



## CORRUPTION AND CRIME COMMISSION

The Hon. Nicholas Griffiths MLC  
President  
Legislative Council  
Parliament House  
PERTH WA 6000

The Hon. Fred Riebeling MLA  
Speaker  
Legislative Assembly  
Parliament House  
PERTH WA 6000

Dear Mr President  
Dear Mr Speaker

I am pleased to provide this Annual Report of the Corruption and Crime Commission for the financial year ended 30 June 2007 to each of you for presentation to Parliament.

The report has been prepared in accordance with section 61(1) of the *Financial Management Act 2006*, and with section 91 of the *Corruption and Crime Commission Act 2003*.

Yours faithfully

A handwritten signature in blue ink, reading "L W Roberts-Smith".

The Hon L W Roberts-Smith RFD QC  
**COMMISSIONER**

26 September 2007



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## COMMISSIONER'S FOREWORD

This is the fourth annual report of the Corruption and Crime Commission and my first as its Commissioner. The report contains information describing the Commission's operations in the performance of its functions and the outcomes achieved in the pursuit of its legislated purposes.



During this last financial year, the Commission has conducted major serious misconduct inquiries into allegations of misconduct in regard to Smiths Beach, lobbying and public sector misconduct and matters concerned with the conviction and imprisonment of Mr Andrew Mallard.

Each of these inquiries has had a high public profile and remains a focus of the Commission's operations in the current financial year. The Commission will follow these matters up, once complete, with corruption prevention and education programmes.

I assumed my appointment as Commissioner on 5 June 2007, towards the end of the reporting period, following the retirement of the inaugural Commissioner, Kevin Hammond on 31 March 2007. Commissioner Hammond, who had earlier served the community in roles including the Chief Judge of the District Court of Western Australia, had established the Commission, nurturing its development into the effective agency for which it is recognised nationally. I congratulate Mr Hammond for his notable achievements at the Commission, and in his broader legal career, and wish him well in his retirement.

The public sector's knowledge of its responsibilities under the Act improved during 2006-2007 through the public exposure of the Commission's activities in public hearings and the media's reporting of them, as well as through the Commission's own corruption prevention education and consultancy services. There was a considerable demand for the conduct of corruption prevention seminars, workshops and consultations for public officers and the community, particularly in relation to 'conflicts of interest', which required the concentrated focus of the Commission's educative resources. This resulted in an increased understanding of the services provided by the Commission and available to assist agencies to meet both their obligations to deal with misconduct and to improve their corruption prevention practices.

In the conduct of its prevention and education function, the Commission delivered 155 corruption prevention and education seminars to over 5,600 persons, including around 1,000 persons in regional Western Australia. It tabled six reports in Parliament, including reviews of the misconduct management mechanisms of particular agencies and a report on the Western Australia Police's progress of its reform program. It also reviewed the responses of appropriate authorities to

recommendations that had been made by the Commission for improving their misconduct and corruption resistance.

In performing its misconduct function, the Commission received and assessed 2,150 complaints and notifications of misconduct by public officers, monitored 2,055 Appropriate Authority Investigations of misconduct allegations and reviewed 1,832 completed misconduct investigations. Twenty-five percent of allegations were substantiated. The Commission charged 14 persons with 156 criminal offences and 10 persons were convicted on charges resulting from Commission investigations, during the reporting period.

The Commission's organised crime function remained dormant for the second consecutive year, with the significant powers available to the Western Australia Police under the Act unutilised. The Act prescribes that the Commission is reliant upon the application of the Commissioner of Police in order to perform its role in supporting the police's organised crime investigations. That no such applications have been received in the past two years points to deficiencies in the legislation, as one of the Act's two purposes, being to combat and reduce the incidence of organised crime, is not being achieved. The Commission has continued to present its views on its organised crime function to the Joint Standing Committee on the Corruption and Crime Commission in the form of proposed legislative amendments which it believes would permit the achievement of the intention of the legislation.

A review by the Attorney General of the operation and effectiveness of the Act, in accordance with the requirements of its section 226, was commenced during the reporting period. The Commission has made submissions to the review and awaits its outcomes.

The provision of a second Acting Commissioner, Mr Neil McKerracher QC, in December 2007, in addition to Acting Commissioner, Mr Chris Shanahan SC, has provided the required level of continuity to ensure the performance of the non-delegable functions of Commissioner in my absence, or my inability to perform the role, or declaration of a perceived conflict of interest. This has increased the Commission's efficiency as it has permitted it to deal with several significant and complex matters concurrently during the reporting period.

The Commission's inquiries into lobbying and alleged public sector misconduct were resource-intensive during the 2006-2007 reporting period, with the investigation process also including the conduct of public hearings. The intense public interest in the progress of these inquiries has been a valuable corruption prevention educative tool with the media drawing wider attention to significant issues as they have been presented to the Commission. While the investigation process is yet to be finalised for all of these inquiries, the significance of the material produced in the public arena has served to stimulate discussion in the public sector and the community which has further increased the promulgation of the Commission's corruption prevention message.

During 2006-2007, the Commission commenced an inquiry into whether any public officer has engaged in misconduct in relation to the investigation, prosecution, appeals and subsequent imprisonment of Mr Andrew Mallard in connection with the

murder of Mrs Pamela Lawrence in 1993. This inquiry, being conducted by the Honourable John Dunford QC, a retired Judge of the Supreme Court of New South Wales in the role of Acting Commissioner. It is an important matter that touches on many aspects of the State's justice system. The inquiry's conduct has required the use of significant resources during the reporting period. The inquiry, through the conduct of the public examination of witnesses, has received wide public attention through the media and will remain a major Commission focus during the current reporting period.

As I approach the completion of my first four months in the role of Commissioner, at a time when the Commission's activities have included the continuation of several significant inquiries of high public interest and with a review of the agency's enabling legislation underway, I would like to acknowledge the Commission's staff, whose individual and collective professionalism and dedication to their roles has been responsible for the Commission being able to effectively fulfil its important role.

A handwritten signature in blue ink, reading "L W Roberts-Smith". The signature is fluid and cursive, with a large initial "L" and "W" and a period at the end.

The Hon L W Roberts-Smith RFD QC  
**COMMISSIONER**

## THE YEAR IN BRIEF

### MISCONDUCT FUNCTION

- Received and assessed **2,150** complaints and notifications of misconduct (25% of allegations were substantiated).
- Monitored **2,055** Appropriate Authority Investigations into alleged misconduct, conducted by public authorities.
- Reviewed **1,832** completed Appropriate Authority Investigations into alleged misconduct conducted by public authorities.
- Approved **419** applications for the use of the Commission's statutory powers under the *Corruption and Crime Commission Act 2003* (the Act).
- Charged **14** persons, including **six** public officers, with **156** criminal offences. Additionally, **10** persons, including **four** public officers, were convicted on Commission investigation-related charges.
- Held **five** public hearings involving **105** witnesses over **40.5** days, and **seven** private hearings involving **35** witnesses over **22** days.

### PREVENTION AND EDUCATION FUNCTION

- Delivered **155** corruption prevention and education seminars to **5,616** attendees from a range of WA public authorities in metropolitan and regional areas and from the community.
- Produced **five** major and **30** minor education materials dealing with such issues as conflicts of interest and building integrity.
- Undertook an evaluation of the responses of public authorities to the Commission's recommendations intended to reduce the incidence of misconduct.
- Reviewed the reports of a representative sample of public authorities in relation to their misconduct prevention and management systems, determining that 62% asserted they had a formal strategy for misconduct (corruption) prevention and 80% asserted they had identified their misconduct risks.
- Continued oversight of Western Australia Police reform including the publication of a report describing the progress of the first two years of the reform program.



## **ORGANISED CRIME FUNCTION**

- The organised crime function was not performed during the reporting year as no applications to access the available powers were received from the Commissioner of Police. The Commission is not able to exercise these powers in the absence of such applications.
- The Commission has made submissions to the Joint Standing Committee on the Corruption and Crime Commission in regard to its concerns that the legislation's intention is not being met.

## **SUPPORTING THE COMMISSION**

- The Commission averaged 148 full-time equivalent staffing positions during the year, with 151.5 positions at 30 June 2007 and operating within its approved establishment level of 153 positions.
- The Commission rolled-out its new Case Management and Intelligence System for managing all misconduct allegations and investigations. Implementation included the back-capture of data concerning all allegations received during the reporting period.
- The Commission's Wellness Program marked its first 12 months of promoting a culture of health. The program includes regular fitness activities, a weight-loss program, corporate challenges, information sessions, ergonomic workplace assessments, flu vaccinations and the circulation of a Wellness Program Calendar to all staff containing information and tips for healthy living.

## REPORTS TABLED IN THE PARLIAMENT

- 'Two Years Out': A report of the first two years of the Western Australia Police Reform Program, tabled on 3 August 2006.
- 'Sexual Contact with Children by Persons in Authority in the Department of Education and Training of Western Australia', tabled on 16 October 2006.
- 'Misconduct Handling Procedures in the Western Australian Public Sector: Department for Community Development', tabled on 5 February 2007.
- 'Eligibility for Government Housing': A report on a corruption prevention review of the Government Employees' Housing Authority, tabled on 23 February 2007.
- 'Misconduct Handling Procedures in the Western Australian Public Sector: Department of Consumer and Employment Protection', tabled on 29 March 2007.
- 'The Anti-Corruption Commission's Investigation Report into any Involvement by Western Australia Police Officers in the Death of Andrew Petrelis', tabled on 17 May 2007.

## REQUIRED REPORTING

The *Corruption and Crime Commission Act 2003* requires the Commission to report certain information under section 91(2), including:

Activity	Number
Section 46: Organised crime exceptional powers findings	0
Section 68: Organised crime fortification warning notices	0
Section 94: Notices to produce a statement of information served	36
Section 101: Search warrants	15
Section 103: Approvals for assumed identities	17
Section 121: Conduct controlled operations	2
Section 123: Integrity testing programmes	9
Section 148: Arrest warrants	0
<i>Surveillance Devices Act 1998</i> warrants	20
<i>Telecommunications Interception and Access Act 1979</i> warrants	123

## **OPERATIONAL STRUCTURE**

### **ENABLING LEGISLATION**

The Corruption and Crime Commission (the Commission) was established on 1 January 2004 following proclamation of the *Corruption and Crime Commission Act 2003* (the Act) in the Government Gazette on 30 December 2003.

### **RESPONSIBLE MINISTER**

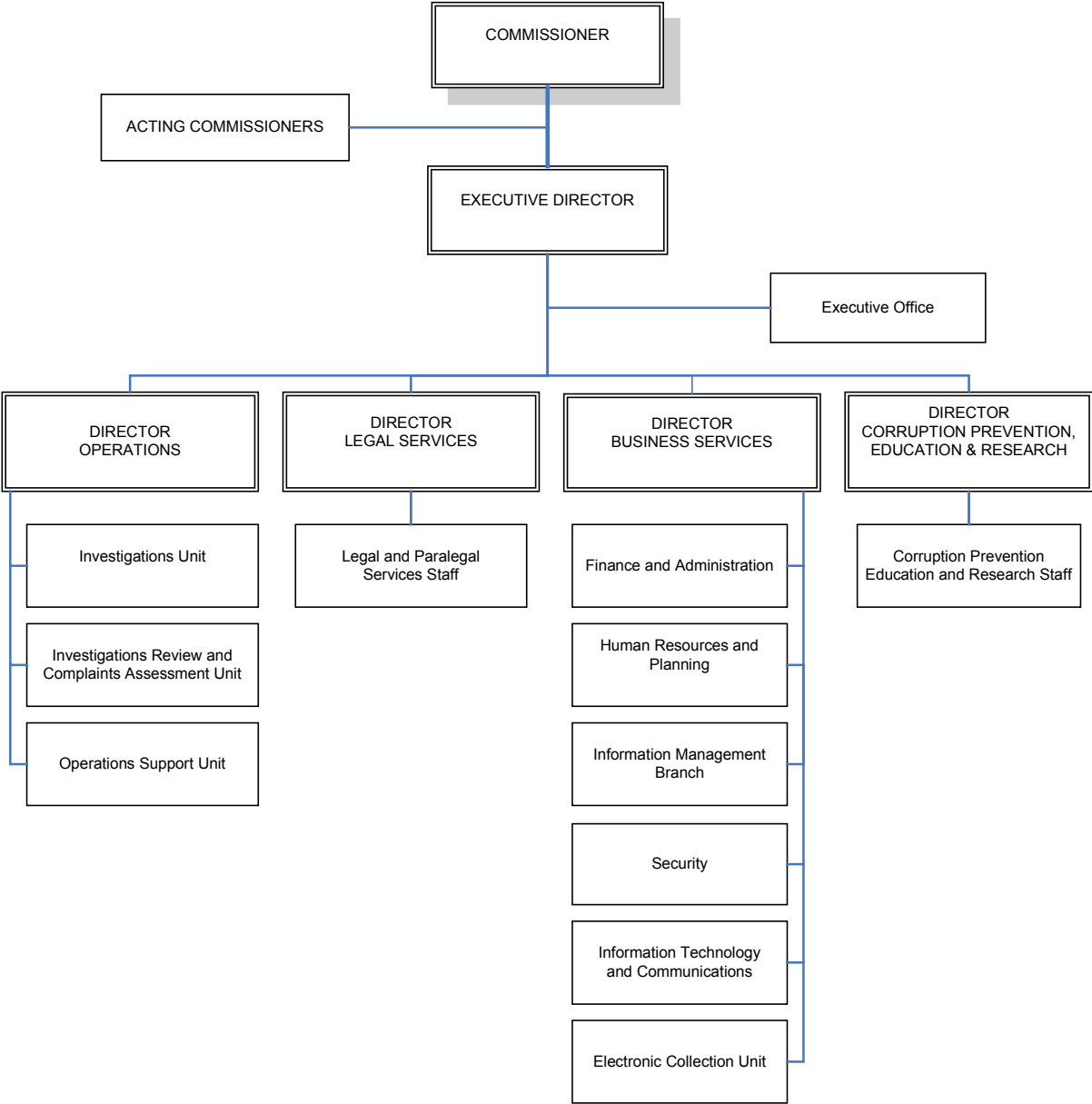
The Commission is a body corporate with perpetual succession that, as an independent agency, reports directly to the Parliament. The Commission is overseen by a parliamentary committee – the Joint Standing Committee on the Corruption and Crime Commission – which is aided by the Parliamentary Inspector of the Corruption and Crime Commission. For budgetary purposes, the Attorney General is the responsible Minister.

### **MISSION**

The Commission's mission is to:

- improve continuously the integrity of, and to reduce the incidence of misconduct in, the public sector; and
- combat and reduce the incidence of organised crime.

# ORGANISATIONAL CHART



## **SENIOR OFFICERS**

### **Commissioner – The Hon. Len Roberts-Smith RFD QC**

Commissioner Roberts-Smith was sworn-in on 5 June 2007, following the retirement on 31 March 2007 of Commissioner Kevin Hammond, the inaugural Commissioner. Mr Roberts-Smith resigned from the Supreme Court of Western Australia to take up the appointment. He had been a Judge since 2000, and in 2004 was appointed as one of the first Judges of Appeal of the Court of Appeal Division of the Supreme Court. From June 2002, he was the Judge Advocate General of the Australian Defence Force, with the rank of Major General, a position he has relinquished on assuming this appointment.

### **Acting Commissioner – The Hon. John Dunford QC**

The Honourable John Dunford QC has been appointed as an Acting Commissioner in order to conduct the Commission's inquiry into the Andrew Mallard matter.<sup>1</sup> Mr Dunford was appointed Queen's Counsel in 1980 and then to the District Court of New South Wales in 1986, where he remained until 1992 when he was appointed to the Supreme Court of that State. When a Judge of the Supreme Court, he presided over some of the most serious criminal trials in New South Wales and regularly sat on the Court of Criminal Appeal before retiring in April 2005.

### **Acting Commissioner – Mr Neil McKerracher QC**

Acting Commissioner McKerracher was sworn-in as Acting Commissioner on 7 December 2006. He was appointed Queen's Counsel in, and for, the State of Western Australia in 1997 and has been admitted to practice in a number of other states and before the High Court of Australia. Mr McKerracher has also served as a Commissioner of the Supreme Court of Western Australia and sits when required as a Senior Sessional Member of the State Administrative Tribunal in the vocational regulation stream.

### **Acting Commissioner – Mr Christopher Shanahan SC**

Acting Commissioner Shanahan was first sworn in as Acting Commissioner on 22 August 2005 for a period of two years, he was re-appointed on 21 August 2007 for a further three year term. Mr Shanahan is Vice-President of the Western Australian Bar Association and was appointed Senior Counsel for the State of Western Australia on

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<sup>1</sup> Mr Mallard spent 12 years in prison following his conviction in 1994 for the murder of Mrs Pamela Lawrence. Following two unsuccessful appeals, Mr Mallard's conviction was overturned by the High Court. The general scope and purpose of the investigation necessarily involves the investigation of the conduct of officers of the Western Australia Police involved in the investigation of the murder of Pamela Lawrence, and officers of the Office of the Director of Public Prosecutions in the prosecution of Andrew Mallard.

1 December 2004. Mr Shanahan who has been admitted to practice in NSW and before the High Court of Australia, also serves as an Acting Information Commissioner.

### **Executive Director – Mr Mike Silverstone**

Mr Silverstone is the Commission's principal officer and advisor to the Commissioner on all aspects of the Commission's operations and activities. The Executive Director oversees and coordinates the Commission's operations in accordance with the Commissioner's strategic directions.

## **ADMINISTERED LEGISLATION**

The Commission is established under and operates pursuant to the *Corruption and Crime Commission Act 2003*.

## **OTHER KEY LEGISLATION**

The key legislation impacting on the performance of the Commission's functions and operations includes:

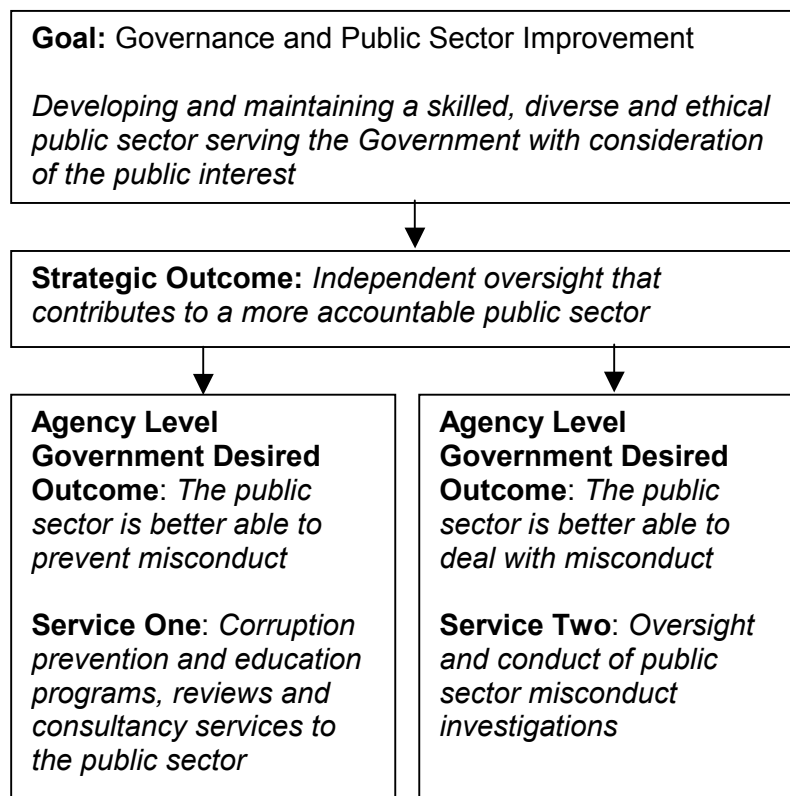
- *Criminal Investigation Act 2006*
- *Criminal Procedure Act 2004*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Industrial Relations Act 1979*
- *Legal Practice Act 2003*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *State Records Act 2000*
- *Surveillance Devices Act 1998*
- *Telecommunications Act 1997 (Cth)*
- *Telecommunications (Interception and Access) Act 1979 (Cth)*
- *Telecommunications (Interception) Western Australia Act 1996*

# PERFORMANCE MANAGEMENT FRAMEWORK

## OUTCOME BASED MANAGEMENT

*Better Planning: Better Futures, a Framework for the Strategic Management of the Western Australian Public Sector*, was published by the Department of the Premier and Cabinet in September 2006. It requires the alignment of Agency Level Government Desired Outcomes and their associated services with one or more specified Government Goals and associated Strategic Outcomes.

The Commission has three Agency Level Government Desired Outcomes and three associated services. These align with two Government Goals and Strategic Outcomes within the Government's strategic management framework.

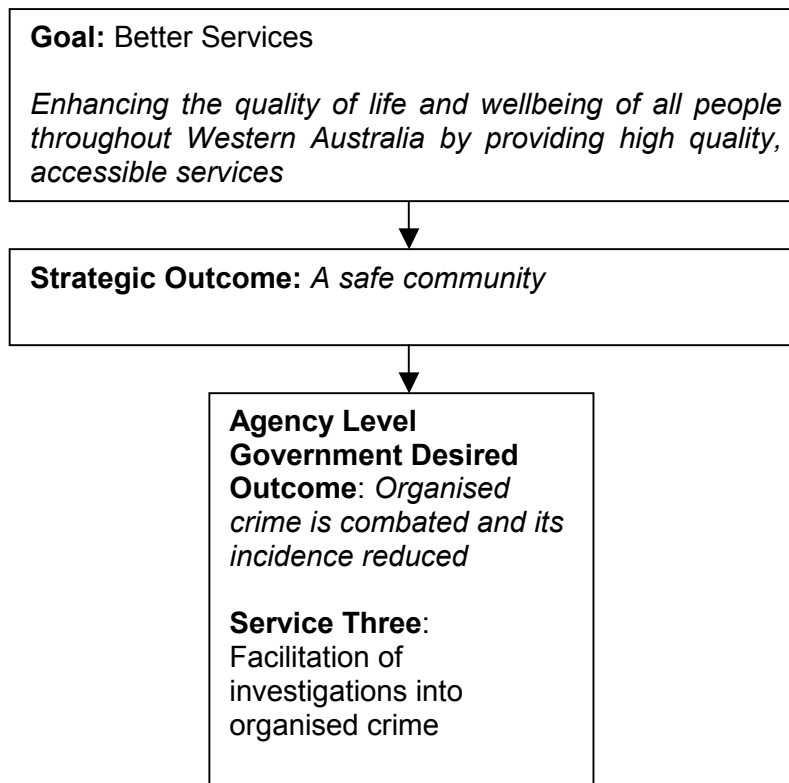


**Service One:** *Corruption prevention and education programs, reviews and consultancy services to the public sector*

This service is derived from section 17 of the Act, which establishes the Commission's 'prevention and education function' of helping to prevent misconduct. The performance of this service involves Commission staff gathering and analysing information in relation to misconduct and reporting or communicating this information through presentations, consultations and materials for misconduct prevention purposes.

**Service Two: Oversight and conduct of public sector misconduct investigations**

This service is derived from section 18 of the Act, which establishes the Commission's 'misconduct function' to ensure that an allegation or information involving misconduct is dealt with in an appropriate way. It involves the receipt and assessment of misconduct allegations and notifications and the conduct, or the monitoring and review, of any consequent misconduct investigations.



**Service Three: Facilitation of investigations into organised crime**

Section 21 of the Act provides for the Commission's 'organised crime functions', which constitute its Service Three. This involves the facilitation and oversight of the use of enhanced and exceptional powers by the Western Australia Police in the police's organised crime investigations.<sup>2</sup>

<sup>2</sup> The Commission has no investigative crime powers itself, but regulates any use of the organised crime powers available under the Act by the Western Australia Police for these purposes.



## **CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK**

The Commission's Outcome Based Management Framework did not change during 2006-2007. While the implementation of *Better Planning: Better Futures* saw adjustments at the government level of the structures, the extant Commission's Outcome Based Management structures naturally aligned with the new, amended Strategic Outcomes.

Minor amendments were made to the manner in which certain Key Performance Indicators are measured in order to improve the value of those indicators, for example, an independent, external telephone survey was adopted. For further information refer to the Key Performance Indicators section of this report.

## **SHARED RESPONSIBILITIES WITH OTHER AGENCIES**

The Commission did not share any responsibilities with other agencies in 2006-2007.

## AGENCY PERFORMANCE – REPORT ON OPERATIONS

Since its inception in 2004, the Corruption and Crime Commission has continued to develop its capacity to deliver services to the public sector and the community. The Commission is fully established and has achieved significant success in the role created for it by Parliament.

The completion of the 2006-2007 reporting period occurs at a time which marks the conclusion of the Commission's development phase. As required under the *Corruption and Crime Commission Act 2003* (the Act), the Attorney General is undertaking a review of the operation and effectiveness of the Act now that the Commission has been operating for three years.<sup>3</sup>

This review, being undertaken by the Attorney General, is significant due to the resulting effect that any recommendations may have on the Commission's operations. This is largely due to the nature of some of the issues which the review is required to address as well as other matters that the Commission itself has raised as a result of its experience in applying the Act.

Under its Act, the Commission has two purposes:

- *'to combat and reduce the incidence of organised crime'*; and
- *'to improve continuously the integrity of, and to reduce the incidence of misconduct in, the public sector'*<sup>4</sup>.

For the reasons which are explained below, the Act's first purpose has not been achieved during the reporting period. The second purpose has remained the major focus of the Commission's operations during the 2006-2007 reporting year.

### ORGANISED CRIME FUNCTION

The first purpose of the Act, *'to combat and reduce the incidence of organised crime'*, is described as the Organised Crime Function, and is described at section 21 and Part 4 of the Act. This function is incorporated into the Commission's performance management framework as:

**Service Three:** *Facilitation of investigations into organised crime.*

In seeking to achieve this purpose, the Commission is not empowered to act independently. While the intent of the legislation is clear, the outcome of reducing organised crime through the Act has not been realised.

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<sup>3</sup> Section 226 *Corruption and Crime Commission Act 2003*

<sup>4</sup> Section 7A *Corruption and Crime Commission Act 2003*

In any contribution to the reduction of organised crime, the Commission is restricted to facilitating the use of the exceptional powers available under the Act by the Western Australia Police. For the second successive year, no applications to use these powers were received from the Commissioner of Police, as required by the legislation. This has resulted in the powers remaining unutilised and consequently the legislation is ineffective.

## PREVENTION AND EDUCATION FUNCTION

The Commission's second purpose under the Act, '*to improve continuously the integrity of, and to reduce the incidence of misconduct in, the public sector*',<sup>5</sup> has been the agency's primary focus. This purpose has been successfully achieved through the delivery of two services:

- **Service One:** *Corruption prevention and education programs, reviews and consultancy services to the public sector.*
- **Service Two:** *Oversight and conduct of public sector misconduct investigations.*

The Commission performs its prevention and education function, in accordance with section 17 of the Act, by seeking to improve integrity across the public sector by building the capacity of public authorities to prevent and deal effectively with misconduct. The Commission achieves this by:

- analysing intelligence and results from investigations;
- analysing systems used to prevent misconduct;
- using information gathered from all sources;
- providing public authorities with information, consultancy and by making recommendations;
- providing information to the general community;
- ensuring that in all its functions the Commission has regard to its prevention and education function;
- targeted education and training; and
- reporting on ways to prevent misconduct.

In addition, the Commission has continued to report on the progress of the Police Reform Program, a responsibility that resulted from a request by Government following consideration of the recommendations of the Royal Commission Into Whether There Has Been Corrupt Or Criminal Conduct By Any Western Australian Police Officer.

### Education

During the reporting period, the Commission delivered 155 education sessions to 5,616 persons. This included 995 persons in regional Western Australia.

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<sup>5</sup> Section 7A(b) *Corruption and Crime Commission Act 2003*

Conflicts of interest were a major focus of the Commission's educational efforts during the reporting period. Resulting from the Commission's public hearings and investigations, conflicts of interest emerged as a significant misconduct risk area across the sector. To address this issue, the Commission launched a state-wide education strategy, targeting public officers in the state and local government sectors.

The strategy included a two-hour interactive workshop titled 'Conflicts of Interest – A Practical Guide for the Western Australian Public Sector' that was delivered by Commission staff to 1,965 public officers in the metropolitan area and in seven regional centres. The response to these workshops was overwhelmingly positive, highlighting a significant area of unmet need. As part of the education strategy a suite of educational guides and training materials was developed for use across the sector.

An independent telephone survey of a representative sample of attendees of the conflicts of interest workshops reported that 15% of respondents had personally had, or managed on behalf of another staff member, a conflict of interest situation in the workplace since attending the workshop. Of these, 63% had used the workshop materials to manage the situation, with the remainder believing that the matter was simple enough to deal with without referring to the materials.

While 'Conflicts of Interest' was the major education initiative in 2006-2007, the year also saw a significant increase in requests from community and professional groups for presentations on integrity themes to large conference and seminar groups, as well as for targeted community meetings.

Catering to the needs of regional Western Australia continued to be a priority for the Commission, with educational programs delivered to the Goldfields, Wheatbelt, Midwest, Great Southern and Southwest regions.

In addition to its locally based education strategies, during the reporting period the Commission undertook preparations to co-host the first Australian Public Sector Anti-Corruption Conference, which will be held in Sydney in October 2007. This will be the first national corruption prevention conference aimed at Australian public officers. It represents a landmark in cooperation between the anti-corruption bodies in Queensland, New South Wales and Western Australia and is sponsored by the governments of each State.

The first edition of the Commission's 'Corruption Prevention Newsletter' was finalised in June 2007 and subsequently distributed widely across the sector, as well as being made available through the Commission's website. The newsletter represents a new approach by the Commission in communicating with the sector and is intended to raise awareness regarding emerging integrity and misconduct themes and issues.

Conscious efforts were made during the reporting period to develop the Commission's profile and reputation as being 'there to assist' agencies and the community through its education and consultancy activities. The success of this is clearly being reflected in the increasing level of requests received by the Commission from across the public sector for presentations and consultancy advice generally.

## **Provision of Corruption Prevention Consultancy**

A significant consultancy theme which has emerged from Commission reviews of agency misconduct management systems has been the need for agencies to develop a more comprehensive and integrated approach to preventing and managing misconduct. To this end the Commission developed a 'Whole of Agency Integrated Approach to Misconduct Prevention and Management'. Formal presentations have been made to the executive teams from various public sector agencies, and as a consequence, a number of agencies have commenced, as an organisational priority, the development of a whole of agency misconduct mechanism. The Commission has been active in providing support and advice to these agencies.

The level of consultancy demand arising from education initiatives such as the 'Conflicts of Interest' workshops has also been significant and has raised the level of both awareness and expectation of public sector agencies as to what support and services the Commission can provide.

## **Inquiries and Reviews**

As well as the misconduct investigation-based inquiries conducted by the Commission, it also conducts inquiries and reviews for corruption prevention purposes. This takes the form of research, corruption prevention analysis and the making of relevant recommendations for improvements to systems, processes and policies.

While the Commission attempts to be proactive about the inquiries and reviews undertaken, these activities are often, by their nature, largely reactive. They depend on matters brought to the Commission and themes that become apparent from complaints and major investigations. The exceptions during the reporting period have been the review of Western Australia Police's management of complaints and agency misconduct management systems reviews.

Notifications of misconduct relating to the Western Australia Police continue to constitute the highest proportion of all notifications reported to the Commission. This is, in part, due to the more stringent notification requirements under which the Western Australia Police reports. As part of its oversight of misconduct investigations, the Commission often refers allegations to the 'home' agency to investigate. For this reason the Commission has reviewed the management of complaints made about Western Australia Police officers, focusing on the factors which impact on the quality of internal investigations at a district and organisational level. The Commission intends to use the information gained from this review to assist police to improve the quality of internal investigations practice.

## **Western Australia Police Reform**

The Commission's oversight function of Western Australia Police Reform arose as a consequence of the recommendations of the Kennedy Royal Commission<sup>6</sup> (KRC), but has developed into a more extensive evaluation of ongoing reform.

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<sup>6</sup> Royal Commission Into Whether There Has Been Corrupt Or Criminal Conduct By Any Western Australian Police Officer

During 2006-2007 the Commission tabled in Parliament '*Two Years Out: A report of the first two years of the Western Australia Police Reform Program*'. This report provided an account and evaluation of measures undertaken by the police following the KRC to ensure long-term cultural change and improve service delivery. The report acknowledged that while reform is long-term and complex, Western Australia Police had invested significant energy into planning and implementing its reform program.

The Commission has continued to monitor the progress of reform within the Western Australia Police and is committed to ongoing work in partnership with the police in relation to reform, corruption prevention and the management of misconduct. The Commission intends to provide a further report on the progress of reform during 2007-2008.

### **Partnership in National Whistleblower Research**

The Commission is a 'partner investigator' in the *Whistling While they Work* research project, a jointly funded national research project. The Commission continues to play an active role in contributing funding, resources and staff time to this project, now reaching the end of its third and final year. The research is being undertaken with the Australian Research Council, as well as several universities and industry partners throughout Australia, including a number of integrity agencies. In Western Australia the other research partners are Edith Cowen University, the Office of Public Sector Standards and the Ombudsman.

Initial findings from the research will be presented at the Australian Public Sector Anti-Corruption Conference in Sydney in October 2007. The Commission intends to use the findings from the research to inform its capacity-building work with Western Australian public sector agencies in the areas of identifying and promoting best practice in organisational responses to the reporting of misconduct and management of internal witnesses.

### **The Integrity Coordinating Group**

The Integrity Coordinating Group (ICG), formed in 2004 to foster and enable collaboration and coordination between the four state oversight bodies responsible for the promotion of integrity in the Western Australian Public Sector, has continued to meet regularly. The ICG members include the Auditor General, the Commissioner for Public Sector Standards, the Ombudsman (Parliamentary Commissioner for Administrative Investigations) and the Corruption and Crime Commissioner.

The ICG's Terms of Reference include:

- fostering cooperation between public sector integrity bodies;
- encouraging coordinated research, evaluation and monitoring of the implementation of integrity and accountability;
- fostering operational cooperation and consistency in communication, education and support in public sector organisations;

- providing ongoing advice to government and the public through existing mechanisms on institutional and law reforms needed to maintain and develop integrity in the WA public sector; and
- sponsoring comparative research, evaluation and policy discussion regarding integrity mechanisms in Western Australia, and other jurisdictions, nationally and internationally.

## **Commission Recommendations**

From its inception in January 2004 until 30 June 2007 the Commission has, under sections 84 and 85 of the Act, presented 16 reports to Parliament (excluding annual reports). These reports principally focussed on either investigations into serious misconduct or reviews of agencies' misconduct management practices. One hundred and eight recommendations were made in these reports.

Under section 91(2)(c) of the Act the Commission is required to report on its '*evaluation of the response of appropriate authorities to recommendations made by the Commission*'.

Analysis of action taken by agencies in response to the 108 Commission recommendations contained in its 16 reports indicates that:

- 90 were accepted and actioned;
- 4 were accepted, but not actioned;
- 2 were not accepted; and
- 12 are the subject of further negotiation.

In analysing agency responses to Commission recommendations, the Commission acknowledges that this can be affected by a number of factors, including whether:

- other factors had intervened since the recommendation was made, such as legislative changes, change of organisational responsibilities etc;
- the 'substance and spirit' of the recommendation was implemented rather than the specific recommendation; and
- some progress has been made, although the results will not be conclusive until further time has elapsed.

The rate of acceptance and implementation of the Commission's recommendations is pleasing and indicative of the Commission's emphasis on involving affected organisations in the development of the recommendations and the acceptance by agencies of the importance of misconduct prevention.

## Reports Tabled in Parliament

During 2006-2007, the Commission tabled the following reports in Parliament:

- *Two Years Out: A report of the first two years of the Western Australia Police Reform Program* – tabled 3 August 2006. The report made no recommendations but identified a number of challenges ahead for Western Australia Police.
- *Sexual Contact With Children By Persons in Authority in the Department of Education and Training of Western Australia* – tabled 16 October 2006. The report made six recommendations.
- *Misconduct Handling Procedures in the Western Australian Public Sector: Department for Community Development* – tabled 5 February 2007. The report made five recommendations.
- *Eligibility for Government Housing: A report on a corruption prevention review of the Government Employees' Housing Authority* – tabled 23 February 2007. The report made six recommendations in relation to the criteria concerning eligibility, awareness raising with regard to eligibility requirements and information dissemination to occupants concerning eligibility.
- *Misconduct Handling Procedures in the Western Australian Public Sector: Department of Consumer Employment Protection* – tabled 29 March 2007. The report made two recommendations.
- *The Anti-Corruption Commission's Investigation Report into any Involvement by Western Australia Police Officers in the Death of Andrew Petrelis* – tabled 17 May 2007. The report made one recommendation.



## MISCONDUCT FUNCTION

The Commission's misconduct function is composed of two main elements:

- the oversight of appropriate authority<sup>7</sup> misconduct investigations; and
- the conduct of serious misconduct investigations.

### Oversight of Appropriate Authority Investigations

The Commission's oversight of public sector misconduct investigations involves the receipt of allegations and notifications of misconduct, the assessment of those matters received, which may lead to their referral to an appropriate authority for investigation (including by the Commission), the monitoring of the resulting misconduct investigations, and the review of the investigations once completed to ensure that the outcomes are appropriate.

The following table details the various misconduct complaint activities completed by the Commission during the 2006-2007 reporting period.

Activity	2006-07	
	Complaints/ Investigations	Allegations
Assessments of complaints/notifications	2,150	2,585
Appropriate authority investigations monitored	2,055	2,049
Appropriate authority investigations reviewed	1,832	1,824

Table 1: Dealing with Matters

Allegations and notifications of public officer misconduct may be received by the Commission from a range of sources. The following table includes the sources of these reports for the reporting period in comparison with previous years.

Misconduct Notifications	2004-05	2005-06	2006-07 <sup>8</sup>
Reports of misconduct from individuals (section 25)	582	472	457
Notifications of misconduct from notifying authorities (section 28)	518	757	1,412
Reviewable police action (section 21A (excludes allegations against police under sections 25 and 28))	1,310	1,132	698
Commission's own proposition about misconduct (Section 26)		26 <sup>9</sup>	18
<b>Total Notifications (Total Allegations 2006-2007)</b>	<b>2,410</b>	<b>2,361</b>	<b>2,585</b>

Table 2: Misconduct Notification Sources

<sup>7</sup> Section 3 of the Act defines 'appropriate authority' as 'a person, body or organisation who or which is empowered by a law of the State to take investigatory or other action, or both, in relation to misconduct, but does not include an independent agency or either House of Parliament'

<sup>8</sup> From 2006-2007 reported as allegations instead of complaints

<sup>9</sup> Excluded from total for comparative purposes as not an externally generated report or allegation

The following table displays the breakdown of allegations received by the Commission against public officers within particular sector groups.

Agency Sector	2004-05		2005-06		2006-07	
	Allegations	%	Allegations	%	Allegations	%
WA Police	1,580	67%	1,346	57%	1,474	57%
Education	220	9%	243	10%	275	11%
Corrective Services	201	8%	153	7%	175	7%
Local Government	157	6%	187	8%	158	6%
Health	56	2%	76	3%	175	7%
Remainder	196	8%	356	15%	328	12%
<b>Total</b>	<b>2,410</b>	<b>100%</b>	<b>2,361</b>	<b>100%</b>	<b>2,585</b>	<b>100%</b>

Table 3: Allegations by Agency Sector

The following table displays the Commission's assessment decisions for the referral of matters to appropriate authorities for the conduct of misconduct investigations.

Decision <sup>10</sup>	2004-05		2005-06		2006-07	
	No.	%	No.	%	No.	%
Referred to home agency for investigation	1,516	64%	1,504	64%	1,828	71%
Referred to WA Police for (external) criminal investigation	55	2%	57	2%	167	6%
Referred to both home agency and Police	15	1%	12	1%	172	7%
Referred to CCC Investigations Unit	53	2%	45	2%	20	1%
Referred to independent authority	7	0%	2	0%	6	0%
Take no action	570	24%	571	24%	379	15%
Outside of jurisdiction	170	7%	170	7%	N/A	N/A
Referred to appropriate authority other than home agency	N/A	N/A	N/A	N/A	11	0%
Referred to home agency and other appropriate authority	N/A	N/A	N/A	N/A	1	0%
Referred to Commission CCC Investigations Unit in cooperation with appropriate authority	N/A	N/A	N/A	N/A	1	0%
<b>Total</b>	<b>2,386</b>	<b>100%</b>	<b>2,361</b>	<b>100%</b>	<b>2,585</b>	<b>100%</b>

Table 4: Referrals upon Assessment

<sup>10</sup> Modifications have been made to the 'decision' categories for 2006-2007 resulting in N/A (not applicable) results for some figures.

The following table provides a breakdown of the categories of allegations received and assessed by the Commission.

Allegation Category <sup>11</sup>	2004–05		2005–06		2006–07	
	No.	%	No.	%	No.	%
Abuse of power					52	2%
Arson					2	0%
Assault – physical/excessive use of force	407	17%	364	15%	375	15%
Assault – sexual/indecent					47	2%
Breach of code of conduct/policy/procedures					264	10%
Breach of confidentiality/misuse of information/improper disclosure	142	6%	182	8%	113	4%
Bribes – receiving of					6	0%
Bullying/intimidation/harassment	94	4%	106	4%	144	5%
Conflict of interest	46	2%	35	2%	42	2%
Contracts and tendering	10	0%	17	1%	8	0%
Corrupt conduct	96	4%	54	2%	124	5%
Death in police custody					4	0%
Drugs related conduct	107	4%	90	4%	37	1%
Electoral misconduct					0	0%
Failure to act					52	2%
Failure to declare gifts					2	0%
Failure to declare interest					13	1%
Firearms – misuse of	19	1%	5	0%	7	0%
Fraud/falsification/fabrication					102	4%
Improper association	53	2%	45	2%	59	2%
Inappropriate behaviour					125	5%
Indecent dealing with minor					7	0%
Making false claims for reimbursement					1	0%
Making misleading/false/defamatory statements	40	2%	35	2%	40	2%
Medical malpractice					0	0%
Misappropriation of funds	136	6%	97	4%	12	0%
Misuse of computer system/email/internet	82	3%	82	3%	119	5%
Neglect of duty	342	14%	349	15%	305	12%
Other	317	13%	297	12%	58	2%
Other property related offence					14	1%
Secondary employment – unauthorised/inappropriate	16	1%	12	1%	15	1%
Serious criminal conduct					19	1%
Sexual harassment					9	0%
Stealing/theft	72	3%	90	4%	73	3%
Unauthorised use of agency property	36	1%	19	1%	26	1%
Unlawful arrest	95	4%	106	4%	24	1%
Unlawful search/trespass	16	1%	24	1%	16	1%
Unprofessional conduct – demeanour/attitude/language	284	12%	352	15%	241	9%
Using position for wrong/personal gain					28	1%
<b>Total</b>	<b>2,410</b>	<b>100%</b>	<b>2,361</b>	<b>100%</b>	<b>2,585</b>	<b>100%</b>

Table 5: Complaints by Allegation Category

<sup>11</sup> Allegation categories for 2006-2007 have been modified with the implementation of a new case management system. Historical figures for 2004-2005 and 2005-2006 have been re-categorised under the most appropriate modified category. This has also resulted in an artificially higher 'Other' category results for 2004-2005 and 2005-2006.

## Serious Misconduct Investigations

Section 91(2)(b) of the Act requires the Commission's report to include a description of the types of investigations carried out during the reporting period. During 2006-2007, the range of misconduct investigations conducted by the Commission has been wide and varied, and in several instances has been the subject of considerable public interest.

A number of Commission investigations have included the holding of public hearings as part of the investigation process. These hearings have touched on issues concerned with alleged inappropriate associations and corrupt activity by police officers, alleged anomalies in the tendering process by a TAFE institution, alleged conflict of interests by Local Government Members and the alleged improper interaction of lobbyists with public sector employees, including Members of the Parliament.

During the course of the reporting year investigations have involved crime and misconduct types such as perverting the course of justice, fraud, falsification of records, assaults, unauthorised disclosure of records and drug offences. Many of these investigations have resulted in either criminal prosecutions being commenced, and/or disciplinary action being taken.

The Commission, as part of its investigation management processes, utilises a case categorisation prioritisation model. This ensures that the finite resources of the investigation unit are, in the main, directed towards matters that are particularly serious. During this reporting year a considerable amount of resources were directed to investigations concerning the 'Andrew Mallard' matter, and 'public sector lobbying'.

## Information Furnished to Independent Authorities

The Commission provides information under the Act to a range of authorities in the course of its work. It is required to report upon the general nature and extent of information provided to independent authorities pursuant to section 91(2)(d). The information in most instances has either been received by the Commission from people making complaints, or has been obtained by the Commission as a result of its investigations.

The general nature of the information provided to independent authorities by the Commission during 2006-2007 included:

- Information relating to the conduct of staff employed by a public authority, which may be of assistance in determining the appropriateness of disciplinary action pursuant to the *Public Sector Management Act 1994*.
- Information received by the Commission which the Commission has determined is more appropriately dealt with by the independent authority.
- Information about matters in which the Commission and the independent authority have a mutual interest.

Two examples of the type of information provided to agencies during the reporting year are:

- During the course of a Commission investigation concerning the alleged possession and downloading of child pornography by a primary school employee of the Department of Education and Training, the Commission provided to the Department a transcript of a record of interview and a computer forensics analysis report dealing with material located on a computer used by the employee. While criminal offending was not identified during the Commission’s investigation, the investigation did identify certain matters of a disciplinary nature. The person who was the subject of the investigation is no longer employed by the Department.
- During the course of a Commission investigation concerning the alleged assault by a police officer of a juvenile, the conduct of the internal investigation conducted by the police was reviewed. A number of deficiencies and shortcomings in the internal investigation were detected. The Commission provided to the Commissioner of Police a detailed analysis of the internal investigation that identified numerous areas of concern.

**Charges and Disciplinary Action**

Section 91(2)(e) of the Act requires that the Commission report the extent to which its investigations have resulted in prosecutions and in disciplinary action against public officers. The following table includes the charges and convictions which have resulted from Commission investigations during the reporting period.

<b>Activity</b>	<b>2004–05</b>	<b>2005–06</b>	<b>2006-07</b>
Number of public officers charged	5	9	6
Number of total persons charged	7	12	14
Number of charges against public officers	30	144	130
Number of total charges	43	147	156
Number of public officers convicted	0	7	5
Number of total persons convicted	0	10	10

**Table 6: Charges and Convictions**

A number of Commission investigations have resulted in behaviour being identified which, although not criminal in nature, may well be a breach of discipline. This may include a public sector employee contravening a public sector standard or code of ethics, committing an act of misconduct, or being negligent or careless in the performance of his or her functions.

The Commission does not take a direct role in, nor determine the outcomes of, disciplinary procedures undertaken by public authorities. The Commission may make an assessment and form an opinion that misconduct has occurred, and may also make recommendations to the Chief Executive Officer of a public authority that, due to certain actions that have been identified, disciplinary action might be considered. While the Commission reserves the right to further address the issue with the agency

if the action subsequently taken appears to be insufficient, this situation does not often arise.

During the reporting year disciplinary action was commenced by the following independent authorities as a result of investigations undertaken by the Commission:

- Western Australia Police;
- Department of Education and Training;
- Department of Corrective Services; and
- Department of Health.

### Use of Statutory Powers

The following table details the statutory powers used by the Commission in the conduct of its misconduct function.

<b>CCC Act and Statutory Powers<sup>12</sup></b>	<b>2004–05</b>	<b>2005–06</b>	<b>2006-07</b>
Section 94: Power to obtain information from a public authority or officer	20	24	36
Section 95: Power to obtain documents and other things	216	223	156
Section 96: Power to summon witnesses to attend and produce things	76	61	188
Section 100: Power to enter and search public premises	0	1	2
Section 101: Search warrants	14	24	15
Section 103: Assumed identity approval	66	11	17
Section 121: Authority to conduct controlled operation	4	2	2
Section 123: Authority to conduct integrity testing programmes	10	3	9
Section 148: Arrest warrants	0	0	0
<i>Surveillance Devices Act 1998</i> warrants	8	14	20
<i>Telecommunications (Interception) Act 1979</i> (Cth) warrants	22	79	123
<b>Total</b>	<b>436</b>	<b>442</b>	<b>568</b>

Table 7: Use of Statutory Powers

<sup>12</sup> Reported in accordance with section 91(2) of the *Corruption and Crime Commission Act 2003*.

## Hearings

The following table contains the number of hearings and hearing days which were held as a part of Commission investigations.

Hearings	2004-05		2005-06		2006-07	
	Number	Hearing Days	Number	Hearing Days	Number	Hearing Days
Public	4	14	1	0.5	5	40.5
Private	12	12	17	18.5	7	22
<b>Total</b>	<b>16</b>	<b>26</b>	<b>18</b>	<b>19</b>	<b>12</b>	<b>62.5</b>

Table 8: Hearings

## FINANCIAL TARGETS: Actual performance compared to budget targets

	2006-07 Target \$000	2006-07 Actual \$000	Variation \$000
Total cost of services	\$27,549	\$25,942	(\$1,067)
Net cost of services	\$27,529	\$25,512	(\$2,017)
Total equity	\$17,736	\$19,627	\$1,891
Net increase/(decrease) in cash held	(\$3,465)	(\$294)	\$3,171
	<b>No.</b>	<b>No.</b>	<b>No.</b>
Approved full time equivalent (FTE) staff level	153	148 <sup>13</sup>	(5)

Table 9: Financial Performance Summary

### Total Cost of Services

The variation mainly reflects savings from the delays in the recruitment of staff and lower accommodation costs.

### Net Cost of Services

The variation mainly reflects savings from delays in the recruitment of staff, an increase in receipts and lower accommodation costs.

### Equity

The variation reflects the increase in accumulated surpluses as a result of reduced liabilities for the period, while asset growth has remained stable.

### Net increase / (decrease) in cash held

The variation reflects lower than expected cash used in operating and investing activities, resulting from lower than anticipated capital expenses.

### Approved FTE staff level

The variation reflects the lower than anticipated average FTE level at 30 June 2007.

<sup>13</sup> There was an average of 148 FTEs for the financial year, with 151.5 FTEs filled at 30 June 2007.



## KEY PERFORMANCE INDICATORS TARGETS: Actual performance compared to budget targets

	2006-07 Target	2006-07 Actual	Variation
<p><b>Outcome:</b> The public sector is better able to prevent misconduct</p> <p><b>Key Effectiveness Indicators:</b> The proportion of the public sector assessed by the CCC to be well-informed about corruption risks</p> <p>The proportion of public sector agencies reviewed by the CCC within which misconduct prevention and management processes are evident</p>	90%	99%	10% [of 90%]
	60%	62%	3.3% [of 60%]
<p><b>Service:</b> Corruption prevention and education programs, reviews and consultancy services to the public sector (prevention and education function)</p> <p><b>Key Efficiency Indicators:</b> Average cost per person educated in the metropolitan area</p> <p>Average cost per person educated in the regions</p> <p>Average cost per major inquiry or review conducted</p> <p>Average cost per minor inquiry or review conducted</p> <p>Average cost per major education material produced</p> <p>Average cost per minor education material produced</p>	\$132	\$122	(\$10)
	\$702	\$584	(\$118)
	\$140,046	\$128,904	(\$11,142)
	\$28,009	N/A <sup>14</sup>	N/A
	\$126,042	\$36,790	(\$89,252)
	\$25,208	\$7,358	(\$17,850)

<sup>14</sup> Resources intended for minor inquiries and reviews were prioritised into major activities.

	2006-07 Target	2006-07 Actual	Variation
<p><b>Outcome:</b> The public sector is better able to deal with misconduct</p> <p><b>Key Effectiveness Indicators:</b> Proportion of investigation reviews where investigations completed meet the appropriate standard</p> <p>Ratio of misconduct allegations to FTEs</p> <p>Ratio of substantiated misconduct allegations to total misconduct allegations</p>	<p>N/A<sup>15</sup></p> <p>1:56</p> <p>N/A<sup>16</sup></p>	<p>99%</p> <p>1:60</p> <p>25%</p>	<p>N/A</p> <p>0:04</p> <p>N/A</p>
<p><b>Service:</b> Oversight and conduct of public sector misconduct investigations (misconduct function)</p> <p><b>Key Efficiency Indicators:</b> Average cost per matter assessed, monitored and reviewed</p> <p>Average cost per matter investigated</p> <p>Weighted average time taken per matter assessed, monitored and reviewed</p> <p>Weighted average time taken per completed investigation</p>	<p>\$493</p> <p>\$66,733</p> <p>24 days</p> <p>54 days</p>	<p>\$508</p> <p>\$83,371</p> <p>72 days</p> <p>44 days</p>	<p>\$15</p> <p>\$16,638</p> <p>48 days</p> <p>(10 days)</p>

<sup>15</sup> No target had been set as the relevant information system was not implemented at the time of budget submissions. The 2005-2006 Actual was 98%.

<sup>16</sup> Refer note above. The 2005-2006 Actual was 22%.

	2006-07 Target	2006-07 Actual	Variation
<p><b>Outcome:</b> Organised crime is combated and its incidence reduced</p> <p><b>Key Effectiveness Indicators:</b> The proportion of applications for exceptional powers findings and fortification warning notices sought, approved and monitored</p> <p>The proportion of organised crime matters where the use of exceptional powers contribute to a resolution</p>	N/A	N/A	N/A
<p><b>Service:</b> Facilitation of investigations into organised crime (organised crime function)</p> <p><b>Key Efficiency Indicators:</b> Average cost per exceptional powers finding application considered, approved and monitored</p> <p>Average cost per fortification warning notice application considered and approved</p> <p>Average cost per organised crime examination applied for and conducted</p>	N/A	N/A	N/A

Table 10: Key Performance Indicator Summary

Detailed performance information relating to the Commission's services is contained within the Key Performance Indicators section of this report.

## **SIGNIFICANT ISSUES AND TRENDS**

### **CURRENT AND EMERGING ISSUES AND TRENDS**

#### **Economic and Social Trends**

The ability to attract and retain appropriately qualified staff is an issue of increasing concern to the Commission. This is due to a combination of factors. The current economic conditions, particularly in Western Australia, have contributed to a highly-competitive labour market in which skilled and experienced employees are becoming considerably more difficult to attract and retain across all fields. The rapid rise in the cost of housing, in both sales and rental markets in the State, may also have a deterrent effect on the attraction of staff from interstate to fill these shortages.

Also, in the law enforcement sector, the expansion of federal law enforcement agencies and their operational responsibilities has meant an increasing demand for experienced investigators, analysts and operational solicitors. This has resulted in several of the Commission's operational staff being recruited by these agencies for various reasons including the operational jurisdiction, attractive remuneration packages and the ability to secure permanent tenure.

The Commission is prohibited by the Act from appointing officers for terms exceeding five years, although the legislation does not prevent their reappointment. Staff, including those who were engaged at the Commission's establishment, will naturally experience increasing uncertainty in regard to the future of their employment as many of these contracts draw closer to their completion.

These factors will combine to put pressure on the Commission's ability to maintain its staffing establishment with the required level of expertise and high-quality employees. While the Commission presents an appealing and challenging work environment, it continues to explore strategies for competing in the tight employment market to meet its short to medium-term staffing requirements.

#### **Changes in Written Law**

A review of the operation and effectiveness of the *Corruption and Crime Commission Act 2003*, required by section 226 of this legislation, has commenced. Section 226(1a) describes a range of specific matters which must be addressed by the review in addition to any others to be considered by the Attorney General, as the responsible Minister. The outcomes of this review, and any resulting amendments to the Act, may naturally affect the operations of the Commission.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### **CORRUPTION AND CRIME COMMISSION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007**

I have audited the accounts, financial statements, controls and key performance indicators of the Corruption and Crime Commission.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### **Commissioner's Responsibility for the Financial Statements and Key Performance Indicators**

The Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".


An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**Corruption and Crime Commission  
Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Corruption and Crime Commission at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2007.

  
COLIN MURPHY  
AUDITOR GENERAL  
10 September 2007



**CORRUPTION AND CRIME COMMISSION  
OF WESTERN AUSTRALIA**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007**

**Certification of Financial Statements**

The accompanying financial statements of the Corruption and Crime Commission of Western Australia have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2007 and the financial position as at 30 June 2007.

At the date of signing, we were not aware of any circumstances that would render the particulars included in the financial statements misleading or inaccurate.

Alan Abraham  
**CHIEF FINANCE OFFICER**

28 August 2007

The Hon L W Roberts-Smith RFD QC  
**COMMISSIONER**

28 August 2007



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# FINANCIAL STATEMENTS

## CORRUPTION AND CRIME COMMISSION INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	<u>Notes</u>	<u>2007</u> <u>\$'000</u>	<u>2006</u> <u>\$'000</u>
<b>COST OF SERVICES</b>			
<b>EXPENSES</b>			
Employee benefits expense	3	14,127	13,874
Supplies and services	4	2,734	1,782
Depreciation and amortisation	5	3,641	2,839
Accommodation expenses	6	1,597	1,921
Capital user charge	7	2,217	1,259
Other expenses from ordinary activities	8	<u>1,626</u>	<u>1,610</u>
<b>Total Cost of Services</b>		<b><u>25,942</u></b>	<b><u>23,286</u></b>
<b>INCOME</b>			
<b>REVENUE</b>			
User charges and fees	9	20	16
Interest revenue	10	2	1
Other revenue	11	<u>322</u>	<u>22</u>
<b>Total Revenue</b>		<b><u>344</u></b>	<b><u>39</u></b>
<b>Gains</b>			
Gain on disposal of non-current assets	12	<u>86</u>	<u>57</u>
<b>Total Gains</b>		<b><u>86</u></b>	<b><u>57</u></b>
<b>Total Income other than income and subsidies from State Government</b>		<b><u>430</u></b>	<b><u>96</u></b>
<b>NET COST OF SERVICES</b>		<b><u>25,512</u></b>	<b><u>23,190</u></b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation	13	27,506	25,498
Resources received free of charge		<u>15</u>	<u>65</u>
<b>Total Income from State Government</b>		<b><u>27,521</u></b>	<b><u>25,563</u></b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b><u>2,009</u></b>	<b><u>2,373</u></b>

This Income Statement should be read in conjunction with the accompanying notes.



**CORRUPTION AND CRIME COMMISSION  
BALANCE SHEET  
AS AT 30 JUNE 2007**

<b>ASSETS</b>	<b>Notes</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
<b>Current Assets</b>			
Cash and cash equivalents	22	5,898	6,253
Receivables	15	473	813
Amounts receivable for Services	16	1,557	-
<b>Total Current Assets</b>		<u>7,928</u>	<u>7,066</u>
<b>Non-Current Assets</b>			
Amounts receivable for Services	16	7,560	6,368
Restricted cash assets	14,22	108	47
Property, plant & equipment	17	7,928	8,812
Intangible Assets	17,18	561	665
<b>Total Non-Current Assets</b>		<u>16,156</u>	<u>15,892</u>
<b>TOTAL ASSETS</b>		<u><u>24,084</u></u>	<u><u>22,958</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	19	126	311
Provisions	20	1,907	2,340
Other current liabilities	19	22	200
<b>Total Current Liabilities</b>		<u>2,055</u>	<u>2,851</u>
<b>Non-Current Liabilities</b>			
Provisions	20	2,402	2,489
<b>Total Non-Current Liabilities</b>		<u>2,402</u>	<u>2,489</u>
<b>Total Liabilities</b>		<u>4,457</u>	<u>5,340</u>
<b>NET ASSETS</b>		<u><u>19,627</u></u>	<u><u>17,618</u></u>
<b>EQUITY</b>			
	21		
Contributed equity		12,503	12,503
Accumulated surplus		7,124	5,115
<b>TOTAL EQUITY</b>		<u><u>19,627</u></u>	<u><u>17,618</u></u>

The Balance Sheet should be read in conjunction with the accompanying notes.

**CORRUPTION AND CRIME COMMISSION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2007**

	<u>Notes</u>	<u>2007</u> <u>\$'000</u>	<u>2006</u> <u>\$'000</u>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		23,881	21,098
Holding account drawdowns		876	1,698
<b>Net cash provided by State Government</b>		<b><u>24,757</u></b>	<b><u>22,796</u></b>
 <b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(14,293)	(12,873)
Supplies and services		(3,009)	(1,389)
Capital User Charge		(2,217)	(1,259)
Accommodation		(1,894)	(2,236)
Other expenses		(1,629)	(1,873)
GST paid on purchases		(1,043)	(1,262)
		<b><u>(24,085)</u></b>	<b><u>(20,892)</u></b>
 <b>Receipts</b>			
Interest received		2	1
GST receipts from taxation authority		1,254	767
Other receipts		342	80
<b>Net cash used in operating activities</b>	22	<b><u>(22,487)</u></b>	<b><u>(20,044)</u></b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		159	30
Purchase of non-current physical assets		(2,723)	(5,349)
<b>Net cash provided by /(used in) investing activities</b>		<b><u>(2,564)</u></b>	<b><u>(5,319)</u></b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(294)</b>	<b>(2,567)</b>
Cash assets at the beginning of the financial year		6,300	8,867
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	22	<b><u><u>6,006</u></u></b>	<b><u><u>6,300</u></u></b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**CORRUPTION AND CRIME COMMISSION  
STATEMENT OF CHANGES IN EQUITY  
AS AT 30 JUNE 2007**

	<u>Notes</u>	<b>2007</b> \$'000	<b>2006</b> \$'000
<b>Contributed Equity</b>	<i>21</i>		
Balance at start of period		12,503	12,370
Other contributions		-	133
		<hr/>	<hr/>
<b>Balance at end of period</b>		<b><u>12,503</u></b>	<b><u>12,503</u></b>
<b>Accumulated Surplus</b>	<i>21</i>		
Balance at start of period		5,115	2,742
Surplus for the period		2,009	2,373
		<hr/>	<hr/>
<b>Balance at end of period</b>		<b><u>7,124</u></b>	<b><u>5,115</u></b>
<b>Balance of equity at end of period</b>		<b>19,627</b>	<b>17,618</b>
Total income and expense for the period		<hr/> <b>2,009</b>	<hr/> <b>2,373</b>

This Statement of Changes in Equity should be read in conjunction with the accompanying notes

## Notes to the Financial Statements for the year ended 30 June 2007

### 1. Australian equivalents to International Financial Reporting Standards

#### General

The Commission's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Commission has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

#### Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Commission for the annual reporting period ended 30 June 2007.

### 2. Summary of significant accounting policies

#### (a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

#### (b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land, buildings and infrastructure, which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000).

#### (c) Contributed Equity

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by TI 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

**(d) Income**

*Revenue recognition*

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Service Appropriations*

Service Appropriations are recognised as revenues at nominal value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at the Department of Treasury and Finance.

*Gains*

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

*Interest*

Revenue is recognised as the interest accrues. *(The effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset, is used where applicable).*

**(e) Property, Plant and Equipment and Infrastructure**

*Capitalisation/Expensing of assets*

Items of property, plant and equipment and infrastructure costing over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

*Initial recognition and measurement*

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

*Subsequent Costs*

The cost of replacing part of an item of property plant and equipment is recognised in the carry amount of the item if it is probable that the benefits embodied within the part will flow to the Commission and its cost can be measured reliably. The costs of the day to day servicing of property, plant and equipment are recognised in the Income Statement as incurred.

*Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation on assets is calculated using the straight line method, using rates, which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office establishment	10 years
Computer equipment	3 years
Operations equipment	3 to 5 years
Office equipment	3 to 5 years
Motor vehicles	3 years
Software <sup>(a)</sup>	3 years

(a) Software that is integral to the operation of related hardware.

**(f) Intangible Assets**

*Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing over \$1,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Commission have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Licences	up to 10 years
Software <sup>(a)</sup>	3 to 5 years

(a) Software that is not integral to the operation of any related hardware.

*Licences*

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

*Computer Software*

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

*Impairment of Assets*

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2007. The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

**(g) Leases**

The office accommodation occupied by the Commission is under a head lease between the lessor and the Commercial Property Branch of the Department of Housing and Works. The Commission has entered into operating lease arrangements for buildings and motor vehicles where the lessors effectively retain all the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

**(h) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short term deposit.

**(i) Accrued Salaries**

The accrued salaries suspense account (see note 14 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within fortnight of the financial year end. The Authority considers the carrying amount accrued salaries to be equivalent to its net fair value.

**(j) Amounts Receivable for Services (Holding Account)**

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (holding account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as asset replacement.

**(k) Receivables**

Receivables are recognised and carried at original invoice amount. The carrying amount is equivalent to the original invoice amount, as it is due for settlement within 30 days.

**(l) Payables**

Payables are recognised as the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to the invoice amount, as they are generally settled within 30 days.

**(m) Provisions**

**(i) Provisions - Employee Benefits**

*Annual Leave and Long Service Leave*

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave was undertaken by Barton Consultancy at 30 June 2006. The Shorthand method used for long service leave at 30 June 2007 was not materially different from the liability measured using the present value of expected future payments.

*Superannuation*

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes:

- Gold State Superannuation Scheme (GSS); and
- West State Superannuation Scheme (WSS).

Existing members of the GSS may contribute a defined benefit lump sum scheme to the GSS Scheme.

The GSS Scheme obligations are funded by concurrent contributions made by the Commission to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who are not members of the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

#### *Superannuation Expense*

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, apart from the transfer benefit, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

#### *Leave Loading*

Leave Loading is paid to each employee for annual leave on the first payday in December of the relevant year. The amount paid relates to the period 1 January to 31 December of the relevant year, and is part of the Industrial Agreement of 13 December 2005, that was Registered on 19 January 2006.

#### *Short Term Benefits*

Liabilities for employee benefits for wages, salaries, annual leave and personal leave represent present obligation resulting from employee's service provided to reporting date and are calculated at undiscounted amounts based on remuneration wages and salary rates that the Commission expects to pay as at the reporting date, including related on costs, such as workers compensation insurance.

Non-accumulating non monetary benefits such as medical, housing, car are expensed based on the net marginal cost to the Commission as the benefits are taken by the employees.

### **(ii) Provisions - Other**

#### *Employment On-Costs*

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Commission's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

#### *Lease incentive liability*

Lease incentive liability arises as a consequence on the new tenancy occupied by the Commission at 186 St Georges Tce. The Lease incentive was granted as a facet of the lease of the premises, which in effect formed a component of the funds used for the fit-out of the building.

A liability is recorded that is amortised over the life of the lease by having the effect of reducing the rental expense for each period.

This treatment is consistent to the following guidances and was agreed to by Department of Treasury and Finance:

- Abstract 3 (8/95) Lessees Accounting for Lease Incentives Under a Non-Cancellable Operating.
- Lease (Urgent Issues Group - AASB) – AGAAP.
- Interpretation 115 (July 04) Operating Leases - Incentives (Urgent Issues Group - AASB) – AIFRIS.



- (n) **Resources Received Free of Charge or for Nominal Cost**  
Resources received free of charge or for nominal cost that can be reliably measured are recognised as revenues and as assets or expenses as appropriate, at fair value.
- (o) **Comparative Figures**  
Comparative figures are where appropriate, reclassified to be comparable with the figures in the current financial year.
- (p) **Goods & Services Tax**  
Revenue, expenses and assets are recognised net of the amount of goods & services tax, except where the amount of goods & services tax incurred is not recoverable from the Australian Tax Office. In these circumstance, the goods & services tax is recognised as part of the cost of acquisition of the assets or as part of the expense.
- Receivables and payables are stated with the amount of goods & services tax included. The net amount of goods & services tax recoverable from or payable to, the Australian Tax Office is included as current asset or liability in the balance sheet.
- Cash Flows are included in the Statement of Cash Flow on gross basis. The goods & services tax components of cash flow arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flow.
- (q) **Foreign Currency Translation**  
Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange current at balance sheet date. Exchange gains and losses are brought to account in determining the result for the year.
- (r) **Schedule of Income and Expenses by Service**  
The Services of the Commission are derived from allocation of costs by FTE basis. FTE's are allocated to each of the Commission two services and the administrative cost centres. The administrative cost centre costs are allocated on a pro rata basis across the two services. The increase to 10% of the total cost of services reflects the growth of Service 1 over the previous financial year.

## 2A. **Future impact of Australian Accounting Standards not yet operative**

The Commission cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australia Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AAS 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard require new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Authority's exposure to risks, enhanced disclosure regarding components of the Authority's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Commission does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amend the financial instrument disclosure requirements in these standards. The Commission does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
3. AASB 101 'Presentation of Financial Statements.' This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Commission is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.
4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Commission has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
5. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Commission has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they will have no impact or do not apply to not for-profit entities:

#### AASB Standards and Interpretations

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AASB 2007-1 'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'

AASB 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8

AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'

<b>3. Employee benefits expense</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
Wages and salaries	12,070	10,886
Superannuation – defined contribution plans	1,079	1,071
Long service leave	40	982
Annual Leave	938	934
	<u>14,127</u>	<u>13,874</u>
<b>4. Supplies and services</b>		
Communications	619	575
Consultants and contractors	281	395
Legal expenses	1,513	134
Consumables	26	122
Travel	175	149
Minor plant & equipment	35	168
Other	85	239
	<u>2,734</u>	<u>1,782</u>
<b>5. Depreciation and amortisation expense</b>		
<b>Depreciation</b>		
Computer Equipment	271	233
Furniture & Fittings	52	29
Leasehold Equipment	813	745
Office Equipment	64	36
Motor Vehicles <sup>(a)</sup>	55	6
Network Infrastructure	9	9
Operations Equipment	2,011	1,480
	<u>3,276</u>	<u>2,538</u>
Total depreciation	3,276	2,538
(a) Motor Vehicles have now been separated into their own individual Asset Group, being separated from Operations Equipment as per prior years.		
<b>Amortisation</b>		
Intangible assets	365	301
Total amortisation	<u>365</u>	<u>301</u>
Total depreciation and amortisation	<u>3,641</u>	<u>2,839</u>
<b>6. Accommodation expenses</b>		
Lease rentals	1,065	1,108
Less – Lease Incentive (see Note 2(m) (ii))	(297)	(297)
Electricity & Water	244	235
Building Outgoings	387	670
Repairs and maintenance	28	42
Parking	110	103
Cleaning	60	60
	<u>1,597</u>	<u>1,921</u>
<b>7. Capital User Charge</b>		
Capital user charge	<u>2,217</u>	<u>1,259</u>

<b>8. Other expenses</b>	<b>2007 \$'000</b>	<b>2006 \$'000</b>
Administration	106	92
Bank fee expenses	3	7
Electronic Collection	248	90
Equipment repairs and maintenance	20	36
Insurance	149	144
Motor Vehicle expenses	310	343
Other employee expenses	385	223
Publications, reports and advertising	241	197
Relocations expenses	33	54
Research and development costs expensed	10	10
Surveillance	121	414
	1,626	1,610
	1,626	1,610
<b>9. User Charges and Fees</b>		
Contributions to Government Vehicle Scheme	20	16
	20	16
	20	16
<b>10. Interest revenue</b>		
Interest revenue	2	1
	2	1
	2	1
<b>11. Other revenue</b>		
Expense recoveries current year	19	22
Expense recoveries seconded staff	257	-
Expense recoveries past year	22	-
Insurance refunds received	24	-
	322	22
	322	22
<b>12. Net gain/(loss) on disposal of non-current assets</b>		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	73	73
<u>Proceeds from Disposal of Non-Current Assets</u>	159	130
Plant, equipment and vehicles	86	57
Net gain	86	57
<b>13. Income from State Government</b>		
Appropriation received during the year:		
Service appropriation	27,506	25,498
Resources received free of charge		
Determined on the basis of the following estimates provided by agencies:		
- State Solicitors Office	12	14
- Dept of Land Administration	3	51
	15	65
	27,521	25,563

<b>14.</b>	<b>Restricted cash and cash equivalents</b>	<b>2007</b> <b>\$'000</b>	<b>2006</b> <b>\$'000</b>
	Non-current		
	Accrued salaries suspense account	108	47
<b>15.</b>	<b>Receivables</b>		
	Current receivables	167	226
	GST receivable	274	499
		441	725
	Prepayments	32	88
	Total current	473	813
<b>16.</b>	<b>Amounts receivable for services</b>		
	Current	1,557	-
	Non-current	7,560	6,368
		9,117	6,368
<b>17.</b>	<b>Property, plant and equipment</b>	<b>2007</b> <b>\$'000</b>	<b>2006</b> <b>\$'000</b>
	Office equipment at cost	526	381
	Accumulated depreciation	(258)	(142)
		268	239
	Computer equipment at cost	1,172	1,013
	Accumulated depreciation	(752)	(472)
		420	541
	Operations equipment & vehicles at cost	8,246	6,705
	Accumulated depreciation	(4,355)	(2,499)
		3,892	4,206
	Office establishment at cost	5,586	5,250
	Accumulated depreciation	(2,238)	(1,424)
		3,348	3,826
		7,928	8,812

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

	Office Equipment	Computer Equipment	Operations equipment and vehicles	Office establishment	Total
	\$000	\$000	\$000	\$000	\$000
<b>2007</b>					
Carrying amount at start of year	239	541	4,206	3,826	8,812
Additions	145	159	1,823	335	2,462
Disposals			(258)		(258)
Depreciation write back on sale of assets			188		188
Depreciation	(116)	(280)	(2,067)	(813)	(3,276)
Carrying amount at end of year	268	420	3,892	3,348	7,928

	Office Equipment	Computer Equipment	Operations equipment and vehicles	Office establishment	Total
	\$000	\$000	\$000	\$000	\$000
<b>2006</b>					
Carrying amount at start of year	180	732	2,394	3,112	6,418
Additions	128	50	3,415	1,459	5,052
Disposals	(4)		(117)		(121)
Depreciation	(65)	(241)	(1,486)	(745)	(2,537)
Carrying amount at end of year	239	541	4,206	3,826	8,812

#### *Impairment of Assets*

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2007. The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

18.	<b>Intangible assets</b>	<b>2007</b>	<b>2006</b>
		<b>\$'000</b>	<b>\$'000</b>
	Computer software		
	At cost	1,449	1,188
	Accumulated amortisation	(888)	(523)
		561	665
<b>19.</b>	<b>Payables</b>		
	Current		
	Trade payables	126	311
	Other payables	22	200
	Total current	148	511

## 20. Provisions

### Current

#### Employee benefits provision

Annual leave <sup>(a)</sup>	835	875
Long service leave <sup>(b)</sup>	767	1,159
	<u>1,602</u>	<u>2,034</u>

#### Other provisions

Employment on-costs <sup>(c)</sup>	8	9
	<u>1,610</u>	<u>2,043</u>

#### Other Provisions

##### Current

Lease Incentive Liability	<u>297</u>	<u>297</u>
	<u>1,907</u>	<u>2,340</u>

### Non-current

#### Employee benefits provision

Long service leave <sup>(b)</sup>	933	726
Other provisions		
Employment on-costs <sup>(c)</sup>	9	6
	<u>942</u>	<u>732</u>

Lease Incentive Liability	<u>1,460</u>	<u>1,757</u>
	<u>2,402</u>	<u>2,489</u>

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date.
- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date.
- (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on costs including workers' compensation insurance. The provision is the present value of expected future payments.

21. Equity	2007 \$'000	2006 \$'000
Contributed equity		
Balance at start of year	12,503	12,370
<b>Contributions by owners</b>	-	133
Total contributions by owners	12,503	12,503
Balance at end of year	12,503	12,503
Accumulated surplus/(deficit)		
Balance at start of year	5,115	2,742
Result for the period	2,009	2,373
Balance at end of year	7,124	5,115

## 22. Notes to the Cash Flow Statement

	2007 \$'000	2006 \$'000
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	5,898	6,253
Restricted cash and cash equivalents (see note 14 'Restricted cash and cash equivalents')	108	47
	6,006	6,300
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities</u>		
Net cost of services	(25,512)	(23,190)
<b>Non-cash items:</b>		
Depreciation and amortisation expense (note 5)	3,641	2,839
Resources received free of charge (note 13)	15	65
Net (gain)/loss on sale of property, plant and equipment (note 12)	(86)	(57)
<b>(Increase)/decrease in assets:</b>		
Current receivables	129	(521)
<b>Increase/(decrease) in liabilities:</b>		
Current payables	(364)	34
Other current liabilities	(433)	1,176
Non-current provisions	(88)	(308)
Change in GST in receivables/payables	211	(82)
Net cash provided by/(used in) operating activities	(22,487)	(20,044)

At the reporting date, the Commission had fully drawn on all financing facilities, details of which are disclosed in the financial statements.



<b>23. Commitments</b>	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,790	1,106
Later than 1 year and not later than 5 years	8,034	5,227
Later than 5 years	3,067	3,109
	<u>12,891</u>	<u>9,443</u>

The lease commitments include amounts for motor vehicles and office accommodation lease.

## 24. Contingent liability

In addition to the liability included in the financial statements, there is the following contingent liability.

### Litigation in progress

Provision for litigation in relation to an alleged breach of Section 41 of the *Minimum Conditions of Employment Act 1993* (mincon). Any liability has been denied and any legal claim will be defended. The potential financial effect of the success of the claim cannot be reliably measured at this time.

- -

## 25. Explanatory statement

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 10% or \$50,000.

### Significant variances between estimated and actual result for 2007

	<b>2007</b>	<b>2007</b>	<b>Variation</b>
	<b>Estimate</b>	<b>Actual</b>	<b></b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Expenses</b>			
Employee benefits	15,065	14,127	(938)
Supplies and services	3,419	2,734	(685)
Depreciation & amortisation	3,766	3,641	(125)
Accommodation expenses	2,621	1,597	(1,024)
Capital user charge	2,167	2,217	50
Other expenses	511	1,626	1,115

### Employee benefits

The variation reflects delays in recruitment of staff. The estimate was based on 153 FTE, but the average FTE's as at 30 June 2007 was 148.

### Supplies and services

Reflects the variation between budget classified categories and actual expense categories.

### Depreciation & amortization

Reflects the timing of procurement Operations Support assets during the year.

### Accommodation expenses

The variance is due to lower outgoings, repairs and building maintenance.

### Capital user charge

In 2006-07, the final year in which the charge was levied, a single payment was made equal to the appropriation for 2006-07 plus an adjustment relating to 2005-06 to the amount of \$50,167; being the variance shown.

### Other expenses

Reflect the variation between budget classified categories and actual expense categories.

## Significant variances between actual results for 2006 and 2007

Income	2007 \$000	2006 \$000	Variance \$000
Other revenue	322	22	300
<b>Expenses</b>			
Employee benefits	14,127	13,874	253
Supplies and services	2,734	1,782	952
Depreciation & amortisation	3,641	2,839	802
Accommodation expenses	1,597	1,921	(324)
Capital User Charge	2,217	1,259	958

### Other Revenue

The variance relates to expense recoveries, such as insurance refunds received in current year, plus FBT refund received for previous year.

### Employee benefits

The increase reflects movements in wage increases, delays in filling of vacancies, and movements in average FTE level from year to year.

### Supplies and services

The variance is due to increased costs and charges across the Commission mainly in respect of legal costs associated with the Mallard Inquiry.

### Depreciation & amortisation

The increase reflects the value in the level of assets procured.

### Accommodation expenses

The variance reflects a decrease in costs mainly due to "once only" make good costs associated with 2006 and reduction in the number of leased premises in 2007.

### Capital user charge

The increase reflects the final payment under the new *Financial Management Act 2006* of the Capital User Charge which was abolished.

## 26.

**Financial instruments****(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Commission are cash and cash equivalents, finance leases, Treasurer's advances and receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

*Credit risk*

The Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

*Liquidity risk*

The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

*Cash flow interest rate risk*

The Commission is not exposed to interest rate risk, because cash and cash equivalents and restricted cash are non-interest bearing, and there are no borrowings. The Commission has a Deposit account that attracts interest.

**(b) Financial Instrument disclosures***Interest Rate Risk Exposure*

The following table details the Commission's exposure to interest rate risk as at the reporting date:

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Maturity Less than 1 Year \$000	Interest 1 to 5 Years \$000	Rate More than 5 Years \$000	Non- Interest Bearing \$000	Total \$000
<b>2007</b>							
<b>Financial Assets</b>							
Cash Assets	5.45	30	-	-	-	5,867	5,897
Restricted Cash	Nil	-	-	-	-	108	108
Receivables	Nil	-	-	-	-	473	473
Amounts receivable for services	Nil	-	-	-	-	9,117	9,117
		30	-	-	-	15,560	15,590
<b>Financial Liabilities</b>							
Payables	Nil	-	-	-	-	148	148
		-	-	-	-	148	148

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$000	Fixed Maturity Less than 1 Year \$000	Interest 1 to 5 Years \$000	Rate More than 5 Years \$000	Non- Interest Bearing \$000	Total \$000
<b>2006</b>							
<b>Financial Assets</b>							
Cash Assets	3.97	29	-	-	-	6,271	6,300
Restricted Cash	Nil	-	-	-	-	47	47
Receivables	Nil	-	-	-	-	724	724
Amounts receivable for services	Nil	-	-	-	-	6,368	6,368
		29	-	-	-	13,410	13,439
<b>Financial Liabilities</b>							
Payables	Nil	-	-	-	-	311	311
		-	-	-	-	311	311

*Fair Values*

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

**27. Remuneration of members of the Accountable Authority and senior officers**

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Remuneration on Members of the Accountable Authority</u>		
The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:		
\$		
140,001 – 150,000	-	1
160,000 – 170,000	1	-

The total remuneration of member of the Accountable Authority is: 155      146

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the Accountable Authority.

No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Accountable Authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
\$		
80,001 – 90,000	-	1
90,001 – 100,000	-	1
100,001 – 110,000	3	1
110,001 – 120,000	2	4
120,001 – 130,000	3	3
130,001 – 140,000	7	-
140,001 – 150,000	-	4
150,001 – 160,000	1	-
160,001 – 170,000	-	-
170,001 – 180,000	1	-
190,001 – 200,000	-	1
220,001 – 230,000	1	-
240,001 – 250,000	-	1
310,001 – 320,000	1	-
	19	16

The total remuneration of senior officers is: 2,708      1,986

The total remuneration includes the superannuation expense incurred by the Commission in respect of senior officers other than senior officers reported as members of the Accountable Authority.

No senior officers are members of the Pension Scheme.

**28. Remuneration of auditor**

Remuneration payable to the Auditor General for the financial year is as follows:

	<b>2007</b>	<b>2006</b>
	<b>\$'000</b>	<b>\$'000</b>
Auditing the accounts, financial statements and performance indicators	31	29

## 29. Schedule of Income and Expenses by Service

TI 1101(9)

	<i>Corruption Prevention and Education Programs, Reviews and consultancy Services to the Public Sector</i>		<i>Oversight and Conduct of Public Sector Misconduct Investigations</i>		<i>Total</i>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Employee benefits expense	1,469	972	12,658	12,794	14,127	13,766
Supplies and services	284	109	2,450	1,439	2,734	1,548
Depreciation and amortisation expense	379	200	3,262	2,639	3,641	2,839
Accommodation expenses	166	137	1,431	1,802	1,597	1,939
Capital User Charge	231	89	1,986	1,170	2,217	1,259
Other expenses	169	137	1,457	1,798	1,626	1,935
<b>Total cost of services</b>	<b>2,698</b>	<b>1,644</b>	<b>23,244</b>	<b>21,642</b>	<b>25,942</b>	<b>23,286</b>
<b>Income</b>						
User charges and fees	2	2	18	14	20	16
Interest revenue			2	1	2	1
Other revenue			322	22	322	22
Gain on disposal of non-current assets			86	57	86	57
<b>Total income other than income from State Government</b>	<b>2</b>	<b>2</b>	<b>428</b>	<b>94</b>	<b>430</b>	<b>96</b>
<b>NET COST OF SERVICES</b>	<b>2,696</b>	<b>1,642</b>	<b>22,816</b>	<b>21,548</b>	<b>25,512</b>	<b>23,190</b>
<b>INCOME FROM STATE GOVERNMENT</b>						
Service appropriation	2,861	1,800	24,645	23,698	27,506	25,498
Resources received free of charge	-		15	65	15	65
<b>Total income from State Government</b>	<b>2,861</b>	<b>1,800</b>	<b>24,660</b>	<b>23,763</b>	<b>27,521</b>	<b>25,563</b>
<b>Surplus/(deficit) for the period</b>	<b>165</b>	<b>158</b>	<b>1,844</b>	<b>2,215</b>	<b>2,009</b>	<b>2,373</b>



**CORRUPTION AND CRIME COMMISSION  
OF WESTERN AUSTRALIA**

**CERTIFICATION OF PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2007**

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Corruption and Crime Commission's performance, and fairly represent the performance of the Commission for the financial year ended 30 June 2007.

The Hon L W Roberts-Smith RFD QC  
**COMMISSIONER**

28 August 2007



## KEY PERFORMANCE INDICATORS

Treasurer's Instruction 904 requires that agencies disclose performance information in their annual reports, including Key Performance Indicators (KPIs) of effectiveness and efficiency and the relationship between Government Goals, Agency Level Government Desired Outcomes and the agency's services. This assists all stakeholders, including Parliament, the community and the agency itself, to assess the performance and value of the services delivered in the pursuit of government outcomes. KPIs must be relevant, appropriate, fairly represent the indicated performance and require certification by the Office of the Auditor General in accordance with Treasurer's Instruction 905.

The Commission's Agency Level Government Desired Outcomes and KPIs were initially developed in accordance with *Better Planning, Better Services: A Strategic Planning Framework for the Western Australia Public Sector* in consultation with stakeholders including the Department of Treasury and Finance and the Office of the Auditor General and were endorsed by the Outcome Structure Review Group. Following the release of *Better Planning: Better Futures, A Framework for the Strategic Management of the Western Australia Public Sector* by the Department of the Premier and Cabinet in September 2006, the Commission ensured that its structures remained aligned with the document's revised Goals and Strategic Outcomes.

The 2006-2007 reporting period is the second for which the Commission has reported against its Outcome Based Management structures, following-on from the initial 2005-2006 reporting period during which they were established.

While serving to indicate the Commission's level of efficiency and effectiveness in the delivery of its services, the KPIs are also valuable in assessing the level of the incidence of misconduct within the public sector, as well as the public sector's knowledge of how to prevent its occurrence. The KPIs addressing the Commission's facilitation and oversight of the Western Australia Police's use of exceptional and enhanced powers in its organised crime investigations also assist in the assessment of the effectiveness of the State's legislation specifically intended to combat and reduce organised crime.

The application of the Commission's performance indicators will be increasingly useful as the Commission continues maturing through its fourth year of operations and into future reporting periods. As it gains experience, these measures may be refined to reflect a growing knowledge of the issues within its jurisdiction and the impact of the initiatives implemented by the Commission.

## SERVICES

The Commission's services are prescribed by the *Corruption and Crime Commission Act 2003* (the Act) as functions of the Commission. These three services directly relate to the Commission's Agency Level Government Desired Outcomes, which in turn are clearly linked to the Strategic Outcomes of the Goals for Government in the Outcome Based Management Strategic Planning Framework. The services and the functions with which they are aligned are:

- Service One: the corruption prevention function.
- Service Two: the misconduct function.
- Service Three: the organised crime function.

## MEASURING OUR PERFORMANCE

The Commission measures its performance through a combination of the application of internal statistical data and the analysis of an independent, external customer survey. The relevant statistical data have been extracted from internal management systems and complement the use of objective survey data.

During the reporting period, the Commission has refined the data collection processes of its complaint and investigation-related activities (Service Two) through the implementation of a new Case Management and Intelligence System.

## OUTCOME BASED MANAGEMENT

The Commission's three services are each subordinate to an Agency Level Government Desired Outcome. They relate upwardly within the Outcome Based Management framework through two Strategic Outcomes to two Government Goals at the top of the hierarchy. The following section displays the relationships between the component Outcome Based Management elements within the strategic framework.



## Goal: Governance and Public Sector Improvement

- *'Developing and maintaining a skilled, diverse and ethical public sector serving the Government with consideration of the public interest'*

### Strategic Outcome:

- *'Independent oversight that contributes to a more accountable public sector'*

#### Agency Level Government Desired Outcome:

- The public sector is better able to prevent misconduct

#### Service One:

- Corruption prevention and education programs, reviews and consultancy services to the public sector (prevention and education function)

#### Agency Level Government Desired Outcome:

- The public sector is better able to deal with misconduct

#### Service Two:

- Oversight and conduct of public sector misconduct investigations (misconduct function)

## Goal: Better Services

- *'Enhancing the quality of life and wellbeing of all people throughout Western Australia by providing high quality, accessible services'*

### Strategic Outcome:

- *'A safe community'*

#### Agency Level Government Desired Outcome:

- Organised crime is combated and its incidence reduced

#### Service Three:

- Facilitation of investigations into organised crime (organised crime function)

## EFFECTIVENESS INDICATORS

The extent to which outcomes are achieved through the delivery of services is measured through effectiveness indicators. The Commission has six effectiveness indicators, two for each of its services.

### ***Service One: Corruption prevention and education programs, reviews and consultancy services to the public sector (prevention and education function)***

#### ***Outcome: The public sector is better able to prevent misconduct***

This agency level outcome is derived from section 17(1) of the Act, which states that '[t]he Commission has a function (the "prevention and education function") of helping to prevent misconduct'. It consequently constitutes a core element of the Commission's business entailing the application of a significant portion of staff and resources.

During 2006-2007, the Commission has continued its work in cooperation with public authorities to increase the effectiveness of all parties' response to the public sector's corruption risks and resilience. The Commission achieves this through a range of activities including delivering presentations, conducting workshops and consulting with agencies on corruption prevention issues, undertaking inquiries and reviews on corruption related matters, and producing and distributing corruption prevention educational materials.

#### **Service One Effectiveness Indicators**

##### ***The proportion of the public sector assessed by the CCC to be well-informed about corruption risks***

<b>Effectiveness Indicator</b>	<b>2005-06 Actual</b>	<b>2006-07 Target</b>	<b>2006-07 Actual</b>
The proportion of the public sector assessed by the CCC to be well-informed about corruption risks	97%	90%	99% <sup>17</sup>

This KPI does not assess each public sector officer's corruption prevention knowledge. It indicates the level of retained knowledge of a representative sample of those public officers who have attended corruption prevention education seminars and workshops delivered by the Commission, giving specific attention to corruption risks.

In 2005-2006, the first occasion on which it was applied, this KPI was measured through the analysis of attendee feedback forms completed by public officers at the conclusion of corruption prevention education seminars conducted by the

<sup>17</sup> The method of measurement for this KPI was adjusted during 2007, in consultation with the Office of the Auditor General, with the Commission's intention being to increase its value as an indicator. Refer to text.

Commission. In 2007, after seeking advice from the Office of the Auditor General, the method of measurement was altered to take the form of an independent telephone survey of a representative, random sample of public officers who had attended corruption prevention education seminars conducted by Commission staff earlier in the financial year. The KPI itself remains unaltered.

This modified measurement approach improves on the earlier method as it allows public officers to consider whether they have retained the imparted knowledge after the passage of a period of time. This also provides the public officers with the opportunity to have practically applied that knowledge in their workplaces. While both survey methods ask similar questions of seminar participants, the new method produces results are of greater value. This independent survey approach is also consistent with that adopted by other agencies in their performance assessment processes.

### ***Analysis***

An independent telephone survey conducted by Asset Research on behalf of the Commission concluded that 99 percent of surveyed public officers who had attended Commission corruption prevention education seminars during 2006-2007 identified themselves as being either 'well informed' (78.8%) or 'very well informed' (20.6%) about corruption risks.

The result shows an increase of 10 percent above the Commission's original target figure of 90 percent which had been set prior to the adoption of the independent survey. Although it was anticipated that an independent telephone survey may deliver a reduced effectiveness result, both the result and its value as a KPI have increased.

**The proportion of public sector agencies reviewed by the CCC within which misconduct prevention and management processes are evident**

Effectiveness Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
The proportion of public sector agencies reviewed by the CCC within which misconduct prevention and management processes are evident	N/A <sup>18</sup>	60%	62%

This KPI is measured through the review of the information which public sector agencies are required to publish in their annual reports in relation to the measures they have undertaken to prevent corruption and misconduct. As a result of observations made by the Kennedy Royal Commission,<sup>19</sup> Premier’s Circular PC 2005/02, issued in March 2005, requires that agencies include in their annual reports the measures they are undertaking to reduce their risk of corruption and misconduct. This effectiveness indicator is measured through the review and analysis of that information by officers of the Commission’s Corruption Prevention Education and Research Directorate.

This is the first occasion on which the Commission has reported against this KPI. It has involved the analysis, during the reporting period, of the corruption prevention sections of agencies’ most recent annual reports (2005-2006). While this measure constitutes a lag indicator, due to the requirement to wait for the publication of annual reports for up to three months into the following financial year, it represents an important opportunity for extracting value from this information. The KPI was not assessed for agencies’ 2004-2005 annual reports as the Commission allowed time for agencies to adopt the new reporting requirements and implement appropriate corruption prevention measures.

**Analysis**

The review included a representative sample of 55 government authorities including a range of departments, regulatory boards, educational institutions, development commissions and port authorities.

The result for this effectiveness indicator was that 62 percent of the agencies reviewed indicated that they had developed formal strategies for misconduct (corruption) prevention. This result was consistent with the Commission’s target figure of 60 percent which had been established through estimation by application of the Commission’s developing knowledge of individual agencies’ misconduct management mechanisms. The KPI information establishes a baseline for future reporting periods and is valuable to the Commission for planning purposes in engaging with various individual public sector agencies in relation to their systems and processes for preventing and managing misconduct.

<sup>18</sup> This indicator was not used in 2006 as agencies required time to respond to Premier’s Circular PC2005/02 in regard to their corruption prevention plans.

<sup>19</sup> Kennedy, The Hon G.A., 2004, Royal Commission Into Whether There Has Been Corrupt or Criminal Conduct by any Western Australian Police Officer, Final Report, Vol 2, pp. 104-105

**Service Two: Oversight and conduct of public sector misconduct investigations (misconduct function)**

**Outcome: The public sector is better able to deal with misconduct**

This agency level outcome is derived from section 18(1) of the Act, which states that '[i]t is a function of the Commission (the "misconduct function") to ensure that an allegation about, or information or matter involving, misconduct is dealt with in an appropriate way'. Due to the nature of this outcome, its associated service is allocated the largest proportion of the Commission's staff and resources.

The Commission has continued to establish and develop working relationships with the areas responsible for complaint handling within many agencies across the jurisdiction. The Commission's misconduct allegation oversight activities, involving the assessment of complaints and the monitoring and review of agencies' internal misconduct investigations (known as Approved Authority Investigations), result in feedback to the agencies on the standard of their investigations. This contributes significantly to the sector's capacity to deal with misconduct effectively.

This interaction, in combination with the Commission's provision of corruption prevention education services, affects the number of complaints received from individual agencies and the entire public sector. This also provides the Commission and stakeholders with a picture of the level of public officer misconduct that is occurring and agencies' abilities to adequately deal with misconduct allegations.

The implementation of a new Case Management and Intelligence System during the reporting period has improved the Commission's ability to analyse and report on information related to this service. This increases the value of the information for both external reporting and internal management purposes.

**Service Two Effectiveness Indicators**

***Proportion of investigation reviews where investigations completed meet the appropriate standard***

<b>Effectiveness Indicator</b>	<b>2005-06 Actual</b>	<b>2006-07 Target</b>	<b>2006-07 Actual</b>
Proportion of investigation <sup>20</sup> reviews where investigations completed meet the appropriate standard	98%	N/A <sup>21</sup>	99%

<sup>20</sup> In this context an 'investigation' is an Appropriate Authority Investigation into allegations of misconduct which is reviewed by the Commission to ensure the appropriateness of the investigation methodologies and of its findings.

<sup>21</sup> No target was set at the time of budget submissions as these rely on the Commission's Case Management and Intelligence System which had not then been implemented. Instead the Commission waited for the end of the financial year to determine the actual result as a baseline for future targets.

This effectiveness indicator is measured through the process of the Commission's review of misconduct investigations undertaken by appropriate authorities (Appropriate Authority Investigations). This is a core and significant activity. While there may be minor deficiencies in agencies' analysis and/or presentation of their Appropriate Authority Investigations submitted to the Commission, the Commission's major focus is on ensuring that the investigations are completed to the 'appropriate standard'. This means that they present findings and recommendations that are relevant and appropriate, and that the investigation is conducted using Australian Complaint Handling Standard (AS 4269-1995) as a guide. Those Appropriate Authority Investigations that fail to meet the standard are generally returned to the relevant agency, along with appropriate advice, for resubmission.

### ***Analysis***

The Commission's reviews of finalised Appropriate Authority Investigations concluded that, during the financial year, 99 percent were conducted to the appropriate standard. This represents a one percent improvement over the previous year.

The Commission, through its oversight role, has continued to develop its relationships with the complaint management units within public agencies responsible for conducting Appropriate Authority Investigations. Through this interaction, the agencies themselves have acquired further experience in the conduct of these investigations, leading to improvements in quality and an increase in the number of investigations that achieve the appropriate standard of adequacy.

## Ratio of misconduct allegations to FTEs

Effectiveness Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Ratio of misconduct allegations to FTEs	1:53	1:56	1:60

The second effectiveness indicator measures the complaints received by the Commission in relation to the total number of public sector FTE positions (full-time equivalent employees). It provides a snapshot of misconduct allegations across the wider public sector. The Commission's current jurisdiction is about 130,000 public officers.<sup>22</sup> This figure includes public sector officers, university staff and local government elected officers and employees.

This measure is a product of the Commission's analysis of misconduct allegations across the public sector. For its strategic purposes, the Commission divides its jurisdiction into agency sector groupings. The ratio of misconduct complaints received relating to specific agency sectors is calculated by dividing the number of agency sector FTE positions by the number of complaints received, resulting in a number of employees per complaint.<sup>23</sup> This ratio may assist in the identification of high or low incidences of reported alleged misconduct and potential misconduct trends within particular agency sectors.

The analysis of movement in this effectiveness indicator is complex in the short-term. Potentially, through the Commission's efforts in increasing agencies' awareness of what constitutes misconduct and how it should be reported, the number of allegations should increase. The Commission's prevention and education activities, combined with the deterrent effect of convictions against charges laid by the Commission and the wide exposure that may result from the conduct of public hearings and tabling of reports in Parliament, may influence a reduction in the actual incidence of misconduct and subsequently decrease the number of allegations. This measure will develop as the Commission continues its work with the public sector; however, in the long-term, ideally the Commission would aim to achieve the receipt of fewer complaints due to a lower incidence of misconduct.

The results of this KPI have been determined using the number of complaints, as opposed to the number of allegations, received by the Commission. The difference between the two being that each complaint may in fact contain either a single or multiple allegations. For example, a complaint received in the form of a letter may list five allegations against single or multiple public officers. While the reporting of complaints is consistent with the method used in 2005-2006, the use of allegation numbers may provide a broader perspective of both the alleged occurrence of misconduct in the sector and the scale of activities undertaken by the Commission in delivering this service. Among the advantages of the Commission's recently-implemented Case Management and Intelligence System is the ability to report

<sup>22</sup> Figure derived from Profile of the Western Australian State Government Workforce June 2006 (Department of the Premier and Cabinet) and WA Local Government Association ([www.walga.asn.au/about](http://www.walga.asn.au/about)).

<sup>23</sup> This KPI measurement uses complaints, not allegations, as the denominator due to limitations in earlier reporting systems. Refer to the paragraph above.

against allegation numbers, as well as complaint numbers, where the previous system did not provide for this function. The Commission will consider the adoption of allegation numbers as the basis for measuring this KPI in future reports for these reasons.

### ***Analysis***

During the reporting period, the Commission received one misconduct complaint for every 60 public officers. This is an effective reduction on the previous year where the indicator showed one complaint for every 53 officers. This KPI is fed by the number of complaints assessed by the Commission proportionate to the size of its jurisdiction.

The 2,150 complaints assessed by the Commission represented a 9 percent decrease below the 2005-2006 level of 2,361 complaints. This followed-on from a two percent decrease from the 2004-2005 figure of 2,410 complaints received during the Commission's first full reporting year. While three years' data is insufficient to identify any significant trends in misconduct complaints, it is a matter that the Commission will continue to monitor.

Contributing to the early higher figures was an initial backlog of matters that was inherited from the Anti-Corruption Commission and Kennedy Royal Commission. Factors contributing to the decrease since that time may include the educative effects of the Commission's corruption prevention seminars and its public hearings held as part of serious misconduct investigations.

Principal Officers of Public Authorities have a responsibility under the *Corruption and Crime Commission Act 2003* to notify the occurrence of any suspected misconduct. The Commission has published Notification Guidelines<sup>24</sup> detailing those responsibilities, however it believes that knowledge of them has not penetrated all public authorities and that some misconduct may remain unreported.

The other element of this KPI is the number of public officers within the Commission's jurisdiction. This figure grew by 4%. (from 125,000 to 130,000 full time equivalent positions) during the 2006-2007 reporting period.

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<sup>24</sup> Refer: [www.ccc.wa.gov.au/pdfs/notification\\_guidelines.pdf](http://www.ccc.wa.gov.au/pdfs/notification_guidelines.pdf)



## Ratio of substantiated misconduct allegations to total misconduct allegations

Effectiveness Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Ratio of substantiated misconduct allegations to total misconduct allegations	22% <sup>25</sup>	N/A <sup>26</sup>	25%

The ratio of substantiated misconduct allegations to total misconduct allegations KPI assists the work of the Commission in several ways. First, it identifies the actual incidence of identified misconduct that has been committed by public officers. Second, it assists the Commission in the assessment of agencies' misconduct reporting standards and of complainants' comprehension of what constitutes misconduct. An increasing proportion of substantiated allegations may indicate that both agencies and complainants have a maturing knowledge of what matters are appropriate to report and are within the Commission's jurisdiction. Finally, the Commission uses this KPI as an internal strategic measure to provide an insight into the incidence of actual misconduct within the various agency sectors and their relative proportions within the wider public sector.

### **Analysis**

In the reporting period to 30 June 2007, 25 percent<sup>27</sup> of misconduct allegations were sustained. This figure effectively constitutes the known incidences of public officer misconduct for which Appropriate Authority Investigations were completed during the year and represents a three percent increase over the 22 percent substantiation rate for the 2005-2006 period.

Although there were slightly fewer allegations substantiated in 2006-2007 than in the previous year (456 against 461), a higher proportion of these allegations were substantiated. While it is too early in the life of the Commission to identify significant trends, this result could indicate that those making allegations of misconduct against public officers have an improved understanding of the Commission's jurisdiction and of what constitutes misconduct.

<sup>25</sup> This figure (22 percent) was previously reported as a ratio of 1:4.5.

<sup>26</sup> No target was set at the time of budget submissions as these rely on the Commission's Case Management and Intelligence System which had not then been implemented. Instead the Commission waited for the end of the financial year to determine the actual result as a baseline for future targets.

<sup>27</sup> This was previously reported as a ratio in place of a percentage i.e. 1:4 instead of 25%.

**Service Three: *Facilitation of investigations into organised crime (organised crime function)***

**Outcome: *Organised crime is combated and its incidence reduced***

This agency level outcome is derived from the first of the Commission’s two purposes under the Act, ‘to combat and reduce the incidence of organised crime’ (section 7A(a)). Service Three, the mechanism by which the Commission is able to pursue the achievement of this outcome, takes the form of its ‘organised crime functions’ (section 21). The Commission’s functions include its ability to authorise and oversee the Western Australia Police’s access to investigative powers not ordinarily available to them for application in particular cases of organised crime.

The Commission’s delivery of its Service Three may only be initiated by application from the Commissioner of Police. Therefore, Commission resources will only be allocated to Service Three in response to any such applications.

**Service Three Effectiveness Indicators**

**The proportion of applications for exceptional powers findings and fortification warning notices sought, approved and monitored**

**The proportion of organised crime matters where the use of exceptional powers contribute to a resolution**

<b>Effectiveness Indicator</b>	<b>2005-06 Actual</b>	<b>2006-07 Target</b>	<b>2006-07 Actual</b>
The proportion of applications for exceptional powers findings and fortification warning notices sought, approved and monitored	N/A	N/A	N/A
The proportion of organised crime matters where the use of exceptional powers contribute to a resolution	N/A	N/A	N/A

***Analysis***

The KPIs for this outcome and Service Three (*facilitation of investigations into organised crime*) have been reported as N/A (not applicable) for the financial year because there was no significant, tangible activity relating to exceptional powers findings or fortification warning notices that could be reported.

The Commissioner of Police can only exercise exceptional powers to facilitate the investigation of organised crime once the Commission has made an exceptional powers finding.<sup>28</sup>

<sup>28</sup> Refer section 46 of the *Corruption and Crime Commission Act 2003*

## EFFICIENCY INDICATORS

### **Service One: *Corruption prevention and education programs, reviews and consultancy services to the public sector (prevention and education function)***

The Commission's Service One involves its 'prevention and education function'.<sup>29</sup> In order to apply the KPIs related to this service, the costs associated with the conduct of corruption prevention activities are divided across three component areas on the basis of the efforts undertaken towards the conduct of each of these activities during the reporting period. The three areas are:

- Education: involving the provision of corruption prevention education seminars, workshops and consultancy services to public sector agencies and the community.
- Inquiries and Reviews: involving the conduct of inquiries, reviews and research around corruption prevention themes and misconduct management mechanisms.
- Materials: involving the production of brochures, DVDs and other items for corruption prevention educational purposes.

The costs within each of these three core activity areas are then allocated in accordance with the work undertaken in those areas on the basis of the actual services delivered or materials developed.

### **Service One Efficiency Indicators**

#### **Average cost per person educated in the metropolitan area/regions**

<b>Efficiency Indicator</b>	<b>2005-06 Actual</b>	<b>2006-07 Target</b>	<b>2006-07 Actual</b>
Average cost per person educated in the metropolitan area	\$115	\$132	\$122
Average cost per person educated in the regions	\$642	\$702	\$584

These two efficiency indicators measure the costs associated with the activities classed as 'education' for performance measurement purposes. This area constitutes a major component of the corruption prevention and education services that the Commission delivers to the public sector and the community. The total number of persons educated is determined as the participants attending Commission seminars and consulting with Commission staff on individual corruption prevention issues.

<sup>29</sup> Refer section 17 of the *Corruption and Crime Commission Act 2003*

The average cost to educate a person in the Perth metropolitan area, where the Commission's offices are located, is naturally lower than the average cost of educating a person in the State's regions. The travel and accommodation expenses associated with the delivery of corruption prevention presentations, seminars and workshops to audiences in regional locations largely account for this difference. While an increased use of technology, involving alternative media as an educative tool, may produce efficiencies, particularly in regard to the regions, the Commission's commitment to providing access to its services across the State will continue to involve programmed face-to-face educational sessions.

### ***Analysis***

The Commission educated 5,552 persons in regard to corruption prevention issues through its seminars, presentations and consultation services during 2006-2007. This represents a substantial increase of around 110 percent over the reported number for the previous year (2,680). This was largely due to the heightened demand for the Commission's *Conflicts of Interest* seminars which intensified as a result of the Commission's public hearings as part of a high-profile inquiry into the influence of lobbying and alleged misconduct by public officers.

In the metropolitan area, where the majority of public officers are located, 4,561 persons were educated, constituting an increase of 145 percent over the 1,863 persons educated in 2005-2006. The Commission also increased its focus on regional Western Australia where, 990 persons were educated, representing an increase of 21 percent from the 817 in the previous year. Regional locations visited by the Commission during the period included the Goldfields, Wheatbelt, Midwest, Great Southern and Southwest.

The costs of educating persons both in the metropolitan area (\$122) and the regions (\$584) were both below the target figures for the period by 7.6 percent and 16.8 percent respectively. The increased public interest in the Commission's activities, generated from the high-profile public hearings conducted during the period, had led to an increase in attendees at Commission seminars and presentations, particularly the Conflicts of Interest seminars. This increased attendance resulted in improved financial efficiencies in the delivery of corruption prevention education services.

The Commission has commenced handing-over the responsibility for conducting its Conflicts of Interest seminars to the Department of the Premier and Cabinet. This will allow the Commission to increase its focus on more-customised presentations to smaller groups during the coming reporting period, a practice which may raise the average costs measured by this KPI.

## Average cost per major/minor inquiry or review conducted

Efficiency Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Average cost per major inquiry or review conducted	\$147,870	\$140,046	\$128,904
Average cost per minor inquiry or review conducted	N/A	\$28,009	N/A <sup>30</sup>

The second Service One core activity area involves the conduct of inquiries and reviews into the policies, process and practices of public sector agencies in relation to the management of misconduct. Additionally, this includes research activities examining corruption prevention themes. The costs allocated to this area are divided between major and minor inquiries and reviews on the basis of the work undertaken.

A major inquiry or review involves the dedication of one or more FTEs for a minimum consolidated period exceeding two weeks, or the dedication of more than two FTEs for a consolidated period exceeding one week. A minor inquiry or review involves the dedication of a maximum of two FTEs for a maximum consolidated period of two weeks.

### ***Analysis***

The Commission was engaged in nine activities classified as major inquiries or reviews during 2006-2007. While the Commission seeks to be proactive in determining the subjects of these activities, it must also be responsive to issues such as trends and themes that develop or are identified through its experience in handling misconduct allegations and investigations. Such activities undertaken during the reporting period included those forming part of the Commission's reporting on the Western Australia Police's reform programme, the review of public sector's acceptance and implementation of the Commission's recommendations intended to increase the sector's corruption resistance, and research in support of specific investigations such as the investigation into alleged public officer misconduct associated with the activities of certain lobbyists.

There were no minor inquiries or reviews conducted during the reporting period as prioritisation saw efforts concentrated upon major activities. The Commission's performance against major inquiries and reviews is consistent with resources being directed in this manner.

The average cost of major inquiries and reviews was below the target level for the financial period by around 10 percent. While the resources that were planned for minor inquiries and reviews were absorbed into major activities, the Commission was able to undertake more of these major activities during the reporting period, resulting in the increased efficiency.

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<sup>30</sup> No minor inquiries or reviews were undertaken during 2006-2007 as resource priority went to major activities.

### Average cost per major/minor education material produced

Efficiency Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Average cost per major education material produced	\$37,341	\$126,042	\$36,790
Average cost per minor education material produced	\$7,468	\$25,208	\$7,358

The third activity area involves the production and of distribution of corruption prevention educational materials. Similar to inquiries and reviews, the costs allocated to materials are divided proportionately between major and minor materials on the basis of the complexity of the work undertaken.

Major education materials include research reports, DVDs and any item that requires comparable input due to its size and the effort of its production (for example, through significant research, scripting and editing). Minor education materials include brochures and other items of similar size and effort of production.

#### **Analysis**

A large focus for the Commission's corruption prevention and education function during 2006-2007 was the delivery of education around conflicts of interest. In addition to the well-attended conflicts of interest seminars, the Commission developed and distributed a range of educational materials addressing this issue. The majority of the Commission's educational materials concentrated on this topic, including both general materials and those customised for particular groups.

While slightly more Commission resources were applied to the development of materials than in the previous reporting year, an increase in the number of those materials produced has led to improved efficiencies. In particular, the significant demand for materials covering aspects of conflicts of interest saw the Commission adapt its production plans to address these requirements, resulting in the average costs for both major and minor educational materials falling well below the original target levels. The average cost of a major material was \$36,790 and was \$7,358 for a minor material, both around 30 percent of the target level. The production of a variety of customised materials, based upon core generic models, has contributed considerably to the reduced average costs during 2006-2007.

**Service Two: Oversight and conduct of public sector misconduct investigations (misconduct function)**

The Commission’s Service Two relates to its ‘misconduct function’. The responsibilities of this service fall into two areas:

- The assessment of complaints and oversight of misconduct investigations undertaken by appropriate authorities (public sector agencies); and
- The Commission’s own conduct of investigations into the most serious misconduct and corruption allegations against public officers.

**Service Two Efficiency Indicators**

**Average cost per matter assessed, monitored and reviewed**

Efficiency Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Average cost per matter assessed, monitored and reviewed	\$564	\$493	\$508

One of the Commission’s core activities involves the assessment of complaints and notifications of alleged public officer misconduct. As a result of these assessments, one course of action is to refer matters to appropriate authorities in order that these agencies conduct investigations into the allegations. The conduct of these appropriate authority investigations is then monitored and, when finalised, reviewed by the Commission to ensure the appropriateness of findings.

This indicator establishes the average cost per activity within the Commission’s core service of managing misconduct allegations and notifications by calculating the number of matters dealt with in relation to the cost of the resources applied to complete them.

**Analysis**

The average cost of \$508 per matter was consistent with the target set for 2006-2007 (about 3% above). Theoretically the average cost should remain reasonably stable over time however increased efficiencies may be achieved through the Commission’s developing experience in applying its recently implemented Case Management and Intelligence System, which is used in the assessment of allegations and the oversight of Appropriate Authority Investigations.

## Average cost per matter investigated

Efficiency Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Average cost per matter investigated	\$59,059	\$66,733	\$83,371

The nature and complexity of individual investigations undertaken by the Commission may vary within and between reporting periods. Straightforward investigations may be short and sharp, while more complex inquiries may be protracted and resource intensive.

Investigative resources are allocated on a priority basis. This may result in the majority of resources being engaged in a small number of investigations, or conversely, deployed across a broad range of matters at any given time. Either end of this investigative spectrum may be prevalent during a particular reporting period and may affect the KPI accordingly.

This indicator captures the serious misconduct inquiries conducted by the Commission's Investigations Unit as well as preliminary investigations undertaken as part of the complaints assessment and review processes.

### ***Analysis***

The average cost per matter investigated during 2006-2007 was \$83,371. This figure was around 25 percent above the target figure of \$66,733, which resulted from the Commission's focus on a limited number of major inquiries that were responsible for consuming a considerable proportion of its investigative resources, and from the consequent conduct of fewer total investigations. The 'Smiths Beach development at Yallingup inquiry', the 'inquiry into lobbying and alleged public sector misconduct', and the 'Mallard inquiry' are examples of investigations that were a primary focus of resources during the reporting period.

The Mallard inquiry required the allocation of additional resources from outside of the Investigations Unit. This prioritisation occurred in order that specific administrative support roles could be performed for a period of six weeks by a team drawn from the Commission's Investigations Review and Complaints Assessment Unit. The costs associated with the temporary redeployment of this team were allocated to the investigation and contributed considerably towards the increased average cost.



## Weighted average time taken per matter assessed, monitored and reviewed

Efficiency Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Weighted average time taken per matter assessed, monitored and reviewed	49 Days	24 Days	72 Days

This KPI measures the weighted average time spent by the Commission in the assessment of complaints and notifications, and in the oversight of the Appropriate Authority Investigations referred to appropriate authorities. It encompasses the three component activities which constitute the Commission's primary misconduct investigation oversight role. This includes the assessment of notifications and allegations received by the Commission, the monitoring of the progress of Appropriate Authority Investigations that the Commission has referred to those authorities, and the review of Appropriate Authority Investigations and their outcomes upon completion to ensure that they meet the investigation standard.

### ***Analysis***

The weighted average time per matter assessed, monitored and reviewed for 2006-2007 was 72 days. This figure, which significantly exceeds the target level of 24 days and the previous year's result of 49 days, was lengthened by two factors. The first was the requirement for officers from the Investigations Review and Complaints Assessment Unit to temporarily set aside their core work for a six-week period in order to assist the Investigations Unit in support of a high priority inquiry. The second factor, which similarly necessitated the same officers to defer core activities, was the requirement for them to 'backload' data concerning all allegations and related investigations for the 2006-2007 reporting period into the new Case Management and Intelligence System, as well as undertaking training on its use.

The target for this indicator was established prior to the implementation of the Case Management and Intelligence System, the application which maintains all data in relation to allegations and investigations. As this is only the second reporting period for which the KPIs have been applied, the Commission's developing experience in their use, in concert with the improvements of the new case management system, will result in the production of increasingly accurate and valuable information for future assessment purposes.

### Average time taken per completed investigation

Efficiency Indicator	2005-06 Actual	2006-07 Target	2006-07 Actual
Weighted average time taken per completed investigation	70 Days	54 Days	44 Days

The nature and complexity of individual investigations affect the resources required to complete them. Further, the relative priority of investigations will influence the distribution of available resources among those matters. While a higher level of allocated resources may reduce the time taken to complete a particular investigation, this may result in other investigations being prolonged until sufficient resources are available for their completion.

#### ***Analysis***

The average time taken per completed investigation during 2006-2007 was 44 days. This figure is below both the target of 54 days and the previous reporting period's average of 70 days.

This reduced average is explained by the conduct of fewer serious misconduct investigations during 2006-2007, when considered in a weighted average against the higher proportion of the preliminary investigations undertaken during the same reporting period. Preliminary investigations take considerably less time to complete than major serious misconduct investigations.

### **Service Three: Facilitation of investigations into organised crime (organised crime function)**

Service Three relates to the Commission's 'organised crime functions'. This involves two areas of responsibility:

- The facilitation and oversight by the Commission of the use of exceptional powers by the Western Australia Police in its organised crime investigations (these powers include the private examination of witnesses by the Commissioner of Police and the provision of enhanced powers to the police to enter, search, stop and detain).
- The facilitation by the Commission of the removal of fortifications by Western Australia Police from 'heavily fortified' premises habitually and collectively used by persons reasonably suspected to be involved in organised crime.

#### **Service Three Efficiency Indicators**

**Average cost per exceptional powers finding application considered, approved and monitored / fortification warning notice application considered and approved / organised crime examination applied for and conducted**

<b>Efficiency Indicator</b>	<b>2005-06 Actual</b>	<b>2006-07 Target</b>	<b>2006-07 Actual</b>
Average cost per exceptional powers finding application considered, approved and monitored	N/A	N/A	N/A
Average cost per fortification warning notice application considered and approved	N/A	N/A	N/A
Average cost per organised crime examination applied for and conducted	N/A	N/A	N/A

The Commission's delivery of this service is inherently restricted by the nature of the powers provided by the legislation. It cannot proactively authorise the use of these powers and relies entirely upon applications from the Commissioner of Police to initiate its activities. Therefore, the Commission's performance, and subsequently the assessment of its efficiency, is closely linked to and dependent upon the operational priorities of the police.

#### **Analysis**

Performance against these key performance indicators has been recorded as N/A (not applicable) because no tangible activity occurred within Service Three (*Facilitation of investigations into organised crime*).

There were no applications for access to these powers received from the Commissioner of Police during the last two reporting periods.

## OTHER FINANCIAL DISCLOSURES

### CAPITAL WORKS

#### Capital Projects Incomplete

The following major capital projects were incomplete:

- Case Management System – Investigations;
- Financial Management Information System;
- New Operational Support Equipment; and
- Payroll System.

#### Capital Projects Completed

The following major capital project was completed:

- Office-Fit out for 186 St. George's Terrace.

## EMPLOYMENT AND INDUSTRIAL RELATIONS

### Staff Profile

The Commission is not an SES organisation under the *Public Sector Management Act 1994*, Commission staff may not be appointed for a period exceeding five years but are eligible for reappointment.

During the reporting period the Commission maintained an average staffing level of 148 Full-Time Equivalent (FTE) positions. At 30 June 2007, it had 151.5 FTE positions filled, within its establishment figure of 153 FTEs.

Level	2005–06			2006-07		
	Female	Male	Total	Female	Male	Total
1	0.0	0.0	0.0	0.4	0.0	0.4
2	5.0	7.0	12.0	4.6	9.0	13.6
3	12.2	4.0	16.2	13.6	4.0	17.6
4	11.8	5.0	16.8	11.6	5.0	16.6
5	0.6	4.0	4.6	2.8	4.0	6.8
6	17.2	19.0	36.2	15.0	15.8	30.8
7	5.8	27.0	32.8	6.7	27.0	33.7
8	2.0	18.0	20.0	2.0	17.0	19.0
9	1.0	4.0	5.0	0.0	4.0	4.0
Class 1 and Negotiated	2.0	6.0	8.0	3.0	6.0	9.0
<b>Total</b>	<b>57.6</b>	<b>94.0</b>	<b>151.6</b>	<b>59.7</b>	<b>91.8</b>	<b>151.5</b>

Table 11: Staff Establishment

## **Learning and Development**

The Commission's skilled and experienced staff are its main asset and it encourages them to participate in a range of learning and development activities to expand their technical, operational and strategic skills.

During 2006-2007, Commission staff enhanced their skills and knowledge through a range of learning arenas, such as seminars, conferences and external training courses. A total of 81 officers undertook training, with an average of 1.4 training days per staff member.

Training covered technical skills, organisational development, information management and risk management. While most of the training conducted was off-site by external accredited providers, the Commission also conducted awareness-raising sessions in security and emergency responses for new staff and refresher courses for current staff.

Seventy-one staff members benefited from performing higher duties and/or undertaking temporary promotional appointments.

Staff members are encouraged to undertake further study to enhance their career development. During 2006-2007 five study scholarships were awarded, valued at \$1,000 each for eligible staff and ten staff undertook tertiary studies, assisted by study and examination leave.

In addition, a pilot mentoring program was implemented to supplement the informal mentoring of staff that currently exists within the Commission. It was established to provide staff with more personalised support and guidance in their professional development. Experienced and less experienced staff members were matched, resulting in seven mentoring partnerships being established. The program consisted of training workshops for mentors and mentees, follow-up support, and program monitoring. The pilot program proved successful and consequently its continuation as an ongoing program was endorsed by the Commission's Executive.

## **Workers Compensation**

Riskcover, the Commission's insurer, accepted liability for three new claims during the financial year ending 30 June 2007. Two of the claims involved a lost time injury and have been finalised.

A claim, previously declined from the preceding year, remains in dispute. This has required a reassessment as the insurer has maintained its denial of liability, on behalf of the Commission.

## Occupational Safety and Health

The Occupational Safety and Health Committee Planning and Advisory Group (OSHPAG) was established in 2005 to develop, promote and support safety and health initiatives for the Commission. Part of the group's role has been to develop and implement the Commission's Occupational Safety and Health (OSH) Plan 2005-2007.

A quantitative assessment of the Commission's OSH Plan 2005-2007 and the degree to which planned activities were addressed during this period, was completed. The audit was conducted by an external consultant and coincided with the end of the Commission's 2005-2007 work plan. This was the first assessment to be undertaken against the performance indicators of the WorkSafe Plan, and comprised of a physical inspection of the workplace and a systems audit. Overall, the Commission scored well across the five key performance indicators, with an average rating of greater than 65%. The assessment represents a baseline for future OSH assessments and has facilitated planning and prioritising by the OSHPAG group for the development of the 2007-2009 OSH Plan.

During the year regular workplace inspections have been conducted by the Safety and Health Representatives to ensure compliance with the *Occupational Safety and Health Act 1984*. Safety and Health Representatives are trained in accordance with the OSH regulations and provide on-going advice and the promotion of safety in the workplace. In addition, a register documenting hazards, actual incidents or near misses was maintained.

## GOVERNANCE DISCLOSURES

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests, had any interests in existing or proposed contracts with the Commission and Senior Officers.

## OTHER LEGAL REQUIREMENTS

### CORRUPTION AND CRIME COMMISSION ACT 2003

Section 91(2) of the Act specifies the Commission's requirement to publish certain information in its annual report. Information covering these requirements is contained within the Report on Operations section of this report. The table below contains the required statistical information.

Activity	Number
Section 46: Organised crime exceptional powers findings	0
Section 68: Organised crime fortification warning notices	0
Section 94: Notices to produce a statement of information served	36
Section 101: Search warrants	15
Section 103: Approvals for assumed identities	17
Section 121: Conduct controlled operations	2
Section 123: Integrity testing programmes	9
Section 148: Arrest warrants	0
<i>Surveillance Devices Act 1998</i> warrants	20
<i>Telecommunications Interception and Access Act 1979</i> warrants	123

Table 12: Required Reporting (Section 91(2))

## ADVERTISING

Section 175ZE of the *Electoral Act 1907*, requires the Commission to report expenditure incurred during the reporting period in relation to advertising and sponsorship. The following tables detail the expenses incurred by the Commission for the 2006-2007 financial year.

Expense Type	Cost (\$)
Advertising agencies	Nil
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	82,437
<b>Total Expenses</b>	<b>\$82,437</b>

Table 13: Advertising and Sponsorship

The breakdown in relation to the advertising costs is shown in the Table below:

<b>Supplier</b>	<b>Cost (\$)</b>
Marketforce	10,206
Western Australian newspapers (staff recruitment)	56,583
Western Australian newspapers (hearings)	7,203
InterSector	2,550
Telstra White Pages Directory	4,182
Regional Advertising (newspapers)	1,713
<b>Total Expenses</b>	<b>\$82,437</b>

Table 14: Recruitment and Advertising

## **DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES**

The Commission presently meets the five key outcomes required under the *Disabilities Services Act 1993* and continues to assess appropriate strategies and processes to ensure continued compliance. The Commission's premises at 186 St Georges Terrace, Perth, have been designed to provide ease of access and facilities for people with disabilities.

In order to meet the State Government Access Guidelines for Information Services and Facilities, the Commission continues to review its services and facilities.

## **EQUAL EMPLOYMENT OPPORTUNITY OUTCOMES**

As an equal opportunity employer, the Commission promotes a culture that reflects employment practices that are free from bias and discrimination. The Commission recognises the need to create a suitably diverse workforce that is representative of the community that it serves and reflects diversity in its staffing composition and work practices.

The 2006-2009 Equity and Diversity Plan has been implemented to provide strategic direction in achieving three broad outcomes as recommended by the Office of Equal Employment Opportunity for the public sector. An Equity and Diversity Group meet quarterly to ensure strategies identified under the plan are monitored and actioned.

Steady progress has been made in this regard in the attainment of these outcomes during 2006-2007. In terms of the Equity and Diversity Plan, focus remains on improving the percentage of women in management, presently at 18%, and employing youth and people from culturally diverse backgrounds.



Three percent of the Commission's staff are currently under 25 years of age. Strategies have been put in place to target this group. During 2006-2007, two tertiary work experience students were engaged and were provided with opportunities to develop marketable skills. Graduate opportunities have also been created to encourage the number of youth in the workplace.

## **COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES**

The Commission's policies and practices comply with the Public Sector Standards in Human Resource Management, the WA Public Sector Code of Ethics and the Commission's Code of Conduct. There were no claims of breach of standard lodged against the Recruitment, Selection and Appointment Standard during 2006-07.

Arising from the Public Sector Code of Ethics, the Commission has developed a Code of Conduct, which applies to all Commission employees and forms part of their employment contract. All new members of staff are provided with a copy of the Code of Conduct on commencement. The Code of Conduct provides a guide for officers in understanding their rights and obligations.

Policies, procedures, the WA Public Sector Code of Ethics and the Commission's Code of Conduct are all available on the Commission's intranet and are accessible to all staff.

## **RECORDKEEPING PLANS**

The following information is supplied in compliance with *State Records Commission Standard 2 – Recordkeeping Plans, Principle 6 – Compliance*, as well as section 19 of the *State Records Act 2000* which requires that each agency have a Recordkeeping Plan.

The Commission's current Recordkeeping Plan was approved by the State Records Commission on 2 April 2007 for a period of one year. The Commission's Retention and Disposal Authority was also approved and has been implemented in accordance the Recordkeeping Plan.

The Commission has fully implemented, and further enhanced, its Electronic Document Management System, 'Objective', as its recordkeeping system. An evaluation of the efficiency and effectiveness of the system has been carried out utilising a user acceptance questionnaire which determined acceptance of the system, evaluated the system user requirements and possible enhancements to system processes.

The Commission's Case Management and Intelligence System, for which Objective provides the document repository, was also implemented.

A recordkeeping training program has been developed and implemented, including induction and ongoing training in the use of Objective, in compliance with the Commission's Recordkeeping Plan. A review of the efficiency and effectiveness of the training program has not been undertaken but is proposed for the next twelve months. The Commission's induction program addresses employee roles and responsibilities in compliance with its Recordkeeping Plan.

## **GOVERNMENT POLICY REQUIREMENTS**

### **CORRUPTION PREVENTION**

The Commission is in a unique position in Western Australia as one of its main functions is to educate public authorities about corruption prevention issues. Premier's Circular 2005/02 requires agencies to report on measures they are taking to reduce corruption and misconduct. This information is reviewed by the Commission and is useful when working with the agencies in developing or enhancing their corruption resilience.

The Commission has developed its own internal corruption prevention strategy which aligns with AS 8001 *Fraud and Corruption Control*. The strategy seeks to identify, manage and prevent misconduct and corruption. The Commission's Corruption Prevention Plan, which details the Commission's main corruption and misconduct threats and associated mitigation strategies, is available to all staff on the Commission's intranet.

The management of misconduct and corruption risks is integrated into the Commission's risk management system, which complies with AS 4360 *Risk Management*. All staff members are encouraged to contribute to ongoing risk management within their workgroups, which helps to increase their awareness of the corruption and misconduct risks that are present.

While the Commission is responsible for the receipt of notifications and complaints of misconduct concerning public officers, any allegation concerning a Commission officer should be directed to the Parliamentary Inspector of the Corruption and Crime Commission.

### **SUBSTANTIVE EQUALITY**

The Commission is not represented on the Strategic Management Council and consequently does not report against the Policy Framework for Substantive Equality in accordance with Premier's Circular 2005/07, dated 20 July 2005.

## **SUSTAINABILITY**

Premier's Circular 2004/14 of 27 September 2004 requires that all departments and Senior Executive Service (SES) organisations comply with the State's Sustainability Code and Practice, develop a Sustainability Plan by 31 December 2004 and report on the progress of the implementation in annual reports from the year ending June 2005.

While non-SES organisations, such as the Commission, are not required to comply with the Code, they are encouraged to do so and the Commission has agreed to establish a Sustainability Action Plan voluntarily. The Commission had intended to develop its plan during 2006-2007, when able to incorporate sustainability factors in relation to its move into new purpose-built premises in May 2005, but the completion of the building fit-out in June 2007 has seen it deferred until 2007-2008.

The fit-out of the building at 186 St Georges Terrace was designed with features that aid the Western Australian Government's Sustainability Plan. Water devices have inbuilt controllers that are designed to minimise waste and lighting throughout the offices is movement sensor controlled. The Commission's vehicle fleet has been reduced and the proportion of four-cylinder vehicles has been increased.

The Commission has been reviewing all policies and procedures, including those that apply to energy use, water saving, fleet management and sustainable travel. The Commission's operations support sustainability and employees are encouraged to support the sustainability principles.