ANNUAL REPORT 2001-2002



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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

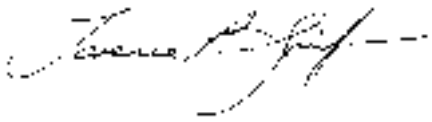
Dear Madam President and Mr Speaker

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 2002.

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

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



T P Griffin
Commissioner

October 2002

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1. COMMISSIONER'S REPORT

This year, the Police Integrity Commission has seen change, challenge and achievement.

Change in senior positions, including the Commissioner and the executive team, in internal structure and focus, and in the Commission's operating environment. Challenge in the size and nature of the work being undertaken, the Commission's approach to its powers and functions, and its management of the competing forces that impact on its capacity to perform its role. Achievement in the way it has overcome the difficulties and seized the opportunities presented by those changes and challenges.

During this year, one of the most significant corruption investigations undertaken in the country came to public notice. On 8 October 2001, the Commission commenced public hearings into an investigation code-named Operation Florida. This matter exposed entrenched and serious corruption in the northern beaches area of Sydney, during a period of more than a decade from the early 1990s.

The experience of Operation Florida highlights the value of partnerships between the Commission and other law enforcement agencies. It also highlights the need to commit resources to long term covert operations to uncover and collect evidence on the most serious and entrenched forms of police corruption. It is important to note that the type of criminal behaviour by police uncovered by Operation Florida is consensual and is unlikely to have come to public notice in the normal course of events.

Operation Florida, under code-name Mascot, was initiated and primarily managed throughout its covert stage by NSW Police and the NSW Crime Commission. The Commission was party to the overall investigation. Its most significant contribution, however, came through its involvement in the conduct of the overt stage of the investigation: the preparation for, and conduct of, the public hearings and all that followed.

When the Operation Florida hearings come to an end, the Commission will consider, in consultation with NSW Police, the lessons that have been learnt and the changes that need to be made to help prevent this form of corruption from recurring in other areas of NSW Police.

Other investigations conducted by the Commission during the course of 2001-2002 are reported in more detail within the body of this Report. Of particular note is the Commission's investigation into allegations that, amongst other things, senior police have obstructed the reform process in NSW Police. Code-named Operation Malta, this matter concluded its hearings during the reporting year and a Report to Parliament is currently being prepared.

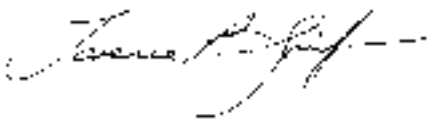
During the course of 2001-2002, the Commission continued to oversight the Qualitative and Strategic Audit of the Reform Process ('QSARP') of NSW Police. QSARP was established following the Royal Commission, to report on the progress of NSW Police in implementing the major reforms recommended by the Royal Commission. The last of three audit reports was furnished during the reporting year to NSW Police for comment. At the time of writing, the final report was due to be furnished to the Commission. In 2002-2003, the Commission

will be examining options for what might best assist NSW Police in continuing the reform process.

The 2001-2002 reporting year also saw the introduction of two new information systems - the Police Oversight Data Store ('PODS') and the Customer Assistance Tracking System ('c@ts.i'). PODS provides staff at the Commission, the Ombudsman and NSW Police Special Crime and Internal Affairs the capacity to conduct simple electronic searches across a range of data from disparate information systems. This will radically reduce the amount of time required to collect information for investigations into police misconduct from online sources. The other new information system - c@ts.i - is a computer-based system for the management of complaints against police. Unlike the paper-based system that is currently being phased out, c@ts.i enables the Commission to receive complaints electronically, as soon as they have been registered. The Commission can then review the progress of each complaint investigation.

Finally, notwithstanding the obvious and ongoing need to investigate and expose serious police misconduct in NSW, there are other initiatives that need to be explored in order to reduce this type of behaviour. Two specific issues are currently under consideration. The first is the role of education in producing officers who have a well-developed ethical foundation, capable of resisting the temptation to engage in acts of corruption. The second is the enhancement of the Commission's public profile so that all individuals will feel free to approach it if they have concerns about police corruption in this State.

The Commission benefits from a staff of talented, committed people who have accumulated considerable expertise in the identification, exposure and resolution of matters arising from serious police misconduct. Their continued efforts, coupled with the considerable powers and capacities of the Commission to pursue matters of concern, should provide reassurance to the public that serious police misconduct is being addressed. I extend my thanks to the staff of the Commission for their diligence and commitment throughout 2001-2002.



T P Griffin
Commissioner

2. CORPORATE PLANNING AND PERFORMANCE MEASUREMENT FRAMEWORK

CHARTER

The Police Integrity Commission ('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; 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 particularly 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); and the collection of evidence and information (s 15).

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, NSW Police, other organisations with related functions, other law enforcement agencies, and the Commission's staff.

MISSION

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

PURPOSE

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

VALUES

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

FOCUS

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 evaluate our processes and performance. We have:

- reviewed the investigations management structure and risk management processes at key operational decision making points. The review resulted in the removal of one management tier. It also led to a more direct involvement by the Commissioner and the members of the Operations Advisory Group ('the OAG') in determining long term plans and goals, and in collaboration with the investigation team, in developing short term strategies and managing risk;

- conducted an extensive and detailed review of compliance with a critical operational process: the handling of intercepted telecommunications information;

- as an integral part of the Commission's ongoing reflection on its systems and processes, reviewed and adjusted a number of policies and procedures; and

- commenced development of the Commission's Corporate Plan and Performance Measurement Framework 2002-2005.

Our focus for the coming year will be on: completing the Corporate Plan and Performance Measurement Framework 2002-2005; oversighting the completion of the Qualitative and Strategic Audit of the Reform Process ('QSARP') of NSW Police; and developing a proposal for what might follow the QSARP to assist NSW Police in reform.

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 2000-2001 reporting year the Commission developed the following program-level indicators, to provide high level indications of the Commission's performance in the context of the Government's Law, Order and Public Safety Objective:

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. A new Performance Measurement Framework, being developed for reporting and evaluating the performance of the Commission and will be detailed in next year's Annual Report.

3. PERFORMANCE OVERVIEW 2001-2002

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.

OUTCOMES 2001-2002

- The Commission furnished one Report to Parliament, one draft section 77(1) 'referral' to the Commissioner of Police and one Report to the Minister:
  - Operation Pelican (ss 92(2)) clarified certain events surrounding the investigation into the death of Mr Phillip George Dilworth, and exposed evidence of inappropriate relationships by, and inappropriate influence on, members of NSW Police.
  - The draft Operation Mosaic 'referral' (ss 77(1)) clarified circumstances surrounding a substantial procurement of radio communications equipment.
  - The Commission QSARP section 14A(5) report provided context and an independent assessment of the progress of reform in NSW Police.
- The Commission made 7 recommendations during the year concerning possible improvements in systems and practices focusing on, amongst other things: alignment of NSW Police procurement policy with that of government; the effectiveness of changes in management structure in resolving problems identified in procurement practices; security arrangements relating to potential equipment suppliers; and the use of firearms. The Commission has received a response in regard to three recommendations concerning the use of firearms, two have been accepted and an alternative agreed in respect of the third. NSW Police response to the remaining 4 recommendations will be reported next year.
- Formal response has been received by the Commission in respect of 5 recommendations contained in the Saigon Report. Two recommendations have been accepted by NSW Police, an acceptance rate of 40 per cent. During discussions with NSW Police, the Commission was persuaded by the reasons for not supporting the three recommendations and noted an undertaking to implement a number of educative strategies. The Commission is satisfied with this outcome.
- Based on Commission advice and assessments in the Oslo Report (amongst others), and issues raised by the Commission concerning Operation Alabama, NSW Police has: undertaken to review NSW Police Code of Conduct in regard to associations with criminals and other matters; sought amendments to the Police Act prescribing a criminal offence for the disclosure of confidential police information; and taken a number of steps to improve brief preparation and handling.
- The Commission has made substantial progress on Project Dresden 2 - Audit of the Quality of NSW Police Internal Investigations.
- From the work of the Appendix 31 Reforms Advisory Committee, working with NSW Police, the QSARP Auditors and external experts, the Commission has: completed a conceptual framework for clustering and prioritising reform activities; prepared two detailed papers to inform planning processes; and made substantial progress on finalising the detailed reform plan.

PLANS / TARGETS 2002-2003

- Undertake 1 to 2 thematic assessments to determine the nature and extent of particular serious police misconduct.
- Continuing focus within Commission investigations on those NSW Police administrative and supervisory practices, and other factors, which provide opportunities for serious police misconduct. Maintain effective cross-discipline and inter-agency involvement in the development of measures for reducing such opportunities, 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 NSW Police in reform.
- Target of 100 per cent acceptance rate for recommendations made by the Commission concerning improvements in the practices of NSW Police or other relevant agencies.

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.

OUTCOMES 2001-2002

- There were 48 investigations 'on foot' during the year, including eight major investigations. A total of 23 investigations were finalised, two of which were major investigations, putting forward recommendations for disciplinary action, or briefs of evidence, which are currently being prepared for consideration by ODPP.
- Investigations resulted in briefs of evidence for 26 possible criminal offences being referred to the NSW ODPP. Offences include: fraudulent misappropriation; corruptly give benefit; knowingly take part in supply of prohibited drug; bribery; and assault. The Commission has received a response from ODPP in regard to 5 of these briefs and a further 33 briefs were referred prior to this reporting period. ODPP advised that a prima facie case existed for all 38 briefs, a rate of 100 per cent. A further 21 briefs are still being considered by ODPP and outcomes will be reported next year.
- Investigations resulted in recommendations for disciplinary action in respect of three police officers (Operation Pelican). Outcomes will be reported in the next reporting period. In response to recommendations made in Operations Oslo and Saigon regarding five officers, NSW Police

accepted Commission recommendations in regard to four of the five, the fifth officer having been medically discharged prior to consideration by Police. In regard to those matters where a response has been received, a 100 per cent acceptance rate was achieved.

- The Commission successfully concluded 6 confiscation proceedings under the *Criminal Assets Recovery Act 1990*, with proceeds orders made for a total of $700,547.60.
- Public and private hearings are among the Commission's most successful strategies in clarifying critical events involving police, encouraging potential witnesses to assist investigations, and in exposing serious police misconduct. During the year, public hearings exposed evidence in a number of major investigations including Operations Florida, Malta and Jetz. There were a total of 105 public and 35 private hearing days, a substantial increase over previous years, with a consequential increase in public awareness and deterrence outcomes. Public hearings, together with the efforts of the involved agencies, have led to a number of officers under investigation 'cooperating' during the year.
- 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.

PLANS / TARGETS 2002-2003

- Continue to focus on serious police misconduct. Focus on investigations with a capacity to achieve substantial impact in terms of: exposing serious police misconduct, and the practices which provide opportunities for serious police misconduct; the development of improvements in practices to reduce opportunities for serious police misconduct; and in deterring serious police misconduct through public exposure. Six major investigations undertaken during the reporting year remain on foot (including one joint investigation and a number of investigations with less formal cooperative arrangements in place): Florida is expected to continue to expose serious police misconduct, assisted by the evidence of some involved officers; Malta is expected to clarify whether some senior staff in NSW Police have obstructed an aspect of reform (as alleged); and three operations are expected to expose police corruption (one, significant corruption). Jetz and Mosaic will be concluded with the release of a section 96(2) Report to Parliament and a sub-section 77(1) Report to the Commissioner of Police respectively.
- Maintain arrangements facilitating joint work and the sharing of information and expertise. The Commission will remain 'alive' to new opportunities to develop new and innovative solutions to constraints on its capacity to gather evidence of, and to reduce, serious police misconduct.

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.

OUTCOMES 2001-2002

- All key operational decisions are made in the context of the Commission's priority setting criteria, supported with advice from the Investigations Unit, the Target Development Unit and / or the Assessments and Reports Team. All key decisions are recorded and are available on-line to staff and to the Inspector.
- Substantial progress has been made on the development of the Corporate Plan and Performance Measurement Framework. A total of 91 per cent of staff had their performance reviewed with 100 per cent 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". Capacity for structured, multi-disciplined input to the consideration of complaints leading to more rapid identification of investigative opportunities and improved quality in advice to the Commissioner.
- Through PODS, secure and more efficient access to police data allowed investigations staff to spend less time on data collection and collation and more on analysis. There were substantial improvements in system security and reliability. Public awareness of, and improved public access to, the Commission improved through its Website.
- Solid working relationships with other agencies where problems are resolved, relevant information is exchanged in accordance with agreed practice, and where consensus is reached on coordinated activities and joint investigation arrangements.
- All deadlines required by legislation or by central agencies, and all prescribed standards for a range of projects, plans and tasks were met by the Commission during the reporting period.

PLANS / TARGETS 2002-2003

- Maintain or improve existing decision making frameworks.
- Finalise and implement the Commission's Corporate Plan and Performance Measurement Framework. Target of 100 per cent participation rate in personal performance system.
- Complete upgrade of ageing desktop computers and the legacy Royal Commission network and printers. Complete migration from Novell Netware to Active Directory. Achieve AS7799 certification. Add transcript functionality to the Website.
- Review HR policies, implement Employee Kiosk and MaTrix. Continue to meet deadlines and prescribed standards for project plans and systems set by legislation and central agencies.

4. MANAGEMENT AND 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 reporting year, there were several changes to the organisational structure. The position of Manager, Investigations was abolished and the Director, Operations became responsible for the Investigations Unit. The Executive Officer is now responsible for IT and Security.

THE EXECUTIVE

THE COMMISSIONER

Mr Terence P Griffin was appointed to take up the position of Commissioner from 15 October 2001. Mr Griffin is a former Deputy Director of the Commonwealth Office of the Director of Public Prosecutions and General Counsel to the National Crime Authority and the Department of Community Services.

THE ASSISTANT COMMISSIONER

Mr G E (Tim) Sage was appointed Assistant Commissioner in October 1996 for a period of five years and reappointed in 2001 for a further 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 this 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 2002 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); and
- The Hon Richard Hargrave Colless, MLC (NAT).

INTERACTION BETWEEN THE COMMITTEE AND THE COMMISSION

On 7 March 2002, members of the Committee visited the Commission and met informally with the Commissioner, Assistant Commissioner and senior staff. Members of the Committee were also shown some of the Commission's facilities and given a demonstration of its use of technology for some operational and information management purposes.

The sixth General Meeting between the Commission and the Committee took place at Parliament House on 16 May 2002. Commissioner Griffin was accompanied by Assistant Commissioner, Mr Tim Sage, Manager Intelligence, Mr Allan Kearney, and Commission Solicitor, Mr Stephen Robson.

As is its practice, the Committee provided written questions on notice, and the answers to these were provided before the meeting. The topics covered by the questions included:

- the status of Commission investigations;
- the Qualitative and Strategic Audit of the Reform Process (QSARP) of NSW Police;
- the tracking of Commission recommendations to NSW Police;

- the organisational performance of the Commission;
- stakeholder and other external relations of the Commission;
- police secondary employment; and
- police corruption education and prevention programs.

A report in relation to that meeting was published by the Committee in June 2002.

THE INSPECTOR, POLICE INTEGRITY COMMISSION

The Hon M D Finlay QC retired as Inspector of the Police Integrity Commission on 4 June 2002 after holding the Office for the maximum period of 5 years, as provided by Schedule 2 of the *Police Integrity Commission Act 1996*. The Hon M D Ireland QC was appointed as the new Inspector on 12 June 2002.

The principal functions[1] 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.

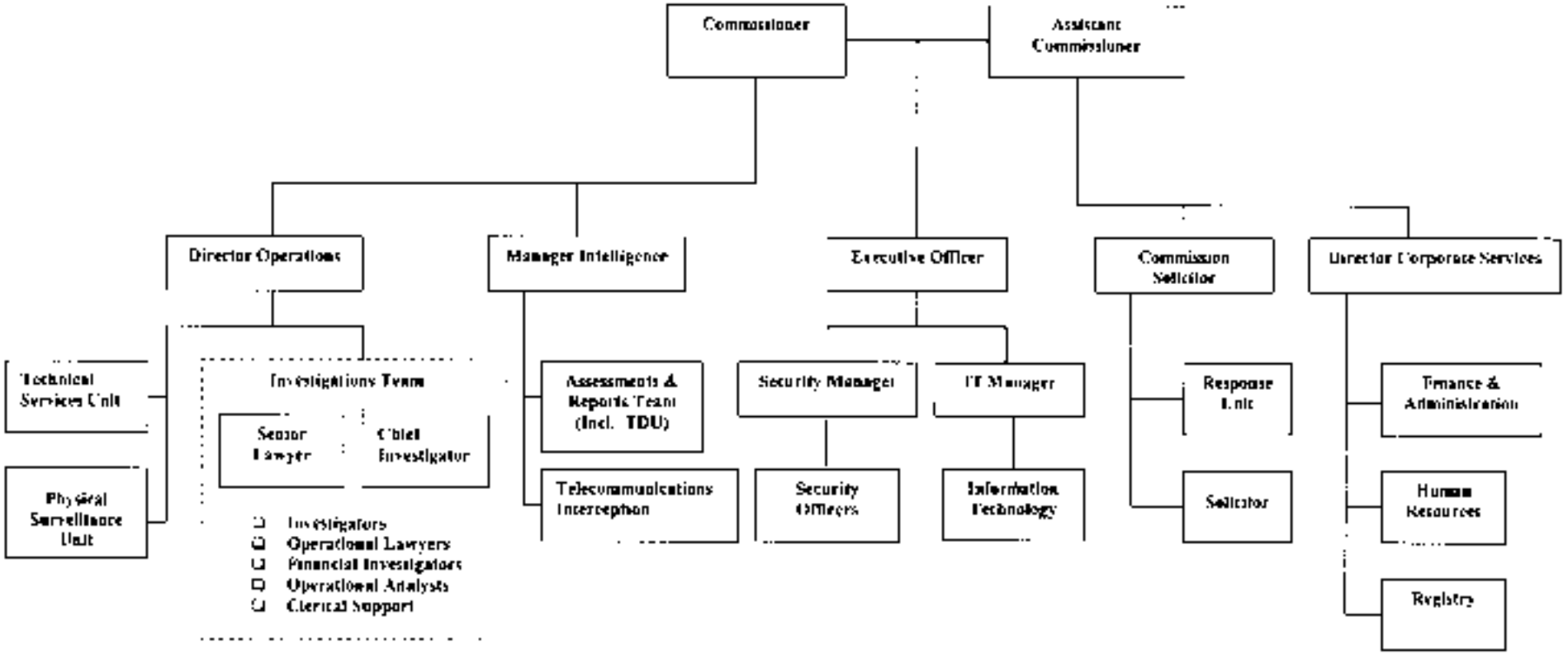
The Inspector meets regularly with the Commissioner, the Assistant Commissioner and, as the need arises, other senior officers of the Commission. The Inspector has independent access to all records of the Commission, other than a small quantity of certain material obtained by telecommunications interception. The Inspector reports:[2]

> 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

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

2 Inspector of the Police Integrity Commission, *Annual Report for the year ended 30 June 2002*, p. 7.

POLICE INTEGRITY COMMISSION ORGANISATIONAL CHART



INTERNAL REVIEW

INVESTIGATIONS PERFORMANCE FRAMEWORK / REVIEW OF INVESTIGATIONS MANAGEMENT STRUCTURE AND MANAGEMENT OF RISK

In the last Annual Report it was noted that the Commission had completed development of an Investigations Performance Framework. It was proposed that the assessment of investigations performance be based upon a performance 'discussion', together with other inputs, between the Director, Operations and the Manager Investigations concerning:

- prioritisation, planning and investigation processes;
- internal and external relationships; and
- investigation outcomes.

It was also noted that this year the Commission would review its management of risk with a view to more completely embedding an examination of risk at key operational decision points.

Implementation of the framework was deferred in order to provide the incoming Commissioner with an opportunity to comment on the proposed framework and review the PIC's investigations management structure and processes. Following the Commissioner's review, which considered, amongst other things, the role of the OAG and the Commissioner in investigations, and the management of risk in operational decision making, the following changes were made:

- The position of Manager Investigations was removed from the Commission's establishment, reducing by one the layers of management between the executive and staff directly engaged in investigations. The Director, Operations has been made directly responsible for the day to day management of the Investigations Unit.
- The Commissioner now chairs the OAG, which also includes the Assistant Commissioner, the Director Operations, the Executive Officer and the Manager Intelligence.
- The focus of the OAG has been extended to include, not only long term planning and objective setting, but the management of risk at key decision points for investigations. It also works directly with investigations staff in determining short term strategy.

The more intimate involvement of the OAG in working with investigations staff and in determining strategy is reflected in the increase in OAG meetings. There were up to 17 meetings in the six months preceding 30 June 2002, in comparison to 12 for the same period last year.

With the change in the role of the OAG and its more direct involvement in investigations strategy setting, the format of the Investigations Performance Framework, as originally proposed, is no longer appropriate. Rather than relying on a performance 'discussion' the OAG's assessment of performance relies on regular, structured reporting, briefings (which

increase in regularity at key points during investigations), feedback from partner agencies on the effectiveness of relationships, and the reliability of the advice and recommendations which it receives from investigations.

CORPORATE PLAN AND PERFORMANCE MEASUREMENT FRAMEWORK

One of the original purposes behind the development of the Investigations Performance Framework (discussed above) was to assess the potential of the balanced performance logic model (Resources / Reach (Relationships) / Results) as a framework for reporting and evaluating the performance of the Commission. The Commission is satisfied with the model and it is currently being used to develop the Commission's Corporate Performance Measurement Framework. The Corporate Plan and Performance Measurement Framework for 2002-2005 is expected to be published late in 2002.

PROCESSES / PROCEDURES

A number of procedures were reviewed and modified during the reporting period including those relating to: dissemination of information; non-publication orders; hearing room operations; telecommunications interception; and recruitment and security vetting.

During part of Operation Florida, a detailed review of the adequacy of, and compliance with, the Commission's procedures for handling telecommunications interception information was conducted. This review followed the communication of intercepted information to a media outlet prior to it being given in evidence in a public hearing (thereby rendering it 'public' information). The review concluded that while Commission procedures for the handling of intercepted information were adequate, in this instant, there had not been full compliance with those procedures. The review recommended reinforcement of existing procedures and training where necessary.

The Commission also assisted and provided information to independent reviews conducted by the Inspector of the Commission and the Ombudsman, who is responsible for auditing compliance with the record keeping requirements of the *Telecommunications (Interception) (New South Wales) Act 1987*.

In his report of 8 November 2001, the Inspector concluded that the Commission had communicated the intercepted information for "valid strategic purposes" and it was within its discretion to do so. The findings of the audit by the Ombudsman are, at the time of writing this Report, yet to be released.

5. OPERATIONAL PERFORMANCE

This section consists of a report on the performance of the Commission in terms of its first two Corporate Objectives, the Commission's 'operational' objectives. The Commission's reporting on its performance in respect of its Third Corporate Objective will be consolidated in the following section 'Organisational Performance'.

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.*

INVESTIGATIONS / ASSESSMENTS ACTIVITY

The principal activity undertaken by the Commission is the investigation of serious police misconduct. The purpose of this section of the Annual Report is to outline the main investigations conducted by the Commission in the 2001-2002 reporting year and to discuss some of the outcomes that have been achieved.

In previous Annual Reports, the Commission has reported the outcomes of its investigations in a context provided by the Objectives and Performance Indicators contained in the Corporate Plan. The Commission has decided not to continue this practice for this year's Annual Report, as the bulk of the investigations conducted by the Commission at the time of writing were incomplete. This is a reflection of the fact that many of the matters undertaken by the Commission are of a long-term nature and not able to be concluded within a twelve month period. It is also a reflection on the capacity of the Commission's performance measurement framework to assist in reporting performance information for those investigations where investigation activity is ongoing. The development of the Commission's new Corporate Plan and Performance Measurement Framework will specifically address this issue. The new framework is briefly discussed in the Overview Section of this Annual Report.

OPERATION FLORIDA

On 8 October 2001, the Commission commenced public hearings for the purposes of the Operation Florida investigation. The general scope and purpose of the opening segment of the hearings announced by Acting Commissioner Sage was:

> to investigate allegations of corruption and misconduct by members of the New South Wales Police Service attached to Manly-Davidson and/or Northern Beaches local area commands.

Operation Florida is an investigation conducted with NSW Police and the NSW Crime Commission ('the Crime Commission'). Operation Florida arose from the joint NSW Police / Crime Commission investigation code-named Mascot. Operation Mascot ran for about two years as a covert and highly secretive investigation, combining extensive physical and electronic

surveillance with the services of a cooperating corrupt police officer. Operation Mascot uncovered compelling evidence of corruption. Operation Florida has since built upon some excellent work by NSW Police and the Crime Commission.

The matters investigated during the course of the hearings have encompassed a wide range of serious misconduct and corrupt behaviour by a large number of serving and former police, including allegations of stealing, perjury, serious assault, accepting bribes, manipulation of police procedures for improper purposes, and leaking of information in relation to current police activities. It is particularly worth noting that the types of matters investigated include 'green-lighting', a practice whereby police permit individuals to engage in criminal activities in return for money.

The Commission is authorised to conduct hearings only for the purposes of an investigation; whether they are held in private or in public, Commission hearings are an investigative tool. In addition to inquiring into the evidence obtained during the course of the covert investigation, Commission hearings held in relation to Operation Florida have opened up new lines of inquiry. In particular, public hearings, together with the efforts of the involved agencies, have led to a number of officers under investigation cooperating with the investigation. Extensive use has been made of the covert and overt investigative resources of the Commission during the hearings phase of Operation Florida.

To date, eleven people have been charged with criminal offences, including six police officers. Charges include soliciting bribes, receiving bribes, offering bribes, conspiracy to solicit a bribe, goods in custody, stealing, perverting the course of justice and supplying a prohibited drug (heroin).

Elsewhere in this Annual Report, the Commission has noted that it is authorised to conduct asset confiscation proceedings under the *Criminal Assets Recovery Act 1990.* The ability to conduct confiscation proceedings is an important tool in the Commission's powers to prevent corruption by making it clear to corrupt police that they risk having the proceeds of their corrupt activity confiscated. At the time of writing, orders had been made for the recovery of assets in relation to five current and former police officers in connection with Operation Florida, and proceeds had been recovered in relation to four. Over $100,000 has been recovered to date.

Significant investigative resources have been allocated to Operation Florida both during and before the reporting period. Over the course of the 2001-2002 year, more investigative resources have been allocated to this matter than any other Commission investigation.

In addition to examining the evidence obtained during the course of the covert investigation, Commission hearings have opened up new lines of inquiry. In particular, public hearings, together with the efforts of the other involved agencies, have led to a number of police under investigation cooperating with the Commission. Some of the new lines of inquiry have also required the deployment of the Commission's surveillance resources.

In view of the ongoing nature of the investigation, the Commission is unable to report on any further outcomes resulting from the matter, in the context of its current performance

measurement framework. However, some of the results of the investigation, together with the prior work of NSW Police and the Crime Commission, that have accrued to date include:

- the prosecution of persons, including police officers, for criminal offences;
- more persons have come forward with information of assistance to the investigation, as a result of publicity generated by the hearings;
- public exposure of serious police misconduct and assurance to the community that there is vigilant oversight of NSW Police; and
- public demonstration of the reach and sophistication of the Commission and its partner agencies in detecting and investigating corruption, and its role as a powerful deterrent to police who may be contemplating engaging in acts of corruption.

It is anticipated that the hearing program will conclude in the 2002-2003 reporting year. A Report to Parliament will be prepared at the conclusion of the public evidence.

Further outcomes will be reported in next year's Annual Report.

OPERATION MALTA

On 20 October 2000, three members of the Crime Management Support Unit ('CMSU') of NSW Police lodged a written complaint with the Commission consisting of ten key points. The complaint 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 during which he alleged a campaign by senior police officers to inhibit genuine reform.

Following representations from the Minister for Police and the Commissioner of Police the Commission declared a preliminary investigation on 20 October 2000. Throughout late 2000 and early 2001, the Commission collected information and evidence in relation to the investigation, which it code-named Operation Malta.

On 18 March 2001, the Commission commenced a public hearing for the purpose of Operation Malta, the general scope and purpose being to investigate:

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

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

The hearing sat for 73 days and 51 witnesses gave evidence, during which a substantial volume of documentation was obtained by the Commission. A total of 482 exhibits were tendered.

A number of issues impacted on the duration of the Malta hearings. During the course of the public hearing the then Commissioner of Police objected to the production and use of certain documents on the ground of legal professional privilege. Such documents included witness statements obtained from members of NSW Police concerning aspects of the events under investigation, which were first required to be produced in April 2001.

Difficulties were also encountered in relation to legal representation before the inquiry of certain members of NSW Police, necessitating adjournments or modifications to the Commission's hearing programme to accommodate the briefing of fresh counsel for those persons.

A Report on Operation Malta is currently being prepared and will be furnished to Parliament before the end of this calendar year.

In view of the fact that the Report on the investigation is outstanding, the Commission is unable to report on any outcomes resulting from the matter, in the context of its current performance measurement framework. The Commission considers, however, the fundamental role of Operation Malta is to establish that serious allegations concerning the senior management of NSW Police and the state of reform in that organisation have been publicly aired and ventilated and will be dealt with by way of a Report to Parliament.

OPERATION JETZ

In January 2001, NSW Police commenced an investigation into possible corrupt manipulation of the promotions system. NSW Police sought the assistance of the Commission to pursue an investigation of these matters and a joint task force was established. The task force comprised of officers of the Commission and NSW Police Special Crime and Internal Affairs.

The Commission declared a preliminary investigation on 29 March 2001 with the purpose of determining whether a more complete investigation was warranted. Those preliminary inquiries led to the declaration of a full investigation under the code-name Operation Jetz on 26 June 2001. The scope and purpose of the hearing was:

> to investigate whether or not certain members of the New South Wales Police Service have been, or are currently, involved in misconduct with respect to the New South Wales Police Service promotional system.

The Commission took evidence over 13 days in August and November 2001, before Assistant Commissioner Brian Donovan QC. The Commission made extensive use of covert surveillance material during the hearings, and was able to obtain concessions from witnesses on the basis of that material. The central figure in Operation Jetz, former Inspector Robert Gordon Menzies,

was one of a number of officers who provided assistance to the Commission during the course of the hearings.

Generally, the evidence which emerged suggested that, while officers understood the merit based nature of the promotions system and the importance of confidentiality to maintaining the equitable functioning of the system, they nevertheless exchanged with close colleagues confidential information about interview questions and processes.

The limited scope and purpose of the Operation Jetz hearings meant that the Commission did not hear evidence in general about the promotions system and its effectiveness or otherwise.

The Commission is currently finalising its Report to Parliament pursuant to section 96 of the Act. The Report on Operation Jetz will be furnished to Parliament before the end of the 2002 calendar year.

OPERATION DAKOTA

Last year the Commission briefly reported that a covert investigation code-named Operation Dakota had been commenced. Further information can now be provided in relation to this matter.

Operation Dakota was initiated as a preliminary investigation in July 2000 and declared a full investigation in October of that year. The purpose of Operation Dakota was to investigate whether a Senior Constable in NSW Police, and his associates, were involved in any police misconduct or criminal conduct.

Whereas some Commission investigations originate from complaints or from information supplied by external agencies, others may be initiated at the Commission's own volition. Operation Dakota was one such investigation. Based on inconclusive information provided by another agency, the Commission's Target Development Unit conducted research and analysis into various individuals and their activities, enabling an investigation with an identifiable focus to be initiated.

During the course of the investigation, the Commission collected information and evidence on the police officer's activities. The matter required a sustained commitment from the Commission's investigative resources, including physical and electronic surveillance. Private hearings were also held for the purpose of obtaining evidence.

A brief of evidence has been furnished to the Director of Public Prosecutions ('the DPP') in relation to this matter. At the time of writing, the Commission was awaiting a response.

The person concerned is no longer a police officer, having resigned from NSW Police on or about 30 January 2002.

OPERATION MOSAIC

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

An investigation was conducted by NSW Police 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.

On 9 February 1999, the Commission made a decision to monitor that NSW Police investigation. In July 1999, NSW Police completed a report of its investigation. A copy of that report was provided to the Commission.

In July 2000, the Commission determined to take the matter over from NSW Police and investigate the matter itself. On 26 July 2000, the Commission commenced the relevant investigation, code-named Operation Mosaic, with the following purposes:

- 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 a private corporation, 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 NSW Police; and

- to inquire into the administration of the Communications Branch of NSW Police 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 conducted 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 investigation resulted in the identification of a number of systems and management issues which in the Commission's opinion required addressing by NSW Police. Such matters, along with the Commission's recommendations, were referred to the Commissioner of Police for action pursuant to Part 5 of the Act. The Commission's recommendations concern:

- alignment of NSW Police procurement policy with that of government;

- the effectiveness of management structure changes in resolving problems identified in procurement practices;
- the use of diaries by officers; and
- security arrangements relating to potential equipment suppliers.

At the time of writing this Annual Report the Commission is awaiting a final response from NSW Police.

OPERATION NEVADA

An investigation code-named Operation Nevada was initiated by the Commission on 10 May 2000. The investigation concerned allegations that a NSW police officer had been involved in the death of a juvenile in Wagga Wagga in 1998.

No hearings were held during the course of the investigation and the Commission is consequently not required to make a Report to Parliament pursuant to section 96 of the Act. In September 2002, the Commission referred aspects of this matter to the Commissioner of Police for further action pursuant to section 77 of the Act.

At the time of writing, the Commission was awaiting the Commissioner of Police's response. As provided by section 79 of the Act, the Commission may not make a Report to Parliament unless it is dissatisfied with that response.

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 NSW Police Service Special Crime Internal Affairs, 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, the Commission successfully obtained orders in the confiscation proceedings against Mr Yaghi in the Supreme Court under the *Criminal Assets Recovery Act 1990* that Mr Yaghi forfeit his interest in a property in Auburn, and pay $538,000 to the Treasurer. At the time of writing, the Auburn property had been sold and approximately $250,000 paid to Treasury.

OPERATION ORACLE/DALLAS

Operation Oracle/Dallas related to a complaint of an alleged assault by a police officer in the Bankstown area and subsequent false evidence by another officer at a hearing of charges that arose from the incident, in which the alleged assault by the police officer occurred. During that investigation, a more serious allegation of assault by the same police officer on or about 28 June 1999, while attached to a Task Force that operated in the Bankstown area, came to light.

The Commission referred the matter of the original alleged assault and false evidence to NSW Police for disciplinary action as appropriate. The Commission concluded that no opinion could be formed regarding the cause of injuries sustained by the complainant in the alleged assault during his arrest on or about 28 June 1999. The Commission has referred the matter to NSW Police for disciplinary, training and procedural action as appropriate.

OPERATION BANGKOK

Last year the Commission reported on Operation Bangkok, an investigation into the fundraising activities of NSW Police Cricket Association. Former Sergeant Terrence Gardiner, who was the Cricket Association's President until March 2000, was charged with 15 contraventions of section 178A of the *Crimes Act 1900* for fraudulently misappropriating Cricket Association funds and one contravention of section 107 of the Act for giving false testimony.

Mr Gardiner pleaded guilty to all counts and was sentenced on 22 February 2002. On the 15 contraventions of section 178A of the *Crimes Act 1900* (Fraudulent Misappropriation), he received fixed term custodial sentences ranging from 6 months to 2 years 4 months. A non-parole period of 1 year 9 months was ordered. On the one contravention of section 107 of the Act (False Testimony), he received 1 year 3 months with a non parole period of 6 months, commencing from 21 November 2003.

On 5 June 2002, the NSW Court of Criminal Appeal gave judgment in an appeal by Mr Gardiner against the severity of the sentence he received for the 15 counts of fraudulent misappropriation. As a result of the judgment, Mr Gardiner, previously eligible for release on 21 May 2004, is now eligible for release on 21 November 2003.

The Commission commenced confiscation proceedings in the NSW Supreme Court against Mr Gardiner under the *Criminal Assets Recovery Act 1990*. On 22 October 2001, the Supreme Court made orders by consent under section 27 of that Act that Mr Gardiner pay $59,255.60 to the Treasurer. The orders have been satisfied.

OPERATION HAYBRIDGE

An investigation code-named Operation Haybridge was initiated during the reporting period. This matter is currently covert and the Commission is unable to divulge any further details at this point in time.

The Commission is able to note, however, that Operation Haybridge is requiring a sustained commitment from the Commission's investigative resources, particularly its physical and electronic surveillance resources.

DRESDEN II

On 1 May 2000, the Commission furnished to Parliament a Special Report entitled *Project Dresden: an Audit of the Quality of NSW Police Service Internal Investigations*. The Report presented the results of an audit undertaken by the Commission of investigative action by NSW Police on 620 Category 1 complaints made against police officers between January 1997 and June 1998. The purpose of the audit was to:

- improve the effectiveness of NSW Police in their detection and investigation of serious police misconduct; and

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

Following on from the first audit, the Commission has almost completed its second audit into responses by NSW Police to Category 1 complaints. The current audit covers a three year period from 1 July 1998 to 30 June 2001 and involves an assessment of approximately 25 per cent (442) of all Category 1 complaints referred back to NSW Police by the Commission during the period.

As in the first Dresden Audit, the current audit has consisted of a review of the documentation provided by NSW Police in response to each complaint in the sample and using the same set of indicators to measure the quality of responses.

At the time of writing, the Commission was preparing a Report on the results of the second audit, and will furnish that Report to Parliament by the end of the 2002 calendar year.

REFORM ACTIVITY

QUALITATIVE AND STRATEGIC AUDIT OF THE REFORM PROCESS OF NSW POLICE

Recommendation 174 of the Royal Commission recommended 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 extended the period of the QSARP to a period of at least three years and before the expiration of four years.

Year One of the QSARP was conducted by the auditors for the period 3 March 1999 to 22 March 2000 and the Year One Report was publicly released by the Minister for Police on 15 February 2001.[3] QSARP One reported that a number of recurring factors impeded reform including: poor implementation of initiatives; and an absence of an integrated approach to reform. Based on its assessment of the Report, the Commission made three recommendations to NSW Police concerning: the use of external expertise to assist in reform; the establishment of a committee to advise on reform; and the development of a project framework within which reform could be managed.

Year Two of the QSARP was conducted over the period 1 July 2000 to 30 June 2001 and the Year Two Report was publicly released by the Minister on 6 January 2002. Following consideration of QSARP Two, the Commission was somewhat concerned by the continuing existence of impediments to reform and a reported absence of evidence of solid foundational changes such as the police leadership clearly and consistently driving reform. However, the Commission also noted demonstrable progress in reform since Year One of the audit, following specific progress made in:

- scoping out the nature of the reform required;
- developing a sound framework consistent with the intent of Appendix 31, to cluster and prioritise reform initiatives;
- identifying a suite of clearly relevant initiatives to be undertaken, particularly those focused on identifying what NSW Police leadership expects of its leaders and culture;
- taking action to secure external expertise; and
- centralising coordination of reform with a member of the Commissioner's Executive Team.

It is the view of the Commission that these activities represented credible steps by NSW Police in progressing reform during the second year of the audit. On this basis, the Commission made no further recommendations following the release of the QSARP Year Two Report.

Year Three of the QSARP concluded on 30 June 2002 and draft material for the Final Report is currently with NSW Police for comment. It is expected that the Final Report of the QSARP will be provided by the Commission to the Minister by the end of 2002.

Commission resources allocated to QSARP fluctuate depending on the status of the audit at the time with an increase at the end of each Audit period. A senior Commission officer has been allocated for the duration of the audit on a part time basis to oversight and administer the contract. The Commission's performance is measured in regard to its oversight of the QSARP in terms of Performance Indicator 2.

[3] Copies of the QSARP Reports which have been publicly released are available on the Commission's Website.

Performance Indicator 2

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

Results of the Commission's involvement in the oversight of the QSARP

The Commission notes that the steps taken by NSW Police in scoping reform, developing a framework for reform, identifying reform activities, securing external expertise and centralising coordination of reform with a member of the Commissioner's Executive Team were direct outcomes of NSW Police response to Commission recommendations.

The Commission continues to monitor the implementation of its recommendations following the release of the Year One Report. See also results of the Commission's participation on the Appendix 31 Reforms Advisory Committee.

Planned activity for the next year includes oversight and consideration of the QSARP Final Report, and, if appropriate, development of a proposal for what might follow the QSARP to assist NSW Police in ongoing reform.

APPENDIX 31 REFORMS ADVISORY COMMITTEE

The Appendix 31 Reforms Advisory Committee was established by NSW Police in response to one of three recommendations made by the Commission following the release of the QSARP Year One Report. The Committee is chaired by Commissioner Moroney and includes a representative from the Hay Consulting Consortium, the Director-General Police and the Assistant Commissioner of the Commission.

The Appendix 31 Reforms Advisory Committee had its first meeting on 2 March 2001 and has met over 20 times since. During the reporting period the Committee:

- provided detailed assistance to NSW Police in the development of their conceptual framework, within which reform activity can be clustered and prioritised, and in the preparation of two scoping studies which underpin and guide the reform process;

- advised NSW Police in the initial development of a specification which they used when preparing a tender document, seeking tenderers to:

  > Provide a detailed 3 year reform Program for endorsement by the Commissioner's Executive Team.
  >
  > Develop systems, processes and practices to manage the reform Program.
  >
  > Developing strategies to support and enhance the leadership in the reform of the Service.

- assisted the reform project team with advice on the preparation of a detailed Reform Plan.

The Committee continues to meet regularly to provide advice to the Commissioner of Police on the quality of major deliverables as set out in its Terms of Reference. The Commission's performance in regard to the Appendix 31 Reforms Advisory Committee is measured in terms of Performance Indicator 2.

Performance Indicator 2

The extent to which strategic advice and recommendations relating to NSW Police 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 NSW Police, the Ministry, the Hay Group and the Commission

Outputs include advice on quality, and assistance with the content of: the reform conceptual framework (for clustering and prioritising reform activity); two scoping papers which underpin and guide the reform process; draft contract specifications; and the reform plan.

Planned activity for the Commission in regard to the Appendix 31 Reforms Advisory Committee includes considering and providing advice on the next draft of NSW Police Reform Plan and any subsequent budget enhancement documentation.

TRACKING COMMISSION RECOMMENDATIONS

Making recommendations to NSW Police represents a critical aspect of the Commission's work. They reflect the Commission's view as to how to remedy the problems it has identified through an investigation, audit or some other form of assessment. It is through

recommendations that the Commission proposes changes to, and the development of, policies, procedures and practices to reduce or limit the opportunities for serious police misconduct, improve transparency and accountability, and deter police from engaging in acts of serious police misconduct. Other recommendations are made to identify those officers the Commission believes NSW Police should consider disciplining or removing from NSW Police altogether.

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

This section reports on:

- responses to Commission recommendations made in 2001-2002;
- recommendations still until consideration or in the process of being implemented; and
- recommendations that have been finalised.

COMMISSION RECOMMENDATIONS: 2001-2002

In the last reporting year, the Commission received comments from NSW Police in relation to three public Reports: Operations Oslo; Saigon; and Pelican.

Operation Oslo - June 2001

In its Report on Operation Oslo, which was furnished to the NSW Parliament in June 2001, the Commission recommended disciplinary action be taken in relation to two police officers. Those recommendations, together with NSW Police's response which was furnished in September 2001, are as follows:

Commission Recommendation	NSW Police Response
Reviewable or non-reviewable disciplinary action within the meaning of section 173 of the *Police Act 1990* be taken in relation to Detective Sergeant Paul Tuxford.	Detective Sergeant Paul Tuxford was medically discharged from NSW Police on 5 July 2001. As a consequence, the recommendations for disciplinary action were no longer applicable.

Commission Recommendation	NSW Police Response
Non-reviewable action be taken in relation to Senior Sergeant Kevin Verdon.	Non-reviewable action had, prior to the Commission's Report being released, been taken in relation to Senior Sergeant Kevin Verdon.

The Commission is satisfied with the response of NSW Police in relation to these two recommendations.

In addition, NSW Police considered that there were issues arising out of assessments made in the Commission's Report, which were not the subject of explicit recommendations, but which required follow up action.

Commission Comments / Assessments	NSW Police Response
The Commission commented on the potential risks that can arise from personal associations of police officers. The Commission indicated that, as a minimum, records need to be kept of the circumstances and nature of contact with persons with criminal records or known to be under investigation for criminal offences. The Commission stated that it seems prudent that an officer notify their supervisor when they have had contact of this nature.	NSW Police indicated in September 2001 that it supported this view in principle. It noted that it had a variety of policies in operation that addressed this issue, but, notwithstanding the existing framework, a review should be conducted of the NSW Police Code of Conduct to take into account, amongst other things, those comments made in the Oslo Report. NSW Police also pointed out that there was, at the time the response was made, a video and education package on conflict of interest that was in development.
The Commission emphasised that the harm caused by police officers leaking information can be significant and far-reaching. It noted that investigations can be compromised and certain individuals can, in effect, be afforded a degree of immunity from law enforcement investigations and put the safety of police officers in jeopardy.	NSW Police indicated in September 2001 that it supported this view. It noted that the existing policy framework dealt with this issue. However, it indicated that the existing legislative regime regarding the unauthorised release of information was inadequate. It stated that in response to the release of the Oslo Report, a submission was forwarded to the Ministry seeking further amendments to the *Police Act 1990* prescribing a criminal offence for the disclosure of confidential police information.

The Commission considers this response to assessments in its Report concerning Operation Oslo to be satisfactory.

Operation Saigon - June 2001

A Report in relation to Operation Saigon was also furnished to the NSW Parliament in June 2001. The recommendations from that Report, together with NSW Police's response, are represented as follows:

Commission Recommendation	NSW Police Response	Progress Regarding Implementation
1. That consideration be given to the removal of Anthony Michael Binns from NSW Police under section 181D of the *Police Act 1990*.	NSW Police supported this recommendation.	Pending (April 2002).
2. That consideration be given to the removal of Matthew James Crotty from NSW Police under section 181D of the *Police Act 1990*.	NSW Police supported this recommendation.	Pending (April 2002).
3. That consideration be given to the removal of Paul James Petith from NSW Police under section 181D of the *Police Act 1990*.	NSW Police supported this recommendation.	Officer was medically discharged on 13 November 2001. No further action.
4. That random drug testing of police officers proceed without delay.	NSW Police supported this recommendation.	Implemented.
5. That the legislation should provide for blood testing as a method of undertaking random and targeted drug testing.	NSW Police does not support this recommendation.	No further action.
6. 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.	NSW Police supported this recommendation.	Pending (April 2002).

Commission Recommendation	NSW Police Response	Progress Regarding Implementation
7. That the range of drugs to be tested for be extended to a broader category such as that encompassed by the traffic legislation. The types of considerations, which have seen the 70 drugs included in Schedule 4 to the traffic legislation, would appear to be equally applicable to the critical incident testing power under the *Police Act 1990*.	NSW Police does not support this recommendation.	No further action.
8. That failure or refusal to provide a sample for drug testing should constitute a criminal offence.	NSW Police does not support this recommendation.	No further action.

Under correspondence dated 8 January 2002, the Commission informed NSW Police that, after consideration, it (the Commission) was persuaded as to NSW Police's reasons for not supporting three of the five recommendations associated with drug testing. It noted, amongst other things, that:

- NSW Police proposed a number of educative strategies concerning the potential impact of prescription drugs on performance; and

- it accepted NSW Police's arguments that the benefits of blood analysis do not sufficiently outweigh the costs.

Operation Pelican - August 2001

A Report in relation to Operation Pelican was furnished to the NSW Parliament in August 2001. That Report recommended that:

- consideration be given to taking reviewable action against Detective Sergeant Stephen Francis McLennan within the meaning of section 173 of the *Police Act 1990*;

- consideration be given to taking reviewable action against Detective Sergeant Michael Robert Lenon within the meaning of section 173 of the *Police Act 1990*; and

- consideration be given to taking reviewable action against Detective Senior Constable Garry John James within the meaning of section 173 of the *Police Act 1990*.

By mutual consent of the Commission and NSW Police, a response by NSW Police to these three recommendations has been deferred.

Operation Alabama

Last year, the Commission reported that it had notified NSW Police of concerns it had formed during this investigation, regarding inadequacies in the manner in which both the statements and the brief of evidence in relation to a police investigation had been prepared. In this case, the brief of evidence fell below the standard required and did not follow NSW Police guidelines.

While the Commission did not make any explicit recommendations, NSW Police responded in April 2002 by indicating that:

- some of the issues had been dealt with by the relevant Professional Standards Manager;
- NSW Police's *Brief Improvement Project* was endeavouring to improve the standard of brief preparation across the organisation;
- brief preparation issues were being addressed within the Command Management Framework; and
- amendments to the Police Service Handbook regarding brief preparation and the procedure for secure storage of original documentation were currently being prepared.

The Commission considers this response to be satisfactory.

OTHER RECOMMENDATIONS: 2001-2002

During the course of the 2001-2002 reporting year, the Commission also furnished:

- a referral to NSW Police under section 77 of the Act in relation to Operation Mosaic. That referral contained a series of recommendations as to policy, procedural and management issues; and
- a series of written observations to NSW Police in relation to the discharge of firearms. Included in these observations were three recommendations.

As to Operation Mosaic, NSW Police was, at the time of writing, considering the Commission's referral. The Commission will, in due course, evaluate and report on the response of NSW Police to its recommendations.

As to the written observations made concerning the discharge of firearms, NSW Police has supported two of the three recommendations made by the Commission. The Commission considers the alternative action proposed by NSW Police in relation to the third recommendation to be satisfactory.

RECOMMENDATIONS STILL UNDER CONSIDERATION OR IN THE PROCESS OF BEING IMPLEMENTED

Recommendations made in the following Reports are still under consideration by NSW Police or are in the process of being implemented:

- Project Dresden (April 2000);
- Operations Copper, Nickel & Triton (June 2000);
- Project Oracle (August 2000); and
- Operation Bangkok (December 2000).

A total of 45 recommendations were made in these Reports.

NSW Police has reported the following progress in relation to these recommendations:

- 100 per cent were supported, supported in principle while further advice is sought, or supported with a variation that the Commission considers reasonable;
- 38 per cent have been implemented; and
- satisfactory progress has been made in relation to those recommendations that are yet to be implemented.

FINALISED RECOMMENDATIONS

NSW Police has reported that there are a number of recommendations that are now finalised; that is, implemented or, in relation to which no further action will be taken by NSW Police. The recommendations from the following Reports fall into this category:

- Operation Jade (October 1998);
- Operation Warsaw (February 1999);
- Operation Algiers (June 2000);
- Operation Belfast (October 2000); and
- Operation Glacier (November 2000).

MONITORING OF THE 1998-2000 ANNUAL AUDITS OF THE PROTECTIVE SECURITY GROUP OF NSW POLICE

On 1 July 1998, NSW Police established the Protective Security Group ('PSG') to undertake protective services, associated risk / threat assessment services and to replace the disbanded Special Branch.

The 2001 Annual Audit

Pursuant to section 16 of the *Police Act 1990,* the annual audit of the operations, policies and procedures of the PSG was carried out in April 2002 by the Audit Group of NSW Police. The Commission's role in the audit is to monitor the conduct and effectiveness of the audit itself, pursuant to section 14(e) of the Act, and not to report on the performance of the PSG.

In response to its monitoring role, the Commission:

- requested, reviewed and commented on the draft plan of the 2001 Annual Audit of the PSG;
- observed the annual audit whilst it was in progress; and
- reviewed the report documenting the results of this year's audit.

At the time of writing, the Commission had recently met with NSW Police in order to seek clarification on some issues that arose during the process of monitoring the audit. The Commission will soon be finalising its Report on the 2001 Annual Audit of the PSG and will report its conclusions in due course.

The Special Review

Section 17 of the *Police Act 1990* requires that a special review of the operations, policies and procedures of the PSG take place as soon as practical after the Sydney Olympic Games. The purpose of the review is to examine whether the PSG has adhered to its charter and whether the PSG will have an effective role to perform in the future. This section of the *Police Act 1990* also stipulates that a report on the findings of the special review must be submitted to the Minister for Police and the Commission.

Pursuant to section 14(f) of the Act, the Commission's role in the special review of the PSG is to assess and report on the conduct and effectiveness of that review and to assess and report on the recommendations the special review makes as to the future of the PSG.

As part of this monitoring role, the Commission has:

- made enquiries and held a meeting with NSW Police to discuss the direction and process of the special review;

- requested NSW Police to provide a plan of what the special review would entail; and
- responded to that plan and requested that additional details be provided.

On 4 June 2002, the Commission received a letter from NSW Police that enclosed some of the additional details requested by the Commission in relation to the proposed special review plan. It also advised that the special review was already underway.

At the time of writing, the Commission is yet to receive a copy of the report on the findings of the special review of the PSG. Accordingly, the Commission is not in a position to finalise its response.

COMPLAINTS MANAGEMENT ACTIVITY

The Commission receives complaints from NSW Police and the Ombudsman (known as referred complaints) and from a range of other sources (non-referred complaints) 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 1 complaint as defined by the agreement between the Commission and the Ombudsman (a copy of this agreement is at Appendix 8). 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 1 complaint are referred to NSW Police pursuant to sub-section 131(1)(b) of the *Police Act 1990* and are dealt with in the same manner as complaints from other sources.

During the reporting year, the Commission received a total of 719 complaints, which consisted of 210 Category 2 complaints and 509 Category 1 complaints. The total number of complaints has increased slightly from the previous reporting year, with a significant increase in the number of complaints received from non-referred sources (refer to Table 1). There was also a significant increase in the number of complaints later determined to be Category 2 complaints. The types of allegations raised in the 509 Category 1 complaints are shown in Figure 1.

Figure 2 indicates the decisions made regarding Category 1 complaints during the last two reporting years. The term 'oversight' refers to the Commission's review of the police investigation of a complaint.[4] A noticeable difference in the statistics presented in Figure 2 is the number of complaints referred to the Ombudsman. There are a few reasons for this difference. The Ombudsman oversights the investigation of all serious complaints against police officers; however, the Commission only oversights a small number of complaints that require additional scrutiny or are of operational significance. There was also an increase in the numbers of complaints received by the Commission; 719 this year, up from 628 last year, which significantly increased the number of complaints being referred to the Ombudsman.

[4] This is equivalent to the 'monitor' and 'audit' functions reported during previous years.

In 2001-2002, NSW Police introduced the Customer Assistance Tracking System ('c@ts.i'), to replace the Complaints Information System ('CIS'). The Commission has unfettered online access to c@ts.i, and therefore has immediate access to all police complaints and investigations of such complaints. Amongst other advantages, the Commission will receive complaints as soon as they have been registered by NSW Police, and can check the progress of a complaint without alerting NSW Police. It is envisaged that the introduction of c@ts.i will streamline the Commission's process for reviewing and oversighting complaints against police officers.

Table 1. Source of Category 1 Complaints

Source	2001-2002	2000-2001
Referred	**377**	**488**
NSW Police	299	433
Ombudsman	71	50
Both NSW Police and Ombudsman	7	5
Non Referred	**328**	**131**
Australian Federal Police (AFP)	2	1
Anonymous	38	12
AUSTRAC	1	4
Independent Commission Against Corruption (ICAC)	2	4
Insurance Company	1	0
Legal Aid - NSW	0	2
Legal Practitioner	17	6
Local Government	1	0
Member of Clergy	1	0
Member of the Judiciary	3	3
Member of NSW Parliament	18	7
Member of Parliament and Member of Public	3	0
Member of Parliament and Police Officer	1	0
Member of Parliament and Premier's Department	1	0
Member of Public	204	81
Ministry for Police	2	1
NSW Crime Commission	2	0
Office of the Director of Public Prosecutions - NSW (ODPP)	3	2
Police Integrity Commission (PIC)	0	1
Police Officers / NSW Police Employees	27	6
Privacy Commission	1	0
Referred and Non-Referred	**14**	**9**
NSW Police and AFP	1	2
NSW Police and Anonymous	2	0
NSW Police and Public	3	4
Ombudsman and Anonymous	1	0
Ombudsman and ICAC	1	0
Ombudsman and Police Officer	2	0
Ombudsman and Public	4	1
Total	**719**	**628**

Figure 1. Types of Allegations Raised in Category 1 Complaints - 2000-2001 and 2001-2002

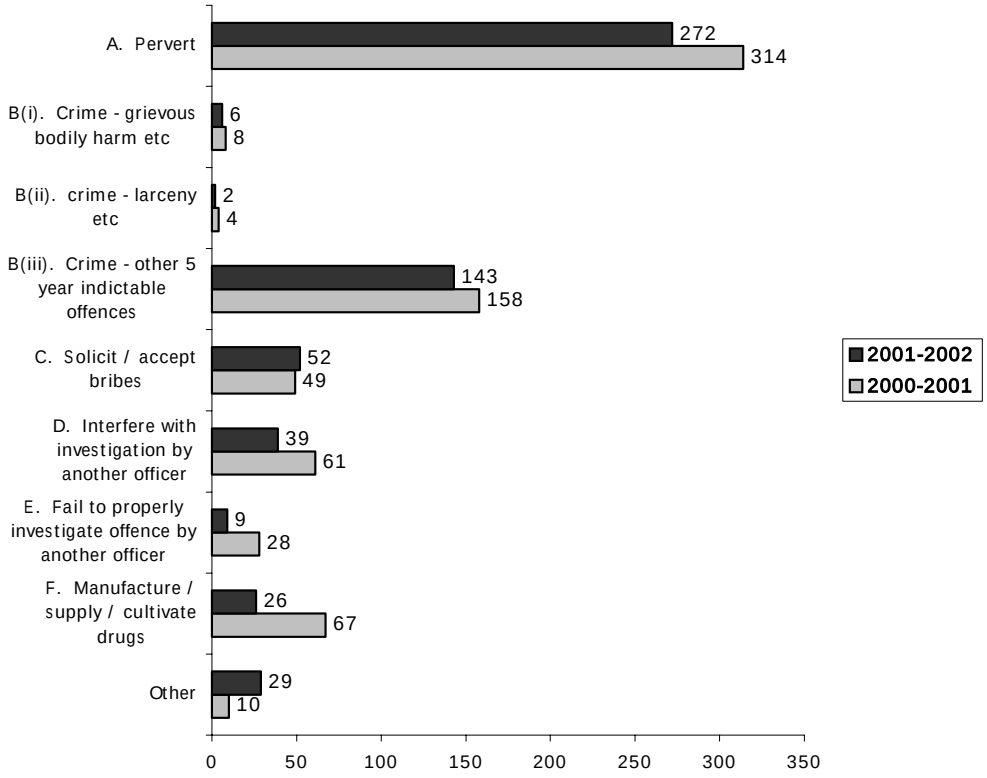
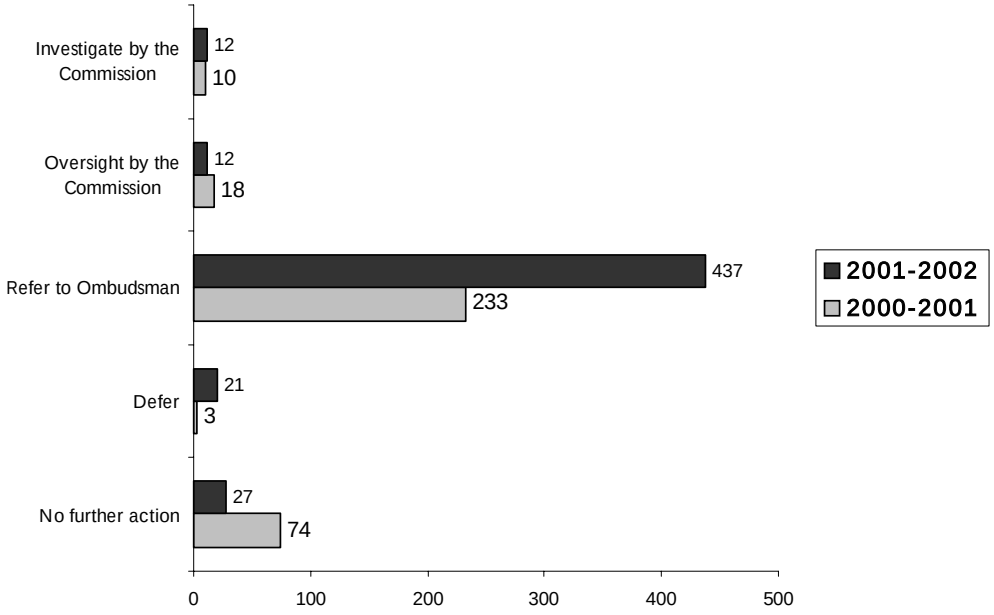


Figure 2. Decisions Made Regarding Category 1 Complaints - 2000-2001 and 2001-2002



INITIATIVES / OTHER ACTIVITIES

INITIATIVES

A number of innovative technical methodologies were implemented during the year, improving the Commission's capacity to collect and deliver audio and video evidence. The Commission is unable to report on these methodologies publicly.

Public and private hearings continue to be the Commission's most successful strategies in clarifying critical events involving police, encouraging potential witnesses to assist investigations, 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 examination of discharge of firearm incidents for the years 1997 to 2000 has been conducted and recommendations have been made. This Report was forwarded to NSW Police in February 2002.[5]

DEATHS IN CUSTODY

The Commission also receives reports from NSW Police concerning deaths in police custody. The Commission continues to monitor these reports and where appropriate, takes an ongoing interest in the investigation of these matters. The Commission received one death in custody report from NSW Police at the end of the 2001-2002 reporting period which it is presently considering.

POLICE CORRUPTION EDUCATION AND PREVENTION PROGRAMS

The Commission's function 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.

[5] See 'Other Recommendations 2001-2002' for further details.

The Commission has taken an interest in some of the recent changes to the recruit training for police, particularly the removal of the unit relating to ethics and accountability.

Following a meeting between Commission staff and NSW Police in mid-March 2002, an exchange of correspondence, and a subsequent meeting between the Commissioner, the Assistant Commissioner and the Commissioner's Executive Officer with staff of the NSW Police College, the Commission received the following advice from the Acting Deputy Commissioner, Support:

- The Ethics and Accountability unit, as a stand alone subject has been removed from the Diploma of Policing Practice course.

- The issue of ethics and professional performance of the police role continue to be regularly discussed with students in various contexts throughout the Diploma of Policing Practice curriculum. The range of courses currently including ethics and professional performance components include: Ethical Dimensions of the Police Role; Introduction to Policing B (for graduate entrants); Policing as a Profession (a distance education subject during field placement - includes societal issues); Society, Law and Practice; Critical Assessments of Investigative Practice; and a range of other units.

- The NSW Police College and the Charles Sturt University have established a Curriculum Review Team to ensure that ethics and accountability course material is sufficiently integrated into the Diploma of Policing Practice course.

The Commission has been invited by NSW Police to participate on the team, an invitation which the Commission has accepted. The Commission remains concerned about the removal of Ethics and Accountability as a stand alone unit of the Diploma of Policing Practice and will report on the outcome of its participation on the Curriculum Review Team in due course.

LEGISLATIVE MATTERS AND LAW REFORM

During the year, there were changes to several State and Commonwealth Acts bearing upon the Commission's functions, and a significant law reform initiative in the form of the review of the *Police Integrity Commission Act 1996*. Those matters are outlined in detail in Appendix 3.

INTEGRITY REPORTS

Pursuant to sections 39 and 64 of the *Police Act 1990*, the Commissioner of Police must make enquiries with the Commission as to the integrity of a person before appointing the person to an executive or non-executive position. The Commission must provide a report in response to such enquiry, and the Commissioner of Police must have regard to the contents of that report. The Commission also provides integrity reports on request, and where appropriate, to other law enforcement and related agencies considering employing current or former NSW police officers.

Changes to the police promotions system introduced under the *Police Service Amendment (Promotions and Integrity) Act 2001* have streamlined the integrity check process. Officers may now be appointed without the need to wait for an integrity report from the Commission. If the Commissioner later receives information from the Commission or elsewhere, the decision to appoint may be reviewed.

During the reporting year, the Commission received 692 integrity enquiries from NSW Police, and 51 enquiries from other agencies.

In previous Annual Reports, the Commission has reported the number of 'adverse' and 'nil adverse' reports to integrity enquiries received. However, an integrity check report pursuant to the *Police Act 1990* is provided on the basis of existing information available to the Commission, and without the need for any investigation into, or further testing of, the information. The provision of an 'adverse' report does not constitute a finding that the person is corrupt, nor does a 'nil adverse' report mean that the person had been found not to be corrupt. Moreover, an 'adverse' report may be based on nothing more than the existence of a complaint of alleged misconduct, which may later be investigated and found to be groundless.

Nor does a statement on the number of 'adverse' and 'nil adverse' reports give an accurate indication of the resources required to produce an integrity report. The amount of time taken to search the Commission's databases and prepare a report will depend on a number of factors, including the officer's length of service, the number of other officers with similar names, and the number of times the officer is mentioned in the Commission's records (whether adversely or not).

Accordingly, and lest publication of such figures lead to a mistaken understanding of the incidence of police misconduct, the practice of reporting the number of 'adverse' and 'nil adverse' reports has been discontinued.

CRIMINAL ASSETS RECOVERY ACT 1990

During the reporting year, the Commission successfully concluded 6 confiscation ('CARA') proceedings under the *Criminal Assets Recovery Act 1990.* That Act is designed to allow the proceeds of criminal and corrupt activities to be recovered as a debt to the Crown, and to forfeit the interests in property of those involved with serious crime related activities. In the past, CARA proceedings have been conducted solely by the Crime Commission; however, under a Memorandum of Understanding between the two Commissions, this Commission now takes proceedings whenever the defendant is a police officer, or where the matter arises out of a Commission investigation. The ability to conduct confiscation proceedings is an important tool in the Commission's powers to prevent corruption, by making it clear to corrupt police that they risk having the proceeds of their corrupt activity confiscated. Details of proceedings under the *Criminal Assets Recovery Act 1990* resulting from Police Integrity Commission investigations for 2001-2002 can be found at Appendix 6.

WITNESS ASSISTANCE

The Commission continues to provide assistance to a number of witnesses who gave evidence before the Royal Commission. One of the responsibilities of the Commission 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

The Commission regularly receives subpoenas purporting to require production of documents and information in criminal and civil proceedings. All subpoenas require initial research to determine whether or not the proceedings in questions are a matter 'arising out of an investigation conducted by the Commission in the exercise of its functions'. If the proceedings are such a matter, then the documents sought can be produced, under an exception to the general secrecy provision in section 56(3) of the Act. If the proceedings do not fall within the 'matter arising' exception, the Commission is not amenable to the subpoena and no documents can be produced. In such cases, the Commission will contact the relevant party and suggest the alternative of submitting a request for information under the requirements of section 56(4) of the Act.

SECTION 56(4) DISSEMINATIONS

Sub-section 56(4)(c) of the 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 is generally:

- 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 workers compensation claims; or
- 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.

PROSECUTIONS

Each year, the Commission reports the number of prosecutions arising from Royal Commission and Police Integrity Commission investigations (see Appendix 5). However, the Commission has noted that prosecutorial authorities may not proceed with a brief for a variety of discretionary reasons, none of which relate to the quality of the brief of evidence or the investigation effort that went into producing it. The Commission is therefore of the view that the number of prosecutions does not provide a complete picture in this area of the Commission's performance.

A more accurate and complete reflection of the Commission's performance is captured by the following measure:

> the proportion of briefs referred to the Office of the Director of Public Prosecutions ('the ODPP') for consideration for prosecution where the ODPP assesses that a prima facie case exists.

During the reporting period, the Commission received a response from ODPP in regard to a total of 38 briefs of evidence referred for consideration. The ODPP advised that a prima facie case existed for each of the 38 briefs, a rate of 100 per cent. A further 21 briefs are still being considered by the ODPP and advice will be reported next year.

PLANS FOR 2002-2003

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 the 1999-2000 Annual Report, the Commission reported results that had been achieved in relation to Project Dresden, an audit of the quality of a sample of NSW Police internal investigations. Another similar audit is currently underway. It was expected that this Report would be released during 2001-2002. However, during the project it was decided to extend the period that the report covers from 1 July 1998 - 30 June 2000, to 1 July 2000 - 30 June 2001. It will now be the subject of a Special Report in the 2002-2003 reporting year. The Commission has scoped out a number of further research projects into particular issues, which may assist furthering its understanding of the nature, extent and causes of serious police misconduct. These projects have been temporarily deferred due to the Commission's current commitments to section 96(2) Reports.

- In its investigations, the Commission intends to continue to place particular emphasis, where appropriate, on: the quality of police administrative practices; compliance with policies and procedures; the extent of supervision of compliance by police; and other factors which provide opportunities for serious police misconduct. The Commission will continue to maintain effective cross-discipline involvement in the development of

measures for reducing opportunities for serious police misconduct, seeking NSW Police involvement and external expert advice where it is likely to be productive.

- It is intended that the QSARP and the Appendix 31 Reforms Advisory Committee continue to be given a high priority in order to assist NSW Police with reform. The Committee is to contribute to the completion of the Reform Plan.

- A target of 100 per cent acceptance rate for recommendations made by the Commission concerning improvements in the practices of NSW Police, and for disciplinary action, 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. Six major investigations undertaken during the reporting year remain on foot including one joint investigation. Florida is expected to continue to expose serious police misconduct, assisted by the evidence of some involved officers. Malta is expected to clarify whether some senior staff in NSW Police have obstructed an aspect of reform, as alleged. Three operations are expected to expose police corruption (one quite significant corruption). Jetz and Mosaic will be concluded with the release of a section.96(2) Report to Parliament and a section 77(1) referral to the Commissioner of Police respectively.

- The Commission will continue to undertake joint matters and, where appropriate, use special powers to assist in NSW Police internal investigations. The Commission will 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.

6. 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 role of the Operations Advisory Group ('the OAG') was reviewed during the reporting period by the incoming Commissioner. The OAG meets fortnightly, or as required, and makes key decisions concerning new investigative opportunities, operational priorities and broad investigation direction. The OAG is also involved in managing risk and developing short term strategy with investigations staff. The OAG is comprised of the Commissioner, Assistant Commissioner, the Director Operations, the Executive Officer and the Manager Intelligence. Other members of staff are co-opted to the OAG on a regular but 'ad hoc' basis to provide advice on specific matters, or to work with the OAG on strategy development.

Key decision making is underpinned by a defined set of criteria which are applied to operational decisions affecting priorities and resource allocation at a number of levels within the Commission. The management of risk is also a major consideration in OAG operational decisions. The OAG also uses elements of its Investigations Performance Framework to assess ongoing performance.

The OAG is supported with advice and recommendations concerning:

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

THE MANAGEMENT ADVISORY GROUP

The Management Advisory Group ('the MAG') is chaired by the Commissioner and composed of the Assistant Commissioner, the Director Operations, the Director of Corporate and Information Services, the Commission Solicitor and the Executive Officer. It meets weekly and makes decisions concerning a range of administrative matters.

THE BUDGET COMMITTEE

The Budget Committee is chaired by the Commissioner and is composed of the Assistant Commissioner, 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. Its decisions are based on advice from the Operations Advisory Group, and are 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 in regard to 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, budgetary and administrative decisions are minuted and available to staff on-line.

All key operational decisions continue to be made within the context of the Commission's priority setting criteria, risk management processes and/or performance measurement framework, with a view to 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 and/or the Assessments and Reports Team, ensuring appropriate staff involvement and 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 the broad context provided by the Commission's Corporate Plan.

REVIEWING PERFORMANCE

INVESTIGATIONS UNIT

As discussed earlier in this Report, the OAG uses elements of its Investigations Performance Measurement Framework to assess Investigations Unit performance. The elements which the

Commission considers when assessing performance include: responsiveness to changes in priority; the extent of, and appropriateness of planning; responsiveness to change in priorities / direction; the quality of internal and external relationships; the quality of advice and recommendations; and the effectiveness of overall results. Feedback is provided to investigation Case Units when they meet with the OAG members.

COMMISSION STAFF

The Commission implemented its Personal Performance Development System in August 2000. The purpose of the system is to promote the achievement of the Commission's Corporate Plan and to assist staff 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 current assessment of the OAG is that the Investigations Unit is rated as:

- responsive to its (the OAG's) requirements, successfully re-allocating staff following changes in priorities;
- reliable, in terms of its advice and recommendations, which are consistently accepted or accepted following consultation; and
- largely meeting the objectives, standards and timeframes set for it in regard to investigations.

About 91 per cent of staff had their performance reviewed during the reporting period, an improvement over the 85 per cent participation rate of the previous year. Of those reviewed 100 per cent were rated as satisfactory or better, consistent with a substantial achievement of personal objectives.

It is planned that steps be taken to continue to improve the participation rate in the Performance Development System. The target for 2002-2003 remains at 100 per cent.

INFORMATION / COMMUNICATION STRATEGIES

DOCUMENT AND RECORDS MANAGEMENT

As reported in previous years, 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'). 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. Operational decisions, together with the reasons for the decision, are available to staff with little or no systems-related delay.

It was reported last year that development of a replacement system for Detrak and CATS would be temporarily deferred so that the Commission:

- might devote its attention more fully to the development of PODS, to take advantage of the lessons it will learn from project managing such a substantial project; and

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

Work has commenced on the development of the new document, record and information management system, called 'MaTrix'. As a result of the Commission's unique information management requirements, this application is being designed in-house using the most current Microsoft.Net technologies and, where feasible, integrates off-the-shelf solutions for generic functions. The application will provide a range of improved functionality to support the Commission's operational activities, as well as ensuring compliance with relevant record keeping legislation and information security standards. The design infrastructure guarantees an increased shelf life and also precipitates the development of the Commission's internal intranet. It is anticipated that the application will replace the existing records management system early in 2003.

COMPLAINTS - MULTI-DISCIPLINED INPUT TO DECISION MAKING

During the reporting period, there were a number of changes to the way the Commission handles complaints of serious police misconduct, in order to engage the Commissioner and increase input of the OAG and the Investigations Unit earlier in the process. Consistent with previous practice, Category 1 complaints are:

- researched and analysed by Complaints Assessment staff and considered by them and the Manager of the Assessments and Reports Team in the context of the Commission's priority setting criteria; and

- for those meeting certain criteria, also considered by Target Development staff in the Assessments and Reports Team for potential target development.

The Commissioner, with advice from the staff involved, conducts a further filtering process. This has resulted in an increase in the proportion of complaints that are provided to the Investigations Unit for input from investigations, legal, financial or other specialists. The Commissioner may then confer with the OAG to make one of the following decisions:

- to refer the complaint to NSW Police for investigation under section 8A of the *Police Act 1990* - Ombudsman to oversight;

- to refer the complaint to NSW Police for investigation - the Commission to oversight;

- to refer the complaint internally for target development; or

- to refer the complaint internally for investigation.

While this process looks involved, and it can be for some complex complaints where there is detailed information to be researched and considered, it also can be, and has been, truncated significantly where a complaint needs to be responded to immediately.

COMPLIANCE WITH PROCESSES AND PROCEDURES

Independent review of the Commission's financial reporting activities reported compliance with the provisions of relevant legislation. A full audit of the Commission's compliance with

the provisions of the *State Records Act 1998* was conducted during the year by the Audit Office with a high level of compliance reported.

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

Commission systems facilitate communication in accordance with strict business rules. Responses are of a kind, and within the timeframes, set by those business rules. Compliance with business rules was very high with minimal irregularities detected during the year.

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

Capacity for structured, multi-disciplined input to the consideration of complaints leading to more rapid identification of investigative opportunities and improved quality in advice to the Commissioner.

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

IT SYSTEMS

Information Technology ('IT') in the Commission provides a critical foundation for all of the Commission's operational and administrative functions. A major IT initiative during the reporting year was the utilisation of the NSW IT Master Lease facility. This enabled the Commission to achieve the following:

- Phase I of the Legacy Desktop replacement programme. This enabled 50 per cent of Commission's ageing desktop computers to be replaced with new units;
- Phase I of the Legacy Server replacement programme enabled 70 per cent of Commission's legacy servers to be decommissioned;
- the Commission network infrastructure was upgraded; and
- the Commission's legacy network printers were replaced with more efficient units.

MAJOR WORKS IN PROGRESS

As discussed in the previous reporting period, development of the Police Oversight Data Store ('PODS') continues. The first two phases of PODS have been implemented. The final phase is due to be completed in November 2002.

The Commission is working towards achieving AS7799 Certification, which was mandated in Premier's Circular 2001 - 46. It is expected that significant progress will have been made in this respect by the next reporting period.

The Commission is currently phasing out its Novell Netware Server software platform, upgrading all servers to Microsoft Active Directory.

Benefits will include:

- easier Commission-wide audits;
- easier implementation of a disaster recovery process;
- reduced training requirements and faster implementation, due to greater ease of use;
- the ability to manage the whole Enterprise from one location; and
- smoother integration with the Exchange Mail server.

DELIVERY OF ELECTRONIC SERVICES

The Commission Website development has been completed and is expected to be announced this reporting period.

Performance Indicator 11

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

Results

Through PODS, secure and more efficient access to police data enables investigations staff to spend less time on data collection and collation, and more on analysis.

There have been substantial improvements in system security and reliability.

There is improved public awareness of, and improved public access to, the Commission through its Website.

During the next reporting period, IT will be focussing on progressing and/or completing a number of key IT projects including:

- Phase II of Legacy Desktop replacement programme;
- Phase II of Legacy Server replacement programme;
- finalising Commission migration from Novell NetWare to Active Directory;
- achieving AS7799 certification for Commission IT infrastructure; and
- adding transcript functionality to the Commission Website.

STAKEHOLDER AND EXTERNAL RELATIONS

During the reporting period, regular liaison occurred with the Ombudsman, the Independent Commission Against Corruption ('ICAC'),the Crime Commission and NSW Police in regard to the exchange of relevant information, coordination of activities in respect of common responsibilities and/or in undertaking joint investigations. The Commission also provided

detailed advice and assistance to the Royal Commission into the WA Police Force. In addition, the Commission continued 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.

During the year, the Commission furnished to Parliament one Report pursuant to section 96(2) and one pursuant to section 98 of the Act. One Report was furnished to the Minister of Police and to the Commissioner of Police pursuant to section 14A(5) and a draft matter was referred to the Commissioner of Police under section 77. In those reports a range of recommendations were made concerning: consideration of specific disciplinary action; and improvements in NSW Police practices.

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 problems are resolved, relevant information is exchanged in accordance with agreed practice, and where consensus is reached on coordinated activities and joint investigation arrangements.

COMMITTEES

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

Commission / Special Crime and Internal Affairs Weekly Liaison Meeting

The Commissioner, the Assistant Commissioner, the Director, Operations and the Commander, 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 and, at times, the Commissioner of Police.

Police Complaints / Case Management (PCCM) Programme Review Group

The Assistant Commissioner and the Manager Intelligence represent the Commission on this Committee, which is chaired by the Premier's Department. The Committee meets monthly in order to resolve high level policy issues relating to, and to oversight the progress of, sub-projects encapsulated 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 complaint handling agencies of NSW and meets four times each year to discuss matters of mutual interest. The Commission is represented by the Assistant Commissioner.

Commission / NSW Police / 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, Special Crime and Internal Affairs, the Assistant Ombudsman, the Managing Lawyer (Special Crime), Office of the Director of Public Prosecutions, and the Assistant Commissioner.

Commission / Crime Commission Weekly Liaison Meeting (Florida / Mascot only)

The Commissioner, the Assistant Commissioner, the Executive Officer, the Director, Operations and other staff as required meet with the Crime Commission on a weekly basis to discuss matters of mutual operational interest.

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, NSW Police, 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 assisted by the Manager Intelligence represent the Commission. Please refer to the 'Reform Activity' section of this Report for further details in relation to the functions and activities of this committee.

Smaller Agency CEOs Executive Committee

This Committee meets to exchange ideas and to discuss issues faced by small agencies. The Committee is attended by representatives from the Premier's Department, the Ministry for Police and the CEOs of the smaller agencies. The Commissioner is the Commission's representative on this Committee.

Committee for the Merger of Crime Agencies and the Information and Intelligence Centre

This Committee was formed to discuss the merger of Crime Agencies and the Information and Intelligence Centre and met regularly throughout the reporting year. The Commission was represented by the Executive Officer at this meeting.

CORPORATE SERVICES

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

- the implementation of productivity savings proposals;
- the approval and subsequent commencement of a new Document and Information Management System (MaTrix);
- the implementation of a Master Lease Facility covering Information Technology and other equipment
- the introduction of the Commission's Website; and
- the preparation of the 2002 Procurement Plan.

Plans for next year include:

- the completion of MaTrix (a new information, record and management system);
- the introduction of electronic service delivery via and Employee Kiosk; and
- a review of the Commission's HR policies.

Statements concerning a range of prescribed activities are contained in Appendix 1.

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 tasks were met by the Commission during the reporting period.

PLANS FOR 2002-2003

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

- The Commission will maintain or improve existing decision making frameworks.
- The Commission will finalise and implement the Commission's Corporate Plan and Performance Measurement Framework. A target of 100 per cent participation rate in the personal performance system has been set.
- The Commission will complete the upgrade of ageing desktop computers and the legacy Royal Commission network and printers. The migration from Novell NetWare to Active Directory will also be completed. The Commission also expects to achieve AS7799 certification and add transcript functionality to its Website.
- A review of HR policies will be conducted and the Commission expects to implement an Employee Kiosk and the MaTrix system. The Commission intends continuing to meet all deadlines and prescribed standards for project plans and systems, as set by legislation and central agencies.

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

INDUSTRIAL RELATIONS

No industrial disputes occurred within the Commission during the year.

TRAINING AND DEVELOPMENT

The Commission again developed a training schedule for all disciplines within the organisation, 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 First Aid, Solicitors MCLE Points, State Records, GST / FBT, Firearms and Specialist Training.

PERFORMANCE MANAGEMENT

The Performance Development System ('PDS') continued to be utilised during the year. This 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 section 10 of the Act, and are offered such contracts for periods of three to five years duration, with the potential, subject to satisfactory performance, for those contracts to be renewed.

OCCUPATIONAL HEALTH AND SAFETY (OH&S)

An OH&S Committee continued to meet during the year and made a number of recommendations for the Executive's consideration relating to First Aid Kits and First Aid training, installation of noticeboards, and improvements to specific working areas. During the year, ten workplace accidents / incidents were reported, resulting in two workers compensation claims being lodged with a total of 2.65 days lost over the reviewing period.

CODE OF CONDUCT

The Commission reviewed its Code of Conduct in light of the ICAC's publication entitled 'Codes of Conduct -The next stage'. However, this resulted in no further amendments to the Commission's Code of Conduct during the reporting year.

STAFF MOVEMENT

During the reporting year, 17 new employees were appointed and 24 employees ceased employment with the Commission.

DISABILITY ACTION PLAN

As reported previously, 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 2.

Table 2: 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 3: Employee Statistics

	June 1997	June 1998	June 1999	June 2000	June 2001	June 2002
Statutory appointments	1	1	1	1	1	1
Executive appointments					3	4
Operational staff	53	68	77	73	77	67.7
Support staff	14	17	16.85	15.85	21.85	22
Total	**68**	**86**	**94.85**	**89.85**	**102.85**	**94.7**

STAFF NUMBERS AS AT 30 JUNE 2001 BY EEO TARGET GROUPS

Table 4: Percentage of Total Staff by Level[6]

		Subgroup as Percent of Total Staff at each Level			Subgroup as Estimated Percent of Total Staff at each Level				
LEVEL	*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
< $27,606									
$27,606 - $40,535	*1*	100%		100%					
$40,536 - $51,293	*28*	93%	54%	46%	3.8%	15%	8%	8%	
$51,294 - $66,332	*21*	100%	24%	76%	4.8%	33%	14%	10%	
> $66,332 (non SES)	*42*	93%	71%	29%		5%		5%	2.5%
SES									
TOTAL	*92*	95%	54%	46%	2.3%	15%	6%	7%	1.2%
Estimated Subgroup Totals		*87*	*50*	*42*	*2*	*13*	*5*	*6*	*1*

Table 5: Percentage of Total Staff by Employment Basis

		Subgroup as % of Total Staff in each Category			Subgroup as Estimated Percent of Total Staff in each Employment Category				
EMPLOYMENT BASIS	*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
Permanent Full-time									
Permanent Part-time									
Temporary Full-time									
Temporary Part-time									
Contract - SES									
Contract - Non SES	*92*	95%	54%	46%	2.3%	15%	6%	7%	1.1%
Training Positions									
Retained Staff									
Casual									
TOTAL	*92*	95%	54%	46%	2.3%	15%	6%	7%	1.1%
Estimated Subgroup Totals		*87*	*50*	*42*	*2*	*14*	*5*	*6*	*1*

Notes for Tables 2-5:

Table 2 does not include casual staff.

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.

Actual FTE for the Commission as at 30 June 2001 was 102.85. Statistics used in Table 4 and 5 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.

AUDITS

The Audit Office of New South Wales was again engaged to carry out the audit of the Commission's 2001-2002 financial statements. A copy of the Independent Audit Report appears with the Financial Statements at Appendix 9.

[6] 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.

ACCOUNTS PAYABLE POLICY

Following a review by Treasury of the agencies accounts payable performance for the previous year the Commission reviewed its oversight and reporting mechanism to the CEO. The Commission has set a benchmark for paying 85 per cent 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 6: Aged Analysis At the End of Each Quarter 2001-2002

Quarter	Current (ie within due date) $	Less than 30 days overdue $	Between 30 and 60 days overdue $	Between 60 and 90 days overdue $	More than 90 days overdue $
September Quarter	141,994	162,095	3,316	0	0
December Quarter	162,988	162,088	889	0	0
March Quarter	289,151	385,960	13,683	33,151	633
June Quarter	53,605	425,337	71,622	12,565	0

The majority of the overdue amounts relate to invoicing by Commission creditors where there have been issues concerning disputed or non-delivery of goods or services. Naturally, payments are withheld until such problems are resolved. Increasingly, creditors are seeking shortened payment terms, many at seven days, some immediate, and subsequently accounts are being received either near or after the due date, making payment on time impossible. The Commission has a strict policy of seeking certification by staff, of the performance of creditors, before payment is made. Following a review of the agency's accounts payable performance for the previous year, the Commission reviewed its oversight and reporting mechanism to the CEO.

Table 7: Accounts Paid On Time Within Each Quarter 2001-2002

Quarter	Total Accounts Paid On Time			Total Amount Paid
	Target %	Actual %	$	$
September Quarter	85	95	3,373,786	3,539,179
December Quarter	85	95	3,290,915	3,453,892
March Quarter	85	88	3,286,556	3,719,982
June Quarter	85	89	4,135,980	4,645,505

These figures include employee-related expenses.

STATUTORY REPORTING

The Commission's Financial Statements for 2001-2002 were prepared and submitted to the Audit Office within the required timeframe.

CONSULTANTS

During the year, the Commission engaged the services of six consultants, at a cost of $56,148, in the following areas:

- Information technology $35,947; and
- Organisational review $20,200.

LAND DISPOSAL

The Commission does not hold any real property.

INSURANCE

Insurance during the reporting year was undertaken through the New South Wales Treasury Managed Fund Scheme, self-insurance for Government Agencies. The fund manager sets the premiums paid by the Commission 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.

CREDIT CARD CERTIFICATION

There were no breaches of the Commission's Credit Card Policy within the reporting period.

MAJOR ASSETS

The Commission's major assets include leasehold improvements, computer equipment and technical plant and equipment.

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 1 complaints;
- monthly Budget and Expenditure reports;
- monthly Establishment and Leave reports;
- tracking and monitoring of all correspondence and documentation;
- listening device monitoring;
- assumed identities monitoring; and
- major project and program reports.

The Commission is currently considering the recommendations prepared by an external consultant regarding Information Security and Business Continuity Planning, including Risk Management.

ENERGY MANAGEMENT PLAN

The Commission again provided the results of its 2000-2001 Government Energy Management Plan (GEMP) and those statistics were included in the Government-wide report. The Commission also took up the offer by Energy Australia to undertake an Energy Review, with a view to finding energy savings. Those results and recommendations are currently being considered for implementation.

WASTE REDUCTION MANAGEMENT

In accordance with the Government's Waste Reduction and Purchasing Policy (WRAPP), the Commission developed a WRAPP and is continually implementing this policy. The Commission received positive feedback from the EPA suggesting improvements to assist in achieving the Government's overall aim of reducing waste, and in increasing the quantity of recycled products being purchased. Measures taken thus far include:

- reducing the generation of waste
- implemented and now hosting a Commission Website;
- entered into a new Master Lease Facility for IT and other equipment, including double sided photocopiers;
- paper consumption was reduced by approximately 50 per cent in the past year;
- the use of recycled material
- introduced recycling of media consumables;
- utilising re-manufactured toner cartridges; and
- Commission letterhead is now on recycled paper.

OVERSEAS VISITS

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

ELECTRONIC SERVICE DELIVERY

In accordance with the government's reporting framework for electronic service delivery, the Commission assessed those services that would be appropriate to provide electronically and determined to host its own Website. This was implemented fully in March of this year following the installation of the revised security arrangements. The Website provides up-to-date information to the public and other stakeholders relating to Commission reports, other publications and hearings, provides an on-line avenue to lodge complaints, and offers electronic recruitment and other related information.

PRIVACY MANAGEMENT

The *Privacy and Personal Information Protection Act 1998* applies only to the Commission's administrative and educative functions and has no direct impact on its investigative functions. 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 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, five assumed identity approvals were granted by the Commissioner or the Assistant Commissioner. Eight assumed identity approvals were revoked and two were varied.

The nature of the duties undertaken in relation to the assumed identity approvals granted were concerned with physical surveillance (three) and covert operations (two).

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

APPENDIX 2 - STATISTICAL DATA ON EXERCISE OF COMMISSION POWERS

The following table indicates the frequency with which the Commission exercised its various powers in 2001-2002, compared with the two previous reporting years.

Functions	**Year Ending 30 June 2002**	**Year Ending 30 June 2001**	**Year Ending 30 June 2000**
Police Integrity Commission Act 1996			
s 16 - Establishment of task forces within the state	Nil	3	2
s 25 - Requiring public authority or public official to produce a statement of information	33	24	10
s 26 - Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	115	122	138
s 29 - Commission may authorise an officer of the Commission to enter and inspect premises etc	Nil	Nil	5
s 32 and s 33 - Hearing days:			
public	105	46	24
private	35	72	52
s 38 - Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	181	112	86
s 45(1) - Authorised justice may issue search warrant	6 (3 not executed)	1	3
s 45(2) - Commissioner may issue a search warrant	Nil	Nil	Nil
s 50 - Number of warrants obtained under *Listening Devices Act 1984*	37	74	23

Functions	**Year Ending 30 June 2002**	**Year Ending 30 June 2001**	**Year Ending 30 June 2000**
Law Enforcement (Controlled Operations) Act 1997			
Applications granted by Commissioner for authority to conduct controlled operations	3	Nil	3
Applications granted by Commissioner for renewal of authority to conduct controlled operations	Nil	1	Nil
Applications granted by Commissioner for variation of authority to conduct controlled operations	Nil	Nil	4 (Variations)
Law Enforcement (Assumed Identities) Act 1998			
Applications of assumed identity approvals granted	5	4	26
Applications of assumed identity approvals revoked	8	2	7
Telecommunications (Interception) Act 1979			
Warrants issued for the Interception of Communications	36	21	20
Protected Disclosures Act 1994			
Complaints received by the Commission that constitute Protected Disclosures	17	12	27

APPENDIX 3 - LEGISLATIVE MATTERS AND LAW REFORM

REVIEW OF THE POLICE INTEGRITY COMMISSION ACT 1996

Section 146 of the *Police Integrity Commission Act 1996* requires the Minister for Police to review the Act as soon as practicable after the first 5 years from its assent, to determine whether its policy objectives remain valid and the terms of the Act remain appropriate for securing those objectives.

During the reporting year, the Commission made a submission to the review and responded to submissions by NSW Police in relation to a number of proposed changes. Significant matters covered by the review included:

- whether the Commission's jurisdiction should be extended to cover misconduct by civilian employees of NSW Police;
- whether NSW Police should be able to raise legal professional privilege in response to a requirement by the Commission to produce documents;
- the oversighting of police complaints; and
- Commission employment arrangements.

At the time of reporting, the Minister's report on the review had not been finalised.

ASSUMED IDENTITIES

On 12 October 2001 Part IAC of the *Crimes Act 1914* (Cth) took effect, establishing a Commonwealth scheme for the acquisition and use of assumed identities.

The Commission is a participating State agency for the purposes of that Act, which enables authorised Commission officers to acquire and use an assumed identity, including the acquisition of evidence of identity from a Commonwealth agency. Officers are protected from criminal liability in relation to conduct occurring in the course of acquiring or using an assumed identity, provided such conduct occurs during the course of their duties.

LISTENING DEVICES

The Law Reform Commission's Interim Report on Surveillance was completed in February 2001, but copies were not made available to the Commission until August 2001. The Commission objected to many of the recommendations made in that Report, and has made submissions through the Ministry for Police opposing proposed legislation designed to implement those recommendations. At the time of writing, consideration of the recommendations by the Government had been deferred.

CRIMINAL RECORDS

The Criminal Records Amendment (Exclusions and Disclosures) Regulation 2001 commenced on 26 October 2001. The amendment excludes applications for employment as a member of staff of the Commission from the operation of section 12 of the *Criminal Records Act 1991*. This means that applicants for employment with the Commission can now be required to disclose information relating to spent convictions, and that questions concerning a person's criminal history asked in connection with such an application must be taken to include all convictions, including spent convictions.

SECURITY INDUSTRY AMENDMENT (POLICE INTEGRITY COMMISSION) REGULATION 2001

In October 2001, an amendment was made to the *Security Industry Regulation 1988* to insert a new clause 5(o). The effect of the amendment was to provide for staff employed by the Commission to

carry out security activities, to be exempted from the *Security Industry Act 1997,* to the extent to which they carry out duties in that capacity.

WEAPONS PROHIBITION AMENDMENT (POLICE INTEGRITY COMMISSION) REGULATION 2001

On 26 October 2001, an amendment to the *Weapons Prohibition Regulation 1999* came into effect, thereby exempting staff employed by the Commission to carry out security functions within the meaning of the *Security Industry Act 1997,* from the requirement for a permit to possess or use an extendable or telescopic baton and handcuffs.

POLICE PROMOTIONS

The *Police Service Amendment (Promotions and Integrity) Act 2001* commenced on 21 December 2001. The amendments make substantial procedural changes to the police promotions scheme, partly in response to matters raised in the course of the Commission's Operation Jetz. The effect of the amendments is further discussed under 'Integrity Reports'.

APPENDIX 4 - COMMISSION INVESTIGATION ACTIVITY IN 2001-2002

	Ongoing During 2001-2002		Closed[7] during 2001/2002	
Primary Allegation Instigating Investigation	**Preliminary Investigations**	**Full Investigations**	**Preliminary Investigations**	**Full Investigations**
Pervert the Course of Justice	3	3	4	1
Soliciting or accepting bribes	1	1	3	0
Being involved in the manufacture, cultivation or supply of prohibited drugs	1	0	2	0
Assault causing serious injury	1	0	0	1
Complaint made against a police officer who is of or above rank of Superintendent	4	3	3	0
Improperly accessing / disclosing information	1	1	1	0
Improper associations	0	1	1	1
Improperly investigating or interference with an investigation against another officer	1	0	2	0
Financial misconduct	1	0	0	1
Managerial / procedural issues	0	2	0	1
Reckless discharging of firearms	1	0	0	0
Offence punishable, on conviction, by 5 years or more imprisonment	1	1	0	0
Total[8]	**15**	**12**	**16**	**5**

[7] For the purposes of this table, an investigation is considered 'Closed' when a public Report has been submitted to Parliament (if appropriate), a referral is submitted to NSW Police (if appropriate), a brief of evidence has been referred to the Director of Public Prosecutions (if appropriate), or the Commissioner has decided that no further action (NFA) is required.

[8] The table includes investigations that were not always active throughout the reporting year.

APPENDIX 5 - PROSECUTIONS RESULTING FROM ROYAL COMMISSION AND POLICE INTEGRITY COMMISSION INVESTIGATIONS - 2001-2002

Name	Offence	Status
BAYEH Louis	• Knowingly Take Part in Supply of a Prohibited Drug (Cocaine)	• Pleaded guilty on 2 April 2001 and sentenced on 13 July 2001 to 2 years imprisonment with a minimum term of 1 year.
	• Knowingly Take Part in Supply of a Prohibited Drug (Heroin)	• Pleaded guilty on 2 April 2001 and sentenced on 13 July 2001 to 2 years imprisonment with a minimum term of 1 year.
	• Demand Money with Menaces	• Sentenced to 3 years imprisonment with a minimum term of 2 years on 13 July 2001.
BYCZKOV Coryne	• Corruptly Give Benefit ((s 249B(2)(a)(i) *Crimes Act 1900*)	• Pleaded guilty and sentenced to 2 year bond under s 10 Crimes (Sentencing Procedure) Act 1999 on 11 July 2001.
FISH Christine Gay	• Perjury (s 327 *Crimes Act 1900*)	• Sentence varied on appeal on 14 June 2002 to 20 months imprisonment with a non-parole period of 6 months.
GARDINER Terrence James	• Fraudulent Misappropriation (2 counts)	• Sentence varied on appeal on 5 June 2002 to 21 months imprisonment with a non-parole period of 15 months.
	• Fraudulent Misappropriation	• Sentenced to 6 months imprisonment on 22 February 2002.
	• Fraudulent Misappropriation	• Sentence varied on appeal on 5 June 2002 to 2 years with a non-parole period of 15 months.
	• Fraudulent Misappropriation (3 counts)	• Sentenced to 9 months imprisonment on 22 February 2002.
	• Fraudulent Misappropriation (6 counts)	• Sentenced to 12 months imprisonment on 22 February 2002.
	• Fraudulent Misappropriation (2 counts)	• Sentenced to 15 months imprisonment on 22 February 2002.
	• Give False or Misleading Evidence (*Police Integrity Commission Act 1996*)	• Sentence varied on appeal on 5 June 2002 to 15 months imprisonment with a non-parole period of 6 months.

Name	Offence	Status
GIOVANNONE Phillip	• Pervert Course of Justice	• Sentence to 15 months imprisonment on 19 December 2001.
	• Bribery (common law)	• Sentenced to 9 months imprisonment on 19 December 2001 (to commence at end of other sentence).
LANGTON David	• Affray	• Sentenced to 2 years imprisonment on 12 November 2001.
	• Assault (s 61 *Crimes Act 1900*) (3counts)	• Sentenced to 12 months imprisonment on 12 November 2001.
	• Perjury (s 327 *Crimes Act 1900*)	• Sentenced to 4 years imprisonment on 12 November 2001.
	• Perjury (s 327 *Crimes Act 1900*)	• Sentenced to 2 years imprisonment on 12 November 2001.
LEECH Gary Martin	• Assault (s 61 *Crimes Act 1900*)	• Proceedings ongoing.
	• Give False or Misleading Evidence (s 21 *Royal Commission (Police Service) Act 1994*)	
MELOCCO Anne Louise	• Give False or Misleading Evidence (s 21 *Royal Commission (Police Service) Act 1994*) (3 counts)	• Proceedings commenced on 16 July 2002.
ROGERSON Roger	• Give False or Misleading Evidence (*Police Integrity Commission Act 1996*) (6counts)	• Proceedings commenced on 16 July 2002.
STAVROU Steve	• Give False or Misleading Evidence (s 21 *Royal Commission (Police Service) Act 1994*)	• Proceedings ongoing.
	• Corruptly Give Benefit (s 249B *Crimes Act 1900*)	
	• Bribery (common law)	
SWAN John Gordon	• Perjury (s 327 *Crimes Act 1900*)	• Sentenced to 20 months imprisonment with a minimum term of 12 months on 17 December 2001.
	• Perjury (s 327 *Crimes Act 1900*)	• Sentence varied on appeal on 14 June 2002 to 20 months imprisonment with a non-parole period of 12 months to commence 17 February 2002.

APPENDIX 6 - PROCEEDINGS UNDER THE *CRIMINAL ASSETS RECOVERY ACT 1990* RESULTING FROM POLICE INTEGRITY COMMISSION INVESTIGATIONS FOR 2001-2002

Name	Assets Forfeited	Proceeds Ordered
DAVIDSON Shaun Andrew	-	Orders made 27 May 2002 to pay $1100. Proceeds recovered.
GARDINER Terrence James	-	Orders made 22 October 2001 to pay $59,255.60. Proceeds recovered.
JASPER Matthew John	-	Orders made 15 April 2002 to pay $39,517. Proceeds recovered.
MESSENGER Mark William	-	Orders made on 19 August 2002 to pay $1500. Proceeds recovered.
PATISON David Phillip	-	Orders made 6 May 2002 to pay $58,675. Proceeds recovered.
PEATTIE Raymond John	-	Orders made 27 May 2002 to pay $2500.
YAGHI Mohomed	Whole of the property known as 31 Marion St, Auburn	$538,000 and interest to date from 7 December 2001.

APPENDIX 7 - 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 have an impact on members of the public when dealing with complaints of serious police misconduct. 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 2000-2001 Annual Report. A list of those reports published during this reporting year is available at Appendix 10. All publications and other public documents are available on the Commission's Website. Categories of other documents available include: administrative policy and education documents; and guides for 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 for 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 10. 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 2002 (FOI ACT, S. 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 consultation(s) for the period

	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

Basis of Disallowing or Restricting Access	Personal	Other
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 (.e., those referred to at lines A4, A5 and A6), (excluding costs and fees for unfinished requests (i.e., 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

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

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

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, s. 68(1); FOI Regulation, sub-clause 9(2))

The Commission did not receive any FOI requests during the reporting year, or during the previous reporting year, 2000-2001. 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 8 - 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 1995 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 9



ABN 22 870 745 340

FINANCIAL STATEMENTS 2001-2002

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GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

POLICE INTEGRITY COMMISSION

To **Members of the New South Wales Parliament**

Scope

I have audited the accounts of the Police Integrity Commission for the year ended 30 June 2002. 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 based on my audit as required by 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 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 Commission as at 30 June 2002 and the results of its operations and its cash flows for the year then ended.

S R Stanton, CPA
Assistant Director of Audit

SYDNEY
27 August 2002

Police Integrity Commission

Statement by Department Head

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, and based on information provided to me by the Commission, I have formed the opinion that:

(a) the accompanying financial statements in respect of the year ended 30 June 2002 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.

T/P Griffin
Commissioner
23 July 2002

Police Integrity Commission

Statement of Financial Performance for the Year Ended 30 June 2002

	Notes	Actual 2002 $'000	Budget 2002 $'000	Actual 2001 $'000
Expenses				
Operating Expenses				
Employee related	2(a)	8,993	10,209	8,885
Other operating expenses	2(b)	5,960	4,328	5,703
Maintenance		178	321	141
Depreciation and amortisation	2(c)	2,252	1,092	1,923
Total expenses		17,383	15,950	16,652
Less:				
Retained Revenue				
Sale of goods and services	3(a)	2	—	4
Investment income	3(b)	26	14	49
Grants and contributions	3(c)	1,774	1,574	1,073
Other revenue	3(d)	35	--	69
Total Retained Revenue		1,838	1,588	1,195
Gain/(loss) on disposal of non-current asset	4	--	--	--
Net Cost Of Services	19	15,545	14,362	15,457
Government Contributions				
Recurrent appropriation	6	14,395	13,950	13,238
Capital appropriation	6	1,148	860	799
Acceptance by the Crown Entity of employee entitlements and other liabilities	10	864	656	1,036
Total Government Contributions		16,407	15,436	15,073
SURPLUS/(DEFICIT) FOR THE YEAR		862	1,074	(384)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		--	--	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	20	862	1,074	(384)

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Financial Position as at 30 June 2002

	Notes	Actual 2002 $'000	Budget 2002 $'000	Actual 2001 $'000
ASSETS				
Current Assets				
Cash	13	1,538	796	788
Receivables	14	109	160	125
Other	18	250	48	48
Total Current Assets		1,897	1,004	961
Non-Current Assets				
Plant and equipment	19	5,379	6,630	5,348
Total Non-Current Assets		5,379	6,630	5,348
Total Assets		7,276	7,634	6,309
LIABILITIES				
Current liabilities				
Payables	20	118	107	107
Employee entitlements and other provisions	22	959	897	897
Other	23	126	94	94
Total Current Liabilities		1,203	1,098	1,098
Total Liabilities		1,203	1,098	1,098
Net Assets		6,073	6,536	5,211
EQUITY				
Accumulated funds	24	6,073	6,536	5,211
Total Equity		6,073	6,536	5,211

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Cash Flows for the Year Ended 30 June 2002

	Notes	Actual 2002 $'000	Budget 2002 $'000	Actual 2001 $'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(8,688)	(9,958)	(8,039)
Other		(6,915)	(5,129)	(6,472)
Total Payments		(15,603)	(15,087)	(14,511)
Receipts				
Sale of goods and services		5	--	4
Interest received		33	27	49
Grants received		1,951	1,574	1,153
Other		576	432	457
Total Receipts		2,565	2,033	1,663
Cash flows from Government				
Recurrent appropriation		14,509	13,980	13,333
Capital appropriation		1,160	800	799
Cash reimbursements from the Crown Entity		496	656	461
Cash transfers from the Consolidated Fund		(94)	--	--
Net Cash Flows from Government		16,071	15,436	14,592
NET CASH FLOWS FROM OPERATING ACTIVITIES	25	3,033	2,382	1,744
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of land and buildings, plant and equipment and infrastructure systems		(2,283)	(2,374)	(1,511)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(2,283)	(2,374)	(1,511)
NET INCREASE/(DECREASE) IN CASH		750	8	233
Opening cash and cash equivalents		788	788	555
CLOSING CASH AND CASH EQUIVALENTS	13	1,538	796	788

The accompanying notes form part of these Statements

Summary of Compliance with Financial Directives

for the Year Ended 30 June 2002

	2002				2001			
	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	13,980	13,766	800	800	13,247	13,102	799	799
	13,980	13,766	800	800	13,247	13,102	799	799
OTHER APPROPRIATIONS/ EXPENDITURE								
• Treasurer's Advance	629	629	--	--	230	136	--	--
• Section 22 - expenditure for certain works & service	--	--	--	--	--	--	--	--
• Transfers from another agency see 25 of the Appropriation Act)	--	--	360	348	--	--	--	--
	629	629	360	348	230	136	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	14,609	14,395	1,160	1,148	13,347	13,238	799	799
Amount drawn down against Appropriation		14,569		1,160		13,332		799
Liability to Consolidated Fund		114		12		94		--

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 2002 (cont)

Recurrent Appropriations

During the year, additional recurrent allocation supplementations were received for three items: an increase of $168,000 for costs associated with the appointment of a new Commissioner, $58,000 for additional legal counsel fees in respect of Operation Jetz, and $403,000 for costs incurred in additional legal counsel fees as a result of the intensive hearing schedule during the year.

Capital Appropriation

The Commission's original capital allocation of $800,000 was fully expended during the year. The NSW Treasury brought forward from 2002--03 an amount of $360,000 capital funding to the Commission, of which $348,000 was spent during the year on acquisition of technical equipment.

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 2002

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 2001-02 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 accruals 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 pronouncements 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 2002

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) Long Service Leave and Superannuation

The Commission's liabilities for long service 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".

Long service 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 2002

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 2002

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) Maintenance and repairs
The costs of maintenance are charged as expenses as incurred , except where they relate to the replacement of a component of an asset, in which case the costs are capitalised.

(n) 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

(o) Receivables
Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts.

(p) Inventories
The Commission holds no inventories.

(q) Trust funds
The Commission does not hold any trust funds

(r) Equity transfers
The were no equity transfers between the Commission and any other agency.

(s) 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.

(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 2002

2. EXPENSES

		2002 $'000	2001 $'000
(a)	Employee related expenses comprise the following specific items:		
	Salaries and wages (including recreation leave)	7,461	7,123
	Superannuation	566	535
	Extended leave	263	470
	Workers' compensation insurance	40	31
	Payroll tax and fringe benefits tax	612	671
	Other	51	55
		8,993	8,885
(b)	Other operating expenses		
	Administration charges	383	515
	Bad and doubtful debts	–	–
	Books and periodicals	38	22
	Auditor's remuneration	21	21
	Consultancies	56	38
	Contractors	2,246	1,597
	EDP expenses (including equipment leasing charges)	361	95
	Insurance	31	23
	Rent and outgoings	1,457	1,689
	Minor equipment	352	562
	Motor vehicle costs (including leasing charges)	234	340
	Advertising	86	64
	Printing and stationery	50	72
	Staff development	68	47
	Travelling expenses	45	89
	Telephones	241	347
	Other	191	182
		5,960	5,703
(c)	Depreciation and amortisation expense		
	Depreciation		
	Computer Equipment	622	433
	Office Equipment	542	437
	Amortisation of Leasehold Improvements	1,088	1,053
	Written down value of assets written off	–	–
		2,252	1,923

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

3. REVENUES

		2002 $'000	2001 $'000
(a)	Sale of goods and services		
	Sale of transcript from Commission hearings	3	4
		3	4
(b)	Investment income		
	Interest	26	49
		26	49
(c)	Grants & Contributions		
	Grants received from Budget Sector Agency (see Note 8)	1,774	798
	Grants received from Commonwealth Government	--	275
		1,774	1,073
(d)	Other Revenue		
	Commission on salary deductions, conduct fees	35	69
		35	69

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

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

5. CONDITIONS ON CONTRIBUTIONS

The Commission did not receive any contributions during 2001–02, except as disclosed in note 8. These grants can only be expended for the purpose for which they were received.

6. APPROPRIATIONS

Recurrent appropriations	2002 $'000	2001 $'000
Total recurrent drawdowns from Treasury (per Summary of Compliance)	14,509	13,332
Less: Liability to Consolidated Fund (per Summary of Compliance)	114	94
	14,395	13,238
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	14,395	13,238
Transfer payments	--	--
Total	14,395	13,238

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

6. APPROPRIATIONS (cont)

Capital appropriations	2002 $'000	2001 $'000
Total capital drawdowns from Treasury (per Summary of Compliance)	1,160	799
Less: Liability to Consolidated Fund (per Summary of Compliance)	12	--
	1,148	799
Comprising:		
Capital appropriations (per Statement of Financial Performance)	1,148	799
Less: Transfer payments	--	--
Total	1,148	799

7. FUNDAMENTAL ERRORS

No fundamentals errors have been discovered.

8. INDIVIDUALLY SIGNIFICANT ITEMS

	2002 $'000	2001 $'000
Grant from the Premier's Department for the continuing implementation of the Police Oversight Data Store (PODS) project of the PCCMS	1,774	798
Grant from the Commonwealth Government for spectrum migration	--	275
	1,774	1,073

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 2002

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

	2002 $'000	2001 $'000
Superannuation	566	532
Extended leave	263	470
Payroll tax	35	34
	864	1,036

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:

	2002 $'000	2001 $'000
Cash (bank balances)	1,526	776
Cash on hand	12	12
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	1,538	788

14. CURRENT ASSETS—RECEIVABLES

Sale of goods and services	--	2
Other debtors	109	123
	109	125

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 2002

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	2002 $'000	2001 $'000
At Cost	12,794	10,511
	12,794	10,511
Accumulated Depreciation at Cost	7,415	5,163
	7,415	5,163
Total Property, Plant and Equipment at Net Book Value	5,379	5,348

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

2002	Plant & Equipment $'000
Carrying amount at start of year	5,348
- Additions	2,283
- Depreciation Expense	(2,252)
Carrying amount at end of year	5,379

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

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 five 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 2002

18. CURRENT ASSETS—OTHER

	2002 $'000	2001 $'000
Prepayments	250	48
	250	**48**

19. RESTRICTED ASSETS

The Commission holds $657,000 in its Operating Account, being the balance of the PODS grants funding. This amount will be expended from 2002–03 to 2004–05 on IT Master Lease costs

20. CURRENT LIABILITIES—PAYABLES

Creditors	118	107
	118	**107**

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	720	660
Accrued salaries and wages	200	205
Other (FBT provision)	39	32
Aggregate employee entitlements	**959**	**897**

23. CURRENT LIABILITIES - OTHER

Liability to Consolidated Fund	126	94
	126	**94**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2002

24. CHANGES IN EQUITY

Accumulated funds	2002 $'000	2001 $'000
Balance at 1 July	5,211	5,595
Surplus/(Deficit) for the Year	862	(384)
Balance at 30 June	6,073	5,211

25. INCREASE / DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

During the reporting period, there were no equity transfers 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	23	210
	23	210

(b) Other Expenditure Commitments

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

Not later than one year	51	98
	51	98

(c) Operating Lease Commitments

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

Not later than one year	1,890	1,762
Later than one year and not later than five years	1,407	106
Later than five years	–	–
	3,297	1,868

These operating lease commitments relate to the Commission's rental of property, lease of equipment 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 2002 include input tax credits of $64,294 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 2002

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 $1.183m because of a significant increase in the cost of legal counsel fees resulting from the intensive hearing schedule during the year. The Commission's depreciation and amortisation schedule now includes information-technology related equipment purchased for the Police Oversight Data Store (PODS) project.

Assets and liabilities
At the end of the reporting period, the Commission drew down the balance of the grant for the PODS project. Rather than purchasing capital equipment as was originally planned, these funds will be used to cover the PODS IT master Lease Facility expenses in the periods 2002–03 to 2004–05. Additional capital funding of $360,000 was brought forward from 2002–03.

Cash flows
The Commission received supplementation of $629,000 for counsel fees and increased costs for the appointment of a new Commissioner, as well as a grant of $200,000 for the PODS project.

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

	2002 $'000	2001 $'000
Net cash from operating activities	3,033	1,744
Cash Flows from Government Appropriations	(15,543)	(14,037)
Acceptance by Crown Entity of Employee liabilities and other liabilities	(864)	(1,036)
Depreciation	(2,252)	(1,923)
Decrease/(increase) in provisions	(62)	(252)
Increase/(decrease) in prepayments and other assets	186	114
Decrease/(increase) in creditors	(43)	(67)
Net cost of services	(15,545)	(15,457)

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 2002

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. No interest was applied during the year.

36. AFTER BALANCE DATE EVENTS

There are no known after balance date events.

End of audited financial statement

APPENDIX 10 - DIRECTORY, PUBLICATIONS AND PRINTING REQUIREMENTS

DIRECTORY

Address:
Level 3, 111 Elizabeth Street
SYDNEY NSW 2000

Postal Address:
GPO Box 3880
SYDNEY NSW 2001

Website:
www.pic.nsw.gov.au

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

Office Hours:
8:30 am to 5:00 pm

PUBLICATIONS

The Commission's publications fall into the following categories:

- Reports to Parliament following an investigation which involved public hearings (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:

Publication Name	Publication Date
Annual Report 2000-2001	October 2001
Report to Parliament, Operation Pelican	August 2001

PRINTING REQUIREMENTS

Number of copies printed: 500

Average cost per copy: $14.17 (including GST)

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