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 1999.

The report has been prepared in accordance with the requirements of the *Annual Reports (Departments) Act 1985* and the *Police Integrity Commission Act 1996.*

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

October 1999

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1. COMMISSIONER'S REPORT

The period covered by this report has seen several notable developments in the short history of the Police Integrity Commission ('the Commission').

The first legal proceedings arising from a Commission investigation[1] were prosecuted in the courts; the three persons concerned - two of them former police officers - all pleaded guilty and were sentenced to terms of imprisonment. That all three pleaded guilty might reasonably be taken as an indication of the strength of the evidence against them assembled by the Commission. The Commission believes that convictions of this kind send a clear and firm message to the remaining corrupt elements within the NSW Police Service ('the Police Service'), as well as to those who may contemplate engaging in corrupt activities.

During the year under review, the Commission presented three reports to Parliament on its investigations. Public hearings were conducted in a further five matters. Reports relating to those matters will be made to Parliament in due course. Some of these current investigations have already led to police officers and others being charged with various offences, others will do so. The Commission also completed investigations or assessments on other matters which were not the subject of reports to Parliament, but which brought about the removal of officers from the Service or changes in Service procedures. The Service responded positively to recommendations made by the Commission in its public and other reports.

Subsequent to the granting to the Commission in July 1998 of the power to intercept telecommunications, the Commission obtained the necessary equipment and staff so that it might exercise that power. The effect of exercising the power to intercept telecommunications has already been demonstrated publicly in some of the Commission's hearings, for example in Operation Oslo.

The Commission continues to provide assistance to the Office of the Director of Public Prosecutions and the Police Service with regard to prosecutions arising from the work of the Royal Commission into the NSW Police Service ('the Royal Commission'). During the year under review eight persons - four of them former police officers - were convicted of various offences. All but one of them pleaded guilty. Charges were brought against a further 20 persons, 15 of them former police officers.

The reporting period saw the development of the Commission's first Corporate Plan, which provides a rational basis for assessing the Commission's performance. During the process of developing the Corporate Plan, I was impressed by the extent to which Commission staff participated in the process. The Corporate Plan is very much an expression of the aspirations of the staff for the role of the Commission into the future. I expect that future annual reports will be so structured that all Commission activities will be reported against the Plan's objectives and strategies.

As a result of changes to legislation reported in the 1997-1998 Annual Report,

the Commission began, in 1998-1999, to exercise new responsibilities. Chief among these was the qualitative and strategic audit of the Police Service reform process which was set in train by Government adoption of Royal Commission Recommendation No 174, namely the

[1] Operation Jade

> appointment of an external auditor upon engagement to the PIC, to carry out a qualitative and strategic audit of the reform process, and to report to the PIC, which in turn should report to the Minister and the Service.[2]

During the year the auditor, Hay Group Pty Ltd ('Hay Group'), was selected by the Commission following a public tender process and began work in March 1999. The audit process and audit reports will be of critical importance in assessing the reform process.

In May 1999 the Commission received from the Police Service the first annual audit report of the Protective Security Group, which replaced the former Special Branch. The Commission in turn is required by legislation to report on the audit and at the end of the year under review was in the process of preparing its report. It is expected that the report will be finalised by the end of 1999. This regime was introduced to ensure that the Protective Security Group is more publicly accountable than its predecessor.

An essential part of the effectiveness of the Commission - in its investigations as well as its administration - is its various information technology applications. A small but notable addition during the reporting period was the Correspondence Action and Tracking System ('CATS'), which enables officers and their supervisors to track the action taken on external correspondence received by the Commission. Like most of the Commission's new applications, it was designed and implemented by Commission staff.

It seems to me that by any reasonable standard the work of the Commission during 1998-1999 has been impressive. This is due to the professionalism and dedication of the staff I have had the privilege of leading since the Commission was established. I extend my thanks and gratitude to each of them.



Judge P D Urquhart QC
Commissioner

[2] Royal Commission, *Final Report Volume II: Reform*, May 1997, Recommendation 174, p. 560

2. MANAGEMENT AND STRUCTURE OF THE COMMISSION

There were no major changes to the management of the Commission during the year 1998-1999. During the reporting period his Honour Judge P D Urquhart QC accepted an appointment for a further term as Commissioner to 31 December 1999.

THE EXECUTIVE

The Commissioner

On 18 August 1996 his Honour Judge P D Urquhart QC was appointed for a period of two years, as the first Commissioner of the Commission. As noted above when that period came to an end in August 1998 his Honour accepted an appointment for a further term to 31 December 1999. Before his appointment to the Commission his Honour had been appointed, on 21 February 1996, as a Royal Commissioner in connection with the Royal Commission which was being conducted by the Honourable Justice Wood.

The Commissioner graduated from the University of Sydney, with the degrees of Bachelor of Arts and Bachelor of Laws. After serving articles of clerkship with a firm of solicitors in Sydney, he was admitted to the Bar of New South Wales on 4 June 1971. As a barrister he practised in a variety of areas of law including commercial law and criminal law and in most courts from Local Courts to the High Court of Australia. On 12 November 1986 His Honour was appointed Queen's Counsel, and on 10 May 1988 he was appointed a Judge of the District Court of New South Wales. He sat principally in the criminal jurisdiction of the Court.

The Assistant Commissioner

Mr G E (Tim) Sage was appointed Assistant Commissioner in October 1996 for a period of five years. Prior to this appointment Mr Sage had worked at the Royal Commission where he was seconded in April 1996 to lead the Legal Advising Unit.

From 1968 to 1979 and again from 1981 to 1983, Mr Sage was employed by the Magistrates Courts Administration in Sydney and in country areas of New South Wales. From 1979 to 1981 Mr Sage was seconded as a legal officer to the New South Wales Corrective Services Commission. Having been admitted as a solicitor in 1983, he became a legal officer with the Office of the Director of Public Prosecutions until 1986 when he joined the National Crime Authority ('NCA'), becoming in time the Regional Director, Sydney.

The Director, Operations

The Director, Operations, Mr Andy Nattress, commenced employment with the Commission in January 1997 as Director of Operations and Special Services. He was appointed Director Operations during 1997-1998.

Prior to his appointment to the Commission Mr Nattress had been employed at the NCA since 1987. His final position there was Director Intelligence.

From 1974 to 1987 Mr Nattress was employed by the Hong Kong Government, firstly as an officer in the Royal Hong Kong Police Force and subsequently as an investigator with the Royal Hong Kong Independent Commission Against Corruption. When he left in 1987 he was Chief Investigator. From 1970 to 1973 Mr

Nattress was a police officer in the Durham Constabulary.

The Director, Corporate and Information Services

Mr Dave Rawson was appointed to the position of Director, Corporate and Information Services in April 1997. In that position he is responsible for the management of the financial, personnel, administrative, registry and information technology services together with the oversight of security services provided by the Sheriff's Office.

Prior to his appointment at the Commission Mr Rawson was employed at the Royal Commission. He was seconded to the Royal Commission, when it was established, as the Director of Corporate Services, responsible for the management of the financial, personnel and administrative services, including the management and oversight of the extensive security-related requirements of the premises, and was appointed Executive Director of the Royal Commission in October 1996.

From 1969 to 1994, Mr Rawson was employed within a number of NSW Public Service organisations, including the Land Titles Office, Lands Department, Premier's Department and the Olympics Co-ordination Unit. During that time Mr Rawson acquired extensive public service strategic management, administration and policy related experience. He holds a Graduate Certificate of Public Sector Management from Griffith University.

ORGANISATIONAL STRUCTURE

The Commission's organisational structure as at 30 June 1999 is shown in the diagram on the next page. During the year 1998-1999 work commenced on the establishment of a new team within the Commission. The team, called the Projects and Reports Team, formally commenced on 1 July 1999, and is composed of the Senior Analyst and three Project Analysts. The Team reports to the Manager Intelligence. The main function of this team is to assist the Commissioner in the preparation of section 96 reports to the Parliament.

DECISION MAKING WITHIN THE COMMISSION

The following three internal committees assist the Commissioner in the execution of his responsibilities.

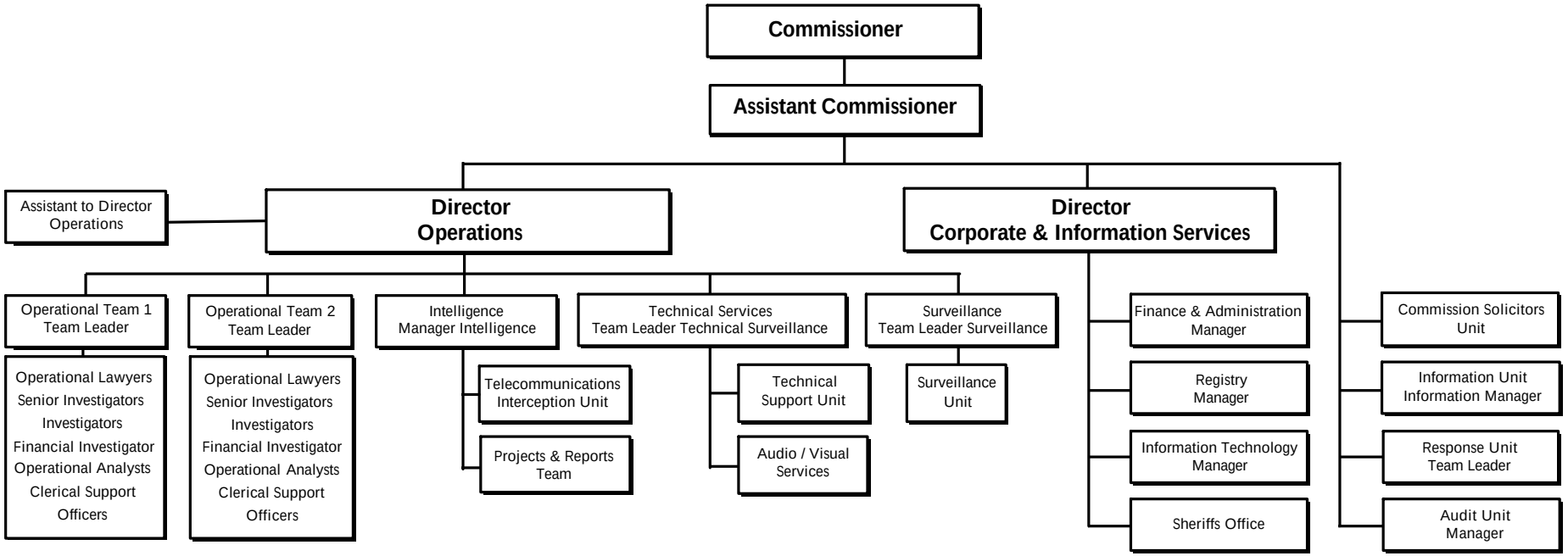
Management Advisory Group

This group is chaired by the Commissioner, and composed the Assistant Commissioner, the Director of Operations, the Director, Corporate and Information Services and the Information Manager. It meets weekly and considers and makes recommendations in respect to budget allocations and a range of high level administrative matters.

Screening Committee

The members of this committee are the Assistant Commissioner, the Director of Operations, the two Operational Team Leaders and an officer from the Information Unit. The Committee considers all Category 1 complaints received by the Commission, oversights the complaint monitoring process and makes recommendations as to which

POLICE INTEGRITY COMMISSION
ORGANISATIONAL STRUCTURE



investigations will be undertaken by the Commission. It also considers reports on investigations conducted by the Police Service into Category 1 complaints, as well as internal recommendations regarding complaints. The Commissioner has delegated to the Assistant Commissioner the power to make decisions that are necessary to consider and to deal with such complaints and reports.[3]

Operations Advisory Group

The conduct of all Commission investigations is overseen by the Commission's Operations Advisory Group ('OAG') which is composed of the Assistant Commissioner, the Director of Operations and the two Operational Team Leaders. The OAG sets and reviews operational priorities, allocates investigation resources, monitors the performance of investigations carried out by the Commission and makes recommendations on the direction of investigations. The OAG also provides strategic and operational advice to the Assistant Commissioner on the use of Commission's powers. The Commissioner has delegated to the Assistant Commissioner the power to make decisions necessary for the proper supervision of the Commission's investigations. The group meets fortnightly.

The Commission is also represented on some external committees.[4]

[3] Further details of the work of this Committee can be found in Chapter 5, pp. 33-34

[4] See Chapter 5, p. 47

3. THE PARLIAMENTARY JOINT COMMITTEE

FUNCTIONS OF THE COMMITTEE

The functions of the Parliamentary Joint Committee, as they relate to the Commission, are set out in section 95 of the *Police Integrity Commission Act 1996*:

a) to monitor and review the exercise by the Commission and the Inspector of their functions,

b) to report to both Houses of Parliament with such comments as it thinks fit on any matter appertaining to the Commission or the Inspector or connected with the exercise of their functions to which, in the opinion of the Joint Committee, the attention of Parliament should be directed,

c) to examine each annual and other report of the Commission and of the Inspector and report to both Houses of Parliament on any matter appearing or arising out of any such report,

d) to examine trends and changes in police corruption, and practices and methods relating to police corruption, and report to both Houses of Parliament any changes which the Joint Committee thinks desirable to the functions, structures and procedures of the Commission and the Inspector,

e) to inquire into any question in connection with its functions which is referred to it by both Houses of Parliament, and report to both Houses on that question.

Section 95 also provides that the Joint Committee is not authorised:

a) to investigate a matter relating to particular conduct, or

b) to reconsider a decision to investigate, not to investigate or to discontinue investigation of a particular complaint, a particular matter or particular conduct, or

c) to reconsider the findings, recommendations, determinations or other decisions of the Commission in relation to a particular investigation or a particular complaint.

MEMBERSHIP

Following the New South Wales State election in March 1999 a new Joint Committee was appointed. Prior to the appointment of the new Committee the *Ombudsman Act 1974* was amended, by the *Parliamentary Committees Legislation Amendment Act 1999*, with the result that the number of Committee members was reduced from ten to seven. Three of the seven members are appointed from the Legislative Council and four are appointed from the Legislative Assembly.

The members of the Joint Committee as at 30 June 1999 were:

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

Members of the Joint Committee between July 1998 and prior to the State election were:

- Mr Bryce Gaudry, MP, Member for Newcastle (Chairman)
- Mr James Anderson, MP, Member for St Marys
- The Hon Michael Gallacher, MLC
- The Hon Deirdre Grusovin MP, Member for Heffron
- The Hon Anthony Kelly MLC
- Mr Jeremy Kinross, MP, Member for Gordon
- Mr Paul Lynch, MP, Member for Liverpool
- The Hon Elaine Nile, MLC
- Mr James Small, MP, Member for Murray
- Mr Anthony Stewart, MP, Member for Lakemba

COMMITTEE / COMMISSION INTERACTION

The Joint Committee had only one General Meeting with the Commission during the year, on 9 July 1998. As with the previous General Meeting on 10 December 1997, the Joint Committee had provided written questions to the Commission and the answers to these were furnished to the Committee before the Meeting. The Meeting consisted of both public and closed sessions. The matters covered by the questions and discussed in the public session dealt with various activities of the Commission, particularly the exercise of the Commission's powers, investigations, budget[5], controlled operations, the audit of the Police Service reform process, Category 1 complaints, the Police Complaints / Case Management System ('PCCMS') and information management specifically relating to access to material by Commission staff.

Although there was only one General Meeting between the Joint Committee and the Commission, there was other communication during the year. On 9 July 1998, the Committee had discussions with the Commissioner and senior Commission staff as part of the Committee's second series of talks with Heads of Agencies. The main subject of this series of talks was the Police Service's Employee Management System.

In August 1998 the Committee issued a report on matters arising from the General Meetings and talks with Heads of Agencies. The report made a number of recommendations which related to the Commission, including possible changes to the police complaints system, the Committee's wish to receive regular reports, as part of the General Meeting proceedings, on the progress of the audit of the Police Service reform process, and proposed changes to the *Telecommunications Interception Act 1979 (Cth)*. In October 1998 the Committee released a report which dealt with, amongst other issues, the Commission's Report to Parliament - Operation Jade. The Committee supported the recommendations made in that report.

In addition to the reports, correspondence passed between the Committee and the Commission on a number of issues, including the audit of the Police Service

[5] In relation to telecommunications interception only

reform process, the Commission's procedures for notifying affected persons of adverse findings, the time taken for investigations and the time taken to notify complainants of the outcome of their complaints.

On 29 March 1999, the Commissioner wrote to the Director of the Committee inviting members of the new Committee, when constituted, to visit the Commission's premises and to inspect in particular the new telephone interception facility. Arrangements for the visit were being made at the end of the reporting period.

4. MEASURING COMMISSION PERFORMANCE

COMMISSION CHARTER

Established upon the recommendation of 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:

> (1) The principal functions of the Commission are as follows:
>
> (a) to prevent serious police misconduct and other police misconduct,
>
> (b) to detect or investigate, or manage other agencies in the detection or investigation of, serious police misconduct,
>
> (c) to detect or investigate, or oversee other agencies in the detection or investigation of, other police misconduct, as it thinks fit,
>
> (d) to receive and assess all matters not completed by the Police Royal Commission, to treat any investigations or assessment of the Police Royal Commission as its own, to initiate or continue the investigation of any such matters where appropriate, and otherwise to deal with those matters under this Act, and to deal with records of the Police Royal Commission as provided by this Act.
>
> (2) The Commission is, as far as practicable, required to turn its attention principally to serious police misconduct.

The Act sets out a range of other functions which are conveniently divided into three categories, namely:

- functions regarding police activities and education programs
- qualitative and strategic audit of the reform process
- functions regarding the collection of evidence and information.

The Commission's functions regarding police activities and education programs, as set out in section 14 of the Act, are:

> (a) to undertake inquiries into or audits of any aspect of police activities for the purpose of ascertaining whether there is police misconduct or any circumstances that may be conducive to police misconduct,
>
> (b) in particular, to monitor the quality of the management of investigations conducted within the Police Service and to undertake audits of those investigations,
>
> (c) 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,
>
> (d) to advise police and other authorities on ways in which police misconduct may be eliminated,
>
> (e) to monitor and report on the conduct and effectiveness of the annual audits of the Protective Security Group of the Police Service under Part 3 of the *Police Service Act 1990*,
>
> (f) to assess and report on the recommendations as to the future of the Protective Security Group of the Police Service contained in the report of the special review of the Group under Part 3 of the *Police Service Act 1990*, and to

monitor and report on the conduct and effectiveness of that review.

The Commission's functions regarding the qualitative and strategic audit of the reform process, are set out in section 14A of the Act. In summary they are:

a) to engage one or more suitably qualified auditors to conduct an ongoing audit of the Police Service reform process of the kind referred to in Recommendations 174 of the Final Report of the Police Royal Commission and described in Appendix 31 to that Report

b) to approve the audit specifications and terms of reference

c) to oversight and administer the audit process

d) to receive progress reports and a final report on the audit from the auditors

e) to provide a copy of each such report to the Minister for Police and the Commissioner of Police, together with any comments and recommendations as the Commission may wish to make.

The Commission's functions regarding the assembling of evidence, as set out in section 15, are:

(a) to assemble evidence that may be admissible in the prosecution of a person for a criminal offence against the law of the State and to furnish any such evidence to the Director of Public Prosecutions

(b) to assemble evidence that may be admissible in the prosecution of a police officer for a disciplinary offence under the law of the State and to furnish any such evidence to the Minister, the Commissioner of Police or other appropriate authority in the State,

(c) to assemble evidence that may be admissible in the prosecution of a person (other than a police officer) for a disciplinary offence under the law of the State and to furnish any such evidence to the appropriate authority in the State,

(d) to furnish evidence obtained in the course of its investigations (being evidence that may be admissible in the prosecution of a person for a criminal offence against or a disciplinary offence under the law of the Commonwealth or another State or Territory) to the Attorney General or to the appropriate authority in the jurisdiction concerned.

DEVELOPMENT OF THE CORPORATE PLAN

During the year ending 30 June 1999, the Commission drafted its Corporate Plan. As at the end of the reporting year, this document was yet to be finalised. By the time of writing this Annual Report, however, it had been formally adopted by the Commission. It is now appropriate, therefore, that the Commission start to report its performance using this Plan. The purpose of the Corporate Plan is to provide the Commission's staff with a collective sense of direction and guidance on how to meet corporate objectives. The Corporate Plan also informs external stakeholders on the means by which the Commission will report on performance. A copy of the Corporate Plan is included in this Report.

The Corporate Plan contains a single mission statement, under which there is a hierarchy of objectives, strategies and performance indicators. The Commission deliberately adopted a simple structure of three broad corporate objectives. The Commission's mission statement is:

... to be an effective agent in the reduction of serious police misconduct

The three corporate objectives which underpin this mission statement are:

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

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

III. To be an effective and focused organisation

This chapter is structured primarily around these objectives and considers the Commission's performance over the year ending 30 June 1999 in the context of the performance indicators described in the Corporate Plan.

This approach represents a change from the way in which the Commission has measured its performance in previous Annual Reports. The major differences between the performance measurement systems in previous reports and that contained in this report are described in the following paragraphs.

The performance measurement for the last two Annual Reports was structured in terms of goals and indicators. In contrast the new performance measurement regime contains a list of strategies for achieving the Commission's objectives.

The previous two Annual Reports contained multiple goals, some of which related to specific matters[6]. The Corporate Plan objectives are broader, more strategically focused, and underpin the mission statement. The objectives reflect the Commission's key strategic needs as an organisation and ensure that

stakeholder needs are met. Collectively, achievement of the objectives should lead logically to the achievement of its mission.

[6] eg. the passage of specific legislation to begin to conduct telecommunications interceptions

Being strategic in nature, these objectives encapsulate and reflect the more specific goals used in the previous Annual Reports as the basis for informing stakeholders of the Commission's performance.

The new performance measurement regime takes into consideration the requirement for the Commission to measure its outcomes not just in terms of bald quantitative performance measurements - such as numbers of criminal or disciplinary charges - but the significance and impact of all its outcomes. The need for qualitative performance measures with regard to investigative outcomes is discussed further under the second corporate objective.

The Corporate Plan will provide a basis for the various work units within the Commission to develop business plans and set objectives on an ongoing basis.

OBJECTIVE I

II. 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

Identification and Reporting of Issues / Trends

The first performance indicator for this objective measures the extent to which issues and trends in serious police misconduct are identified and reported.

Last year, the Commission reported that its practice was to prepare strategic intelligence assessments to assist organisational decision-making on issues such as operational priorities, policy development and management practices. It also noted that these projects typically focused on a geographical region or an issue, such as a particular type of serious misconduct.

During the course of reporting year 1998-1999, an assessment[7] was completed concerning a geographical region within NSW. Based largely on complaints data and information from the Commission's own holdings, this assessment examined trends in types of misconduct, sought to identify alleged networks of corrupt officers, attempted to identify likely 'hot spots' of corruption based on complaints and provided the names of officers who appeared to warrant pro-active investigation. This matter is currently under consideration.

Assessments in relation to issues and trends in serious police misconduct can also be contained in reports to Parliament, furnished under section 96(2) of the Act. The Commission's report in relation to Operation Jade observed that evidence adduced in public hearings offered a strong indication that informal networks of corrupt officers persist in the Police Service. Three other assessments of a thematic nature were nearing completion at 30 June 1999 - Operations Dresden, Oracle and Genesis.

Operation Dresden

This Operation examines the quality of the management of internal Police Service investigations of serious police misconduct. A report to Parliament is currently being prepared, work on which is well advanced. The report is being prepared as part of the Commission's function, as set out 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'.

Operation Oracle

Operation Oracle seeks, amongst other things, to examine the nature of police assaults in New South Wales and to identify how and why complaints of police assault occur, drawing on a statistical review of assault complaints. It is anticipated that this project will assist in the development of practices and systems to reduce this form of misconduct within the Police Service. This outcome would be consistent with one of the Commission's principal functions under sub-section 13(1)(a) of the Act, namely 'to prevent serious police misconduct and other police misconduct'.

Operation Genesis

Operation Genesis examines the risk of police corruption associated with licensing. This report is intended to enhance the Commission's understanding of the potential for corruption in a significant area of police work. It is anticipated that it will assist the Commission in determining organisational priorities. At this stage it is not planned to make this assessment public.

In summary, outputs in connection with this performance indicator were the production of a report in relation to Operation Denmark and an assessment contained within the Operation Jade Report to Parliament[8]. In terms of outcomes:

- the production of the assessment in relation to Operation Denmark enhanced the Commission's understanding of the

[7] Operation Denmark

[8] See below under Development of Strategic Advice / Recommendations, p. 15

nature and extent of complaints of serious police misconduct in a geographic region of NSW

- the provision of the assessment contained in the Operation Jade Report to Parliament can be reasonably expected to have contributed to the understanding of corrupt networks of police officers in the wake of the Royal Commission.

Development of Strategic Advice / Recommendations

The second performance indicator for this objective measures the extent to which strategic advice and recommendations relating to Police Service policies, procedures, management practices and training methodologies are developed and adopted.

An important means whereby the Commission furnishes strategic advice and recommendations to the Police Service is through its reports to Parliament pursuant to section 96(2) of the Act. At 30 June 1999, the Commission had furnished two reports to Parliament under this part of the Act, Operation Jade, issued in October 1998, and Operation Warsaw, issued in February 1999.

Operation Jade

Operation Jade was the Commission's investigation into misconduct and improper practices involving members of a special unit established to investigate crime in Kings Cross - Task Force Bax - and also involving other members of the Police Service.

During 1998-1999, the Commission presented two reports to the Parliament on this operation, the first in October 1998[9] and the second in April 1999[10]. The supplementary Jade Report corrected an error in the first Jade Report.

The Commission's report noted, amongst other things, that a now former police sergeant had leaked sensitive information to a convicted heroin dealer, with whom he was friendly, including the identity of individuals under investigation by police. On the basis of the evidence adduced, the Commission assessed in its report that the true nature of the association between the police officer and the convicted drug dealer had gone undetected as a direct consequence of management shortcomings within Task Force Bax.

The Commission considered that there were Service-wide implications flowing from Operation Jade in terms of management practices in the prevention and detection of serious police misconduct. On the basis of the management shortcomings identified in the course of the investigation, the report made a series of recommendations relating to management issues particularly concerning the prevention and detection of serious police misconduct.[11]

Operation Warsaw

Operation Warsaw was originally directed to allegations about the acquisition of goods and services by certain departments within the Police Service. Former Chief Inspector Angus Graham had been investigated by the

[9] PIC, *Report to Parliament - Operation Jade - Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998

[10] PIC, *Supplementary Report to Parliament - Operation Jade*, April 1999

[11] An evaluation of the response by the Commissioner of Police to these recommendations, pursuant to sub-section 99(2)(a) of the Act, can be found in Chapter 6, pp. 53-57

Police Service in 1995 over the obtaining of computers for the State Intelligence Group ('SIG'). Following the preferment of departmental charges against Mr Graham he resigned from the Police Service and took up employment with a private security company. That company subsequently supplied services to the New South Wales Police Service and to the Sydney Organising Committee for the Olympic Games ('SOCOG'). The Commission's investigation considered the issue of networks involving former and serving police and the possibility of former police now engaged in the security industry being favoured in the awarding of security contracts by the Police Service and SOCOG.

The Commission's report in relation to Operation Warsaw considered decisions made by Deputy Commissioner Jarratt in respect to Mr Graham. The decisions taken by Mr Jarratt in relation to Mr Graham were as follows:

- Mr Jarratt appointed Mr Graham to the Royal Commission Implementation Unit around March 1996 and retained him there until June 1996 despite concerns being voiced by Acting Commissioner Taylor and, more strongly, by Mr Sturgess of the Police Board

- Mr Jarratt, as a member of a panel, interviewed Mr Graham in July 1997 for the publicly advertised position of Commander SIG after Mr Graham had admitted to departmental charges and resigned from the Service in November 1996 following the computer procurement investigation. This was despite statements by Commissioner Ryan to Mr Jarratt that Mr Graham was not to be appointed to the position. According to Mr Jarratt, Mr Graham was interviewed on the basis that he would provide a good 'barometer' against which to compare the other candidates.

In its report, the Commission assessed that:

- these decisions made by Mr Jarratt represented bad judgment on his part. This bad judgment could be directly attributed to his relationship with Mr Graham, which was based on mutual high regard as colleagues. This relationship resulted in Mr Jarratt failing to give proper weight to significant issues, such as the seriousness of the charges facing Mr Graham and how the Service in general would understand Mr Jarratt's actions when making decisions regarding Mr Graham

- Mr Jarratt was faced with a conflict of interest in respect of Mr Graham in which the interest created by his relationship with Mr Graham conflicted with his responsibility to make sound management decisions. Mr Jarratt failed to recognise this conflict of interest.

The Commission found that there had been no impropriety in the manner in which Mr Graham's company was awarded security work by the Police Service and SOCOG.

The Commission considered that there were broader implications for senior officers within the Police Service emanating from Operation Warsaw and recommended 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 best practice.[12]

The outputs in relation to this performance indicator were the provision of two reports

[12] An evaluation of the response by the Commissioner of Police to this and another recommendation contained in the Operation Warsaw Report pursuant to sub-section 99(2)(a) of the Act can be found in Chapter 6, pp. 57-58

to Parliament containing assessments and recommendations pursuant to the Commission's statutory functions. The outcomes are detailed in the following parragraphs.

Firstly, the Operation Jade Report alerted the Police Service to a number of management practices that had allowed corruption to go undetected. The Report also noted that the investigation and hearings had been a vehicle for procedural change and development within the Police Service. On the strength of Operation Jade, the Police Service implemented fingerprinting procedures for confidential matters, the use of specific terms of references for Strike Forces and more accountable recruitment procedures for Crime Agencies.

Secondly, the report identified the need to review conflict of interest training in the Police Service.

Thirdly, Chapter 7 of the first Report[13] recorded that arising from the work of the New South Wales Crime Commission ('NSWCC'), the Internal Affairs Command of the Police Service and this Commission, several persons had been charged and committed for trial on various criminal offences. Some of those charged and committed for trial have since received prison sentences.

OBJECTIVE II

II. 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

Development and Application of New Strategies / Methodologies

The first performance indicator measures the extent to which new strategies and methodologies are developed and applied.

The need to retain operational security precludes the Commission from discussing in detail its covert operational strategies and methodologies in this public document. The Commission frequently investigates police involved in the most serious forms of misconduct, who are highly secretive in their activities and are wary of surveillance. It can, however, be noted that, during the reporting year, the Commission:

- further developed its technical capacity

[13] Entitled 'Affected' Persons

- positioned itself so that it was capable of taking advantage of a new digital telecommunications interception facility. This has led to a reduction in the time taken to implement intercepts.

In addition, a number of other activities can be reported that, amongst other things, introduced the Commission's staff to new investigative strategies and methodologies. The Commission:

- developed new liaison relationships with other agencies to assist with the further development of its electronic surveillance capacity

- sent a delegate to a national conference on the use of pro-active and intelligence driven misconduct investigations

- sent a number of delegates to a national symposium on investigations.

The Commission has made extensive use of the covert investigative powers afforded it under relevant legislation. Operations conducted by the Commission incorporated the use of controlled operations, assumed identities, listening devices and telecommunications interceptions.[14]

Operation Belfast

There are distinct differences in methodology between overt investigations and covert investigations. This is particularly the case with matters that become subject to public hearings. Operation Belfast is one such matter. It concerns the assault and murder of Stockton teenager Leigh Leigh on 3 November 1989. In October 1996, the NSWCC commenced a re-investigation of the matter, and in its report of 16 March 1998 recommended that some aspects of the police investigation be subject to further investigation. The matter was then referred to the Commission by the Minister for Police, the Hon Paul Whelan LLB, MP, on 19 March 1998.

The difficulties confronting the Commission's investigation were that:

- the matter involved a highly traumatic event

- the murder and subsequent investigation occurred nearly a decade ago

- various aspects of the investigation into the assault and murder of Ms Leigh Leigh had been the subject of previous inquiries

- the murder and subsequent developments relating to court proceedings and inquiries had attracted considerable media attention and public interest.

At the end of the reporting year submissions in relation to this matter had not been finalised.

Reviews of Police Service Investigations

The Commission has conducted two reviews of Police Service investigations. The first matter was referred to the Commission in March 1997 by the Minister for Police. This matter involved the Commission monitoring the Police Service Internal Affairs investigation into previous police investigations of a series of offences[15].

The matter was very complex, comprising some 29 original investigations and reviews of them by five areas of the Service, as well as Internal Affairs. The Commission identified a number of shortcomings and deficiencies in the Internal Affairs investigation, which were

[14] See Appendix I, pp. 79-80

[15] This matter was also discussed in the Commission's Annual Report 1997-1998 at p. 19

the subject of several conferences between the Commission and Internal Affairs. The shortcomings and deficiencies were acknowledged and strategies proposed as to their prevention in the future.

In July 1999, the Commission informed the Minister that apart from one or two aspects which were being pursued directly with Internal Affairs, the issues had been resolved and the matter was closed. The Commission also observed that as the matter related principally to issues of efficiency, procedure and practice rather than misconduct, there were areas of the Service other than Internal Affairs which were better suited to handle similar matters in the future.

In the second matter the Commission, at the request of the Police Service, engaged in an audit of investigations into a series of related complaints, the first of which had been made in 1994. This too was a complex matter, involving a review of 14 complaints and the investigations by the Police Service into each of them. In its report to the Police Service on the results of this audit, which ran to some 87 pages, the Commission made a number of recommendations, which were accepted by the Commissioner of Police.[16]

Significance and Impact of Investigation Outcomes

The second performance indicator for this Objective measures the significance and impact of the outcomes of investigations.

Quantitative performance indicators, such as numbers of criminal charges laid or recommendations for disciplinary action, are an imperfect means of measuring the performance of the Commission. Section 13(2) of the Act directs the Commission to turn its attention, as far as practicable, to serious misconduct. Consequently, investigations are frequently complex, resource intensive and time-consuming.

Criminal charges or disciplinary action that result in one corrupt officer being removed from the Police Service can have far-reaching effects in reducing or preventing serious police misconduct. For instance, a small number of charges against a handful of corrupt officers can have the effect of:

- disrupting a network of corrupt officers
- disrupting relationships between police and criminals
- deterring other police from committing acts of serious misconduct.

Determining the significance and impact of an investigative outcome is often dependent upon the level of harm caused by the misconduct. As a general principle, the more serious or harmful the police misconduct, the more significant the outcome in effecting the removal from the Police Service of the officer, or officers, committing those offences. By way of example, in its report to Parliament in relation to Operation Jade, the Commission concluded that the principal outcome of the investigation for the Police Service, and indeed the community of New South Wales, was the detection of serious police misconduct, in this case an inappropriate relationship that had:

- impaired and compromised police investigations into organised crime and drug trafficking in New South Wales
- provided a major drug dealer with access to a wider network of corrupt officers.

The principal means through which the Commission can deter police officers from engaging in various forms of serious police

[16] ibid.

misconduct is by means of its public hearings. Through public hearings the Commission demonstrates the extent of its reach and its capacity to obtain information and evidence by means of a variety of investigative methodologies.

Operation Saigon

Operation Saigon was a continuing investigation at 30 June 1999. It was a matter initiated on the basis of information

and evidence provided by the Police Service Internal Affairs Command and conducted in conjunction with Internal Affairs. The general scope and purpose of this investigation was:

> ... one, allegations that some members of the New South Wales Police Service are associating with suppliers of prohibited drugs;
>
> two, allegations that some current and former members of the New South Wales Police Service are involved in the use and supply of prohibited drugs contrary to the provisions of the *Drug (Misuse and Trafficking) Act 1985*; and
>
> three, allegations that some current and former members of the New South Wales Police Service are involved in security work contrary to the Commissioner's instructions issued by the Commissioner of the New South Wales Police Service and / or contrary to the provision of the *Security Industry Act 1997*.[17]

Public hearings were held in February 1999, and the investigation is continuing. During and after the hearings a number of people were charged with various offences.

At the conclusion of the matter a report will be furnished to Parliament, in view of the fact that public hearings have been held. That report will contain assessments and recommendations regarding persons against whom, in the Commission's opinion, substantial allegations have been made in the course of or in connection with the investigation concerned pursuant to sections 97(2), 97(3) and 97(4) of the Act.

The output in relation to this matter was the collection of evidence and information by the Police Service and the Commission through investigations and hearings. In terms of the outcomes to date from the investigations and hearings, it is already clear that the investigation undertaken by the Police Service and the Commission:

- exposed the readiness with which some young police officers will engage in recreational drug use and allow the associations arising therefrom to compromise them in the performance of their duty

- disrupted a relationship between a group of young officers and a former officer which was encouraging the officers to engage in criminal conduct and neglect of their duty.

Operations Copper, Nickel & Triton

In 1998, a number of complaints came to the attention of the Commission, each of which related to the alleged forgery of the signature of a police officer by another police officer on documents intended for court proceedings. The Commission was concerned at the number of complaints received. The complaints were unrelated to one another in the sense that they involved different officers and occurred at different locations. A concern arose as to whether this could reflect a practice which may not be uncommon in the Police Service. Three separate hearings were held by the Commission which were referred to as Operations Copper, Triton and Nickel. The public hearings for Operation Copper were held on 4-6 May 1998, the public hearings for Operation

[17] PIC Transcript, 15/2/99, p. 2

Triton were held on 6-8 July and 16 July 1998, and the public hearings for Operation Nickel were held on 13-15 July 1998.

From the evidence given at these hearings, it is valid to surmise that there are probably other similar incidents which have occurred in the Police Service, but which have been unreported. In conducting these hearings the Commission was addressing one of its corruption prevention strategies, to identify and address patterns of behaviour.

The Commission heard evidence in relation to the production of court documents which included:

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

- the presentation to prosecuting authorities of documents which bore a false signature.

A report in relation to all three alleged forgery matters was being drafted at 30 June 1999.

In addition to deterring police officers from committing acts of forgery, there were some Police Service initiatives that were triggered by the Commission hearings that will, in the Commission's view, assist in preventing this form of misconduct from occurring in the future. Submissions made to the Operation Triton hearings on behalf of the Commissioner of Police tendered on 17 August 1998 indicated the following:

- A notice was circulated in the August 1998 edition of the *Police Service Weekly* to all police about the illegality of forging another officer's signature, noting the Commission hearing[18]

- The Assistant Deputy Commissioner appeared in a special broadcast on the 'Police TV' network to reinforce the message on 22 July 1998

- Deputy Commissioner Jarratt has directed all Region Commanders, Specialist Operations Commanders and the Director of Operational Programmes to reinforce with their officers the unacceptable nature of the type of conduct under investigation by the Commission

- Transcripts of the relevant evidence are being provided to the Police Academy to ensure that the appropriate emphasis on ethical requirements in all stages of brief preparation is being taught, with the assistance of the experience of the matters examined by the Commission.

The output in terms of these operations was the collection of evidence and information through the investigations and hearings. The outcome was that the Commission's investigation and hearings:

- alerted the Police Service to the existence of this practice

- caused the Police Service to take measures to reinforce that this practice was unacceptable.

It is also anticipated that the hearings and the publicity they attracted will act as a deterrent to other officers who may contemplate forging signatures.

Operation Oslo

Operation Oslo was initiated to:

[18] NSW Police Service, *Police Service Weekly*, Vol. 10, No 31, 3/8/98

> ... identify current and former members of the New South Wales Police Service who are or were involved in improper and / or illegal conduct with Kostas Kontorinakis or any of his current or former associates[19]
>
> ... to investigate whether Roger Rogerson has knowledge of any police misconduct and to
>
> investigate whether there has been any police misconduct by any member of the New South Wales Police Service associated with Roger Rogerson or any of his associates and, if so, the nature and extent thereof.[20]

Public hearings were held in April and May 1999. During the course of the Commission's public hearings it was revealed that the Commission had identified a serving police officer seconded to the Independent Commission Against Corruption ('ICAC') who had disclosed sensitive information concerning an investigation into Roger Rogerson. That officer was subsequently suspended from the ICAC and the Police Service.

At 30 June 1999, the Operation Oslo investigation was ongoing. It is, therefore, premature to comment on the significance or impact of this outcome.

A report to Parliament under section 96(2) of the Act will be prepared in relation to Operation Oslo on completion of this matter. That report will contain assessments and recommendations regarding persons against whom in the Commission's opinion substantial allegations have been made in the course of, or in connection with, the investigation concerned pursuant to sections 97(2), 97(3) and 97(4) of the Act.

The output, to date, in relation to this operation has been the collection of evidence and information through the investigation and hearings. The outcome, to date, has been the identification of a police officer who leaked confidential information and who was subsequently suspended from the ICAC and Police Service.

Operation Belfast

This operation was an investigation into alleged police misconduct associated with the police investigation into the assault and murder of teenage schoolgirl Leigh Leigh.[21] The Commission's hearings in relation to this matter were held between November 1998 and February 1999. As at 30 June 1999, final submissions were yet to be made by some of the parties represented at, or affected by, the hearings.

A report to Parliament under section 96(2) of the Act will be prepared in relation to Operation Belfast following the completion of this matter. That report will contain assessments and recommendations regarding persons against whom in the Commission's opinion substantial allegations have been made in the course of, or in connection with, the investigation concerned pursuant to sections 97(2), 97(3) and 97(4) of the Act.

To date, however, there have already been some Police Service initiatives that have been triggered by the hearings. On the basis of the evidence brought to light during the public hearings in relation to the management of police duty books, the Police Service made a number of submissions to the Commission that are aimed at reducing these problems.

The Police Service submissions note that on 18 March 1999 the Commissioner's Executive Team met to discuss, amongst other things, concerns regarding duty books brought to light in these hearings. It resolved to amend the Police Service policy regarding the issuing and return of duty books in relation to the transfer or

[19] PIC Transcript, 20/4/99, p. 2

[20] PIC Transcript, 25/5/99, p.134

[21] See the previous discussion of Operation Belfast, p. 18

secondment of officers. It also resolved that an amnesty for the return of completed duty books and notebooks should be implemented and at the time of the submissions an appropriate notice was being drafted for inclusion in the *Police Service Weekly*. The submissions noted that the notice was subsequently published in the *Police Service Weekly* on 31 May 1999.

The output, to date, in relation to this operation was the collection of evidence and information through the investigations and hearings. The outcome, to date, was that the Commission's hearings acted as an agent for policy change within the Police Service with regard to the issuing and return of duty books.

Strategic Assessments of Serious Police Misconduct

The third performance indicator under the second objective measures whether the strategic assessments disclose that the incidence of serious police misconduct is reduced over time.

The Commission has not completed any strategic assessments during the reporting year that would enable it to assess whether the incidence of serious police misconduct has been reduced over time. Operation Oracle[22] was commenced but not completed during the reporting year.

OBJECTIVE III

III. 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
  - 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 and develop effective mechanisms for the exchange of information, methodologies and services
- provide high quality, cost effective corporate support services for the organisation.

Performance Indicators

Decision Making / Responsibilities of Management

The first performance indicator for this Objective measures that managers make informed, transparent decisions and take responsibility for the management of staff and resources.

Managers in the Commission are responsible for providing leadership,

[22] See previous discussion, p. 14

direction, and effectively managing staff and other resources. Managers are also responsible for fostering an environment which:

- facilitates open communication between individuals and groups within the Commission that make decisions and the staff who implement them
- recognises and encourages innovation
- minimises risk
- is adaptive to change.

As part of the Screening Committee and the OAG,[23] operational managers provide advice to the executive in respect to their principal areas of responsibility, and participate in the strategic decision making process. Key decisions on priority, strategic direction and resource allocation are recorded and available to all operational staff on the Commission's document management system.

During this reporting period the Commission defined the criteria used to assist in determining investigative priorities and clarified the processes associated with making and recording all significant decisions on relative priorities and resource allocation. The criteria and processes were developed following detailed consultation with relevant staff and based upon operational experience to date.

Outputs include criteria and a framework for setting priorities and making decisions with respect to resource allocation. Outcomes include improved accountability and transparency in the decision making process and a more informed organisation with respect to important decisions and the reasons for those decisions. Further enhancements to procedures and systems are currently being implemented and outcomes will be reported in the Annual Report 1999-2000.

Allocation / Application of Resources

The second performance indicator measures that resources are allocated and applied on the basis of organisational priorities.

The Commission allocates resources on the basis of priorities determined using the priority setting criteria discussed above. The Screening Committee uses the criteria to assist in making recommendations as to whether a complaint should be investigated. For matters which the Commission will not investigate, the Screening Committee makes recommendations as to whether the matter should be referred to the Office of the NSW Ombudsman ('the Ombudsman') to be dealt with under Part 8A of the *Police Service Act 1990*. Any police investigation of such matters is audited or monitored by the Commission. In relation to matters for which the investigation is to be monitored, the Screening Committee also recommends the extent of such monitoring.[24]

The OAG uses the same criteria, which are high level and strategic in nature, to determine the relative priority of investigations and the extent to which resources are allocated to those investigations.

Clearly, establishing priority setting criteria is a fruitless exercise unless sufficient relevant information is available so that managers can make soundly based decisions. The Commission is therefore finalising and implementing an associated process for reporting investigation progress, and reviewing ongoing priority and resources allocation. This process will assist the Commission in more closely

[23] See discussion in Chapter 2, p. 4 & p. 6

[24] See pp. 33-34 for further discussion of the auditing and monitoring of investigations

aligning operational decisions, on priority and resource allocation, with the strategic direction of the Commission.

Investigators will shortly be required to address the criteria, and the potential for a strategic outcome, in regular fortnightly progress reports. The OAG will use these reports and oral briefings as the basis for its decisions. All significant decisions and the reasons for those decisions will be recorded on the Commission's document management system.

Following full implementation, outputs of this process are expected to include improved consistency in internal reporting and a structured approach to operational decision making. Outcomes will include operational decision making more closely focused on the strategic objectives of the Commission and an improved ability to make decisions based on sound resource allocation.

Validation / Support by External Stakeholders

Another of the performance indicators of the third objective measures the level of validation and support by external stakeholders.

During the reporting period the Joint Committee issued two reports. In August 1998 a report was issued on matters arising from, amongst other things, the Third General Meeting with the Commissioner, the Hon Judge Urquhart. In this report the Committee complimented the Commissioner and his staff on their approach to the Committee. The report stated that this had assisted the Committee in achieving and maintaining the:

> ..balance between obtaining sufficient information to enable effective oversight of the Commission while not compromising the Commission's independence and investigative capacity.[25]

In January 1999 the Joint Committee issued a review of Ombudsman and Commission reports. This report included a review of the Commission's report on Operation Jade.[26] The Committee endorsed the recommendations of the Commission as contained in the report on Operation Jade.

In his 1998-1999 Annual Report the Inspector of the Police Integrity Commission ('the Inspector') considered the effectiveness of Commission procedures and also considered complaints made against the Commission during the year. A number of favourable comments with respect to the Commission were made in the Annual Report. The Inspector assessed the general procedures of the Commission to be effective and appropriate. He reported that:

> The majority of the complaints dealt with were unfounded or lacking in substance. Several cases did however, point to minor deficiencies in the manner in which the Commission dealt with, or sought to resolve particular matters.
>
> All recommendations made by my Office during the full reporting period were of an informal nature and were accepted by the Commission. I am also aware that the Commission has gone well beyond what was required of it, in order to address concerns raised by or through my Office.[27]

Outputs of the relationship with these stakeholders include timely and accurate responses to requests for information and advice. Outcomes include an open,

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[25] Committee on the Office of the Ombudsman & the Police Integrity Commission, *Report on Matters Arising from 7th General Meeting with the Ombudsman, 3rd General Meeting with the Commissioner of the PIC, 2nd General Meeting with the PIC Inspector, Talks with Head of Agencies*, August 1998, pp. 4-5

[26] See discussion on p. 15

[27] Inspector of the Police Integrity Commission, *Annual Report for the year ended 30 June 1999*, pp. 10-11

informative environment with a high level of accountability.

Achievement of Purpose / Objectives

The fourth performance indicator measures the extent to which staff and management have a shared sense of purpose resulting in individual and unit objectives continually being achieved.

The Commission completed its first detailed corporate planning process during the period and the performance of the Commission is being addressed in this Annual Report in the context of the Corporate Plan. The Commission's Corporate Plan, which was formally adopted in August 1999, was developed following detailed consultation with staff. Staff and management were highly committed to the process and a high level of thematic consistency was achieved across the various functional groups in the Commission. This consistency might be considered an effective indicator of a sense of purpose shared by the staff and management as to the strategic direction of the Commission.

With the Corporate Plan finalised the Commission is now in a position to focus on operational and strategic plans and to complete the implementation of its Performance Development System (personal performance planning). There has been a high level of achievement of corporate objectives during the period. Next year it is expected that the Commission will be in a position to report similarly in respect of personal and unit objectives.

The Corporate Plan and the strategic, operational and personal plans which are derived from it, are important outputs for the Commission providing the strategies and guidance to focus effort and achieve other outputs and outcomes for the organisation. Outcomes include an improved ability of the Commission to focus its efforts, and a staff better informed, on the role they play as individuals in the achievement of corporate objectives.

Use of Information / Communication Strategies and Procedures

Another performance indicator of the third objective is the measurement of 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.

The Commission maintains a highly structured approach to communicating information throughout the organisation using a document management system with tasking and correspondence tracking modules. The correspondence tracking module records all actions associated with an external document and imposes predetermined time frames for responses and reports on outstanding actions. The system also includes facilities for recording decisions and communicating those decisions to relevant staff. The system has been developed internally based upon the strict information handling rules of the Commission. It facilitates communication in accordance with those rules and therefore compliance is very high.

Outputs include a high level of compliance with business rules and timely information flows. Outcomes include effective management of information.

IT Strategic Plan

Another performance indicator is that information technology systems and applications are reviewed, updated and introduced in accordance with the IT Strategic Plan. The Commission is reviewing its strategic IT requirements in

the context of the development of the Police Complaints / Case Management Project and a two-three year Strategic Plan will be issued late in 1999-2000.

Meeting the objectives of the interim IT Strategic Plan was an output which will assist the Commission in meeting its other corporate objectives. Outcomes include an IT infrastructure more aligned to the requirements of the Commission than to the those of the agency from which it inherited the infrastructure, the Royal Commission.

Exchange of Information and Services with Agencies

The final performance indicator for this objective measures the extent to which there is a significant and timely exchange of relevant information and services with agencies.

Throughout the reporting period the Commission has maintained good working relationships with a number of agencies. Effective liaison arrangements are maintained with respect to the ICAC, the Ombudsman, the NSWCC and the Police Service (particularly Internal Affairs Command), the Australian Federal Police, the Queensland Criminal Justice Commission, the Queensland Crime Commission, the Western Australian Anti-Corruption Commission and a number of Police Services, national security organisations and other government departments.

Outputs include a total of 162 section 56(4) disseminations, five communications made under the provisions of the *Telecommunications (Interception) Act 1979*, integrity reports issued with respect to 610 police officers and ongoing participation in a joint task force with another agency. In addition, the Commission has entered into a total of nine Memoranda of Understanding with respect to liaison and the provision of information and / or services.[28] Outcomes include closer, more effective working relationships with relevant agencies.

[28] See further discussion in Chapter 5, pp. 42-46

5. COMMISSION FUNCTIONS

INVESTIGATIONS

Section 23 of the *Police Integrity Commission Act 1996* provides that the Commission may conduct an investigation on its own initiative, on a police complaint made or referred to it, on a police complaint of which it has become aware, or on a report made to it. Section 24 provides that an investigation may be in the nature of a preliminary investigation and can be conducted, for example, for the purpose of assisting the Commission to discover or identify conduct that might be made the subject of a more complete investigation under the Act, or to decide whether to make particular conduct the subject of a more complete investigation under the Act.

The Commission's powers to obtain information and to do other things are expressed as being 'for the purposes of an investigation'. The Commissioner, or the Assistant Commissioner, decide whether a matter should become the subject of an investigation and the Commission's powers are then exercised, where necessary or appropriate, in carrying out the investigation.[29]

Graph 1[30] illustrates the source of complaints, other than referred complaints,[31] investigated by the Commission during the reporting year. Graph 2[32] indicates the types of Category 1 allegations contained in those complaints.

Note that each complaint may contain more than one type of Category 1 allegation. As reported last year allegations of perverting the course of justice are the most common types of Category 1 allegations investigated.

THE INTELLIGENCE FUNCTION

The Commission is committed to the development of an intelligence based approach to determining both its strategic and operational priorities.

Strategic intelligence is advice, based on sound, effective research and analysis, that can assist organisational decision making on issues such as operational priorities, policy development and management practices. It often involves the identification of current and emerging trends and patterns relating to a particular activity. Outcomes developed as a result of strategic intelligence typically relate to the prevention and reduction of police corruption, often through non-investigative measures.

Operational intelligence is advice, again well grounded in effective research and analysis, that can assist operational decision making and outcomes. For a law enforcement agency, operational intelligence can assist in determining the focus of an investigation, identifying investigative opportunities, and recommending investigative priorities. Outcomes developed through operational intelligence typically relate to the detection and investigation of individuals and groups.

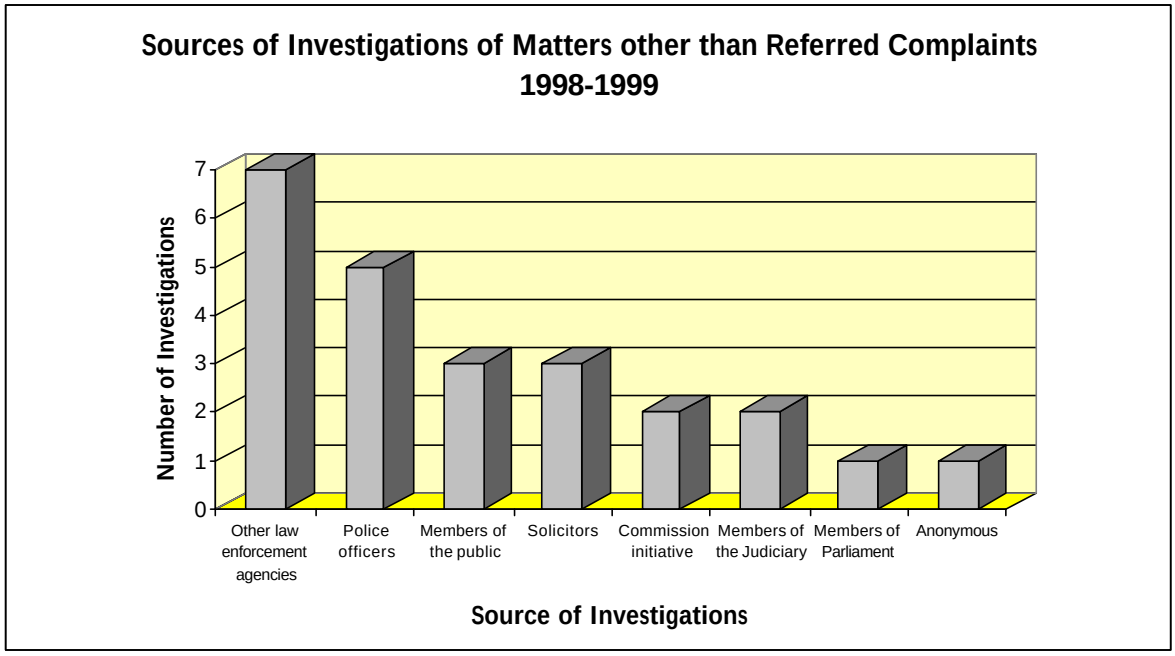
[29] Discussion of the Commission's investigations can be found in Chapter 4, commencing at p. 13. The status and outcomes / results of the Commission's investigations are reported in Appendix 2, pp. 81-82

[30] See p. 30

[31] See p. 33 for further discussion of referred and non-referred complaints

[32] See p. 31

Graph 1.



For the Commission, strategic advice takes the form of an assessment[33] or a report,[34] prepared as a result of an investigation or a research project. Such assessments or reports may indicate findings / conclusions and propose recommendations in relation to organisational priorities for the Commission or misconduct prevention measures, educational programmes, and management issues for the Police Service. Operational advice to the Commission is typically in the form of internal reports and assessments, and usually makes recommendations on possible subjects for investigation, opportunities to obtain evidence, and the use of particular investigative methodologies.

The Commission has implemented a team based investigation structure which, while often focused at a tactical level, is sufficiently flexible to provide for the development of operational and strategic advice. Staff in all disciplines participate in the provision of this advice. Team lawyers and financial and police investigators have been involved in the preparation of reports and assessments that are both operational and strategic in nature.

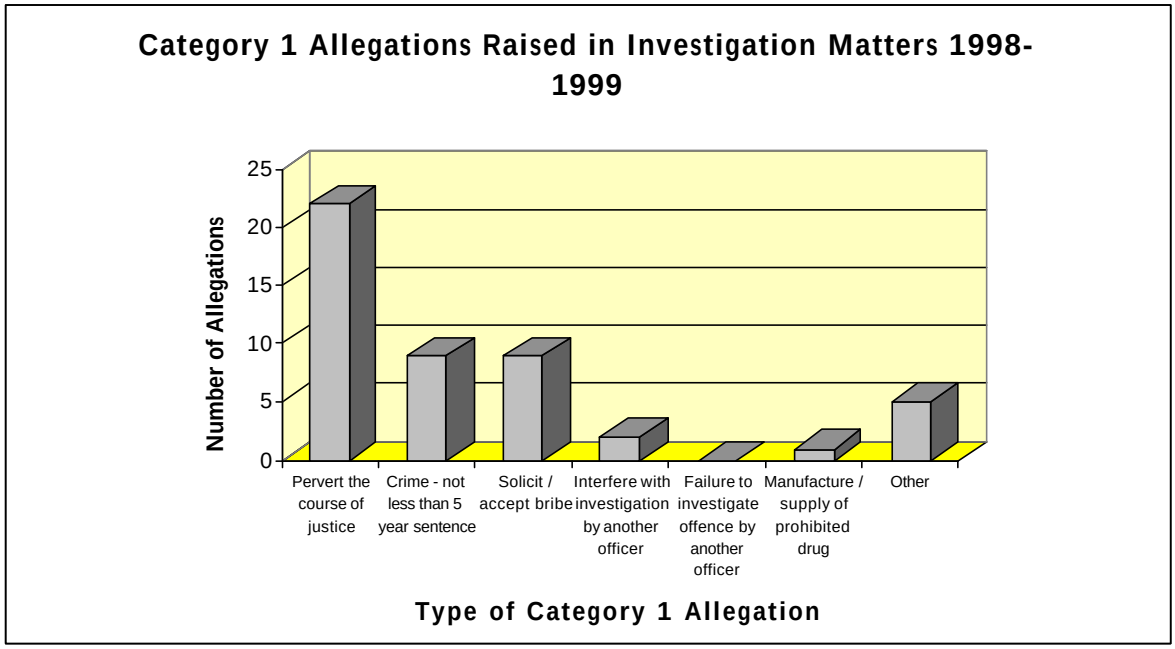
In addition, two dedicated Project Analysts, a part-time Research and Reports Analyst and four Operational Analysts contribute to the intelligence function.

The Project Analysts are usually devoted to relevant strategic projects relating to serious police misconduct with either a regional or thematic focus. These assessments are contributing towards identifying trends, maximising the opportunity for the Commission to provide information on the extent of the problems, and influencing positive change within the Police Service. It is anticipated that the conclusions reached will be useful for the management of the Police Service and

[33] *Police Integrity Commission Act 1996*, section 16

[34] *Police Integrity Commission Act 1996*, section 96

Graph 2.



may be incorporated into education and training initiatives for police officers.

The Research and Reports Analyst researches and provides advice to the Commissioner concerning themes arising from hearings, assists in drafting Commission reports on relevant findings and conclusions, and makes recommendations.

The structural arrangements for the Project Analysts and the Research and Reports Analyst underwent a review during the year ending 30 June 1999. The Commission decided that a new section, called the Projects and Reports Team should commence on 1 July 1999. This team will assist in the preparation of reports to Parliament on investigations and other strategic assessments. Whereas the analysts involved in this work had been attached to the two operational teams, they were now part of a single work unit under the supervision of the Commission's Senior Analyst. This team reports to the Manager, Intelligence.[35]

The Operational Analysts provide dedicated intelligence support to teams, which complement the teams' legal, financial and police investigative capacities.

COVERT INVESTIGATIONS

The Commission uses both overt and covert methods of investigation. The latter includes use of controlled operations, listening devices, telephone intercepts and assumed identities. Set out below is the relevant information with respect to the use of these methods of investigation.

Controlled Operations

Last year the Commission reported that it became a prescribed agency for the purposes of the *Law Enforcement*

[35] As shown in the Organisational Structure on page 5

(Controlled Operations) Act 1997. As a result the Commissioner became eligible to authorise the engagement of Commission officers and civilians in unlawful conduct, provided that conduct was carried out under strictly controlled circumstances. During the year the Commission continued to make use of the controlled operations legislation.[36]

Assumed Identities

On 8 March 1999, the Commissioner became eligible to authorise Commission officers to acquire and use assumed identities,[37] pursuant to section 12 of the *Law Enforcement and National Security (Assumed Identities) Act 1998*.[38]

Listening Devices

Pursuant to section 50 of the *Police Integrity Commission Act 1996*, the Commission is eligible to apply for warrants under Part 4 of the *Listening Devices Act 1984*.[39]

TELECOMMUNICATIONS INTERCEPTION

Last year's report noted that on 14 July 1998, following the gazettal of a declaration by the Commonwealth Attorney-General which identified the Commission as an 'agency' for the purposes of the *Telecommunications (Interception) Act 1979 (Cth)*, the Commission became eligible to apply for interception warrants.

Staff of the Commission have been engaged in detailed planning for the implementation of the telecommunications interception ('TI') facility, developing policies, procedures, staffing profiles, preparing necessary tender documents, budget papers, and equipment specifications. Following budget approval in March 1998, the Commission commenced a detailed tender process for the supply of suitable equipment and a staged recruitment. Required changes were also made to the accommodation.

In August 1998, a preferred tender for the supply of an interception system was identified and a contract for supply was entered into in October 1998. The TI facility is the only major asset acquired by the Commission during the reporting year.

Installation of Stage 1 of the system commenced in February 1999. Acceptance of Stage 1 of the implementation of the system occurred on 1 April 1999 after comprehensive acceptance tests were carried out. Stage 2 was in progress at the end of the year ending 30 June 1999.

The development phase of the Commission's TI information management system project has been completed. Testing and implementation is due to commence in October 1999. The record keeping obligations placed on intercepting agencies by the *Telecommunications (Interception) Act 1979 (Cth)* and the corresponding New South Wales Act are demanding. The Commission's current systems for handling intercepted information are manual and investigation teams are constrained to the extent to which they can integrate intercepted information with information from other sources. The Telecommunications Interception Tracking and Analysis System (TITAN) has been developed, by the Commission to automate record keeping and enhance the ability of investigation teams to integrate intercepted information. TITAN will:

[36] Relevant statistics are set out in Appendix 1, pp. 79-80

[37] See Chapter 7, p. 60, for more detail regarding this initiative

[38] See Appendix 1, p. 80, for relevant statistics regarding the granting and revocation of assumed identities

[39] See Appendix 1, p. 79, for the number of warrants obtained

- reduce the processing time associated with telecommunications interceptions, thereby increasing efficiency

- provide a more cost effective and efficient means of meeting the record keeping requirements of the legislation

- provide users with highly effective analysis tools capable of integrating intercepted information with information from a range of other sources within a highly accountable environment.

During the year ending 30 June 1999, 14 warrants for telecommunications interception were issued upon application by the Commission.

COMPLAINT HANDLING

Following the commencement in March 1999 of the *Police Service Amendment (Complaints and Management Reform) Act 1998*, the Commission made some changes to its procedures for handling complaints.[40] The purpose of this Act was to streamline the regime for the handling of complaints against police and the oversighting of investigations into such complaints.

In what follows, 'Category 1 complaints' means the more serious complaints made against police officers, an example being an allegation that a police officer has perverted the course of justice.[41] In 1998-1999 the Commission received 587 Category 1 complaints. 'Category 2 complaints' are any other classes or kinds of complaints against police officers, an example being a complaint by a member of the public that an officer has been rude. During the same period the Commission received 465 Category 2 complaints, mainly from members of the public.

'Referred' Category 1 complaints are those received by the Police Service or the Ombudsman and referred to the Commission. In 1998-1999 the Commission received 417 such complaints. 'Non-referred' Category 1 complaints are those received directly by the Commission or from any source other than the Police Service or the Ombudsman. The Commission received 170 such complaints in 1998-1999.

Before the passage of the Act referred to above, the Commission's practice with non-referred Category 1 complaints received by it, and which it decided not to investigate, was to suggest to the complainants that they communicate with the Ombudsman. Anonymous complaints not investigated by the Commission itself were sent by the Commission to the Ombudsman.

Since the commencement of that Act the Commission's practice with anonymous Category 1 complaints which it does not investigate remains the same. However where the complainant is identified, and the Commission does not investigate the complaint, the Commission's practice is now to refer the matter to the Ombudsman, if it is necessary in the public interest.[42] Sometimes, this involves seeking the consent of the complainant to the matter being so referred.

In relation to Category 1 complaints the Commission makes a number of decisions. The threshold decision is whether or not the matter is a Category 1 complaint. If the Commission decides that a matter is a Category 1 complaint then a decision is made as to whether the matter is capable of being investigated and whether it should be investigated. If the Commission decides that the complaint is capable of being investigated a decision is then made as to

[40] See discussion in Chapter 7, p. 59

[41] See Appendix 4, p. 86, for a list of the classes or kinds of Category 1 complaints

[42] Pursuant to *Police Integrity Commission Act 1996* section 56(4)

whether the Commission will investigate the complaint. If the Commission decides not to investigate a complaint a decision is made as to the level of interest the Commission will maintain in the police investigation of the matter. As a minimum the Commission will request a final report on the investigation of a Category 1 matter.

When the Commission refers a Category 1 complaint to the Ombudsman to be dealt with under Part 8A of the *Police Service Act 1990* there are a number of options as to the level of interest the Commission may take in the police investigation. The Commission may manage,[43] oversee,[44] monitor[45] or audit[46] the police investigation.

When the Commission monitors an investigation by the Police Service into a complaint, it receives a copy of the Service's investigation plan and periodic reports on the progress of the investigation at such intervals as it specifies. The Commission can and does offer comment on the conduct of the investigation.

When the Commission audits an investigation, it receives a copy of the final report by the Police Service, on which it can and does make comment. In such cases, however, the Ombudsman continues to play its normal supervisory role.

Category 2 complaints received by the Commission are forwarded by the Commission to the Ombudsman and the Police Service pursuant to section 131(b) of the *Police Service Act 1990*, and complainants, where identified, are informed accordingly. There are some limited exceptions to this practice, for example, where the Commission treats a complaint as if it were a Category 1 complaint, which it is able to do under section 168 of the *Police Service Act 1990*.

COMPLAINT STATISTICS

As previously noted, the Commission received 587 Category 1 complaints in 1998-1999, 417 of them referred by either the Police Service or the Ombudsman or both agencies. The remaining 170 were non-referred. Of these 170 complaints, 16 were both referred and non-referred complaints.[47]

The rate at which Category 1 complaints were received was lower during the reporting year than in previous years. In 1996-1997, the monthly average of complaints dealt with was 73, although there was a backlog of complaints not dealt with in that period. In the following period from July 1997 to January 1998, when the original Category 1 agreement was still in operation, the monthly rate rose to 146. In the period February-June 1998, when the new Category 1 agreement was in operation - and it is thus this period which is most comparable to 1998-1999 - the monthly rate fell to 83. The monthly rate for 1998-1999 was 49.

[43] Section 13 *Police Integrity Commission Act 1996*

[44] Section 13 *Police Integrity Commission Act 1996*

[45] Section 14 *Police Integrity Commission Act 1996*

[46] Section 14 *Police Integrity Commission Act 1996*

[47] See Table 1, p. 35, for the sources of these 587 complaints

JULY 1998 TO JUNE 1999	
Source of complaint	*No. of complaints*
Referred	*417*
Police Service	355
Ombudsman	59
Both Police Service and Ombudsman	3
Non-Referred	*154*
AFP	5
Anonymous	19
Cabinet Office	1
Crown Solicitor's Office	1
Criminal Justice Commission	1
AUSTRAC	1
Attorney General's Department (NSW)	1
Members of the Judiciary	1
Members of NSW Parliament	3
Members of the public	91
Solicitors	9
Police officers / former officers / Police Service employees	5
ICAC	6
ODPP (NSW)	5
Legal Aid	1
NCA (as well as member of the public)	2
NSWCC	1
Royal Commission	1
Referred and Non-Referred	*16*
Police Service and Anonymous	2
Police Service and Judiciary	1
Police Service and Ministry for Police	1
Police Service and Police Officer	2
Police Service and Public	6
Ombudsman and Member of Parliament	1
Ombudsman and Public	3

Table 1. Sources of Category 1 Complaints Received 1998-1999

JULY 1998 TO JUNE 1999				
Class of Complaint	*Incidents in Referred Complaints*		*Incidents in Non-Referred Complaints*	
	No.[48]	*%*[49]	*No.*[48]	*%*[50]
A. Pervert the course of justice	227	43.8	142	67.3
B. (i) Crime - grievous bodily harm etc	10	1.9	2	0.9
(ii) Crime - larceny etc	19	3.7	7	3.3
(iii)Crime - other 5 year sentences	71	13.7	22	10.4
C. Solicit / accept bribe	74	14.3	18	8.5
D. Interfere with investigation by another officer	47	9.1	6	2.8
E. Failure to investigate offence by another officer	6	1.2	2	0.9
F. Manufacture / supply of prohibited drug	59	11.4	9	4.3
Other (1997)	5	1.0	3	1.4
Total	*518*	*100*	*211*	*100*

Table 2. Classes of Category 1 Complaints Received 1998-1999

JULY 1998 TO JUNE 1999				
Decision	*Referred Complaints*		*Non-Referred Complaints*	
	No.	*%*[51]	*No.*	*%*[52]
Investigate by the Commission	12	2.9	14	8.2
Monitor by the Commission	20	4.8	1	0.6
Audit by the Commission	370	88.7	4	2.4
Referred to the Ombudsman – No Further Action by PIC	13	3.1	117	68.8
Deferred	2	0.5	4	2.4
Not taken over / No further action	0	0.0	30	17.6
Total	*417*	*100*	*170*	*100*

Table 3. Decisions Regarding Category 1 Complaints Received 1998-1999

[48] The number of incidents or allegations exceeds the number of complaints because a single complaint may contain more than one incident or allegation

[49] Refers to the percentage of all Category 1 allegations within referred complaints

[50] Refers to the percentage of all Category 1 allegations within non-referred complaints

[51] Refers to the percentage of all decisions for referred Category 1 complaints

[52] Refers to the percentage of all decisions for non-referred Category 1 complaints

As indicated in previous reports, under the original Category 1 Agreement, Category 1 complaints comprised about 25% of all complaints about police officers received by the Ombudsman. In 1997-1998 the number of written police complaints received by the Ombudsman was 5034, so Category 1 complaints now comprise only about 11% of all police complaints.

Allegations that police officers have perverted the course of justice continue to be the largest class of complaint, and are increasing as a proportion of all complaints. In the previous comparable period from February to June 1998, 36% of referred complaints, and 55% of non-referred complaints, fell into this class. Such complaints include giving false evidence, destroying or interfering with evidence, withholding or refraining from giving evidence, fabricating evidence, or influencing another to so act.[53]

REVIEWS OF POLICE SERVICE INVESTIGATIONS OF COMPLAINTS

As previously stated, the majority of complaints against New South Wales police officers are investigated by the Police Service. The Commission can and does provide comment on the quality of those investigations, as shown by the following examples.

Case Study 1

A civilian employee of the Police Service alleged that a senior police officer (Officer A) had approached the civilian employee in 1996 and sought assistance in falsifying a report on another senior officer (Officer B) which was to be used for promotion purposes. The alleged falsification took the form of omitting from the report a matter which did not reflect well on Officer B. The complaint was made some time after the relevant events allegedly occurred.

The civilian employee alleged further that the approach had taken place in the presence of two other civilian employees. The approach had been rejected. The civilian employee making the allegation, and one of the others, made contemporaneous notes of the conversation.

The allegation went further. Having been rebuffed by the civilian employees, Officer A then approached another police officer junior to him (Officer C) who also worked in the relevant section and allegedly persuaded or instructed that officer to falsify the report by omitting the relevant passage. This passage was omitted from the report, and Officer B was duly promoted on a short-term acting basis. It should be noted in what follows that there was no evidence that Officer B was aware of what took place concerning the report made on him.

The investigator was of comparable rank to Officer A, who by this stage had retired. Officer A could not recall the events the subject of the allegation, but denied any wrongdoing. Officer C was 'unable to recall the specific decision or factor' which caused the omission in the report. Officer C was nonetheless 'satisfied' that his decision was 'correct in all the circumstances.'

The investigator found that the conversation between Officer A and the civilian employees 'probably did take place.' He also found that 'although highly probable, investigators have been unable to confirm that (the omitted matter) was not included on the final document...'

Having noted that an essential file could not be found, the investigator concluded that 'on the evidence available, I am unable to sustain the allegation'. Subsequently the missing file was located, and having

[53] The incidence of the classes or kinds of referred and non-referred complaints for 1998-1999 are shown in Table 2, p. 36

reviewed it with three of the persons concerned in the original investigation, the investigator said that he was 'of the view that my initial findings in this overall investigation should remain unchanged'.

In reviewing the investigation, the Commission formed the view that:

- All the available evidence pointed to the original conversation having taken place as alleged. Two contemporary written records, and the recollection of the third civilian employee, said it did, and given that Officer A could not recollect the events, there was no evidence to the contrary

- All the available evidence pointed to the omitted matter not having been included in the final document. The recollections of those involved, and the computer record, all indicated that it had been omitted

- Officer C's account of why the omitted matter had been left out was unsatisfactory.

Putting these three aspects together, and given the long association between Officers A and C, it seemed to the Commission more probable than not that Officer A had approached Officer C and persuaded or instructed him to omit the matter.

The Commission also brought to the attention of the Police Service the following aspects of the investigation:

- The file said to be missing had in fact been referred to in the investigator's first report. One of the officers consulted during the investigation had the file and had referred to it in making a report sought by the investigator which was attached to his report. That fact had not registered with the investigator or his assistant

- based on the law as it stood at the relevant time, it was doubtful that the omitted matter was required to be included in the promotion report. The assumption that it was necessary to include it was made both by those involved in the events leading up to the preparation of the report, and the officer who investigated the complaint.

The Commission sought comment from the Police Service as to the level of officer who could make decisions in relation to matters which should or should not be included in promotion reports. Given that the original report by Officer C could not be found, and that other parts of the elusive file were apparently missing, the Commission also sought comment on what steps had been or were being taken to guard against similar events occurring in future. In this context the Commission noted the adverse comments concerning the Police Service's information management systems made by the Royal Commission.

At the time of writing, the Police Service had yet to respond to the Commission.

Case Study 2

Case Study 2 in the Commission's 1997-1998 Annual Report had an interesting sequel. The case study read as follows:

> A person wanted by police was stopped in his car and fled on foot. On being detained by two officers, he was taken back to his car to confirm his identity. His driving licence was removed from a satchel, and the vehicle then secured. After being bailed, the person concerned returned to his car and claimed to have found the satchel and other items missing. He complained about the missing items, the satchel in particular, and the matter was investigated by an officer from the same police station.

Shortly after the complaint was made, the satchel was found. The circumstances were as follows. One of the officers who had arrested the complainant had at the end of that day gone off on five days leave. On the day of return to duty, that officer had been removing infringement notice books from a police car outside the station when the missing satchel was discovered among them. The other items said to be missing were not found.

The investigating officer proposed that no further action be taken, on the basis that the satchel had been 'located and returned' and that 'It cannot be established how this got into a Police vehicle.' In reviewing the investigation, the Commission noted the following:

- no check had been made with those officers who had been using the police car immediately before the satchel was found; for some reason not explained, the investigating officer checked with another officer who had inspected the car two days previously;

- the investigator suggested that the satchel and other items may have been taken from the complainant's car after he was arrested and before he was released on bail; but the investigator reported that the car was secured before the complainant was taken to the station, and the complainant made no claim that his car had been broken into;

- no consideration had been given to fingerprinting the satchel when it was found.

The Commission asked that its comments be brought to the attention of the officers involved, who might be invited to supply any further information they considered relevant.[54]

When the Commission's comments were brought to the attention of the officers concerned, two explanations were offered as to how the satchel got into the police car:

- The first was that the owner of the satchel had put it there in order to cause trouble for the police. On this account, the owner would have had to approach the unlocked police car and put the satchel in it, notwithstanding that it was parked in front of the relevant police station and that officers were constantly using it

- The second was that some unidentified third party either took the satchel while the police were pursuing the owner, or used the owner's car key which he may have dropped during the chase. This version is inconsistent with the previous police account of the satchel being in the owner's car when they returned to it after the pursuit, and in any event the reasons why a third party would take the satchel and later place it in the police car remained unexplained.

The Commission indicated to the Police Service that it found both explanations implausible but did not ask for any further action to be taken.

Case Study 3

A person who had been charged by police and found not guilty at his trial complained that he should not have been charged in the first place. As he refused to be interviewed by police officers, his complaint was initially not investigated but some further inquiries were made after the Commission became involved.

The person had been charged after allegations about him were made by another person. The allegations concerned events which had happened some years previously at specified locations and the dates were not precise. The person who had been charged denied the allegations when they were put to him. When interviewed at the time of arrest he gave details of his places of residence at the relevant times. These

[54] PIC, *Police Integrity Commission Annual Report 1997-1998*, pp. 20-21

details do not appear to have been checked at the time of arrest, and it was a major part of the defendant's subsequent complaint that had these checks been carried out, the charges would not have been brought.

When the matter was brought to trial, it became clear that the only evidence against the defendant was the uncorroborated account of the complainant. Of the two charges preferred, one was framed to allow for the single alleged offence to have occurred within a five year period. On the day the trial began, police were still making inquiries about the defendant's places of residence at the relevant times.

At the end of the prosecution case, the Judge informed the jury that it was open to them at that stage to return verdicts of not guilty on both charges. The Judge noted the difficulty of relying on the complainant's evidence alone, and also the problem about where the defendant had lived at relevant times. After a short adjournment, the jury found the defendant not guilty.

The Commission was concerned to discover that the arresting officer in this case had also charged another person on the basis of additional information by the same complainant and another complainant. The outcomes of these proceedings bore striking similarities to the case mentioned above.

The Commission has recommended to the Police Service that some review be made of the cases in which the arresting officer has charged persons to ascertain whether the pattern in the cases mentioned above occurs in other cases, and that if it does, what action might be taken to remedy the situation. If the pattern did extend to other cases, the role of the arresting officer's supervisors at the relevant times might also be examined.

Case Study 4

An internal police complaint was made concerning the activities of two officers, who as part of their duties had been assisting a community organisation to raise funds for projects approved jointly by the Police Service and the community organisation. While this had previously been approved by their superiors, because other duties were given a higher priority they had been directed to cease their participation in the fund-raising activity. The complaint alleged that they had continued the activity with the assistance of a person from the community organisation and that the three had divided the profits up between them. It was further alleged that the trio had given the impression to suppliers and members of the public that the fund-raising activity still enjoyed the same patronage as previously, so that they understood that the profits were still going to the community organisation.

The complaint was investigated by the superior officer of the two officers concerned, who had issued the direction for them to cease their participation in the fund-raising activity and who still had some authority over them. He found that the facts were as alleged, but recommended that both officers only be managerially counselled for attempting to deceive the community organisation, and for engaging in unauthorised secondary employment.

Having reviewed the matter, the Commission recommended to the Ombudsman (who had carriage of the complaint) that advice be sought as to having the officers charged with obtaining benefit by deception; and that if that were not possible, consideration should be given to loss of Commissioner's confidence proceedings. The Commission also suggested that inquiries be made as to the supervision of the two officers, and in particular how it was that at the same time each week they were able to absent themselves from their official duties to participate in the fund-raising activity. The

Ombudsman has indicated to the Commission that it will be taking the matter further with the Police Service.

Case Study 5

A police officer who declined to identify himself telephoned the Commission and made the following complaint. He alleged that officers who participated in road safety campaigns funded through the Police Service by the RTA were 'rorting' the system by altering their shift to a cancelled rest day, thereby attracting a higher hourly rate of payment than would otherwise be the case.

The Police Service investigation of the matter found it to be not sustained. Further inquiries by the Commission however found that the complaint appeared to have substance.

The relevant industrial agreement, as furnished to the Commission by the Police Service, provides that officers shall, if practicable, be given 24 hours notice of cancellation of rest days. If they are required to work on rest days and not given such notice, they are to be paid at time and half for the first two hours, and double time thereafter. This overtime rate is more generous than the normal overtime rate.

Other papers provided by the Police Service indicated that in the local area commands the subject of the complaint, officers were notified well in advance of the dates of RTA-funded campaigns, and were *invited* to work on those days, or in some cases *to express interest* in working on those days.

The 'rort' thus appears to lie in claiming that a rest day has been cancelled with less than 24 hours notice, entitling officers to the higher rate of overtime, when in fact the 'cancellation' of the rest day has been nominated some time in advance with the agreement of management. Officers who work on rest days in such circumstances can also hardly be said to be 'required' to work, as the relevant industrial agreement provides.

The Commission recommended to the Ombudsman (who also has carriage of this complaint) that the matter be taken further with the Police Service. The Ombudsman has indicated to the Commission that it will be undertaking a formal investigation of this matter.

Case Study 6

As in the 1997-1998 Annual Report, the Commission wishes to include an internal Police Service investigation which in its view was well done so as to give some balance to the case studies.

The investigation was complex, involving complaints from a police officer which were in part complaints about a previous internal investigation, and in part fresh complaints concerning events which allegedly occurred up to ten years previously. The investigator carefully identified each part of the first group of complaints (about the previous internal investigation) and examined them before concluding that they were not sustained.

The major part of the investigation concerned the fresh complaints, of which there were five. Some of the officers concerned had left the Service, while one of the matters alleged had occurred too long ago and the relevant Police Service documents had in the meantime been (quite properly) destroyed. An allegedly similar event had occurred seven years previously and despite the absence of some documents the investigator was able to make more headway.

The allegation was that an identified officer had been involved in an accident while

driving a police car under the influence, and had been issued only with an infringement notice for negligent driving which was subsequently reduced to a caution. The investigator found the civilian witnesses to the accident - as noted, seven years after the event - and concluded having spoken to them that the officer involved should also have been charged with leaving the scene of an accident. As it was much too late for such a charge to be brought at the time of the investigation, the investigator could only recommend that the officer be counselled, and this recommendation was put into effect.

Another officer was the subject of a similar allegation, with an additional allegation that his superior officer covered the matter up and arranged to have the damaged police vehicle repaired in an unorthodox fashion. These matters were four years old, and both officers had left the Service. Many internal investigators are reluctant to approach former police officers, particularly those the subject of complaints. The investigator in this case, however, got in touch with both, and discovered that the incident had been the subject of a successful inquiry by another agency. He also spoke to other relevant officers so that he was in a position to assess the responses of the two ex-officers involved, who denied at least part of the events uncovered.

Among the characteristics of this successful investigation were a willingness to use the considerable amounts of information which the Police Service has on individual officers, equipment and the like, and the investigator's determination to arrive at the truth of various allegations to the extent that this was possible.

INTEGRITY REPORTS

Executive Appointments

Section 24 of the *Police Service Act 1990*, which deals with the appointment of the Commissioner of Police, requires the Commission to furnish a report to the Minister on a person recommended for appointment, on the basis of information available to it and without the need for any special investigation or inquiry.

A parallel provision in section 39 of that Act deals with appointments of executive officers in the Police Service.[55] The Commissioner of Police is required, before recommending or making an appointment, to make inquiries from the Commission as to the integrity of the person to be recommended for appointment. The Commission is required to furnish a report to the Commissioner of Police on that person, on the basis of information available to it and without the need for any special investigation or inquiry.

Non-Executive Appointments

Sections 64 and 71 of that Act make similar but not identical provision for persons appointed as non-executive officers and non-executive commissioned police officers.[56] For both classes of officers, the Commissioner of Police is required, before appointing a person, to make inquiries as to the integrity of the person from any person or body the Commissioner of Police considers appropriate, the Commission not being specifically identified. The Commission is in these cases 'authorised but not required' to furnish a report to the Commissioner of Police on the person.

Section 66 of that Act enables the Commissioner to appoint an officer temporarily to a non-executive position. In all these sections of that Act, 'appointment'

[55] These being the most senior officers apart from the Commissioner of Police

[56] These are, broadly speaking, those officers whose ranks are between executive officers and sergeants

means 'appointment by way of promotion or transfer or otherwise'.

In 1998-1999, the Commission received a total of 58 requests (32 in 1997-1998) from the Police Service for integrity reports, covering 489 officers (275 in 1997-1998) The breakdown by level, following the relevant sections of the Act mentioned above, was as follows:

- under section 24, regarding the Commissioner of Police, 1 officer (0.002% of total)
- under section 39, regarding executive positions, 9 officers (0.02%)
- under section 64, regarding non-executive positions, 240 officers (49%)
- under section 66, regarding temporary appointments to non-executive positions, 33 officers (7%)
- under section 71, regarding non-executive commissioned positions, 30 officers (6%)
- other (no section of the Act mentioned): 178 officers (36%).

Drawing upon its own records and those of the Royal Commission, the Commission provided substantive reports on those officers whose names were provided.

Integrity reports were also provided for other law enforcement agencies.[57] Requests from other agencies comprised 34% (35% in 1997-1998) of all requests received by the Commission.

THE RESPONSE UNIT

The Response Unit has maintained conduct of those responsibilities as set in the previous Annual Report, that is:

- preparing and assembling briefs of evidence arising from the Royal Commission and the Police Integrity Commission's own investigations for consideration of prosecution action by the Office of the Director of Public Prosecutions (both State and Commonwealth)
- responding to requests from the ODPP (both State and Commonwealth) for further information or further inquiries in relation to Royal Commission / Police Integrity Commission briefs and other related matters
- receiving and assessing requests from external sources for dissemination of Royal Commission / Police Integrity Commission non-paedophile information, intelligence and other material and making recommendations to the Commissioner in relation to such
- liaison contact for inquiries from outside agencies in relation to witnesses who have assisted in Royal Commission / Police Integrity Commission investigations and to whom the Police Integrity Commission has undertaken to provide assistance
- preparing responses to subpoena and other court process served upon the Commission and where necessary arranging representation in court in answer to such process.

When the Royal Commission Wind-Up Team formally ended its task on 30 June 1998, the Response Unit acquired the additional responsibility of disseminating the remaining paedophile holdings of the

[57] See under Co-operation with Other Agencies, p. 45

Royal Commission.[58] This task continued during 1998-1999.

Prosecutions

The past year has seen the conclusion of a number of prosecutions which arose from inquiries conducted by the Royal Commission. Charges also arose from Police Integrity Commission investigations, and subsequent developments.[59]

Assisted Witnesses

The Commission continues to provide assistance to some witnesses who co-operated with the Royal Commission's investigations. In most cases this co-operation is on-going as it is envisaged these witnesses will be giving evidence in prosecutions arising from those investigations. As further recommendations for prosecution action have been approved by the ODPP throughout the reporting year the number of witnesses who fall into this category has grown.

The Commission's responsibilities with respect to these witnesses remains as previously reported. In some situations this has required heightened security arrangements and services.

Aside from civilian witnesses, the Commission is also responsible for making arrangements for those investigators and other staff who were attached to the Royal Commission during its investigations who have since returned to their home agency and who are required to give evidence in prosecutions arising from those investigations.

Disseminations

The Commission continues to receive a large number of requests from outside bodies and agencies for access to Commission holdings, including those of the Royal Commission for which the Commission is now custodian. The nature and extent of these requests vary as does the degree of research and inquiries undertaken to comply with each of them. On the whole however responding to these requests is time consuming and resource intensive. The Commission considers such requests essentially in the context of section 56(4) of the *Police Integrity Commission Act 1996* under which the Commissioner may certify that it is necessary in the public interest to disseminate material.

Throughout the last reporting year the Commission considered 162 matters for dissemination under section 56(4) of the Act from various organisations agencies and individuals. Large numbers of these requests are made by persons seeking access to material in support of applications for judicial review of convictions under the provisions of Part 13A of the *Crimes Act 1900*. The Paedophile Response Team has noticed a significant increase in disseminations for the purposes of Victim's Compensation Tribunal claims over the last year.

A protocol has now been established for the Commission to notify the Attorney General's Department of information or material that may touch upon the reliability of a person's conviction arising from Commission inquiries and investigations so that contact can be made with any interested parties who may be otherwise unaware of such material.

With a view to further enhancing awareness of the Commission's holdings that may assist persons in their applications for conviction reviews, the Commission has also provided the Corrective Services Department with transcripts of the evidence and the interim and final reports of the

[58] As mentioned in the Annual Report 1997-1998

[59] See Appendix 3, pp. 83-84

Royal Commission on compact disc for access by those inmates in correctional institutions that have the appropriate facilities.

During the last reporting year 27 subpoenas (22 in 1997-1998) were served on the Commission seeking production of information, documents and other material. Of these, 16 (six in 1997-1998) came within the exception to the Commission's statutory immunity from compulsory production of material and information under section 56(3) of the *Police Integrity Commission Act 1996*. The increase in such matters since last reporting reflects the increased number of prosecutions arising from the Royal Commission's and the Commission's investigations making their way through the court system.

Included in the above figures are the matters dealt with by the Paedophile Response team. Seven of the subpoenas related to the matters investigated during the Royal Commission's paedophile inquiry. Of those seven, five were in respect of prosecutions which were related to the inquiries conducted by the Royal Commission. The Police Service prepared briefs of evidence for the five prosecutions in which subpoenas were issued. However in all five the information had been disseminated to the Police by the Royal Commission or by the Paedophile Response team.

CO-OPERATION WITH OTHER AGENCIES

The Police Service

The Commission continued to enjoy good relations with the Police Service during the year. The Commissioner and the Commissioner of Police met and exchanged correspondence as necessary.

The Assistant Commissioner and the Commander, Police Service Internal Affairs met weekly to exchange information.

The Police Integrity Commission Liaison Unit within Internal Affairs continues to be the main contact point between the Commission and the Police Service. There is close contact between the Liaison Unit and the Commission to ensure the provision of information meets the Commission's needs. The Commission continues to be well served by that Unit.

The Ombudsman

The Commission continued to have close relationships with the Ombudsman and her Office. Regular discussions were held between the Assistant Commissioner and the Assistant Ombudsman (Police). This has enabled agreement on procedures relating to areas where the functions of the Commission and the Ombudsman overlap to ensure resources are not wasted or duplicated.

As with the Police Service there is close contact between Commission officers and the Liaison Officer of the Ombudsman to facilitate the flow of information between the agencies.

Other Australian Law Enforcement Agencies

A number of other Australian law enforcement agencies supplied relevant information to the Commission during the year. The Commission also assisted other agencies by responding to requests from them for information.

Some of these requests for information are requests for provision of integrity reports on serving or former NSW officers being considered for appointment, promotion and transfer by Australian investigative

agencies. Such information is provided to an agency under section 18 of the *Police Integrity Commission Act 1996*.

The number of this type of request has increased over the past year. During the year the Commission responded to 30 requests of this type covering 121 serving or former New South Wales police officers seeking appointment elsewhere in the State or in the Commonwealth. In 1997-1998, 17 requests were received covering 158 officers.

Memoranda of Understanding

During the reporting year, the Commission entered into a memorandum of understanding with the Ombudsman pursuant to sections 121, 122(2) and 139(1) of the *Police Service Act 1990*. For further detail, see the discussion about changes to legislation relating to complaints against police.[60]

The Inspector

The Commissioner had regular discussions during the reporting period with the Inspector, the Hon Mervyn Finlay QC.

In February 1999 the Inspector was appointed to undertake a review of the *Law Enforcement (Controlled Operations) Act 1997*. Some of the recommendations made in that report, if accepted, will be relevant to the conduct of the Commission's controlled operations.[61]

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.[62]

Overseas Agencies

In October 1998 his Honour Judge P D Urquhart attended, and presented a paper, at the 14th Annual International Association for Civilian Oversight of Law Enforcement (IACOLE) World Conference in Seattle, USA. The theme of the conference was 'Government Control of Law Enforcement and Accountability Through Civilian Oversight'. The Judge's paper[63] discussed the establishment of and functions of the Commission and presented a case history to illustrate the use of the Commission's powers.

In March 1999 the Assistant Commissioner attended the Hong Kong Independent Commission Against Corruption Silver Jubilee Conference. The title of the conference was 'Fighting Corruption into the 21st Century'. The conference was attended by delegates from around the world.

During the year the Commission had two visits from overseas delegations. On 23 April 1999 a delegation from Vietnam visited the Commission. They were participants in the 'Training of Judges Project' conducted by The Centre for Asian and Pacific Law in the University of Sydney (CAPLUS). The delegation was made up of Judges from both the Supreme People's Court and the Provincial Courts of Vietnam as well as other officials and interpreters. During the visit discussion included the role and powers of the Commission, and the manner in which the Commission carries out its investigations and hearings.

On 10 June 1999 a group of managers from the Government of Thailand visited the Commission. The group was taking part in a training course for public sector managers particularly in the area of human resource management. The session at the Commission covered the areas of the

[60] Chapter 7, pp. 59-60

[61] See discussion in Chapter 7, p. 61

[62] See discussion in Chapter 4, p. 26

[63] Entitled *The Police Integrity Commission - An Example and the Outcome of Civilian Oversight of Law Enforcement*

background, establishment, objectives and role of the Commission, and the strategies being undertaken to achieve objectives particularly those with a human resource management focus.

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 Internal Affairs.

The Steering Committee for the PCCMS

The Assistant Commissioner represents 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 oversight the progress of, sub-projects encapsulated within the Police Complaints / Case Management Project.

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 New South Wales 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's inaugural meeting was held on 30 April 1999, and henceforth will meet quarterly. It was formed so that the four agencies involved may discuss matters of mutual interest, such as ODPP 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), ODPP, 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 the Act more effectively across the New South Wales public sector. The Steering Committee comprises representatives from the Independent Commission Against Corruption, 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 Committee meets quarterly.

Strategic Audit Consultative Committee

The Qualitative and Strategic Audit of the Reform Process of the Police Service ('QSARP') Consultative Committee comprises representatives of the Cabinet Office, the Ministry for Police, the Police Service, Treasury, the Ombudsman and the Audit Office of New South Wales. This Committee, chaired by the Commission, facilitates commitment to QSARP and provides regular updates on significant tasks. The Committee meets as required.

POLICE CORRUPTION EDUCATION AND PREVENTION PROGRAMMES

Section 14(c) of the *Police Integrity Commission Act 1996* enables the Commission to make recommendations concerning police corruption education and prevention programmes, conducted within the Police Service by the Ombudsman, or by the Independent Commission Against Corruption for the Police Service.

The Commission made a number of such recommendations during the reporting period, arising from its work on investigations. The recommendations arising from Operation Warsaw, and most of the recommendations arising from Operation Jade, fall into this category.[64]

As indicated in last year's Annual Report, the Commission at that time had sought from the Police Service, the Ombudsman and the ICAC details of the programmes of these kinds which each agency conducted. These details were received during the reporting period.

The QSARP[65] will also be looking at such programmes, in particular the extent to which the relevant recommendations of the Royal Commission have been put into effect.

DISCHARGES OF POLICE FIREARMS AND DEATHS IN POLICE CUSTODY

Discharges of Firearms

In the Commission's Annual Report for 1997-1998 it was noted that the Commission and the Police Service had entered into an arrangement in July 1997 under which the Commission receives prompt notification of each occasion on which a police officer discharges his or her firearm. This arrangement remains current. The 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.

During the course of the year under report, the Commission received notification of 31 instances (34 in 1997-1998) of discharges of police firearms. Of these, 16 (22 in 1997-1998) occurred in Sydney city and metropolitan regions, and 15 (12 in 1997-1998) occurred in rural New South Wales. Of the total number of discharges of police firearms:

- 10 discharges were reported as being the result of accidental firing (6 in 1997-1998)
- 1 related to the attempted suicide of an officer (1 in 1997-1998)
- 1 related to the suicide of a spouse of an officer (no comparable statistics in 1997-1998)
- 1 related to an incident involving an animal attacking an officer and another where an officer was conducting duties relating to humane destruction in circumstances where a young boy had been injured by the animal (no comparable statistics in 1997-1998)
- 17 reports related to discharges in the course of official duties (26 in 1997-1998), at least seven (eight in 1997-1998) in circumstances where the alleged offenders were armed. The Commission has noted the increase in circumstances where suspects use motor vehicles as a dangerous weapon in an attempt to avoid apprehension.

[64] See discussion of the recommendations and the responses of the Commissioner of Police in Chapter 6, pp. 53-58

[65] See under Strategic Audit, p. 49

The Commission maintains a continuing interest in the discharge of police firearms. The Commission has either sought further particulars or recommended that further investigations take place in relation to three discharges that have occurred during the course of the reporting year.

In relation to the shooting of Roni Levi on Bondi Beach on 28 June 1997, the Commission noted in last year's report that the Police Service investigation into the shooting was being monitored. Further inquiries are now being undertaken by the Commission as a result of information which has come to the attention of the Commission since the shooting investigation concluded. The Commission expects to conduct hearings in relation to this matter in the next reporting year.

Deaths in Police Custody

The Commission also receives reports from the Police Service concerning deaths in police custody. A Commission officer attended and spoke at a seminar conducted by the Police Service dealing with guidelines for the investigation and review of deaths and serious injury in police custody.

STRATEGIC AUDIT

The Commission was enabled to implement the qualitative and strategic audit of the reform process (QSARP) of the Police Service[66] with the commencement of the *Police Integrity Commission Amendment Act, 1998* on 18 July 1998. The Commission widely advertised an invitation for lodgment of expressions of interest from suitably qualified and experienced persons, external to the NSW Public Service and Police Service, to conduct and report on the Strategic Audit process.

An inter-agency QSARP Evaluation Team was convened by the Commission to provide independent and objective assessments of expressions of interest, and tender applications to the Commissioner. Six expressions of interest were received.

The evaluation of them resulted in the State Contracts Control Board supporting the evaluation team's finding, and Commission's recommendation, that two of the registrants, who had made expressions of interest, be invited to submit 'selective' tender applications.

Following a comprehensive tender evaluation process the State Contracts Control Board Delegate supported the Commission's recommendation, that the Hay Group be invited to sign a contract to undertake and report on the QSARP, subject to all persons associated with the contract being cleared by probity checks conducted by the Commission.

The Hay Group signed the contract and simultaneously commenced the QSARP on 3 March 1999. Within the early months of the first year of the audit process the Hay Group conducted a series of meetings and briefings with key stake holders.

Annual audit reports are to be provided by the Hay Group at the completion of the first and second years with the final audit report required within three months of the completion of the third year of the QSARP.

STATUTORY REPORTING REQUIREMENTS

Section 99(2) of the *Police Integrity Commission Act 1996* requires the Commission to include in its Annual Report eight particular matters. These are listed below together with the Commission's responses:

[66] Royal Commission, *Final Report Volume II: Reform*, May 1997, Recommendation 174, p. 560

a) a description of the types of matters that were referred to the Commission

This description is provided in Chapter 5.

b) a description of the types of matters investigated by the Commission

This description is provided in Chapter 5.

c) 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 responses provided by the Commissioner of Police to Commission recommendations and the Commission's evaluation of those responses can be found in Chapter 6.

d) any recommendations for changes in the laws of the State, or for administrative action, that the Commission considers should be made as a result of the exercise of its functions

This matter is dealt with at Chapter 7.

e) the general nature and extent of any information furnished under the *Police Integrity Commission Act 1996* by the Commission during the year to a law enforcement agency

This matter is dealt with in Chapter 5.

f) the extent to which its investigations have resulted in prosecutions or disciplinary action in that year

This information is provided in Appendix 3.

g) the number of search warrants issued by authorised justices and the Commissioner respectively under this Act in that year.

This information is provided in Appendix 1.

h) a description of its activities during that year in relation to its education and advising functions

The relevant details are set out in Chapter 5.

Freedom of Information Act 1989

The Commission did not receive any Freedom of Information applications in 1998-1999 for documents held by the Commission. The Commission therefore reports a 'nil return' in respect of information required by clause 9 of the Freedom of Information (General) Regulation.

Law Enforcement and National Security (Assumed Identities) Act 1998

The *Law Enforcement and National Security (Assumed Identities) Act 1998* commenced on 8 March 1999. Section 10 of the Act requires the Commission, as an authorised agency under the Act, to keep certain records relating to assumed identity approvals granted under the Act. Section 11(1) of the Act requires an audit of those records to be conducted at least once every 12 months and the results of the audit provided to the chief executive officer of the agency.

Section 12(1) of the Act provides that the annual report of an authorised agency must include a statement of:

(a) the number of assumed identity approvals granted or revoked in respect of officers of the agency in the period to which the report applies, and

(b) the general nature of the duties undertaken by those officers under the assumed identities concerned, and

(c) the results of the most recent audit under section 11, as reported to the chief executive officer of the agency, so far as they disclose any fraudulent or other criminal behaviour.

The Commission advises that for the reporting period:

a) 23 assumed identity approvals were granted in respect of Commission officers, and three were revoked

b) some of the officers in respect of whom approvals were granted undertook duties under the assumed identities concerned, and some did not. Those who did undertook duties in one or more of the following areas - surveillance, technical and investigative duties

c) an audit was conducted pursuant to section 11 of the Act in August 1999, for the period 8 March 1999 to 30 June 1999. The results of that audit disclosed no fraudulent or other criminal behaviour.

6. RESPONSES TO COMMISSION RECOMMENDATIONS

INTRODUCTION

Section 99(2)(c) of the *Police Integrity Commission Act 1996* 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'.

RESPONSE TO THE JADE REPORT

The first Jade Report contained a number of recommendations directed to the Police Service. The Commissioner of Police, Mr Ryan, responded promptly to the recommendations in a letter to the Commission received on 30 October 1998. He said in the letter 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'.

Set out below is each recommendation in the first Jade report, the response by the Commissioner of Police to that recommendation as quoted from his letter, and the Commission's evaluation of the response.

As indicated in the discussion on Recommendation 6 below, the Commission proposed in the Jade report - and the Commissioner of Police agreed - that the new procedures presented in the Police Service submissions during the Jade public hearings be reviewed in October 1999, and the results communicated to the Commission. The Commission has proposed to the Commissioner of Police that the Commission's comments below be taken into account by the Police Service during that review.

Recommendation 1: Risk Management

> …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 [67]

Commissioner's Response:

a) Risk and the management of risk

> For some time the Service has been developing initiatives and reviewing strategies with regard to managing risk relating to the competence, performance, conduct and integrity of Service officers. In a recent Special Report to the Parliament the Ombudsman acknowledged the Service's frank admission of the lack of a coherent policy in this management area. The Internal Affairs command has developed a "threat assessment model" that seeks to address the risk associated with corruption and misconduct. The model takes a holistic view of the potential risk posed by an officer including among other things:
>
> - Duty type
> - Associations formed
> - Duration and location
> - Performance
> - Complaints history
>
> The model that has the support of the Ombudsman is currently used by the Strategic Assessments & Security Centre of

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

Internal Affairs in identifying high risk officers. Dissemination of the model to regions and Specialist areas such as Crime Agencies via a series of workshops is scheduled to commence in December this year.[68] These workshops will be delivered via the Internal Affairs consultants in the first instance.

b) Corruption Prevention

Another tool in the battle of identifying and fighting corruption is corruption prevention. The Corruption Prevention Planning Manual that was launched in April 1996 provides a structure by which managers can establish systems and practices that will improve the professionalism of police, detect corruption and minimise risks.

It is designed to assist managers in establishing the most effective framework to develop:

- The skills necessary to deal with these issues;
- The systems which act as deterrents;
- Methods of uncovering corrupt acts and individuals.

Managers are able to use this framework to develop strategies that are relevant to their local situations. Since July 1997 commanders have established their own corruption prevention plans by which they formally accept accountability for corruption management, in line with Royal Commission recommendations. Managers are challenged to deal with these issues on a daily basis and in a manner that sends a strong message about the expected ethical standards, attitudes, values and behaviour.

Commission's Evaluation

The Commission considers that the response in a) is appropriate, and it will be following up with the Police Service (in the context of the October 1999 review mentioned above) the extent to which the model has been used throughout the Service, and the numbers of high risk officers which have been identified.

The Commission considers, however, that the response in b) is inadequate, and that the Commissioner may have been badly advised. The Commission set out in some detail[69] the serious shortcomings of Task Force Bax in implementing the approach set out in the Manual, and its lack of a coherent corruption prevention plan. It is accordingly a matter of some concern that the Police Service response should, in part, rely on procedures which had been shown to have failed in the case examined by the Commission.

Recommendations 2 & 3: Informant Management

…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[70]

…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[71]

Commissioner's Response

[68] Note this refers to December 1998

[69] PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, pp. 43-49

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

[71] ibid.

The Service introduced its current Informant Management Manual in March 1997. Unlike prior informant management plans, this manual was accompanied by training for all officers via a training package that included a video. This package was developed by the Police Academy and disseminated throughout the state via the Educational & Development officers. In early 1998 a decision was made by the Commissioner to incorporate informant management as mandatory training for all police officers.

The Service is aware of the risks associated with Informant Management and has undertaken the following:

- In March 1998, the Commissioner tasked the Comprehensive Audit Section with undertaking a thematic review of the Service wide operation of the Informant Management system. The scope of this review covered all aspects of informant management including:
  - Recruitment
  - Registration
  - Contact
  - Working expenses
  - Intelligence gathering
  - Evaluation
  - De-registration of informants
  - Records maintenance, and
  - Security

  The Comprehensive Audit Section's findings including system refinements are the subject of ongoing consideration. A thematic audit of informant management will continue to be a priority in the annual audit cycle.

- The proposed incorporation of the Informant Management system into COPS is the subject of a 1999 / 2000 capital works bid.

The Commissioner has already foreshadowed changes to the Special Expenses Allowance. A review of Special Expenses Allowance currently paid to officers is to be undertaken.

The Service policy allows for working arrangements with other agencies but requires the principles of ethical and professional conduct with informants to be adhered to. The Service does not consider it necessary to develop an addendum to the current Informant Management Manual regarding officers seconded to other agencies and to the management of informants.

Commission's Evaluation

The Commission considers that the first part of this response is satisfactory, and will be following up with the Service in more detail (in the context of the October 1999 review mentioned above) the results of the 'thematic audit' and the review of the Special Expenses Allowance.

The Commission considers however that the second part of the response is inadequate, and that the Commissioner may have been badly advised on this matter also. The Commission gave the background and reasons for its recommendation that the Informant Management Manual be amended.[72] The Service did not accept this recommendation but gave no reasons for the failure to accept the recommendation.

Recommendation 4: Comprehensive Audit Section

> …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[73]

[72] PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, pp. 61-62

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

Commissioner's Response

> Comprehensive Audit Section has always adopted a risk based approach to the conduct of audits with highest priority given to specialist operations in recognition of their unique function.
>
> Comprehensive audit acknowledges the value of proactive audits. However the strategy adopted over recent years to effectively use resources has been to be proactively involved in policy and procedure development and provision of training through the systems inspection course. The objective of the systems inspection course is to ensure managers and commanders accept responsibility and accountability for their command performance evidence (sic) by mandatory quarterly inspections.
>
> The level of proactivity of the Comprehensive Audit Section is limited only by current resources.

Commission's Evaluation

The Commission's comments and recommendation on this matter[74] show that at the time of the report there were no procedures in place for the communication of confidential fingerprint analyses, and that there had been no such procedures for at least eighteen years. Clearly there may be other areas of the Police Service with no procedures, or with defective procedures, and the Commission's recommendation was designed to identify such areas with a view to procedures being developed or improved.

With respect to the Comprehensive Audit Section, it is not a response to the Commission's recommendation to rely on existing strategies, since it is just those strategies which gave rise to the problem identified by the Commission.

The Commission will be pursuing the matter with the Police Service, in the context of the October 1999 review.

Recommendation 5: Managers Accessing COPS

> …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.[75]

Commissioner's Response

> All police may conduct name searches in COPS. Name searches are recorded on COPS audit logs. Police Service policy is the officers conducting name, address, and vehicle searches in COPS record the reason for their inquiry in official duty books or diaries. Commanders are required to regularly perform COPS audit checks on their staff who, in turn, must justify any COPS accesses to their commander. The COPS function to extract an audit report on all accesses made by officers attached to a particular unit / section / command is already available to all commanders and managers.

Commission's Evaluation

Again, this response restates existing policy without coming to grips with the basis for the Commission's recommendation. Officers checking on individuals with whom they have formed associations may, if those individuals have criminal records or are otherwise adversely known to the Police Service, draw suspicion upon themselves. The recommendation suggested that managers be given the authority to make such inquiries to overcome this difficulty.

[74] PIC, *Report to Parliament Operation Jade Regarding the Former Task Force Bax of the New South Wales Police Service*, October 1998, pp. 62-65

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

This matter will also be pursued with the Police Service in the context of the October 1999 review.

Recommendation 6: Review of New Procedures

> …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.[76]

Commissioner's Response

> The Service will review the level of compliance and effectiveness of the new procedures presented in its submissions to the Commission, in addressing the management and procedural shortcomings revealed during the Operation Jade public hearings. The Service will conduct the review within the timeframe prescribed in the PIC report to Parliament.

Commission's Evaluation

The Commission considers this response to be satisfactory. It will be expecting to hear from the Police Service after October 1999.

Recommendation 7: Crime Agencies Recruitment Policy

> …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.[77]

Commissioner's Response

> 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's Evaluation

The Commission regards this response as satisfactory. The recommendation has been drawn to the attention of the QSARP Auditor.

RESPONSE TO THE WARSAW REPORT

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

- 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. This is being considered in the process of re-establishing a continuing programme of supervisory and management training for first-line team leaders.

[76] ibid.

[77] ibid.

The Police Service has also informed the Commission separately that Deputy Commissioner Jarratt's current performance agreement with Commissioner Ryan includes a target in respect of his personal development of 'completion of management of conflict interest course in 1999'. The Deputy Commissioner has completed a series of meetings on the subject with Dr Simon Longstaff, the Chief Executive Officer of the St James Ethics Centre.

7. LEGISLATIVE MATTERS AND LAW REFORM

COMPLAINTS AGAINST POLICE

In its 1997-1998 Annual Report, the Commission reported that it was involved in negotiations with the Ministry for Police, the Police Service, the Ombudsman and the Police Association with a view to implementing recommendations by the Royal Commission for a new police complaints handling and discipline system. The Royal Commission recommended the adoption of an '… Employee Management System ('EMS'), that has as its primary objective the enabling of … Local Commanders to deal with complaints and take remedial action or impose sanctions on a managerial basis, without recourse to formalities such as the preferment of disciplinary charges and hearings'.[78]

On 26 November 1998, the *Police Service Act 1990* was amended to make provision for a new police complaints and discipline system. The amendments were effected by the *Police Service Amendment (Complaints and Management Reform) Act 1998* ('the Amendment Act') and came into force on 8 March 1999.

In keeping with the recommendations of the Royal Commission, the amendments are designed to facilitate resolution of complaints against police by reference to five key principles, namely:

- complaints are to be dealt with more quickly
- more sophisticated management responses
- complainant involvement in the process, particularly seeking the complainant's views at the conclusion of matter
- fairness to police officers, including proportionate responses to mistakes and increased accountability of senior officers for appropriately dealing with those they supervise
- tough action regarding unethical conduct or gross incompetence - senior officers need to be judged by a higher standard than that applied to less experienced police.

In addition to encouraging complaints to be dealt with managerially, the amendments also sought to streamline procedures for the handling of complaints and the oversighting of investigations into complaints. The following paragraphs describe the principal elements of the new complaints system.

The number of categories of complaints has been reduced from four to two. Complaints are now classified as either Category 1 or Category 2 complaints.

The Police Service has primary responsibility for handling all complaints about police officers. In particular, the Office of Internal Affairs has primary responsibility for managing all Category 1 complaints, the investigation of which is not taken over by the Commission.

A 'complaint' for the purposes of the new complaints handling regime includes all written complaints by members of the public, as well as internal police complaints. However by agreement between the Ombudsman and the Commission,[79] internal police complaints

[78] Royal Commission, *Final Report Volume II: Reform*, May 1997, Recommendation 71, p. 547

[79] *Police Service Act 1990,* section 122(2)

relating essentially to performance and management issues need not be treated as complaints for the purpose of the new regime.

In addition, by agreement between the Commission and the Ombudsman,[80] complaints which lack the necessary elements of seriousness, do not necessarily need to be investigated as complaints under the new complaints handling system.

The Ombudsman continues to have responsibility for oversighting the police complaints handling system. All written Category 2 complaints from members of the public and other persons external to the Police Service must be notified to the Ombudsman. All Category 1 complaints must continue to be notified to the Commission.

Consistent with the shift of responsibility to the Police Service for ensuring that complaints are properly handled, the Police Service has been given more responsibility for decision making in relation to further investigation.

The Amendment Act leaves intact the functions and powers of the Commission relating to the handling of Category 1 complaints. Likewise the power of the Ombudsman to conduct an investigation, and to present a special report to Parliament where a Police Service investigation is perceived to have been inadequate, has not been affected.

ASSUMED IDENTITIES

A common methodology employed by police and other persons engaged in law enforcement work (including officers of the Commission) is the use of assumed identities. This use of assumed identities often needs to be supported by documentation.[81]

On 3 December 1998, the NSW Parliament passed the *Law Enforcement and National Security (Assumed Identities) Act 1998*, the object of which is to ensure the legality of the acquisition and use of an assumed identity by a law enforcement officer when that officer is carrying out his or her official duties. The Act defines 'law enforcement officer' to include an officer of the Commission. The Act, and Regulation made pursuant to it, commenced on 8 March 1999.

Under the Act, an assumed identity may only be acquired, and used, if an assumed identity approval has first been granted by the chief executive officer of the relevant law enforcement agency or his delegate. In the case of the Commission, these persons are the Commissioner and the Assistant Commissioner.

Once an assumed identity approval is granted, evidence in support of that identity may then be obtained. The acquisition of evidence of an assumed identity does not entitle the person to whom the assumed identity relates to do anything which the person would not otherwise be qualified to do.

In certain circumstances, the Act permits the making of entries in the Registers of Births and Marriages in respect of a person to whom an assumed identity approval has been granted. The Registers cannot be modified except by order of the Supreme Court.

REVIEW OF CONTROLLED OPERATIONS ACT

[80] *Police Service Act 1990*, section 139(1)

[81] eg. a driver's licence

In February 1999 the Inspector, the Hon M Finlay QC, was appointed by the Minister for Police, the Hon P Whelan, LLB, MP, to undertake and report on the results of a review of the *Law Enforcement (Controlled Operation) Act 1997*, (the Act) in order to determine:

- whether the policy objectives of the Act remain valid
- whether the terms of the Act remain valid for securing those objectives.

The Commission made several written submissions to the review. It also participated in consultations convened by the Inspector for the purpose of discussing experiences with use of the Act and how any problems could be ameliorated, whether by legislative change or changes to internal policies and procedures.

These consultations were attended by representatives of other law enforcement agencies, as defined by the Act, namely, the Police Service, the Independent Commission Against Corruption and the NSW Crime Commission. In addition representatives of the Ombudsman, the Australian Federal Police, the National Crime Authority and the Commonwealth Attorney General's Department attended the discussions. While the Commonwealth agencies are currently not covered by the Act, they had nevertheless expressed an interest in gaining access to the benefits of the Act.

The Ombudsman must conduct an annual inspection of each agency's controlled operations records for the purpose of ascertaining compliance with the requirements of the Act.[82]

The Inspector's final report was presented to the Minister for Police on 16 April 1999. It was subsequently tabled in each House of Parliament on 1 June 1999. The report records the Inspector's view that the policy objectives of the Act remain valid and that, on the whole the terms of the Act remain valid for securing the Act's policy objectives. The Inspector did however suggest a number of amendments to improve the efficiency of the Act.

At the end of the reporting period, the Government was giving consideration to the recommendations in the Inspector's final report.

ACCESS TO TAXATION INFORMATION

In its 1997-1998 Annual Report, the Commission reported that amendments to enable the Commission to receive taxation information had been introduced into Federal Parliament. The amendments were contained in the *Taxation Laws Amendment Act (No 4) 1999* which commenced on 16 July 1999.

PROTECTIVE SECURITY GROUP

In its 1997-1998 Annual Report, the Commission referred to the amendments to the *Police Service Act 1990* and the *Police Integrity Commission Act 1996* effected by the passage of the *Police Legislation Amendment (Protective Security Group) Act 1998*. Those amendments came into force on 10 July 1998, establishing the Protective Security Group of the Police Service to replace the former Special Branch, and giving the Commission the function of monitoring and reporting on the conduct and effectiveness of the annual audits of the Group.[83]

In May 1999, the Commission received a report on the first annual audit of the Group. At the end of the reporting period,

[82] *Law Enforcement (Controlled Operation) Act 1997*, Part 4

[83] *Police Integrity Commission Act 1996*, section 14(e)

discussions were being held between the Commission and the Police Service prior to the issue of the Commission's first report under section 14(e) of the *Police Integrity Commission Act 1996.*

PRIVACY PROTECTION

Privacy and Personal Information Protection Act

In November 1998, the NSW Parliament passed the *Privacy and Personal Information Protection Act 1998*. The Act creates a new regime for the collection, use and disclosure of personal information by public sector agencies, including the Commission. The Office of the Privacy Commissioner, who will have investigative and complaint functions in relation to use of personal information is established. In addition the Act creates Information Protection Principles which govern the way in which personal information is handled. The Principles only apply to the Commission and other law enforcement agencies in connection with their educative and administrative functions. They do not affect the Commission's investigative and complaint-handling functions.

Much of the Act is not yet in force. However, those Parts which deal with preliminary matters, privacy codes of practice and management plans, the Privacy Commissioner and Privacy Advisory Committee, and some miscellaneous provisions, came into force during the first six months of 1999.

Section 33 of the Act commenced on 1 June 1999. Section 33(3) provides that the annual report of each public sector agency must include:

a) a statement of the action taken by the agency in complying with the requirements of this Act, and

b) statistical details of any review conducted by or on behalf of the agency under Part 5.[84]

Pursuant to section 33(3), the Commission states that:

a) The Commission was not required to take, and has not taken, any action in the period 1 June to 30 June 1999.

b) No reviews had been, or could be, conducted by or on behalf of the Commission under Part 5, as that Part was not yet in force.

Pursuant to section 33(1), each public sector agency must prepare and implement a Privacy Management Plan within 12 months of the commencement of the section. At the time of writing, the Commission was awaiting the publication of the Privacy Commissioner's guidelines for privacy management plans before commencing this process.

National Principles for the Fair Handling of Personal Information

In February 1998 the Federal Privacy Commissioner issued the National Principles for the Fair Handling of Personal Information, designed to provide the private sector with a set of voluntary guidelines for dealing with personal information. The Federal Privacy Commissioner then conducted extensive consultation with various bodies, including law enforcement agencies.

In January 1999 the Principles were reissued with substantial amendments, including changes to the law enforcement provisions, which provide businesses with guidelines to determine when it is appropriate to release private information to investigative agencies such as the Commission. The guidelines now provide

[84] This Part relates to internal reviews of complaints

that it is appropriate for businesses to provide the Commission with information which is relevant to its investigations. Further, the Principles do not apply to the provision of information where this is required by law, such as by subpoena or pursuant to a Notice under the *Police Integrity Commission Act 1996.*

Proposed Commonwealth Privacy Legislation

In December 1998 the Federal Government announced that it proposed to enact privacy legislation for the private sector, to be broadly based on the Principles. The Commonwealth is expected to legislate within the 1999-2000 reporting period, although no details are currently available as to the timing or content of any proposed legislation. Such legislation may affect the Commission's ability to obtain personal information from private sector companies in connection with its investigations.

8. CORPORATE AND INFORMATION SERVICES

INTRODUCTION

During the year the Corporate and Information Services Division provided the Commission with a wide range of support services. Those services included financial management, human resource services, registry and records management, information technology and administrative services.

With the increase in the Commission's operational activities during the year, the workload and support services of the Division also increased. This was the first full year in which the Division was able to concentrate on supporting the Commission without having to support any facet of the Royal Commission.

In May a review of the Corporate Services Division resulted in some structural changes being made, to enhance the efficiency of the Division.

ADMINISTRATION

The Branch has as its main focus the responsibility for providing the Commission with a comprehensive range of services including human resources and personnel services, recruitment, payroll, leave administration, occupational health & safety and performance management, financial, accounting and budgetary services, and administrative support services.

Human Resources

The staff of the Police Integrity Commission are employed under section 10(2) of *the Police Integrity Commission Act 1996.*[85]

The Commission uses the Computerised Human Resource Information System ('CHRIS') to provide the necessary personnel support services. During the year the system was reviewed, which involved a re-configuration of the establishment, to reflect the current structure of the organisation and assist with the integration of the CHRIS system with the finance system.

Industrial Relations

No industrial disputes occurred during the year. The Commission continues to adopt the policy of liaising closely with all staff to address any potential conflicts.

Training and Development

The Commission provided ongoing staff development and training for its staff. The Commission is soon to undertake a skills and needs analysis with the intention of it forming the basis for the Commission's training programme.

Programmes attended by staff included: firearms training, bomb detection training, continuing legal education seminars for solicitors, analyst training, and superannuation / FBT / taxation seminars.

Performance Management

The Commission determined that the performance management system would remain in an interim mode until the completion and adoption of the Corporate Plan. The Corporate Plan was subsequently adopted in August 1999.

[85] See Tables 4, 5, and 6, p. 67, for staff numbers and staff movement

Branch Managers and staff used the interim system effectively throughout the year.

Job Evaluation

The Cull Egan and Dell job evaluation methodology was selected by the Commission for determining and evaluating all newly created positions or positions that have been subject to variation. Four evaluations were undertaken during the year.

Occupational Health and Safety

No Workers Compensation claims were lodged during the year, and no days were lost over the reviewing period.

Employment Conditions Review

To ensure the organisation recognised the hours of work being provided by staff, a *Time in Lieu Policy* was introduced during the year following a review by the Commission of staff work commitments.

With the introduction of the telecommunications interception facility and employment of monitors, the Commission introduced shiftwork into the employment arrangements to enable the monitors to be engaged over a 24 hour shift arrangement.

EEO & Action Plan for Women

The Commission is committed to achieving the key principles of Equal Employment Opportunity in the NSW Public Sector. This includes:

- Diversity - a skilled workforce which reflects the diversity of the NSW community
- Equity - a workplace culture displaying fair practices and behaviours where employee views are heard, considered and acted upon
- Opportunity - improved employment access and participation for EEO group members and the development of staff and management practices to improve accessibility to EEO group members as customers and employees.

The Commission is also committed to ensuring compliance with the NSW Government Action Plan for Women.

In recognition of the need to further develop a management plan incorporating both these strategies, the Commission proposes to establish a Workplace Committee to develop and introduce EEO, and Action Plan for Women, policies.

Ethnic Affairs Priorities 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.[86]

Code of Conduct

The Commission has a Code of Conduct and all staff members are required to sign an acknowledgment that they have read,

[86] See Table 7, p. 68

	MALE	FEMALE	TOTAL
New Recruits	12	12	24
Secondments	3	0	3
Total	*15*	*12*	*27*

Table 4. Staff Movement (in) 1998 - 1999

	MALE	FEMALE	TOTAL
Resignations	7	9	16
Secondments	5	1	6
Cessation Of Casual Employment	5	3	8
Total	*17*	*13*	*30*

Table 5. Staff Movement (out) 1998 - 1999

Level	Total staff	Staff responding to EEO data	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 adjustment at work
< $25,761	1	1	1	0	0	0	0	0	0
$25,761 - $33,835	7	3	2	1	0	0	0	0	0
$33,836 - $37,825	0	0	0	0	0	0	0	0	0
$37,826 - $47,866	30	27	8	19	1	6	3	2	0
$47,867 - $61,899	10	8	2	6	0	2	1	0	0
$61,900 - $77,374	29	24	16	8	1	4	2	1	0
> $77,374	16	15	14	1	0	2	1	1	1
Total	*93*	*78*	*43*	*35*	*2*	*14*	*7*	*4*	*1*

Table 6. Staff Numbers as at 30 June 1999 by EEO Target Groups

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 material produced are made available to people from NESB in multi-lingual formats	Ongoing as appropriate	To reach as many key ethnic groups as possible in order to increase community awareness of the services the Commission provides
	Provide interpreter services as required for witnesses and complaints from NESB	Ongoing	To provide support to people accessing Commission services or appearing before the Commission

Table 7. Ethnic Affairs Priorities Statement

VALUE OF ACCOUNTS PAYABLE	1ST QTR ($)	2ND QTR ($)	3RD QTR ($)	4TH QTR ($)
Current (Within Due Date)	63,371	62,148	43,476	64,821
Less Than 30 Days Overdue		6,565		
Between 30 and 60 Days Overdue		261		
Between 60 and 90 Days Overdue				
Greater Than 90 Days Overdue				

Table 8a. Accounts Payable at End of Quarter

VALUE OF ACCOUNTS PAID	1ST QTR ($)	2ND QTR ($)	3RD QTR ($)	4TH QTR ($)
Total Amount of Accounts Paid	3,600,815	2,859,121	2,651,518	4,187,988
Accounts Paid on Time	93%	90%	89%	92%
Total Amount of Accounts Paid on Time	3,491,105	2,744,419	2,427,125	3,628,269

Table 8b. Accounts Paid on Time (Within Trading Terms)

TYPE OF LEAVE	JUNE 1998 ($)	JUNE 1999 ($)
Recreation Leave	$254,631	$393,499
Extended Leave	$116,887	$215,722

Table 9. Value of Recreation and Extended Leave

and agree to abide by, the Code of Conduct when accepting an offer of employment.

FINANCIAL SERVICES

Accounting Manual

Preparation of an accounting manual was undertaken this financial year. It is intended that this manual be revised and updated on a regular basis.

Review of Budget Reporting

The Executive agreed to a new budget reporting format which commenced with the introduction of the 1999-2000 financial year. The new format will include Branch Managers receiving set branch budgets and having the responsibility to manage those funds and report on expenditure and projected expenses.

Audits

The Audit Office of New South Wales was engaged to carry out the audit of the Commission's 1998-1999 financial statements. A copy of the audit report appears with the Financial Statements.[87]

Accounts Payable Policy

The accounts payable policy of the Commission has not been amended during this financial year. The Commission has set a benchmark for paying 85% of all accounts received within creditors' trading terms. This benchmark was surpassed in all quarters. The Commission has not paid any penalty interest on outstanding accounts during the financial year.[88]

Statutory Reporting

The Commission's Financial Statements for 1998-1999 were prepared and submitted to the Audit Office within the required time frame.[89]

Expenses

The majority of the Commission's expenses were employee related, accounting for approximately 57% of total expenditure. Other major operating expenses included payments totaling $1,729m to contractors for Court Reporting, Legal and Information Technology services.

Revenue

The Commission receives most of its funding from the Crown Entity through Consolidated Fund Appropriations. These funds cover both operating and capital requirements.

Minor revenue of $4,000 was received for conduct fees and the sale of transcript. Interest of $7,835 was also received to cover the period July-December 1998. Interest for January-June 1999 is due to be received in September of this year.

A grant of $287,478 was received for infrastructure establishment of an interim system in preparation for the full implementation of the PCCMS.

Consultants

The Commission engaged the services of two consultants during the year. The total fees paid to consultants during the year amounted to $54,740. Of this $50,000 was paid to Dr Peter Crawford for services relating to QSARP.

Risk Management and Insurance

[87] See Appendix 5, p. 87

[88] See Tables 8a and 8b, p. 68

[89] See Appendix 5, p. 87

Insurance during the 1998-1999 financial year was undertaken through the NSW Treasury Managed Fund Scheme of self insurance for Government Agencies. Premiums are set by the fund manager in direct relation to the number of claims made by agencies 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 and did not dispose of any land holdings during the reporting year. The major assets held by the Commission are:

- Leasehold improvements – St James Centre fitout
- Plant and Equipment – TI facility (acquired during 1998-1999)

Liabilities

The Commission's current liabilities for this financial year include recreation leave as outlined below, and other minor commitments of $65,000 payable to other creditors. A provision for the payment of PAYE tax on behalf of persons assisting the Commission is maintained.

The Commission accounts for the liability of both recreation and extended leave at current salary rates. A provision for recreation leave is kept by the Commission, while the liability for extended leave is accepted by the Crown Entity. The current value of both recreation and extended leave is shown in Table 9.[90]

RECORDS MANAGEMENT

The Registry has the responsibility for providing the Commission with a range of support services including the records management system encompassing records registration, processing, imaging, summarising, disseminating, filing, retrieval and disposal action. The support services also include an effective hearing room service.

Records Management Policy

During the year the Commission commenced a review of its Records Management Policy in accordance with the *State Records Act 1998*. The records of the Commission belong to the State of New South Wales. They contain the corporate memory of the organisation, explain why decisions are made and provide accountability and evidence.

Several critical activities coincided with the review of the policy:

- review and development of a computer records management system, (RecMan)[91], which records the sentencing, movement, storage and disposal of the records of the Commission
- review and development of up to date Archive, Disposal and Disaster Recovery Plans which are based on appraisal decisions concerning the disposal or retention of all records held by the Commission.

[90] See p. 68

[91] See discussion of RecMan on p. 73

The Records Management Policy relies upon decisions relating to archiving and destruction being based on administrative value, legal value, evidentiary value and intelligence value.

Archiving of Royal Commission Material

The holdings to be archived have been transferred to a semi-current status. When this material is no longer required by the Commission, either for information purposes or for legal requirements, it will be transferred to the State Archives. The process of destroying holdings that were determined not to come within the definition of State Archives continued during the year.

Paedophilia-Related Holdings

A number of activities have been carried out by Registry as a result of decisions made by the Response Unit:

- working files of the officers involved in the Royal Commission Paedophile investigation have been recorded on a Royal Commission records management data base
- paedophile material of continued intelligence value has been transferred to the Commission data base
- assistance has been provided in responding to subpoenas served on the Response Unit
- isolation of Royal Commission paedophile holdings from other Royal Commission holdings has continued.

Transfer of Library Holdings

The holdings of the former Royal Commission library were transferred to the Registry and are held within the Commission reference material. The electronic record of the former Royal Commission library holdings is now recorded on the Commission's data base and is accessible to all staff using Detrak.[92]

INFORMATION TECHNOLOGY

The Commission relies heavily on computerised information systems which electronically support all of its operations and functions. The ongoing development and utilisation of sophisticated and progressive technology is paramount to the effectiveness of the organisation.

The Information Technology ('IT') Unit is responsible for developing, managing and maintaining these systems to ensure:

- efficient access to information
- provision of technological support
- application training
- facilitation of effective operational support and service
- a state-of-the-art hearing room facility and the encouragment of efficient administrative practices.

Through these services the IT Unit pro-actively responds to and anticipates customer needs, and provides services in a professional, expert and timely manner closely aligned with business objectives.

The IT unit:

- provides sound information management practices and systems

[92] The Commission's internally developed document management system

- facilitates and manages the integration of business and technology
- monitors and improves information management practices
- develops, implements and reviews the IT Strategic Plan
- identifies ongoing requirements for innovative systems development, research and develops cost-effective solutions and implements organisational change accordingly
- manages the Commission's IT resources.

In 1998-1999 the Commission commenced the implementation of a series of projects outlined in the IT Strategic Plan. These included:

- standard approach to software architecture and platforms
- Enterprise Application Suite
- Year 2000 ('Y2K') activities
- standardisation of network, servers, workstations and operating systems
- telecommunication interception
- PCCMS
- hearing room systems enhancements
- IT training needs analysis

Business Systems Development

The planned standardisation of the Commission's software development approach was successfully implemented and utilised during this period. Further to planned development identified in the IT Strategic Plan, two additional applications were developed:

- Correspondence and Actions Tracking System (CATS)
- Records Management System (RecMan).

CATS

CATS provided the following enhanced capability to the Commission's document management system:

- tracks the movement of external correspondence as it passes through the necessary organisational processes
- notifies users of new pieces of correspondence that will require action
- records actions taken relating to items of external correspondence
- allows monitoring of response times to items of external correspondence based on pre-determined time frames
- displays all decisions and actions made in a clear, concise manner.

RecMan

In accordance with the advanced nature of the Commission's document tracking system, a need for an enhanced electronic records management system that complemented it was identified. A number of commercially available software packages were trialed but it was found these systems would create a duplication of information in order to be effective.

RecMan was developed by the Commission to assist in the management of the Commission's records. It operates concurrently with the existing document tracking system and has the following functionality:

- tracks the movement of individual, and groups of, records
- sentences records at the point of registration, in accordance with the Commission's functional disposal requirements
- groups records according to nature and type
- has an independent component for those records that are not captured in Detrak or ORCA[93]
- identifies holdings that will eventually be transferred to State Archives.

Enterprise Application Suite

Development of this system is nearing completion with the Enterprise Application Suite expected to be rolled out during the fourth quarter of 1999. Work has been performed in parallel with PCCMS development guidelines to allow a seamless integration when it becomes available.

The Enterprise Application Suite of software will provide the Commission with a number of capabilities, including:

- document management
- case management
- investigation management
- telephone interception enhancements

User Specifications for Detrak / ORCA

Design specifications for Detrak / ORCA were developed via a consultative process with the ultimate users of the system. Agreement was reached with respect to the visual and functional aspects of the software and implemented accordingly.

Standardisation of Network

Work has progressed in relation to the standardisation of the network, the servers, workstations and operating systems. Several obsolete servers were replaced during this period. Network upgrades were implemented to the Commission network as per the IT Strategic plan. This upgrading and rationalisation of the existing network infrastructure will continue into the next financial year.

Telecommunications Interception

The TI facility was implemented and is currently functioning as planned.

PCCMS

Considerable organisational effort has been directed towards this project during the year. Specifications of functional, non-functional, and technical requirements for the system were identified and documented. Work commenced towards the development of a Memorandum of Understanding for data exchange between the stakeholder agencies. A cost estimate was prepared by Doll Martin Associates and Admiral Management Services for the PCCMS.

[93] ORCA will replace Detrak as the Commission's document / case management system in late 1999

Opticon Australia was appointed by the Premier's Department to provide an independent review of the specifications of the PCCMS. A subsequent review of the Commission's specifications has since been undertaken to simplify the tendering process for the system 'build' phase of the project.

Cabinet approval was granted supporting funding to develop an interim system in preparation for the introduction of the PCCMS. Work has steadily been progressing during this period with the recruitment of a short-term contractor to provide an interim system capable of meeting Commission requirements.

Hearing Room Enhancements

Throughout the year the Commission continued to develop its hearing room systems. Transcript Analyser and Courtbook were further enhanced to enable easier access to information gathered for use at hearings. These systems now provide a full electronic version of hearings including access to electronic images of exhibits and court orders relating to witnesses and exhibits.

IT Training Needs Analysis

A training needs analysis was to have taken place during this period, however this did not eventuate partly due to limited resources and partly to the decision to upgrade the Commission standard desktop applications suite early in the next financial year. This will be followed by a very intensive corporate-wide training schedule which will also encompass the rollout of our Enterprise Application Suite of applications. The establishment of suitable training facilities in-house has been addressed during this period.

IT Support Services

HelpDesk vacancies were filled during the year in line with establishment figures. An evaluation of HelpDesk software programs was undertaken with the view to purchasing a suitable package in the next financial year.

Research Room Management

The research room facility has undergone upgrading resulting from Y2K issues which were identified, and in order to provide standardisation across the agency. External agency links were also upgraded to comply with Y2K requirements.

User Training

A training package was developed in stages to prepare for a desktop application platform upgrade in the next financial year. Training during this period was predominantly limited to new personnel. Training was provided for other personnel as required.

SECURITY SERVICES

The Commission continued to out-source aspects of its security arrangements to the NSW Office of the Sheriff and as a consequence engaged a group of Sheriff's Officers to deal with those aspects during the year.

During this financial year two Sheriff's Officers resigned, one of whom was the senior officer in charge of the Sheriff's Unit. Both these officers had been seconded since the days of the Royal Commission, and performed their duties with diligence, commitment and loyalty.

Presently the Commission has a complement of seven officers which is an increase of one from last year. Two officers are currently assigned to the Commission on a temporary basis until such time as these positions are permanently

filled. The position of senior Sheriff's Officer was also filled during the year.

During the reporting year the Commission upgraded its camera and security systems.

Y2K COMPLIANCE

Scope and Status

During the period August-September 1998 the Commission carried out a Y2K risk assessment consistent with the NSW Office of Information Technology's Y2K Business Risk Analysis Methodology. The assessment considered the potential impact of Y2K failures or disruptions on the Commission's operations, equipment and service delivery to clients.

Axis Technology Pty Limited, a Government approved independent Y2K Auditor, was engaged by the Commission in early February 1999:

- 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
- to prepare and certify the Commission's Y2K Rectification Project Plan and Y2K Contingency & Disaster Recovery Plan
- to provide an assessment of the 'reasonableness' of the implementation of the Commission's Y2K remedial actions.

The Commission formed a Y2K Project Team to contribute to the development of, and to be responsible for, the implementation of the Y2K Rectification Project Plan and Y2K Contingency & Disaster Recovery Plan. The Commission provided monthly progress reports to the Office of Information Technology as to the implementation of identified Y2K remedial actions.

Contingency Plan and Independent Verification

The Commission's Y2K Rectification Project Plan and Y2K Contingency & Disaster Recovery Plan were completed and certified on 24 March and 21 May 1999 respectively.

Implementation of the Y2K Rectification Project Plan is required to be completed before 15 October 1999, that is, prior to the independent assessment as to the 'reasonableness' of the implementation of the Y2K remedial actions. The Y2K Contingency & Disaster Recovery Plan will be tested by the Commission through to 31 December 1999.

Estimated Cost

The estimated cost to the Commission to have all its systems and equipment Y2K compliant was reviewed during the year and will be approximately $412,000.

SUPPORT SERVICES

Energy Management Policy and Plan

The Commission is committed to implementing the Government's Energy Management Policy. Similarly the Commission is committed to the Government's energy reduction target of 15% of the 1995-1996 level by 2001. As the Commission was not fully operational until 1997 the establishment of an appropriate base line for comparison of levels of energy consumption will present an initial difficulty for the Commission.

Waste Reduction Management

The Commission continued to apply its Waste Reduction and Purchasing Plan during the year. Comments in relation to the Commission's plan were received from the Environment Protection Authority in June. The Commission is considering those comments.

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.

Security Systems

A major upgrade of the Commission's security system was completed in June. The upgrade was to ensure the security system was Y2K compliant and to provide the Commission with additional functionality.

Fitout Programme

During the year the Commission completed the fitout of its Telecommunications Interception facility. This involved the installation of a sophisticated digital recording system. Minor works to improve accommodation needs were also completed.

Overseas Travel Return

Below is a list of those officers within the Commission who travelled overseas during the year.

DATES	OFFICER	PURPOSE OF VISIT	COST
17/10/98 - 25/10/98	Commissioner	IACOLE Conference, Seattle	$13,488
27/11/98 - 10/12/98	2 technical staff	Advanced training	$13,613
20/3/99 - 28/3/99	Assistant Commissioner	Hong Kong ICAC - Fighting Corruption Conference	$6,970

Table 10. Overseas Travel Return

9. 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 1998-1999, compared with the two previous reporting years.

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

FUNCTIONS	YEAR ENDING 30 JUNE 1997	YEAR ENDING 30 JUNE 1998	YEAR ENDING 30 JUNE 1999
Applications granted by Commissioner for variation of authority to conduct controlled operations	Act not in operation	Nil	Nil
Under Law Enforcement (Assumed Identities) Act 1998			
Applications of assumed identity approvals granted	Act not in operation	Act not in operation	25
Applications of assumed identity approvals revoked	Act not in operation	Act not in operation	3

APPENDIX 2 – STATUS OF COMMISSION INVESTIGATIONS AS AT 30 JUNE 1999

Continuing Investigations

NUMBER OF INVESTIGATIONS	REFERRED TO OTHER AGENCY	HEARINGS CONDUCTED	REPORT/S TO PARLIAMENT	NUMBER OF INVESTIGATONS - COMMENTS
3	No	Yes	Pending	3 - Reports being prepared
2	Yes	Yes	Not finalised	1 - Discussions continuing between Commission and appropriate authority 1 - Awaiting final submissions, relevant information disseminated to Police Service
1	Yes	No	Not finalised	1 - Report issued to Police Service, awaiting response
2	Not finalised	Yes	Pending	1 - Report will be prepared 1 - Awaiting final submissions, report will be prepared
2	Not finalised	Yes	Not finalised	1 - Arising from Commission hearings, two officers and a civilian charged with giving false evidence to the Commission, one officer charged with hindering an investigation, one officer dismissed from the Service 1 - Continuing
1	Not finalised	No	Pending	1 - Report being prepared
30	Not finalised	No	Not finalised	2 - Pending court proceedings 1 - Pending outcome of coronial inquest (27 - No comments necessary)

Finalised investigations

NUMBER OF INVESTIGATIONS	RETAINED AS INTELLIGENCE	REFERRED TO OTHER AGENCY	HEARINGS CONDUCTED	REPORT/S TO PARLIAMENT	NUMBER OF OPERATIONS - COMMENTS
3	Yes	Yes	Yes	No	1 - Referred to Police Service 1 - Referred to Commissioner of Police 1 - The very senior police officer involved resigned while two other officers were counselled 'in the strongest terms'
20	Yes	Yes	No	No	7 - Referred to Ombudsman 5 - Referred to Police Service 2 - Relevant material disseminated to Police Service 2 - Referred to Police Service with particular recommendations 1 - Referred to Ombudsman / Police Service 1 - Referred to ODPP 1 - Re-investigated by Police Service at Commission's request, and some complaints then found sustained (1 - No comments necessary)
2	Yes	No	Yes	Yes	1 - Reports dated October 1998 and April 1999 1 - Report dated February 1999
1	Yes	No	No	Yes	1 - Report dated June 1998
33	Yes	No	No	No	3 - Amalgamated into other operations 1 - Related to other operations (29 - No comments necessary)

NUMBER OF INVESTIGATIONS	RETAINED AS INTELLIGENCE	REFERRED TO OTHER AGENCY	HEARINGS CONDUCTED	REPORT/S TO PARLIAMENT	NUMBER OF OPERATIONS - COMMENTS
2	No	No	No	No	1 - Amalgamated into another operation 1 - Not commenced due to other priorities

APPENDIX 3 - PROSECUTIONS RESULTING FROM INVESTIGATIONS AS AT 30 JUNE 1999

NAME/S	OFFENCE	STATUS
Robert IRWIN Craig MCDONALD	In relation to both IRWIN & MCDONALD: • Pervert the Course of Justice - *Crimes Act 1900 (NSW)* s 319 • Give False / Misleading Evidence - *Police Integrity Commission Act 1996 (NSW)* s 107	In relation to IRWIN: • On the 24 March 1999, IRWIN entered a plea of 'Guilty' to some of the counts • On the 27 April 1999, IRWIN was sentenced to a minimum of 12 months imprisonment • A pecuniary order of $8220.00 was also made In relation to MCDONALD: • On the 1 March 1999, McDONALD entered a plea of 'Guilty' • On the 5 May 1999, McDONALD was sentenced to a minimum of 18 months imprisonment • A forfeiture order of $3300 was also made
Leslie KALACHE	• Pervert the Course of Justice - *Crimes Act 1900 (NSW)* s 319	• Plea of 'Guilty' • Sentenced to a minimum of 1½ years in respect of the s 319 offence • Sentenced in respect of other offences and received a minimum cumulative sentence of 10 years imprisonment
Peter Jon MURRANT	• Give False / Misleading Evidence - *Police Integrity Commission Act 1996 (NSW)* s 107	• Proceedings commenced on 1 March 1999 • Listed for Paper Committal on 29 September 1999 • Resigned from the Police Service 24 September 1998
Anthony BINNS	• Give False / Misleading Evidence - *Police Integrity Commission Act 1996 (NSW)* s 107	• Proceedings commenced on 1 March 1999 • Listed for Paper Committal on 24 October 1999 • Suspended with pay 2 March 1999

NAME/S	OFFENCE	STATUS
Paul James PETITH	• Give False / Misleading Evidence - *Police Integrity Commission Act 1996 (NSW)* s 107	• Proceedings commenced on 25 February 1999 • Listed for Paper Committal Hearing on 21 October 1999 • Suspended with pay 16 February 1999
Christan BRUCE	• Hinder investigation for serious criminal offence - *Crimes Act 1900 (NSW)* s 315	• Listed for hearing pursuant to *Justices Act 1902* s 48E 10 November 1999 • Suspended without pay 16 February 1999
Rodney PODESTA	• Supply Prohibited Drug - *Drug Misuse and Trafficking Act 1985* s 25	• Listed for mention on 30 September 1999 • Resigned from the Police Service March 1998
Lenin Marx LAMBERT	• Possess Prohibited Drugs x 2 • Supply Prohibited Drugs - *Drug Misuse and Trafficking Act 1985* ss 10 and 25 x 4	• Listed for hearing on 30 September 1999
Lisa TROOST	• Deemed Supply Prohibited Drugs - *Drug Misuse and Trafficking Act 1985* s 25	• Listed for hearing on 30 September 1999
Easton JAMES	• Supply Prohibited Drugs - *Drug Misuse and Trafficking Act 1985* s 25 x 2	• Listed for mention on 5 October 1999
Anthony DILORENZO		• Dismissed pursuant to *Police Service Act 1990* s 181D • Appeal pending
One other matter for which there is a pending trial		

APPENDIX 4 - CATEGORY 1 AGREEMENT

AGREEMENT made this fifteenth day of January 1998

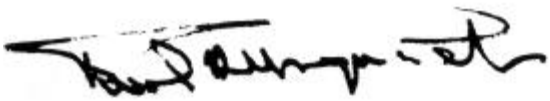
BETWEEN **THE COMMISSIONER FOR THE POLICE INTEGRITY COMMISSION** (""the PIC Commissioner") AND **THE OMBUDSMAN** ("the Ombudsman")

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 5

Financial Statements 1998–1999

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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 1999 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 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

21 July 1999

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 1999. The Commissioner is responsible for the financial report consisting of the accompanying statement of financial position, operating statement, statement of cash flows, and summary of compliance with financial directives, together with the notes thereto, and the 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*. My responsibility does not extend here 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 financial report of the Police Integrity Commission, have been reviewed on a cyclical basis. For this year, the requirements examined comprised compliance with:

- core business activities being in accordance with the approved program description of the Police Integrity Commission; and
- the time limits set in the Annual Reports (Departments) Act 1985 (as modified by Section 99 of the Police Integrity Commission Act) for the presentation of the Commission's annual report to Parliament.

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 *Public Finance and Audit Act 1983*, Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with my understanding of the financial position of the Police Integrity Commission, 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 1999 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
20 August 1999

Operating Statement for the Year Ended 30 June 1999

	Notes	Actual 1998–99 $'000	Budget 1998–99 $'000	Actual 1997–98 $'000
Expenses				
Operating Expenses				
Employee related	2(a)	7,655	8,089	6,261
Other operating expenses	2(b)	5,751	4,532	4,701
Maintenance	2(c)	109	130	146
Depreciation and amortisation	2(d)	1,322	160	216
Total expenses		**14,837**	**12,911**	**11,324**
Less:				
Retained Revenue				
Sale of goods and services	3(a)	4	--	4
Investment income	3(b)	8	26	33
Grants & Contributions	3(c)	287	--	--
Other revenue	3(d)	1	--	4,258
Total Retained Revenue		**300**	**26**	**4,295**
NET COST OF SERVICES	27	**14,537**	**12,885**	**7,029**
Government Contributions				
Recurrent appropriation	6	12,701	12,246	10,716
Capital appropriation	6	1,739	1,945	1,519
Acceptance by the Crown Entity of employee entitlements and other liabilities	9	433	306	294
Total Government Contributions		**14,873**	**14,497**	**12,529**
SURPLUS FOR THE YEAR		**336**	**1,612**	**5,500**

The accompanying notes form part of these Statements

Statement of Financial Position as at 30 June 1999

	Notes	Actual 1998–99 $'000	Budget 1998–99 $'000	Actual 1997–98 $'000
ASSETS				
Current Assets				
Cash	26	417	240	607
Receivables	13	19	--	8
Total Current Assets		**436**	**240**	**615**
Non-Current Assets				
Plant and equipment	15	6,479	3,509	5,946
Total Non-Current Assets		**6,479**	**3,509**	**5,946**
Total Assets		**6,915**	**3,749**	**6,561**
LIABILITIES				
Current liabilities				
Accounts payable	17	108	105	130
Employee entitlements	19	495	64	456
Total Current Liabilities		**603**	**169**	**586**
Total Liabilities		**603**	**169**	**586**
Net Assets		**6,312**	**3,580**	**5,975**
EQUITY				
Accumulated funds	21	6,312	3,580	5,975
Total Equity		**6,312**	**3,580**	**5,975**

The accompanying notes form part of these Statements

Statement of Cash Flows for the Year Ended 30 June 1999

	Notes	Actual 1998–99 $'000	Budget 1998–99 $'000	Actual 1997–98 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(7,455)	(8,139)	(5,768)
Other		(5,895)	(4,702)	(4,770)
Total Payments		**(13,350)**	**(12,841)**	**(10,538)**
Receipts				
Sale of goods and services		4	--	4
Interest received		8	28	33
Grants received		287	--	--
Other (transfer of staff recreation leave entitlements)		3	--	48
Total Receipts		**302**	**28**	**85**
Cash flows from Government				
Recurrent appropriation		12,701	12,246	10,715
Capital appropriation		1,739	1,945	1,519
Cash reimbursements from the Crown Entity		272	306	137
Net cash flows from Government		**14,712**	**14,497**	**12,371**
NET CASH FLOWS FROM OPERATING ACTIVITIES	27	**1,664**	**1,684**	**1,918**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of property, plant and equipment		(1,854)	(1,945)	(1,519)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1,854)**	**(1,945)**	**(1,519)**
NET INCREASE/(DECREASE) IN CASH		(190)	(261)	398
Opening cash and cash equivalents		607	501	209
CLOSING CASH AND CASH EQUIVALENTS	26	**417**	**240**	**607**

The accompanying notes form part of these Statements

Summary of Compliance with Financial Directives

for the Year Ended 30 June 1999

	1999				1998			
	Recurrent Appropriation $'000	Expenditure $'000	Capital Appropriation $'000	Expenditure $'000	Recurrent Appropriation $'000	Expenditure $'000	Capital Appropriation $'000	Expenditure $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
• 98/99 Appropriation Act	12,246	11,857	1,945	1,739	9,996	9,996	954	954
OTHER APPROPRIATIONS/ EXPENDITURE								
• Treasurer's Advance	844	844			720	720		
• Section 22 expenditure for capital works & services							565	565
Total Appropriations/ Expenditure	13,090	12,701	1,945	1,739	10,716	10,716	1,519	1,519
Drawdowns from Treasury		12,701		1,739		10,716		1,519
Total unspent Appropriations		NIL		NIL		NIL		NIL

The accompanying notes form part of these Statements

Summary of Compliance with Financial Directives
for the Year Ended 30 June 1999 (cont)

Recurrent Appropriations
During the reporting period, the Police Integrity Commission requested, and received, approval from the Treasurer to reallocate $187k from capital to recurrent funding to provide for the ongoing implementation of the Commission's telecommunications interception system.

A number of recurrent allocation supplementations were received, one for additional work involved with the telecommunications interception system ($300k), and the other ($357k) for the continuation of the former Police Royal Commission paedophile dissemination process.

The Qualitative and Strategic Audit of the Reform Process of the NSW Police Service (QSARP) commenced in March 1999 following the conclusion of the process of selecting and engaging the Auditor. $180k of unspent funds for the QSARP were returned by the Commission to the NSW Treasury, and approval has been sought to have these funds reallocated over the next three financial years.

Capital Appropriation
As noted above, approval was received from the Treasurer to reallocate $187,000 from capital to recurrent funding to provide for the ongoing implementation of the Commission's telecommunications interception system. An amount of $18,630 in unspent capital allocation was also returned to Treasury prior to year end.

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's activities for the 1998–99 period are covered by these financial statements. The Commission is a separate reporting entity and there are no reporting entities under its control.

(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 and other mandatory reporting requirements, 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 s9(2)(n) of the Act.

Statements of Accounting Concepts are used as a guidance in absence of applicable Accounting Standards, Urgent Issues Group consensus views and legislative requirements.

These financial statements have been 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 of previous years. Where appropriate comparative amounts have been adjusted to conform with the current year's disclosure requirements.

(c) *Administered activities*

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

(d) *Parliamentary Appropriations and Contributions from Other Bodies*

Parliamentary appropriations are recognised as revenues when the Commission obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

With effect from the financial year ended 30 June 1999, appropriations are received on an agency basis. Prior to 1998-99, agencies received appropriations on a program basis. This change has resulted in a change in the Summary of Compliance with Financial Directives as program information is no longer required in the Summary of Compliance.

(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 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 agency 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 rate at end of year 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 employee's salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

(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.

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 are individually 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

(l) *Leased Assets*

The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease.

(m) *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 cash 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.

(iii) Bank Overdraft

The Commission does not have a 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.

(n) *Revenue Recognition Policy*

(i) Revenue arising from the sale of goods and disposal of other assets is recognised when the Commission has passed control of the goods or other assets to the buyer and consideration is expected by the Commission, whether or not cash as been received.

(ii) Investment income is recognised for the total period of the investment whether or not cash has been received.

(iii) The recognition of grants and contributions is detailed in note 1(d).

(iv) Refer to note 1(e) for the Acceptance by the Crown Entity of Employee Entitlements and Other Liabilities.

(v) Revenues arising from the contribution of assets to the Commission are recognised when the Commission gains control of an asset or the right to receive the asset.

2. EXPENSES

(a) Employee related expenses comprise the following specific items:

	1999 $'000	1998 $'000
Salaries and wages (including recreation leave)	6,340	5,063
Superannuation entitlements	430	385
Extended leave	99	117
Worker's compensation insurance	31	27
Payroll tax and fringe benefits tax	632	514
Other	123	155
	7,655	**6,261**

(b) Other operating expenses

	1999 $'000	1998 $'000
Administration charges	467	653
Bad and doubtful debts	--	--
Books and periodicals	30	29
Auditor's remuneration	30	21
Consultancies	55	2
Contractors	1,729	683
EDP expenses	112	105
Insurance	19	17
Rent and outgoings	1,515	1,351
Minor equipment	591	975
Motor vehicle costs (including leasing charges)	287	251
Advertising	79	57
Printing and stationery	53	125
Staff development	33	27
Travelling expenses	205	78
Telephones	325	218
Other	221	109
	5,751	**4,701**

(c) Maintenance

	1999 $'000	1998 $'000
Repairs and routine maintenance	109	146
	109	**146**

(d) Depreciation and amortisation expense

	1999 $'000	1998 $'000
Depreciation		
Computer Equipment	237	119
Office Equipment	230	85
Amortisation of Leasehold Improvements	855	12
	1,322	**216**

3. REVENUES

(a) Sale of goods and services

	1999 $'000	1998 $'000
Sale of transcript from Commission hearings	4	4
	4	**4**

(b) Investment income

	1999 $'000	1998 $'000
Interest	8	33
	8	**33**

(c) Grants & Contributions

	1999 $'000	1998 $'000
Grants received from Budget Sector Agency (see Note 7)	287	--
	287	--

(d) Other Revenue

	1999 $'000	1998 $'000
Commission on salary deductions	1	--
Assets transferred	--	4,258
	1	**4,258**

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 1998–99.

6. APPROPRIATIONS

	1999 $'000	1998 $'000
Total recurrent drawdowns from Treasury (per summary of compliance)	12,701	10,716
Less: Transfer payments	--	--
Recurrent appropriations (per Operating Statement)	**12,701**	**10,716**

	1999 $'000	1998 $'000
Total capital drawdowns from Treasury (per summary of compliance)	1,739	1,519
Less: Transfer payments	--	--
Capital appropriations (per Operating Statement)	**1,739**	**1,519**

7. ABNORMAL ITEMS

The Commission received a grant from the NSW Premier's Department of $287,478 for the purchase of both recurrent and capital items for the Police Complaints Case Management System (PCCMS).

All capital items purchased for the PCCMS have been recognised in the Commission's assets.

8. EXTRAORDINARY ITEMS

There were no extraordinary items during the reporting period.

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

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

	1999 $'000	1998 $'000
Superannuation	313	167
Extended leave	99	117
Payroll tax	21	10
	433	**294**

10. TRANSFER PAYMENTS

There were no transfer payments during the reporting period.

11. 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.*

12. CURRENT / NON-CURRENT ASSETS—INVESTMENTS

The Commission did not have any funds invested during the current year or the prior year.

13. CURRENT ASSETS—RECEIVABLES

	1999 $'000	1998 $'000
Other debtors	1	3
Prepayments	18	5
	19	**8**

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

14. CURRENT / NON-CURRENT ASSETS—INVENTORIES

The Commission had no inventories in the current year or the prior year.

15. NON-CURRENT ASSETS—PROPERTY, PLANT AND EQUIPMENT

	Computer equipment $'000	Plant & equipment $'000	Leasehold improvements $'000	Works in progress $'000	Total 1999 $'000	Total 1998 $'000
(i) At cost						
- Balance 1 July 1998	812	992	4,173	200	6,177	
- Additions	381	880	526	68	1,855	6,177
Balance at 30 June 1999	**1,193**	**1,872**	**4,699**	**268**	**8,032**	**6,177**
(ii) Accumulated depreciation						
- Balance at 1 July 1998	123	94	14	--	231	
- Depreciation for the Year	237	230	855	--	1,322	231
Balance at 30 June 1999	**360**	**324**	**869**	**--**	**1,553**	**231**
(iii) Written Down Value						
As at 1 July 1998	**689**	**898**	**4,159**	**200**	**5,946**	
As at 30 June 1999	**833**	**1,548**	**3,830**	**268**	**6,479**	**5,946**

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.

16. RESTRICTED ASSETS

The Commission does not recognise any restricted assets in its *Statement of Financial Position*.

17. CURRENT LIABILITIES—ACCOUNTS PAYABLE

	1999 $'000	1998 $'000
Creditors	65	85
Other (accruals for witnesses)	43	45
	108	**130**

18. CURRENT / NON-CURRENT LIABILITIES—BORROWINGS

The Commission does not have any current or non-current borrowings, or bank overdraft facilities.

19. CURRENT / NON-CURRENT LIABILITIES—EMPLOYEE ENTITLEMENTS

	1999 $'000	1998 $'000
Recreation leave	393	259
Accrued salaries and wages	102	63
Other (FBT provision)	--	134
Aggregate employee entitlements	**495**	**456**

20. OTHER PROVISIONS

There are no other provisions affecting the Commission.

21. CHANGES IN EQUITY

Accumulated funds	1999 $'000	1998 $'000
Balance at 1 July	5,975	476
Surplus for the Year	337	5,499
Balance at 30 June	**6,312**	**5,975**

22. INCREASE / DECREASE IN NET ASSETS FROM ADMINISTRATIVE RESTRUCTURING

During the reporting period, there were no administrative restructures affecting the Commission.

23. COMMITMENTS FOR EXPENDITURE

	1999 $'000	1998 $'000
(a) Capital Commitments		
Aggregate capital expenditure contracted for at balance date and not provided for:		
Not later than one year	97	170
	97	**170**

	1999 $'000	1998 $'000
(b) Other Expenditure Commitments		
Aggregate other expenditure contracted for at balance date and not provided for:		
Not later than one year	--	--
	0	**0**

(c) Operating Lease Commitments	1999 $'000	1998 $'000
Commitments in relation to non-cancellable operating leases as payable as follows:		
Not later than one year	1,040	991
Later than one year and not later than two years	1,040	991
Later than two years and not later than five years	3,120	1,982
	5,200	**3,964**

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.

24. CONTINGENT LIABILITIES

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

25. BUDGET REVIEW

Net cost of services

The net cost of services was higher than budget by $1.652m because of the ongoing staged implementation of the telecommunications interception system. The Commission was given responsibility for disseminating the former Police Royal Commission paedophile information, and it also received a grant from the NSW Premier's Department for the Police Complaints Case Management System.

Assets and liabilities

The assets of the former Police Royal Commission were transferred to the Commission in June 1998 and after the budget was finalised for 1998–99.

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

26. CASH AND CASH EQUIVALENTS

For the purposes of the *Statement of Cash Flows*, cash comprises cash on hand and bank balances within the Treasury banking system. 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:

	1999 $'000	1998 $'000
Cash (bank balances)	407	597
Cash on hand	10	10
Closing Cash and Cash Equivalents (per statement of cash flows)	**417**	**607**

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

	1999 $'000	1998 $'000
Net cash used on operating activities	1,664	1,918
Consolidated Fund Appropriation	(14,440)	(12,235)
Acceptance by Crown Entity of employee liabilities	(433)	(294)
Transfer of Assets	--	4,258
Depreciation and amortisation	(1,322)	(216)
Decrease/(increase) in provisions	(39)	(334)
Increase/(decrease) in receivables	11	3
Decrease/(increase) in creditors	22	(129)
Net cost of services	**(14,537)**	**(7,029)**

28. NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no non-cash financing and investing activities undertaken by the Commission for the reporting period.

End of audited financial statements

10. DIRECTORY

CONTACT DETAILS

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PUBLICATIONS

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
• Brochure Making a Complaint about Serious Police Misconduct *Available in various languages*	

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