**

15. CHANGES IN EQUITY

Accumulated funds

Balance at 1 July	6,312	5,975
Surplus/(Deficit) for the Year	(717)	337
Balance at 30 June	**5,595**	**6,312**

16. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Aggregate capital expenditure contracted for at balance date and not provided for:

Not later than one year	104	97
	104	**97**

(b) Other Expenditure Commitments

Aggregate other expenditure contracted for at balance date and not provided for:

Not later than one year	--	--
	0	**0**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

16.	COMMITMENTS FOR EXPENDITURE (cont)	2000 $'000	1999 $'000
(c)	**Operating Lease Commitments**		
	Future non-cancellable operating lease rentals not provided for and payable:		
	Not later than one year	1,378	1,040
	Later than one year and not later than five years	1,617	4,160
	Later than five years	--	--
		2,995	5,200

These operating lease commitments relate to the Commission's rental of property and its motor vehicle fleet, and are not recognised in the financial statements as liabilities.

(d) Finance Lease Commitments
The Commission has no finance lease commitments.

(e) Goods & Services Tax
The commitments disclosed above have nil or insignificant amounts of GST.

17. CONTINGENT LIABILITIES

As at the reporting date, the Commission is not aware of any contingent liabilities that will materially affect its financial position.

18. BUDGET REVIEW

Net cost of services
The net cost of services was higher than budget by $601,000 because of a larger than expected increase in office accommodation costs, year 2000 rectification work and the implementation of Police Oversight Data Store (that forms part of the PCCMS). The Commission received grants from the NSW Premier's Department for both the PCCM and PODS projects, as well as receiving a Grant from the Department of Information Technology and Management for the implementation of a website

Assets and liabilities
The value of non-current assets is lower than budget due to depreciation expense being higher than budget.

Employee entitlements are higher than budget as the value of recreation leave and salary accruals for year end reflect Award increases passed on during the reporting period.

Cash flows
There were no major variances between budgeted and actual cash flows.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

19. CASH AND CASH EQUIVALENTS

For the purposes of the *Statement of Cash Flows*, cash includes cash on hand, cash at bank and bank overdraft. Cash at the end of the financial year as shown on the *Statement of Cash Flows* is reconciled to the related items in the *Statement of Financial Position* as follows:

	2000 $'000	1999 $'000
Cash (bank balances)	545	407
Cash on hand	10	10
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**555**	**417**

20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

Net cash used on operating activities	1,133	1,664
Consolidated Fund Appropriation	(13,867)	(14,440)
Depreciation	(1,713)	(1,722)
Acceptance by Crown Entity of Employee liabilities and other liabilities	(496)	(432)
Decrease/(increase) in provisions	(15_)	(39)
Increase/(decrease) in receivables and other assets	40	11
Decrease/(increase) in creditors	(26)	28
Net cost of services	**(15,080)**	**(14,537)**

21. FINANCIAL INSTRUMENTS

The Commission's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are detailed below:

(i) Cash

Cash comprises cash on hand and bank balances within the Treasury banking system. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11.00am unofficial cash rate adjusted for a management fee to Treasury.

(ii) Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates the net fair value. Sales are made on a seven day term.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2000

(iii) Bank Overdraft

The Commission does not have any bank overdraft facility.

(iv) Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid for future goods or services received, whether or not invoiced. Amounts owing to suppliers (that are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No such payments were made during the reporting period.

22. AFTER BALANCE DATE EVENTS

There are no known after balance date events.

End of audited financial statements

APPENDIX 8 - DIRECTORY

STREET ADDRESS

Level 3, 111 Elizabeth Street
Sydney NSW 2000

POSTAL ADDRESS

GPO Box 3880
Sydney NSW 2001

OFFICE HOURS

8:30 am - 5:00 pm

TELEPHONE ENQUIRIES

Telephone enquiry hours: 8:30 am - 5:00 pm

Telephone: [61 2] 9321 6700
Freecall: 1800 657 079
Facsimile: [61 2] 9321 6799

APPENDIX 9 - PUBLICATIONS AND PRINTING REQUIREMENTS

PUBLICATIONS

Publication Name	Publication Date
Annual Report 1996-1997	October 1997
Report to Parliament Regarding the Former Special Branch of the New South Wales Police Service	June 1998
Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service	October 1998
Annual Report 1997-1998	December 1998
Report to Parliament on Operation Warsaw	February 1999
Supplementary Report to Parliament Operation Jade	April 1999
Annual Report 1998-1999	October 1999
Special Report to Parliament Project Dresden An Audit of the Quality of NSW Police Service Investigations	April 2000
Report to Parliament Operation Algiers	June 2000
Report to Parliament Operations Copper, Triton, Nickel	June 2000
Special Report to Parliament Project Oracle A Review of Assault Complaints Involving Officers of the New South Wales Police Service	August 2000
Report to Parliament Operation Belfast	October 2000
Report to Parliament Operation Glacier	November 2000
Brochure Making a Complaint about Serious Police Misconduct	May 2000

PRINTING REQUIREMENTS

Number of copies printed: 700

Average cost per copy: $11.38 based on external printing costs

All layout, design and editing was undertaken in-house by Wendy Gray and Stefanie Vuong

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