ANNUAL REPORT 2000-2001



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The Hon Meredith Burgmann MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

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

Dear Madam President and Mr Speaker

In accordance with section 12 of the *Annual Reports (Departments) Act 1985* and section 99 of the *Police Integrity Commission Act 1996*, the Commission hereby furnishes to you the Police Integrity Commission Annual Report for the year ended 30 June 2001.

This Annual 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

G E (Tim) Sage
Acting Commissioner

October 2001

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1. OVERVIEW 2000-2001

This section of the Annual Report contains details of the Police Integrity Commission's (the Commission) performance reporting framework and a brief overview of the Commission's performance for the 2000-2001 reporting year, in the context of that framework.

CHARTER

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

The Act sets out the functions and powers of the Commission in section 13. The principal functions of the Commission can be summarised briefly as: preventing, detecting or investigating serious police misconduct or other police misconduct; and managing or overseeing other agencies in the detection and investigation of serious police misconduct and other police misconduct (as it sees fit). The Commission is also to manage those matters not completed by the Royal Commission. The Commission is, as far as practicable, required to turn its attention principally to serious police misconduct.

Other functions of the Commission described in the Act relate to: police activities and education programs (s.14); the qualitative and strategic audit of the reform process (s.14A); the collection of evidence and information (s.15); and functions under the *Criminal Assets Recovery Act 1990* (s.19).

AIMS AND OBJECTIVES

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

MISSION

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

PURPOSE

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

VALUES

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

FOCUS

We have focused on a number of key aspects of the way we do things during the reporting year, particularly in terms of how we go about evaluating our processes and our performance. We have:

- reviewed and evaluated processes surrounding the selection of investigation work for the Commission;

- mapped critical investigation processes, as an integral part of the Commission's ongoing reflection on its systems and processes, and to assist in future benchmarking exercises; and

- developed an investigations performance measurement framework - a trial, in terms of approach - for the review of the Commission's corporate performance framework.

Our focus for the coming year will be on: completing a review of the effectiveness with which the Commission assesses risk at critical decision points in its investigation processes; developing and implementing a system of critical review for investigations (a key element of the Investigations Performance Framework); and commencing work on the development of a new corporate performance framework, which is due to be completed in the following year.

PERFORMANCE INDICATORS

Corporate Plan

The Commission reports on its performance in this Report in the context of the performance indicators described in the current Corporate Plan. These indicators are as follows:

1. The extent to which issues and trends in serious police misconduct are identified and reported.
2. The extent to which strategic advice and recommendations relating to Police Service policies, procedures, management practices and training methodologies are developed and adopted.
3. The extent to which new strategies and methodologies are developed and applied.
4. The significance and impact of the outcome of investigations.
5. Strategic assessments disclose that the incidence of serious police misconduct is reduced over time.
6. Managers make informed, transparent decisions and take responsibility for the management of staff and resources.
7. Resources are allocated and applied on the basis of organisational priorities.
8. The level of validation and support by external stakeholders.
9. The extent to which staff and management have a common sense of purpose, resulting in individual and unit objectives continually being achieved.

10. 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.
11. Information technology systems and applications are reviewed, updated and introduced in accordance with the IT Strategic Plan.
12. There is a significant and timely exchange of relevant information and services with agencies.
13. Corporate Services are responsive to the needs of the organisation and comply with the requirements of relevant legislation, government policy and good administrative practice.

Broad Program Level Indicators

During the reporting year the Commission developed the following 'program' level indicators so as to provide high level indications of the Commission's performance in the context of the Government's Law, Order and Public Safety Objective. These indicators, together with recent efforts focused on developing an Investigations Performance Measurement Framework, will be used to inform the review of the Commission's Corporate Plan commencing next reporting year.

1. The proportion of recommendations relating to law reform and improvements in the practices of the Police Service or other relevant agencies which are accepted.
2. The proportion of recommendations relating to potential criminal or disciplinary prosecutions where relevant prosecutorial authorities assess that a prima facie case exists.
3. The proportion of recommendations relating to other disciplinary action that are accepted by the Police Service.
4. The proportion of investigations undertaken which are finalised.

Policies and data collection strategies are being implemented but are yet to provide the information required to effectively measure performance against all of these indicators. It is anticipated that the benchmarks for these indicators will be determined and advised in next year's Annual Report.

ACTING COMMISSIONER'S REPORT

A strong performance from the Commission's investigations, and those conducted jointly with other organisations, was achieved during 2000-2001. This Annual Report summarises a number of those investigations, many of which have been complex, sensitive and concerned allegations of serious and, at times, widespread police misconduct. I am pleased to report that those investigations have been conducted efficiently and effectively by this Commission.

Of similar importance were the results achieved by the Commission to prevent serious police misconduct or bring about other strategic outcomes. Recommendations were furnished to the Police Service in the Commission's report on Operation Saigon in relation to, amongst other things, the random drug testing of police officers. The Commission's report in relation to Project Oracle – referred to in last year's Annual Report – presented a suite of recommendations designed to prevent police assaults from occurring. Other recommendations intended to have a preventative impact were made in the Commission's reports on Operations Belfast and Bangkok, the details of which are provided in this Report.

The 2000-2001 reporting year saw the release of two reports in relation to matters that had attracted considerable public interest – namely, the investigation of the murder of Leigh Leigh in 1989 and investigation of the shooting death of Roni Levi in 1997. The Commission's reports on Operations Belfast and Saigon were able to address on the public record some vexed issues that had surrounded both matters.

The reporting year also saw the Commission participate in the Appendix 31 Reforms Advisory Committee, which was formed following the release of the Year One report in relation to the Qualitative and Strategic Audit of the Reform of the Police Service in February 2001. Through participating in this Committee, the Commission has contributed to the forging of a common understanding of the reform envisaged by the Royal Commission and the skills, knowledge and experience needed to assist the Police Service.

Notwithstanding the fact that there has been a substantial number of public hearing days in the last reporting year, much of the Commission's efforts and resources have been focused on non-public or covert investigations into serious police misconduct. Some investigations have been conducted jointly and have been long term in nature. Such details that were available at the time of writing are presented in this Annual Report.

The year 2000-2001 marked the last full year of Judge Urquhart's term as Commissioner of the Police Integrity Commission. On behalf of the staff of the Commission, I wish him well for the future.

I thank all Commission staff for their commitment and effort over the 2000-2001 reporting year. A busy year lies ahead of us.



G E (Tim) Sage
Acting Commissioner

PERFORMANCE OVERVIEW

OBJECTIVE 1: UNDERSTANDING THE ENVIRONMENT

❒ Understanding 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.

RESULTS 2000-2001

- ❒ Arising from investigations and projects, the Commission furnished five reports to Parliament and one report to the Minister.
- ❒ The Belfast and Saigon reports clarified certain events surrounding a serious murder investigation and a high profile police shooting.
- ❒ The Belfast report exposed the potential for the loss of crucial evidence through police actions.
- ❒ The Saigon report exposed evidence of drug taking and inappropriate relationships. Oslo and Glacier also disclosed evidence of inappropriate relationships and the leaking of information by members of the Police Service.
- ❒ The Oracle project assisted in developing an understanding of assault complaints involving police, identifying a number of key risks to certain Commands and to the Police Service as a whole.
- ❒ The oversight of the QSARP and the development of the Commission's s.14A(5) comments and recommendations assisted in providing an appreciation of the progress of reform in the Police Service.
- ❒ The Commission made 33 recommendations during the year concerning Service policies and practices. Recommendations focused on: reducing drug taking by those members of the Police Service so disposed; improving practices surrounding the detention of persons, to protect individual rights and reduce the risk of loss of valuable evidence; reducing complaints of assault by police; advancing the progress of reform in the Police Service; and improving complaint investigation practices.
- ❒ Formal responses have been received by the Commission in respect of 28 of the recommendations made during the year. All 28 recommendations, or 100 percent, have been: accepted by the Police Service and/or the Government; accepted in principle (subject to further research and/or legal advice); or, accepted with variation.
- ❒ The Commission played a key part in the work of the Appendix 31 Reforms Advisory Committee. The critical outcome of the work of the Committee has been a common understanding of the reform envisaged by the Royal Commission and the skills, knowledge and experience needed to assist the Police Service.

PLANS / TARGETS 2001-2002

- ❒ Undertake one to two other thematic assessments to determine the nature and extent of particular serious police misconduct.
- ❒ Continuing focus within Commission investigations on those Police Service administrative and supervisory practices, and other factors, which provide opportunities for serious police misconduct. Maintain effective cross-discipline involvement in the development of measures for reducing such opportunities and seeking external expert advice where it is likely to be productive.
- ❒ Continuing priority for the QSARP and the Appendix 31 Reforms Advisory Committee to assist the Police Service in reform. The Committee to build on its understanding of the reforms required to provide further advice to the Commissioner of Police as required in respect of the reform of the Police Service.
- ❒ Target of 100 percent acceptance rate for recommendations made by the Commission concerning improvements in the practices of the Police Service or other relevant agencies.

PERFORMANCE OVERVIEW

OBJECTIVE 2: INNOVATIVE METHODOLOGIES

- **Developing and applying innovative and effective strategies and methodologies for the prevention, detection and investigation of serious police misconduct.**

STRATEGIES

- Identify key features of serious police misconduct and selectively implement suitable strategies in the conduct of investigations and assessments.
- Establish and maintain effective arrangements for the exchange of information with 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 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.

RESULTS 2000-2001

- There were 54 investigations 'on foot' during the year including eight major investigations. A total of 23 investigations were finalised during the year, three of which were major investigations.
- Investigations resulted in briefs of evidence for 95 possible criminal offences being referred to the NSW Director of Public Prosecutions (DPP) for offences including: offer bribe; false imprisonment; tampering with evidence and giving false evidence; and fraud. A further nine briefs are being prepared for offences including administer and supply drug.
- The Commission has developed a new 'program level' performance indicator consisting of the 'proportion of briefs where prosecutorial authorities assess that a prima facie case exists'. Policies and data collection strategies are being implemented but are yet to provide the information required to effectively measure performance against this indicator. It is anticipated that the benchmark for this key indicator will be determined and advised in next year's Annual Report.
- Investigations resulted in recommendations for disciplinary action in respect of 11 police officers; of those, a final response has been received from the Police Service for six of those recommendations. All six recommendations were supported by the Police Service, that is, a 100 percent acceptance rate.
- Arrangements are in place to facilitate: joint investigations; the communication of relevant information and integrity reports; and the sharing of information on investigative and preventative strategies.
- A number of innovative technical methodologies were implemented during the year, improving the Commission's capacity to capture new kinds of evidence. Public and private hearings remain as some of the Commission's most successful strategies in clarifying critical events involving police and in exposing serious police misconduct.

PLANS / TARGETS 2001-2002

- Continuing focus on serious police misconduct.
- Continuing focus on investigations with a capacity to achieve substantial impact in terms of exposing and deterring serious police misconduct.
- Focus on exposing Service practices which provide opportunities for serious police misconduct.
- Five major investigations undertaken during the reporting year remain on foot (including one joint investigation). One investigation is expected to clarify whether some senior staff in the Police Service have obstructed an aspect of reform (as is alleged). Three investigations are expected to expose potential police corruption (one, quite significant corruption). Another investigation is expected to clarify circumstances surrounding the purchase of a new communications system for the Police Service.
- Undertake further joint matters and utilise special powers to assist in Police internal investigations. Maintain arrangements facilitating joint work and the sharing of information and expertise. The Commission will remain 'alive' to new opportunities to develop innovative solutions to constraints on its capacity to gather evidence of, and to reduce, serious police misconduct.

PERFORMANCE OVERVIEW

OBJECTIVE 3: ORGANISATIONAL EFFECTIVENESS

❒ **Being an effective and focused organisation.**

STRATEGIES

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

RESULTS 2000-2001

- ❒ All key operational decisions are transparently made within the contextual framework of the Commission's priority setting criteria. These decisions are supported with advice from the Investigations Unit, the Target Development Unit and/or the Assessments and Reports Team. This provides for better quality and more informed decision making. All key operational and organisational decisions are recorded, together with reasons, and are available on-line to staff and to the Inspector of the Commission.
- ❒ The Commission has completed the development of its Investigations Performance Framework. Work on the framework will inform the development on the Corporate Framework which is due to commence late in 2001-2002. A total of 85 percent of staff had their performance reviewed with 97.6 percent rated as satisfactory or better consistent with a substantial achievement of personal objectives.
- ❒ Compliance with information/communication business rules prescribed within the Commission's correspondence and document management systems rated as "very high with minimal irregularities". Collocation of Units with an interest in operations has enhanced informal, cross-discipline communication. This has given rise to a reported improvement in the breadth and quality of the advice provided to the executive on a variety of operational matters.
- ❒ The Commission's Information Technology Enterprise Application Suite and Investigative and Telecommunications Interception Modules completed. Systems development has adopted the Microsoft '.NET' framework to reduce costs associated with ongoing development, maintenance and leasing options. The framework will also provide longer application life, reduced numbers of applications and improved system efficiency.
- ❒ Solid working relationships developed with other agencies where relevant information is exchanged in accordance with agreed practice and consensus is reached on coordinated activities. Positive relationships with other external stakeholders maintained. Improvements in practices, and access to innovative approaches to reducing serious police misconduct, through exchanges with national and international agencies and academics.
- ❒ All deadlines required by legislation or by central agencies, and all prescribed standards for a range of projects, plans and systems were met during the reporting year.

PLANS / TARGETS 2001-2002

- ❒ Maintain or improve existing decision making frameworks – remain 'alive' to opportunities to streamline processes while maintaining transparency and quality of decisions.
- ❒ Commence a review of the Commission's corporate performance framework. Target of 100 percent participation rate in personal performance system.
- ❒ Upgrading ageing desktop computers and Royal Commission network and printers. Consolidating and upgrading the Commission's Enterprise Servers.
- ❒ Continue to meet deadlines and prescribed standards for project plans and systems set by legislation and central agencies.

2. ACCOUNTABILITY

This section of the Annual Report contains an overview of the structure of the Commission and details of the accountability regime set in place to monitor and review certain Commission activities.

While there were no changes to the Commission's Executive during the year, there was one change in the structure of the organisation. In December 2000, the management of the Information Technology team was transferred from the Assistant Commissioner's responsibility to the Director, Corporate and Information Services.

THE EXECUTIVE

The Commissioner

His Honour, Judge PD Urquhart QC, was appointed to the position of Commissioner upon the Commission's commencement in August 1996. Before his appointment to the Commission his Honour held the position of Royal Commissioner in connection with the Royal Commission. Judge Urquhart's term as Commissioner expired on 18 August 2001.

Mr Terence P Griffin was appointed to take up the position of Commissioner from 15 October 2001. Mr Griffin is a former Federal Deputy Director of Public Prosecutions and General Counsel to the National Crime Authority and the Department of Community Services. At the time of the printing of this Report, the Assistant Commissioner, Mr Sage, was Acting Commissioner.

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 worked at the Royal Commission where he was seconded in April 1996 from the National Crime Authority to lead the Legal Advising Unit.

The Director, Operations

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

The Director, Corporate and Information Services

Mr Dave Rawson was appointed to the position of Director, Corporate and Information Services of the Commission in April 1997. In that position he is responsible for the management of the financial, personnel, information technology, administrative, and registry services. Prior to his appointment at the Commission Mr Rawson was employed with the Royal Commission in the positions of Director of Corporate Services and then Executive Director of the Royal Commission.

THE PARLIAMENTARY JOINT COMMITTEE

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

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

The members of the Committee as at 30 June 2001 were:

- Mr Paul Gerard Lynch, MP, Member for Liverpool (Chairperson) (ALP)
- The Hon Deirdre Mary Grusovin, MP, Member for Heffron (Vice Chairperson) (ALP)
- Mr Malcolm John Kerr, MP, Member for Cronulla (LIB)
- Mr Wayne Douglas Smith, MP, Member for South Coast (ALP)
- The Hon Peter James Breen, MLC (Reform the Legal System)
- The Hon John Hatzistergos, MLC (ALP)
- The Hon Richard Hargrave Colless, MLC (NAT)[1]

INTERACTION BETWEEN THE COMMITTEE AND THE COMMISSION

On 16 August 2000, officers of the Commission provided the Committee with a presentation on the main findings from Project Oracle. The Commission considered that, in view of the fact that the Commission's Report on Project Oracle contained a large quantity of detailed information, much of which was of a statistical nature, a presentation would be of benefit to the Committee.

The fifth General Meeting between the Commission and the Committee took place at Parliament House on 1 December 2000. Commissioner Urquhart was accompanied by Assistant Commissioner, Mr Tim Sage and Manager Intelligence, Mr Allan Kearney.

As with previous General Meetings, the Committee had provided written questions on notice to the Commission, the answers in relation to which were furnished to the Committee before the meeting. The matters covered by these questions, and discussed during the meeting, dealt with various activities of the Commission, including the following matters:

[1] On 13 October 2000, the Hon Jennifer Ann Gardiner MLC stood down from the Committee and was replaced by the Hon Richard Hargrave Colless MLC.

- Status and workload of the Commission's investigations.
- Commission's Corporate Plan.
- Qualitative and Strategic Audit of the Reform Process (QSARP) of the Police Service.
- Category 1 complaints.
- Police Complaints / Case Management System (PCCMS).
- Commission's case study of the cost and contribution of public hearings.
- Implementation of the Telecommunications Interception and Analysis system.

In a report released by the Committee in February 2001 detailing the issues raised and discussed during the fifth General Meeting, the Committee took the opportunity to recognise the Commission's efforts in completing a number of ground-breaking projects such as Project Dresden, and noted that the Commission had received international recognition for such achievements.

In June 2001, the Committee invited Judge Urquhart to appear before it to discuss a range of matters prior to the end of his term as Commissioner. During the meeting the Committee submitted various questions in relation to the status of investigations, which the Commissioner took on notice and replied to at a later date.

THE INSPECTOR, POLICE INTEGRITY COMMISSION

The principal functions[2] of the Inspector are to:

- audit the operations of the Commission for the purpose of monitoring compliance with the law of the State;
- deal with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission; and
- to assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

The Inspector meets regularly with the Commissioner, the Assistant Commissioner and, as the need arises, other senior officers of the Commission. The Inspector has independent access to all records of the Commission, other than a small quantity of certain material obtained by telecommunications interception. The Inspector reports[3]:

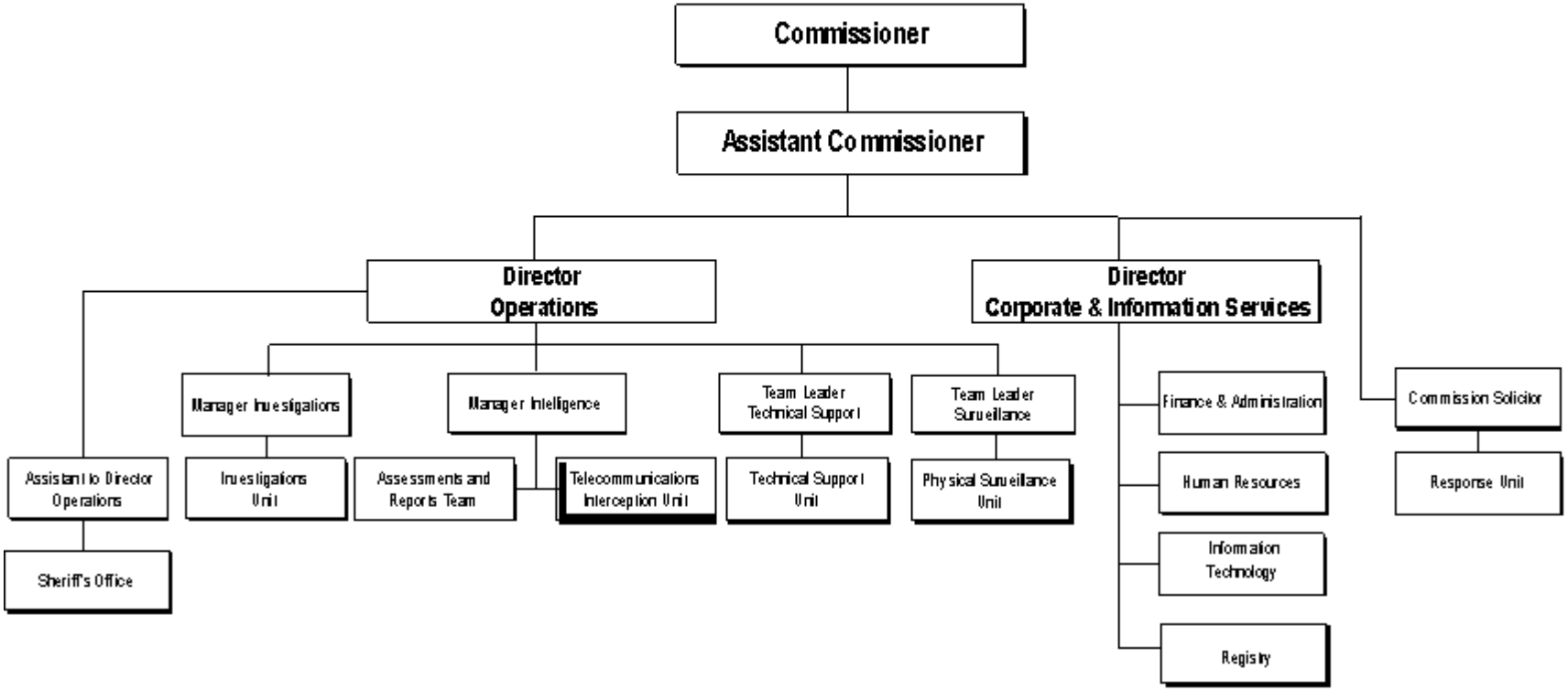
> The operations of the Commission, as observed by me, were in compliance with the law of the State … I assessed the general procedures of the Commission, as I have seen them, to be effective and appropriate relating to the legality and propriety of its activities.

2 Sub-section 89(1) of the Police Integrity Commission Act 1996.

3 *Annual Report for the Year ended 30 June 2001*, Inspector of the Police Integrity Commission, p. 7.

POLICE INTEGRITY COMMISSION
ORGANISATIONAL STRUCTURE

As at 30 June 2001



INTERNAL REVIEW

Investigations Performance Framework

As indicated in the previous Annual Report, last year the Commission commenced developing an Investigations Performance Framework. This was found to be a somewhat difficult task as no single model existed anywhere that met the needs of the Commission. The Framework therefore had to be developed from first principles. The key purposes in developing the Framework were to:

- provide a sound basis for the Commission to assess the effectiveness of the Investigations Unit; and

- test the efficacy of the approach used in developing the Framework as a possible approach for a review of the Commission's Corporate Plan which is scheduled to commence next calendar year.

With detailed contributions by Commission staff, national and international academics and agency leaders, the Commission's Investigations Performance Framework was finalised in June 2001. The Key Performance Indicators, are categorised below using the balanced performance logic model used in the approach to develop the Framework:

RESOURCES: The efficiency with which resources are applied to deliver outputs.

Prioritisation: Percentage of changes to Unit priorities carried out successfully.

Planning: Percentage of cases where use of the planning process was demonstrated.

Investigation Processes: Percentage of cases passed by an independent reviewer as satisfactory.

REACH: The extent to which the work covers stakeholder interests and effort is coordinated with critical co-deliverers.

External relationships: The Management of the Unit is able to report in writing to the Director Operations that the working relationship between the Unit and external stakeholders is improving, stable or deteriorating over time.

Internal Relationships: The Management of the Unit is able to report in writing to the Director Operations that the working relationship between the Unit and the Assessments and Reports Team is improving, stable or deteriorating over time.

Internal Relationships: The Management of the Unit is able to report in writing to the Director Operations that the working relationship between the Unit and the Commission Solicitor's Unit is improving, stable or deteriorating over time.

RESULTS: The effectiveness of outcomes in terms of the quality of the advice and recommendations made to the Commission Executive.

Investigation Outcomes: Percentage of recommendations submitted to the Assistant Commissioner that have been accepted first time around[4] .

Investigations Process Mapping

During the reporting period a number of key investigation processes were reviewed and mapped. Processes mapped included those associated with: Commission Hearings (public and private); and the making of telecommunications interception, listening device and controlled operation applications. Changes were made to each process to reduce undue administrative overhead while maintaining quality and ensuring a high level of accountability. The quality of the Commission's processes was reflected in the high rate of approvals by issuing authorities[5] : - 100 percent for the reporting year. That is, issuing authorities were satisfied with information provided to them and issued the necessary warrant or authority on each occasion that an application was made.

Commission Performance Framework

As indicated earlier, the Commission intends commencing a review of its Corporate Plan late in 2001-2002. Subject to being satisfied with the approach used in the development of the Investigations Performance Framework, the same balanced performance logic model (Resources / Reach / Results) will be used to develop a framework for reporting and evaluating the performance of the Commission. National and international agency leaders and academics have indicated strong interest in participating in this project.

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4 The Investigations Unit, and indeed the Commission itself, has no authority to prosecute, nor does it have the authority to make changes to the Police Service, it can only make recommendations. The outcomes of the Investigation Unit are therefore measured in terms of the quality of its recommendations whether they relate to potential prosecutions, disciplinary action or changes in Service practices.

5 Supreme Court Judges, Members of the AAT, and the Commissioner of the Police Integrity Commission (in respect of Controlled Operations).

3. OPERATIONAL PERFORMANCE

This section consists of a report on the performance of the Commission in terms of meeting its first two Corporate Objectives, the Commission's 'operational' objectives.

FIRST OBJECTIVE: ***To develop an understanding of the nature, causes and extent of serious police misconduct.***

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

In the Commission's last Annual Report, performance reporting was structured around its three Corporate Objectives. This kind of reporting led to some repetition as a number of activities contributed to results captured by both the First and Second Corporate Objectives. This year performance reporting in respect of the first two Objectives will consist of a series of summaries of activities under broad activity types: Investigations / Assessments; Reform; Complaints Management; Initiatives / Other Activities. Where appropriate, summaries will be followed by a report of results in the context of the Commission's corporate performance indicators. The Commission's reporting on its performance in respect of its Third Corporate Objective will be consolidated in the following section, 'Organisational Performance'.

The Commission would welcome stakeholder comments on the efficacy of this approach to performance reporting. Comments can be directed to the Manager Intelligence at the address provided in Appendix 9.

A range of other activities was undertaken during the year, some of which were required by legislation or regulations and/or specified in guidelines and circulars issued by central agencies. The type and form of activity is often prescribed. Appendix 1 details those activities undertaken and the responses made or the results achieved by the Commission during the reporting year in regard to those prescribed activities.

INVESTIGATIONS / ASSESSMENTS ACTIVITY

The following sub-section reports the results from major investigations from 2000-2001. Significant investigations yet to be concluded are also reported in this sub-section.

Operation Saigon

The Commission reported in its last Annual Report that it had completed its hearings in relation to Operation Saigon. On 15 June 2001, the Commission furnished a report to the Parliament in relation to this investigation.

Operation Saigon was initiated on the basis of information and evidence provided to the Commission by the Police Service Special Crime and Internal Affairs Command. Further investigation was then undertaken by the Commission. Public hearings were held over three phases between February 1999 and March 2000. Phase I of the hearings focused on allegations that members of the Police Service were using and/or supplying prohibited drugs, were associating with drug dealers and were involved in unauthorised secondary employment within the security industry. Phases II and III of the Operation Saigon hearings focused on allegations of drug use by former Constable Rodney Podesta and former Senior Constable Anthony Dilorenzo before and after the shooting of Roni Levi on Bondi Beach on 28 June 1997. Phase III also examined the Police Service investigation of the shooting of Roni Levi.

Performance Indicators 1, 2 & 4

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

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

The significance and impact of the outcome of investigations.

Results of Operation Saigon

Operation Saigon was a significant investigation which examined a matter of high public profile and considered important policy issues, particularly in relation to the drug testing of police officers.

Operation Saigon revealed that a number of the officers named in the investigation were involved in recreational drug use and could not see the inappropriateness of associating with drug dealers when they were off-duty.

Operation Saigon disclosed information in relation to improper associations between a small group of police officers and drug dealers and disclosed troubling evidence in relation to drug use and supply among some young officers within the Police Service. The Commission considers both of these as causal factors leading to serious police misconduct.

The Commission made numerous recommendations with respect to policy and procedural issues relating to random drug testing of police in its report on Operation Saigon.

Seven individuals have successfully been prosecuted (in relation to matters other than the shooting). Furthermore the Commission's report recommended that the DPP consider prosecutions against four police officers and civilians. The Commission also recommended that the Commissioner of Police give consideration to dismissing three police officers from the Police Service.

The death of Roni Levi generated considerable public attention and gave rise to questions and speculation concerning the events that preceded and followed his death. The Commission's report in relation to Operation Saigon clarified, on the public record, some of these issues.

Correction

Following the release of the Operation Saigon Report to Parliament, the Commission received a submission from former Senior Constable Anthony Dilorenzo's legal representative asserting that there was an inaccuracy in the following paragraph of the Executive Summary of the Report:

> Senior Constable Anthony Dilorenzo denied using prohibited drugs, with the exception of cannabis a couple of times when he was a teenager. The Commission heard extracts from listening device material, however, which suggested that Dilorenzo was involved in drug use. In addition, information was given by SA2 that Dilorenzo had used cocaine and ecstasy while he was a serving police officer.

In particular, Mr Dilorenzo's legal representative asserted that the statement that "*information was given by SA2 that Dilorenzo had used … ecstasy while he was a serving police officer*" was "*not accurate*".

The Commission agrees. The Commission did not make any assessment or form any opinion in relation to whether Mr Dilorenzo had used ecstasy. The assessment and opinion of the Commission in relation to Mr Dilorenzo's use of prohibited drugs appeared at paragraph 4.45 of the Report, which stated:

> The Commission is of the opinion that Anthony Dilorenzo did use the prohibited substance, cocaine, on the occasions referred to by SA2. Given the absence of direct evidence that the ecstasy tablet supplied to [Rodney] Podesta by SA11, which was intended for 'Tony' was supplied to Anthony Dilorenzo, the evidence does not support a finding that Anthony Dilorenzo came into possession of that ecstasy or that he used it.

The inclusion of the words "*and ecstasy*" in the last line of the paragraph of the Executive Summary extracted above, occurred as a result of an editorial error. It was not the Commission's intention that the Executive Summary should depart in any material way from the assessments and opinions contained in the body of the report.

The Commission apologises to Mr Dilorenzo for any offence or inconvenience caused as a result of the error.

Operation Belfast

On 18 October 2000, the Commission furnished a report to the NSW Parliament in relation to Operation Belfast. This was noted in last year's Annual Report.

The purpose of Operation Belfast was to investigate all police conduct in the investigation of incidents on the evening of 3 November 1989, in and around the North Stockton Surf Club, including the death of Leigh Leigh.

Performance Indicator 2

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

Results of Operation Belfast

Operation Belfast identified a number of shortcomings in Police Service procedures and practices extant at the time of the Leigh Leigh murder investigation and made recommendations for Service-wide change. Some of those recommendations related to the way in which police deal with young people.

Operation Belfast revealed that by seriously violating the rights of the suspects in the murder investigation, police created the potential for critical evidence to be lost and convictions for murder and other serious offences to be challenged.

The Police Service has reported that of the five recommendations made by the Commission in relation to policy, procedural change or management practices, four have been implemented and one has been supported with variation.

Not least amongst the results of Operation Belfast was that it demonstrated there was an absence of supporting evidence for some serious allegations concerning police misconduct. In doing so, Operation Belfast clarified some specific events surrounding the murder investigation.

Project Oracle

Last year, the Commission reported that it had furnished a Special Report, entitled Project Oracle, to the Parliament in August 2000.

Project Oracle, which was a "thematic" assessment examining the nature and extent of complaints of assault against police officers, was prepared in order to, amongst other things:

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

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

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

Performance Indicators 1 & 2

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

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

Results of Project Oracle

Project Oracle has contributed to an understanding of the nature and extent of police assaults in NSW, disclosing trends in relation to the demographic characteristics of officers the subject of complaints, locations of incidents (such as types of premises), geographic 'hot spots' and the causal factors for complaints.

The Commission's report on Project Oracle makes a range of recommendations designed to assist, on an ongoing basis, the detection of officers who may be serial assaulters and to prevent assaults from occurring.

The Police Service has formally supported eleven of the twelve recommendations from Project Oracle. The remaining recommendation has been supported in principle. The Police Service reports that implementation action has commenced in relation to a number of recommendations from Project Oracle.

Operation Oslo

Public hearings were held in relation to Operation Oslo between April and June 1999. Those hearings were preceded by a covert investigation which commenced in June 1997. The general scope and purpose of the hearings was to:

> Identify current and former members of the Police Service who are or were involved in improper and / or illegal conduct with Kostas Kontorinakis or any of his current or former associates.
>
> 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 Police Service associated with Roger Rogerson or any of his associates and if so, the nature and extent thereof.

The two individuals referred to by name in the general scope and purpose were Kostas Kontorinakis and Roger Rogerson. Mr Kontorinakis is a self-employed entrepreneur, and Mr Rogerson is a former police officer who was dismissed from the Police Service in April 1986. Rogerson was convicted in 1990 of conspiring to pervert the course of justice and was sentenced to a prison term.

Amongst other things, the Commission heard evidence of alleged payments to police officers for the protection of illegal activities, possible drug cultivation and inappropriate associations between current serving police officers and Roger Rogerson. During the course of the Commission's hearings a serving police officer, seconded to the ICAC, admitted that he had disclosed sensitive information concerning an investigation involving Roger Rogerson.

The Commission furnished its public report to Parliament in relation to Operation Oslo on 15 June 2001.

Performance Indicator 2

The significance and impact of the outcome of investigations.

Results of Operation Oslo

In its public Report, the Commission recommended that the DPP consider prosecutions against three people. The Commission further recommended that consideration be given to the taking of action against two police officers.

Operation Oslo emphasised that the harm caused by police officers leaking confidential information was far-reaching. The effects of such behaviour can include investigations being compromised and people being afforded a degree of immunity from the law. Operation Oslo also reinforced the need for police officers to be aware of the potential risks of associating with persons who have a criminal record or who are known to be under investigation for criminal offences.

Operation Bangkok

On 4 November 1998, the Commission commenced a preliminary investigation known as Operation Bangkok into police misconduct. On 20 December 1999 the purpose of the investigation was amended to include an investigation into the fundraising activities of the Police Cricket Association (the Cricket Association).

The Cricket Association is an amateur cricket club.

Performance Indicators 1, 2 & 4

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

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

The significance and impact of the outcome of investigations.

Results of Operation Bangkok

Operation Bangkok uncovered evidence of malpractices at the management level of the Cricket Association and a failure by management to maintain proper records, thus exposing the Cricket Association to the misappropriation of funds. The alleged malpractice breached the Police Service Commissioner's Instructions. The Commission made a number of recommendations to the Commissioner of Police regarding the application and enforcement of existing fundraising guidelines.

As at the end of the reporting year, the Police Service reported that one recommendation had been supported, and that seven had been supported in principle while the Police Service sought further advice in relation to some matters.

Former Sergeant Terrence Gardiner, who was the Cricket Association's President until March 2000, has been charged with 15 contraventions of s.178A of the Crimes Act for fraudulently misappropriating over $60,000 from the Cricket Association. The alleged offences occurred over a three year period from November 1996 to August 1999.

Former Sergeant Gardiner has also been charged with a contravention of s.107 of the Act for giving false testimony before a Commission private hearing.

The Commission has commenced confiscation proceedings in the NSW Supreme Court against Mr Gardiner under the *Criminal Assets Recovery Act 1990*.

A report in relation to Operation Bangkok was furnished to the Commissioner of Police in December 2000.

Operation Pelican

In the year 2000, the Commission commenced an investigation codenamed Operation Pelican into allegations of police misconduct during the police investigation of three violent incidents:

- the death from head injuries of Phillip Dilworth at Petersham on 15 December 1986;
- the shooting of Gary Mitchell at Concord on 18 August 1988; and
- the death from head injuries of Gary Mitchell at Armidale on 24 March 1996.

The Commission's investigation was conducted jointly with the NSW Crime Commission and the Police Service's Special Crime and Internal Affairs.

Operation Pelican revealed evidence of close links between Malcolm Tanswell, the licensee of the Oxford Tavern between 1979 and 1990, and numerous Police Officers. There were allegations that Tanswell was involved in each of the above incidents, and that his association with police officers may have adversely impacted upon the police investigation of these matters.

A report in relation to Operation Pelican was furnished to the Parliament in August 2001.

Performance Indicators 1 & 4

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

The significance and impact of the outcome of investigations.

Results of Operation Pelican

The Commission noted that the extremely poor standard of the initial police investigations of the death of Dilworth, the shooting of Mitchell and the death of Mitchell, provided a salutary lesson on the need for investigating police to be circumspect in their social dealings and relationships with persons connected to their inquiries. Although there was no direct evidence of an actual subversion of the investigation process in this case, there was certainly the distinct appearance of the possibility of corruption having occurred. The Commission is of the view that this in itself is unacceptable in terms of maintaining public confidence in the Police Service.

Most of the police officers investigated in the course of Operation Pelican have left the Police Service and are therefore beyond the reach of disciplinary action. The Commission recommended that disciplinary action be considered against three serving police officers.

The Commission's Report on Operation Pelican reinforces the need for officers to be circumspect in their social dealings with persons under investigation by the Police.

Operation Glacier

In November 2000, the Commission furnished a report to the Parliament in relation to Operation Glacier.

The Commission's report noted that, during the course of its investigation, it heard evidence that a police officer, Acting Sergeant Nemeth-Laky, had accessed a Police Service computer system in order to obtain motor vehicle registration details after being requested to do so by a private investigator. There was also an indication that Acting Sergeant Nemeth-Laky had entered into an improper arrangement to provide Police Service information to that private investigator on an ongoing basis.

The Commission's investigation in relation to Operation Glacier was initiated on the basis of information provided by the Independent Commission Against Corruption.

Performance Indicators 1 & 4

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

The significance and impact of the outcome of investigations.

Results of Operation Glacier

As noted in last year's Annual Report a key result from this investigation was the identification of an inappropriate relationship between Acting Sergeant Nemeth-Laky and a private investigator in which confidential police information was leaked; a recommendation that Nemeth-Laky be charged was made by the Commission for the consideration of the DPP.

Acting Sergeant Nemeth-Laky was found guilty of the criminal offence of obtaining access to data stored in a computer without authority or lawful excuse (section 309(1) of the *Crimes Act 1900*) and given a 12 month good behaviour bond with no conviction recorded.

Three civilians were also charged and convicted of criminal offences following the Commission's investigation.

Operation Mosaic

On 13 January 1999, the Police Service referred a complaint from AWA Plessey Communications to the Commission concerning the awarding of a police radio communications contract to Motorola. On 18 January 1999, that complaint, together with an anonymous complaint that had been made to the Commission concerning the Police Service Communications Group, was referred back to the Police Service to be dealt with in accordance with the provisions of Part 8A of the *Police Service Act 1990*.

An investigation was conducted by the Police Service into the preparation of the Amendment and Approval of Capital Works Expenditure dated 19 October 1998 requesting the release of the funds to purchase the radio communications equipment from Motorola.

The Commission monitored the Police Service investigation, this decision having been made on 9 February 1999. In July 1999, the Police Service completed a report of its investigation. A copy of that report was provided to the Commission.

In July 2000, on advice from counsel, the Commission decided to take this investigation over from the Police Service. On 26 July 2000, the Commission commenced an investigation known as Operation Mosaic. The purpose of that investigation was:

- To inquire into all aspects of the preparation of and approval of the document titled "Amendment and Approval of Capital Works Expenditure" dated 19 October 1998 and identified as "the Pink".

- To inquire into the Police investigation of the complaint made by Plessey Asia Pacific and information contained in the anonymous complaint received by the Commission on 22 December 1998 concerning allegations of corrupt practices at the Metropolitan Network Services and the Communications Branch of the Police Service.

- To inquire into the administration of the Communications Branch of the Police Service and in particular the implementation or failure to implement the recommendations of the Reports on the Administration of the Communications Branch conducted in 1992 and 1996.

Commencing on 1 December 2000, the Commission held a series of private hearings as part of its investigation. Ten witnesses appeared before the Commission and evidence was taken over thirteen days between 1 December 2000 and 15 March 2001.

The Commission has concluded its investigation in relation to Operation Mosaic. The Commission's hearings in relation to this matter were held in private and the Commission is unable to comment further on the evidence it received or its assessments and opinions of that evidence. At the time of writing this Annual Report, the Commission was preparing a report for the Commissioner of Police concerning its investigation. That report will be furnished before the end of the calendar year.

Operation Malta

On 20 October 2000, three members of the Police Service Crime Management Support Unit (CMSU) attended the Commission and lodged a formal written complaint. That complaint, consisting of ten key points, commenced with the following paragraph:

> We the members of the above group wish to express our extreme concerns about the long trail of deliberate obstruction of Police reform by senior members of the Police Service over the past three years.

On the same day, Mr James Ritchie, another member of the CMSU, held a press conference in which he alleged that there was a misuse of power and a campaign by senior police officers to inhibit genuine reform of the Police Service.

The Commission declared a preliminary investigation on 20 October 2000 and commenced private hearings soon thereafter for the purpose of its investigation. Throughout late 2000 and early 2001, the Commission collected information and evidence in relation to the investigation, which it codenamed Operation Malta.

On 19 March 2001, the Commission commenced a public hearing for the purpose of its investigation. The general scope and purpose of the hearing is to investigate:

- allegations by certain members of the CMSU of the Police Service concerning certain members of the Police Service;

- the investigation by the Police Service of allegations of misconduct concerning certain members of the CMSU and matters arising from the conduct of that investigation; and

- action taken by the Police Service concerning certain members of the CMSU.

Operation Malta is a significant investigation involving members of the senior management of the Police Service and important management and policy issues such as reforming the approach to criminal investigation.

At the time of writing, Operation Malta was still in progress.

The Commission will:

- complete a report in relation to Operation Malta pursuant to section 96(2) of the Act as soon as possible after the conclusion of its investigation; and

- report on the results of this matter in its 2001-2002 Annual Report.

Operation Jetz

In January 2001, the Police Service commenced an investigation into possible misconduct in areas of its promotional system. Information obtained from that investigation was provided to the Commission.

In June 2001, the Commission commenced an investigation codenamed Operation Jetz, the purpose of which is:

> to investigate whether or not Inspector Robert Gordon Menzies and other serving Police Officers are involved in police misconduct with respect to the Police Service promotional system.

That investigation is being conducted jointly with members of the Police Service Special Crime and Internal Affairs under the auspices of a joint task force.

Public hearings for the purpose of Operation Jetz commenced in August 2001. At the time of writing this Annual Report, the Commission's investigation was continuing. Outcomes will be reported in due course as appropriate.

Operation Alabama

Operation Alabama commenced in August 2000 and was originally a covert investigation into an allegation of conspiracy to pervert the course of justice. Private hearings were held during which it became evident that it would be difficult to establish a conspiracy to pervert the course of justice between the involved officers. Although not the original focus of this investigation, the evidence adduced during the course of the hearings revealed inadequacies in the manner in which both the statements and the brief of evidence in relation to a police investigation had been prepared such that the brief of evidence fell below the standard required and did not follow Police Service guidelines.

The Commission notified the Police Service of its concerns in relation to this matter and at the time of writing was awaiting a response from the Police Service to the issues raised in Operation Alabama.

Operation Rosella

Operation Rosella is a covert investigation into serious police misconduct in the western suburbs of Sydney primarily concerning police misconduct, the operation of an illegal brothel and suspected drug use and supply associated with that brothel.

Operation Rosella saw a sustained commitment from the Commission's investigative resources including the deployment of physical and electronic surveillance.

The outcome of Operation Rosella will be reported in due course as appropriate. At this stage of the investigation the Commission is able to note the following:

- The Commission entered into a joint task force with the Crime Agencies Command of the Police Service.

- A significant amount of electronically obtained evidence was disseminated to Crime Agencies which assisted the police action which has been responsible for the cessation of organised criminal activities conducted by persons engaged in the operation of an unlawful brothel. Four persons have now been charged with conspiring to supply a large commercial quantity of cocaine and heroin.

- The dissemination of evidence obtained by the Commission has assisted the Police Service in its investigation of other serious offences, including murder, and has also led to the implementation of Police Service strike forces involved in the investigation of serious organised criminal activities.

In addition to the matters outlined above the Commission also conducted private hearings in Operation Rosella which led to consideration being given by the Commissioner of Police to the removal of a senior officer from the Police Service for loss of the Commissioner's confidence (*Police Service Act 1990*, s 181D). The Commission's investigation explored issues of unauthorised secondary employment, unauthorised disclosure of confidential information, deficiencies in the application of Police Service policy and procedures and the improper association of the officer with members of the sex industry

Operation Jose

Operation Jose was commenced in 1999 to investigate allegations of criminal conduct by former Senior Constable Mohomed Yaghi. Mr Yaghi was arrested in August 1999 after an investigation by the Police Service's Special Crime and Internal Affairs Command, and charged with Conspiracy to Supply a Commercial Quantity of Prohibited Drug (Heroin). Mr Yaghi has since pleaded guilty to that charge and is serving a term of imprisonment.

During 2000-2001, the Commission investigated information that Mr Yaghi had engaged in fraud relating to the opening of a false bank account. That information is currently being assessed to determine whether a brief should be sent to the DPP for consideration of the prosecution of any person.

In addition, during the reporting year the Commission continued with the confiscation proceedings against Mr Yaghi in the Supreme Court under the *Criminal Assets Recovery Act 1990*. The Commission's summons seeks orders that specified interests in property of Mr Yaghi be forfeited to the Crown, and that Mr Yaghi pay to the Crown an amount assessed as the proceeds of his criminal activity. The hearing of the summons in that matter is expected to be completed in late 2001.

Outcomes will be reported in due course as appropriate.

Operation Florida

During the last reporting year, the Commission progressed work in relation to Operation Florida, a major joint investigation into serious police misconduct that, at the time of writing, was covert. Significant investigative resources have been allocated to this matter. The Commission anticipates that this matter will involve a long-term commitment of resources.

Outcomes will be reported in due course as appropriate.

Operation Dakota

Operation Dakota commenced during the course of the reporting year. This covert investigation into serious police misconduct was continuing as at 30 June 2001. This matter required a sustained commitment from the Commission's investigative resources, including physical and electronic surveillance resources.

Outcomes will be reported in due course as appropriate.

Operation Oracle/Dallas

Last year, the Commission reported activities it had undertaken in relation to Operation Oracle/ Dallas – referred to in the 1999-2000 Annual Report as Operation D. That Report noted that the Commission had held private hearings in relation to a complaint of serious assault. As at the end of the reporting year, this matter had not been concluded.

Outcomes will be reported in due course as appropriate.

TRENDS IN SERIOUS POLICE MISCONDUCT

In last year's Annual Report the Commission attempted, through the analysis of statistical indicators, to evaluate whether there was a discernible increase or decrease in the level of serious police misconduct. The methodology employed involved the collection of a 'basket' of statistical indicators which, when collectively examined, might indicate whether serious police misconduct was trending up or down. The indicators originally chosen were statistics on: nominations of officers under section 181D of the *Police Service Act 1990*, integrity tests, complaints against police, officers charged with criminal offences, officers suspended from duty with or without pay and officers participating in the Internal Witness Support Program.

Last year's Annual Report noted, amongst other things, that:

- some shortcomings with the indicators had become apparent when the Commission began to analyse the information, leading to a reduction in the range of indicators considered; and

- the statistical indicators for serious police misconduct showed a gradual fall since 1997-1998.

During the course of the 2000-2001 reporting year, other issues have emerged which have raised questions about the efficacy of this methodology as a means of accurately identifying trends in serious police misconduct. The Commission is to give consideration as to whether or not it will revisit this, or some other similar, methodology at some point in the future. The Commission will, however, continue to report on the extent to which its investigations and other activities, such as research-based projects, identify issues and trends in serious police misconduct.

REFORM ACTIVITY

Qualitative and Strategic Audit of the Reform Process of the New South Wales Police Service

Recommendation 174 of the Royal Commission required that an external auditor be engaged by the Commission to carry out a qualitative and strategic audit of the reform process (QSARP). The Act was amended to implement that recommendation.

Following a detailed tender process, the Hay Consulting Consortium was engaged on 3 March 1999 to conduct the QSARP over a period of three years. Legislation passed in December 1999 permitting the period of the QSARP to be extended to a period of at least three years, but not more than four years.

Year One of the QSARP was conducted by the Auditors for the period 3 March 1999 to 22 March 2000. Following a very detailed process in which the Police Service was given an opportunity to comment on draft material concerning the QSARP and on Commission comments

and recommendations, the Year One Progress Report was publicly released on 15 February 2001.

Year Two of the QSARP, for the period 1 July 2000 to 30 June 2001, is currently underway with draft material provided to the Police Service for comment in August 2001. Year Three of the QSARP commences 1 July 2001 and concludes on 30 June 2002, the final report being due out shortly thereafter.

The Commission's resources allocated to QSARP fluctuate depending on the status of the audit at the time. A senior Commission officer has been allocated for the duration of the audit on a part time basis to oversight and administer the contract. Resources are increased for a period following the release of a draft audit report to prepare the Commission's key output of this activity, its sub-section 14A(5) comments and recommendations.

Performance Indicator 2

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

Results of the Commission's consideration of the QSARP Year One Audit Report

Based on the findings contained in the Year One Progress Report and on comments received by it from the Police Service, the Commission furnished comments to the Minister and the Commissioner of Police and made three recommendations relating to:

- the use by the Police Service of external experts to assist in reform;
- the formation of a group to advise the Commissioner of Police on the skills and knowledge needed for reform, the selection of experts and on measures to improve reform processes; and
- the use of recognised project management methodologies to manage reform.

All of the Commission's recommendations were accepted by Government and are being actioned. The Appendix 31 Reforms Advisory Committee made up of representatives from the Police Service, the Commission, the Police Ministry and the Hay Group, chaired by the Police Service, had its first meeting on 2 March 2001.

Appendix 31 Reforms Advisory Committee

Based on its consideration of the QSARP Year One Progress Report, the Commission recommended, amongst other things, that a group comprising a member of the Commissioner's Executive Team (chair) and representatives of the Commission and the QSARP Auditors be formed to advise the Commissioner of Police on:

- the skills and knowledge required for reform;
- the selection of experts; and
- measures to improve the reform process;

in the context of the reform process contemplated by the Royal Commission. The Commission is represented on the Committee by the Assistant Commissioner, Mr Sage.

The Appendix 31 Reforms Advisory Committee had its first meeting on 2 March 2001.

The Commission has contributed to a range of advice developed by the Committee for the Commissioner of Police concerning the skill sets required for the reform contemplated by the Royal Commission and on three areas the Commissioner might consider as priorities for reform:

- Effective Leadership.
- Culture Transition.
- Honest Service – Integrity.

The Commission also made a substantial contribution to the Police Service's development of a study which will inform prospective external experts who intend tendering for the supply of services associated with reform.

The work of the Committee continues focusing on advising in regard to the skills necessary for reform, specifications for services and on the selection of external experts who will assist the Police Service in delivering on reform.

Performance Indicator 2

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

Results of the work of the Appendix 31 Reforms Advisory Committee with contributions from the Police Service, the Ministry, the Hay Group and the Commission

A common (Service / Commission / Ministry / Hay Group) understanding of the reform envisaged by the Royal Commission and the skills, knowledge and experience needed to assist the Police Service in undertaking reform.

An agreed logic model to consolidate and assist in prioritising reform activities and an agreed suite of reform strategies and initiatives intended to be undertaken (which involved detailed work by the Police Service and an external consultant).

Tracking Commission Recommendations

Sub-section 99(2)(c) of the Act requires the Commission to include in its Annual Reports *'an evaluation of the response of the Commissioner of Police, relevant members of the Police Service Senior Executive Service and other relevant authorities to findings and recommendations of the Commission.'* Ensuring that appropriate and efficient action is being taken by the Police Service in relation to the implementation of Commission recommendations is consistent with Performance Indicator 2, which is: *the extent to which strategic advice and recommendations relating to Police Service policies, procedures, management practices and training methodologies are developed and adopted.*

Last year, the Commission provided a detailed evaluation on the responses of the Police Service in relation to separate Commission recommendations. This year, in view of the large number of recommendations that have now been made, a different approach has been adopted whereby overview comments are made. Additional detail will be provided as to the specific recommendations in a separate report to the Parliamentary Joint Committee.

Developments during 2000-2001 Reporting Year

In its response to questions on notice from the Parliamentary Joint Committee for its General Meeting held on 1 December 2000, the Commission reported that, amongst other things:

- the provision of formal responses by the Police Service to Commission recommendations made in calendar year 2000 was unsatisfactory; and

- as at 24 November 2000, it had not yet received formal responses from the Police Service in relation to the recommendations from five of its six public reports furnished during the year 2000.

In evaluating the responses of the Police Service to the Commission's recommendations, the Commission considers that there have been unreasonable delays throughout much of the 2000-2001 reporting year caused by:

- a lack of action by the Police Service in calendar year 2000 in responding to and implementing Commission recommendations; and

- changes made by the Police Service to those arrangements or those areas and persons within the Police Service responsible for responding to, and coordinating the implementation of, recommendations.

Progress at 30 June 2001

On 28 June 2001, the Police Service provided the Commission with responses, implementation plans and other information in relation to recommendations from the following Commission reports: Operation Algiers, Operation Bangkok, Operation Belfast, Operations Copper, Nickel, Triton, Project Dresden, Operation Glacier, Operation Jade, Project Oracle and Operation

Warsaw. This material was prepared by the Police Service's External Agencies Response Unit (EARU). Established in May 2001, the EARU is responsible for responding to, and coordinating the implementation of, recommendations made to the Police Service by the Commission and other agencies external to the Police Service.

The Police Service reported the following progress in relation to the matters that the Commission regarded as outstanding as at that date:

- 73 percent of recommendations were supported;
- 20 percent were supported 'in principle' (while advice or further information is obtained); and
- 5 percent were supported 'with variation'.

Only one recommendation was not supported.

Of this group of recommendations, the Police Service reported:

- 39 percent have been implemented;
- 30 percent have been partially implemented; and
- 29 percent have not been implemented.

One recommendation is assessed as not applicable.

It should be noted that these figures:

- do not include recommendations from Operations Jade and Warsaw, which the Commission regards as being finalised;
- do not include the recommendations from Operations Saigon and Oslo, the reports in relation to which were furnished to the Parliament on 15 June 2001; and
- include recommendations for disciplinary action as well as those made in relation to policies, procedures, management practices and the like.

Notwithstanding the delays that have been experienced during much of the reporting year, the Commission considers the establishment of the EARU as a very positive development. After evaluating the responses and implementation plans furnished to the Commission on 28 June 2001, the Commission is satisfied that:

- responses have been furnished to the Commission in relation to all recommendations;

- problems previously flagged by the Commission in relation to the way in which the Police Service has responded to its recommendations have been addressed;

- an appropriate amount of relevant information has been provided concerning how recommendations will be implemented and who will be responsible for their implementation;

- reasonable progress has been, and is being, made in implementing Commission recommendations;

- reasonable timetables have been prepared for the implementation of Commission recommendations; and

- steps are being taken to involve relevant specialist work areas in the implementation of recommendations.

Developments since 30 June 2001

On 21 September 2001, the Police Service provided the Commission with:

- detailed responses and, where appropriate, implementation plans in relation to the recommendations from the Commission's reports concerning Operations Oslo and Saigon; and

- updated progress reports concerning the implementation of other Commission recommendations.

There was insufficient time available prior to the publication of this Annual Report to evaluate this material in any depth. It is noted, however, that the Service continues to report progress in the implementation of Commission recommendations.

Monitoring of the 1998 – 2000 Annual Audits of the Protective Security Group (PSG) of the Police Service

In March 1997, the Commissioner of Police disbanded the Special Branch of the Police Service. On 17 June 1998, the Commission presented a report on the former Special Branch to the Parliament. That Report included an assessment of the performance of the Special Branch and its members and made various recommendations. In the place of the Special Branch, the Protective Security Group (PSG) was established to undertake legitimate protective services and associated risk/threat assessment services, effective from 1 July 1998.

A central feature of the creation of the PSG was the introduction of special oversight and accountability mechanisms through the passage of the *Police Legislation Amendment (Protective*

Security Group) Act 1998, which amended the *Police Service Act 1990* and provides for the ongoing auditing, monitoring and review of the operations, policies and procedures of the PSG.

Section 16(1) of the *Police Service Act 1990* requires the Commissioner of Police to carry out an annual audit of the operations, policies and procedures of the PSG. Section 16(2) requires the following matters to be included in the audit:

- whether the Group as a whole is adhering to its charter and effectively performing its role as provided in its charter;
- whether the members of the Group are adhering to its charter;
- whether proper procedures exist and are being adhered to by the Group in connection with the use and payment of informants;
- whether proper procedures exist and are being adhered to by the Group for the recording and use of intelligence gathered by the Group.

Section 16(3) of the *Police Service Act 1990* provides that an audit is to be conducted each calendar year. Section 16(4) of the *Police Service Act 1990* provides that a report on the audit is to be furnished to the Commission as soon as practicable after the end of the calendar year to which it relates.

The Commission's Role

Pursuant to section 14(e) of the Act, the Commission has amongst its functions:

> 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*.

It should be noted that the Commission's function is not to report on the performance of the PSG itself, but on the conduct and effectiveness of its annual audits. It is noted that issues concerning the performance, effectiveness and indeed the continued existence of the PSG are to be reviewed and reported on by the Police Service as part of the special review required by section 17 of the *Police Service Act 1990*.

1998 Audit of the PSG

On 13 May 1999, the Commission received a copy of the report on the first annual audit of the PSG ('the Initial Audit Report'), which covered the PSG's operations, policies and procedures from its inception in July 1998 to April 1999.

Following discussions between Commission officers and the authors of the Initial Audit Report, a second audit report was provided to the Commission on 23 August 1999 ('the Supplementary Report'). During August, September and October 1999 officers of the Commission met with

the auditors to discuss the issues raised in the Initial Audit Report, the Commission's letter of 23 July 1999, and the Supplementary Audit Report.

The Commission did not consider the Initial Audit Report to be satisfactory in that its overall conclusion that the PSG was '*performing to a high standard'* did not appear to be supported by the content of the Report. However, the Supplementary Audit Report satisfactorily addressed the issues raised to the extent it was apparent that the Initial Audit Report was not indicative of major deficiencies either in the audit process itself, but rather the manner in which the audit results had been reported.

As a result of this process, and based on the information contained in both audit reports, in accordance with section 14(e) of the Act, the Commission reports that it is satisfied as to the conduct and effectiveness of the 1998 audit of the Protective Security Group.

1999 Audit of the PSG

On 4 May 2000, the Commission received the Report on the audit of the PSG for the 1999 calendar year (excluding those records up to April 1999 which had been examined in the previous year's audit).

The Report concluded that the PSG was performing satisfactorily in accordance with its Charter, while identifying a number of opportunities for improvements to the PSG's practices and procedures.

The Report represented a significant improvement over the previous year's report in terms of explaining the audit methodology and its findings were on the whole supported by the information contained therein.

Accordingly, the Commission reports that it is satisfied as to the conduct and effectiveness of the 1999 audit of the Protective Security Group.

2000 Audit of the PSG

Commission officers met with members of the Police Service Audit and Evaluation Services in late 2000 to discuss the methodology for the proposed 2000 audit. An audit plan was subsequently provided by the Police Service, in relation to which the Commission offered comments and suggestions.

The audit was conducted in March 2001 and reported to the Commission in April. It followed the same format as the report of the previous year. In general, the basis of audit findings was discernible from the material discussed in the report. Opportunities for improvement identified in the previous audit had been monitored with generally pleasing results. Implementation of some of the opportunities identified in the 1999 audit had been delayed by the increase in workload generated by the Olympic and Paralympic games, which was considered justifiable by the auditors. In addition to the analysis of work areas and practices within the Group, the Audit considered explicitly how the PSG Charter is being addressed.

The Commission reports that it is satisfied as to the conduct and effectiveness of the 2000 audit of the Protective Security Group.

COMPLAINTS MANAGEMENT ACTIVITY

The Commission receives complaints from the Police Service and the Ombudsman (referred) and from a range of other sources (non-referred) as set out in Table 1.

The consideration of each complaint is conducted in two parts. The first part is concerned with whether the complaint is a Category One complaint as defined by the agreement between the Commission and the Ombudsman (a copy of this agreement is at Appendix 7). The second part is concerned with whether the Commission ought to activate an investigation into the allegations.

Complaints that do not reach the threshold of a Category One complaint are referred to the Police Service pursuant to sub-section 131(1)(b) of the *Police Service Act 1990* and are dealt with in the same manner as complaints from other sources.

This year, the Commission succeeded in implementing the remaining recommendations of the Operations Structures and Systems Review (OSSR), as discussed in last year's Annual Report. All Category One complaints are considered according to a structured set of criteria reflecting the Commission's operational priorities. When a complaint does not meet these criteria, it is referred to the Police Service for investigation subject to oversight by the Ombudsman.

During the reporting year the Commission received a total of 738 complaints, which consisted of 110 Category Two complaints and 628 Category One complaints. Although the total number of complaints decreased slightly from the previous reporting year's total (811), the number of Category 1 complaints received by the Commission in this reporting year increased, (refer to Table 1).

Other changes were also evident in the source of the complaints received by the Commission during the reporting year. There was an increase in the number of referred complaints received by the Commission in comparison to the number received in the previous reporting year. In particular there was a 21 percent increase in the number of complaints referred to the Commission from the Police Service. On the other hand, there was a slight decrease in the number of non-referred complaints, in particular complaints referred from the public, (refer to Table 1).

Figure 2 indicates that during the 1999-2000 reporting year, the Commission audited 235 Police Service investigations, while in 2000-2001 audited only 11. The reason for this reduction is that the Commission has shifted its focus from auditing individual Police Service investigations to examining a sample of matters in order to identify Service-wide issues with regard to the quality and standard of Police Service internal investigations. Project Dresden, a report in relation to which was furnished to the Parliament in May 2000, was the first such audit.

TABLE 1 SOURCE OF CATEGORY ONE COMPLAINTS

SOURCE	July 2000 – June 2001	July 1999 – June 2000
Referred	**488**	**414**
Police Service	433	358
Ombudsman	50	53
Both Police Service and Ombudsman	5	3
Non Referred	**131**	**158**
Australian Federal Police (AFP)	1	4
Anonymous	12	0
Attorney General's Department	0	13
Austrac	4	1
Independent Commission Against Corruption (ICAC)	4	7
Legal Aid – NSW	2	0
Legal Practitioner	6	8
Member of the Judiciary	3	4
Member of NSW Parliament	7	3
Member of Public	81	101
Member of Parliament and Member of Public	0	1
Military Police	0	1
Ministry for Police	1	0
NSW Crime Commission	0	2
Office of the Director of Public Prosecutions –NSW (DPP)	2	2
Police Integrity Commission (PIC)	1	2
Police officers/former officers /Police Service employee	6	0
Royal Commission	0	9
Tow Truck Authority	1	0
Referred and Non-Referred	**9**	**9**
Police Service and Member of Parliament	2	2
Police Service and Public	4	3
Ombudsman and Public	1	2
Police Service, Ombudsman and Public	2	0
Police Service and DPP	0	1
Police Service, Ombudsman and AFP & Anonymous & DPP	0	1
Total	**628**	**581**

FIGURE 1 TYPES OF ALLEGATIONS RAISED IN CATEGORY ONE COMPLAINTS 1999-2000 AND 2000-2001

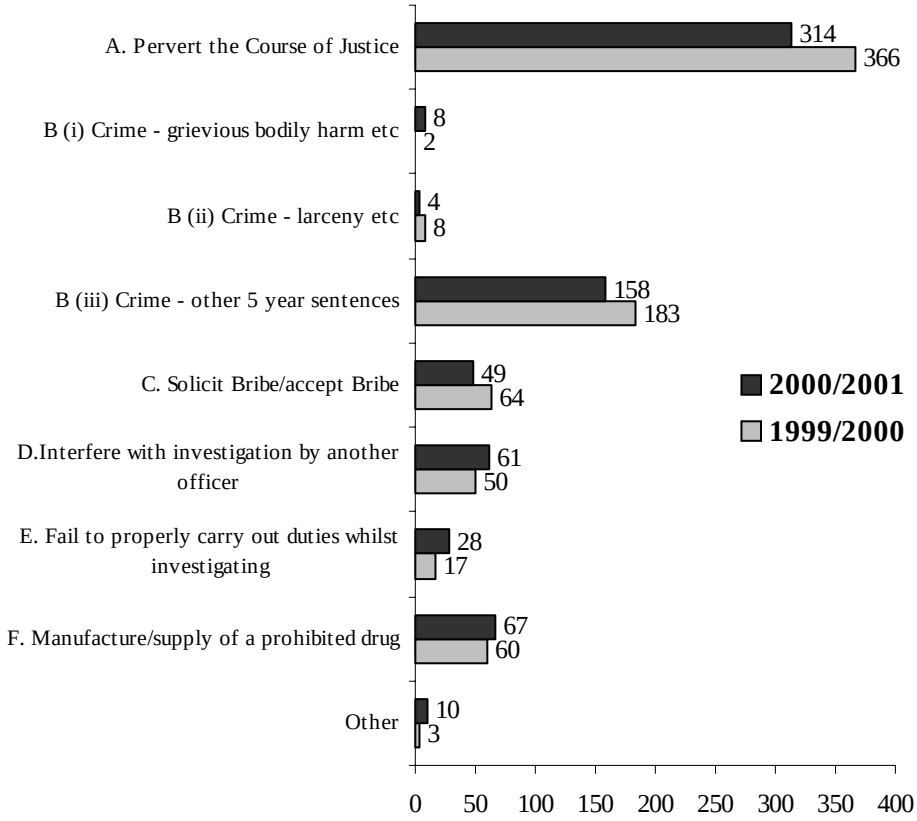
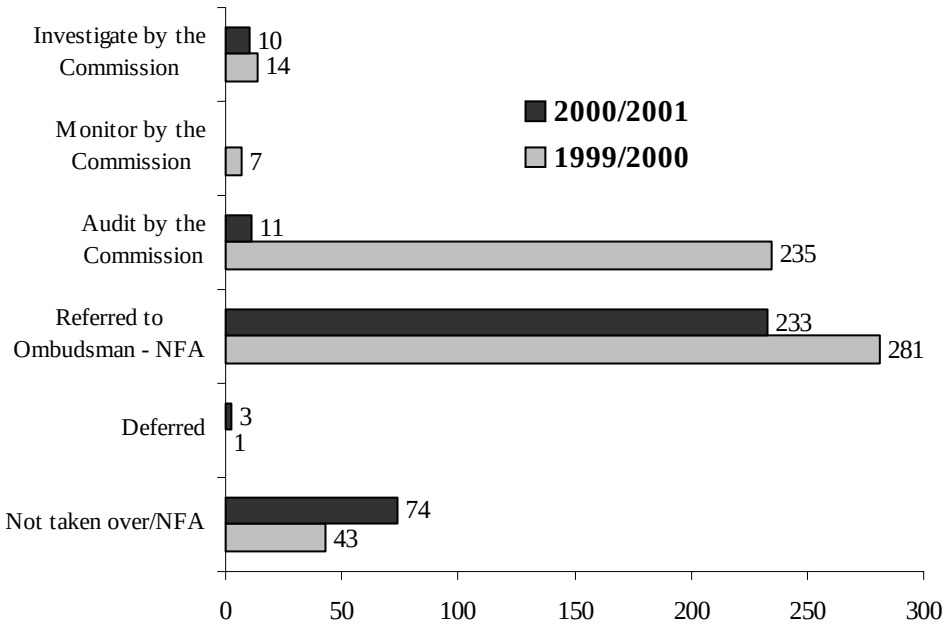


FIGURE 2 DECISIONS MADE REGARDING CATEGORY ONE COMPLAINTS 1999-2000 AND 2000-2001



INITIATIVES / OTHER ACTIVITIES

Initiatives

A number of innovative technical methodologies were implemented during the year, improving the Commission's capacity to capture new kinds of evidence. The Commission is unable to report on these methodologies publicly.

Public and private hearings remain as some of the Commission's most successful strategies in clarifying critical events involving police and in exposing serious police misconduct.

Discharge of Police Firearms

The Commission receives notification of each occasion where a police officer discharges his or her firearm irrespective of whether any person is injured or dies as a consequence of the discharge. Arrangements were set in place to facilitate notification following a recommendation by the Royal Commission that the Commission maintain an interest in these matters. The arrangements do not extend to firearms training or the destruction of animals where there is no injury or death occasioned to any person.

An assessment of 'discharge of firearm' incidents for the year 2000/2001 has been conducted in order to establish whether there are any patterns to the incidents. A total of 14 instances involving the discharge of a police firearm were reported. The Commission conducted a preliminary investigation into two of the incidents.

The Commission maintains a continuing interest in the discharge of firearms and results of the assessment will be considered within the Commission in the near future.

Deaths in Custody

The Commission also receives reports from the Police Service concerning deaths in police custody. Where appropriate the Commission takes an ongoing interest in the investigation of these matters and requests progress reports and/or final reports as appropriate.

Performance Indicators 1 & 3

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

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

Results

The receipt and evaluation of notifications of discharge of firearms and deaths in custody can, in a limited capacity, inform the Commission's understanding of serious police misconduct and the process by which issues and trends in serious police misconduct are identified and reported.

New technological methodologies were developed and applied during the year. Public and private hearings remain a successful strategy for clarifying critical events involving police and in exposing serious police misconduct.

Police Corruption Education and Prevention Programs

One of the Commission's functions under section 14(c) of the Act is:

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

Although the Commission did not make any specific recommendations in relation to police corruption education programs during the reporting year, it did ensure that further direction was provided in relation to the implementation of Project Oracle's recommendation that the Police Service undertake an audit of the content of some training and education programs conducted within the Police Service.

In terms of the Commission meeting its responsibility to recommend prevention programs, the Commission made several recommendations for preventative actions throughout the reporting year, such as the recommendation that:

> the law should allow for, and require the obtaining of the best evidence for the purpose of drug and alcohol testing of a police officer after a critical incident, namely blood testing. (Report to Parliament – Operation Saigon, p.127)

Legislative Matters and Law Reform

During the 2000-2001 reporting year, several changes were made to the Act. A number of changes were also made to legislation used by the Commission for the purpose of conducting investigations into police misconduct, for example, the *Listening Devices Act 1984*. The Commission provided comment to Government on a number of other legislative proposals. Details of these matters are contained in Appendix 3.

PLANS FOR 2001-2002

Commission activity planned for the next reporting period to achieve its operational objectives is quite detailed. Key aspects of those plans are as follows.

- In last year's Annual Report, the Commission reported results that had been achieved in relation to Project Dresden, an audit of the quality of a sample of Police Service internal investigations. Currently, another similar audit is underway and will be the subject of a special report in the 2001-2002 reporting year. Also, the Commission is currently examining the feasibility of conducting research into a particular issue, thematic in nature, which may assist furthering its understanding of the nature, extent and causes of serious police misconduct.

- The Commission intends to continue a focus within Commission investigations on those Service administrative and supervisory practices, and other factors, which provide opportunities for serious police misconduct; and to maintain effective cross-discipline involvement in the development of measures for reducing such opportunities, seeking external expert advice where it is likely to be productive.

- It is also intended that the QSARP and the Appendix 31 Reforms Advisory Committee continue to be given a high priority in order to assist the Police Service with reform. The Committee is to build on its understanding of the reforms required to provide further advice to the Commissioner of Police as required in respect of the reform of the Police Service.

- A target of 100 percent acceptance rate for recommendations made by the Commission concerning improvements in the practices of the Police Service or other relevant agencies has been set.

- The Commission will continue a focus on serious police misconduct, particularly on investigations with a capacity to achieve substantial impact in terms of exposing and deterring serious police misconduct. Five major investigations undertaken during the reporting year remain on foot (including one joint investigation). One investigation is expected to clarify whether some senior staff in the Police Service have obstructed an aspect of reform (as is alleged). Three investigations are expected to expose potential police corruption (one, quite significant corruption). Another investigation is expected to clarify circumstances surrounding the purchase of a new communications system for the Police Service.

- The Commission will also undertake further joint matters and utilise special powers to assist in Police internal investigations, and maintain arrangements facilitating joint work and the sharing of information and expertise. The Commission will remain 'alive' to new opportunities to develop innovative solutions to constraints on its capacity to gather evidence of, and to reduce, serious police misconduct.

4. ORGANISATIONAL PERFORMANCE

This section consists of a report on the performance of the Commission in terms of meeting its third Corporate Objective, the kind of organisation that the Commission strives to be.

THIRD OBJECTIVE: ***To be an effective and focused organisation.***

THE OPERATIONS ADVISORY GROUP

The Operations Advisory Group (the OAG) continues to play a key role in advising the Assistant Commissioner in respect of new investigative opportunities, operational priorities and broad investigation direction. The OAG is chaired by the Assistant Commissioner and is comprised of the Director Operations and the Manager Investigations. Other members of staff are co-opted to the OAG on a regular or 'ad hoc' basis to provide advice on specific matters.

Key decision making is underpinned by a clearly defined decision making model with a common set of criteria applied to operational decisions affecting priorities and resource allocation at a number of levels within the Commission. The criteria encourage a 'strategic' focus, a focus on that work which will produce the greatest impact in terms of reducing serious police misconduct.

The OAG is supported with advice and recommendations concerning:

- active investigations, including progress and direction, predominantly by the Investigations Unit;
- new investigative opportunities, predominantly by the Target Development Unit; and
- organisational outcomes, predominantly by the Assessments and Reports Team.

A number of operational processes were mapped and reviewed during the reporting year. The role and responsibilities of the OAG in those processes have been reviewed and a number of changes made to reduce duplication of effort by OAG members, who found themselves, in some processes, considering and (unnecessarily) reconsidering matters.

The Commission is also reviewing its management of risk with a view to more completely embedding an examination of risk at key operational decision points in the organisation.

THE BUDGET COMMITTEE

The Budget Committee is chaired by the Assistant Commissioner and is comprised of the Director Operations, the Director of Corporate and Information Services and the Manager Finance. The Budget Committee meets, usually on a monthly basis, to prioritise and allocate financial resources to meet operational objectives (as determined by the Operations Advisory Group) consistent with overarching corporate priorities. Managers with budgetary

responsibilities are co-opted to the Committee where they have an interest in, or can inform decision making concerning, budget allocation.

Performance Indicators 6, 7 & 9

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

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

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

Results

All key operational and budgetary decisions, such as those concerning the commencement of an investigation, the allocation of financial and human resources, changes in direction etc, are transparently recorded with reasons supporting each decision. All key decisions are available to all Commission staff on-line.

All key operational decisions are made within the contextual framework of the Commission's priority setting criteria ensuring an overall consistency in decision making in complaints management, target development and investigations.

The OAG is supported in all key decisions with advice and recommendations from the Investigations Unit, the Target Development Unit and/or the Assessments and Reports Team ensuring appropriate staff involvement (a common sense of purpose) and better quality, more informed decision making.

All key decisions by the Budget Committee are supported with advice and recommendations from relevant Managers and direction on operational priorities from the OAG, within a broad context provided by the Commission's Corporate Plan.

REVIEWING PERFORMANCE

Investigations Unit

Until recently the Commission has not had the capacity to quantitatively measure the performance of its Investigations Unit. The Commission has been particularly interested in developing a system and standards against which the Unit's responsiveness to changes in priority, the quality of internal decisions and the effectiveness of overall results might be measured.

The Commission has now finalised the Investigations Performance Framework, key indicators for which relate to the ability of the Investigations Unit to respond to changes in priorities (in accordance with agreed criteria) and the quality and consistency of the Unit's advice.[6]

[6] For further information concerning the Framework please refer to Section 2.

Commission Staff

The Commission implemented a Performance Development System in August 2000 the purpose of which is to promote the achievement of the Commission's Corporate Plan and to assist staff to achieve work performance and career objectives.

Performance Indicators 6, 7 & 9

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

Resources are allocated and applied on the basis of organisational priorities

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

Results

The Investigation Framework has yet to be fully implemented, however a trial period has produced initial indicators which suggest that:

- The Investigations Unit is regarded as responsive, successfully re-allocating staff following changes in priorities as required.

- Advice and recommendations from Investigations Unit staff are considered reliable and consistently accepted or accepted following modification.

- The Investigations Unit is largely meeting the objectives standards and timeframes set for it in regard to investigations.

About 85 percent of staff had their performance reviewed during the reporting period. Of those reviewed, (98 percent) were rated as satisfactory or better, consistent with a substantial achievement of personal objectives.

During the next reporting period it is intended that the Investigations Performance Framework will be evaluated and considered in the context of the current direction of the Commission and in the development of the Commission's new corporate performance framework.

It is also planned that steps be taken to improve the participation level in the Performance Development System. The target for 2001-2002 is 100 percent.

INFORMATION/COMMUNICATION STRATEGIES

Document and Records Management

As indicated in previous reports, the Commission's approach to communicating key decisions and information relies heavily on information technology systems. All correspondence received by the Commission and all documents produced internally, which meet certain criteria, are imaged and attached to the Commission's document management system (Detrak). Correspondence is managed by the Correspondence Action Tracking System (CATS). Imaged documents can be referred for a decision or for action to staff members and detailed records are maintained in respect of key actions and decisions.

The Commission records all of its key operational and administration decisions in Detrak. These decisions, relating to investigation priority, financial and other resource allocation, investigations direction and the status of investigations, are recorded in decision fields or in associated documents attached to Detrak and made available to operational staff. Operational decisions, together with the reasons for the decision, are available to staff with little or no systems-originated delay.

It was reported last year that Detrak and CATS would be replaced by a new system this year as a step in the Commission's Enterprise approach to software development. Development of this system has been temporarily deferred so that the Commission:

- might devote its attention more fully to the development of the Police Oversight Data Store (PODS)[7], to take advantage of the lessons it will learn from Project Managing such a substantial project; and

- can capitalise on emerging technology and new software development tools to reduce overall costs and administrative overhead.

The new system, which is now scheduled to commence in 2002, will provide for improvements in functionality both from an operational and a management perspective.

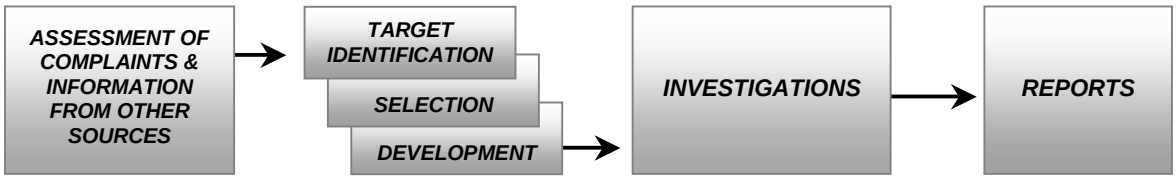
Collocation and workflow

Internal structural changes arising from the second Operations Structures and Systems Review (OSSR II) completed in 2000 should also be mentioned in the context of improved communications within the Commission. OSSR I clarified roles, responsibilities and decision making authority in the Commission's operational structure. OSSR II led to the integration of

[7] For more information on PODS, refer to sub-section 'Major Works in Progress'.

the Commission's complaint management function with assessments and reports and creation of a new function, target development. Complaint management, target development and strategic reports staff have all been collocated with the investigations staff, where the physical layout of the work area facilitates work flow:

FIGURE 3 OPERATIONS WORKFLOW



Compliance with Processes and Procedures

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

As reported earlier, a number of operational processes were mapped and reviewed during the reporting year. Modifications were made as necessary to accommodate changes in legislation and to streamline practices where opportunities presented.

Performance Indicator 10

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.

Results

Both CATS and Detrak were developed internally to facilitate communication in accordance with strict business rules. Responses are of a kind, and within the timeframes, set by those business rules. Compliance with information/communication business rules is very high with minimal irregularities detected during the year.

All key administrative and operational decisions are recorded, together with reasons for those decisions, and available to staff on-line.

Collocation of the complaint management, target development, investigations and strategic reports staff has facilitated and enhanced both formal and informal cross-discipline communication. The result has been a continuing improvement in the breadth and quality of the advice provided to the Assistant Commissioner on a variety of operational matters.

External audits report compliance by the Commission in regard to prescribed processes.

IT SYSTEMS

Information Technology (IT) in the Commission provides an important foundation for all of the Commission's operational and administrative functions. One of the major IT initiatives during the reporting year was the move from a proposed development of the Document Management Module from the 'Enterprise Application Suite' (EAS), as described in previous Reports, to the '.NET' framework - a new, highly functional software development architecture. The major benefits from this strategy include:

- Significant reduction in software development and maintenance costs paving the way for the replacement of the Commission's older technologies, some of which remain a legacy of the Royal Commission.
- Flexibility to adapt to changing business requirements.
- A software platform designed with highly reliable performance in mind.

Major results achieved for the year include:

- Completed development of the Enterprise Application Suite.
- Acceptance and signoff for the Investigative Module of the EAS.
- Rollout of further elements of Telephone Intercept Module for EAS.
- Development of an EAS Management Module to assist IT staff in maintaining the Enterprise Environment.
- Completed development of the Enterprise Application Suite shell.

The Commission is also seeking to capture all current and future capital purchase IT infrastructure items on the NSW IT Master Lease Facility. Through this facility the Commission hopes to:

- conserve capital;
- reduce the IT asset life cycle costs;
- simplify technology disposal and replacement; and
- purchase equipment and maintenance through a single payment.

Major Works in Progress

The Commission is coordinating the development of the Police Oversight Data Store (PODS) which is a sub-component of the Police Complaints Case Management System (PCCM). PODS is a repository for data derived from a number of disparate Police Service databases which will provide project partners (the Police Service, Ombudsman and the Commission) with covert access to amalgamated data and the ability to conduct cross-system analysis and 'ad-hoc' queries. PODS is the only major work in which the Commission is currently involved.

TABLE 2 MAJOR WORKS IN PROGRESS

MAJOR WORKS			
Project	**Cost to date**	**Total Cost**	**Estimated Completion**
PODS	$367,000	$1,941,000	30/6/02

Delivery of Electronic Services

The intended medium for the 'Delivery of Electronic Services' is through the Commission's planned Web Site. Some delays in implementation have been experienced due to a need for key system design components to be reworked to allow for higher level security arising from the PODS project. Further enhancements are also required to the Web Site itself. All work is expected to be completed and the Commission's Web Site launched during the next reporting period.

Performance Indicator 11

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

Results

Reduced costs associated with ongoing development, maintenance and leasing options will provide for longer application life and replacement of ageing Royal Commission systems.

Improved effectiveness in the management of investigation data with a reduced number of applications and improved systems efficiency.

During the next reporting period the Commission will be focusing on progressing and/or completing a number of significant IT Projects including:

- Replacing the Commission's ageing Desktop Computers.
- Consolidating the Commission's Enterprise Servers and upgrading to a standard Operating System platform.

- Upgrading the ageing Royal Commission Network and printers.

- Implementation of the IT Disaster Recovery Strategy.

STAKEHOLDER AND OTHER EXTERNAL RELATIONS

During this reporting period the Commission continued to work closely with other agencies to facilitate the exchange of relevant information, coordinate activities in respect of common responsibilities and undertake joint investigations. There is regular liaison with the Ombudsman, the ICAC, the NSW Crime Commission and the Police Service. In addition the Commission continues to maintain relations with the Australian Federal Police, the Queensland Criminal Justice Commission, the Victoria Police Service, the Western Australia Anti-Corruption Commission and a number of other Police Services, national security organisations and other government departments.

Throughout the year the Commission and the Ombudsman have been coordinating common assessments of the quality of Police Service complaint investigations. The Commission's assessment focuses on investigations of Category One complaints. The Ombudsman's assessment focuses on the investigations of Category Two complaints.

Detailed contact was also maintained throughout the year with a number of national and international agency heads and academics in respect of the development of the Commission's Investigations Performance Framework, performance measurement generally, the Commission's two thematic assessments, Dresden and Oracle and in regard to contemporary ideas on preventing serious police misconduct. In addition international visits included delegations from:

- People's Republic of China – two separate delegations.

- Indonesia - two separate delegations.

- South Africa.

- Vietnam.

- Myanmar.

- UK.

During the year, the Commission furnished to Parliament four reports pursuant to s.96(2) of the Act and one pursuant to s.98. One report was furnished to the Minister of Police and to the Commissioner of Police pursuant to s.14A(5). In those reports a range of recommendations were made concerning: consideration of specific criminal charges and disciplinary action; improvements in Police Service practices; and in regard to expediting the reform of the Police Service.

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

- Project Oracle – a number of very positive comments by national and international agency representatives and academics, including "… I have been much impressed by the work of the Commission"[8] ; and advice that the Project Oracle Assessment would be used to inform a similar review in the London Metropolitan Police Service;[9]

- interaction between the Commission and the Parliamentary Joint Committee – "The Commission's proactive interaction with the Committee during the year and participation in the General Meeting has provided useful information to the Committee enabling it to fulfil its monitoring and review functions under the Act. I would like to thank the Commissioner and his staff for their initiatives in fostering the exchange of information between the Commission and the Committee over the last reporting period."[10]

- interaction with visiting policy makers – information on practices and methodologies will be "… invaluable in helping (the Chinese Ministry of Public Security) develop programs and strategies to combat police corruption in their own national environment. Strengthening police ethics and accountability is an important element in the improvement of human rights in China …"[11]

In the next year the Commission's key relationship focus will be on the effectiveness of its arrangements with agencies in which it is engaged in joint investigations to improve the outcomes of investigative effort.

Committees

During the reporting year, the Commission had a presence on the following Committees:

Commission / Special Crime and Internal Affairs Weekly Liaison Meeting

The Assistant Commissioner, the Director Operations and the Commander, Police Service Special Crime and Internal Affairs meet weekly to discuss matters relevant to the functions of both the Commission and Special Crime and Internal Affairs Command. This meeting now includes the Deputy Commissioner – Specialist Operations.

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8 Letter from Ms N O'Loan, Police Ombudsman, Northern Ireland to Commissioner PD Urquhart 4 September 2000.

9 Letter from Det Chief Supt R Quick, Commander Internal Investigations, London Metropolitan Police Service to Assistant Commissioner GE Sage 30 August 2000.

10 Mr P Lynch MP, Chairman of the Joint Parliamentary Committee for the Office of the Ombudsman & the Police Integrity Commission, *Fifth General Meeting with the Commissioner of the Police Integrity Commission*, February 2001, p. 5.

11 Letter from WB Kennedy, Director International Programs, Human Rights and Equal Opportunity Commission to Commissioner PD Urquhart 4 December 2000.

Police Complaints / Case Management (PCCM) Program Review Group

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

Commission / Ombudsman Quarterly Liaison Meeting

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

Ombudsman's Network

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

Commission /Police Service / ODPP/ Ombudsman Liaison Meeting

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

Protected Disclosures Steering Committee

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

Appendix 31 Reforms Advisory Committee

As discussed previously in this Report, this Committee had its first meeting on 2 March 2001. The Assistant Commissioner and the Manager Intelligence represented the Commission. Please refer to the *Reform Activity* sub-section of this Report for further details in relation to the functions and activities of this Committee

Integrity Reports

As part of the process of officers being appointed to positions, promoted or being awarded police medals, the Commissioner of Police makes inquiries with the Commission as to the integrity of such nominated officers. The information given in a response to an Integrity Check is provided by the Commission to the Police Service under s.18(3) of the Act and s.64(5) of the *Police Service Act 1990*.

In response to a request for an integrity check, the Commission interrogates its databases (including those established during the Royal Commission) to identify any adverse holdings on the nominated officer. When no adverse holdings are found, or the Commission is not in a position to report on such holdings, a response of 'nil adverse' is provided. Alternatively, if the Commission finds that it does possess holdings which are adverse to the integrity of a nominated officer, and which can be disseminated to the Police Service, an 'adverse' report is provided accompanied with details of the adverse holding/s and copies of relevant documents.

During the reporting year the Commission provided the Commissioner of Police with responses to 965 nominated officers, of which 90 percent were reported as 'nil adverse' and 10 percent as 'adverse'. In comparison to the previous reporting year, the number of responses has slightly increased, however the number of 'adverse' reports decreased, (refer to Figures 4 & 5).

The Commission also provides advice on the integrity of current or former Police officers to other law enforcement and related agencies that are considering admitting a nominated officer. A number of agencies contacted the Commission requesting an Integrity Check this reporting year, including the Anti-Corruption Commission, Australian Federal Police (AFP), Independent Commission Against Corruption (ICAC), National Crime Authority (NCA) and various other state police forces. The responses imparted by the Commission to these agencies is provided under section 18 of the Act.

Comparing the number of responses for integrity checks to agencies other than the NSW Police in the last two reporting years indicates there have been some changes. The number of responses completed for the Queensland Police Service and 'other agencies' increased in 2000-2001, while the number of responses completed for the NCA and the AFP slightly decreased in comparison to 1999-2000, (refer to Figure 5).

Overall, the number of requests received from the Commissioner of Police, as a proportion of all requests received in a reporting year, did not significantly change between the two years, with 90 percent of requests stemming from the Commissioner of Police in 1999/2000 and 88 percent in 2000/2001.

Figure 4 Number of responses to Integrity Checks 1999/2000 and 2000/2001

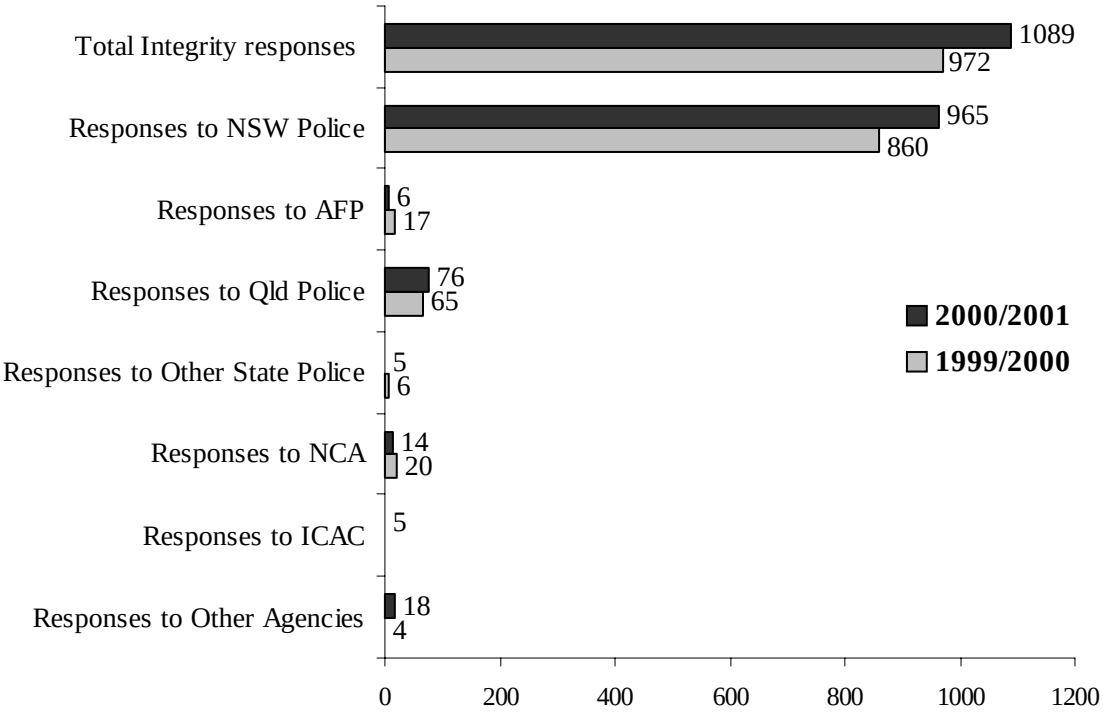
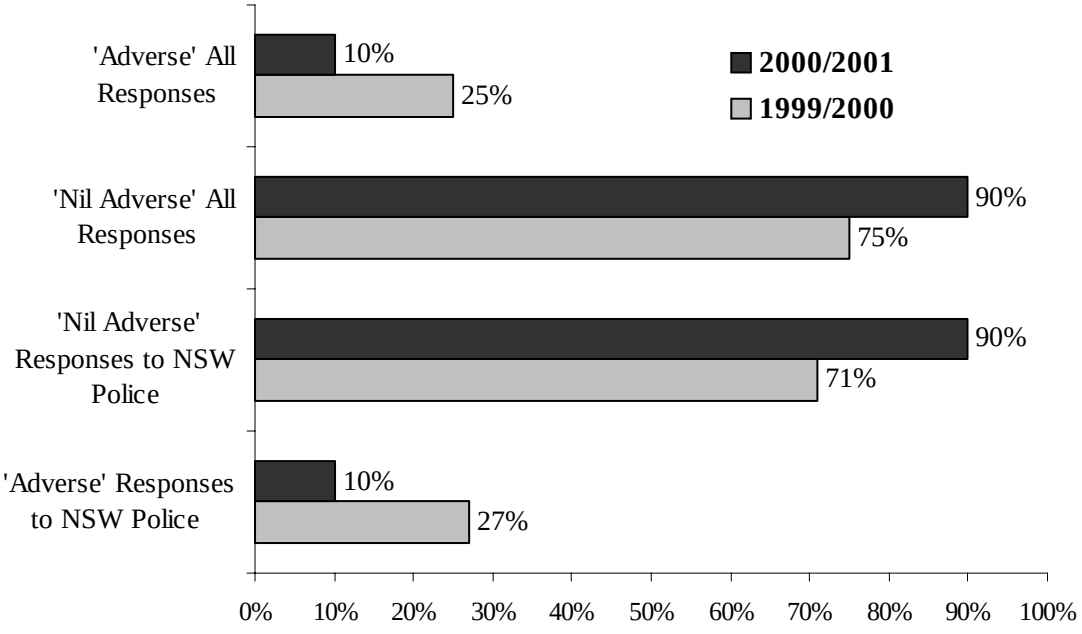


Figure 5 Percentage of the number of 'Adverse' and 'Nil Adverse' responses to Integrity Checks – 1999/2000 and 2000/2001



Prosecution Response Unit

The Response Unit has the carriage of matters referred to the DPP for advice and where appropriate, prosecution. This involves preparing and servicing briefs of evidence, answering requisitions, dealing with witnesses and providing other assistance to the DPP as required.

In addition, the Commission continues to provide assistance to a number of witnesses who gave evidence before the Royal Commission. One of the responsibilities of the Response Unit is to assist such witnesses, in particular when they are called to give evidence in civil and criminal proceedings. This includes liaising with the agencies requesting the witnesses' attendance, facilitating or serving subpoenas and ensuring their safety and well-being.

Response to Subpoenas

In the reporting year, the Commission received 16 subpoenas requiring the Commission to produce documents and information. All of these subpoenas require an initial search by the Commission to determine whether or not the proceedings in question are a *'prosecution … arising out of an investigation conducted by the Commission in the exercise of its functions'* and therefore comply with the exception to the Commission's immunity from production, as provided for by s.56(3) of the Act. Seven of the subpoenas received by the Commission were reviewed as not falling within this exception of s.56(3) of the Act, and as such, the Commission contacted the relevant party to advise them of the Commission's statutory immunity and to suggest the alternative of submitting a request for information under the requirements of s.56(4) of the Act.

Section 56 (4) Disseminations

Sub-section 56 (4)(c) of the Commission's Act provides a statutory basis for relevant agencies and the general public to submit a written request for information and documents held by the Commission in its own right and as a custodian of the Royal Commission holdings.

The purpose of these requests generally fall within one of the following:

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

With the request's purpose in mind, the Commission searches its holdings to assess if it possesses the information requested, and then evaluates whether the information can be disseminated to the requesting party, according to the Commission's obligations under the Act.

The amount of time and resources that the Commission spends on such a request may vary greatly, ranging anywhere from one working day to several months. This factor is clearly affected by the number of holdings that the Commission identifies in relation to the request, along with the complexity of the issues that need to be considered before a decision to disseminate is reached. The Commission always aims to provide the requesting parties with the most reliable and efficient response, given the resources at its disposal.

Performance Indicators 8 & 12

The level of validation and support by external stakeholders.

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

Results

Solid working relationships with other agencies where relevant information is exchanged in accordance with agreed practice, and where consensus is reached on coordinated activities and joint investigation arrangements.

Close, positive relationships with external stakeholders - improvements in practices, methodologies and approaches to prevention of serious police misconduct through input by national and international agency heads and academics.

During the reporting year the target of a 100 percent acceptance rate of the Commission's recommendations accepted by the Police Service and/or by Government, was achieved.

CORPORATE SERVICES

The Corporate Services Branch provides human resource, financial, registry and information technology services to the Commission. Major achievements for the year include:

- Introduction of new Financial System upgrade.
- Establishment of OH&S Committee and completion of policy.
- Finalised Performance Development System.
- Implementation of initial reforms to achieve required savings for Administrative Salary Increases.

Plans for next year include:

- On-line access of Finance System to Branch Managers.
- Integrate Document Management System on to another Information Management platform.
- Finalisation of Master Lease covering Information Technology and Other Equipment and introduction of Commission's website.

Performance Indicator 13

Corporate Services are responsive to the needs of the organisation and comply with the requirements of relevant legislation, government policy and good administrative practice.

Results

All deadlines required by legislation or by central agencies, and all prescribed standards for a range of projects, plans and systems, including 1999-2000 Financial Statements, 2000-2001 Forward Estimates,1999-2000 Workforce Profile Survey and 2000-2001 Waste Reduction and Purchasing Policy, were met by the Commission during the reporting period

PLANS FOR 2001-2002

Key aspects of the Commission's planning to achieve its organisational performance objective for the next reporting year are as follows.

- The Commission intends maintaining or improving existing decision making frameworks – remain 'alive' to opportunities to streamline processes while maintaining transparency and quality of decisions.
- The Commission will commence a review of the corporate performance framework. A target of 100 percent participation rate in personal performance system has been set.
- Ageing desktop computers and problematic Royal Commission network and printers are to be upgraded. There will be a consolidation and upgrading of the Commission's Enterprise Servers.
- The Commission will continue to meet all deadlines and prescribed standards for projects plans and systems set by legislation and central agencies.

APPENDIX 1 – PRESCRIBED ANNUAL REPORTING REQUIREMENTS (STATUTORY AND DEPARTMENTAL)

Industrial Relations

No industrial disputes occurred during the year.

Training and development

The Commission developed a Training Schedule to assist in identifying the varying levels of training to be provided and in formulating the basis for the Commission's ongoing Training Program. Programs attended by staff throughout the year covered OH&S, solicitors MCLE points, operational, analytical, team development, supervisory, target development, GST/FBT and specialist training.

Olympic Games Work Force Planning

Our Olympic Games Workforce and Service Delivery Plan was implemented during the Olympic period. This Plan assisted in lessening the impacts of the Games upon the Commission's operations.

Performance Management

As reported last year the Commission's Performance Development System (PDS) was forwarded to the Executive in August 2000 and approved. The performance system is used by all of the Commission's Branches and Units, to help assess and report on individual performance.

Contract Employment

All of the Commission's staff are employed on a contractual basis in accordance with s10 of the Act, and are offered such contracts for periods of 3-5 years duration, with the potential, subject to satisfactory performance, for those contracts to be renewed. Again this year a sizable number of the Commission staff had their contracts considered for renewal. This process also involved the Commission offering staff differing terms and conditions of employment.

Occupational Health and Safety (OH&S)

An OH&S Committee was formed during the year and the Committee developed the Commission's OH&S Policy, which was approved. During the year, nine workplace accidents/incidents were reported resulting in five worker's compensation claims being lodged with a total of 53.5 days lost over the reviewing period.

Code of Conduct

There were no amendments to the Commission's Code of Conduct during the reporting year.

Staff Movement

During the reporting year, 26 new employees were appointed and 18 employees ceased employment with the Commission.

Disability Action Plan

As reported last year, the Disability Action Plan was completed in accordance with the Government's Disability Policy Framework. Copies of the Commission's Disability Action Plan are available to the public.

Action Plan for Women

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

The Commission is committed to ensuring compliance with the Government's initiative. The Commission has an elected spokeswoman who is responsible for providing advice and information to management on issues relating to women working in the Commission.

Ethnic Affairs Priority Statement (EAPS)

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

The Commission's EAPS is shown at Table 3.

Table 3 Ethnic Affairs Priority Statement

INITIATIVE	STRATEGIES/TASKS	TIMELINE	OUTCOMES
Improved access for people from non-English speaking backgrounds (NESB) to services and materials provided by the Commission	1. Ensure brochures and other material produced are made available to people from NESB in multi-lingual formats 2. Provide interpreter services as required for witnesses and complainants from NESB	1. Ongoing as appropriate 2. Ongoing	1. To reach as many key ethnic groups as possible in order to increase community awareness of the services the Commission provides 2. To provide support to people accessing our services or appearing before the Commission

Employee Statistics

Table 4 Employee Statistics

	June 1997	June 1998	June 1999	June 2000	June 2001
Statutory appointments	1	1	1	1	1
Executive appointments[12]					3
Operational staff	53	68	77	73	77
Support staff	14	17	16.85	15.85	21.85
Total	**68**	**86**	**94.85**	**89.85**	**102.85**

[12] Not reported in previous years.

Staff Numbers as at 30 June 2001 by EEO Target Groups

Table 5 Percent of Total Staff by Level

		Subgroup as Percent of Total Staff at each Level			Subgroup as Estimated Percent of Total Staff at each Level				
Level[13]	**Total Staff (Number)**	**Respondents**	**Men**	**Women**	**Aboriginal People & Torres Strait Islanders**	**People from Racial, Ethnic, Ethno-Religious Minority Groups**	**People Whose Language First Spoken as a Child was not English**	**People with a Disability**	**People with a Disability Requiring Work-related Adjustment**
< $26,802									
$26,802 - $39,354	7	100%	43%	57%	14%				
$39,355 - $49,799	24	96%	54%	46%		22%	9%	17%	
$49,800 - $64,400	22	95%	27%	73%	4.8%	29%	14%		
> $64,400 (non SES)[14]	45	96%	76%	24%	2.4%	7%		5%	2.4%
SES	1	100%	100 %						
TOTAL	99	96%	58%	42%	3.1%	15%	5%	6%	1.1%
Estimated Subgroup Totals		95	57	42	3	15	5	6	1

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

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

Table 6 Percent of Total Staff by Employment Basis

Employment Basis		Total Staff (Number)	Subgroup as % of Total Staff in each Category: Respondents	Men	Women	Subgroup as Estimated Percent of Total Staff in each Employment Category: Aboriginal People & Torres Strait Islanders	People from Racial, Ethnic, Ethno-Religious Minority Groups	People Whose Language First Spoken as a Child was not English	People with a Disability	People with a Disability Requiring Work-related Adjustment
Contract	SES	1	100%	100%						
	Non SES	98	96%	57%	43%	3.2%	15%	5%	6%	1.1%
TOTAL		99	96%	58%	42%	3.2%	15%	5%	6%	1.1%
Estimated Subgroup Totals			95	57	42	3	15	5	6	1

Notes for Tables 3-6

1. Table 4 does not include casual staff.

2. Figures for EEO groups other than women have been adjusted to compensate for the effects of non-response to the EEO data collection. EEO statistics reported in years prior to 1998 may not be comparable due to a change in the method of estimating EEO group representation.

3. Actual FTE for the Commission as at 30 June 2001 was 102.85. Statistics used in Table 5 and 6 were compiled from the *NSW Public Sector Workforce Profile 2001*. The difference in staff numbers is due to four staff nominating to withhold personal data from the workforce profile.

Goods and Services Tax (GST)

As reported last year the Commission, in line with other government agencies, undertook some major preparatory work for the introduction of the new taxation system. This included the completion of a GST Compliance Plan and in particular the "Stage 5 Post Implementation Compliance Review". This review resulted in a successful compliance report.

Audits

The Audit Office of New South Wales was again engaged to carry out the audit of the Commission's 2000-2001 financial statements. A copy of the audit report appears with the Financial Statements at Appendix 8.

Accounts Payable Policy

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

Table 7 Accounts Payable at the End of Each Quarter – 2000 and 2001

Accounts Payable At The End Of Each Quarter	1st Qtr ($)	2nd Qtr ($)	3rd Qtr ($)	4th Qtr ($)
Current (ie. within due date)	32,236	31,618	85,473	145,783
Less than 30 days overdue	32,984	23,042	44,737	16,247
Between 30 and 60 days overdue	2,325	0	4,121	1,373
Between 60 and 90 days overdue	0	0	9,466	0
Greater than 90 days overdue	0	0	0	0

Table 8 Accounts Paid on Time – 2000 and 2001

Details Of Accounts Paid On Time (Paid Within Trading Terms)	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr
Total amount of accounts paid	2,822,824	3,209,483	3,219,300	3,279,684
Accounts paid on time	85%	94%	90%	94%
Total amount of accounts paid on time	2,402,929	3,018,425	2,897,370	3,087,438

Statutory Reporting

The Commission's Financial Statements for 2000-2001 were prepared and submitted to the Audit Office within the required time frame.

Consultants

The Commission engaged the services of four consultants during the year. The total fees paid to consultants amounted to $38,352.00.

Insurance

Insurance during the reporting year was undertaken through the New South Wales Treasury Managed Fund Scheme, self insurance for Government Agencies. The premiums paid by the Commission are set by the fund manager in direct relation to the number of claims made by the agency during the previous year.

Disclosure of Controlled Entities

The Commission does not have any controlled entities.

Liabilities

The Commission's liabilities at 30 June 2001, include employee entitlements of $864,269.00 and other minor commitments of $232,646.00 payable to other creditors. A provision for the payment of PAYG tax on behalf of witnesses is maintained.

Risk Management and Internal Control

The Commission made no significant changes to its procedures and processes previously reported last year and which cover:

- Weekly reporting of Category I Complaints
- Monthly Budget and Expenditure reports
- Monthly Establishment and Leave reports
- Tracking and monitoring of all correspondence and documentation
- Listening Device monitoring
- Assumed Identities monitoring
- Major Project and Program reports

The Commission's Risk Management Plan is still being formulated and will integrate an approach to assessing, limiting, monitoring and controlling risks that impact on the agency's capacity to perform against its corporate objectives.

Energy Management Plan

The Commission again provided the results of its Energy Management Plan in August and those statistics were included in the Government wide report. The Plan identifies Energy Management Goals and Strategies implementation, monitoring and reporting on performance.

Waste Reduction Management

In accordance with the Government's Waste Reduction and Purchasing Policy (WRAPP) the Commission provided its 2001 Progress Report to the Environmental Protection Authority. The Report outlined those strategies the Commission had adopted to assist in achieving the Government's overall aim of reducing waste and increasing the quantity of recycled products being purchased.

Overseas Visits

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

Privacy Management

The Commission, amongst other law enforcement agencies, is exempt from many of the requirements concerning the management of personal information outlined in *Privacy and Personal Information Protection Act 1998* except in respect of its administrative and educative functions. The Commission's Privacy Management Plan was implemented by the Commission on 1 July 2000 to ensure the appropriate handling of personal information concerning its administrative and educative functions. At the time of this Report, steps have been taken to conduct an audit of the compliance by Commission Officers with the requirements of the Privacy Management Plan during the reporting year. During the period of the report the Commission received no applications for review under Part 5 of the Act.

Assumed Identities

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

During the reporting year four assumed identity approvals were granted by the Commissioner or the Assistant Commissioner. Two assumed identity approvals were revoked and none were varied.

The nature of the duties undertaken in relation to the assumed identity approvals granted were concerned with physical surveillance (3) and covert operations (1). The nature of the duties undertaken in respect of the approvals which were revoked concerned general investigative (1) and physical surveillance (1) duties.

The audit of assumed identities records for the reporting year did not disclose any fraudulent or other criminal behaviour.

APPENDIX 2 – STATISTICAL DATA ON THE EXERCISE OF COMMISSION POWERS

The following table indicates the frequency with which the Commission exercised its various powers in 2000 - 2001, compared with the two previous reporting years.

FUNCTIONS	YEAR ENDING 30 JUNE 2001	YEAR ENDING 30 JUNE 2000	YEAR ENDING 30 JUNE 1999
Under Police Integrity Commission Act 1996			
s 16 – Establishment of task forces within the state	3	2	Nil
s 25 – Requiring public authority or public official to produce a statement of information	24	10	17
s 26 – Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	122	138	173
s 29 – Commission may authorise an officer of the Commission to enter and inspect premises etc	Nil	5	1 (not proceeded with)
s 32 and s 33 – Hearing days:			
• public	46	24	61
• private	72	52	33
s 38 – Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	112	86	125
s 45(1) – Authorised justice may issue search warrant	1	3	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*	74	23	260
Under Law Enforcement (Controlled Operations) Act 1997			
Applications granted by Commissioner for authority to conduct controlled operations	Nil	3	14
Applications granted by Commissioner for renewal of authority to conduct controlled operations	1	Nil	1
Applications granted by Commissioner for variation of authority to conduct controlled operations	Nil	4 (Variations)	Nil
Under Law Enforcement (Assumed Identities) Act 1998			
Applications of assumed identity approvals granted	4	26	25
Applications of assumed identity approvals revoked	2	7	3
Under Telecommunications (Interception) Act (1979)			
Warrants issued for the Interception of Communications	21	20	14
Under Protected Disclosures Act 1994			
Complaints received by the Commission that constitute Protected Disclosures	12	27	-

APPENDIX 3 - LEGISLATIVE MATTERS AND LAW REFORM

During the reporting year, several changes were made to the Act. A number of changes were also made to legislation used by the Commission for the purpose of conducting investigations into police misconduct, for example, the *Listening Devices Act 1984* ("the LD Act"). The Commission provided comment to Government on a number of other legislative proposals.

Amendments to the *Police Integrity Commission Act 1996* and Related Delegated Legislation

On 8 March 2001 a private members' Bill was introduced into the NSW Legislative Assembly to amend the Act to provide that a member of the Police Service may divulge any information or produce any document to the Commission. Debate on the Bill was adjourned on the same day. At the time of writing, there had been no further action in relation to this matter.

On 17 July 2001, section 8 of the Act was amended to enable the holder of a judicial office to be appointed an Assistant Commissioner of the Commission. On 20 August 2001 and pursuant to this amendment, Judge PD Urquhart QC, former Commissioner of the Commission, was appointed an Assistant Commissioner to conduct the remainder of the hearing being held for the purpose of the investigation codenamed Operation Malta. Also on 17 July 2001, Schedule 1 to the Act was amended to extend the maximum term of the person holding the office of Commissioner from five years to six years.

The first regulation made under the Act – the Police Integrity Commission Regulation 2001 – commenced on 16 February 2001. The Regulation enables Commission investigators who have served as police officers in specified overseas jurisdictions to exercise police powers and to possess specified firearms and weaponry.

Controlled Operations

In its previous Annual Report, the Commission noted the passage of the *Law Enforcement (Controlled Operations) Amendment Act 1999* ("the Amendment Act"), the purpose of which was to make various amendments to the *Law Enforcement (Controlled Operations) Act 1997* designed to improve the operational efficiency of the Act. Commencement of the Amendment Act was deferred pending the preparation of a suitable regulation prescribing a number of forms for use under the Act. The Amendment Act and the Law Enforcement (Controlled Operations) Amendment Regulation 2000 commenced on 1 December 2000.

Assumed Identities

The Commission is an authorised agency for the purposes of the *Law Enforcement and National Security (Assumed Identities) Act 1998*. As such, appropriately authorised Commission officers may acquire and use an assumed identity in the course of their official duties with protection from criminal and civil liability. On 4 April 2001, the Commonwealth Government introduced legislation into Federal Parliament known as the *Measures to Combat Serious and Organised Crime Bill 2001*, one of the objects of which was to amend the *Crimes Act 1914* (Cth) to permit an approved person to acquire evidence of, and use, an assumed identity in the course of the person's duty with protection from criminal liability and indemnification from civil liability.

Telecommunications Interception

During the reporting year, the Commonwealth conducted a review of the *Telecommunications (Interception) Act 1979* (Cth). The Commission took the opportunity to renew previous representations that the Act be amended to enable telecommunications interception information to be used in proceedings brought under the *Criminal Assets Recovery Act 1990* ("the CAR Act"). The Commission also supported proposals for amendment to the TI Act to make it clear that telecommunications interception information should be available for use against police officers who are being considered

for removal from the Police Service for loss of the Police Commissioner's confidence or other serious disciplinary action.

More recently, the Commission made submissions to the Commonwealth Attorney General, the Hon Daryl Williams AM QC MP, requesting that consideration be given to urgent amendments to the TI Act to give effect to the intention that the NSW Commissioner of Police be able to make use of intercepted information for the purpose of deciding whether to remove a police officer.

Listening Devices

In October 2000, as part of its report to Parliament in relation to Operation Belfast – the Commission's investigation into allegations of police misconduct associated with the investigation of the death of Leigh Leigh at Stockton on 3 November 1989 – the Commission recommended that consideration be given to amendments to the LD Act to the effect that the submission of false or misleading information as part of a report on the use of listening device warrant should become the subject of express criminal sanction. At the time of writing, consideration of this recommendation has been deferred pending the release of the Law Reform Commission's Interim Report into Surveillance. The Commission understands that this Report is expected to be publicly released later this year.

Criminal Records

During the reporting year, the Commission made submissions to Government that the Criminal Records Regulation 1999 be amended to permit the Commission to require the disclosure of a person's spent convictions in circumstances where the Commission is considering engaging the person to perform services for or on it, whether as a consultant, contractor or secondee from another government authority (including the Police Service). At the time of writing, no amendments have yet been made to the Regulation giving effect to the Commission's submissions.

Security Arrangements

During the reporting year, the Commission made submissions to Government requesting amendments to the Security Industry Regulation 1998 and the Weapons Prohibition Regulation 1999 to enable the Commission to employ security personnel on a contract basis, as distinct from on secondment from the NSW Sheriff's Office. During the reporting year, no amendments were made to the regulations to give effect to the proposed change in physical security arrangements for the Commission's premises.

Probity Checks – Greyhound Racing Authority

During the reporting year, the Commission was invited to comment on the Racing Legislation Amendment (Probity) Bill 2000. The purpose of the Bill is to establish a probity testing regime for persons connected with the Greyhound Racing Authority, Harness Racing NSW and the Thoroughbred Racing Board. At the time of writing, the Bill remains under consideration by the NSW Legislative Council.

Privacy Code of Practice – Interjurisdictional Transfer of Information

During the reporting year, the Commission was invited by the NSW Privacy Commissioner, Mr Chris Puplick, to comment on a draft of the *Privacy Code of Practice for the Interjurisdictional Transfer of Personal Information*. The Commission informed Mr Puplick that the draft, if unamended, was likely to cause a number of difficulties for the Commission in its relationship with other law enforcement and investigative agencies and in the pursuit of its function to investigation police misconduct. At the time of writing, the Commission has not received a substantive response to its recommendations for amendments to the draft code of practice.

Independent Commission Against Corruption

During the reporting year, the Commission was invited by the Parliamentary Joint Committee on the Independent Commission Against Corruption (ICAC) to provide comment on a proposal by the ICAC to invest suitably qualified Commission investigators with police powers. While not expressing a concluded view on the proposal, the Commission noted that, unlike the Commission, police officers may be engaged as investigators to the ICAC.

APPENDIX 4 – COMMISSION INVESTIGATIONS COMMENCED DURING THE REPORTING YEAR - 2000/2001

PRIMARY ALLEGATION INSTIGATING INVESTIGATION	NUMBER OF PRELIMINARY INVESTIGATIONS - ONGOING	NUMBER OF FULL INVESTIGATIONS – ONGOING	NUMBER OF PRELIMINARY INVESTIGATIONS – CLOSED	NUMBER OF FULL INVESTIGATIONS – CLOSED
Pervert the course of justice	1	3		1
Soliciting or accepting bribes			1	
Being involved in the manufacture, cultivation or supply of prohibited drugs	1	1	1	1
Complaint made against police officer who is of or above the rank of Superintendent		1		
Improperly investigating or interference with an investigation against another police officer		1		
Improper accessing/disclosure of information		1		
Improper Associations			1	
Financial Misconduct	1	1	1	
Managerial / procedural issues	1	3		
Reckless discharging of firearms			2	
Total	**4**	**11**	**6**	**2**

APPENDIX 5 - PROSECUTIONS DURING THE REPORTING YEAR RESULTING FROM ROYAL COMMISSION OR POLICE INTEGRITY COMMISSION INVESTIGATIONS - 2000/2001

NAME	OFFENCE	STATUS
NEMETH-LAKY Michael David	– Obtaining access to data stored in a computer without authority or lawful excuse (s 309(1) *Crimes Act 1900*); – Give False / Msleading evidence (s.107 *Police Integrity Commission Act 1996*)	– Pleaded guilty on 16 March 2001 and Good Behaviour Bond for 12 months was imposed (s.10 Crimes (*Sentencing Procedure*) Act) – Charge withdrawn on 16 March 2001
BYCZKOV Alexander	– Offering to give a bribe to a member of the Police Service (s.200(2) *Police Service Act 1990*); – Give False / Msleading evidence (s 107 *Police Integrity Commission Act 1996*).	– Sentenced to a Good Behaviour Bond for 2 years on 17 August 2001 (s.9 Crimes (*Sentencing Procedure*) Act 1999) – Sentenced on 17 August 2001 to 6 months imprisonment to be served by way of home detention.
BYCZKOV Coryne L1	– Give False / Msleading evidence (s 107 *Police Integrity Commission Act 1996*). – Make a collusive agreement with member of the Police Service (s.200(2) Police Service Act 1990);	– Sentenced on 11 July 2001. A Good Behaviour Bond of $500) was imposed (s.10 Crimes (*Sentencing Procedure*) Act) – Convicted and fined $500 on 23 March 2001
GARDINER, Terrence James	– 15 x Fraudulent misappropriation of funds (s.178A *Crimes Act 1900*) – Give False / Msleading evidence (s 107 *Police Integrity Commission Act 1996*).	– Proceedings commenced on 28 June 2001
GIOVANNONE, Philip	– False testimony (s.21 *Royal Commission Act 1923*) – 2x Pervert the course of justice (s.319 *Crimes Act 1900*) – Corruptly Give Benefit – (s.249B *Crimes Act 1900*)	– Sentencing on 30 August 2001 for pervert the course of justice and corruptly give benefit.
STAVROU, Steve	– False testimony (s.21 *Royal Commission Act 1923*) – Corruptly Give Benefit – (s.249B *Crimes Act 1900*) – Bribery Common law	Proceedings ongoing
EADE, Wayne	– Incite Supply Prohibited Drug (s.27 *Drug Misuse & Trafficking Act 1985*) – False testimony (s.21 *Royal Commission Act 1923*)	– Sentenced to 6 months imprisonment on 26 June 2001 – Sentenced to 15 months imprisonment on 26 June 2001
KELLY, Michael	– Assault of person unknown (s.61 *Crimes Act 1900*) – 2 x False testimony (s.21 *Royal Commission Act* 1923)	Proceedings ongoing

NAME	OFFENCE	STATUS
LEECH Gary McDONALD Andrew	• Assault of person unknown (s.61 *Crimes Act 1900*) • 2 x False testimony (s.21 *Royal Commission Act 1923*) • Assault of person unknown (s.61 *Crimes Act 1900*) • 3 x False testimony (s.21 *Royal Commission Act 1923*)	Proceedings ongoing Proceedings ongoing
BAYEH Louis	• Supply Prohibited Drug – (ss.25 (1), 25 (2), 26 *Drug Misuse & Trafficking Act 1985*) • Conspiracy to Supply Prohibited Drug (ss 25 (1), 25 (2), 26 *Drug Misuse & Trafficking Act 1985*)	• Sentenced to 2 years imprisonment on 22/08/01 for being knowingly concerned in the supply of drugs.
MICHAEL Tanya (BAYEH) – PEDAVOLI Dominic	• Knowingly Take Part in Supply of Prohibited Drug (s.25 *Drug Misuse & Trafficking Act 1985*) • 2 x Conspiracy to Supply Prohibited Drug (ss 25 (1), 25 (2), 26 *Drug Misuse & Trafficking Act 1985*)	• Sentenced on 16 March 2001. A Good Behaviour Bond for 12 months was imposed (s.10 Crimes *(Sentencing)* Act 1999). • Sentenced on 11 May 2001 to imprisonment • 1st Count - 5 years (2 ½ years MT) • 2nd Count - 4 years (2 years MT)

APPENDIX 6 – FREEDOM OF INFORMATION STATEMENT OF AFFAIRS

Structure and Functions of the Commission

The Commission is a statutory corporation established under the Act, the principal function of which is to detect, investigate and prevent serious police misconduct and other police misconduct. For a more detailed description of the structure and functions of the Commission, refer to sections one and two of the Report. The Corporate Plan outlines the Commission's objectives and the means by which achievement of these objectives might be measured.

Effect of Functions on Members of the Public

While not providing services directly to members of the public, the Commission can have an effect on the public broadly in terms of: helping to lower the incidence of serious police misconduct, and assisting in the development of an understanding of the nature, causes and extent of serious police misconduct.

The Commission can also have an impact on members of the public when dealing with complaints of serious police misconduct. In addition, the Commission may also exercise a variety of powers in pursuit of its function to investigate police misconduct. The exercise of these powers may affect members of the public. For example, the Commission may issue a notice requiring a member of the public to produce documents or other things to assist an investigation into misconduct, or, the person may be summoned to appear at a hearing of the Commission to give evidence and/or produce documents or other things.

Participation by Members of the Public in Policy Formulation and Exercise of Functions

The Commission is subject to the *Freedom of Information Act 1989* (the FOI Act), only in relation to its administrative and educative functions. Consonant with the stringent secrecy provisions applying to the Commission, the Commission is exempt from the FOI Act in relation to its corruption prevention, complaint handling, investigative and report functions. In relation to its administrative functions, by and large the Commission adopts policies and practices adopted by the NSW Public Service. In relation to its educative functions, the Commission has not developed any specific policies. In these circumstances, the Commission has not found it necessary to involve members of the public in policy formulation or the exercise of statutory functions.

Nature of Documents held by the Commission

A list of publications available to the public was printed in the Commission's 1999-2000 Annual Report. A list of those reports published during this reporting year is available at Appendix 9. It is intended that all publications and other public documents will be available from the Commission's Web Site during the next reporting year. Categories of other documents available include: administrative policy and education documents; and guides to recipients of Commission Notices and witnesses.

Obtaining Access to and Seeking Amendment of the Commission's Records

Access to administrative policy and education documents and guides to recipients of Notices or witnesses may be obtained by contacting the Registry Manager or the manager of the relevant section of the Commission. All other enquiries may be directed to the FOI Coordinator. The Contact details for the Commission are contained in Appendix 9. Copies of the abovementioned policy documents are generally available free of charge, however, the Commission reserves the right to charge for photocopies of more than 10 pages. Access may also be provided by way of inspection at the Commission's premises.

Statistical Report for Year Ending 30 June 2001 (FOI Act, sub-section 68(1); FOI Regulation, sub-clause 9(1))

Section A

Numbers of new FOI requests – Information relating to number of new FOI requests received, those processed and those incomplete from the previous period.

FOI Requests	Personal	Other	Total
A1 New (incl transferred in)	Nil	Nil	Nil
A2 Brought forward	Nil	Nil	Nil
A3 Total to be processed	Nil	Nil	Nil
A4 Completed	Nil	Nil	Nil
A5 Transferred out	Nil	Nil	Nil
A6 Withdrawn	Nil	Nil	Nil
A7 Total processed	Nil	Nil	Nil
A8 Unfinished (carried forward)	Nil	Nil	Nil

Section B

Results of FOI requests - What Happened to Completed Requests? (Completed requests are those on line A4)

Result of FOI Request	Personal	Other
B1 Granted in full	N/A	N/A
B2 Granted in part	N/A	N/A
B3 Refused	N/A	N/A
B4 Deferred	N/A	N/A
B5 Completed	N/A	N/A

Section C

Ministerial Certificates - Number issued during the period

C1	Ministerial Certificates issued	Nil

Section D

Formal consultations - Number of requests requiring consultations (issued) and total number of Formal

	Issued	Total
D1 Number of requests requiring formal consultation(s)	Nil	Nil

Section E

Amendment of personal records - Number of requests for amendment processed during the period

Result of Amendment Request	Total
E1 Result of amendment – agreed	Nil
E2 Result of amendment – refused	Nil
E3 Total	Nil

Section F

Notation of Personal Records - Number of requests for notation processed during the period

F3 Number of requests for notation	Nil

Section G

FOI Requests Granted in Part or Refused - Basis of disallowing access. Number of times each reason cited in relation to completed requests which were granted in part of refused

Basis of Disallowing or Restricting Access	Personal	Other
G1 section 19 (application incomplete, wrongly directed)	Nil	Nil
G2 section 22 (deposit not paid)	Nil	Nil
G3 sub-section 25(1)(a1) (diversion of resources)	Nil	Nil
G4 sub-section 25(1)(a) (exempt)	Nil	Nil
G5 sub-section 25(1)(b), (c), (d) (otherwise available)	Nil	Nil
G6 sub-section 28(1)(b) (documents not held)	Nil	Nil
G7 section 24(2) – (deemed refused, over 21 days)	Nil	Nil
G8 section 31(4) (released to Medical Practitioner)	Nil	Nil
G9 Totals	Nil	Nil

Section H

Costs and Fees of Requests Processed During Period (ie, those referred to at lines A4, A5 and A6) - (excluding costs and fees for unfinished requests (ie, those referred to at line A8).

	Assessed Costs	FOI Fees
H1 All completed requests	Nil	Nil

Section I

Discounts Allowed - Number of FOI requests processed during the period where discounts were allowed.

Type of Discount Allowed	Personal	Other
I1 Public interest	Nil	Nil
I2 Financial hardship – Pensioner / Child	Nil	Nil
I3 Financial hardship – Non-profit organisation	Nil	Nil
I4 Totals	Nil	Nil
I5 Significant correction of personal records	Nil	Nil

SECTION J

Days to Process - Number of completed requests (A4) by calendar days (elapsed time) taken to process.

Elapsed Time		Personal	Other
J1	0-21 days	Nil	Nil
J2	22-35 days	Nil	Nil
J3	Over 35 days	Nil	Nil
J4	Totals	Nil	Nil

Section K

Processing Time - Number of completed requests (A4) by hours taken to process.

Processing Hours	Personal	Other
K1 0-10 hrs	Nil	Nil
K2 11-20 hrs	Nil	Nil
K3 21-40 hrs	Nil	Nil
K4 Over 40 hrs	Nil	Nil
K5 Totals	Nil	Nil

Section L

Reviews and Appeals -Number finalised during the period – Nil

Details of Internal Review Results – in relation to internal reviews finalised during the period

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

Bases of Internal Review	Personal		Other	
Grounds on which internal review requested	Upheld	Varied	Upheld	Varied
L4 Access refused	Nil	Nil	Nil	Nil
L5 Deferred	Nil	Nil	Nil	Nil
L6 Exempt matter	Nil	Nil	Nil	Nil
L7 Unreasonable charges	Nil	Nil	Nil	Nil
L8 Charge unreasonably incurred	Nil	Nil	Nil	Nil
L9 Amendment refused	Nil	Nil	Nil	Nil
L10 Totals	Nil	Nil	Nil	Nil

Assessment of Statistical Report for Year Ending 30 June 2001 (FOI Act, sub-section 68(1); FOI Regulation, sub-clause 9(2))

The Commission did not receive any FOI requests during the reporting year. Only one (1) FOI request was received in the previous reporting year, 1999-2000. The impact on the Commission of fulfilling its requirements under the FOI during the reporting year has been negligible. No major issues have arisen during the reporting year in connection with the Commission's compliance with FOI requirements.

APPENDIX 7 – 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 8 – FINANCIAL STATEMENTS

BOX 12 GPO
SYDNEY NSW 2001

Judge P. D. Urquhart QC
Commissioner
Police Integrity Commission
GPO Box 3880
SYDNEY NSW 2001

21 August 2001

Dear Commissioner

STATUTORY AUDIT REPORT
POLICE INTEGRITY COMMISSION

The accounts of the Police Integrity Commission for the year ended 30 June 2001 have been audited as required by section 45I(1) of the *Public Finance and Audit Act 1983* (the Act) and in accordance with section 34 of the Act.

This report is issued in accordance with section 45I(2) of the Act which requires that I report to the Commissioner, the Minister and the Treasurer the results of the inspection and audit and details of any irregularities or other matters that call for special notice. This report is not the Independent Audit Report that expresses my opinion on the annual financial report of the Police Integrity Commission.

The audit resulted in an unqualified Independent Audit Report. The Independent Audit Report, together with the annual financial report of the Police Integrity Commission is attached. There were no significant matters that arose as a result of the inspection and audit.

Audit Objectives

The overall objectives of the audit were to enable me to form an opinion as to whether, in all material respects, the financial report:

- was presented fairly in accordance with the requirements of the Act, applicable Accounting Standards and other mandatory professional reporting requirements, in Australia, and
- presented a view which was consistent with my understanding of the financial position of the Police Integrity Commission, the results of its operations and its cash flows.

The Audit Office's financial audits also assess whether agencies have substantially complied with relevant legislative requirements. As well as reviewing legislative requirements which govern the form or content of the financial report, other legislative requirements which could have a financial impact on the agency, are reviewed on a cyclical basis. This year, we tested whether the Commission complied with:

- delegation provisions of the *Police Integrity Commission Act 1996* and other applicable legislation and policies; and
- extended leave provisions of the *Long Service Leave Act 1955.*

Scope of the Audit

Audit procedures were primarily aimed at achieving audit objectives and did not seek to confirm for management purposes the effectiveness of all internal controls. The planning of the audit procedures was based on a risk assessment that the existence of errors and/or irregularities could materially affect the financial report.

An engagement letter that provides more detailed information concerning the scope of the audit was sent to you on 31 March 2000.

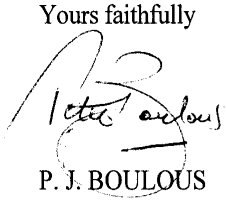
Review of Operations

A review of the financial operations of the Police Integrity Commission will be included in the Auditor-General's Report to Parliament which is intended for tabling in November, 2001.

Acknowledgment

I wish to acknowledge the courtesy and assistance extended by the Commission's staff during the conduct of the audit.

Yours faithfully



P. J. BOULOUS
PRINCIPAL AUDITOR

cc: The Hon. P. Whelan, MP
Minister for Police
Level 20, Avery Building
14-24 College Street
SYDNEY NSW 2000

The Hon. M. R. Egan, MLC
The Treasurer
Level 33, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT
POLICE INTEGRITY COMMISSION

To Members of the New South Wales Parliament and the Commissioner

Scope

I have audited the accounts of the Police Integrity Commission for the year ended 30 June 2001. The Commissioner is responsible for the financial report consisting of the statement of financial position, statement of financial performance, statement of cash flows, and summary of compliance with financial directives, together with the notes thereto, and information contained therein. My responsibility is to express an opinion on the financial report to Members of the New South Wales Parliament and the Commissioner based on my audit as required by sections 34 and 45F(1) of the *Public Finance and Audit Act 1983* (the Act). My responsibility does not extend to an assessment of the assumptions used in formulating budget figures disclosed in the financial report.

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

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

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

Audit Opinion

In my opinion, the financial report of the Police Integrity Commission complies with section 45E of the Act and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Police Integrity Commission as at 30 June 2001 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
21 August 2001

Financial Statements 2000–01

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Police Integrity Commission

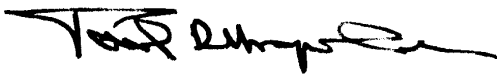
Statement by Department Head

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

(a) the accompanying financial statements in respect of the year ended 30 June 2001 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and Regulations, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies,* and the *Treasurer's Directions*

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

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



Judge P D Urquhart QC
Commissioner
19 July 2001

Police Integrity Commission

Statement of Financial Performance for the Year Ended 30 June 2001

	Notes	Actual 2001 $'000	Budget 2001 $'000	Actual 2000 $'000
Expenses				
Operating Expenses				
Employee related	2(a)	8,885	9,155	7,961
Other operating expenses	2(b)	5,703	5,202	5,716
Maintenance	2(c)	141	312	183
Depreciation and amortisation	2(d)	1,923	1,275	1,713
Total expenses		**16,652**	**15,944**	**15,573**
Less:				
Retained Revenue				
Sale of goods and services	3(a)	4	--	2
Investment income	3(b)	49	14	61
Grants & Contributions	3(c)	1,073	2,372	429
Other revenue	3(d)	69	--	1
Total Retained Revenue		**1,195**	**2,386**	**493**
Gain/(loss) on disposal of non-current asset	4	--	--	--
NET COST OF SERVICES	29	**15,457**	**13,558**	**15,080**
Government Contributions				
Recurrent appropriation	6	13,238	13,247	12,900
Capital appropriation	6	799	799	967
Acceptance by the Crown Entity of employee entitlements and other liabilities	10	1,036	721	496
Total Government Contributions		**15,073**	**14,767**	**14,363**
SURPLUS/(DEFICIT) FOR THE YEAR		**(384)**	**1,209**	**(717)**
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		--	--	--
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSCATIONS WITH OWNERS AS OWNERS	24	**(384)**	**1,209**	**(717)**

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Financial Position as at 30 June 2001

	Notes	Actual 2001 $'000	Budget 2001 $'000	Actual 2000 $'000
ASSETS				
Current Assets				
Cash	13	788	263	555
Receivables	14	125	40	44
Other	18	48	--	15
Total Current Assets		**961**	**303**	**614**
Non-Current Assets				
Plant and equipment	17	5,348	7,225	5,760
Total Non-Current Assets		**5,348**	**7,225**	**5,760**
Total Assets		**6,309**	**7,528**	**6,374**
LIABILITIES				
Current liabilities				
Payables	20	107	79	134
Employee entitlements and other provisions	22	897	646	645
Other	23	94	--	--
Total Current Liabilities		**1,098**	**725**	**779**
Total Liabilities		**1,098**	**725**	**779**
Net Assets		**5,211**	**6,803**	**5,595**
EQUITY				
Accumulated funds	24	5,211	6,803	5,595
Total Equity		**5,211**	**6,803**	**5,595**

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Cash Flows for the Year Ended 30 June 2001

	Notes	Actual 2001 $'000	Budget 2001 $'000	Actual 2000 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(8039)	(9,010)	(7,725)
Other		(6,472)	(5,514)	(5,872)
Total Payments		**(14,511)**	**(14,524)**	**(13,597)**
Receipts				
Sale of goods and services		4	--	2
Interest received		49	--	39
Grants received		1,153	--	429
Other		457	2,405	1
Total Receipts		**1,663**	**2,405**	**471**
Cash flows from Government				
Recurrent appropriation		13,332	13,247	12,900
Capital appropriation		799	799	967
Cash reimbursements from the Crown Entity		461	521	392
Net Cash Flows from Government		**14,592**	**14,567**	**14,259**
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	**1,744**	**2,448**	**1,133**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of land and buildings, plant and equipment and infrastructure systems		(1,511)	(2,740)	(995)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(1,511)**	**(2,740)**	**(995)**
NET INCREASE/(DECREASE) IN CASH		233	(292)	138
Opening cash and cash equivalents		555	555	417
CLOSING CASH AND CASH EQUIVALENTS	13	**788**	**263**	**555**

The accompanying notes form part of these Statements

Police Integrity Commission

Summary of Compliance with Financial Directives

for the Year Ended 30 June 2001

	2001				2000			
	Recurrent Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000	Recurrent Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000	Capital Appropriation $'000	Expenditure/ Net claim on Consolidated Fund $'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE • Appropriation Act	13,247	13,102	799	799	12,599	12,579	875	849
	13,247	13,102	799	799	12,599	12,579	875	849
OTHER APPROPRIATIONS/ EXPENDITURE • Treasurer's Advance • Section 22 - expenditure for certain works & service • Transfers from another agency sec 26 of the Appropriation Act)	230	136			248 73	248 73	99	99 19
	230	136	--	--	321	321	99	118
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	13,477	13,238	799	799	12,920	12,900	974	967
Amount drawn down against Appropriation		13,332		799		12,900		967
Liability to Consolidated Fund		94		Nil		Nil		Nil

The accompanying notes form part of these Statements

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).
The liability to the Consolidated Fund represents the difference between the amount drawn down against Appropriation and the total expenditure/net claim on consolidated fund.

Police Integrity Commission

Summary of Compliance with Financial Directives for the Year Ended 30 June 2001 (cont)

Recurrent Appropriations

During the year, additional recurrent allocation supplementations were received for two Protected Items: $130,000 for Telecommunications Interception, and $100,000 for Witness Protection.

Due to delays in the Qualitative and Strategic Audit of the Reform Process of the NSW Police Service, funding of $138,000for the project was re-scheduled over 2001–02 and 2002–03, and savings of $7,000 were identified by Treasury due to the change in the Payroll Tax rate.

Capital Appropriation

The Commission's capital allocation of $799,000 was fully expended.

The accompanying notes form part of these Statements

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission is constituted by the *Police Integrity Commission Act 1996*, and comprises a single entity. The Commission is a separate reporting entity and there are no reporting entities under its control. These financial statements cover the Commission's activities for the 2000–01 period. The Commission is consolidated as part of the NSW Total State Sector and as part of the NSW Public Accounts.

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

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

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

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) *Administered activities*

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

(d) *Revenue recognition*

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

Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally 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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

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

The liability is disclosed in Note 23 as part of 'other current liabilities'. The amount will be repaid and the liability will be extinguished next financial year.

Sale of Goods and Services

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

Investment Income

Interest revenue is recognised as it accrues.

(e) *Employee entitlements*

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

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

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

The outstanding amounts of payroll tax, workers' compensation insurance premiums 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 rates at year end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

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

(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) Accounting for the Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:

(i) the amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

(ii) receivables and payables are stated with the amount of GST included.

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

(i) 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.

(j) 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

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

(l) 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.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

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

(m) *Leased Assets*
The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease. Operating lease payments are charged to the *Statement of Financial Performance* in the periods in which they are incurred.

(n) *Investments*
The Commission holds no investments.

(o) *Inventories*
The Commission holds no inventories.

(p) *Trust funds*
The Commission does not hold any trust funds.

(q) *Administrative Restructuring*
The were no administrative restructures between the Commission and any other agency.

(r) *Payables*
These amounts represent liabilities for goods and services provided to the Commission and other amounts, including interest. Interest is accrued over the period it becomes due.

(s) *Reclassification of financial information*
As a result of applying AAS1 "Statement of Financial Performance" and AAS36 "Statement of Financial Position", the format of the *Statement of Financial Performance* (previously referred to as the Operating Statement) and the *Statement of Financial Position* has been amended. As a result of applying these Accounting Standards, a number of comparative amounts were represented or reclassified to ensure comparability with the current reporting period.

(t) *Budgeted amounts*
The budgeted amounts are drawn down from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and /or s 26 of the *Public Finance and Audit Act 1983.*

The budgeted amounts in the *Statement of Financial Performance* and the *Statement of Cash Flows* are generally based on the amounts disclosed in the NSW Budget papers (as adjusted above). However, in the *Statement of Financial Position*, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie per the audited financial statements (rather than the carried forward estimates).

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

2. EXPENSES

		2001 $'000	2000 $'000
(a)	Employee related expenses comprise the following specific items:		
	Salaries and wages (including recreation leave)	7,123	6,697
	Superannuation	535	432
	Extended leave	470	61
	Workers' compensation insurance	31	41
	Payroll tax and fringe benefits tax	671	598
	Other	55	132
		8,885	**7,961**
(b)	Other operating expenses		
	Administration charges	515	490
	Bad and doubtful debts	--	--
	Books and periodicals	22	35
	Auditor's remuneration	21	20
	Consultancies	38	44
	Contractors	1,597	1,415
	EDP expenses	95	138
	Insurance	23	19
	Rent and outgoings	1,689	1,874
	Minor equipment	562	720
	Motor vehicle costs (including leasing charges)	340	283
	Advertising	64	33
	Printing and stationery	72	60
	Staff development	47	70
	Travelling expenses	89	98
	Telephones	347	267
	Other	182	150
		5,703	**5,716**
(c)	Maintenance		
	Repairs and maintenance	141	183
		141	**183**
(d)	Depreciation and amortisation expense		
	Depreciation		
	Computer Equipment	433	338
	Office Equipment	437	347
	Amortisation of Leasehold Improvements	1,053	1,016
	Written down value of assets written off	--	12
		1,923	**1,713**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

3. REVENUES

		2001 $'000	2000 $'000
(a)	Sale of goods and services		
	Sale of transcript from Commission hearings	4	2
		4	**2**
(b)	Investment income		
	Interest	49	61
		49	**61**
(c)	Grants & Contributions		
	Grants received from Budget Sector Agency (see Note 8)	798	429
	Grants received from Commonwealth Government	275	--
		1,073	**429**
(d)	Other Revenue		
	Commission on salary deductions, conduct fees, fines and insurance claim receipts	69	1
		69	**1**

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

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

5. CONDITIONS ON CONTRIBUTIONS

The Commission did not receive any contributions during 2000–01, except as disclosed in note 8.

6. APPROPRIATIONS

Recurrent appropriations	2001 $'000	2000 $'000
Total recurrent drawdowns from Treasury (per Summary of Compliance)	13,332	12,900
Less: Liability to Consolidated Fund (per Summary of Compliance)	94	--
	13,238	**12,900**
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	13,238	12,900
Transfer payments	--	--
Total	**13,238**	**12,900**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

6. APPROPRIATIONS (cont)

Capital appropriations	2001 $'000	2000 $'000
Total capital drawdowns from Treasury (per Summary of Compliance)	799	967
Less: Liability to Consolidated Fund (per Summary of Compliance)	--	--
	799	**967**
Comprising:		
Capital appropriations (per Statement of Financial Performance)	799	967
Less: Transfer payments	--	--
Total	**799**	**967**

7. FUNDAMENTAL ERRORS

No fundamentals errors have been discovered.

8. INDIVIDUALLY SIGNIFICANT ITEMS

	2001 $'000	2000 $'000
Grant from the Premier's Department for the continuing implementation of the Police Oversight Data Store (PODS) project of the PCCMS	798	85
Grant from the Commonwealth Government for spectrum migration	275	--
Grant for Commission's website	--	99
Grant from the Premier's Department for research and development of PCCMS	--	245
	1,073	**429**

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

9. EXTRAORDINARY ITEMS

There were no extraordinary items during the reporting period.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

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

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

	2001 $'000	2000 $'000
Superannuation	532	409
Extended leave	470	61
Payroll tax	34	26
	1,036	**496**

11. TRANSFER PAYMENTS

There were no transfer payments during the reporting period.

12. PROGRAMS/ACTIVITIES OF THE AGENCY

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

Objective: *To effectively contribute to the State response in combating serious police misconduct.*

13. CURRENT ASSETS—CASH

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

	2001 $'000	2000 $'000
Cash (bank balances)	776	545
Cash on hand	12	10
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**788**	**555**

14. CURRENT ASSETS—RECEIVABLES

Sale of goods and services	2	--
Other debtors	123	44
	125	**44**

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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

15. CURRENT / NON-CURRENT ASSETS—INVENTORIES

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

16. CURRENT / NON-CURRENT ASSETS—OTHER FINANCIAL ASSETS

The Commission had no other financial assets in the current year or the prior year.

17. NON-CURRENT ASSETS—PLANT AND EQUIPMENT

Plant and Equipment	2001 $'000	2000 $'000
At Cost	10,511	9,026
Accumulated Depreciation at Cost	5,163	3,266
Total Property, Plant and Equipment at Net Book Value	**5,348**	**5,760**

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

2001	Plant & Equipment $'000
Carrying amount at start of year	5,760
- Additions	1,511
- Depreciation Expense	(1,923)
Carrying amount at end of year	**5,348**

2000	Plant & Equipment $'000
Carrying amount at start of year	6,479
- Additions	994
- Depreciation Expense	(1,713)
Carrying amount at end of year	**5,760**

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

The Commission has computer and office equipment transferred from the Royal Commission, most of which is now over four years in age. While these assets are fully depreciated they do provide some benefit to the Commission, but this benefit is immaterial to the Commission's *Financial Statements*.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

18. CURRENT ASSETS—OTHER

	2001 $'000	2000 $'000
Prepayments	48	15
	48	**15**

19. RESTRICTED ASSETS

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

20. CURRENT LIABILITIES—PAYABLES

Creditors	107	134
	107	**134**

21. CURRENT / NON-CURRENT LIABILITIES—INTEREST BEARING LIABILITIES

The Commission does not have any current or non-current interest bearing liabilities.

22. CURRENT LIABILITIES—EMPLOYEE ENTITLEMENTS AND OTHER PROVISIONS

Recreation leave	660	513
Accrued salaries and wages	205	132
Other (FBT provision)	32	--
Aggregate employee entitlements	**897**	**645**

23. CURRENT LIABILITIES - OTHER

Liability to Consolidated Fund	94	--
	94	**--**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

24. CHANGES IN EQUITY

Accumulated funds	2001 $'000	2000 $'000
Balance at 1 July	5,595	6,312
Surplus/(Deficit) for the Year	(384)	(717)
Balance at 30 June	**5,211**	**5,595**

25. INCREASE / DECREASE IN NET ASSETS FROM ADMINISTRATIVE RESTRUCTURING

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

26. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

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

Not later than one year	210	104
	210	**104**

(b) Other Expenditure Commitments

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

Not later than one year	98	--
	98	**0**

(c) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	1,762	1,378
Later than one year and not later than five years	106	1,617
Later than five years	--	--
	1,868	**2,995**

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

(d) Finance Lease Commitments

The Commission has no finance lease commitments.

(e) GST on Commitments

The total commitments for 2001 include input tax credits of $198,000 that are expected to be recoverable from the Australian Taxation Office.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

27. CONTINGENT LIABILITIES

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

28. BUDGET REVIEW

Net cost of services
The net cost of services was higher than budget by $1.489m because of the implementation of Police Oversight Data Store (PODS). The Commission expended $798,000 from grants received from the NSW Premier's Department for the PODS project, and a significant increase in depreciation resulting from the purchase of information technology-related equipment for this project.

Assets and liabilities
The value of non-current assets is lower than budget due to the carrying forward of an amount of $1.5m for PODS capital purchases that were unable to be completed during the year. Employee entitlements are higher than budget due to the salary accruals for year end, together with the increasing value of recreation leave entitlements for staff.

Cash flows
The variances between budgeted and actual cash flows is a result of the carrying forward of unspent PODS grant funding to 2001–02.

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

	2001 $'000	2000 $'000
Net cash from operating activities	1,744	1,133
Cash Flows from Government Appropriations	(14,037)	(13,867)
Acceptance by Crown Entity of Employee liabilities and other liabilities	(1,036)	(496)
Depreciation	(1,923)	(1,713)
Decrease/(increase) in provisions	(252)	(151)
Increase/(decrease) in prepayments and other assets	114	40
Decrease/(increase) in creditors	(67)	(26)
Net cost of services	**15,457**	**(15,080)**

30. NON-CASH FINANCING AND INVESTING ACTIVITIES

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

31. TRUST FUNDS

The Commission does not hold any trust funds

32. ADMINISTERED ASSETS AND LIABILITIES

The Commission does not hold any administered assets, nor does it hold any administered liabilities.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2001

33. ADMINISTERED REVENUE - DEBTS WRITTEN OFF

The Commission does not hold any administered revenue.

34. ADMINISTERED REVENUE - SCHEDULE OF UNCOLLECTED AMOUNTS

The Commission does not administer any uncollected monies.

35. FINANCIAL INSTRUMENTS

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

(i) Cash

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

(ii) Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates the net fair value. Sales are made on a 14 day term.

(iii) Bank Overdraft

The Commission does not have any bank overdraft facility.

(iv) Trade Creditors and Accruals

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

36. AFTER BALANCE DATE EVENTS

There are no known after balance date events.

End of audited financial statements

APPENDIX 9 – DIRECTORY, PUBLICATIONS AND PRINTING REQUIREMENTS

DIRECTORY

Address:
Level 3, 111 Elizabeth Street
SYDNEY NSW 2000

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

Postal Address:
GPO Box 3880
SYDNEY NSW 2001

Publications

The Commission's publications fall into the following categories:

- reports to Parliament following an investigation which involved public hearings (sub-s.96(2));
- special reports to Parliament on any administrative or general policy matter relating to the functions of the Commission (s.98);
- annual reports; and
- brochures concerning the making of a complaint in regard to serious police misconduct.

The following publications were released by the Commission during the reporting year.

PUBLICATIONS	
Publication Name	**Publication Date**
Annual Report 1999-2000	November 2000
Special Report to Parliament, Project Oracle, A review of assault complaints involving officers of the New South Wales Police Service	August 2000
Report to Parliament, Operation Belfast	October 2000
Report to Parliament, Operation Glacier	November 2000
Report to Parliament, Operation Oslo	June 2001
Report to Parliament, Operation Saigon	June 2001

Printing Requirements

Number of copies printed: 500

Average cost per copy: $13.90 (including GST)

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