prevent
detect
investigate

Police Integrity Commission
Annual Report 2014 – 2015

Police Integrity Commission
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ISBN 1 74003 183 0
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ABN 22 870 745 340

The Hon Don Harwin MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon Shelly Hancock MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr President and Madam 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 2015.

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

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

Yours faithfully

The Hon Bruce James QC
Commissioner

October 2015

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1. COMMISSIONER'S FOREWORD

2014-15 has been another busy year for the Commission.

The report on Operation Montecristo was presented to Parliament in November 2014. Operation Montecristo investigated allegations that multiple online gambling accounts had been created in the names of serving NSW Police Force officers and provided to professional gamblers for their use in return for a monetary reward. The Commission is presently awaiting advice on a number of proposed criminal charges against two police officers and two professional gamblers.

During the year the Commission held public hearings in its Operation Protea and in June 2015 the Commission presented to Parliament its report on Operation Protea. The report examined allegations that a police officer had a conflict of interest and had improperly destroyed evidence while a member of a Catholic Church body set up to advise the Church on the handling of sexual abuse claims in NSW (the Professional Standards Resource Group). The investigation established that the officer did have a conflict of interest but had not destroyed evidence. The investigation also examined whether there was any police misconduct involved in the participation by the NSW Police Force in any agreement, protocol or Memorandum of Understanding with the Catholic Church concerning the handling of complaints of sexual abuse committed by Catholic Church personnel or employees. The Commission found that there was no formal arrangement but that there was an informal arrangement permitting "blind reporting" of sexual abuse allegations (where the name of the alleged victim was witheld) and that there was police misconduct on the part of those involved by permitting this to occur.

In addition to the matters that were reported on publicly, the Commission held 83 private hearings during the year for the purpose of ten investigations. These hearings examined allegations such as the supply and sale of prohibited drugs by police officers, perverting the course of justice and fraud.

Relations between the Commission and the Inspector of the Police Integrity Commission continued to be harmonious. Meetings with the Inspector took place on an 'as needs' basis. Similarly, relations with the Commissioner of Police, the Commissioner of the Crime Commission, the Inspector of the Crime Commission and the Parliamentary Joint Committee have been courteous and business-like.

Early in 2015 the Government made an election commitment that if it was returned to office in the March 2015 election, an inquiry would be undertaken by the Hon Andrew Tink AO into the options for a single civilian police oversight body for New South Wales. The Commission made a submission to Mr Tink's inquiry and met with Mr Tink in May 2015 as part of his consultation process. The Commission looks forward to the outcome of the inquiry and will assist the Government where possible to implement whatever model is adopted.

2. OVERVIEW 2014 – 2015

WHAT WE DO

The Police Integrity Commission was established on the recommendation of the Royal Commission into the New South Wales Police Service. The Commission is a statutory corporation constituted under the *Police Integrity Commission Act 1996* ('the Act'). The Commission's work is to prevent, detect and investigate serious officer misconduct and manage or oversee other agencies in the detection and investigation of serious officer misconduct and other officer misconduct (s13 of the Act). Officer misconduct includes misconduct by police officers, corruption by administrative officers and misconduct by Crime Commission officers. The Commission's vision is public confidence in the integrity of the NSW Police Force and the NSW Crime Commission.

The Commission receives and assesses complaints from members of the public, members of the NSW Police Force (NSWPF) and the NSW Crime Commission (NSWCC), as well as public officials, journalists and Members of Parliament. The Commission has extensive powers of investigation and may hold hearings in private or in public as part of an investigation into corruption or serious misconduct.

The Commission also works to prevent corruption in the NSWPF by providing informed advice and recommendations on improvements to systems and practices and on improvements to complaint investigations. The Commission has an extensive research program that seeks to identify and address areas of corruption risk that are common to both the NSWPF and the NSWCC, as well as risks specific to each agency. These research reports can be made direct to the agency, published on the Commission website or furnished to Parliament and made public.

The Commission is independent of the government, the NSWPF and the NSWCC. It is held accountable for its actions by the Inspector of the Police Integrity Commission and the NSW Parliament by the Parliamentary Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission.

The Commission's Corporate Plan 2012-2015 sets out four key goal areas for 2014-2015:

- to detect, investigate and expose serious officer misconduct and corruption in the NSWPF and the NSWCC
- to prevent serious officer misconduct by supporting improvements to the NSWPF and the NSWCC systems and practices
- continued accountability for the Commission
- the Commission as a productive workplace.

Each unit of the Commission develops and works to an individual annual business plan that is aligned with the Commission's Corporate Plan. During the year, each unit reported its progress against its business plan at a six monthly interval to the Executive Group.

DETECTING, INVESTIGATING AND EXPOSING SERIOUS OFFICER MISCONDUCT AND CORRUPTION

One of the Commission's primary functions is to detect, investigate and expose serious officer misconduct and corruption in the NSWPF and the NSWCC. During 2014-15 the Commission worked on 143 investigations, including 103 preliminary investigations and 40 full investigations. Of these, 62 investigations were completed and 81 were on-going as at June 30 2015. Five investigations resulted in briefs of evidence being referred to the Office of the Director of Public Prosecutions for the consideration of prosecution action against 11 individuals. 30 Court Attendance Notices were served on 11 individuals. See Chapter 4 for further details.

During the year the Commission:

- assessed 1370 complaints of misconduct against sworn and unsworn NSWPF officers
- assessed 12 complaints containing 28 allegations of misconduct[1] against current and former NSWCC officers.

PREVENTING SERIOUS OFFICER MISCONDUCT BY SUPPORTING IMPROVEMENTS TO SYSTEMS AND PRACTICES

The Commission's other primary function is to prevent serious officer misconduct by supporting improvements to the NSWPF and NSWCC systems and practices. The Commission works to raise awareness of the risks of misconduct, and to minimise misconduct and corruption in the NSWPF through research, policy recommendations and advice. In 2014-2015 the Commission continued to assess how effectively the NSWPF is managing specific misconduct risks as well as assisting to strengthen NSWPF's command level misconduct prevention efforts. Commission staff delivered five lectures as part of the NSW Police Force internal investigations training.

During the year the Commission:

- finalised Project Mobula, a review of the NSWPF strategies to identify, manage and communicate misconduct risks at the command level
- progressed a range of other research projects into NSWPF vetting and recruitment practices, misconduct risks associated with critical incidents, the management of human sources and identifying and managing officers at risk of engaging in misconduct.

[1] There may be more than one allegation contained in a single complaint.

ACCOUNTABILITY FOR THE COMMISSION

The Commission has a number of internal governance mechanisms to ensure it abides by its legislative accountability framework. Additionally, the Commission is accountable to two external bodies: the Inspector of the Police Integrity Commission and the Parliamentary Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission. The Commission is also subject to inspections by the NSW Ombudsman in relation to its exercise of powers under the legislative schemes authorising telephone interception, covert surveillance and controlled operations.

As such, the Commission provides accurate and timely responses to requests for information from the Inspector and the Parliamentary Committee. The Commission also reports publicly on its work in the form of operation reports and annual reports.

During the year the Commission:

- furnished reports to Parliament on Operation Montecristo and Operation Protea
- responded to all requests from the Inspector of the Police Integrity Commission and the Ombudsman in a timely manner
- ensured all uses by the Commission of its statutory powers were legally compliant.

THE COMMISSION AS A PRODUCTIVE WORKPLACE

The Commission strives to be a productive workplace by providing an equitable, safe and satisfying workplace and promoting a culture of learning and development. This is supported by a strong internal governance framework. In 2014-2015 the Commission offered a wide range of training and development opportunities to staff. There was a continued uniform compliance with Workplace Health and Safety and recruitment policies.

During the year the Commission:

- reviewed its financial processes and implemented the results of the review and commenced a review of its investigative information management system
- developed a new code of conduct
- provided a wide range of training and development opportunities.

KEY GOAL 1: TO DETECT, INVESTIGATE AND EXPOSE SERIOUS OFFICER MISCONDUCT IN THE NEW SOUTH WALES POLICE FORCE AND THE NEW SOUTH WALES CRIME COMMISSION

The Commission's objectives that underpin the achievement of this key goal are to detect, deter and expose serious officer misconduct.

DETECTING SERIOUS OFFICER MISCONDUCT

To detect serious officer misconduct, the Commission ensures that the public and other agencies are aware of ways to contact the Commission with information in relation to serious officer misconduct. The Commission also maintains effective complaints management and intelligence development capabilities to aid in detecting serious officer misconduct.

During the year the Commission:

- had 45104 visitors to its website
- held a public hearing over 5 days in Operation Protea
- held 83 private hearings in relation to 10 different investigations[2]
- assessed 1370 complaints against sworn and administrative officers of the NSWPF.

Table 1 Detecting Officer Misconduct

Indicator	2014-15	2013-14	2012-13
% of total NSWPF complaints that are non – referred	28.8	33.8	33.5
% of investigations[3] commenced which arise from sources other than referred complaint	34	38	43

Further information on the Commission's activities to implement effective strategies to detect serious officer misconduct can be found in Chapter 3 and Chapter 4 of this report.

[2] Operations Spargi, Oderin, Protea, Gazania, Orkney, Easedale, Ossa, Astelia, Linosa, Caprera.

[3] Investigations includes Full Investigations and Preliminary Investigations.

DETERRING SERIOUS OFFICER MISCONDUCT

Effective investigations are the Commission's main way to deter serious officer misconduct. The Commission efficiently manages resources and processes to investigate serious officer misconduct and make recommendations for consideration of disciplinary action and prosecutions.

During the year the Commission:

- conducted 143 investigations, including 103 preliminary investigations and 40 full investigations
- finalised[4] 62 investigations.

Table 2 Deterring Serious Officer Misconduct

Indicator	2014-15	2013 -14	2012-13
% of finalised investigations that resulted in material being communicated to NSW Police Force for consideration of further action	18	24	13
% of finalised full investigations that resulted in briefs being referred to the ODPP for consideration of prosecution	62	0	33
% of full investigations[5] that led to a public hearing	2.5	2	8

Further information on the Commission's activities to deter serious officer misconduct can be found in Chapter 4 of this report.

[4] An investigation is considered finalised when the Operations Advisory Group has agreed to close it.
[5] Full investigations mean those investigations that were active during the reporting period.

EXPOSING SERIOUS OFFICER MISCONDUCT

The Commission reports to Parliament following public hearings into serious officer misconduct and provides evidence for prosecutions arising from investigations as its main strategies to expose serious officer misconduct.

During 2014–15 the Commission:

- held a public hearing over 5 days in Operation Protea
- furnished two reports to Parliament on Operation Montecristo and Operation Protea.

Table 3 Exposure of serious police misconduct

Indicator	2014-15	2013-14	2012-13
% growth in internet traffic to access the Commission website	55	22	14
Number of public hearing days	5	8	23
Number of s96 Reports to Parliament	2[6]	1[7]	3[8]

Further information on the Commission's activities to expose serious misconduct can be found in Chapter 4.

KEY GOAL 2: PREVENT SERIOUS OFFICER MISCONDUCT BY SUPPORTING IMPROVEMENTS TO THE NSW POLICE FORCE AND THE NSW CRIME COMMISSION SYSTEMS AND PRACTICES

The Commission has two objectives which are the basis for achieving this key goal. They are to provide informed advice and recommendations on improvements to systems and practices of the NSWPF and the NSWCC, and to provide informed advice and recommendations on improvements to the quality of complaint investigations.

[6] Operation Montecristo and Operation Protea.
[7] Operation Barmouth.
[8] Operations Winjana, Binda and Calyx.

INFORMED ADVICE AND RECOMMENDATIONS ON IMPROVEMENTS TO SYSTEMS AND PRACTICES

The Commission uses a number of strategies to achieve this objective. It uses investigations and hearings to examine policies and practices that may have contributed to serious officer misconduct. It also undertakes research projects emphasising the prevention of serious officer misconduct. Finally the Commission works with senior officers to secure a commitment to implement Commission recommendations.

During 2014-15 the Commission:

- finalised Project Mobula which examines corruption resistance planning in NSWPF
- progressed Project Harlequin, which examines misconduct risks associated with critical incidents in NSWPF
- delivered five lectures at NSWPF internal investigations training courses.

Table 4 Informed advice to the NSWPF

Indicator	2014-15	2013-14	2012-13
% of investigations where corruption prevention themes were identified and explored	5	8	3
% of recommendations accepted	0[9]	100	0[10]

Further information on the Commission's activities in providing informed advice to the NSWPF can be found in Chapters 5 and 6.

[9] No recommendations were made during the reporting period.
[10] No recommendations were made during the reporting period.

INFORMED ADVICE AND RECOMMENDATIONS ON IMPROVEMENTS TO THE QUALITY OF COMPLAINT INVESTIGATIONS

The Commission achieves this objective by oversighting selected NSWPF complaint investigations, drawing on the results of investigations and using research to recommend improvements where deficiencies are identified.

During 2014-15 the Commission:

- oversighted 29 NSWPF investigations into complaints against sworn and/or unsworn officers
- reviewed 80 NSWPF investigations containing an allegation of misconduct against a sworn or unsworn officer for purposes other than oversight.

Table 5 Oversight of NSWPF complaints[11]

Indicator	2014-15	2013-14	2012-13
% of complaints assessed which are oversighted	2.1	3.5	1.9
% of complaints oversighted with a satisfactory outcome	96	90	96

Further information on the Commission's oversight of NSWPF complaint investigations can be found in Chapter 3.

KEY GOAL 3: CONTINUED ACCOUNTABILITY FOR THE COMMISSION

The Act confers substantial powers and discretion on the Commissioner and the staff of the Commission. Given these significant powers, it is important that a thorough accountability framework is adhered to so that the Commission's powers are used appropriately and to ensure that it meets its legislative requirements.

The Commission's objective for this key goal is the same as the goal itself. To achieve the goal the Commission provides accurate and timely responses to the requests for information from the Inspector, the Parliamentary Committee and the Ombudsman. The Commission also reports publicly on its activities in operation reports, research

[11] This table was previously called 'Consultation and Feedback'.

reports and Annual Reports. The Commission also checks each of its uses of statutory powers to ensure these are used in compliance with legislative requirements.

During 2014-15 the Commission:

- furnished two reports to Parliament on Operation Montecristo and Operation Protea
- confirmed all its uses of statutory powers complied with relevant legislation
- was assessed as complying with statutory requirements in relation to Telecommunications Interception, Controlled Operations and Surveillance Device deployments following audit by the Ombudsman.

Table 6 Continued Accountability for the Commission

Indicator	2014-15	2013-14	2012-13
% of responses to requests finalised within an agreed timeframe	100	100	100
Number of Commission publications	2	3	3
Uses of statutory powers checked by Commission lawyers	100	100	100
Assessed as compliant in NSW Ombudsman audits of Telecommunications Interception, Controlled Operations and Surveillance Device deployments	All	All	All

KEY GOAL 4: THE COMMISSION AS A PRODUCTIVE WORKPLACE

The Commission understands that its greatest asset is its staff. One of the Commission's main objectives for achieving this key goal is to provide an equitable and satisfying workplace. The Commission also strives to promote a culture of learning and development across its different units. The Commission has in place a strong internal governance framework.

PROVIDE AN EQUITABLE, SAFE AND SATISFYING WORKPLACE

The Commission achieves this through using the strategy of developing and maintaining an organisational culture which promotes equity, diversity and safety.

The performance indicators for this objective include continued compliance with Work, Health and Safety legislation, the Disability Action Plan and the NSW Action Plan for

Women. Details regarding the Commission's activities in these areas can be found in Appendix 1 of this report.

PROMOTE A CULTURE OF LEARNING AND DEVELOPMENT

The Commission works to learn and develop from its experiences by communicating them across the organisation. This is achieved by ensuring constructive communications between units, primarily through middle management meetings. The Tasking and Coordination Group is a weekly meeting that allocates operational resources and assesses new complaints and other information relating to officer misconduct for further action. It is the main forum for Commission managers from a range of units to discuss the work of their unit in the context of the work of the Commission. See Chapter 4 for details of this process.

STRONG INTERNAL GOVERNANCE FRAMEWORK

The Commission promotes a strong internal governance framework by using the following strategies:

- embedding risk management in the planning framework
- maintaining and enhancing planning processes by aligning individual and business performance with the Corporate Plan
- maintaining effective records and financial management systems.

Performance in respect of each of these strategies is measured through the successful implementation and/or maintenance of a number of key organisational systems and processes. During 2014-15 the following was achieved:

- the Commission reviewed its financial processes and implemented the results of the review
- the Commission reviewed its Legislation Compliance Register
- the Commission continued its program of internal audits under the auspices of tpp 09-05
- a wide range of training and development opportunities were provided to staff
- there was uniform compliance with WH&S and recruitment policies.

Further information on the Commission's activities around organisational learning and development can be found throughout this report and, in particular, in Appendix 1.

PLANS FOR 2015-2016

In 2015–16 the Commission will undertake the following key activities:

- continue to investigate serious officer misconduct
- finalise Project Harlequin (misconduct risks in critical incidents and critical incident investigations)
- progress Project Juda (identifying and managing officers at risk of engaging in misconduct) and Project Alecta (vetting and recruitment procedures to screen out misconduct-prone candidates)
- work towards attaining certification for the Information Security Management System
- finalise the ICT Strategic Plan for 2015-18
- develop and implement a new Corporate Plan.

3. ASSESSING NEW INFORMATION AND COMPLAINTS

Section 13 of the *Police Integrity Commission Act 1996* ('the Act') states that a principal function of the Commission is to detect officer misconduct. The Commission discharges this function through a number of processes including the assessment of information and complaints regarding misconduct. The Commission's assessment process is linked to the Corporate Plan for 2012-2015 through its key goal of detecting serious officer misconduct in the NSWPF.

Complaints come to the Commission in a variety of ways. Complaints may be:

- extracted from the NSWPF complaints management system (known as 'c@ts.i'), in the case of complaints against sworn NSWPF officers
- made directly to the Commission by a complainant or someone acting on their behalf, such as a legal representative, or a Member of Parliament
- initiated by the Commission as a result of its investigations or research intelligence and analysis
- referred to the Commission by other agencies, including the NSWPF.

IDENTIFYING COMPLAINTS OF SERIOUS MISCONDUCT FROM THE NSWPF COMPLAINTS MANAGEMENT SYSTEM (C@TS.I)

The Commission has a specialised role in dealing with officer misconduct. It is required by its legislation to focus its attention on the most serious forms of misconduct. This means its processes must be geared towards identifying the most serious complaints that are most likely to achieve an investigative outcome. Each year, the Commission's complaint assessment officers sift through large volumes of complaints in an attempt to identify matters warranting investigation. During 2014–15, the Commission assessed[12] 1370 complaints against NSWPF officers[13], 7 of which went on to become full investigations.

The Commission's complaint assessment process is best thought of as a series of filters. Complaints are inducted into the process with successive filtration or assessment stages reducing the number of matters until only a very small number of complaints are considered for investigation. The Commission applies these assessment stages in a timely manner given that delays can, amongst other things, lead to the loss of investigative opportunities. There is also sufficient flexibility built into the process to allow complaints requiring urgent attention to be fast-tracked through the assessment stages. The following points summarise the process used by the Commission to assess complaints from the NSWPF complaints system (c@ts.i).

12 The term 'assessed' is used within this chapter to refer to decisions made by the Commission that contain an evaluation of the content or allegations of a complaint.

13 In addition to 851 complaints extracted from c@ts.i, this number also includes complaints that have been referred directly to the Commission by a complainant or someone acting on their behalf, or from another agency, including the NSWPF. This number also includes those complaints that have been initiated by the Commission as a result of research intelligence and analysis.

Stage 1: **Scanning and preliminary assessment**. The Commission scans the NSWPF complaints system, c@ts.i, for new complaints of serious police misconduct a number of times each week. As a guide to identifying those matters that may require the attention and resources of the Commission, a set of criteria is applied to all new c@ts.i complaints. Amongst other things, these criteria include serious offences commonly linked with acts of serious police misconduct.

Stage 2: **Assessment**. The criteria used to assess complaints in this stage of the process include: the relative seriousness of the misconduct; the credibility of the complainant or the source of information; whether or not the misconduct is likely to be indicative of a wider or systemic problem; and the extent to which the independence or the special powers and resources of the Commission are needed to resolve the allegations.

Stage 3: **Referral**. Complaints that rate highly against the assessment criteria in Stage 2 are referred to the Tasking and Coordination Group (T&CG), New Business Meeting. The T&CG, made up of members of the complaints assessment team and representatives of the Investigations Unit, jointly reviews these complaints and determines those that are to be the subject of preliminary investigations. The T&CG may also make recommendations to the Commissioner on whether to initiate a full investigation. In making these decisions and recommendations the T&CG considers the assessment criteria, such as the relative seriousness of the allegations, the availability of resources and the likelihood of obtaining evidence of police misconduct or other misconduct.

COMPLAINT OVERSIGHT

The Commission may oversight the handling of complaints against sworn and unsworn NSWPF officers. The Commission generally oversights complaints by reviewing a final NSWPF investigation report. However, the Commission can request regular status reports and review material available on the NSWPF complaints management system as the investigation progresses. Indications of questionable decision making or a poor standard of resourcing may provoke more regular review. The Commission's oversight may also include reviewing decisions made by the NSWPF not to investigate a complaint or to resolve a complaint by other means such as conciliation.

When the Commission reviews a final NSWPF investigation report it either accepts the recommendations or makes further inquiries. These inquiries may be satisfied with additional information, or may lead to further investigation, management or administrative action. Oversight is concluded when the Commission advises the NSWPF that it is satisfied with the investigation and/or the subsequent response to matters raised.

Additionally, the Commission also reviews a number of complaint investigation reports, independent of the oversight process, for a variety of reasons. For example, the Commission may have an interest in collecting data about specific types of misconduct, or commands or police officer duty types.

COMPLAINTS PROFILE

During 2014-15, the Commission assessed **1370**[14] complaints against sworn and unsworn NSWPF officers. Of these, **17** were classified as public interest disclosures under the *Public Interest Disclosures Act 1994*. The Commission also received **737** telephone calls raising various complaint-related and administrative issues. Of the telephone calls received, **456** were assessed as containing allegations of misconduct. In 2014-15, **7** full investigations and **31** preliminary investigations were initiated on the basis of complaints, 30 of which were in relation to sworn officers and one was in relation to an unsworn officer.

In 2014-15 the Commission oversighted **29** NSWPF investigations. A further **80** final investigation reports were reviewed for other purposes. The remaining complaints were either referred to the NSWPF with oversight arrangements to be determined by the Ombudsman (in the case of complaints against sworn officers), a decision was deferred by the Commission or no further action was required. The following table provides further information on complaints against sworn and unsworn NSWPF officers.

Of the **1302**[15] complaints assessed by the Commission in regard to sworn NSWPF officers, **393** were made directly to the Commission, **851** were extracted from c@ts.i, and **58** were otherwise referred by the NSWPF or the Ombudsman. Of the **74**[16] complaints assessed in regard to unsworn NSWPF officers **5** were made directly to the Commission, **2** were extracted from c@ts.i and **67** were otherwise referred by the NSWPF or the Ombudsman.

14 Made up of 1277 complaints which included one or more allegations against a sworn officer, 68 complaints which included one or more allegations against an unsworn officer, 18 complaints which included one or more allegations against a former officer, 6 complaints which included one or more allegations against both sworn and unsworn officers, and 1 complaint which included one or more allegations against a NSW Crime Commission officer and a NSWPF officer.

15 Made up of 1277 complaints which included one or more allegations against a sworn officer, 18 complaints which included one or more allegations against a former officer, 6 complaints which included one or more allegations against both sworn and unsworn officers, and 1 complaint which included one or more allegations against a NSW Crime Commission officer and a NSWPF officer.

16 Made up of 68 complaints which included one or more allegations against an unsworn officer and 6 complaints which included one or more allegations against both sworn and unsworn officers.

Table 7 Comparison of key statistics in complaint management: 2012-13 to 2014-15

Action	2014-2015		2013-2014		2012-13	
	Sworn	Unsworn	Sworn	Unsworn	Sworn	Unsworn
Complaints assessed	1302	74	1235	76	1145	40
Telephone calls:						
Calls received[17]	704	9	590	1	863	1
Calls assessed[18]	451	1	415	1	516	1
Full investigations arising from complaints	7	0	12	0	8	0
Complaints oversights concluded	29		24		20[19]	
Final reports reviewed (not oversighted)	80		109		81[20]	

17 This figure does not include calls that were received and assessed as being outside of the Commission's jurisdiction.

18 Calls assessed are not included in the complaints assessed total unless treated in accordance with section 127 (5) of the *Police Act* 1990.

19 A small number of officers in investigations oversighted by the Commission were not able to be identified. It is therefore not clear whether they were sworn or unsworn.

20 ibid

4. INVESTIGATING SERIOUS POLICE MISCONDUCT

A principal function of the Commission is to detect and investigate serious officer misconduct. This chapter will provide an overview of the Commission's Operations Division. The end of the chapter contains a profile of the more significant Commission investigations open during the reporting period, followed by details of action taken in completed matters where the Commission recommended prosecution or disciplinary action.

STRUCTURE OF THE OPERATIONS DIVISION

The Operations Division of the Commission consists of three units. These are the Investigations Unit, the Intelligence Unit and the Covert Services Unit. Each of these units operates under the supervision of a manager. The Investigations Unit is staffed with investigators and financial investigators and a Source Handling Unit. The Intelligence Unit is staffed by intelligence analysts and intelligence support officers. The Covert Services Unit provides physical and technical surveillance services for Commission investigations. The Security Branch falls within this Division.

A Tasking and Coordination Group (T&CG) which includes all of the managers from the above units is the principal body which co-ordinates, tasks and allocates resources within the Division. The T&CG meets weekly and reports to the Operations Advisory Group (OAG) each month. The OAG consists of the Commissioner, the Commission Solicitor, the Director Prevention and Information and the Director Operations. The OAG provides supervision of all the Commission's operations.

All units of the Operations Division work with and are supported by other units within the Commission including the Legal Services Unit, Assessments and Prevention Unit, Electronic Collection Unit, Registry, Information Communication and Technology, Human Resources and Finance.

ASSESSING ALLEGATIONS OF MISCONDUCT

Allegations are received by the Commission, usually but not always, in the form of a complaint. A complaint may make very specific allegations against specific officers or it may contain a broader allegation against a number of officers. On other occasions, the Commission may become aware of misconduct via another source. Figure 1 shows how the Commission deals with allegations of misconduct by police officers, administrative officers and members of the NSW Crime Commission.

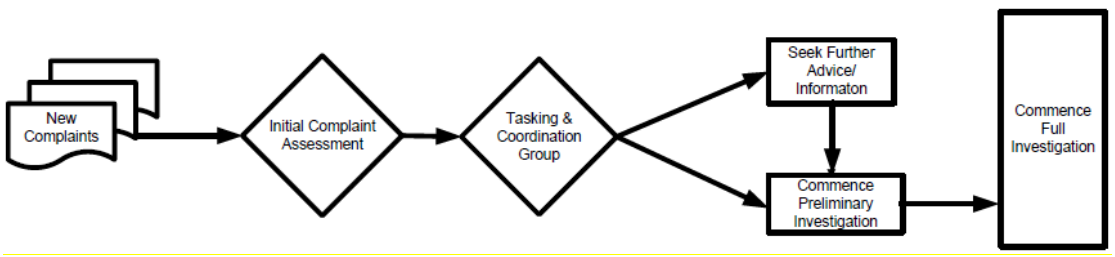


Figure 1 - Complaints Assessment Process

In every case, the Commission treats complaints and allegations with the strictest of confidence and makes a formal assessment of them. This assessment consists of two stages:

- Stage One – the initial complaints assessment is conducted independently of the Investigations Unit and ensures that the allegations reach the appropriate threshold of misconduct for the Commission to investigate.
- Stage Two – During the weekly T&CG meetings, complaints which have passed through the initial complaints assessment are subjected to the Commission's standard scoring process in order to ascertain their relative seriousness and suitability for investigation by the Commission. This model provides a consistent approach to assessing new complaints.

The Commission may choose to make some further enquiries before any decision is made. This may include contacting the complainant (if there is one) or another agency in order to seek further information and clarification.

This staged process ensures that the Commission's limited resources are only allocated to those matters which reach the Commission's threshold for corruption and serious misconduct.

COMMISSION HEARINGS

The Commission may hold hearings as part of its investigation process. The decision to hold a hearing in private or public is made by the Commissioner who must have regard to the relevant considerations under the *Police Integrity Commission Act 1996* ("the Act") when making this decision, particularly those factors set out in s 33(3A) regarding the public interest. The Commission can summons persons to appear at hearings and can compel witnesses to answer questions.

During 2014-2015 the Commission conducted 83 private hearings in relation to ten different investigations. Details of these investigations can be found in the Significant Commission Investigations section of this chapter. Five days of a public hearing in relation to Operation Protea were held in October 2014.

PROFILE OF ACTIVE INVESTIGATIONS DURING 2014 - 15

During 2014-15 the Commission worked on 143 investigations, including 103 preliminary investigations and 40 full investigations. Of these, 62 investigations were completed and 81 were on-going as at June 30 2015.

A description of the types of allegations investigated during the reporting year is presented in the following table.

Table 8 Profile of Investigations

Allegation	Investigations	Preliminary Investigations
Absence from place of duty	0	1
Adverse mention by the court	1	0
Attempting to pervert the course of justice	2	1
Breach of Code of Conduct (not specified elsewhere)	0	2
Bribery	5	7
Choke / headlock / pressure point technique	1	0
Convenience accesses - by officer about self or another party at that person's request	1	1
Covering up inappropriate conduct	6	0
Cultivation or manufacture	0	1
Curiosity accesses (involving breach of privacy)	0	2
Dealing or supply	5	5
Death / serious injury in custody (involving inappropriate conduct by police officer)	1	0
Fail to comply with operational procedures, standing orders or Commissioner's directives (not specified elsewhere)	1	1
Fail to comply with other statutory obligation	1	0
Fail to declare a conflict of interest	6	7
Fail to report offence	1	0
Failure to interview witnesses	2	0
Failure to investigate	0	1
False accusation	0	2
Falsely claiming for duties not performed	0	1
Falsely reporting an offence	1	0
Falsifying official records	0	1
Giving favours / bias with no or little perceived personal benefit	1	0

Illicit drug use	4	8
Improper association	15	35
Improper interference in an investigation by another police officer	4	8
Improper use of discretion	1	0
Improper use of handcuffs with an impact weapon (baton, torch, stick, rope)	0	2
Inadequate investigation / lack of impartiality	2	1
Intoxication / impaired performance (alcohol or pharmaceuticals)	1	0
Lied during proceedings / in statement / on affidavit	4	2
Lying to investigator / supervisor conducting inquiries	4	1
Make false statement (verballing)	1	0
Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours)	10	10
Misuse email / internet	1	0
Neglect of duty / duty of care	0	1
Of seized property	1	1
Offence punishable upon conviction by a max sentence of 5 years or more	12	3
Other summary offences	5	0
Performance issue arising from sick report	1	1
Perjury	1	2
Possession (not misappropriation of seized drugs)	1	2
Protection of person(s) involved in drugs	11	9
Pushed to ground / slammed against a wall / punched / kicked / kneed / head butted / struck (hard empty hand)	3	0
Tampering with or destroying	1	0

Theft from victim, client or other member of public	1	0
Threats / intimidation (not assault, excessive force)	0	1
Trade accesses - accessing information for sale / personal gain	2	0
Unauthorised / improper disclosure of information	11	19
Unauthorised secondary employment	1	1
Unlawful (insufficient evidence of offence)	0	2
Unnecessary or improper use of arrest	1	0
Unnecessary speeding	1	0
Using authority in situation where conflict of interest exists	2	0
Withholding or suppression of evidence	0	1

INVESTIGATION OUTCOMES

The following tables report on the Commission's investigation outcomes for all investigations which were finalised during 2014-15.

Table 9 Full Investigation Outcomes

Full Investigation Outcome	Investigation	%
Full investigations referred to the ODPP for consideration of prosecution action	5	62.5
Finalised investigations that resulted in a dissemination of information to the NSWPF	0	0
Finalised investigations that resulted in information being disseminated to other law enforcement agencies	0	0
No further action	3	37.5

Table 10 Preliminary Investigations Outcomes

Preliminary Investigation Outcome	Preliminary Investigations	%
Preliminary investigations referred to the ODPP for consideration of prosecution action	0	0%
Preliminary investigations that progressed to become full investigations	10	19%
Research and development projects[21] that progressed to become preliminary investigations	3	6%
Preliminary investigations that resulted in a dissemination of information to the NSWPF	11	20%
Preliminary investigations that resulted in information being disseminated to other law enforcement agencies	1	2%
No further action	30	56%

[21] Sometimes a research into a complaint will be conducted to ascertain if the complaint warrants further investigation. These complaints are called research and development projects and may lead to preliminary investigation.

The following investigations resulted in Court Attendance Notices or charges being served.

Table 11 Court Attendance Notices served 2014-2015

Operation	Number of CANs served	Number of individuals
Binda	18	6
Calyx	9	4
Elba	3	1
Total	**30**	**11**

The Commission made the following referrals from ongoing investigations during the reporting period.

Table 12 Referrals from on-going investigations

Investigation	Number of proposed charges	Number of individuals	Agency
Montecristo	539	4	Office of The Director of Public Prosecutions
Binda	8	2	Office of The Director of Public Prosecutions
Elba	6	1	Office of the Director of Public Prosecutions
Komodo	18	2	Office of the Director of Public Prosecutions
Symi	9	2	Office of the Director of Public Prosecutions

SIGNIFICANT COMMISSION INVESTIGATIONS

OPERATION ARACARI

Operation Aracari commenced as a result of allegations that a NSWPF officer in regional NSW had used excessive force whilst effecting the arrest of members of the local indigenous community. The allegations centred around two arrests. The first arrest involved an allegation that the officer, who was working alone, inappropriately discharged police issue OC spray to affect the arrest. The second arrest involved an allegation that the same officer, again working alone, inappropriately deployed his police issue taser to affect the arrest of a different male.

It was alleged that both arrests were unlawful and that both men were unlawfully assaulted. It was further alleged that the officer gave false evidence to the court. The Commission is continuing to investigate the allegations.

OPERATION ASINARA

Operation Asinara is a Commission investigation into allegations that two serving regional NSWPF officers were involved in serious police misconduct including the supply and sale of prohibited drugs, improper associations and perverting the course of justice. This investigation is on-going.

OPERATION ASTELIA

Operation Astelia commenced as a result of allegations that a serving NSWPF officer had engaged in a corrupt relationship with an ex-partner.

The allegations against the officer included that:

- the officer provided information to an ex-partner from the NSWPF COPS database
- the officer provided advice to the ex-partner regarding the methodology of how a robbery against a police station could be successfully conducted, with the aim of acquiring NSWPF firearms
- the officer assisted in the stocktake, delivery and sale of steroids with the ex-partner
- the officer was aware of and handled illegal firearms and ammunition in the possession of the ex-partner and did not take action.

The Commission conducted an investigation and confirmed various aspects of the allegations. The Commission also established that the subject officer had been accessing and altering, without permission, online accounts operated by another

person on social media sites. The operation resulted in three witnesses being examined over three days of private hearings before the Commission.

Copies of the hearing transcripts were provided to the NSWPF and the subject officer was suspended from duty by the NSWPF. The Commission has referred a brief of evidence to the ODPP seeking advice on a number of criminal charges against the officer.

OPERATION BINDAREE

Operation Bindaree is an investigation of a NSWPF officer's alleged involvement in a number of frauds. The Commission executed a number of search warrants on both private and police premises.

During the searches numerous items were located and seized. Technical analysis of the items was also conducted. Items in breach of the *Firearms Act 1996* and the *Weapons Prohibition Act 1998* were located at the officer's residence. Those matters were referred to the NSWPF.

The Commission has submitted a brief of evidence to the ODPP for consideration of various charges against a number of persons and is awaiting advice.

OPERATION CAPRERA

Operation Caprera commenced as a result of information received by the Commission that a Leading Senior Constable of NSWPF working within a specialist area was associating with members of an outlaw motorcycle gang (OMCG) and was using prohibited drugs.

The Commission conducted an extensive covert investigation into the allegations and subsequently summoned a number of witnesses to appear at Commission private hearings. Allegations involving extortion, drug use and supply, steroid use, fraud and a number of other matters were examined during those hearings. The subject officer was also drug tested for various substances and returned a positive result to steroids. The subject officer has been suspended from the NSWPF pending further action.

The investigation of this matter is continuing with criminal briefs being prepared for consideration of criminal changes by the ODPP against a number of persons including the subject officer.

OPERATION ELBA

Operation Elba investigated a series of allegations that a serving officer was involved in improper associations, unauthorised access to and release of confidential police

information and conflicts of interest. Evidence suggested that the involved officer was responsible for making a false statement and hindering an internal NSWPF investigation.

Private hearings were held in 2014. The subject officer was suspended by the NSWPF following the dissemination of evidence to the NSWPF by the Commission and an advisory brief of evidence was submitted to the ODPP for advice regarding criminal charges. The subject officer was subsequently served with a Court Attendance Notice in relation to three charges of giving false or misleading evidence before the Commission. As a result of the Commission's dissemination, the NSWPF are investigating 18 internal departmental matters relating to the conduct of the subject officer. The court matters are continuing.

OPERATION KOMODO

Operation Komodo was an investigation of a NSWPF officer and the involvement of that officer in a business which conducted substantial sales of synthetic drug products. A controlled operation was conducted by the Commission and a series of search warrants were later executed. During the search warrants a large quantity of synthetic drug products and cash was located and seized at the home and business premises of the officer. These search warrants were executed after the NSW Government introduced changes to legislation relating to synthetic drug sale and possession.

As a result of the drug analysis, the Commission submitted briefs of evidence to the ODPP for consideration of a number of charges against the officer and the officer's partner.

The ODPP gave consideration to the matter and determined to not recommend charges.

The subject officer has been medically discharged from the NSWPF.

OPERATION LINOSA

Operation Linosa is an ongoing investigation into a serving senior NSWPF officer who is alleged to have maintained improper associations with a number of people with significant criminal intelligence and/or convictions. These associations included overseas travel with those individuals.

A number of private hearings have been conducted as part of the investigation. The transcripts from the hearings have been provided to the NSWPF and the senior NSWPF officer is currently suspended pending further action.

OPERATION LEXIA

Operation Lexia commenced as a result of an allegation by a former NSWPF officer of misconduct by leaking of confidential police information by a member of the NSWPF executive team and misconduct by the Commissioner of Police and.

NSWPF Professional Standards Command commenced an investigation into the complaint and in August 2014 advised the Commission of the identity of the NSWPF executive officer who was alleged to have leaked information. The Commission made a decision to take over the investigation of the matter from the NSWPF due to the seniority of the officers involved and the potential for the allegations to undermine public confidence in the NSWPF Executive.

Commission officers conducted interviews with numerous individuals and undertook detailed analysis of documentary and electronic records. The complainant, who resides overseas, was interviewed at that location and his private computer was examined by a Commission technical officer.

The Commission found no credible evidence to support any of the allegations originally made and a public statement was released in June 2015 to that effect.

OPERATION MONTECRISTO

Operation Montecristo investigated allegations that multiple online gambling and accounts were being created in the names of serving NSWPF officers and provided to professional gamblers for their use in return for a monetary reward.

Two serving NSWPF officers were identified during the investigation as sourcing and providing numerous other NSWPF officers' online betting accounts to two professional gamblers.

Private hearings were held with 18 witnesses in early November 2013, followed by eight days of public hearings November and December 2013.

The main allegations explored in the hearings included:

- the creation and supply of betting accounts by the two involved NSWPF officers in the names of other individuals for use by the subject officers and/or the professional punters
- the use of "free bet" incentives for new customers by the subject officers in the names of other individuals
- the potential use of inside information by the professional punters in the commission of placing bets
- improper access of the NSWPF criminal database by one of the subject officers.

A report on Operation Montecristo was furnished to Parliament in November 2014. The Commission is presently awaiting advice on a number of proposed criminal charges against two police officers and two professional gamblers.

OPERATION ODERIN

Operation Oderin is an ongoing investigation into the activities of a NSWPF officer who was the subject of allegations, relating to improper associations, fraud and other matters. A number of private hearings have been conducted.

The investigation of this matter is continuing with briefs being prepared for consideration by the ODPP of criminal charges against a number of persons including the subject officer.

The Commission has also disseminated material to the NSWPF to assist in the investigation of a previously unresolved fraud complaint. The officer is currently suspended without pay.

OPERATION OSSA

Operation Ossa investigated allegations that an unsworn officer had an improper association with a member of an OMCG and was involved in the use and supply of prohibited drugs. Private hearings were held in November and December 2014, with additional private hearings held in May 2015.

The Commission obtained evidence that substantiated the allegations and identified a second unsworn officer as being involved in the use of prohibited drugs. The evidence obtained by the Commission was disseminated to the NSWPF for further investigation and for the management of the involved officers. Both unsworn officers have been suspended and action by NSWPF is continuing.

OPERATION PROTEA

Operation Protea commenced following allegations that a senior NSWPF officer had improperly participated in an advisory body within the Catholic Church of NSW called the Professional Standards Resource Group (PSRG) and had destroyed evidence by shredding documents obtained while a member of the PSRG. These allegations were first publicised in a series of reports on the ABC's Lateline programme following issues raised at the Special *Commission of Inquiry Regarding the Catholic Diocese of Maitland-Newcastle*.

The Commission investigation also examined whether there was any police misconduct in any agreement, protocol or Memorandum of Understanding, (whether or not formally entered into) between the NSWPF and the Catholic Church concerning the handling of

complaints of sexual abuse committed by Catholic Church personnel or employees, in particular whether the NSWPF agreed to the practice of "*blind reporting*" whereby the Church would provide details of an allegation to the police but withhold the identity of the victim.

A report to Parliament was presented by the Commission in June 2015. The Commission found that there was no destruction of evidence but that the officer had a conflict of interest in participating in the PSRG and that there should be no participation by an officer of the NSWPF on any committee or body which would curtail the duties of that officer to enforce the law. Further, that the practice of blind reporting should be reconsidered and officers of the NSWPF should seek to ensure that the Church provides all available information to the NSWPF, including information identifying victims who have not themselves indicated a willingness to report a matter. The full report on Operation Protea can be accessed via the Commission's public website.

The NSWPF has acknowledged the report and indicated that, if the practice of blind reporting is disallowed then neither victims nor the community will be well served, and that it is intended to refer that matter for clarification.

PRELIMINARY INVESTIGATION 28546

A preliminary investigation commenced as a result of a complaint relating to a firearm seized by police. In March 2013 NSWPF executed a search warrant in Sydney and seized firearms and other items. One of the firearms seized during the search was identified as having previously been seized by police in 2002 following a murder. The investigation is ongoing.

PRELIMINARY INVESTIGATION 29003

This investigation commenced following allegations of corruption involving former and current NSWPF officers in regional NSW including the use and supply of prohibited drugs. The investigation is ongoing.

PRELIMINARY INVESTIGATION 30014

This investigation commenced following allegations that several NSWPF officers are engaged in misconduct and criminal activity including improper association with members of an OMCG. It is alleged one of the officers provided confidential advice and information to the OMCG members. The investigation is ongoing.

RESPONSES TO RECOMMENDATIONS FOR PROSECUTION OR DISCIPLINARY ACTION

In matters where the Commission makes a recommendation that consideration should be given to prosecution action or disciplinary action against an officer it is the practice of the Commission to refer a brief of evidence to the ODPP or the employing agency (whichever is appropriate) in order that consideration can be given to the suggested action.

Details of prosecution action or disciplinary action taken in response to those investigations are reported below.

OPERATION ANAFI

Following an inquest by the State Coroner, the Commission commenced Operation Anafi, which investigated the actions of the police officers involved in the pursuit and apprehension of Mr Roberto Laudiso Curti on 18 March 2012 which resulted in the death of Mr Curti. The Commission subsequently sent a brief of evidence to the ODPP seeking advice in respect of criminal charges against five officers. In December 2013, the Commission received advice from the ODPP that sufficient evidence existed for the laying of charges against officers Edmondson, Barling, Ralph and Lim. Mr Edmonson and Mr Barling were subsequently charged with assault occasioning actual bodily harm and common assault in respect to Mr Curti. Mr Ralph and Mr Lim were each charged with common assault.

The hearing of the charges commenced on 17 November 2014 in the Downing Centre Local Court. The Magistrate ultimately acquitted Mr Edmonson, Mr Lim and Mr Barling of all charges, but found Mr Ralph guilty of common assault by virtue of his use of OC spray against Mr Curti. Her Honour recorded no conviction against Mr Ralph, instead ordering him to be of good behaviour for a period of two years, pursuant to s10(1)(b) of the *Crimes (Sentencing and Procedure) Act* 1999.

Mr Ralph subsequently appealed the finding of guilt against him. The appeal was heard by his Honour Judge Scotting of the Downing Centre District Court. On 21 August 2015, his Honour upheld Mr Ralph's appeal and dismissed the charge against him.

No disciplinary charge has been taken by NSWPF against any officers involved in the incident.

OPERATION CALYX

In last year's Annual Report the Commission reported on the prosecution and managerial action taken following Operation Calyx, a Commission investigation which concerned the critical incident investigation by the NSWPF into the fatal police shooting of Adam Salter at Lakemba on 18 November 2009. As previously reported, charges were laid against police officers Abela, Metcalfe and Wilson for perjury at the inquest and for giving false evidence at the Commission and one charge was laid against

officer Bissett for giving false evidence at the Commission. All charges are listed for trial in the District Court at Sydney on 26 April 2016 for four weeks (see Prosecution Table at Appendix 5 for further details).

One of the policy recommendations made in the Calyx Report was that the *NSWPF Guidelines for the Management and Investigation of Critical Incidents* should be made publicly available. This recommendation was also made by the Hon Robert McClelland in his Report on Oversight of Critical Incidents which was provided to the Premier in 2013. At the time of appointing Mr McClelland to undertake his inquiry the NSW Government announced that the NSWPF Critical Incident Guidelines would be made publicly available.

The NSWPF advised the Commission in September 2015 that it was in the process of consulting with internal and external stakeholders with a view to identifying a 'publishable' version of the Guidelines. It was noted that the Guidelines may require further amendment when the Government releases its response to the McClelland Report and a response to the report of the Hon Andrew Tink on police oversight, which was presented to Government on 31 August 2015. Accordingly the Critical Incident Guidelines are yet to be made publicly available.

The Commission made the following additional recommendations in the Calyx Report:

a. all critical incident investigation reports be published on the website of the NSWPF after the completion of any inquest

b. to the extent to which it has not already been undertaken, a thorough review of NSWPF media policy concerning critical incidents be conducted

c. a police officer issuing a media release or a Situation Report be required to make a record of the person or persons supplying the various items of information contained in the media release or Situation Report, so that someone can be held accountable for any information contained in the media release or Situation Report which is later found to be untrue.

Concerning 'a' above the NSWPF has advised the Commission that the Professional Standards Command is currently working with the NSWPF Office of General Counsel to determine how such reports may be constructed and made available. Accordingly no critical incident investigation reports have been published.

In connection with 'b' above the NSWPF has advised that a review of its Media Policy has addressed this recommendation. The Commission has seen the Media Policy and is satisfied the revised Policy does contain changes in line with those it recommended.

With regard to 'c' above the Commission has informed the NSWPF that it is satisfied that the amendments made to the *Guidelines for the Management and Investigation of Critical Incidents* addressed this recommendation and that no further action is considered necessary in connection with this Commission recommendation.

OPERATION ISCHIA

Operation Ischia commenced as a result of a complaint to the Commission alleging corrupt conduct of a senior NSWPF officer. During the course of this investigation the Commission became aware that the senior officer (who retired during the investigation) along with a number of other serving and former members of the NSWPF had participated in the suspected supply and use of dangerous drugs including cocaine, ecstasy and cannabis in Sydney and on the Gold Coast, Queensland.

Private hearings were conducted in relation to the allegations following which a number of briefs were forwarded to the NSW ODPP for consideration of criminal charges. Charges of providing false or misleading evidence to the Commission were preferred against seven witnesses. The outcome of these prosecutions is reported in Appendix 5 Prosecutions in 2014-15 arising from Commission investigations.

A brief of evidence was also provided to the Queensland Office of the Director of Public Prosecutions for advice in relation to the allegations of drug use and supply on the Gold Coast. In accordance with that advice, and similar independent advice obtained from a criminal barrister in Queensland, charges of supply dangerous drug, possess dangerous drug and permit premises for use in relation to an indictable offence were preferred against five persons in the Magistrates Court at Southport.

After the initial appearance in the Queensland Court, a challenge was lodged by the accused on jurisdictional grounds. The Magistrate upheld the challenge, finding that the Commission's case officer did not have power to commence proceedings in Queensland and that the proceedings were an abuse of process. Further information regarding these prosecutions can be found in Appendix 5.

5. PREVENTING SERIOUS POLICE MISCONDUCT

Preventing serious officer misconduct is one of the Commission's principal statutory functions. Unlike detecting and investigating officer misconduct which can only occur *after* an allegation of officer misconduct has been received, preventing misconduct requires determining how best to intervene *before* the misconduct occurs.

FOCUSSING ON INTEGRITY HAZARDS AND RISKS TO MINIMISE OFFICER MISCONDUCT

Risk management principles underlie the Commission's approach to preventing or minimising serious officer misconduct. A number of its prevention projects seek to examine how effectively the NSW Police Force is managing specific misconduct risks through its corporate policies and processes. For instance, Project Harlequin, further detail in relation to which is provided below, is examining how well the NSW Police Force is managing the misconduct risks associated with critical incidents. Another risk-based approach promoted by the Commission is modelled on the way organisations go about preventing workplace deaths and injuries. This approach involves identifying, communicating and managing workplace (integrity) hazards and their associated (misconduct) risks, and assisting officers to recognise and respond appropriately when their work may involve such risks.

The very nature of the work that police officers need to perform has been recognised as providing more opportunities for misconduct than are provided by the work of other occupations. Policing has also been acknowledged as differing from many occupations in the variety of types of people who stand to gain by influencing decisions made by police officers. The nature of the possible integrity hazards and associated misconduct risks will vary with the type of work the officer performs and with the officer's work environment. For example, the misconduct risks confronting a highway patrol officer are different from those confronting an officer who handles drug exhibits.

To prevent officer misconduct one needs to be able to intervene before it occurs. The identification of work and workplace vulnerabilities and corresponding misconduct risks present areas or opportunities to intervene to minimise future misconduct. The more aware the NSWPF is of the circumstances under which an officer's integrity may be compromised - such as, the opportunities for misconduct that put officers in the position of accepting a bribe or showing favour to friends or prominent community members - the better placed it is to address and manage these risks.

Misconduct prevention projects undertaken by the Commission seek to:

- identify and better understand the misconduct risks facing officers undertaking different types of police work and officers operating in different policing environments
- identify the strategies and systems that the NSWPF has in place to communicate and manage these misconduct risks
- examine the effectiveness of these strategies and systems and determine whether they need to be developed or improved.

The Commission endeavours to perform its misconduct prevention function by providing informed advice and recommendations, where appropriate, as to how NSWPF systems and practices might be strengthened. For the most part, the advice and recommendations are derived from the Commission's research and prevention projects which seek to determine how and why serious officer misconduct could occur. The Commission's prevention work focuses on obtaining a better understanding of possible system weaknesses, attitudes to what is acceptable within the organisation, motivations and opportunities. Unlike investigation reports, the Commission research and prevention reports do not seek to examine the conduct of individual officers and hence they do not contain any adverse comments about any individual officer or about any other person.

Consultation is a feature of the Commission's research and prevention work. These projects often involve interviews with staff to better understand how police work is undertaken or how policies are understood and implemented. Consultation commonly continues after the collection and analysis of the data have been completed. The Commission considers that this consultation provides the NSWPF with an opportunity to provide input on a range of matters such as the accuracy of the data presented, the interpretation of findings and the strategies, and about potential recommendations. In addition it enables the Commission to strengthen its advice and findings prior to publication.

APPROACHING PREVENTION FROM DIFFERENT PERSPECTIVES: TAILORING SOLUTIONS

As Henry L. Menken has been quoted as saying almost a century ago: 'There is always an easy solution to every human problem – neat, plausible and wrong'. Officer misconduct is such a problem. There is no single simple method of minimising corruption or other forms of serious officer misconduct.

Police misconduct, like corrupt conduct more generally, can take many forms. There are many points from which to intervene as well as many forms of possible intervention. Intervention to minimise police misconduct can be made at the agency level, at the work unit level (that is, at the command or team level), or at the officer level. Specific strategies to minimise police misconduct can involve strengthening systems, policies, procedures, training programs and supervision strategies to:

- reduce the opportunities, temptations and frustrations for misconduct to occur that are associated with specific types of police work or the policing environment
- deter misconduct by increasing the risks of being caught for those who engage in such misconduct
- clarify NSW Police Force expectations of officer behaviour
- better equip officers to respond appropriately if they are in a position where they are at risk of engaging in a particular form of misconduct
- publicise the harms of the misconduct and increase the opposition to such conduct by colleagues
- identify and intervene with officers who are showing the first signs of problematic behaviour, or
- manage officers who may have demonstrated a history of engaging in misconduct.

To determine the best strategies to prevent police misconduct, it is useful to break the problem of police misconduct into its potential different forms, identify the best ways to minimise these different forms and develop tailored solutions. Some forms of possible misconduct (e.g. theft of exhibits) may be better minimised by strategies to reduce opportunities which enable the conduct. Other forms of misconduct (e.g. illegal drug use by officers) may be better deterred by strategies that increase the risk of being caught.

Commission research and prevention projects are designed to focus on misconduct prevention opportunities from different perspectives.

Research and prevention projects underway during 2014-2015 considered misconduct prevention opportunities from different perspectives. One project, which commenced during the period under review, is examining NSWPF vetting and recruitment practices (Project Alecta), while another is examining how the NSWPF identifies and manages officers who may, in some way, be vulnerable to engaging in misconduct (Project Juda). Two projects are focussing on particular aspects of police work and their associated misconduct risks that are independent of the officers who undertake the work. One of these is concerned with identifying the misconduct risks associated with NSWPF officers investigating what are referred to as 'critical incidents' such as incidents where a death or serious injury has occurred following from some interaction with the NSWPF (Project Harlequin). The other continues the Commission's work examining the management of misconduct risks associated with police use of human sources (Project Onyx). The fifth project described in this chapter continues the Commission's focus on NSWPF strategies to identify, communicate and manage misconduct risks at the command level, referred to by the NSWPF as 'corruption resistance planning' (Project Mobula).

Updates for each of these Commission misconduct prevention projects are presented below. Also presented below is an overview of a police complaint investigation oversighted by the Commission during the reporting period and the recommendations the Commission made in response to issues it identified in the course of this oversight.

EFFECTIVENESS OF NSWPF BACKGROUND VETTING PROCEDURES TO IDENTIFY POLICE APPLICANTS VULNERABLE TO ENGAGING IN MISCONDUCT (PROJECT ALECTA)

In early 2014 media articles in Sydney publicised that the NSWPF had recruited officers who had been found guilty of serious offences prior to joining the NSWPF. Some of these offences were alleged to include stealing, break/enter and steal, malicious damage, assault occasioning actual bodily harm, self-administer prohibited drugs and dangerous driving causing death.

The NSWPF is the largest police force in Australia, serving approximately one-third of the Australian population. It employs over 16,000 police officers and close to 4,000 civilian employees. The majority of police officers work in local area commands as well as a number of specialist commands spread out over a geographical area of 800,642 square kilometres. Police numbers are subject to change for a number of reasons such

as resignations, retirements, or dismissals. Maintaining ethical standards in an organisation of the size and complexity of the NSWPF is a challenge.

In October 2014 the Commission commenced a research project, codenamed Project Alecta, examining the effectiveness of current vetting and recruitment processes and systems used by the NSWPF to identify potential misconduct risks associated with prospective recruits.

The Commission has conducted background checks on approximately 1700 officers to identify any pre-employment information that could be considered to indicate that officers may be vulnerable to engage in misconduct. The Commission has requested additional information from the NSWPF to assess its recruitment practices and to identify strengths and opportunities for improvement with regard to the current vetting and recruitment procedures relating to the management of potential misconduct employed by the NSWPF.

IDENTIFYING AND MANAGING OFFICERS AT RISK OF ENGAGING IN MISCONDUCT (PROJECT JUDA)

Project Juda commenced in August 2012 to examine how the NSWPF identifies and manages officers who show early signs of behaviour that could, potentially, lead to more serious forms of misconduct.

A significant focus of the 2014-2015 reporting period was analysing the complaint histories of a sample of officers who had been discharged from the NSWPF under section 181 D of the *Police Act 1990*. The aim of this analysis was to establish, with the benefit of hindsight, if any of the officers had a pattern of complaints or minor episodes of misconduct that could have signalled the potential for an intervention to take place prior to the act of misconduct that led to the officer's dismissal. As at 30 June 2015, the Commission was awaiting further information that it had requested from the NSWPF to gain a more thorough understanding of the circumstances surrounding each officer's dismissal.

The Commission intends to conduct research interviews with a sample of NSWPF supervisors to learn if they have come across any officers who they considered to be vulnerable to engaging in misconduct, and if so, what kinds of remedial management interventions or strategies were implemented to try to assist the officers. In 2014-2015 the research interview questions were designed and a sample of supervisors was selected to participate in the research interviews. Although these research interviews had been scheduled to occur in the 2014-2015 reporting period, following protracted negotiations with the NSWPF, the Commission envisages that these interviews will now be conducted in the 2015-2016 reporting period.

MISCONDUCT RISKS ASSOCIATED WITH CRITICAL INCIDENTS IN NSW (PROJECT HARLEQUIN)

'Critical incident' is the term used to describe incidents such as deaths or serious injuries resulting from some interaction with the NSWPF where the incident, by its nature or circumstances, requires an independent investigation and review. In NSW, the management and investigation of critical incidents is undertaken by the NSWPF.

Project Harlequin, which commenced in late June 2012, is concerned with identifying the misconduct risks associated with critical incidents and critical incident investigations, and how well these risks are being managed by the NSWPF.

For the purposes of Project Harlequin, the Commission developed a methodological framework for the review and analysis of 84 critical incidents that occurred in the period 2009 – mid-2012. The 84 incidents selected for analysis represent a sample of critical incidents that occurred during this time. While not being the total number to have occurred, they reflect the total number of critical incidents managed by NSWPF on its electronic case management system 'e@gle.i'.

As anticipated in last year's Annual Report, analysis of information from the audit sample for Project Harlequin remained a focus for the 2014-15 reporting period.

The Commission experienced significant delays in obtaining information from the NSWPF for this project during the reporting year.

As at 30 June 2015 the Commission was preparing a draft report on Project Harlequin.

MISCONDUCT RISKS ASSOCIATED WITH THE USE OF HUMAN SOURCES (PROJECT ONYX)

In previous annual reports the Commission has reported its endeavours to evaluate how effectively the NSWPF is managing some of the misconduct risks associated with the use of 'human sources', previously known as 'informants'. In September 2011, the Commission furnished a confidential report (codenamed Project Skadi) to the Commissioner of Police evaluating the NSWPF management of two key misconduct risks:

1. that the association between a human intelligence source and his or her police handler:

    a. is improper (unbeknownst to the officer's managers) and that the officer is engaged in acts of corruption in conjunction with the source, or

    b. may become improper, leading the officer to engage in acts of corruption in conjunction with the source

2. that confidential police information identifying the human intelligence source may be deliberately leaked by a police officer for corrupt motives.

As previously reported, the Commission considers the NSWPF response did not adequately address the risks raised in its report. The Commission decided to continue its research in this area and in mid-2012 commenced a further research project, codenamed Project Onyx. This project is ongoing.

REVIEW OF NSWPF STRATEGIES TO IDENTIFY, MANAGE AND COMMUNICATE MISCONDUCT RISKS AT THE COMMAND LEVEL (PROJECT MOBULA)

As has been reported in previous years, Project Mobula continues the Commission's focus on NSWPF strategies to identify, communicate and manage misconduct risks at the command level, referred to by the NSWPF as 'corruption resistance planning'. The Commission commenced Project Mobula in 2012 to determine how well NSWPF command practices assist commands to (i) identify and manage their misconduct risks and (ii) provide practical advice to help their officers recognise the misconduct risks they may face and respond appropriately when they encounter such risks. It is a five-year follow-up to the Commission's Project Manta and, like Project Manta, it uses an approach to preventing serious officer misconduct that is modelled on the way organisations go about preventing workplace deaths and injuries.

During the current reporting period the Project Mobula report was. Prior to finalising its report, the Commission sought feedback from the NSWPF regarding its proposed recommendations.

The Commission observed that the concept and practice of corruption resistance planning were widely accepted as part of NSWPF command practices at that time. Most local area commands had a corruption resistance plan and specialist commands commonly had a separate plan for each of their subordinate units. Although commands were producing corruption resistance plans, the practices that command representatives advised using at that time exposed their plans to vulnerabilities (such as failing to identify all of their significant misconduct risks or failing to develop effective strategies to manage their risks) which in turn may lead commands to maintain a false belief that what they had done was sufficient to manage their misconduct risks.

Between the time when information had been collected for Project Manta and the time when information was collected for Project Mobula, the NSWPF had issued three sets of guidelines to assist officers undertake corruption resistance planning at the command level. However, although the 2012 Guidelines provided a good description of strategies for commands to use, relatively few command representatives reported using strategies outlined in these, or any other, guidelines as part of their corruption resistance planning processes.

The results and observations in the Project Mobula report are based on a review of 55 sets of corruption resistance plans from a sample of 25 NSW Police Force commands, interviews with 25 command representatives in 2012, analysis of three versions of corporate guidelines, and information from the Professional Standards Command on how between 2012 and 2015 it proactively changed the ways it works with commands to assist them with their corruption resistance planning.

When considering possible recommendations to improve command corruption resistance planning, the Commission was aware that amending the Guidelines, in isolation, was unlikely to be effective since changes to previous guidelines had not appeared to have an effect on the ways officers advised that they undertook corruption resistance planning. It was also aware that the NSWPF was not alone in having problems encouraging employees to comply with corporate guidelines and that lessons could be drawn from the local and international efforts underway to address this problem. The Commission also sought to acknowledge and build upon the work that the Professional Standards Command of the NSWPF had undertaken since information was collected for Project Mobula in 2012.

The Commission advised that improvements to corruption resistance planning at the command level should include:

- changing the focus of local (or command-level) corruption resistance planning to going beyond completing a document to producing practical advice for commands and for officers that is both useful and in fact used
- addressing the specific vulnerabilities in command corruption resistance planning practices that have been identified in Project Mobula
- informing staff of the misconduct risks specific to their work and location
- providing staff with practical advice as to how to either avoid these misconduct risks or respond appropriately when they encounter such risks.

The Commission has proposed five recommendations to improve practices to minimise future officer misconduct and has stated that it will retain an ongoing interest in the ways that the NSWPF and individual commands identify, communicate and manage their corruption and serious misconduct risks.

The Project Mobula report was made available to the public on the Commission's internet site in August 2015.

SYSTEMIC ISSUES IDENTIFIED IN COMMISSION OVERSIGHT OF NSWPF INVESTIGATION

In October 2013 the Commission assumed responsibility for oversighting a NSWPF investigation into multiple complaint issues directed against five subject officers. The NSWPF complaint investigation had found all complaint issues in connection with all officers not sustained.

Following its review of the investigation report and other related documentation the Commission informed the NSWPF it concurred with its findings in connection with all complaint issues, with the exception of the alleged breach by the senior officer of NSWPF exhibit management procedures during the course of a covert investigation. The Commission consulted with the NSWPF on a number of occasions during the 2014-15 reporting year in connection with this limb of the NSWPF investigation. In May 2015 the Commission sent correspondence to the NSWPF finalising its oversight of this complaint and advising that it considered the NSWPF investigation into the limb of

the complaint concerning an alleged breach of NSWPF exhibit management procedures to be deficient.

In view of the fact that the involved senior officer had left the NSWPF, and given the alleged breach was of a non-criminal nature, the Commission agreed with the NSWPF's view that reinvestigation of this limb of the complaint was not merited.

However, during the course of its oversighting of this matter, the Commission identified two systemic issues it considered required further examination by the NSWPF. The first related to the investigation plans used by the NSWPF for complaint matters. The Commission recommended that the NSWPF consider implementing a requirement for investigation plans to contain goals that, while addressing generic goals that currently appear in the template, are tailored and directly relate to the misconduct issues.

The second systemic issue identified by the Commission related to a section of the NSWPF Handbook relating to exhibit management. The Commission recommended that this section of the Handbook be reviewed so as to remove any ambiguity that may exist in connection with an aspect of a commander's discretion.

The NSWPF is yet to respond to these two recommendations.

CORRUPTION PREVENTION & EDUCATION PROGRAMS

The Commission's misconduct prevention activities extend beyond its research and prevention projects discussed earlier in this chapter. To further support its misconduct prevention work, during 2014-15 the Commission:

- raised awareness of its functions by delivering presentations to the NSWPF
- promoted its prevention research by making its research widely available
- shared knowledge by participating in conferences and significant meetings.

During 2014-15 the Commission's Manager, Assessments & Prevention delivered five lectures to NSWPF internal investigations training courses, raising awareness amongst officers of the functions of the Commission. One of these lectures was given to a course being run in regional NSW.

Commission staff have continued to attend and participate in meetings of the Corruption Prevention Network (CPN) Council on an ex-officio basis. The CPN is a collective of practitioners and interested parties operating as a self-help group to share information and experiences in dealing with the challenges of corruption prevention. While initially the CPN was comprised of NSW state and local government fraud and corruption prevention practitioners, it now welcomes the participation of anybody who is interested in preventing fraud and corruption, regardless of the sector where they work or their geographical location. The CPN operates through a council of elected volunteer public officials and non-voting nominees from central and watchdog agencies.

Commission staff delivered the following conference papers during the period under review:

- on 6 November 2014, the Commission's Manager, Assessments & Prevention and one of the Commission's prevention analysts presented a paper to the 10th National Investigations Symposium, on the topic: *What role do internal investigations play in preventing misconduct?: Perspectives of a police oversight agency*
- on 4 December 2014, the Commission's Principal Analyst presented a paper entitled*: Recognising the integrity hazards* at a workshop on *Corruption: In theory and practice* at the 28th Australian & New Zealand Academy of Management Conference.

6. TRACKING THE COMMISSION'S RECOMMENDATIONS

Under s99(2)(c) of the *Police Integrity Commission Act 1996* ('the Act'), the Commission is required to include in each Annual Report an evaluation of the responses by the Commissioner of Police, or senior police executives, to the Commission's conclusions and recommendations. This chapter provides a description, and where appropriate an evaluation, of NSWPF responses to the Commission's misconduct prevention recommendations.

As has been noted in previous Annual Reports, misconduct prevention recommendations are the principal means by which the Commission seeks to improve systems and practices in the NSWPF, to reduce opportunities for misconduct, improve transparency and accountability and otherwise deter officers from engaging in acts of misconduct.

MANAGING DECLARABLE ASSOCIATIONS

In May 2010 the Commission published a Research & Issues Paper that examined how well NSW police officers were complying with a requirement to advise the NSWPF of any 'declarable associations' that they may have. According to NSWPF policy, a 'declarable association' exists when an individual is associated (to varying degrees) with a person, group or organisation that is involved in (or perceived to be involved in) activity that is incompatible with activity conducted on behalf of the NSWPF. This NSWPF policy indicates that these associations create a conflict of interest between the individual's responsibility to the NSWPF and their personal relationships and/or private interests.

The results of the Commission's research showed that only a small number of police officers with known declarable associations complied with the policy requirement to provide a written declaration regarding their association to the NSWPF. The Commission also observed that, in cases where officers had submitted written declarations, these documents were stored locally in individual commands as the NSWPF did not have a central repository for their storage.

Storing these declarations only at individual commands presents not only the risk that hard copy files may be misplaced or lost but also the risk that, even in instances where officers have declared their associations, these associations may not become known and therefore go unmanaged when officers transfer to a different command. As noted in last year's annual report, a further example of this was highlighted in information that came to the Commission's attention in 2013. This information pertained to a complaint made in September 2012 that an officer had a conflict of interest because a member of that officer's immediate family had been involved in gang activity. The NSWPF initiated a complaint investigation into the apparent failure of the subject officer to declare that association to the NSWPF. Inquiries conducted by the NSWPF revealed that the officer had, in fact, complied with the NSWPF policy and had made a declaration relating to their family member. However, when the officer had transferred to a new command, the declaration and other relevant documentation had not been transferred with them. The officer's new commander was not aware that they had previously made a declaration and so commenced an investigation. Had it been known that the officer had complied with this procedural requirement, an investigation would not have been necessary. The complaint investigation, finalised in March 2013, found the misconduct allegation not sustained.

The Commission recommended in its 2010 report that the NSWPF record information about declarable associations at the corporate level rather than only at individual commands. The

NSWPF supported this recommendation. Shortly after the publication of the report the NSWPF Professional Standards Command (PSC) advised the Commission that improvement to the NSWPF human resources system was under development to implement this recommendation. At that time it was anticipated that this facility would be available within the NSWPF by the end of 2010.

The NSWPF has advised the Commission of subsequent delays in the provision of a central repository for storing this information including technical problems associated with ensuring only appropriate staff had access to information to be housed on this system. In late 2013, the PSC advised that the necessary upgrades to the NSWPF human resources system had been made and attempts to implement the Commission's recommendation had resumed. In June 2014 the NSWPF indicated that the process had not yet been completed, though progress had been made towards that end. In March 2015 the NSWPF advised the Commission that, at that time, it was in the process of tendering for an external vendor to complete the work. As at August 2015 the NSWPF advised that the 'Declared Associations Management System' was being developed by an external vendor and once the draft detailed design had been completed, consultation with the field would take place prior to roll out and commencement.

MANAGEMENT OF MISCONDUCT RISKS ASSOCIATED WITH COUNTER-TERRORISM POLICING – REVIEW OF NSWPF INSPECTIONS AND AUDITS

As has been reported previously, in 2006 the Commission issued an assessment of the nature of the work of officers undertaking counter-terrorism and dignitary protection policing and the management of the misconduct risks associated with this work. The unit undertaking this work has subsequently been renamed as the 'Anti-Terrorism & Security Group' (AT & SG).

As a result of the Commission's 2006 assessment, the NSWPF initiated a process of annual (or more frequent) formal inspections and audits of the practices and procedures of the AT & SG by its Deputy Commissioner, Specialist Operations. The NSWPF completed the first of these reviews in November 2007 and subsequently provided the Commission with a copy of the plan for that review and a copy of the review report.

As reported in last year's annual report, during 2013-2014 as part of its misconduct prevention work the Commission sought and the NSWPF supplied copies of the reports of audits and inspections of the practices and procedures of the AT&SG that have been undertaken since November 2007.

During the year under review the NSWPF provided additional information to the Commission concerning the audits it has undertaken. In the year to come the Commission intends to complete its analysis of the material provided examining, amongst other things, whether the review methodology continues to be appropriate, well-focused and thorough as a tool for managing the misconduct risks associated with counter-terrorism and dignitary protection policing.

MISCONDUCT RISKS ASSOCIATED WITH THE EXECUTION OF SEARCH WARRANTS - (PROJECT OSTARA)

In May 2011, the Commission published a report examining how well the NSWPF was managing the misconduct risks associated with the execution of search warrants. In its report, the Commission proposed eight recommendations aimed at strengthening the NSWPF's management of misconduct risks associated with this area of policing, such as the theft of items of value and/or the planting of evidence.

As has been reported in its annual reports over the past three years, the NSWPF has previously advised that it would provide guidance to its officers as to their obligations regarding search warrants in an article to be published in the *Policing Issues & Practice Journal* (PIPJ). The Commission has also reported that on publication of the PIPJ article, recommendations accepted by the NSWPF from this report, with the exception of Recommendation 8, would be considered to be implemented.

The purpose of Recommendation 8 was to bring consistency to two discrete NSWPF procedural documents relating to the execution of search warrants. In relation to Recommendation 8 the NSWPF advised the Commission in July 2013 that it had established a working party to review the NSWPF policy and procedures relating to search warrants and that until this body of work is completed it would not be prudent to publish an article or instruction regarding search warrants.

Correspondence received from the NSWPF in August 2014 indicated that, at that time, the working party was ongoing and that the NSWPF was awaiting its completion prior to implementing Recommendation 8 and publishing an article or instructions regarding search warrants in the PIPJ.

In April 2015, the NSWPF advised the Commission that the working party had drafted a PIPJ article but that the article would need to be reviewed following the Commissioner's Executive Team's (CET) consideration/ratification in May 2015. The Commission was informed that the article could be published once the review is endorsed by CET.

In August 2015 the NSWPF advised that the proposed article regarding search warrants has been provided to the editorial team of PIPJ for publication in August 2015. The NSWPF also advised that additional education pertaining to search warrants has been provided in a *Police Monthly* article, information on the NSWPF intranet, emails, posters and screen savers.

MINIMISING MISCONDUCT RISKS ASSOCIATED WITH AUTHORISED SECONDARY EMPLOYMENT (PROJECT SANTURI)

In February 2014 the Commission published a Research & Issues Paper that examined the extent to which officers of the NSWPF who have authorised secondary employment approval are complying with those aspects of the *Secondary Employment Policy & Procedures* that are intended to manage misconduct risks associated with secondary employment. The *Secondary Employment Policy & Procedures* define secondary employment as 'any paid work performed other than for the NSW Police Force' and requires that all employees seek approval prior to engaging in secondary employment.

In its paper, the Commission proposed eight recommendations for strengthening the NSWPF's systems and processes for managing authorised secondary employment and raising awareness

with officers and supervisors about their obligations in this area. More specifically the Commission's recommendations sought to:

1. improve guidance for the preparation of probity assessments used for high risk (industries that have been identified as presenting a potential conflict of interest for employees of the NSWPF) applications by clarifying the types of enquiries that need to be conducted and the types of information that needs to be recorded

2. clarify the requirements to complete probity assessments for all renewal applications in high risk industries

3. provide detailed guidance to officers regarding how to categorise and assess applications by officers who are on restricted duties

4. provide corporate level guidance on how to record and review officers with secondary employment approval and how to manage potential misconduct risks that are identified during the reviews

5. include a requirement that officers disclose any registration of a business name within their application

6. improve compliance by all commands with the requirement to conduct risk assessments for all applications as well as for all renewal applications

7. clarify that secondary employment applications that involve overseas and/or interstate travel must be assessed as an 'extraordinary' application and to explain any exceptions that may relate to this requirement

8. develop and implement a centralised capacity to oversight compliance by commands across the NSWPF with secondary employment policy and procedures.

The NSWPF endorsed all eight recommendations and in April 2014 advised the Commission that all of these recommendations would be implemented after a review of the *Secondary Employment Policy & Procedures* has been completed and endorsed by the NSWPF. At that time the NSWPF indicated that it envisaged that this review would be completed by the end of July 2014. It subsequently advised the Commission that there had been delays in advancing the review of the *Secondary Employment Policy & Procedures.* In August 2015 the NSWPF provided a copy of the revised *Secondary Employment Policy & Procedures* to the Commission for comment and feedback.

The Commission will report on its feedback to the NSWPF in the Commission's 2015-2016 Annual Report.

USING NSWPF COMPLAINT INVESTIGATIONS TO IDENTIFY SYSTEM PROBLEMS AND SOLUTIONS (PROJECT CYRIL)

In March 2014, the Commission published a Research & Issues Paper entitled *Project Cyril: Using the NSW Police Force complaints system to identify system problems and solutions*. This report examined how NSWPF internal complaint investigators identify systemic and organisational problems and develop solutions during internal police investigations.

Based on the results of its research, the Commission proposed four recommendations to strengthen and promote NSWPF guidance in relation to identifying problems and developing solutions as part of the internal investigations process. More specifically these four recommendations sought to:

- highlight in the NSWPF *Complaint Handling Guidelines* the benefits that can come from identifying issues and developing solutions as part of an internal investigation (Recommendation 1)
- equip experienced NSWPF complaint investigators, who may have last undertaken formal training some years in the past, with skills in identifying issues and developing solutions (Recommendation 2)
- promote throughout the NSWPF 'good ideas' that are developed through complaint investigations (Recommendation 3)
- promote throughout the NSWPF methods NSWPF complaint investigators find useful to identify issues and develop solutions (Recommendation 4).

The NSWPF accepted all four recommendations in principle and has produced a Complaint Practice Note entitled *Identifying Organisational or Systemic Issues within Complaint Investigations* as a tool to assist in implementing these recommendations. The Commission provided feedback on a draft of this Complaint Practice Note and has noted that the Complaint Practice Note was uploaded onto the NSWPF intranet in July 2014.

With regard to Recommendation 2, the NSWPF advised that it would address this recommendation by providing the Principal Tutor of the Internal Investigations Training Course with a copy of this Complaint Practice Note for inclusion in the materials for this course. In August 2015, the NSWPF advised that the Complaint Practice Note has, in fact, been included within the course materials.

The NSWPF also informed the Commission that it would address Recommendation 3 by stipulating in the Complaint Practice Note that any solutions developed in a complaint investigation report are to be submitted for inclusion in an online intranet database that would act as a repository for misconduct risks and treatment strategies developed by local area commands. In August 2015 the NSWPF advised that there have not been any submissions regarding solutions for inclusion on the online intranet database.

7. THE NSW CRIME COMMISSION

Under s 99(2A) of the Act the Commission is required to separately report on NSW Crime Commission (NSWCC) matters in its Annual Report. The purpose of this section is to report on work undertaken by the Commission during 2014-15 to detect, prevent and investigate misconduct by NSWCC officers.

ASSESSING INFORMATION AND COMPLAINTS

COMPLAINT PROCESS

Information regarding the possible misconduct of NSWCC officers can come to the Commission in a variety of ways. Under section 75C of the Act, a complaint can be made by an individual member of the community. In addition, section 75D provides that it is the duty of the NSWCC Commissioner, the Commissioner of Police and principal officers of other NSW public authorities to report to the Commission any matter that on reasonable grounds is suspected to concern, or which may concern, misconduct of a NSWCC officer. The Commission may also receive information involving possible misconduct by NSWCC officers from other sources, including agencies from other jurisdictions.

COMPLAINT PROFILE

During 2014-15 the Commission:

- assessed 12 complaints containing 28 allegations of misconduct[22] against current and former NSWCC officers;
- one matter was referred to the NSWCC under s77 of the Act.

Of the 12 complaints, five were made directly to the Commission and seven were reported to the Commission by the NSW Crime Commission or the NSW Police Force. With such a small number of complaints it is not possible to distinguish any patterns in the allegations made. Allegations types which pertained to more than one of the complaints assessed were:

- unauthorised/improper disclosure of information
- attempting to pervert the course of justice
- fabrication of evidence
- fail to report offence
- fail to comply with other statutory obligation
- false accusation.

[22] There may be more than one allegation contained in a single complaint.

INVESTIGATIONS

There were no preliminary investigations and one full investigation open for all, or part of 2014-15.

Table 13 NSWCC Preliminary Investigations

Indicator	2014-15	2013-14	2012-13
No Further Action	0	3	5
Investigations that progressed to become full investigations	0	1	0
Investigations that resulted in a dissemination of information to the NSWCC	0	0	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0	0
Total	**0**	**4**	**5**

Table 14 NSWCC Full Investigations

Indicator	2014-15	2013 -14	2012 -13
No Further Action	1	1	3
Investigations that resulted in a dissemination of information to the NSWCC	1	0	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0	0
Investigations referred to the office of the Director of Public Prosecutions for considerations of prosecution action.	0	0	1
Total	**2**	**1**	**4**

OPERATION EASDALE

Operation Easdale commenced following the receipt of a complaint from a serving NSWPF officer relating to the alleged unlawful conduct of a convicted criminal whilst acting under a Controlled Operation Authority granted by the New South Wales Crime Commission (NSWCC). The Commission investigated this allegation and private hearings were conducted. At the conclusion of the investigation, a confidential report was provided to the Chair of the NSWCC Management Committee, the Inspector of the NSWCC, the Commissioner of the NSWCC and the NSWPF Commissioner.

8. LEGAL MATTERS

This chapter contains information about important statutory amendments and legal developments of significance to the Commission.

WITNESS PROTECTION

Persons assisting the Commission in its investigations, whether members of the general public or serving officers, are an important resource in the detection and investigation of serious officer misconduct.

To ensure this resource is protected, the Commission may make arrangements to ensure the safety of these persons from intimidation and harassment which might arise as a result of their assistance. This may range from the making of non-publication directions to, where necessary, consulting with specialist witness protection agencies to better ensure the safety and well-being of its witnesses and other persons who have been of assistance: section 51, *Police Integrity Commission Act 1996* ('the Act'). The Commission made use of both mechanisms in 2014-15.

RESPONSE TO SUBPOENAS

From time to time, the Commission is served with subpoenas requiring the production in Court of documents, or divulging of information acquired in the exercise of its functions.

Officers of the Commission cannot be required to produce documents, or divulge or communicate any matter which they have obtained in the exercise of functions under the Act, subject to certain limited exceptions. Those exceptions are for the purposes of a prosecution, disciplinary proceedings or proceedings under Division 1A or 1C of Part 9 of the *Police Act 1990* arising out of an investigation conducted by the Commission in the exercise of its functions.

Where the Commission is served with a subpoena falling outside these limited exceptions, the issuing party is invited instead to make an application to the Commissioner to exercise his or her discretion to release information pursuant to s 56(4)(c) of the Act. Under that section, the Commissioner has a broad discretion to authorise the release of documents or information held by the Commission if satisfied that it is necessary to do so in the public interest.

SECTION 56(4) DISSEMINATIONS

The Act imposes strict obligations of secrecy upon officers of the Commission in relation to information acquired in the exercise of their functions under the Act.

Generally, the disclosure of information other than for the purposes of the Act, purposes connected with prosecution or disciplinary proceedings arising from a Commission investigation, or law enforcement and investigative purposes falls to be dealt with under s 56(4)(c) of the Act.

As stated above, the Commissioner may direct that confidential information held by the Commission can be released, but only if he or she certifies it to be necessary in the public interest to do so.

During 2014-15 the Commission disseminated information on 4 occasions under s 56(4)(c) of the Act.

The Commission has published comprehensive guidelines as part of its Practice Guidelines dealing with applications for the release of information under s 56(4)(c) amongst other things. The Practice Guidelines and an application form may be downloaded from the Commission's website.

JUDGEMENTS OF SIGNIFICANCE

SCOTT EDMONDSON, DANIEL BARLING, DAMIAN RALPH & ERIC LIM V THE ATTORNEY GENERAL OF NEW SOUTH WALES, 11 NOVEMBER 2014, DOWNING CENTRE LOCAL COURT

Scott Edmondson, Daniel Barling, Damian Ralph and Eric Lim are NSWPF officers who were involved in the pursuit and restraint of Brazilian national Roberto Laudisio Curti on 18 March 2012 on Pitt Street, Sydney. During his restraint, Mr Curti died.

All four officers participated in directed interviews, under objection, as part of the critical incident investigation launched by the NSWPF following Mr Curti's death. The officers also gave evidence at a later coronial inquiry, with the protection of a certificate under s 61 of the *Coroners Act 2009*.

The State Coroner delivered her findings on 14 November 2012. One of her Honour's recommendations was that the actions of the police during the pursuit and restraint of Mr Curti be referred to the Commission.

As a result of this referral, the Commission commenced Operation Anafi, which investigated the actions of the police officers involved in the pursuit and apprehension of Mr Curti. The Commission subsequently sent a brief of evidence to the ODPP, which included the redacted transcripts of the evidence given by officers at the inquest, seeking advice in respect of criminal charges against five officers. In December 2013, the Commission received advice from the ODPP that sufficient evidence existed for the laying of charges against officers Edmondson, Barling, Ralph and Lim. Mr Edmonson and Mr Barling were subsequently charged with assault occasioning actual bodily harm and common assault in respect to Mr Curti. Mr Ralph and Mr Lim were each charged with common assault.

All accused pleaded not guilty to the charges and briefs of evidence were ordered to be served on the accused in accordance with normal practice. Prior to the hearing of the charges, the accused applied to the Court to have the charges against them permanently stayed as an abuse of process.

The stay application was heard by Downing Centre Local Court Magistrate Buscombe on 3 November 2014. The applicants argued that the Commission and ODPP's possession of their compelled evidence, both in the form of the directed interviews and the inquest evidence, was improper and resulted in such a fundamental defect in the process of criminal justice that a permanent stay of proceedings should be granted.

In their application, the accused relied heavily on the High Court authorities of *X7 v Australian Crime Commission* (2013) 248 CLR 92 and *Lee v The Queen* (2014) 88 ALJR 656. In the former case, the majority of the High Court ruled that the Australian Crime Commission could not require X7 to be compulsorily examined about a subject matter in relation to which he had already been criminally charged as to do so would *'fundamentally alter the accusatorial judicial process that begins with the laying of a charge and culminates in the accusatorial (and adversarial) trial in the courtroom'* (at [124]). In *Lee v The Queen*, the High Court ruled that the appellants' trial had miscarried as a result of the prosecutor being armed with the evidence given by one of the appellants in an earlier compulsory examination before the NSW Crime Commission.

His Honour Mr Buscombe delivered his judgement on 11 November 2014, refusing the applicants' application for a permanent stay. His Honour found that as the applicants' had not yet been charged with any criminal offence (unlike in *X7* and *Lee*), there was nothing necessarily improper about compelling the applicants to answer questions in either the directed interviews or the coronial enquiry. His Honour found that it was inappropriate for him to extend the principles discussed in these cases to include persons who had not yet been charged with any criminal offence.

His Honour also ruled that there was nothing improper about the initial referral of the redacted transcripts by the Commission to ODPP, as it was necessary for three main reasons: to consider possible perjury charges; so that regard could be had to it in the making of the decision to prosecute; and to consider whether the evidence given by one or more applicants could be relied upon in the prosecution of another, or others. It was of significance in this case that, unlike in *Lee's* case, the Commission and the ODPP had gone through an exhaustive process of ensuring the prosecution lawyers who were conducting the trial had no knowledge of the compelled evidence.

In response to the accused's stay application, Commission investigators and ODPP lawyers had filed a number of affidavits which described the steps taken to ensure that all of the compelled testimony was removed from the brief delivered to the legal team prosecuting the accused. This included the allocation of a new Commission investigator and new ODPP legal personnel who had no prior knowledge of the compelled testimony.

In the circumstances, his Honour was not satisfied that the accused had established that they would be unable to obtain a fair trial and refused the stay application on that basis.

The hearing of the charges commenced on 17 November 2014, before her Honour Ms Farnan of the Downing Centre Local Court. Her Honour ultimately acquitted Mr Edmonson, Mr Lim and Mr Barling of all charges, but found Mr Ralph guilty of common assault by virtue of his use of OC spray against Mr Curti. Her Honour recorded no conviction against Mr Ralph, instead ordering him to be of good behaviour for a period of two years, pursuant to s10(1)(b) of the *Crimes (Sentencing and Procedure) Act* 1999.

Mr Ralph subsequently appealed the finding of guilt against him. The appeal was heard by his Honour Judge Scotting of the Downing Centre District Court. On 21 August 2015, his Honour upheld Mr Ralph's appeal and dismissed the charge against him.

LAW REFORM

In February 2014 the Commission made a submission to the Ministry for Police and Emergency Services on the Review of the *Police Act 1990*. The Commission's principal recommendation for law reform was that a new provision should be included in the *Police Act 1990* making it an offence for a member of the NSW Police Force to release confidential police information without authority to do so.

In its report to Parliament in December 2007 in Operation Mallard, the Commission made a recommendation that consideration be given to the creation of a specific statutory offence of unauthorised release of confidential police information. The issue continues to arise on a regular basis in investigations undertaken by the Commission.

In its submission last year the Commission drew attention to s 127A of the *Victorian Police Regulation Act 1958*, which creates a basic offence and an aggravated form of the offence for officers who access, make use of or disclose information or documents without authority. It was submitted that the Victorian legislation represented a suitable model for a provision to be included in the *Police Act 1990* (NSW). At the time of writing the Report on the Review of the *Police Act* had not been released.

9. GOVERNANCE AND ACCOUNTABILITY

The Commission is accountable to a Parliamentary Committee and the Inspector of the Police Integrity Commission. It also maintains a number of internal governance committees to operate effectively.

THE INSPECTOR OF THE POLICE INTEGRITY COMMISSION

The Hon David Levine QC was appointed as the Inspector of the Police Integrity Commission (the Inspector) on 1 February 2012.

The principal functions of the Inspector[23] 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
- assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

The Inspector has met regularly with the Commissioner since his appointment. The Inspector continued to have independent access to all records of the Commission, other than a small quantity of certain material obtained by telecommunications interception.

Further information in relation to the Inspector can be found by accessing his website at http://www.inspectorpic.nsw.gov.au/

THE PARLIAMENTARY COMMITTEE

The functions of the Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission (the Committee), as they relate to the Commission, are set out in section 95 of the *Police Integrity Commission Act 1996*.

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 Committee membership at 30 June 2015 was as follows:

- Chair: Mr Lee Evans MP (Lib)
- Deputy Chair: Ms Eleni Petinos MP (Lib)

[23] Section 89 (1) of the *Police Integrity Commission Act* 1996.

- The Hon. Paul Lynch MP (ALP)
- Dr Hugh McDermott MP (ALP)
- The Hon.Trevor Khan MLC (Nat)
- The Hon. Adam Searle MLC (ALP)
- The Hon. Scott Farlow MLC (Lib).

INTERACTION BETWEEN THE COMMITTEE AND THE COMMISSION

There were no meetings between the Parliamentary Committee and the Commission during 2014-2015.

INTERNAL GOVERNANCE

The Commission has a number of internal governance committees to monitor its day-to-day functions. The internal governance committees include:

EXECUTIVE GROUP

The Executive Group (EG) meets monthly to discuss matters concerning the management and functioning of the Commission.

Members of the EG include:

- The Hon Bruce James QC Commissioner (Chair)
- Gary Kirkpatrick, Director Operations
- Allan Kearney, Director Prevention & Information
- Michelle O'Brien, Commission Solicitor
- Ms Christina Anderson, Manager Finance
- Mr Nick Athas, Manager Human Resources
- Pru Sheaves, Executive Officer.

During the reporting period the membership of the Executive Group was expanded to include Ms Christina Anderson, Manager Finance and Mr Nick Athas, Manager Human Resources.

Regular advisors to the EG include:

- the Manager Information Communications and Technology (ICT)
- the Manager Information
- the Security and Risk Coordinator.

OPERATIONS ADVISORY GROUP

The Operations Advisory Group (OAG) provides strategic direction to investigations, and prevention and research projects undertaken by the Commission. The group consists of the Commissioner, Director Operations, Director Prevention & Information and the Commission Solicitor. The OAG meets at least monthly.

TASKING AND COORDINATION GROUP

The Tasking and Coordination Group (T&CG) is a group of key operational level managers who meet on a weekly basis to make operational decisions, set priorities, allocate resources, review processes and provide advice to the Operations Advisory Group (OAG).

The T&CG also assesses investigation and intelligence project proposals, and matters referred to it in the complaints assessment process.

AUDIT AND RISK COMMITTEE

As required by NSW Treasury policy tpp 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*, and with the independence and governance requirements of Treasury Circular TC 09/08, the Commission has an Audit and Risk Committee.

The Members of the Commission's Committee are:

- Jon Isaacs - Independent Chair retired September 2014
- Carolyn Walsh - Independent Member to September 2014, Committee Chair December 2014
- Lyn Baker – Independent Member appointed December 2014
- Allan Kearney Commission Member – retired June 2015.

The Audit and Risk Committee is supported by the Commission's Executive Officer, Pru Sheaves, who was appointed Chief Audit Executive in December 2010. Technical support to the Committee was also provided by O'Connor Marsden and IAB.

The Commission's Internal Audit and Risk Committee met on five occasions during 2014-2015, and considered assurance reports and activities in relation to the Commission's financial systems and data base systems, as well as reviewing the Commission's financial statements.

10. APPENDICES

APPENDIX 1: PRESCRIBED ANNUAL REPORTING REQUIREMENTS

INDUSTRIAL RELATIONS

In the 2014-15 reporting period the Police Integrity Commission Staff Agency continued to operate as a Separate Agency under Part 3 of Schedule 1 of the *Government Sector Employment Act 2013* (GSEA). Commission employees are employees of the Crown under the provisions of the GSEA. The employment provisions of the GSEA are specific and finite in terms of the nature of the employment arrangements available in the NSW Public Sector. Under these provisions employment in the NSW Public Sector is either ongoing, temporary or casual employment. The Commission's historical practice of employing staff on the basis of individual Employment Agreements of a three year duration did not fit with any of the employment arrangement definitions outlined in the GSEA.

The Commission's concerns with respect to the new employment provisions of the GSEA led to it seeking clarification from the Public Service Commission (PSC) about the status of its employment practices under the new Act. These discussions led to the Commission formally requesting a section 52 determination from the Secretary of the NSW Treasury. Under section 52 of the GSEA the Secretary of the Treasury may from time to time make determinations fixing conditions of employment of Public Service employees (or any group of them). After discussions involving relevant Commission staff, PSC representatives and representatives of NSW Industrial Relations (NSWIR) section 52(1) determination no 1/2015 was issued by the Secretary of the NSW Treasury on 6 February 2015. This determination fixes the Commission's existing salary system processes and other terms and conditions of employment for a period of three years. Within this three year period a formal enterprise agreement will be developed to fix the terms and conditions outlined in section 52(1) determination no 1/2015 into the future.

A consultation process was undertaken with Commission staff with a view to transitioning all staff from their existing three year duration Employment Agreements to ongoing Employment Agreements consistent with the requirements of the GSEA and section 52(1) determination no 1/2015. Following this consultation process, all non-executive staff of the Commission agreed to have their employment arrangements transitioned to the new ongoing Employment Agreements by the end of April 2015.

With respect to the three Executive level roles within the Commission's organisational structure, the relevant GSEA provisions required the introduction of a process to develop a new executive structure and to accommodate Executive level roles within the framework of this new executive structure. The Commission's Senior Executive Implementation Plan was approved by the Public Service Commissioner on 23rd March 2015 determining 30th September 2015 as the implementation date on which the Commission's Senior Executives will transition to the new arrangements in accordance with clause 7A of Schedule 4 of the GSEA. The roles that will so transition at this time are Commission Solicitor, Director Operations and Director Prevention & Information.

With the exception of the matters outlined above, the Commission's industrial relations (IR) environment remained stable throughout 2014-15 and there were no other IR issues of significance impacting upon the Commission's operations. The restructuring process across the management levels of its Operations Division embarked on in the previous reporting period was finalised and all three newly created management roles in the Operations

Division are filled and functioning effectively. The restructuring of the Commission's Covert Services specialist functions has also been finalised in this reporting period.

Table 15 Number of officers and employees by category & comparison to prior three years

	2015	2014	2013	2012
Statutory appointments	1	1	1	1
Executive appointments	3	3	3	3
Female executive appointments	1	1	1	1
Operational staff	68.46	71.77	75.86	78.4
Support staff	18	21	20.8	20.6
Total	90.46	96.77	100.66	103

Table 16 Senior Executives–Remuneration Band determination, number of officers and gender breakdown comparison

	2014-15		2013-14	
Band	**Female**	**Male**	**Female**	**Male**
Band 4 (Secretary	0	0	0	0
Band 3 (Deputy Secretary)	0	0	0	0
Band 2 (Executive Director)	0	0	0	0
Band 1 (Director)	1	2	1	2

Table 17 Senior Executives–Remuneration range comparison

	Remuneration Range	Average Remuneration	
Band		**2014-15**	**2013-14**
Band 4 (Secretary	$430,451pa to $497,300pa	n/a	n/a
Band 3 (Deputy Secretary)	$305,401pa to $430,450pa	n/a	n/a
Band 2 (Executive Director)	$242,801pa to $305,400pa	n/a	n/a
Band 1 (Director)	$170,250pa to $242,800pa	$238,858pa	$235,140pa

10.09% of the Police Integrity Commission's employee related expenditure in 2014-15 was related to senior executives.

STAFF MOVEMENT

Table 18 Staff movement 2014-15

Number of staff who commenced employment	Number of staff who ceased employment
10	16

1 staff member who commenced employment in the 2014-15 year is a temporary appointment covering a nominal staff member who is ultimately covering for a maternity leave absence.

EXCEPTIONAL MOVEMENTS IN WAGES AND SALARIES

There were no exceptional movements in wages and salaries during the 2014-15 year.

EXECUTIVE REMUNERATION

The Commissioner for the Police Integrity Commission is appointed by the Governor pursuant to section 7 of the *Police Integrity Commission Act 1996*, and, pursuant to clause 9 of Schedule 1 of the Act, is not subject to the *Public Sector Employment and Management Act* 2002 or the *Government Sector Employment Act 2013*.

The Hon Bruce James QC was appointed as Commissioner effective from 1st January 2012. His remuneration is set annually by the Statutory and Other Officers Remuneration Tribunal. For this reporting period the Commissioner's remuneration was $456,315pa.

As the holder of an independent public office, the Commissioner is not subject to an annual performance review, and is responsible to Parliament in the performance of the functions of the office.

During the reporting year three persons were employed by the Commission in transitional Senior Executive Service roles within Executive Band 1 of the *Government Sector Employment Act 2013*.

The Commission Solicitor role was occupied by Michelle O'Brien throughout the reporting year. For this reporting year the Commission Solicitor's remuneration was $238,858pa.

The Director Operations role was occupied by Gary Kirkpatrick throughout the reporting year. For this reporting year the Director Operations remuneration was $238,858pa.

The Director Prevention & Information role was occupied by Allan Kearney throughout the reporting year. For this reporting year the Director Prevention & Information's remuneration was $238,858pa.

All members of the Commission's transitional Executive team were employed under individual employment contracts, the terms of which provide for regular performance assessment.

ASSISTANT COMMISSIONERS

Pursuant to section 8 of the Act the Commissioner continued the appointment of Ms Michelle O'Brien, Commission Solicitor, as an Assistant Commissioner throughout the 2014-15 reporting year.

Pursuant to Section 11 of the Act, Ms O'Brien has delegated to her all functions and powers of the Commission and the Commissioner in her capacity as an Assistant Commissioner such as is appropriate and desirable for the performance of her duty, including those functions referred to in sections 11(4) and 11(5) of the Act, and any other such functions as may be prescribed by the regulations for the purpose of section 9 of the Act. That appointment and associated delegation continues in order to assist the Commissioner with the discharge of the Commission's functions and exercise of powers.

PERSONNEL POLICIES

There were no significant developments in the personnel policy field throughout the latest reporting period. All of the Commission's personnel related policies are due to be reviewed in the 2015-16 reporting year.

TRAINING AND DEVELOPMENT

The Commission provided a broad range of Training and Development opportunities to staff throughout the 2014-15 reporting period. Training covered specialist areas including:

- Assertiveness Training
- Writing Briefs and Reports
- Writing in the Modern Public Sector
- Corruption Prevention Network Masterclass
- Government and Administration Law
- Evidence Act Seminar
- Defence, Police and Emergency Service Seminar
- Security in Government Conference
- Security and Risk Management
- Enterprise Risk Management
- Excelling at Managing People
- Coaching and Mentoring
- Effective People and Communication Skills
- IPAA NSW State Conference
- National Investigations Symposium

- Intelligence 2014 Conference

Generic training opportunities provided to staff throughout 2014-15 included:

- First Aid Recertification
- WHS Law for Managers and Directors

Support for tertiary related study was provided to a total of seven staff members continuing the Commission's commitment to enhancing performance through career development and the pursuit of higher academic qualifications. The Commission's commitment to providing quality career development opportunities to its staff was further highlighted by the fact that 25 staff members were provided with an opportunity to act in higher duties positions in 2014-15.

WORKPLACE HEALTH AND SAFETY

During the reporting period, two workplace accidents/incidents were reported. Neither of these accidents/incidents resulted in time-loss from work.

The Commission has effective procedures in place to ensure adherence to the requirements of workplace health and safety (WHS) legislation. The Commission Executive are informed of all relevant workplace health and safety matters through the receipt of a detailed report every six months. The Commission Executive and line managers undertook training related to WHS Law in the current reporting year. Management continues to work closely with the WHS Committee to ensure the health and safety of all staff and visitors in the workplace. There were no workplace health and safety related prosecutions under the *Work Health and Safety Act* 2011 during this reporting period.

DISABILITY ACTION PLAN

Through its Disability Action Plan the Commission reinforces its commitment to the government's Disability Policy Framework. The Commission's physical environment ensures that clear and uninterrupted access to the premises is available to individuals with a disability. Formal communication policies and strategies ensure that people with a disability are not disadvantaged in having access to and accessing relevant information available through the Commission. Staff who deal directly with the public are familiar with alternative methods of information dissemination depending on the specific needs of individual persons with disabilities.

The Commission also ensures that staff have access to relevant education and training in relation to awareness of disability related issues within the workplace, where required. Ongoing review of complaints procedures ensures that the procedures remain relevant when dealing with people with disabilities.

NSW ACTION PLAN FOR WOMEN

The NSW Government's Action Plan for Women is based on the principles of equity, access, rights and participation opportunities providing a framework within which women, particularly those with the least access to social and economic resources, may obtain appropriate assistance. The main objective of the Action Plan is to provide the basis upon which women have the opportunity to achieve full economic and social participation in NSW society.

The Commission commits itself to this government initiative by promoting and implementing policies, procedures and practices within the workplace that provide women with equal access to opportunities which are able to enhance their economic and social status.

Table 19 NSW Action Plan for Women

Objective	Results / Plans
An equitable and balanced workplace responsive to all aspects of women's lives	A total of 27.91% of the Commission's female employees are currently employed on approved part-time and other special working arrangements as a means of balancing work and home life responsibilities. 16.28% of the Commission's female employees were granted extended periods of leave including leave without pay throughout the reporting period for various reasons relating to their personal circumstances. Well established policies and procedures are in place at the Commission to ensure that women who are seeking a better work/life balance are given the opportunity to do so by accessing a variety of flexible work practices. This applies to women returning from maternity related leave as well as those with other personal responsibilities and obligations. A total of 16.28% of the Commission's female staff accessed Family and Community Service Leave (FACS) leave entitlements on one or more occasions during the reporting period.
Equitable access for women to educational and training development opportunities	12 of a total of 25 higher duties, staff development opportunities across the organisation were filled by women during this reporting period. Of the Commission's expenditure on external training and development programs for staff during the reporting period, a total of 43.65% was spent on female staff.
Promote the position of women	Women currently make up a total of 43.88% of the Commission's workforce. A total of 23.08% of the Commission's management level positions are held by women and 81.40% of the Commission's female staff are remunerated above the equivalent of NSW Public Sector Administrative & Clerical Officers Grade 5.

INFORMATION AND COMMUNICATIONS TECHNOLOGY MANAGEMENT

The evolution of the Electronic Document and Records Management System (EDRMS) has continued with the addition of a management interface to oversee the retention and disposal of electronic and physical records in compliance with legislative record keeping obligations. The Case Management System also received several enhancements related to warrant management and internal reporting procedures.

Other significant items of work undertaken during 2014-15 include:

- further development of the Information Security Management System (ISMS) and the creation of an ISMS audit program
- a project investigating the connection of the Commission's Analyst Notebook charting tool directly to internal datasets, to review workflow efficiencies for staff
- the purchase and implementation of a new storage area network to replace expiring hardware and accommodate growing storage requirements
- the implementation of a tool to increase visibility into network events and more rapidly identify potential cyber-security concerns
- a review of telecommunication costs and available plans, resulting in the pooling of data services to avoid possible excess usage fees
- a review of the Commission website against the Web Content Accessibility Guidelines
- the identification and subsequent purchase of replacement desktop computer hardware, disaster recovery hardware, and multi-function printer/copiers
- the development of an ICT Strategic Plan covering financial years 2015-18.

Plans for 2015-16 include:

- a review of available TI software and systems, planning potential hardware and software upgrades for the following year
- the deployment of new desktop computer hardware to staff
- a review of forensic capture and processing tools
- a project to investigate Microsoft virtualisation technologies, validating functional requirements against the perceived cost savings over the incumbent
- a review into the disaster recovery software that will culminate in the deployment of a new Commission disaster recovery site
- a review of GovDC and the potential security implications in relocating the Commission data centre
- the investigation of a replacement for the aging PABX system
- a restructure and consolidation of the network security zones, centralising management and negating the future replacement of aging firewalls
- the review of the ISMS by the internal audit and risk committee, leading to an external certification audit by an accredited third party.

DIGITAL INFORMATION SECURITY POLICY

The Commission is required to annually attest to the adequacy of its digital information and information systems security. The attestation statement can be found below.

Digital Information Security Annual Attestation Statement for the 2014-2015 Financial Year for Police Integrity Commission

I, Michelle O'Brien, am of the opinion that Police Integrity Commission had an Information Security Management System in place during the 2014-2015 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of Police Integrity Commission are adequate.

There is no agency under the control of Police Integrity Commission which is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.

The Police Integrity Commission has maintained compliance with *ISO 27001 Information technology - Security techniques - Information security management systems - Requirements* following an independent gap analysis conducted by the Internal Audit Bureau NSW during the 2013-2014 financial year.

13/10/15

Michelle O'Brien
Assistant Commissioner

DELIVERY OF ELECTRONIC SERVICES

During 2014-15, the Commission's website attracted 45104 visitors, an average of 123 visitors per day. This is a 55% increase on the number of visitors that was recorded for the 2013-2014 period.

MAJOR WORKS

The Commission did not undertake any major works during the reporting period.

AUDITS

The Audit Office of NSW was engaged to carry out an audit of the 2014–15 Financial Statements of both the Police Integrity Commission and the Police Integrity Commission Staff Agency. Copies of the Independent Audit Reports appear with the Financial Statements in Appendix 7.

The Commission and Staff Agency Financial Statements for 2014–15 were prepared and submitted to the Audit Office of NSW within the required timeframe.

INSURANCE

The Commissions insurance coverage is provided by the NSW Treasury Managed Fund, a self-insurance scheme administered by GIO (covering property, public liability and motor vehicle) and by Allianz (covering workers compensation).

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. The workers compensation premium for 2014-15 was $6,580 lower than the previous year representing a reduction of 7%, the general insurance premium decreased by $2,050 representing a decrease of approximately 5%.

RISK MANAGEMENT AND INTERNAL CONTROL

The Internal Audit Committee is responsible for the management of risk and for auditing internal controls. For further information please refer to the “Internal Audit Committee” section in Chapter 10, Governance and Accountability.

INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT

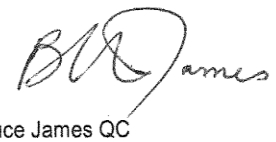
The Commission is required to attest compliance with NSW Treasury policy tpp 15-03 *Internal Audit and Risk Management Policy for the NSW Public Sector*, and, with the independence and governance requirements of Treasury Circular TC 09/08. On 1 July, 2015, the Commissioner, Mr Bruce James QC, formally attested that the Commission is compliant with the core requirements of both documents. A copy of the attestation follows.

Internal Audit and Risk Management Attestation for the 2014-2015 Financial Year for the Police Integrity Commission

I, Bruce James QC, Commissioner, Police Integrity Commission am of the opinion that the Police Integrity Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of the Police Integrity Commission to understand, manage and satisfactorily control risk exposures.

I, Bruce James QC, Commissioner, Police Integrity Commission am of the opinion that the Audit and Risk Committee for the Police Integrity Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08. The Chair and Members of the Audit and Risk Committee are:

- John Isaacs, independent Chair, term 3 years – expired September 2014
- Carolyn Walsh, independent Member, term 3 years – appointed Chair December 2014
- Lyn Baker, independent Member, term 3 years – appointed December 2014
- Allan Kearney, non-independent Member, term 3 years – retired June 2015. Non-independent position remains vacant.



Bruce James QC
Commissioner

Date: 1-7-15

ACCOUNTS PAYABLE POLICY

The Commission has set a benchmark for paying 95% of all accounts received within creditors' trading terms. This benchmark was achieved in all quarters. The majority of delays in paying invoices outside our creditors' payment terms are as a result of invoicing for goods not yet delivered, or for incorrect goods in which case the Commission withholds payment until it is satisfied that the goods and/or services have been received as contracted.

The Commission was not required to pay interest to creditors due to late payment of accounts during the 2014–15 financial year.

Table 20 Aged analysis at the end of each quarter 2014–2015

Qtr	Current (ie within due date) $'000	Less than 30 days overdue $'000	Between 30 and 60 days overdue $'000	Between 61 and 90 days overdue $'000	More than 90 days overdue $'000
All Suppliers					
Sept	1,638	8	0	0	0
Dec	1,222	13	0	0	0
March	1,026	23	5	0	0
June	1,590	11	1	0	0
Small business suppliers					
Sept	29	0	0	0	0
Dec	15	0	0	0	0
March	9	0	0	0	0
June	23	0	0	0	0

Table 21 Accounts due or paid within each quarter 2014–2015

Measure	Sept	Dec	Mar	Jun
All suppliers				
Number of accounts due for payment	387	420	416	367
Number of accounts paid on time	376	408	405	356
Actual percentage of accounts paid on time (based on number of accounts)	97%	97%	97%	97%
Dollar amount of accounts due for payment	$1,646,135	$1,235,053	$1,049,280	$1,601,572
Dollar amount of accounts paid on time	$1,638,263	$1,221,694	$1,026,417	$1,590,212
Actual percentage of accounts paid on time (based on $)	99.5%	98.9%	97.8%	99.3%
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil

Measure	Sept	Dec	Mar	Jun
Small business suppliers				
Number of accounts due for payment to small businesses	20	25	14	24
Number of accounts due to small businesses paid on time	20	25	14	24
Actual percentage of small business accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment to small businesses	$29,090	$15,490	$8,561	$23,086
Dollar amount of accounts due to small businesses paid on time	$29,090	$15,490	$8,561	$23,086
Actual percentage of small business accounts paid on time (based on $)	100%	100%	100%	100%
Number of payments to small business for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid to small business on overdue accounts	Nil	Nil	Nil	Nil

Table 21 does not include direct salary payments to staff, but includes some employee related payments such as payments to superannuation funds and tax obligations.

LAND DISPOSAL

The Commission does not hold any real property.

CONSULTANTS

The Commission did not engage the services of any consultants during the reporting period.

DISCLOSURE OF CONTROLLED ENTITIES

Enactment of the *Government Sector Employment Legislation Act 2013* Part 3 of schedule 1 resulted in the establishment of the Police Integrity Commission Staff Agency.

The Police Integrity Commission Staff Agency is a special purpose entity; its only function is to provide staff to the Commission.

CREDIT CARD CERTIFICATION

For operational requirements to be met efficiently eligible staff are issued with corporate credit cards allowing minor purchases and emergency travel when needed.

The Commission monitors the use of all cards issued. Staff are required to adhere to the Commission's policy which meets NSW Treasury guidelines, Premier's Memoranda and Treasurer's Directions. Card holders must supply documented evidence of all expenditure approved by a delegated officer.

It is certified that credit card usage by Commission officers has been in accordance with the appropriate government policies, Premier's Memoranda and Treasurer's Directions, and meets best practice guidelines. There were no known instances of misuse of credit cards during the year.

ENERGY MANAGEMENT PLAN

The Commission is committed to sustainable energy management principles. Savings have been made by occupying less space, implementing energy efficient lighting and upgrading to a more energy efficient building management system.

Consistent with NSW Government requirements, the Commission has an ongoing contract with its energy supplier to provide a minimum of 6% green power.

A high emphasis is placed on the energy ratings of all electrical items purchased. Multi-function devices are now in place throughout the Commission eliminating the use of multiple electrical devices.

Lighting in all main areas work on timers and sensor lighting has been placed in the lobby and other less frequently used areas. Energy efficient fluorescent lighting is used in high traffic areas.

Air-conditioning is a major component of the Commissions total energy use. The implementation of a new building management system in 2014 has resulted in savings of approximately 20% in energy use and equipment maintenance over this financial year.

WASTE MANAGEMENT

In accordance with the government's Waste Reduction and Purchasing Policy the Commission continues to implement measures which enable increased use of recycled material and better management of waste reduction.

Measures currently in place include:

- White paper contains at least 80% recycled content
- All corporate printed paper products are sourced using recycled content
- Recycle bins have been placed on all floors and staff are encouraged to recycle all recyclable products accordingly including paper, plastic, glass as well as toner cartridges and mobile phones and batteries
- Redundant office furniture and equipment together with computer equipment is donated or recycled by an endorsed recycling centre.

MAJOR ASSETS

As part of the Commissions rolling IT strategy plan a total of $407,750 was spent during the reporting period to upgrade or replace hardware and software.

The Commission has a policy of purchasing operational vehicles allowing greater flexibility in the management of the fleet. Two operational vehicles were replaced at a cost of $58,505.

Purchases of other specialist equipment and minor refurbishment works for the period totaled $85,598.

OVERSEAS VISITS

Commission staff undertook overseas travel on official business during 2014–15.

Table 22 Overseas visits

Officer	Destination	Purpose	Cost
Technical Surveillance Officer	London	To attend the International Communications Data & Digital Forensic Seminar hosted by the UK National Policing Data Communications Group	$4,702
Manager CSU	Vancouver	To attend the International Surveillance Group conference hosted by the Royal Canadian Mounted Police.	$4,780
Manager Investigations, Senior Investigator and Technical Surveillance Officer	Thailand	Conduct interviews for investigation purposes.	$8,450

PRIVACY MANAGEMENT

The information protection principles of the *Privacy and Personal Information Protection Act* 1998 (the PPIP Act) apply in connection with the exercise of the administrative and educative functions of the Commission only. The investigative and complaint handling functions of the Commission are exempt from the operation of the PPIP Act information protection principles.

During 2014-15 the Commission did not receive any applications under the PPIP Act.

PUBLIC INTEREST DISCLOSURES

Premier's Memorandum 2013-12 requires public authorities to separately report in their annual reports on:

- Public interest disclosures made by public officials in performing their day to day functions
- Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation
- All other public interest disclosures.

The number of public interest disclosures that the Commission has received in its capacity as a public authority for the reporting period is 17[24].

[24] Chapter 3, p14

APPENDIX 2: *POLICE INTEGRITY COMMISSION ACT 1996* STATUTORY REPORTING COMPLIANCE CHECKLIST

Relevant Section of the *Police Integrity Commission Act 1996*	Section of 2013–14 Annual Report	Page Number
Section 99 (2) (a) description of the types of matters that were referred to the Commission	Chapter 3 – Assessing information and complaints Appendix 3 – Types of allegations assessed	Page 13 Page 73
Section 99 (2) (b) a description of the types of matters investigated by the Commission	Chapter 4 – Investigating serious police misconduct	Page 17
Section 99 (2) (c) an evaluation of the response of the Commissioner of Police, relevant members of the Police Service Senior Executive Service and other relevant authorities to the findings and recommendations of the Commission	Chapter 6 – Tracking the Commission's recommendations	Page 42
Section 99 (2) (d) any recommendations for changes in the laws of the State, or for administrative action, that the Commission considers should be made as a result of the exercise of its functions	Chapter 6 – Tracking the Commission's recommendations	Page 42
Section 99 (2) (e) the general nature and extent of any information furnished under this Act by the Commission during the year to a law enforcement agency	Chapter 4 – Investigating serious police misconduct	Page 17
Section 99 (2) (f) the extent to which its investigations have resulted in prosecutions or disciplinary action in that year	Chapter 4 – Investigating serious police misconduct Appendix 5 – prosecutions in 2013-14 arising from Commission investigations	Page 17 Page 78
Section 99 (2) (g) the number of search warrants issued by authorised justices and the Commissioner respectively under this Act in that year	Appendix 4 – Statistical Data on exercise of Commission powers	Page 76
Section 99 (2) (h) a description of its activities during that year in relation to its education and advising functions	Chapter 5 – Preventing serious police misconduct	Page 33
Section 99 (2A) Any such information that relates to investigations or other matters involving Crime Commission officers must be kept separate from other matters in the report	Chapter 7 – The NSW Crime Commission	Page 47

APPENDIX 3: TYPES OF ALLEGATIONS ASSESSED

Table 23 Allegations assessed in 1/07/14 to 30/06/15 against NSWPF Sworn Officers[25]

Allegation Type / (Complaint Against)[26]	Number Assessed
Improper association	260
Misuse authority for personal benefit or the benefit of an associate (may include obtaining sexual favours)	229
Unauthorised / improper disclosure of information	221
Failure to investigate	179
Protection of person(s) involved in drugs	137
Attempting to pervert the course of justice	112
Improper interference in an investigation by another police officer	99
Offence punishable upon conviction by a max sentence of 5 years or more	80
Drug dealing or supply	59
Lied during proceedings / in statement / on affidavit	51
Bribery	47
False accusation	42
Inappropriate prosecution / misuse of prosecution power	40
Fabrication of evidence (other than perjury or verballing)	38
Tampering with or destroying property and exhibits	25
Sexual assault	21
Make false statement (verballing)	18

[25] Allegations assessed against unidentified NSWPF officer(s) are included in this list with sworn NSWPF officer(s).
[26] There may be a number of allegations contained in a single complaint.

Child sexual abuse or paedophilia	18
Theft / misappropriation (more than $5000)	15
Mislead the court	12
Withholding or suppression of evidence	9
Homicide	5
Perjury	4
Cultivation or manufacture of drugs	3
Corrupted a witness	3
Collusion between police witnesses	2
Prevented a witness from providing a statement or giving evidence	0
Forced confessions	0
Other allegation[27]	2509
TOTAL	**4158**

[27] Allegations referred to as "Other", relate to all remaining allegations assessed by the PIC during the reporting year against sworn, and former sworn NSWPF officers but which do not fall into the specific allegation types listed within this table. These allegations are varied and may include, but are not limited to: customer service and performance/conduct issues; unreasonable use of force (including assault); fail to declare a conflict of interest; illicit drug use; falsely claiming travel or other allowance.

Table 24 Allegations assessed in 1/07/14 to 30/06/15 against NSWPF Unsworn Officers

Allegation Type / (Complaint Against)[28]	Number Assessed
Misuse authority for personal benefit or the benefit of an associate (may include obtaining sexual favours)	9
Unauthorised / improper disclosure of information	8
Improper association	5
Offence punishable upon conviction by a max sentence of 5 years or more	4
Misuse email / internet	3
Attempting to pervert the course of justice	1
Failure to investigate	0
Dealing or supply drugs	0
Cultivation or manufacture of drugs	0
Theft / misappropriation (more than $5000)	0
Other allegation[29]	164
TOTAL	**194**

[28] There may be a number of allegations contained in a single complaint.
[29] Allegations referred to as "Other", relate to all remaining allegations assessed by the PIC during the reporting year against unsworn NSWPF officers but which do not fall into the specific allegation types listed within this table.
No allegations were identified against former unsworn NSWPF officers during the reporting year.

APPENDIX 4: STATISTICAL DATA ON EXERCISE OF COMMISSION POWERS

The following table indicates the frequency with which the Commission exercised its various powers in 2014-15, compared with the two previous reporting years.

Table 25 Exercise of Commission's Powers

Functions	2014-15	2013-14	2012-13	2011-12
Under *Police Integrity Commission Act* 1996				
s 17 – Establishment of task forces within the state	NIL	NIL	NIL	NIL
s 25 – Requiring public authority or public official to produce a statement of information	4	4	8	2
s 26 – Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	182	166	209	217
s 29 – Commission may authorise an officer of the Commission to enter and inspect premises etc	NIL	NIL	NIL	NIL
s 32 and s 33 – Hearing days: • public • private	 5 59	 8 37	 23 22	 7 31
s 38 – Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	57	39	58	55
s 45(1) – Authorised justice may issue search warrant	2	3	4	3
s 45(2) – Commissioner may issue a search warrant	NIL	NIL	NIL	NIL
s 50 – Number of warrants obtained under *Surveillance Devices Act* 2007	3	4	9	9
Under *Law Enforcement (Controlled Operations) Act* 1997				
Applications granted by Commission for authority to conduct controlled operations	5	2	1	2
Applications granted by Commissioner for variation of authority to conduct controlled operations	NIL	NIL	NIL	NIL
Under *Law Enforcement and National Security (Assumed Identities) Act* 2010				
Approval granted by Commissioner for acquisition and use of an assumed identity	5	2	2	NIL
Applications granted for variation of assumed identity	1	8	1	NIL

Functions	2014-15	2013-14	2012-13	2011-12
Applications granted for cancellations of assumed identity	3	42	5	NIL
Under *Telecommunications (Interception & Access) Act* 1979				
Warrants issued for the Interception of communications	48	35	66	62
Warrants issued for access to stored communications	7	4	4	10

APPENDIX 5 PROSECUTIONS IN 2014-15 ARISING FROM COMMISSION INVESTIGATIONS

Table 26 Prosecution arising from Commission investigations

Name	Operation	Charge(s)	Status/Result
Aaron ABELA	Operation Calyx	1 x s 327(1) *Crimes Act 1900* - Perjury 2 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at a hearing before the Commission	23/10/14: Mention at Downing Centre Local Court. Plea of not guilty entered for all charges. 16/04/15: Perjury charges committed for trial in District Court, with the s 107 charges placed on s 166 certificate. 22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16.
Jonathan ALT	Operation Ischia	2 x Supply a dangerous drug (Schedule 1) pursuant to s 6 *Drugs Misuse Act 1986* (Qld) 2 x Possess a dangerous drug (Schedule 1) pursuant to s 9 *Drugs Misuse Act 1986* (Qld) 1 x Possess a dangerous drug (Schedule 2) pursuant to s 9 *Drugs Misuse Act 1986* (Qld)	14/03/2014: Mention at Southport Magistrate's Court. Matter adjourned to 2/05/14 for a date to be fixed for a directions hearing re jurisdictional issues. 2/05/14: The following orders were made: 4/08/14 for legal argument of the jurisdictional issue and application for proceedings to be dismissed; Applicant/s to file and serve written outline/s by 11/07/14; Respondent to file and serve written response by 25/07/14; Argument regarding subpoena issues, if necessary, on 4/07/14. 4/08/2014: Application for co-accused to join with ALT in relation to application under s 102C *Justices Act 1886* (Qld). Magistrate approved application. Submissions made by legal representatives on s 102C application. The matter was adjourned to 28/11/14 for judgment. 28/11/14: All charges dismissed under s 102C *Justices Act 1886* (Qld). Costs awarded to ALT.
Daniel BARLING	Operation Anafi	1 x s 59(1) *Crimes Act 1900* - Assault occasioning actual bodily harm 1 x s 61 *Crimes Act 1900* - Common assault	28/01/14: Mention at Downing Centre Local Court. Plea of not guilty entered to both charges. 17/06/14: Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: Mention. EDMONDSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. LIM and BARLING may join this application at a later date. Hearing of stay application set down for 8/10/14. 3/10/14: Hearing of stay application for 8/10/14 vacated, now set down for 3/11/14. 3/11/14: Hearing of stay application. 11/11/14: Application for permanent stay refused. Adjourned to 12/11/14. 17/11/14: Hearing commenced, duration 4 weeks. 16/12/14: BARLING found not guilty on both charges. 30/01/15: Application for costs withdrawn and dismissed.
Mark BATTY	Operation Ischia	1 x Supply a dangerous drug (Schedule 1) pursuant to s 6 *Drugs Misuse Act 1986* (Qld) 1 x Supply a dangerous drug (Schedule 2) pursuant to s 6 *Drugs Misuse Act 1986* (Qld) 1 x Possess a dangerous drug (Schedule 1)	14/03/14: Mention at Southport Magistrate's Court. Matter adjourned to 2/05/14 for a date to be fixed for a directions hearing re jurisdictional issues. 2/05/14: The following orders were made: 4/08/14 for legal argument of the jurisdictional issue and application for proceedings to be dismissed; Applicant/s to file and serve written outline/s by 11/07/14; Respondent to file and serve written response by 25/07/14.

		pursuant to s 9 *Drugs Misuse Act 1986* (Qld) 1 x Possess a dangerous drug (Schedule 2) pursuant to s 9 *Drugs Misuse Act 1986* (Qld)	4/08/14: Application to join with ALT in relation to application under s 102C *Justices Act 1886* (Qld). Magistrate approved application. Submissions made by legal representatives on s 102C application. The matter was adjourned to 28/11/14 for judgment. 28/11/14: All charges dismissed under s 102C *Justices Act 1886* (Qld). Costs awarded to BATTY.
Tarek BEHMAN	Operation Horseshoe	7 x s 178BB *Crimes Act 1900* - Obtaining money etc by making a false or misleading statement 1 x ss 351 and 178BB *Crimes Act 1900* - aiding and abetting the obtaining of money etc by making a false and misleading statement 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission	4/10/12: Found guilty in the District Court in relation to the following charges: 8 x s 178BB *Crimes Act 1900* - Obtaining money etc by making a false or misleading statement 23/11/12: Plea of guilty to the following charge: 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 15/02/13: Sentenced in the Sydney District Court: Aggregate sentence of imprisonment of 3 years with a minimum non-parole period of 2 years. 21/07/14: Hearing in Court of Criminal Appeal for appeal against sentence. Judgment reserved. 29/10/14: Appeal allowed, sentence imposed at first instance quashed and new sentence imposed. BEHMAN was sentenced to an aggregate term of imprisonment with a non-parole period of 18 months commencing on 15/02/13 and concluding on 14/08/14, and a balance of term of 6 months concluding on 14/02/15. Sentence breakdown as follows: - 1 x s178BB(1) *Crimes Act*, Obtain financial benefit by false statement - no sentence of imprisonment; - 2 x s178BB(1) *Crimes Act*, Obtain financial benefit by false statement - sentence of imprisonment for 3 months; - 4 x s178BB(1) *Crimes Act*, Obtain financial benefit by false statement - sentences of imprisonment for 6 months; - 1 x s178BB(1) *Crimes Act*, Obtain financial benefit by false statement - sentence of imprisonment for 9 months; - 1 x s 107 - No change to original sentence in respect of this offence; sentence of imprisonment for 18 months.
Sheree Anne BISSETT	Operation Calyx	1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission	23/10/14: Mention at Downing Centre Local Court. Plea of not guilty entered. BISSETT to be tried summarily. 2/04/15: Mention at Downing Centre Local Court. Trial date set for 17-28/08/15. 18/6/15: DPP withdrew consent for the matter to be heard in the Local Court and elected for it to be dealt with in the District Court. Matter was relisted for mention on 30/06/15. 30/06/15: Plea of not guilty entered. Committed for trial to the District Court and listed for Arraignment on 3/07/15. 3/07/15: Listed for trial commencing 26/04/16.
Hue Tran DANG	Operation Binda	1 x s 11.5 *Criminal Code* and s 234(1)(b) *Migration Act 1958* (Cth) – Conspiracy to cause to be presented false or misleading statement to	28/08/14: Application for arrest warrant made. 4/09/14: Arrest warrant issued in relation to this matter.

		immigration official related to visa	
Kim Yen DANG	Operation Binda	1 x s 11.5 *Criminal Code* and s 234(1)(b) *Migration Act 1958* (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official related to visa	2/09/14: Mention at Downing Centre Local Court. 16/09/14: Bail conditions imposed and agreed to by the parties. 10/02/15: Plea of guilty entered. Adjourned to 8/04/15 for sentence. 8/04/15: Sentenced as follows: - Conditionally released under s 20(1)(a) *Crimes Act 1914* (Cth) to enter into good behaviour for 18 months (with $500 surety) - Fine of 15 penalty units ($1,650 based on $110 per penalty unit at the time of offence).
Matthew DENNIS	Operation Ischia	9 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission	12/06/14: Plea of guilty to charges 1 & 2 (as amended). Charges 3-9 withdrawn. Application under s 32 *Mental Health (Forensic Provisions) Act 1990* listed on 18/06/14. 18/06/14: Application under s 32 dismissed. Pre-sentence report ordered. Adjourned to 6/08/2014 for sentence. 29/08/14: Convicted on both counts. Sentence of 9 months imprisonment. Adjourned to 31/10/14 for submissions on suitability of DENNIS to serve his sentence as home detention. 31/10/14: Assessed as suitable for home detention; ordered to wear a location bracelet for the duration of the 9-month sentence.
Shane DIEHM	Operation Ischia	4 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission	24/03/14-25/03/14: Matter part-heard in Downing Centre Local Court. Plea of guilty to counts 1 and 2 (of the 4 x s 107 counts). Application to have matter dealt with under s 32 *Mental Health (Forensic Provisions) Act 1990* dismissed. 23/07/14: Hearing on remaining charges. Adjourned to 20/08/14 for judgment and sentence. 20/08/14: DIEHM convicted on all counts. Sentenced in Downing Centre Local Court as follows: - 2 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission (on counts 3 & 4, sentence of 12 months imprisonment with non parole period of 6 months); - 2 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission to which DIEHM had previously pleaded guilty (On counts 1 & 2, sentence of 3 months imprisonment on each count). Aggregate sentence of 12 months commencing 20 August 2014 and expiring on 19 August 2015 with a minimum non parole period of 6 months. An appeal was lodged same date. 28/04/15: Appeal upheld and orders quashed. Orders of the Court as follows: - Count 1 - Section 10 of the Criminal Procedure Act conditional on 'To be of good behaviour of 12 months' - Count 2 - Dismissed pursuant to Section 10 - Count 3 – Section 9 bond to be of good

			behaviour of 2 years and continue to be monitored by GP Dr Pelmore or such other GP that Dr Pelmore may delegate for the period of the bond - Count 4 - Dismissed pursuant to Section 10. S.32 application dismissed.
Shane DIEHM	Operation Ischia	1 x Possess a dangerous drug (Schedule 1) pursuant to s 9 *Drugs Misuse Act 1986* (Qld) 1 x Possess a dangerous drug (Schedule 2) pursuant to s 9 *Drugs Misuse Act 1986* (Qld) 1 x Permit premises for use pursuant to s 11 *Drugs Misuse Act 1986* (Qld)	14/03/14: Mention at Southport Magistrate's Court. Matter adjourned to 2/05/2014 for a date to be fixed for a directions hearing re jurisdictional issues. 2/05/14: The following orders were made: 4/08/14 for legal argument of the jurisdictional issue and application for proceedings to be dismissed; Applicant/s to file and serve written outline/s by 11/0714; Respondent to file and serve written response by 25/07/14. 4/08/2014: Application by DIEHM's legal representative to join with ALT in relation to application under s 102C *Justices Act 1886* (Qld). Magistrate approved application. Submissions made by legal representatives on s 102C application. The matter was adjourned to 28/11/2014 for judgment. 28/11/14: All charges dismissed under s 102C *Justices Act 1886* (Qld). Costs awarded to DIEHM.
Scott EDMONDSON	Operation Anafi	1 x s 61 *Crimes Act 1900* - Common assault	28/01/14: Mention at Downing Centre Local Court. Plea of not guilty entered. 17/06/14: Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: Mention. EDMONSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. Hearing of stay application set down for 8/10/14. 3/10/14: Hearing of stay application on 8/10/14 vacated, now set down for 3/11/14. 3/11/14: Hearing of stay application. 11/11/14: Application for permanent stay refused. Adjourned to 12/11/14 17/11/14: Hearing commenced, duration 4 weeks. 16/12/14: EDMONDSON found not guilty. 30/01/15: Application for costs withdrawn and dismissed.
Ronald FOGARTY	Operation Elba	3 x s 107 *Police Integrity Commission Act 1996* – Give false or misleading evidence at a hearing before the Commission.	16/07/15: Mention at Downing Centre Local Court. 16/07/15: Matter adjourned to 27/08/15. 27/08/15: Matter adjourned to 10/09/15 for hearing date to be fixed. 10/09/15: Matter adjourned to 24/09/15 for hearing date to be fixed. 24/09/15: Hearing dates set for 8/02/16-10/02/16, with a mention on 19/01/16.
Bich Tuyen KHA	Operation Binda	2 x s 11.5 *Criminal Code* and 234(1)(b) *Migration Act 1958* (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official related to visa 1 x s.136.1(1) *Criminal Code* - Knowingly by act/omission make	2/09/14: Mention at Downing Centre Local Court. 16/09/14: Mention; bail condition application heard and granted. 14/04/15: Adjournment on request of CDPP. 9/06/15: Mention at DCLC. Legal representative for KHA advised the court that agreed facts were being worked out for KHA to plead to. Adjourned for next mention on 30/06/15. 30/06/15: Guilty plea entered for all charges. Committed to District Court on 24/07/15.

		false/misleading statement	24/07/15: Guilty plea entered for all charges. Listed for sentence on 12/11/15.
Darren KOLOSQUE	Operation Ischia	5 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	5/09/14: Matter part-heard. Adjourned to 30/10/14. 30/10/14: KOLOSQUE acquitted of all 5 charges. Costs of $20,000 awarded to KOLOSQUE.
Darren KOLOSQUE	Operation Ischia	- 1 x Supply a dangerous drug (Schedule 1) pursuant to s 6 *Drugs Misuse Act 1986* (Qld) - 2 x Possess a dangerous drug (Schedule 1) pursuant to s 9 *Drugs Misuse Act 1986* (Qld) - 1 x Possess a dangerous drug (Schedule 2) pursuant to s 9 *Drugs Misuse Act 1986* (Qld)	14/03/14: Mention at Southport Magistrates Court. Matter adjourned to 2/05/14 for a date to be fixed for a directions hearing on jurisdictional issues. 2/05/14: Mention in Southport Magistrate's Court; 4/08/14 set down for legal argument on the jurisdictional issue and for the application for proceedings to be dismissed. 4/08/14: Application for co-accused to join in s 102C application approved. Submissions on the application made by legal representatives. The matter was adjourned to 28/11/14 for judgment. 28/11/14: All charges dismissed by Magistrate Duroux in Southport Magistrates Court under s 102C of the Justices Act (Qld). Costs of approximately $36,000 awarded to KOLOSQUE.
Christopher LAYCOCK	Operation Cobalt	6 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before Commission 2 x s 112(2) *Crimes Act 1900* – Breaking etc into any house etc and committing serious indictable offence (aggravated offence) 2 x s 95 *Crimes Act 1900* – Robbery in circumstances of aggravation (alternative to s 112(2)) 2 x s 111(2) *Crimes Act 1900* – Entering dwelling house (aggravated offence) 1 x s 99(2) *Crimes Act 1900* – Demanding property with intent to steal (in company) 1 x s 319 *Crimes Act 1990* – General offence of perverting the course of justice 1 x s 113(2) *Crimes Act 1900* - Breaking etc into any house etc with intent to commit serious indictable offence (aggravated offence) 1 x 114(1)(d) *Crimes Act 1900* – Enter or remain in building etc with intent to commit indictable offence (alternative to s 113(2)) 3 x s 249B(1) *Crimes Act 1900* –Agent corruptly	20/07/11: Pleas of guilty entered to the following charges: - 2 x s 111(2) *Crimes Act 1900* – Entering dwelling house (aggravated offence) - 1 x s 308C *Crimes Act 1900* – Unauthorised access, modification or impairment with intent to commit serious indictable offence - 1 x 249B(1) *Crimes Act 1900* – Agent corruptly receive or solicit benefit - 1 x s 107 *Police Integrity Commission Act 1996* – Give false/misleading evidence at hearing before Commission The following charges were handed up on the Form 1 schedule: - 1 x s 178BA *Crimes Act 1900* – Obtain financial advantage by deception - 1 x s 188 *Crimes Act 1900* – Receiving stolen property where stealing a serious indictable offence - 2 x s 107 *Police Integrity Commission* Act *1996* – Give false/misleading evidence at hearing before Commission 5/04/12: Sentenced as follows: - 2 x s 111(2) *Crimes Act 1900* – Entering dwelling house (aggravated offence) – Convicted and sentenced to 4 and 3 ½ years imprisonment respectively - 1 x s 308C *Crimes Act 1990* – Unauthorised Computer access – Convicted and sentenced to 2 years imprisonment - 1 x s 249B(1) *Crimes Act 1900* – Agent corruptly receive or solicit benefit – Convicted and sentenced to 3 years imprisonment - 1 x s 107 *Police Integrity Commission Act*

		receive or solicit benefit 1 x s 178BA *Crimes Act* 1900 – Obtain money by deception	*1996* – Give false/misleading evidence at hearing before Commission – Convicted and sentenced to 2 years imprisonment Sentenced to a total of 7 years 6 months imprisonment with a minimum period of 4 years 6 months. LAYCOCK filed a Notice of intention to appeal, which expired on19/06/13. The period in which the Notice of Intention to Appeal has effect was extended to 28/02/14. 17/07/14: Callover in the Court of Criminal Appeal. Matter listed for hearing on 19/09/14. 19/09/14: Hearing of appeal against severity of sentence before Court of Criminal Appeal. Judgment reserved. 29/09/14: Judgement delivered; appeal dismissed.
Hoang Thi LIEU	Operation BINDA	1 x s 11.5 *Criminal Code* and 234(1)(b) *Migration Act 1958* (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official related to visa.	2/09/14: Mention at Downing Centre Local Court. Matters of Hoan Yen PHAM, Bich Tuyen KHA, Kim Yen DANG, Van Thanh NGUYEN and Hoang Thi LIEU heard together. 16/09/14: Bail submissions. Conditions imposed. Brief to be served by 14/10/14. Return to court for reply on 28/10/14. 14/04/15: CDPP sought adjournment for the matters of PHAM, KHA, NGUYEN and LIEU after receiving representations for KHA. The matters were adjourned to 26/05/15. 26/05/15: The matter was adjourned to 2/06/15 for arraignment in Downing Centre District Court. 12/06/15: Mention in Downing Centre District Court. Sentence date was fixed for 18/09/15. 18/09/15: LIEU sentenced under s 20(1)(b) *Crimes Act 1914* (Cth) to 12 months imprisonment, suspended, with a surety of $5000 to be of good behaviour for two years.
Chin Aun LIM	Operation Anafi	1 x s 61 *Crimes Act 1900* - Common assault	28/01/14: Mention at Downing Centre Local Court. Plea of not guilty entered. 17/06/14: Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: EDMONDSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. LIM and BARLING may join this application at a later date. Hearing of stay application set down for 8/10/14. 3/10/14: Hearing of stay application for 8/10/14 vacated, now set down for 3/11/14. 3/11/14: Hearing of stay application. 11/11/14: Application for permanent stay refused. Adjourned to 12/11/14. 17/11/14: Hearing commenced, duration 4 weeks. 16/12/14: LIM found not guilty. 30/01/15: Application for costs withdrawn and dismissed.
Hiep Hoa LUU	Operation Deakin	1 x s 35 *Australian Passports Act 2005* (Cth) – Dishonestly obtaining Australian travel documents 1 x s 233 *Migration Act 1958* (Cth) – Bringing non-citizens into Australia in contravention of this Act or harbouring illegal	28/06/12: Mention at Melbourne Magistrates Court. Hiep Hoa LUU failed to appear, Bench Warrant issued for his arrest.

		entrants	
Thi My LUU	Operation Deakin	1 x s 30(1) *Australian Passports Act 2005* (Cth) – Giving false or misleading information in relation to Australian travel document applications 1 x s 31(1) *Australian Passports Act 2005* (Cth) – Producing false or misleading documents in relation to Australian travel document application 1 x s 35 *Australian Passports Act 2005* (Cth) – Dishonestly obtaining Australian travel documents 2 x s 135.1(7) *Criminal Code Act 1995* (Cth) – Dishonestly influence a public official	28/06/12: Mention at Melbourne Magistrates Court. Thi My LUU failed to appear, Bench Warrant issued for her arrest.
Emily METCALFE	Operation Calyx	1 x s 327(1) *Crimes Act 1900* - Perjury 1 x s 107 *Police Integrity Commission* Act *1996* - Give false/misleading evidence at a hearing before the Commission	23/10/14: Mention at Downing Centre Local Court. Plea of not guilty entered for all charges. 16/04/15: Perjury charges committed for trial in District Court, with the s 107 charges placed on s 166 certificate. 22/05/15: Arraignment in Downing Centre District Court. Trial date was set for 26/04/16.
Van Thanh NGUYEN	Operation Binda	1 x s 11.5 *Criminal Code* and 234(1)(b) *Migration Act 1958* (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official	2/09/14: Mention at Downing Centre Local Court. 16/09/14: Bail condition application heard and granted. 14/04/15: Adjournment on request of CDPP. 26/05/15: Adjourned for arraignment on 19/06/15 at Downing Centre District Court. 19/06/15: Extension of time to file indictment granted to 7/08/15. 10/07/15: The matter was listed for trial at Downing Centre District Court on 22/02/16.
Ljubomir NOVAKOVIC	Operation Winjana	2 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	10/10/13: Mention at Downing Centre Local Court. Not guilty plea entered. 14/04/14: Hearing at Downing Centre Local Court. 17/06/14: Convicted on both counts. Pre-sentence report ordered. Adjourned to 4/09/14. 4/09/14: Adjournment sought by defence in order to obtain a psychiatric report from NOVAKOVIC's psychiatrist. Pre-sentence report provided to the parties. Adjourned to 9/10/14. 19/12/14: NOVAKOVIC sentenced to 300 hours of community service to commence on 7/01/15. 19/12/14: Appeal lodged. 28/07/15: Appeal heard over two days at District Court Downing Centre before Arnott DJC. 4/08/15: NOVAKOVIC's appeal upheld with reasons for judgment to follow.
Chau Long PHAM	Operation Binda	1 x s 107 *Police Integrity Commission Act 1996* - Give false or misleading evidence at hearing before the Commission	16/07/15: Mention at Downing Centre Local Court. Adjourned to 12/8/15. Brief to be served by 6/08/15. 12/08/15: Adjourned for negotiations to 24/09/15. 24/09/15: Matter adjourned until 15/10/15 due to need to brief new counsel.

Hoan Thien PHAM	Operation Binda	7 x s 107 *Police Integrity Commission Act 1996* - Give false or misleading evidence at hearing before the Commission	16/07/15: Mention at Downing Centre Local Court. Adjourned to 12/08/15. Brief to be served by 6/08/15. 12/08/15: Adjourned for negotiations to 24/09/15. 24/09/15: Matter adjourned until 15/10/15 due to need to brief new counsel.
Hoan Thien PHAM	Operation Binda	Commonwealth DPP: 2 x s 11.5 *Criminal Code* and 234(1)(b) *Migration Act 1958* (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official 1 x s 142.2(1) *Criminal Code* – Abuse of public office 1 x s 400.9(1A) *Criminal Code* (Cth) – Transact suspected proceeds, money/property <$100,000	2/09/14: Mention at Downing Centre Local Court. 16/09/14: Bail condition application heard and granted.. 14/04/15: Adjournment on request of CDPP. 26/05/15: PHAM pleaded guilty to 2 x s 234(1)(b) *Migration Act 1958* (s 11.5 *Criminal Code*) offences. No pleas were entered for remaining offences. Adjourned to 9/06/15. 9/06/15: Adjourned for plea negotiations. 7/07/15: PHAM entered pleas of not guilty for ss 142.2(1) and 400.9(1A) offences. Committed for trial and listed for 17/07/15 in District Court. 17/07/15: Mention at Downing Centre District Court. Trial set down for 29/02/16. Sequences 1 & 2, to which PHAM has pleaded guilty, were adjourned for mention on 29/02/16 and will follow the trial.
Damian RALPH	Operation Anafi	1 x s 61 *Crimes Act 1900* - Common assault	28/01/14: Mention at Downing Centre Local Court. Plea of not guilty entered. 17/06/14: Matter set down for 4-week trial on 3/11/14 to 28/11/14. Next mention on 9/09/14. 9/09/14: EDMONDSON and RALPH indicated that they will file an application for the prosecution to be permanently stayed. Hearing of stay application set down for 8/10/14. 3/10/14: Hearing of stay application for 8/10/14 vacated, now set down for 3/11/14. 20/10/14: Mention for return of subpoena matter. 3/11/14: Hearing of stay application. 11/11/14: Application for permanent stay refused. Adjourned to 12/11/14. 12/11/14: Matter listed before Magistrate Buscombe where the court was advised that the accused would not be lodging a temporary stay application. Hearing date confirmed for 17/11/14. 17/11/14: Hearing commenced, duration 4 weeks. 16/12/14: RALPH found guilty of common assault. No conviction was recorded, he received a s 10(1)(b) good behaviour bond for 2 years. 17/12/14: Appeal listed in District Court for 5/03/15. 4/03/14: Callover at District Court. Matter listed for hearing on 20/07/15. 22/07/15: Matter is part heard before Judge Scotting. 27/07/15: Matter listed for judgment in Downing Centre District Court on 14/08/15. 14/08/15: Judgment date vacated; new date to be fixed. 21/08/15: Appeal allowed; RALPH acquitted of charge.
Robert REID	Operation Ischia	3 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading	27/03/14: Mention at Downing Centre Local Court. 16/07/14-17/07/14: Hearing over two days. Adjourned to 24/07/14 for judgment.

		evidence at a hearing before the Commission	24/07/14: Convicted on all three counts. Pre-sentence report ordered. Adjourned for sentence to 15/09/14. 15/09/14: Sentenced on three charges as follows: - 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission – on count 1, 13 months imprisonment with 7 months non-parole period - 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission – on count 2, 13 months imprisonment with 7 months non-parole period - 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission – on count 3, 12 months imprisonment with 3 months non-parole period All sentences to be served concurrently. An appeal against conviction and severity of sentence was lodged same date. 15/10/14: Mention of appeal matter in District Court. Listed for hearing on 27/04/15. 27/04/15: Matter adjourned for mention on 8/05/15. 8/05/15: Matter adjourned for 2 day hearing commencing on 26/10/15.
Robert REID	Operation Ischia	1 x Supply a dangerous drug (Schedule 1) pursuant to s 6 *Drugs Misuse Act 1986* (Qld) 1 x Supply a dangerous drug (Schedule 2) pursuant to s 6 *Drugs Misuse Act 1986* (Qld) 1 x Possess a dangerous drug (Schedule 1) pursuant to s 9 *Drugs Misuse Act 1986* (Qld) 1 x Possess a dangerous drug (Schedule 2) pursuant to s 9 *Drugs Misuse Act 1986* (Qld)	14/03/14: Mention at Southport Magistrates Court. Matters adjourned to a date to be fixed for a directions hearing on jurisdictional issues. 2/05/2014: Mention at Southport Magistrates Court. Legal argument on the jurisdictional issue and application for proceedings to be dismissed set down for 4/08/14. 4/08/2014: Submissions made by co-accused's legal representatives on s 102C application; REID failed to appear. The matter was adjourned to 28/11/2014 for judgment. 28/11/14: All charges dismissed under s 102C of the *Justices Act 1886* (Qld). Costs awarded to REID.
Scott TRACEY	Operation Starwood	7 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission	9/10/12: Plea of guilty to the following charges: 3 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission The following charges were handed up on a Form 1: 4 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at hearing before the Commission 26/09/14: Convicted on all three counts and sentenced as follows: - 2 x s 107 *Police Integrity Commission Act 1996* – Give false/misleading evidence at hearing before the Commission – on counts 1 and 2, concurrent terms of 8 months imprisonment commencing 26/09/14, to expire on 25/05/15 (no non-parole period set for these counts) - 1 x s 107 *Police Integrity Commission Act 1996* – Give false/misleading evidence at

			hearing before the Commission – on count 3, 8 months imprisonment commencing four months from 26/09/14 (four month period of accumulation) to expire on 25/09/15. A non-parole period of four months was set for count 3. Total term of imprisonment to 25/09/15. Earliest release date will be 25/05/15. 22/10/14: Notice of intention to appeal to NSW Court of Criminal Appeal lodged pertaining to severity of sentence. 23/04/15: Extension to life of Notice of Intention to Appeal extended to 30/06/15.
Michael VOGELSANG	Operation Ischia	- 1 x Supply a dangerous drug (Schedule 1) pursuant to s 6 *Drugs Misuse Act 1986* (Qld) - 1 x Possess a dangerous drug (Schedule 1) pursuant to s 9 *Drugs Misuse Act 1986* (Qld)	14/03/14: Mention at Southport Magistrates Court. Matter adjourned to 2/05/14 for a date to be fixed for a directions hearing on jurisdictional issues. 2/05/14: Mention in Southport Magistrate's Court; 4/08/14 set down for legal argument on the jurisdictional issue and for the application for proceedings to be dismissed. 4/08/14: Application for co-accused to join in s 102C application approved. Submissions on the application made by legal representatives. The matter was adjourned to 28/11/14 for judgment. 28/11/14: All charges dismissed by Magistrate Duroux in Southport Magistrates Court under s 102C of the Justices Act (Qld). Costs of approximately $36,000 awarded to VOGELSANG.
Craig WILSON	Operation Ischia	2 x s 107(1) *Police Integrity Commission Act 1996* – Give false/misleading evidence at a hearing before the Commission	17/07/14: Mention at Downing Centre Local Court. Adjourned to 11/09/14. 11/09/14: Hearing date set for 4/12/14 for 2 days. 13/11/14: Pleas of guilty entered to both s 107 charges. Adjourned to 5/12/14 for sentence. 5/12/14: Sentencing adjourned to 30/01/15 for pre-sentencing report to be obtained. 30/01/15: Sentenced by LCM WALQHIST in Downing Centre Local Court: - 2 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence before a hearing of the Commission - 2 x s 12 bonds for a period of ten months each.
Leah WILSON	Operation Calyx	2 x s 327(1) *Crimes Act 1900* - Perjury 1 x s 107 *Police Integrity Commission Act 1996* - Give false/misleading evidence at a hearing before the Commission	23/10/14: Mention at Downing Centre Local Court. Plea of not guilty entered for all charges. 16/04/15: Perjury charges committed for trial in District Court, with the s 107 charge placed on s 166 certificate. 22/05/15: Arraignment at Downing Centre District Court. Trial date set for 26/04/16.

Table 27 Prosecutions by other agencies (evidence supplied in whole or in part by the Commission)

Name	Operation	Charge(s)	Status/Result
Phillip ST JAMES	Operation Starwood	36 x s134.*2 Criminal Code* - Obtaining a financial advantage by deception	Prosecution by Australian Taxation Office. Set down for hearing on 10/11/14. Matter set for trial at District Court on 29/02/16.
Mark Joseph SMITH	Operation Acer	3 x s 107 *Police Integrity Commission Act 1996* – Give false or misleading evidence at a hearing before the Commission	Prosecution by New South Wales Police. 29/07/11: The District Court held a Special Hearing in relation to SMITH and he was found to have committed the offences charged. 13/10/11: The District Court nominated the following limiting terms: - 1 x s 107 *Police Integrity Commission Act 1996* False or misleading evidence (count 1) – 1 year - 2 x s 107 *Police Integrity Commission Act 1996* False or misleading evidence (counts 2 and 3) – 1 year 6 months SMITH was granted bail and the matter was referred to the Mental Health Review Tribunal in accordance with s 24 of the *Mental Health (Forensic Provisions) Act 1990*. 3/08/12: The District Court declined to make an order that SMITH go into custody, releasing him on conditional bail and issuing orders as to place of residence. Matter adjourned until 12/04/13, the date that the limiting term expires. 18/03/13: SMITH granted extension of time for filing Notice of Intention to Appeal. 12/04/13: District Court formally discharged SMITH noting that the Limiting Term expired on this date. Time limit re Notice of Intention to Appeal has been extended by the District Court on four further occasions: 05/08/13; 03/12/13;06/03/14; and 02/07/14. 18/08/15: SMITH's appeal is set down for hearing at 0900 on 27/08/15 at the Supreme Court. 27/08/15: Matter listed for callover at 0900 on 22/10/15 at the Supreme Court.

APPENDIX 6: ANNUAL REPORT UNDER THE GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

THE GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

Under the *Government Information (Public Access) Act 2009* ('the GIPA Act') there are four ways that the Commission may make information available to the public:

1. the mandatory release of "Open Access Information"
2. the proactive release of information for which there is no overriding public interest against disclosure
3. the informal release of information in response to an informal request where there is no overriding public interest against the disclosure of that information; and
4. the formal release of information in response to an access application where there is no overriding public interest against disclosure.

Schedule 2 of the GIPA Act provides that information which relates to the Commission's "*corruption prevention, complaint handling, investigative and reporting functions*" is "*excluded information*" of the Commission and cannot be made the subject of an access application.

It is also conclusively presumed by Schedule 1 of the GIPA Act that there is an overriding public interest against disclosing information the disclosure of which would be prohibited by the PIC Act. Section 56(2) of the PIC Act provides that a person who is or was an officer of the Commission must not, except in connection with the person's functions under the Act, make a record of or divulge any information acquired in the exercise of the person's functions under the Act. Section 56(4)(c) provides that such information may be divulged if the Commissioner or Inspector certifies that it is necessary to do so in the public interest.

Information which falls within the above two categories is not publicly disclosed by the Commission except under limited circumstances.

The impact on the Commission of fulfilling its requirements under the GIPA Act during 2014–15 has been negligible. No major issues have arisen during 2014–15 in connection with the Commission's compliance with GIPA requirements.

PROACTIVE RELEASE PROGRAM

Under s 7 of the GIPA Act, the Commission is authorised to proactively release any government information that it holds, so long as there is no overriding public interest against disclosure of that information. Under s 7(3) of the GIPA Act the Commission must review its program for the release of government information to identify the kinds of information that can be made publicly available under s 7. This review must be undertaken at least once every 12 months.

The Commission's proactive release program involves the identification for release of information for which:

1. there exists a public interest in being made publicly available (noting the general public interest in favour of the disclosure of government information established by s 12 of the GIPA Act); and
2. there is no overriding public interest against disclosure (by virtue of the operation of Schedules 1 and/or 2 of the GIPA Act or otherwise.)

The following are some of the ways in which, under its proactive release program, the Commission identifies information which could be proactively released:

1. the Right to Information officer consults with managers of business units of the Commission to ascertain whether those units hold information which could be proactively released;
2. the Right to Information officer monitors the creation of new documents within the Commission of a kind which may be proactively released;
3. the Right to Information officer liaises with staff employed in areas of the Commission which deal with information of a kind which may be proactively released are aware of the Commission's proactive release program; and
4. the Right to Information officer monitors both informal and formal requests for information received by the Commission under the GIPA Act to identify any trends in the types of information sought and considers whether the Commission holds information relevant to those trends which could be proactively released.

During the reporting period the Commission conducted one review of its proactive release program.

In conducting this review the Commission's Right to Information officer consulted managers of the Commission's various business units to identify any information held within those units which may be able to be proactively released by the Commission. In identifying such information regard was had to categories of information held by those business units which was commonly sought by members of the public as well information which the Commission may wish to publicise or increase public awareness of.

The Commission did not release any government information as a result of this review.

ACCESS APPLICATIONS RECEIVED BY THE COMMISSION IN THE REPORTING PERIOD

During the reporting period, the Commission received two formal access applications (including withdrawn applications but not including invalid applications).

No formal access applications were refused wholly or in part because the information requested was information referred to in Schedule 1 of the GIPA Act.

There was one internal review and no reviews by the Information Commissioner or the Administrative Decisions Tribunal in respect of formal access applications under the GIPA Act in this reporting period.

OBTAINING ACCESS TO AND SEEKING AMENDMENT OF THE COMMISSION'S RECORDS

In the first instance the contact person for obtaining access to documents is as follows:

Right to Information Officer
Police Integrity Commission
GPO Box 3880
SYDNEY NSW 2001

Facsimile: (02) 9321 6799

Telephone inquiries may be made between 8.30am and 4:30pm on (02) 9321 6700.

Further information is also able to be obtained from our website www.pic.nsw.gov.au under the "Right to Information" link.

Table A: Number of applications by type of applicant and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	-	-	-	-	-	-	-	-
Members of Parliament	-	-	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	1	1	-	-	1	-	-	-
Members of the public (other)	-	-	-	-	-	-	-	-

Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications	-	-	-	-	-	-	-	-
Access applications (other than personal information applications)	1	1	-	-	1	-	-	-
Access applications that are partly personal information applications and partly other	-	-	-	-	-	-	-	-

Table C: Invalid applications	
Reason for invalidity	**No of applications**
Application does not comply with formal requirements (section 41 of the Act)	-
Application is for excluded information of the agency (section 43 of the Act)	4
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	4
Invalid applications that subsequently became valid applications	-

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act	
	Number of times consideration used*
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	-
Excluded information	1
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act	
	Number of occasions when application not successful
Responsible and effective government	-
Law enforcement and security	1
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table F: Timeliness	
	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	3
Decided after 35 days (by agreement with applicant)	-
Not decided within time (deemed refusal)	-
Total	-

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	-	1	1
Review by Information Commissioner	-	-	-
Internal review following recommendation under section 93 of Act	-	-	-
Review by ADT	-	-	-
Total	-	-	-

Table H: Applications for review under Part 5 of the Act (by type of applicant)	
	Number of applications for review
Applications by access applicants	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	-

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)	
	Number of applications transferred
Agency-initiated transfers	-
Applicant-initiated transfers	-

APPENDIX 7: FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Police Integrity Commission (the Commission), which comprise the statements of financial position as at 30 June 2015, the statements of comprehensive income, the statements of changes in equity, the statements of cash flows and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2015, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | **t** 02 9275 7101 | **f** 02 9275 7179 | **e** mail@audit.nsw.gov.au | **audit.nsw.gov.au**

My opinion does *not* provide assurance:

- about the future viability of the Commission or the consolidated entity
- that they carried out their activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Weini Liao
Director, Financial Audit Services

21 September 2015
SYDNEY

Financial Statements 2014–15

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Police Integrity Commission

Statement by Commissioner

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 2015 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation* 2015, the *Financial Reporting Code for NSW General Government Sector Entities,* and the *Treasurer's Directions*

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

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

M M O'Brien
Assistant Commissioner

This page is not audited

Statements of comprehensive income for the year ended 30 June 2015

	Notes	Parent Entity (Police Integrity Commission) Actual 2015 $'000	Parent Entity (Police Integrity Commission) Actual 2014 $'000	Economic Entity (Consolidated) Actual 2015 $'000	Economic Entity (Consolidated) Budget 2015 $'000	Economic Entity (Consolidated) Actual 2014 $'000
Expenses excluding losses						
Operating Expenses						
Employee related	2(a)	592	590	13,166	14,300	14,206
Other operating expenses	2(b)	3,661	3,783	3,662	4,780	3,783
Personnel services	2(c)	11,790	12,711	--	--	--
Depreciation and amortisation	2(d)	1,143	1,164	1,143	1,150	1,164
Total expenses excluding losses		**17,186**	**18,248**	**17,971**	**20,230**	**19,153**
Revenue						
Recurrent appropriation	3(a)	16,818	16,933	16,818	18,075	16,933
Capital appropriation	3(a)	552	900	552	1,200	900
Investment revenue	3(b)	55	54	55	72	54
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	--	--	764	733	905
Other revenue	3(d)	2	1	22	--	1
Total revenue		**17,427**	**17,888**	**18,211**	**20,080**	**18,793**
Gain/(loss) on disposal	4	68	(9)	68	--	(9)
Net result	16	**309**	**(369)**	**308**	**(150)**	**(369)**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase/(decrease) in asset revaluation surplus		--	--	--	--	--
Total other comprehensive income		**--**	**--**	**--**	**--**	**--**
TOTAL COMPREHENSIVE INCOME		**309**	**(369)**	**308**	**(150)**	**(369)**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of financial position as at 30 June 2015

	Notes	Parent Entity (Police Integrity Commission) Actual 2015 $'000	Parent Entity (Police Integrity Commission) Actual 2014 $'000	Economic Entity (Consolidated) Actual 2015 $'000	Economic Entity (Consolidated) Budget 2015 $'000	Economic Entity (Consolidated) Actual 2014 $'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	2,533	1,907	2,636	1,571	1,973
Receivables	7	481	542	481	374	543
Total Current Assets		**3,014**	**2,449**	**3,117**	**1,945**	**2,516**
Non-Current Assets						
Plant and equipment	8	1,992	2,516	1,992	2,599	2,516
Intangible assets	9	67	136	67	259	136
Total Non-Current Assets		**2,059**	**2,652**	**2,059**	**2,858**	**2,652**
Total Assets		**5,073**	**5,101**	**5,176**	**4,803**	**5,168**
LIABILITIES						
Current Liabilities						
Payables	10	451	658	454	475	661
Provisions	11	1,139	1,306	1,200	1,145	1,369
Other	12	175	153	175	--	153
Total Current Liabilities		**1,765**	**2,117**	**1,829**	**1,620**	**2,183**
Non-Current Liabilities						
Provisions	11	495	480	534	469	480
Total Non-Current Liabilities		**495**	**480**	**534**	**469**	**480**
Total Liabilities		**2,260**	**2,597**	**2,363**	**2,089**	**2,663**
Net Assets		**2,813**	**2,504**	**2,813**	**2,714**	**2,505**
EQUITY						
Reserves		416	416	416	416	416
Accumulated funds		2,397	2,088	2,397	2,298	2,089
Total Equity		**2,813**	**2,504**	**2,813**	**2,714**	**2,505**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of changes in equity for the year ended 30 June 2015

	Notes	Parent Entity (Police Integrity Commission)			Economic Entity (Consolidated)		
		Accumulated Funds	Asset Revaluation Surplus	Total	Accumulated Funds	Asset Revaluation Surplus	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2014		**2,088**	**416**	**2,504**	**2,089**	**416**	**2,505**
Net result for the year		**309**	**--**	**309**	**308**	**--**	**308**
Other comprehensive income:							
Change in restoration liability		--	--	--	--	--	--
Total other comprehensive income		--	--	--	--	--	--
Total comprehensive income for the year		**309**	**--**	**309**	**308**	**--**	**308**
Balance at 30 June 2015		**2,397**	**416**	**2,813**	**2,397**	**416**	**2,813**
Balance at 1 July 2013		**2,457**	**416**	**2,873**	**2,458**	**416**	**2,874**
Net result for the year		**(369)**	**--**	**(369)**	**(369)**	**--**	**(369)**
Other comprehensive income:							
Change in restoration liability		--	--	--	--	--	--
Total other comprehensive income		--	--	--	--	--	--
Total comprehensive income for the year		**(369)**	**--**	**(369)**	**(369)**	**--**	**(369)**
Balance at 30 June 2014		**2,088**	**416**	**2,504**	**2,089**	**416**	**2,505**

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of cash flows for the year ended 30 June 2015

	Notes	Parent Entity (Police Integrity Commission) Actual 2015 $'000	Parent Entity (Police Integrity Commission) Actual 2014 $'000	Economic Entity (Consolidated) Actual 2015 $'000	Economic Entity (Consolidated) Budget 2015 $'000	Economic Entity (Consolidated) Actual 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(592)	(590)	(12,732)	(13,567)	(13,012)
Other		(4,067)	(4,333)	(4,067)	(5,336)	(4,334)
Personnel services		(12,157)	(12,291)	--	--	--
Total Payments		**(16,816)**	**(17,214)**	**(16,799)**	**(18,903)**	**(17,346)**
Receipts						
Recurrent appropriation		16,840	17,036	16,840	18,075	17,036
Capital appropriation		552	900	552	1,200	900
Interest received		52	56	52	72	56
Other		550	425	570	588	425
Total Receipts		**17,994**	**18,417**	**18,014**	**19,935**	**18,417**
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	**1,178**	**1,203**	**1,215**	**1,032**	**1,071**
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of plant & equipment		(539)	(909)	(539)	(1,000)	(909)
Purchases of Intangible Assets		(13)	--	(13)	(200)	--
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(552)**	**(909)**	**(552)**	**(1,200)**	**(909)**
NET INCREASE / (DECREASE) IN CASH		626	294	663	(168)	162
Opening cash and cash equivalents		1,907	1,613	1,973	1,739	1,811
CLOSING CASH AND CASH EQUIVALENTS	6	**2,533**	**1,907**	**2,636**	**1,571**	**1,973**

The accompanying notes form part of these financial statements

Police Integrity Commission

Summary of Compliance with Financial Directives

	2015				2014			
	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	18,075	16,818	1,200	552	17,980	16,933	1,790	900
	18,075	16,818	1,200	552	17,980	16,933	1,790	900
OTHER APPROPRIATIONS/ EXPENDITURE								
• Treasurer's Advance	--	--	--	--	--	--	--	--
• Additional appropriations	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	18,075	16,818	1,200	552	17,980	16,933	1,790	900
Amount drawn down against Appropriation		16,993		552		17,086		900
Liability to Consolidated Fund		175		--		153		--

The accompanying notes form part of these financial 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 2015 (cont)

Recurrent Appropriation

The Commission's recurrent appropriation of $18.075m was not fully drawn down due to the carrying of vacant positions and savings made on other operating expenses. The Commission drew down $16.993m of the approved recurrent appropriation.

Capital Appropriation

The Commission expended $551,854 of the $1.2m approved capital appropriation.

The accompanying notes form part of these financial statements

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission (the Commission) is a statutory corporation established under the *Police Integrity Commission Act 1996*. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Commission, as a reporting entity, comprises all of the entities under its control, namely: Police Integrity Commission Staff Agency (the Agency).

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entity, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

These financial statements for the year ended 30 June 2015 have been authorised for issue by the Assistant Commissioner for the Police Integrity Commission on 17 September, 2015.

(b) *Basis of preparation*

The Commission's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Other than property, plant and equipment which is measured at fair value, the financial statements have been prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The Commission has only one program being Investigations, Research and Complaint Management and as such a service group statement is not included as figures would be the same as those disclosed in the statement of comprehensive income and financial position.

(c) *Statement of Compliance*

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) *Insurance*

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

(e) *Accounting for the Goods and Services Tax (GST)*

Income, expenses and assets are recognised net of the amount of GST, except that:

- 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 and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(f) *Income recognition*

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary Appropriations and Contributions

Parliamentary appropriations and contributions from other bodies (including grants and donations) are recognised as income 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.

Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability if any is disclosed in Note 12 as part of 'Current Liabilities–Other'. The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement.*

(g) *Assets*

(i) *Acquisition of assets*

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. deferred payment is effectively discounted over the period of credit.

(ii) *Capitalisation thresholds*

Plant and equipment and intangible assets costing $5,000 and above individually, or forming part of a network costing more than $5,000, are capitalised.

(iii) *Revaluation of plant and equipment*

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14–01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

The majority of Commission assets are non-specialised assets with short useful lives and are therefore measured at depreciated historical cost, as an approximation of fair value.

(iv) *Impairment of plant and equipment*

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value. Selling costs are regarded as immaterial.

(v) *Assets not able to be reliably measured*

The Commission does not hold any assets that have not been recognised in the statement of financial position.

(vi) *Depreciation of plant and equipment*

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

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

Computer equipment	4 years
Intangible computer software	3 & 4 years
Plant and equipment	3, 4 & 7 years
Leasehold improvements	the initial period of the lease

(vii) *Restoration Costs*

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(viii) *Maintenance*

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(ix) *Critical Accounting Estimates*

Make good provision – provision is made for the anticipated costs of future restoration of leased premises as required under the terms of agreement. The provision includes future cost estimates associated with dismantling and reinstatement of the leased premises to original condition. The

calculation is based on a square metre rate of $150.00 (as per lease agreement) over the lease period discounted by 1.93% (Government bond rate 1/7/15) as required under AASB 137 *Provisions, Contingent Liabilities & Contingent Assets.*

(x) *Leased Assets*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease. Operating lease payments are recognised on a straight line basis over the lease term.

(xi) *Intangible Assets*

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Commission's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets are amortised using the straight-line method over a period of 4 years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(xii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xiii) *De-recognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Commission transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Commission has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the Commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Commission's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xiv) *Non-current assets (or disposal groups) held for sale*
The Commission has no non-current assets (or disposal groups) held for sale.

(xv) *Other Assets*
Other assets are recognised on a historic cost basis.

(h) *Liabilities*

(i) Payables
These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Employee benefits and other provisions

a. Salaries and Wages, Annual Leave, Sick Leave and On-costs

Liabilities for salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits. Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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 benefits accrued in the future.

b. Long Service Leave and Superannuation

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

c. Consequential on-costs

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

(i) *Other Provisions*

Other provisions exist when the Commission has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(j) *Equity and reserves*

(i) Revaluation Surplus

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. This accords with the Commission's policy on the revaluation of plant and equipment as discussed in note 1(g)(iii).

(ii) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. asset revaluation reserve and foreign currency translation reserve).

(k) *Equity transfer*

The transfer of net assets between entities as a result of an administrative restructure and transfers of program/functions and parts thereof between NSW public sector entities are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

(l) *Budgeted Amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 15.

(m) *Comparative information*

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements.

(n) *Changes in accounting policy, including new or revised Australian Accounting Standards*

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014-15 the impact to the Commission has been immaterial.

- AASB 10 – Consolidated Financial Statements
- AASB 1055 & AASB 2013-1 -- regarding budgetary reporting

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Commission is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2015.

- AASB 9, AASB 2010-7 & AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 & AASB 2014-8 -- Regarding financial instruments
- AASB 2014-4 -- Regarding acceptable methods of depreciation and amortisation
- AASB 2014-9 -- Regarding equity method in separate financial statements
- AASB 2015-1 -- Regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 -- Regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 -- Regarding materiality
- AASB 2015-6 -- Regarding extending related party disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

2. EXPENSES EXCLUDING LOSSES

		Police Integrity Commission		Consolidated	
(a)	Employee related expenses	2015 $'000	2014 $'000	2015 $'000	2014 $'000
	Salaries and wages (including recreation leave)*	506	501	10,673	11,471
	Superannuation–defined benefit plans	--	--	77	90
	Superannuation–defined contribution plans	2	--	914	963
	Long service leave	--	--	683	810
	Workers' compensation insurance	--	--	87	101
	Payroll tax and fringe benefits tax	84	89	732	768
	Other	--	--	--	3
		592	**590**	**13,166**	**14,206**

* Salaries and wages shown under the Police Integrity Commission relate to the employment of the Commissioner.

(b)	Other operating expenses include the following:				
	Administration charges	60	103	60	103
	Books and periodicals	51	41	51	41
	Auditor's remuneration–audit of the financial statements	41	40	41	40
	Consultancies	--	101	--	101
	Contractors	201	166	201	166
	External legal counsel	232	175	232	175
	Minor computer expenses	114	109	114	109
	Maintenance *	486	473	486	473
	Make good expense	15	16	15	16
	Insurance	21	23	21	23
	Rent and outgoings (minimum lease payments)	1,678	1,724	1,678	1,724
	Minor equipment	95	125	95	125
	Motor vehicle costs (including leasing charges)	84	123	84	123
	Advertising	35	1	35	1
	Printing and stationery	29	32	29	32
	Staff development	53	49	53	49
	Travelling expenses	121	142	121	142
	Telephones	59	72	59	72
	Fees and searches	84	77	84	77
	Other	202	191	203	191
		3,661	**3,783**	**3,662**	**3,783**
	* Reconciliation - Total maintenance				
	Maintenance expense - contracted labour and other (non-employee related), as above	486	473	486	473
	Total maintenance expenses included in Note 2 (b)	**486**	**473**	**486**	**473**
(c)	Personnel Services expenses				
	Police Integrity Commission Staff Agency	**11,790**	**12,711**	--	--
(d)	Depreciation and amortisation expense				
	Depreciation				
	Computer Equipment	454	431	454	431
	Plant and Equipment	285	348	285	348
	Amortisation				
	Leasehold Improvements	322	274	322	274
	Intangibles	82	111	82	111
		1,143	**1,164**	**1,143**	**1,164**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

3. REVENUE

		Police Integrity Commission		Consolidated	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
(a)	Appropriations				
	Recurrent appropriations				
	Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	16,993	17,086	16,993	17,086
	Less: Liability to Consolidated Fund (per Summary of Compliance)	(175)	(153)	(175)	(153)
		16,818	**16,933**	**16,818**	**16,933**
	Comprising:				
	Recurrent appropriations (per Statement of Comprehensive Income)	16,818	16,933	16,818	16,933
		16,818	**16,933**	**16,818**	**16,933**
	Capital appropriations				
	Total capital draw-downs from NSW Treasury (per Summary of Compliance)	552	900	552	900
		552	**900**	**552**	**900**
	Comprising:				
	Capital appropriations (per Statement of Comprehensive Income)	552	900	552	900
		552	**900**	**552**	**900**
(b)	Investment revenue				
	Interest	55	54	55	54
		55	**54**	**55**	**54**
(c)	Acceptance by the Crown Entity of employee benefits and other liabilities				
	The following liabilities and/or expenses have been assumed by the Crown Entity:				
	Superannuation – defined benefit	--	--	77	90
	Long service leave	--	--	683	810
	Payroll tax	--	--	4	5
		--	**--**	**764**	**905**
(d)	Other Revenue				
	Sale of minor equipment	2	1	2	1
	TMF hindsight adjustment refund	--	--	20	--
		2	**1**	**22**	**1**

4. GAIN/(LOSS) ON DISPOSAL

Proceeds from disposal	70	47	70	47
Written down value of assets disposed	(2)	(56)	2	(56)
Gain / (loss) on disposal	**68**	**(9)**	**68**	**(9)**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

5. SERVICE GROUP OF THE COMMISSION

Service Group 1: *Investigations, research and complaint management*
Objective: To prevent, detect and investigate serious and other misconduct by NSW Police Force and NSW Crime Commission officers.

6. CURRENT ASSETS—CASH AND CASH EQUIVALENTS

	Police Integrity Commission		Consolidated	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at bank	2,521	1,895	2,624	1,961
Cash on hand	12	12	12	12
	2,533	**1,907**	**2,636**	**1,973**

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

Cash and cash equivalents (per Statement of Financial Position)	**2,533**	**1,907**	**2,636**	**1,973**
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	**2,533**	**1,907**	**2,636**	**1,973**

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CURRENT ASSETS—RECEIVABLES

Prepayments	400	383	400	383
Other debtors	81	159	81	160
	481	**542**	**481**	**543**

No allowance for impairment has been raised as all amounts are considered to be collectable.

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

8. NON-CURRENT ASSETS—PLANT AND EQUIPMENT

Police Integrity Commission and consolidated figures are shown together as the Police Integrity Commission Staff Agency does not hold assets.

	Leasehold improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
At 1 July 2014 - fair value				
Gross carrying amount	2,237	3,484	3,174	8,895
Accumulated depreciation and impairment	(1,695)	(2,510)	(2,174)	(6,379)
Net Carrying Amount	**542**	**974**	**1,000**	**2,516**
At 30 June 2015– fair value				
Gross carrying amount	2,241	3,238	3,474	8,953
Accumulated depreciation and impairment	(1,902)	(2,510)	(2,549)	(6,961)
Net Carrying Amount	**339**	**728**	**925**	**1,992**

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the current reporting period is set out below.

Year ended 30 June 2015	Leasehold Improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
Net carrying amount at start of year	542	974	1,000	2,516
- Additions	44	116	379	539
- Transfers	75	(75)	--	--
- Disposals	--	(2)	--	(2)
- Depreciation Expense	(322)	(285)	(454)	(1,061)
Net carrying amount at end of year	**339**	**728**	**925**	**1,992**

	Leasehold Improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
At 1 July 2013 - fair value				
Gross carrying amount	2,302	3,648	2,843	8,793
Accumulated depreciation and impairment	(1,512)	(2,639)	(1,883)	(6,034)
Net Carrying Amount	**790**	**1,009**	**960**	**2,759**
At 30 June 2014 – fair value				
Gross carrying amount	2,237	3,484	3,174	8,895
Accumulated depreciation and impairment	(1,695)	(2,510)	(2,174)	(6,379)
Net Carrying Amount	**542**	**974**	**1,000**	**2,516**

Reconciliation

A reconciliation of the carrying amount of each class of plant and equipment at the beginning and end of the prior reporting period is set out below.

Year ended 30 June 2014	Leasehold Improvements $'000	Plant & Equipment $'000s	Computer Equipment $'000	Total $'000
Net carrying amount at start of year	790	1,009	960	2,759
- Additions	26	318	522	866
- Disposals	--	(5)	(51)	(56)
- Depreciation Expense	(274)	(348)	(431)	(1,053)
Net carrying amount at end of year	**542**	**974**	**1,000**	**2,516**

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

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

All of the Commissions non-current assets are considered to be non-specialised assets with short useful lives measured using the depreciated historical cost as an approximation of fair value and as such do not require fair value hierarchy disclosures under AASB 13.

9. NON-CURRENT INTANGIBLE ASSETS – SOFTWARE

Police Integrity Commission and consolidated figures are shown together as the Police Integrity Commission Staff Agency does not hold assets.

	Consolidated $'000
At 1 July 2014	
Cost (gross carrying amount)	3,354
Accumulated amortisation and impairment	(3,218)
Net Carrying Amount	**136**
At 30 June 2015	
Cost (gross carrying amount)	3,367
Accumulated amortisation and impairment	(3,300)
Net Carrying Amount	**67**
Year ended 30 June 2015	
Net carrying amount at start of year	136
Additions	13
Disposal	--
Amortisation (recognised in "depreciation and amortisation")	(82)
Net carrying amount at end of year	**67**
At 1 July 2013	
Cost (gross carrying amount)	3,997
Accumulated amortisation and impairment	(3,793)
Net Carrying Amount	**204**
At 30 June 2014	
Cost (gross carrying amount)	3,354
Accumulated amortisation and impairment	(3,218)
Net Carrying Amount	**136**
Year ended 30 June 2014	
Net carrying amount at start of year	204
Additions	43
Disposal	--
Amortisation (recognised in "depreciation and amortisation")	(111)
Net carrying amount at end of year	**136**

Computer software that is not an integral part of the related hardware is classified as an intangible asset to conform with AASB 138 *Intangible Assets*.

Intangible assets include a gross value of $2.8m Police Oversight Data Store (PODS) Project of the Police Complaints Case Management System (PCCM) funded by way of grant from the then NSW Premier's Department.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

10. CURRENT LIABILITIES—PAYABLES

	Police Integrity Commission		Consolidated	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Accrued salaries, wages and on-costs	--	--	353	334
Redundancies	--	--	--	219
Personnel services payable	353	553	--	--
Creditors	98	105	101	108
	451	**658**	**454**	**661**

Refer Note 17 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

11. CURRENT / NON-CURRENT LIABILITIES—PROVISIONS

Employee benefits and related on-costs				
Annual leave including on-costs	59	64	716	866
Long service leave on-costs	--	--	487	459
Payroll tax and FBT provision	3	3	36	44
	62	**67**	**1,239**	**1,369**
Other provisions				
Provision for personnel services	1,077	1,239	--	--
Restoration costs	495	480	495	480
Total Provisions	**1,634**	**1,786**	**1,734**	**1,849**
Aggregate employee benefits and related on-costs				
Provisions – current	--	--	1,200	1,346
Provisions – non-current	--	--	39	23
Provisions – personnel services	1,077	1,239	--	--
Accrued salaries, wages and on-costs (Note 11)	--	--	353	553
Personnel services payable	353	553	--	--
	1,430	**1,792**	**1,592**	**1,922**

Restoration costs - Under the current lease agreement effective 5 July 2013 the Commission is required to reinstate the leased premises to the condition they were in as at the date the premises was first leased.

Movements in provisions (other than employee benefits) **Restoration costs**	2015 $'000	2014 $'000
Carrying amount at beginning of financial year	480	464
Unwinding / change in the discount rate	15	16
Carrying amount at end of financial year	**495**	**480**

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

12. CURRENT LIABILITIES – OTHER

	Police Integrity Commission		Consolidated	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Liability to the Consolidated Fund	175	153	175	153
	175	**153**	**175**	**153**

13. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of computer software and hardware, office equipment and leasehold improvements, contracted for at balance date and not provided for:

Not later than one year	24	19	24	19
Total (including GST)	**24**	**19**	**24**	**19**

(b) Operating Lease Commitments

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

Not later than one year	1,560	1,609	1,560	1,609
Later than one year and not later than five years	77	1,617	77	1,617
Later than five years	--	--	--	--
Total (including GST)	**1,637**	**3,226**	**1,637**	**3,226**

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

The total commitments for 2015 include input tax credits of $151,088 (2014 $295,046) that are expected to be recoverable from the Australian Taxation Office.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Commission is not aware of any contingent liabilities or assets that will materially affect its financial position (2014: contingent liabilities Nil, contingent asset Nil).

15. BUDGET REVIEW

Net result

The actual net result was lower than budget by $458,000, primarily due to:
Employee related expenses are below budget by $1.1m due to a number of positions being vacant for an extended period following the implementation of recommendations of an organisational review carried out in 2014 together with a number of staff working reduced hours or on leave without pay in positions fully budgeted. Recruitment action to fill vacant positions was completed by 30 June with all staff recruited expected to be on duty by the end of July 2015.

Other operating expenses have seen a decrease across a number of line items but most notably in witness expenses and consulting.

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Recurrent and capital appropriation revenue is below budget as the Commission did not require the level of funding approved. Other revenue is higher than budget due to a hindsight adjustment refund from TMF. During the year the Commission sold some minor equipment resulting in a gain not previously budgeted for.

Assets and liabilities
Cash assets held at year end are above budget due to reduced expenses resulting in less cash used during the year however this increase is offset by an increase in the liability to confund. Non-current assets are lower than budget due to the disposal of redundant plant and equipment and the Commission not expending its full capital allocation on replacement assets. Liabilities are higher than budget due to the liability to confund not originally budgeted for and a slight increase in both current and non-current provisions due to present value calculations.

Cash flows
Both payments and receipts are lower than budget reflecting lower expenses and funding levels required to meet expenses.

16. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	Police Integrity Commission		Consolidated	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net cash used on operating activities	1,178	1,203	1,215	1,071
Depreciation and amortisation	(1,143)	(1,164)	(1,143)	(1,164)
Decrease/(increase) in provisions	152	(165)	115	(34)
Increase/(decrease) in prepayments and other assets	(61)	151	(62)	152
Decrease/(increase) in creditors	185	(338)	185	(338)
Change in asset revaluation reserve not in P&L	--	--	--	--
Written down value of assets disposed	(2)	(56)	(2)	(56)
Net result	**309**	**(369)**	**308**	**(369)**

17. FINANCIAL INSTRUMENTS

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by the Commission's Audit and Risk Committee.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

(i) Financial instrument categories

Parent

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2015 $'000	2014 $'000
Cash and cash equivalents	6	N/A	2,533	1,907
Receivables[1]	7	Loans and receivables (at amortised cost)	32	45

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables[2]	10	Financial liabilities measured at amortised cost	451	658

Consolidated

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2015 $'000	2014 $'000
Cash and cash equivalents	6	N/A	2,636	1,973
Receivables[1]	7	Loans and receivables (at amortised cost)	32	45

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables[2]	10	Financial liabilities measured at amortised cost	433	644

[1] Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
[2] Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(ii) Credit Risk

Credit risk arises when there is a possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Credit risk associated with the Commission's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015 $31,884; 2014 $45,016) and less than 3 months past due (2015 nil, 2014 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

	Total [1, 2] $'000	Past due but not impaired[1, 2] $'000	Considered impaired[1, 2] $'000
2015			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2014			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--

[1] Each column in the table reports 'gross receivables'.
[2]The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(iii) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Commission does not have a bank overdraft facility.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Commissioner (or person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest was applied during the year.

The table below summarises the maturity profile of the Commission's financial liabilities, together with the interest rate exposure.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Maturity analysis and interest rate exposure of financial liabilities

			$'000 Interest Rate Exposure			Maturity Dates		
	Weighted average effective int. rate	**Nominal amount**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 year**	**1 to 5 years**	**>5 years**
Parent								
2015								
Personnel services payable		353	--	--	353	353	--	--
Creditors		98	--	--	98	98	--	--
		451	**--**	**--**	**451**	**451**	**--**	**--**
2014								
Personnel services payable		553	--	--	553	553	--	--
Creditors		105	--	--	105	105	--	--
		658	**--**	**--**	**658**	**658**	**--**	**--**
Consolidated								
2015								
Accrued salaries, wages and on-costs		353	--	--	353	353	--	--
Creditors		101	--	--	101	101	--	--
		454	**--**	**--**	**454**	**454**	**--**	**--**
2014								
Accrued salaries, wages and on-costs		553	--	--	553	553	--	--
Creditors		108	--	--	108	108	--	--
		661	**--**	**--**	**661**	**661**	**--**	**--**

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the statement of financial position.

(iv) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission's exposure to market risk is primarily through interest rate risk. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended

where there is a structural change in the level of interest rate volatility. The Commission's exposure to interest rate risk is set out below.

		Interest rate risk			
	Carrying Amount	-1%		+1%	
		Profit	Equity	Profit	Equity
	$'000	$'000	$'000	$'000	$'000
Parent					
2015					
Financial assets					
Cash and cash equivalents	2,533	(25)	(25)	25	25
2014					
Financial assets					
Cash and cash equivalents	1,907	(19)	(19)	19	19
Consolidated					
2015					
Financial assets					
Cash and cash equivalents	2,636	(26)	(26)	26	26
2014					
Financial assets					
Cash and cash equivalents	1,973	(20)	(20)	20	20

(v) Fair value measurement

The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

18. EVENTS AFTER THE REPORTING PERIOD

The NSW Government is currently undertaking a review of police oversight across a number of agencies the findings of which are due to be handed down at the end of August 2015. The results of the review may have an impact on the current structure and functions of the Commission but at this stage this is unknown.

There have been no other significant events after the reporting period which would materially affect these statements.

End of audited financial statement

INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission Staff Agency

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Police Integrity Commission Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

The Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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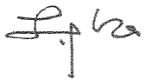
My opinion does *not* provide assurance:

- about the future viability of the Agency
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.



Weini Liao
Director, Financial Audit Services

21 September 2015
SYDNEY

Police Integrity Commission Staff Agency

Financial Statements 2014–15

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Police Integrity Commission Staff Agency

Statement by Commissioner

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

(a) the accompanying financial statements in respect of the year ended 30 June 2015 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation* 2015, and the *Treasurer's Directions*

(b) the statements exhibit a true and fair view of the financial position and financial performance of the Agency, and

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



M M O'Brien
Assistant Commissioner

This page is not audited

Police Integrity Commission Staff Agency

Statement of comprehensive income for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
Expenses excluding losses			
Operating Expenses			
Employee related	2	12,574	13,616
Total expenses excluding losses		**12,574**	**13,616**
Funded by			
Personnel services		11,790	12,711
Acceptance by the Crown Entity of employee benefits and other liabilities	3	764	905
Other revenue	3	20	--
Total Revenue		**12,574**	**13,616**
Net Result	10	--	--
Other comprehensive income for the year		--	--
TOTAL COMPREHENSIVE INCOME		--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of financial position as at 30 June 2015

	Notes	2015 $'000	2014 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	103	66
Receivables	5	1,430	1,792
Total Current Assets		1,533	1,858
Total Assets		**1,533**	**1,858**
LIABILITIES			
Current Liabilities			
Payables	6	356	556
Provisions	7	1,138	1,302
Total Current Liabilities		1,494	1,858
Non-Current Liabilities			
Provisions	7	39	--
Total Non-Current Liabilities		39	--
Total Liabilities		**1,533**	**1,858**
Net Assets		**--**	**--**
EQUITY			
Accumulated funds		--	--
Total equity		**--**	**--**

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of changes in equity for the year ended 30 June 2015

	Accumu-lated Funds $'000	Total $'000
Balance at 1 July 2014	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2015	--	--
Balance at 1 July 2013	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2014	--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of cash flows for the year ended 30 June 2015

	Notes	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(12,135)	(12,439)
Total Payments		**(12,135)**	**(12,439)**
Receipts			
Personnel services		12,172	12,307
Total Receipts		**12,172**	**12,307**
NET CASH FLOWS FROM OPERATING ACTIVITIES		**37**	**(132)**
NET INCREASE / (DECREASE) IN CASH	10	37	(132)
Opening cash and cash equivalents	4	66	198
CLOSING CASH AND CASH EQUIVALENTS	4	**103**	**66**

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission Staff Agency (the Agency) is an Agency of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Government Sector Employment Act 2013*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at 111 Elizabeth Street Sydney NSW 2000.

The Agency is a controlled entity of the Police Integrity Commission as such these statements form part of the consolidated accounts of the Police Integrity Commission.

Police Integrity Commission Staff Agency's objective is to provide personnel services to the Police Integrity Commission.

The financial statements for the year ended 30 June 2015 have been authorised for issue by the Assistant Commissioner for the Police Integrity Commission Staff Agency on 17 September, 2015.

(b) *Basis of preparation*

The Agency's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions issued by the Treasurer.

Financial items are prepared in accordance with the historical cost convention.

Judgments, key assumptions and estimations that management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) *Statement of Compliance*

These financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) *Income recognition*

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) *Rendering of services*

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

(e) *Assets*

(i) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(f) *Liabilities*

(i) *Payables*

Payables include accrued wages, salaries, and related on costs (such as payroll tax, tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) *Employee benefits and other provisions*

a. Salaries and Wages, Annual Leave, Sick Leave and On-costs

Liabilities for salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Agency has assessed the actuarial advice based on the Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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 benefits accrued in the future.

b. Long Service Leave and Superannuation

The Agency's liabilities for long service leave and defined benefit 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 benefits and other liabilities".

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 15/09) to employees with five or more years of service, using current rates

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

of pay. These factors were determined based on an actuarial review to approximate present value.

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 (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

c. Consequential on-costs

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

(g) *Other Provisions*

Other provisions exist when the Agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(h) *Changes in accounting policy, including new or revised Australian Accounting Standards*

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014-15 the impact of which has been immaterial.

- AASB 10 – Consolidated Financial Statements
- AASB 1055 & AASB 2013-1 -- regarding budgetary reporting

(iii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Agency is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2015.

- AASB 9, AASB 2010-7 & AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 & AASB 2014-8 -- Regarding financial instruments
- AASB 2014-4 -- Regarding acceptable methods of depreciation and amortisation
- AASB 2014-9 -- Regarding equity method in separate financial statements
- AASB 2015-1 -- Regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 -- Regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 -- Regarding materiality
- AASB 2015-6 -- Regarding extending related party disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

2. EXPENSES EXCLUDING LOSSES

	2015 $'000	2014 $'000
Employee related expenses		
Salaries and wages (including recreation leave)	9,665	10,565
Redundancies	513	409
Superannuation–defined benefit plans	77	90
Superannuation–defined contribution plans	912	963
Long Service Leave	683	810
Workers' compensation insurance	87	101
Payroll tax	637	678
	12,574	**13,616**

For the 2014/15 financial year the audit fee for auditing the Agency is included in the PIC audit fee.

3. REVENUE

Acceptance by the Crown Entity of employee benefits and other liabilities
The following liabilities and / or expenses have been assumed by the Crown Entity or other government agencies:

Superannuation–defined benefit plans	77	90
Long Service Leave	683	810
Payroll tax on superannuation	4	5
	764	**905**

The movement in long service leave includes leave taken and paid out on termination together with the yearend adjustment to the accrual reflecting the movement in the bond rate and present value calculation.

Other revenue – insurance hindsight adjustment refund	20	--
	20	**--**

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank	103	66
	103	**66**

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS – RECEIVABLES

Personnel services	1,430	1,792
	1,430	**1,792**

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

6. CURRENT LIABILITIES –PAYABLES

	2015 $'000	2014 $'000
Employee benefits and related on-costs		
Accrued salaries and wages	353	334
Redundancies	--	219
Other – Paid parental leave	3	3
	356	**556**

7. CURRENT/NON-CURRENT LIABILITIES –PROVISIONS

Employee benefits and related on-costs		
Annual leave including on-costs	657	802
Long service leave on-cost	487	459
Payroll tax	33	41
	1,177	**1,302**
Aggregate employee benefits and related on-costs		
Expected to be settled within 12 months	1,138	1,279
Expected to be settled after 12 months	39	23
	1,177	**1,302**

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Agency is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2014: nil).

9. COMMITMENTS FOR EXPENDITURE

As at the reporting date, the Agency does not have any commitments (2014: nil).

10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

Net cash used in operating activities	37	(132)
Decrease/(increase) in provisions	125	(1)
Increase/(decrease) in prepayments and other assets	(362)	404
Decrease/(increase) in creditors	200	(271)
Net result	--	--

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

11. FINANCIAL INSTRUMENTS

The Agency's principal financial instruments are outlined below. These financial instruments arise directly from the Agency's operations or are required to finance the Agency's operations. The Agency does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Agency's main risks arising from financial instruments are outlined below, together with the Agency's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout this financial statement.

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Agency, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by the Commission's Audit and Risk Committee.

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2015 $'000	2014 $'000
Cash and cash equivalents	4	N/A	103	66
Receivables[1]	5	Loans and receivables (at amortised cost)	1,430	1,792

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2015 $'000	2014 $'000
Payables[2]	6	Financial liabilities Measured at amortised cost	332	539

[1] Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)
[2] Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(ii) Credit Risk

Credit risk arises when there is a possibility of the Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Agency, including cash and receivables. No collateral is held by the Agency. The Agency has not granted any financial guarantees.

Credit risk associated with the Agency's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

Cash
Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

Receivables – trade debtors
All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015 nil, 2014 nil) and less than 3 months past due (2015 nil, 2014 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

	Total [1, 2] $'000	Past due but not impaired[1, 2] $'000	Considered impaired[1, 2] $'000
2015			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--
2014			
< 3 months overdue	--	--	--
3 months – 6 months overdue	--	--	--
> 6 months overdue	--	--	--

[1] Each column in the table reports 'gross receivables'.
[2]The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

(iii) Liquidity risk
Liquidity risk is the risk that the Agency will be unable to meet its payment obligations when they fall due. The Agency continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Agency does not have a bank overdraft facility.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Agency's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for 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 NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly

rendered invoice. For other suppliers, 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. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest was applied during the year.

The table below summaries the maturity profile of the Agency's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

		$'000						
			Interest Rate Exposure			Maturity Dates		
	Weighted average effective int. rate	**Nominal amount**	**Fixed interest rate**	**Variable interest rate**	**Non-interest bearing**	**< 1 year**	**1 to 5 years**	**>5 years**
2015								
Accrued salaries, wages and on-costs		356	--	--	356	356	--	--
		356	**--**	**--**	**356**	**356**	**--**	**--**
2014								
Accrued salaries, wages and on-costs		556	--	--	556	556	--	--
		556	**--**	**--**	**556**	**556**	**--**	**--**

(iv) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Agency's exposure to market risk is primarily through interest rate risk. The Agency has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through interest bearing liabilities. The Agency does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Agency's exposure to interest rate risk is set out below.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2015

		Interest rate risk			
	Carrying Amount $'000	-1%		1%	
		Profit $'000	Equity $'000	Profit $'000	Equity $'000
2015					
Financial assets					
Cash and cash equivalents	103	(1)	(1)	1	1
2014					
Financial assets					
Cash and cash equivalents	66	(0.7)	(0.7)	0.7	0.7

(v) Fair value measurement

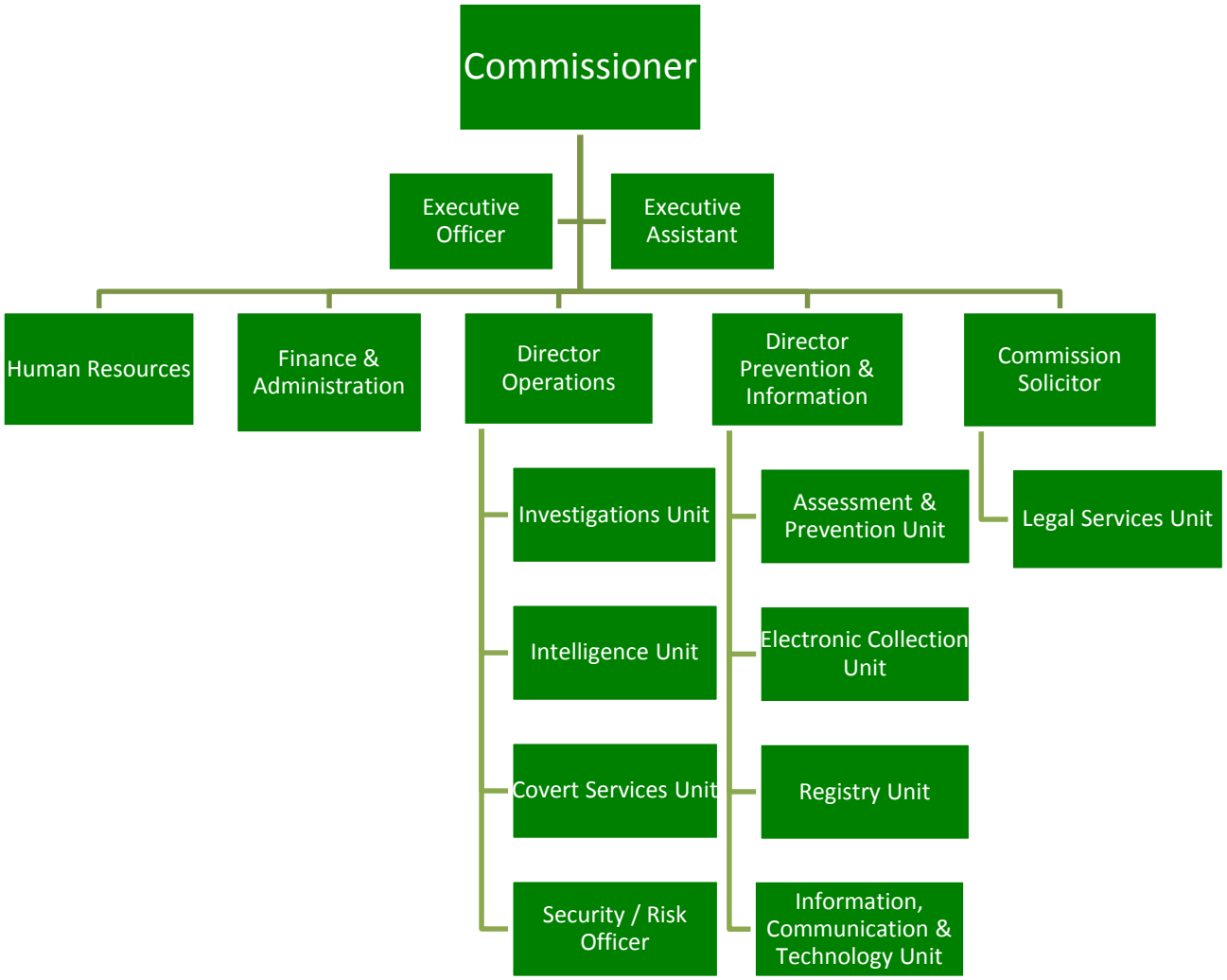
The amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments.

12. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period which would materially affect these statements.

End of audited financial statement

Appendix 8: Organisational Structure



APPENDIX 9: DIRECTORY, PUBLICATIONS AND PRINTING REQUIREMENTS

Directory

Address	Postal Address	Website
Level 3, 111 Elizabeth Street SYDNEY NSW 2000	GPO Box 3880 SYDNEY NSW 2001	www.pic.nsw.gov.au
Telephone inquiries:	**Office Hours:**	
Telephone: (61 2) 9321 6700 Freecall: 1800 657 079 Facsimile: (61 2) 9321 6799	8.30am – 4.30pm	

Publications

The Commission's publications fall into the following categories:

- Reports to Parliament following an investigation which involved public hearings (section 96(2) of the *Police Integrity Commission Act 1996*)
- Special reports to Parliament on any administrative or general policy matter relating to the functions of the Commission (section 98)
- Annual Reports
- Research and Issues Papers
- Brochures concerning the making of a complaint in regard to serious police misconduct.

A full list of publications available to the public is posted on the Commission's website.

The following publications were released by the Commission during 2014–15:

Publication Name	Publication Date
Operation Montecristo	November 2014
Operation Protea	June 2015

Annual Report Costs

Total External Costs: $0 (including design and printing costs)

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