Corruption and Crime Commission

of Western Australia

Annual Report

2004 – 2005

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Corruption and Crime Commission

Postal Address	PO Box 7667 Cloisters Square PERTH WA 6850
Telephone	(08) 9215 4888 1800 809 000 (toll free for callers outside metropolitan Perth)
Facsimile	(08) 9215 4884
Email	info@ccc.wa.gov.au
Office Hours	8.30 am to 5.00 pm, Monday to Friday

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

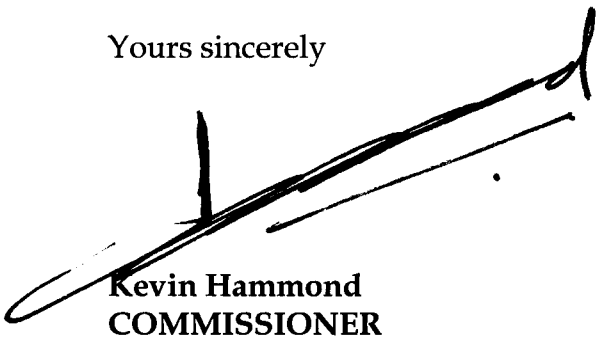
The Hon. Fred Riebeling MLA
Speaker
Legislative Assembly
Parliament House
PERTH WA 6000

Dear Mr President
Dear Mr Speaker

I am pleased to provide this, the second, Annual Report of the Corruption and Crime Commission for the financial year ended 30 June 2005 to each of you for presentation to Parliament.

The Report has been prepared in accordance with section 66 of the *Financial Administration and Audit Act 1985,* and with section 91 of the *Corruption and Crime Commission Act 2003.*

Yours sincerely



Kevin Hammond
COMMISSIONER

19 October 2005

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1.0 Commissioner's Foreword

This report describes what the Commission has achieved and how it achieved it. Chapter 2 describes the year in brief. The subsequent chapters describe how the Commission performs its functions.

Operationally it has been a busy year of finalising investigations received from the *Royal Commission Into Whether There Has Been Any Corrupt Or Criminal Conduct By Western Australian Police Officers*, those matters inherited from our predecessor, the Anti-Corruption Commission, as well as investigations commenced by the Commission.

Of course the Commission's efforts are not solely focussed on prosecution or disciplinary action. Its corruption prevention and education function ensures a broader focus in terms of the implementation of systemic change within the public sector, with the ultimate aim of reducing the incidence of misconduct.

The Commission has conducted a number of examinations of witnesses, by way of private and public hearings, throughout the year in support of its investigations. The public hearings have had the added benefit of raising the Commission's profile both in the broader community and across the public sector, which it serves.

While the *Corruption and Crime Commission Act 2003* contains no major flaws I note two areas of particular concern for the legislation that prescribes the Commission's operations.

First, the Act's definition of the terms 'misconduct' and 'public officer' limit the capacity of the Commission to deal with misconduct matters. This is addressed in Chapter 7.

The second area of concern is associated with the Commission's organised crime function. The Act presently limits the Commission's involvement to that of a 'gatekeeper', tasked to consider applications by the Commissioner of Police for access to extraordinary powers. There was only one application in the reporting period. This paucity suggests that this approach is not as effective in comparison to the Queensland and New South Wales jurisdictions, where their legislation permits the equivalents of this Commission to work in a joint task force arrangement with their respective state police counterparts.

Finally, I wish to express my appreciation to all the staff of the Corruption and Crime Commission. Over the past twelve months, I have witnessed them work as a dedicated team to meet the challenges of establishing an effective Corruption and Crime Commission for the people of Western Australia.

Kevin Hammond
COMMISSIONER

2.0 The Year in Brief

2.1 Misconduct Function

- Received and assessed 2,410 allegations and notifications of misconduct.
- Reviewed 1,212 other agency misconduct investigations.
- Charged seven people with 43 criminal offences.
- Conducted ten hearings involving 26 days of hearings.
- Conducted four joint agency investigations.
- Tabled four investigation reports in Parliament.
- Approved 436 applications to use the Commission's statutory powers under the Act.

2.2 Prevention and Education Function

- Delivered 34 seminars to a variety of government agencies across the state with in excess of 1,300 attendees.
- Developed and delivered special presentations for ministerial staffers following an investigation into allegations of misconduct by a senior ministerial officer.
- Undertook two inquiries, one in partnership with WA Police.
- Convened a round table forum with senior staff from the five Western Australian universities to discuss existing and potential misconduct risks.
- Won an Australian Research Council grant to research the management of whistleblowers in the public sector.
- Provided advice and consultancy services on corruption prevention policy and processes to numerous agencies.
- Surveyed the public sector as part of the 'Profiling the Public Sector' project undertaken in collaboration with other jurisdictions' anti-corruption bodies.

2.3 Organised Crime Function

- Process developed to facilitate access by WA Police to apply to the Commission for exceptional powers findings.
- Granted one exceptional powers finding under section 46 of the Act.
- Issued 16 summonses to appear in private hearings issued under sections 48 and 96.

2.4 Supporting the Commission

- Increased the number of staff with long-term contracts from 16 to 130.
- Relocated to new premises saving $700,000 per annum rent.
- Developed and implemented the Commission's Strategic Plan for 2005--2006.
- Acquired and installed new computer systems and applications.
- Developed and implemented a Human Resource Management Strategic Plan, a Security Risk Management Plan, a Records Management Plan, and a Finance and Administration Plan.

2.5 Reports tabled in the Parliament

Report Title	Tabled in Parliament
Investigation into Western Power: Suspected misconduct concerning a payment of $35,000 made by Western Power Corporation to the Australian Services Union. (Operation Gitana)	17 December 2004
The Nomination of Ms Choy Chan Ma as a Candidate for Election to the Seat of Riverton in the State Election of 26 February 2005.	6 May 2005
Investigation into the Department of Treasury and Finance: Suspected Misconduct Concerning the Unauthorised Release of Treasury Information. (Operation Indiana)	10 June 2005
Investigation into the Involvement of a CALM Officer in the Oil Mallee Industry. (Operation Montana)	24 June 2005

Table 1: Reports tabled in Parliament

2.6 Required reporting

Under Section 91 of the Act the Commission is required to report on a number of matters, these are:

Activity	Number
Section 26: Propositions made about misconduct.	2
Section 32: Allegation assessments.	2,392
Section 41: Reviews of appropriate authorities' dealing with misconduct.	1,212
Section 46: Exceptional powers findings.	1
Section 68: Fortifications warning notices.	0
Sections 48 and 96: Summonsing to attend and produce things.	16
Section 94: Power to obtain information from a public authority.	20
Section 95: Power to obtain documents and other things.	216
Section 96: Power to summons witnesses and produce things.	76
Section 100: Power to enter and search.	0
Section 101: Search warrants.	14
Section 103: Assumed identities.	66
Section 121: Controlled operations.	4
Section 123: Integrity testing programs.	10
Section 148: Arrest warrants.	0
Surveillance Devices Act warrants.	8 (includes 2 extensions)
Telecommunications Interception warrants.	22

Table 2: Use of statutory powers and reviews and assessments

Notifications	Number
Section 25: Reports of misconduct from individuals.	582
Section 28: Notifications from notifying authorities.[1]	518
Section 21A: Reviewable police action. (Note: The total number of allegations against police is 1,580, including reports provided under Sections 25 and 28.)	1,310
Total notifications	**2,410**

Table 3: Number and source of notifications

Charges	Number
Persons charged.	**7**
Number of charges.	**43**

Table 4: Charges laid

[1] 'Notifying authorities' includes a department or organisation defined in the *Public Sector Management Act 1994*, an authority defined in the *Financial Administration and Audit Act 1985* (*FAA Act*), an entity declared under section 52(4) of the *FAA Act*, an authority to which the *Parliamentary Commissioner Act 1971* applies.

3.0 Functions and Governance

The *Corruption and Crime Commission Act 2003* ('the Act') was proclaimed in the Government Gazette on 30 December 2003 establishing the Commission, which came into existence on 1 January 2004 with the appointment of the inaugural Commissioner, Kevin Hammond.

3.1 Functions

Section 7A of the Act identifies its two main purposes as being to:

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

Under section 7B of the Act the Commission achieves its purposes by:

- authorising the use of investigative powers not ordinarily available to the police service to effectively investigate particular cases of organised crime; and
- helping public authorities to deal effectively and appropriately with misconduct by increasing their capacity to do so while retaining power to itself investigate cases of misconduct, particularly serious misconduct.

As a consequence of the above, the Commission has three main functions:

- the misconduct function;
- the prevention and education function; and
- the organised crime function.

Division 2 of the Act describes all of the Commission's functions, including its responsibility for progressing matters for investigations referred from the Police Royal Commission and the former Anti-Corruption Commission and from dealing with notifications of reviewable police action. These additional functions are incorporated in the three main functions listed above.

3.2 Governance – External

The Commission is a body corporate with perpetual succession and as an independent agency it reports directly to the Parliament.

Given the nature of the Commission's powers the Act also confers and provides important accountability mechanisms to ensure that the exceptional powers are used only in circumstances provided for by legislation.

This oversight of the Commission is undertaken 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. In addition, the Supreme and Magistrates Courts of Western Australia and the Federal Courts act as 'gatekeepers' for certain powers and the Auditor General and Ombudsman oversight aspects of the Commission's activities in accordance with various other legislation. The Commission functions within the budgetary framework of Government for which the Attorney General is the responsible minister.

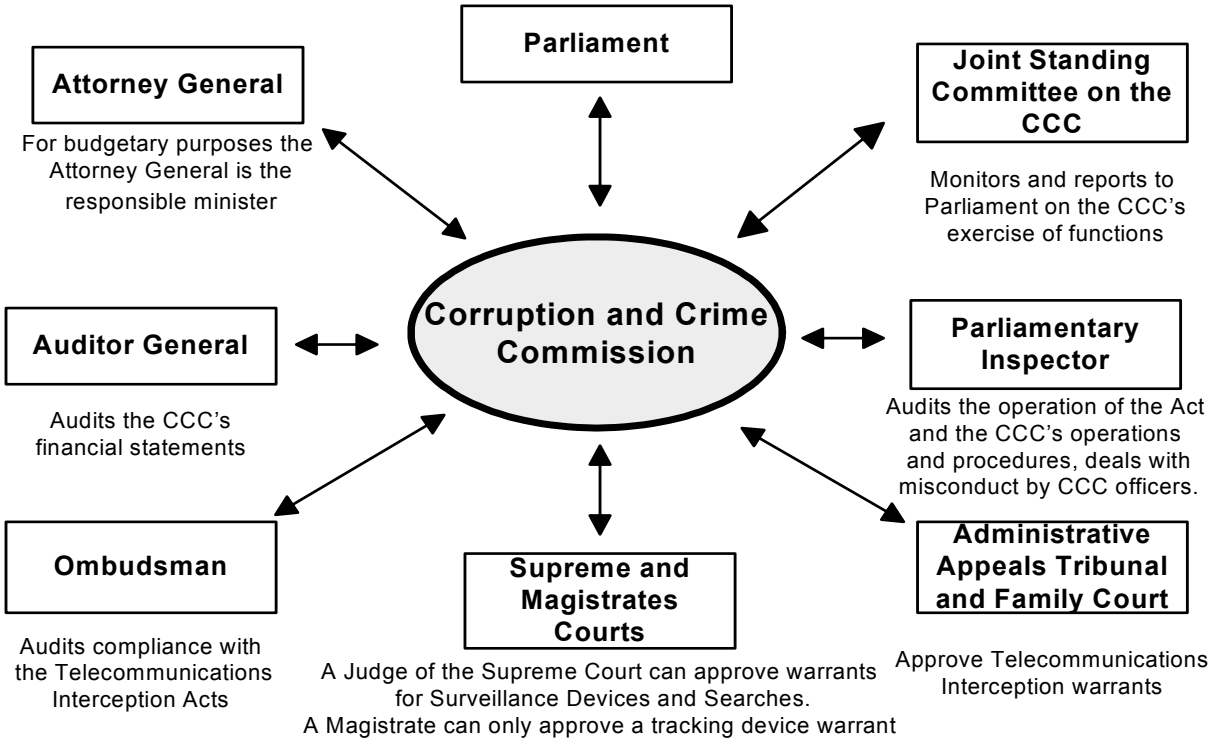

Figure 1: External scrutiny and governance of the CCC.

3.2.1 Joint Standing Committee on the Corruption and Crime Commission

The functions of the Joint Standing Committee are to:

- monitor and report to the Parliament on the exercise of the functions of the Corruption and Crime Commission and the Parliamentary Inspector of the Corruption and Crime Commission;
- inquire into, and report to the Parliament on the means by which corruption prevention practices may be enhanced within the public sector; and
- carry out any other functions conferred on the Committee under the *Corruption and Crime Commission Act 2003.*

The Joint Standing Committee is made up of members from both Houses of Parliament. The members as at 30 June 2005 are:

Chairman:
Mr John Hyde MLA
Deputy Chairman:
Hon. Raymond (Ray) Halligan MLC
Member:
Hon. Margaret Rowe MLC
Member:
Ms Margaret Quirk MLA

The Commission met with the Committee on 5 July and 25 October 2004 and 22 June 2005.

3.2.2 Parliamentary Inspector

The Office of Parliamentary Inspector of the Corruption and Crime Commission assists the Joint Standing Committee in performing its functions. As an officer of the Parliament, the Parliamentary Inspector's functions are

detailed at section 195 of the Act, which are to:

- audit the operation of the Act;
- audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State;
- deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector;
- audit any operation carried out pursuant to the powers conferred or made available by this Act;
- assess the effectiveness and appropriateness of the Commission's procedures;
- make recommendations to either House of Parliament and the Standing Committee; and
- perform any other function given to the Parliamentary Inspector under this Act.

The Parliamentary Inspector has the role of ensuring that the operations and exercise of powers by the Commission conform to, and are conducted in accordance with, the principles of law. The Parliamentary Inspector is also responsible for investigating complaints against the Commission or its officers, and reports to the Joint Standing Committee.

The Parliamentary Inspector, Mr Malcolm McCusker AO QC, was appointed on 1 January 2004. Mr McCusker QC was educated at the University of Western Australia, and commenced practising law in 1962. He was appointed Queen's Counsel in 1982.

During the reporting period the Commission referred 14 matters to the Parliamentary Inspector. The Parliamentary Inspector referred one matter to the Commission.

3.2.3 Attorney General

For budgetary purposes, the Attorney General is the responsible Minister.

The Commission is also required to report to the Attorney General annually on matters relating to the *Surveillance Devices Act* 1998 and the *Telecommunications (Interception) Act 1979 (Cth)*. The Attorney General reports to Parliament on the use of these powers.

3.2.4 Role of the judiciary in issuing warrants

The Commission is able to obtain warrants under various State and Commonwealth Acts of law in order to achieve its statutory functions.

The Commission may seek a warrant under the *Telecommunications (Interception) Act 1979 (Cth)*. An eligible Federal Judge or nominated Administrative Appeals Tribunal member is responsible for issuing a warrant under the Commonwealth legislation.

In order to obtain a surveillance devices warrant under the *Surveillance Devices Act 1998 (WA)* the Commission must apply to a Judge of the Supreme Court in chambers (for optical, listening, and tracking warrants) or a Magistrate (for tracking warrants only).

Officers of the Commission may obtain a search warrant under the Act (Section 101) by application to a Judge of the Supreme Court.

In relation to all warrants obtained by the Commission, there is the

requirement for affidavits to accompany the application which the respective judicial officers review. These affidavits are frequently in excess of fifty pages in length. It is for the judicial officers to be satisfied that the grounds of the application are met before issuing the warrant. If the judicial officer requires clarification of the affidavit the deponent must provide further information in order to satisfy the legislative requirements. No warrant applications were rejected nor clarification sought by any judicial officer of the Commission's warrants applications and supporting affidavit in the reporting period.

3.2.5 Ombudsman

The State Ombudsman has a specific role in ensuring the Commission's compliance with some specific legislative requirements, namely:

- *Telecommunications (Interception) Act 1979 (Cth)*
- *Telecommunications (Interception) Western Australia Act 1996*

3.2.6 Auditor General

The Commission is subject to the provisions of the *Financial Administration and Audit Act 1985*.

The Auditor General undertook an audit and review of the Commission's accounts. The certified accounts are located at Chapter 10.

3.2.7 Freedom of information

The Commission is an exempt agency for the purposes of the *Freedom of Information Act 1992* (the '*FOI Act*').

3.2.8 Compliance with legislation

The Commission administers the *Corruption and Crime Commission Act 2003* and in all its activities complies with the following legislation:

- *Disability Services Act 1993*
- *Electoral Act 1907*
- *Equal Opportunity Act 1984*
- *Financial Administration and Audit Act 1985*
- *Industrial Relations Act 1979*
- *Legal Practice Act 2003*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Parliamentary Papers Act 1891*
- *Parliamentary Privileges Act 1891*
- *Public Interest Disclosure Act 2003*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *Surveillance Devices Act 1998*
- *Telecommunication Act 1997 (Cth)*
- *Telecommunications (Interception) Act 1979 (Cth)*
- *Telecommunications (Interception) Western Australia Act 1996*
- *The Criminal Code Act 1913*

3.3 Governance – Internal

3.3.1 Structure

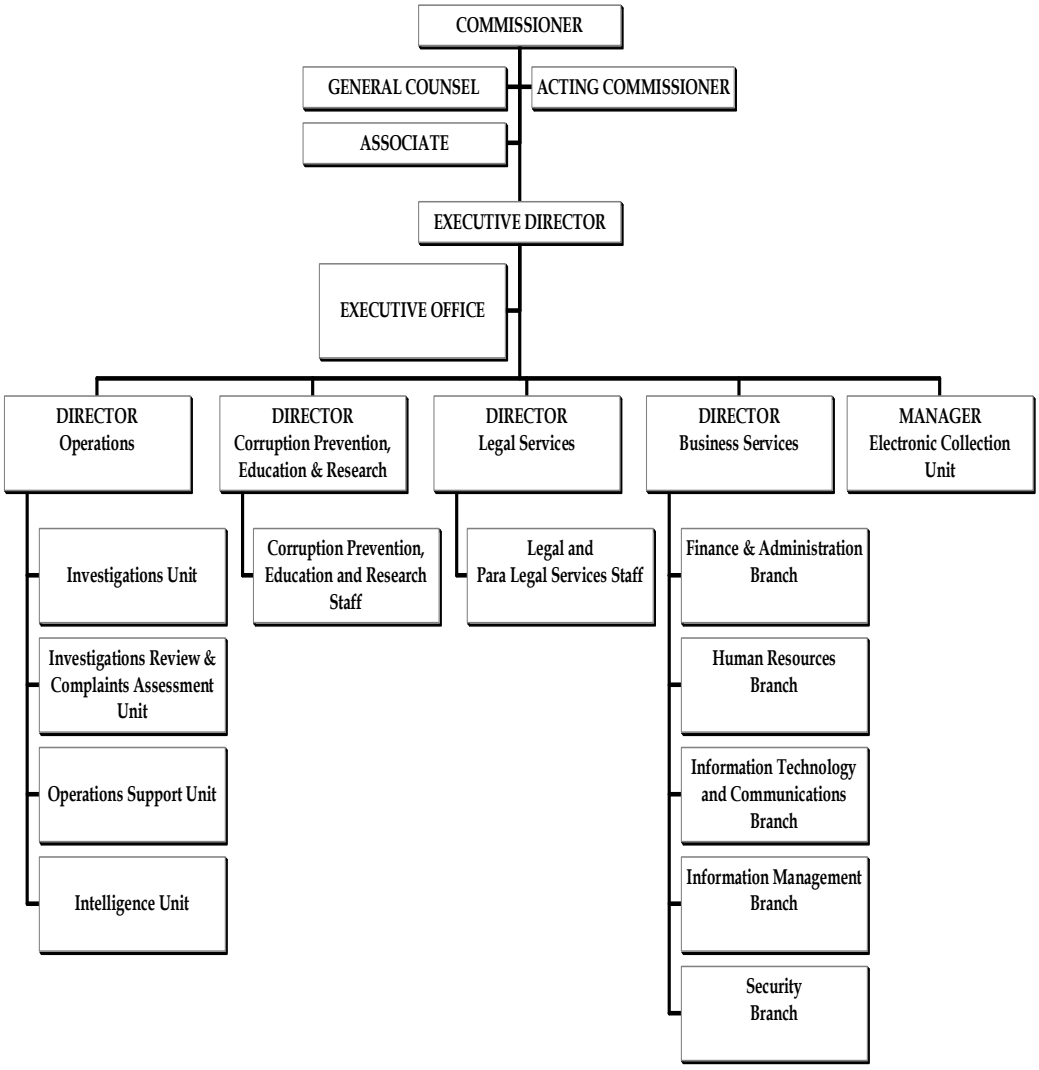

Figure 2: Commission's Structure

3.3.2 Commissioner – Mr Kevin Hammond

As a single Commissioner, the Commissioner constitutes the Commission, and is ultimately responsible for all the activities and operations undertaken on his behalf by staff of the Commission.

The inaugural Commissioner was appointed by the Governor on the recommendation of the Premier in accordance with section 9(4a) of the Act. Any future appointment will be made from a list of three names submitted by a nominating committee consisting of the Chief Justice, the Chief Judge of the District Court and a person appointed by the Governor to represent the interests of the community and in accordance with the provisions of section 9 of the Act.

Commissioner Kevin Hammond brought very considerable experience, based on a long and distinguished legal career, to the Corruption and Crime Commission. Prior to his appointment as Commissioner in

January 2004, he had been Chief Judge of the District Court since 1995, and had served on the bench for a total of 22 years. Commissioner Hammond graduated in law from the University of Western Australia in 1957 and was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1960. He practised in the Northam area and Perth before being appointed as a Judge to the District Court in 1982.

3.3.3 Acting Commissioner – Ms Moira Rayner

On 12 July 2004, the Governor appointed Ms Moira Rayner as Acting Commissioner for a period of two years. Ms Rayner has acted as Commissioner when Commissioner Kevin Hammond has been absent, on leave, or otherwise unavailable to deal with a matter.[2]

3.3.4 Executive Director – Mr Mike Silverstone

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

3.3.5 General Counsel – Ms Patti Chong

The Commission appointed its first General Counsel, Ms Patti Chong, on 29 October 2004. Ms Chong is on a 12-month secondment from the Office of the Director of Public Prosecutions (DPP).

Patti Chong has extensive experience in criminal law as a high-profile Senior Prosecutor for the DPP.

The Role of an Acting Commissioner

There are a number of functions and duties set out in the Act that can only be exercised by the Commissioner.

The Act however provides that if at any time the Commissioner
vacates the office
or
becomes incapable
or
is unable to handle any particular matter
or
leaves the state
then
a duly appointed Acting Commissioner can take over and act as Commissioner.

Accordingly, it is clearly necessary that at all times that an Acting Commissioner be appointed and be available in the event of the Commissioner's inability or incapacity, otherwise the work of the Commission would grind to a halt.

[2] Ms Rayner resigned on 17 August 2005, outside of this reporting period.

3.3.6 Internal governance committees

The Commission's internal governance committees provide the framework for strategic planning and efficient decision-making; these include:

- **Directors' Management Committee**. This committee oversights the coordination of the Commission's major activities in achieving the organisation's strategic objectives.
- **Operations Review Committee**. This Committee oversights the Commission's investigative activities to ensure the Commissioner's priorities and requirements are addressed. From time to time extraordinary meetings focus on specific investigations, providing case officers the opportunity to brief the Commissioner on critical issues.
- **Administration and Resource Committee**. This committee oversights the administration of the Commission to ensure the Commission's resources are applied effectively and appropriately.
- **Capability Management Committee**. This committee oversights the acquisition, introduction and management of Commission capabilities. It considers capability requirements against the Commission's outputs and prioritises acquisitions. Its recommendations are endorsed by the Directors Management Committee prior to seeking the Commissioner's concurrence.
- **Audit Committee**. The Audit Committee's responsibilities include the review of the Commission's annual financial statements, approval of internal audit plans and the oversight of the Commission's risk management processes.
- **Occupational Safety and Health Planning and Advisory Group**. This group facilitates consultation and cooperation on Occupational Safety and Health matters across the Commission.
- **Business Improvement Committee**. This committee reviews current procedures and develops new business practices and procedures.
- **Equity and Diversity Committee.** This committee undertakes the development of the Commission's equity and diversity plan and monitors its outcome.
- **Commission Systems Committee.** The Commission Systems Committee coordinates the development and delivery of the Commission's information technology and communication capability.

3.4 Changes in corporate structure

During the reporting period a series of reviews to refine the Commission's corporate structure were undertaken. As a result, the Security Branch shifted from the Operations Directorate to the Business Services Directorate, and an Intelligence Unit was established within the Operations Directorate.

The Special Operations Directorate was renamed the Operations Support Directorate on 9 December 2004, and then disbanded on 17 June and its subordinate units transferred. As a result the Electronic Collection Unit was placed in a transitional arrangement reporting direct to the Executive Director pending placement in Business Services later in 2005. The Operations Support Unit was relocated

to the Operations Directorate on 30 May 2005. These changes were made to better align the outputs of these units with the Commission's functions. Due to the disbandment of the Operations Support Directorate the position of Director, occupied by Mr Ian Jackson, was dis-established. Mr Jackson became redundant and departed the Commission on 4 July 2005. The Commission is grateful for Mr Jackson's contribution during its formative period.

4.0 The Misconduct Function

4.1 Introduction

Section 18 of the Act defines the 'misconduct function' and requires that 'an allegation about, or information or matter involving, misconduct is dealt with in an appropriate way'. Under section 18 the Commission may receive and initiate allegations of misconduct.

The tables below highlight the achievements in 2004–2005.

Notifications of misconduct	Number
Section 25: Reports of misconduct from individuals.	582
Section 28: Notifications from notifying authorities.	518
Section 21A: Reviewable police action. (Note: The total number of allegations against police is 1,580, this includes reports provided under Sections 25 and 28.)	1,310
Total notifications	**2,410**

Table 5: Number and source of notifications

Activity	Number
Section 41: Reviews of appropriate authorities' investigations.	**1,212**
Joint agency investigations.	**4**
Reports tabled in Parliament.	**4**
Statutory powers used.	**436**
Number of persons charged.	**7**
Number of charges.	**43**

Table 6: Key misconduct related activity

4.2 Misconduct defined

'Misconduct' is defined in Section 4 of the Act. It occurs if a public officer corruptly acts or corruptly fails to act in the performance of the functions of office or employment. Misconduct also occurs when a public officer corruptly takes advantage of their office or employment to obtain a benefit for themselves or others, or, whilst acting in official capacity commits an offence punishable by two or more years of imprisonment.

A public officer misusing official information or material, or breaching the trust placed in an officer, is acting corruptly.

4.3 How does the Commission deal with misconduct?

The Act anticipates that the Commission is advised of suspected misconduct in a variety of ways. These ways include:

- Receiving allegations from individuals, pursuant to section 25.
- Receiving notifications about suspected misconduct from public sector agencies, pursuant to section 28.
- Receiving notifications about suspected misconduct of police officers or reviewable police action, pursuant to section 21A.
- Formulating its own propositions about misconduct based on its own experience or knowledge, pursuant to section 26.

Section 33 of the Act also anticipates that the Commission should deal with suspected misconduct in a variety of ways. These ways include:

- Referring matters to relevant public sector agencies for investigation.
- Referring matters to independent bodies, such as the Ombudsman or Auditor General, for investigation.
- Investigating matters itself.
- Investigating matters in conjunction with relevant public sector agencies or independent bodies.
- Taking no action.

When a matter is referred to a relevant public sector agency for investigation the Commission monitors the progress of the investigation, pursuant to section 40. Reports on completed investigations by relevant public sector agencies are forwarded to the Commission, which reviews their adequacy pursuant to section 41.

4.4 Allegations and notifications

The main source of information about misconduct comes to the Commission from allegations and notifications. The Commission received 2,410 such matters during the reporting period, of which 582 were from individuals and 1,828 were from public sector agencies (Of the public sector agencies 1,310 allegations were from WA Police, as 'reviewable police action' under section 21A).

Section 32 requires the Commission to deal with these matters by assessing them, forming an opinion about whether misconduct may be involved and making a decision under section 33 (see above). The Commission gives effect to these requirements by employing a methodical assessment process, which involves making inquires into the following issues:

- **Is a public officer involved?** Usually this issue is readily resolved because the person named is employed in the public sector. However, the issue can become complex when, for example, the person named is employed by a body which is jointly federally and state funded, or the person is a volunteer acting on behalf of the State.
- **Does the matter concern misconduct?** Usually this issue is readily resolved because the actions named are identifiable disciplinary or criminal matters. However, the issue can become complex when, for example, identifiable wrong actions have occurred because of faulty policies or procedures, or the actions involved unusual circumstances.
- **Does the matter warrant further investigation?** Usually this issue is readily resolved because it is in the public interest to ensure that suspected misconduct by public officers is investigated. However, the issue can become complex when, for example, the misconduct is itself minor or evidence is not readily available or the matter relates to events several years prior.
- **If further investigation is warranted, who should conduct the investigation?** Usually this issue is readily resolved because it is in the public interest to ensure that public sector managers manage misconduct that occurs within their span of control. Therefore, the majority of

matters are referred for investigation to the agency employing the public officer involved. However, it is not uncommon for matters to be simultaneously referred to the Police Public Sector Investigation Unit (PSIU) for criminal investigation or agencies with a central coordinating role, such as the Department of Local Government and Regional Development. In a small, but not insignificant, percentage of matters the issues are so serious, widespread or important that the Commission decides to investigate them itself.

The breakdown of assessment decisions made during the reporting period is as follows:

Decision	Matters	Percentage
Referred to home agency for investigation	1,516	63.7%
Referred to WA Police	55	2.2%
Referred to both home agency and PSIU	15	0.6%
Outside jurisdiction	170	7.1%
Take no action	570	23.9%
Referred to the CCC Investigation Unit	53	2.2%
Referred to independent authority	7	0.3%
Total	**2,392**	**100%**

Table 7: Allegation assessment referrals

As illustrated above the extent and complexity of inquiries conducted at the assessment stage can vary considerably. Simple inquiries may be limited to considering documents provided to the Commission and may be completed by one officer within several hours. By contrast, complex inquiries may involve more than one case officer, several days of work and significant input from management, they might also involve any or a combination of the following:

- Conducting interviews of complainants, witnesses or other stakeholders.
- Serving Notices under section 95 of the Act and obtaining and examining further documents.
- Serving Notices under section 94 of the Act and obtaining and examining statements of information.
- Engaging in a detailed examination of evidence gathered by agencies in order to form an independent opinion and to provide detailed explanation to stakeholders.
- Visiting and examining the scenes of alleged misconduct.

During the reporting period the Commission assessed 2,392 matters. Of those, 137 involved a significant degree of complexity. As at 30 June 2005, 104 matters were in the process of being assessed.

4.5 Statistics about assessments

The majority of matters received and assessed involved public officers from WA Police, and the education, justice, local government and health sectors. The breakdown of these matters are shown in Table 8.

CASE STUDY 1: ASSESSMENT EXAMPLE – WESTERN POWER

The Commission was notified that Western Power had made a payment to the Australian Services Union (ASU) in the amount of $35,000. Documentation associated with the notification suggested that the payment might have been used to fund a campaign in opposition to the Government's policy to break up Western Power.

The Commission assessed the matter by making preliminary inquiries, in accordance with section 32(2) of the Act. These inquiries involved the following steps:

- Notices to produce issued under section 95 of the Act were issued to the ASU and Western Power to produce records in relation to the transaction. Relevant documents were subsequently produced and examined.
- An interview of Western Power's Risk Assurance and Audit Manager in order to establish the relative significance of the documents and any relevant policies and procedures.

As a result of these steps, the Commission formed a suspicion that serious misconduct may have occurred, pursuant to section 4 of the Act. In the light of the significance of the matter the Commission determined to conduct its own investigation pursuant to section 33(1)(a) of the Act and the matter was passed to an investigations team, which conducted an extensive investigation.

The lengthy investigations concluded without the Commission establishing any evidence of misconduct. A final report *Investigation into Western Power: Suspected misconduct concerning a payment of $35,000 made by Western Power Corporation to the Australian Services Union* was presented to Parliament on 17 December 2004.

CASE STUDY 2: ASSESSMENT EXAMPLE – 2005 STATE ELECTIONS

On the eve of the State election on 26 February 2005 the Commission received a complaint from the Liberal Party of Western Australia alleging that the member for Willetton, Mr McRae MLA, had misled Ms Ma into also standing for election in that seat and directing her preferences to him. The Commission conducted a preliminary investigation into the matter, which included the following:

- Services of Notices pursuant to section 94 and section 95 of the Act.
- Interviews of Ms Ma, the State Director of the Liberal Party of Western Australia, Ms Ma's authorising officer, a campaign volunteer for Mr McRae, a businessman, the returning officer and an electorate officer.

The Commission formed the view that there was no evidence of any impropriety of any sort on the part of Mr McRae or the electorate officer, the only two public officers involved in the matter. If Ms Ma did not understand what she was doing when she completed the nomination form, she gave every impression to the contrary. Mr McRae and his electorate officer quite reasonably interpreted her actions as indicating that Ms Ma knew that she was completing a nomination form and wanted to do so.

It appeared to the Commission that Ms Ma changed her mind about her candidacy on or about 18 February 2005. On Ms Ma's own account this was some 12 or so days after she realised with clarity that she was a candidate – after being told so by an Australian Nursing Federation official on or about 6 February 2005.

In the circumstances, the Commission formed the opinion that there was no misconduct involved in the nomination of Ms Ma as a candidate for election to the seat of Riverton in the state election of 26 February 2005.

This matter was the subject of a report tabled in Parliament - *The Nomination of Ms Choy Chan Ma as a Candidate for Election to the Seat of Riverton in the State Election of 26 February 2005* – in May 2005.

The high proportion of matters involving police officers is partly due to the specific reporting requirement of section 21A of the Act. Section 21A requires the Commissioner of Police to notify the Commission of 'reviewable police action'. Section 21A does not apply to other public sector agencies. This section has the practical effect of classifying minor allegations or suspected improprieties on the part of police officers as misconduct. The result is that police have to report more minor allegations than other parts of the public sector.

Agency	Allegations	Percentage
WA Police	1,580	67%
Education sector	220	9%
Justice/AIMS	201	8%
Local Government sector	157	7%
Health sector	56	2%
Remainder	196	7%
Total	**2,410**	**100%**

Table 8: Distribution of matters by sector

Matters received by the Commission are categorised by type of misconduct in the table below:

Category	Allegations	Percentage
Assault / Excessive Force	407	16.9%
Inadequate investigation / Lack of attendance / Fail to respond	342	14.2%
Demeanour / Language / Treatment	284	11.8%
Traffic matters	161	6.7%
Improper release of information	142	5.9%
Financial impropriety	136	5.6%
Drug issues	107	4.4%
Corruption	96	4.0%
Arrest procedures	95	3.9%
Harassment / Sexual harassment	94	3.9%
Improper use of computer system / Pornographic images	82	3.4%
Detention issues / Self harm / Duty of care	76	3.1%
Stealing	72	3.0%
Improper associations	53	2.2%
Miscellaneous	49	2.0%
Gifts /Conflicts of interest	46	1.9%
False evidence / Perjury / Judicial process	40	1.7%
Property issues	36	1.5%
Planning issues	26	1.1%
Firearms discharge / Shooting	19	0.8%
Search procedures	16	0.7%
Secondary employment	16	0.7%
Tendering / Contracts	10	0.4%
Lost identity cards	5	0.2%
Total	**2,410**	**100%**

Table 9: Categories and number of matters

4.6 Monitoring agency misconduct investigations

Section 40 of the Act anticipates that the Commission monitor the progress of matters referred to public sector agencies for investigation. The Commission gives effect to this provision by:

- Seeking progress reports from agencies.
- Providing a consultancy service to agency investigators, including providing detailed advice about the conduct of their investigations.
- Acting as a conduit of information between complainants and agency investigators.
- Examining documents and agency investigation files in situ.
- Obtaining relevant evidence and providing such evidence to agency investigators.

As at 30 June 2005, 419 matters were in the process of being monitored.

4.7 Reviewing agency misconduct investigations

Sections 41 of the Act anticipates that the Commission review the adequacy of completed public sector agency misconduct investigations. The Commission gives effect to this provision by employing a systematic review process, which involves inquiring into the following issues:

Have all reasonable and relevant issues, including specific allegations and related matters, been considered? Usually this issue is readily resolved by comparing the matters initially alleged or notified to the issues addressed in the investigations report. However, the issue can become complex when, for example, the matter investigated highlights associated corporate or managerial risks or problematic behaviour that was not actually the initial subject of the matter.

Has all relevant and reasonably available evidence been gathered? Usually this issue is readily resolved. However, the issue can become complex when, for example, the content of witness and suspect interviews reveals that the investigator has not asked appropriate questions or probed important issues, or forensic evidence has been ignored.

Has the evidence gathered been logically analysed and reasonable conclusions reached? Usually this issue is readily resolved because appropriate conclusions and recommendations flow naturally and logically from a proper examination of the available evidence. However, the issue can become complex when important issues or evidentiary considerations are not given appropriate weight, or illogical or unreasonable inferences are drawn from the evidence, or recommendations focus on the minutia of the matter at hand at the expense of the associated systemic problems.

CASE STUDY 3: REVIEW EXAMPLE – POLICE INTERNAL INVESTIGATION

A police internal investigation was conducted into a complaint that, amid other allegations, police officers assaulted the complainant during his arrest. Following the arrest, police charged the complainant with resisting arrest. At the completion of the investigation, and as part of the normal review process, the police internal investigation file was forwarded to the Commission for the purpose of reviewing the adequacy of the police investigation.

During the course of the review, it became apparent that there were serious deficiencies in the internal investigation that may have had a direct bearing on whether the resisting arrest charge against the complainant should proceed.

It appeared that only evidence provided to the investigating officer during the police investigation, which supported the arresting officer's account, was included in the internal investigator's analysis of the evidence. Further, only evidence that was adverse to the complainant's account was included with the Disclosure Documents that form part of the Brief that police are required to produce for the Court and for the defence. Interestingly also in this case, conflicting evidence had not been provided to the investigating officer by the complainant but by another police officer who was present at the time of the complainant's arrest.

The Commission wrote to the Commissioner of Police detailing all the areas of the investigating officer's analysis that appeared to be at variance with the evidence provided by the non-arresting officer.

The Commission recommended that the resisting arrest charge be re-examined by an experienced Brief Manager with a view to considering the appropriateness of proceeding with the prosecution. Other recommendations concerning the inadequacy of the internal investigation were also made.

Following a police review of the matter the resisting arrest charge against the complainant was withdrawn.

Were efficient and effective investigating practices followed and documented in ways that allow external review? Usually this issue is readily resolved. However, the issue can, and frequently does, become complicated when agency misconduct investigations are either disproportionately more complicated or over-simplified, or agencies forward technical, brief letters to aggrieved parties which either appear to mislead or overlook important aspects of the matter.

As with the assessment process, the extent and complexity of inquiries conducted at the review stage can vary considerably. Simple inquiries may be limited to considering documents provided to the Commission and may be completed by one officer within several hours. By contrast, complex inquiries may involve more than one case officer, several days of work and significant input from management, they might also involve any or a combination of the following:

- Conducting interviews of complainants, witnesses or other stakeholders.
- Serving Notices under section 95 of the Act and obtaining and examining further documents.

CASE STUDY 4: REVIEW EXAMPLE – POLICE HANDLING OF A RAPE INVESTIGATION

The complainant reported an incidence of rape to the WA Police Service. After investigating the matter further, police found that there was insufficient evidence available to prefer charges against the alleged offender. The Commission only became aware of the case when the police notified it of a separate, but related matter, in which the complainant had been dissatisfied with the way in which police responded to a call she placed with them. The complainant had reported that a person was watching and taking photos of her property. The Commission referred the matter back to police. At the conclusion of the police inquiries, the complainant wrote to the Commission to advise of her dissatisfaction with the way in which the police handled her case. The complainant provided a wealth of documentation, which she believed demonstrated numerous errors made by police during their investigation of the matter.

When the Commission reviewed the police investigation, it was clear that the complainant received conflicting information, specifically in relation to whether the matter had been reviewed by the Director of Public Prosecutions ('DPP'). The police had advised the complainant that the matter had been reviewed by the DPP, but the DPP advised the complainant that it had not. The Commission conducted further inquiries, which revealed that the DPP was actually in the midst of reviewing the case and no decision had been made. The person was satisfied with this outcome, as throughout the police investigation this is what she had sought. The Commission advised the complainant that it would accept the DPP's decision on the matter. Despite police providing her with some incorrect information, there was no evidence to support her allegations against officers of the WA Police.

- Serving Notices under section 94 of the Act and obtaining and examining statements of information.
- Engaging in a detailed examination of evidence gathered by agencies in order to form an independent opinion and to provide detailed explanation to stakeholders.
- Visiting and examining the scenes of alleged misconduct.

During the reporting period the Commission reviewed 1,212 matters. Of those, 61 involved some significant degree of complexity. As at 30 June 2005, 177 matters were in the process of being reviewed.

CASE STUDY 5: REVIEW EXAMPLE – PORT HEDLAND DETENTION CENTRE

On 4 December 2003 a riot took place at the Port Hedland Detention Centre, during which staff were assaulted and property damaged. ACM, the company which runs the Centre on behalf of the Commonwealth Department of Immigration and Multicultural and Indigenous Affairs (DIMIA), called in its Centre Emergency Response Team (CERT) to quell the riot. Assistance of WA Police was later called for and officers from South Hedland Police Station assisted CERT officers in locating and handcuffing the detainees responsible for the riot – a process that was video taped. Much of the riot was also videotaped.

A DIMIA consultant investigated a number of allegations made by detainees against DIMIA and CERT officers. His report made a number of findings in relation to WA Police and as a result the Commission asked WA Police to investigate and report back. The Commission also obtained copies of the videotapes from DIMIA and provided them to police.

The police internal investigation found that the allegations against WA Police officers could not be sustained. The Commission reviewed the internal investigation and viewed the videotape of the riot, which included footage of WA Police assisting CERT officers to remove detainees from their units after the riot. Based on that information the Commission agreed that allegations could not be sustained and therefore closed its file.

CASE STUDY 6: REVIEW EXAMPLE – WA POLICE ABUSE OF NOTRE DAME STUDENTS

Following an incident on 24 May 2004, the Vice Chancellor and students of the University of Notre Dame complained of assault and abuse of the students by drunken members of the Fremantle Tactical Investigation Group, all of whom were off duty at the time. One of the students had been arrested and charged with assaulting one of the officers. Senior police officers immediately commenced an investigation, which was actively monitored throughout by the Commission. After commencing the internal investigation, on the recommendation of the internal investigators, the assault charge against the student was withdrawn. At the completion of the police investigation, the internal investigators recommended that the seven officers involved in the incidents be charged with a number of disciplinary offences. The officers involved were also transferred from the Crime Command to uniform duties.

At the completion of the disciplinary hearings, and the subsequent appeals by two of the officers, a sergeant was reduced in rank for twelve months, the Commissioner of Police accepted the resignation of another officer and the remaining officers were fined. The Commissioner of Police personally wrote to the Vice Chancellor and the students detailing the outcome of the police internal investigation. The Commission raised with the Commissioner of Police the concerns of the Vice Chancellor that some of the penalties imposed appeared inadequate having regard to the actions of the officers. It was conceded that the penalties imposed in this matter were significantly limited by a number of the legal precedents and constraints imposed by the relevant legislation. The Commission recommended that the Commissioner of Police give consideration to reviewing the disciplinary process with a view to eliminating these constraints.

4.8 Serious misconduct investigations conducted by the Commission

Investigations conducted by the Commission in 2004–2005 covered a broad range of misconduct within the Western Australian public sector. In some cases these involved serious criminal offences including corruption, theft, drug offences, perverting the course of justice, divulging official secrets, assault and fraud.

Serious misconduct investigations involve a significant proportion of the Commission's resources and draw on specialist personnel including investigators, lawyers, intelligence officers and financial experts. The Commission applies traditional investigative techniques in conjunction with multi-disciplinary investigative teams and certain exceptional powers afforded to the Commission and granted under the authority of the Commissioner. These powers include;

- Section 94: Power to obtain statements or information from a public authority or officer.
- Section 95: Power to obtain documents and other things.
- Section 96: Power to summons witnesses to attend and produce things.
- Section 98: Power of Commission in relation to things produced.
- Section 100: Power to enter and search public premises.
- Section 101: Execution of search warrants.

Special powers are given to the Commission in relation to:

- Part 7: Private and Public Hearings.
- Section 121: Authority to conduct controlled operations.
- Section 123: Authority to conduct integrity testing programs.

CCC Act Parts 6 and 7 misconduct powers	Total
Section 94: Power to obtain information from a public authority.	**20**
Section 95: Power to obtain documents and other things.	**216**
Section 96: Power to summons witnesses and produce things.	**76**
Section 100: Power to enter and search.	**0**
Section 101: Search warrants.	**14**
Section 103: Assumed identities.	**66**
Section 121: Controlled operations.	**4**
Section 123: Integrity testing programs.	**10**
Section 148: Arrest warrants.	**0**
Surveillance Devices Act warrants	**8 (includes 2 extensions)**
Telecommunications Interception Warrants	**22**
Total	**436**

Table 10: Serious misconduct investigations use of powers[3]

Not all investigations result in the confirmation of serious misconduct or criminal offences. Very often significant resources are expended in determining the facts of a matter and allegations are disproved. It is the role of the Commission to investigate allegations of misconduct regardless of the ultimate outcome. What these investigations can produce are assessments and an opinion detailing what was discovered as a consequence of the Commission's involvement and in some cases recommendations as to changes that should be considered to address any matters identified.

4.9 Integrity testing programs

Pursuant to Section 123 of the Act, the Commissioner can authorise the conduct of integrity tests involving, where necessary, the utilisation of controlled operations under Section 121. These enable officers of the Commission to create scenarios which test the integrity of public officers under strict controls. The authorisation must name the officers and persons subject to an integrity test, the activities to be conducted, and the time period.

Integrity testing programs present an effective tool in the investigation of misconduct allegations. Integrity tests are developed and constructed based upon extensive intelligence collection and analysis and may be directed against public officers who are the subject of an allegation of misconduct. Scenarios based upon realistic circumstances may be created in which a public officer might choose to engage in corrupt conduct. The objective of the program is to test the integrity of public officers, not to entice honest officers into corrupt conduct.

While there is a direct effect in relation to those persons tested, the use of these powers and the knowledge that these powers exist is affecting misconduct more broadly, as integrity tests can also deter corrupt conduct. Anecdotes indicate that when the occasion for opportunistic misconduct arises public officers, who are aware of the programs, have believed that their conduct was monitored, whether or not an integrity test was actually being conducted.

During the reporting period the Commission undertook multiple integrity testing programs in cooperation with the Western Australia Police. Criminal charges have resulted from some of these operations.

[3] This table is provided in accord with Section 91(2) of the Act.

4.10 Private and public hearings

The Commission can summons persons and compel them to give evidence under oath. While that testimony cannot be used against them for criminal prosecution it is an effective tool in ascertaining the facts and establishing the truth in matters, especially when used in conjunction with other investigative methodologies.

The Commissioner can open an examination to the public where it is in the public interest to do so after having considered the benefits of public exposure and public awareness against the potential for prejudice or privacy infringements. The Commission conducted 16 public and private hearings in support of ten misconduct investigations

Public Hearings	Total	Sitting days
Public Hearings	4	14
Private Hearings	12	12
Total	**16**	**26**

Table 11: Number of hearings

4.11 Intelligence

In September 2004, as a result of an internal review, the Commission established an Intelligence Unit for the purposes of analysing information and making assessments in order to target serious misconduct more effectively.

CASE STUDY 7: INVESTIGATION EXAMPLE – OPERATION JAKARTA

Operation Jakarta was an investigation into the activities of a former ministerial Chief of Staff. The Commission held public hearings by way of examinations for Operation Jakarta during the period 14–17 March 2005. Eight witnesses were examined, including the subject of the inquiry, two Directors General and a Chief Executive of a Government Department, a Deputy Mayor in Local Government, a Chief of Staff to a serving Minister and two others. During the examinations, the former Chief of Staff admitted that he had engaged in corrupt conduct and that he had used his position to gain a benefit for a private business associate. The examinations revealed the insidious nature of corruption when relationships between high level public officers and developers are used to benefit both parties. The examination led to a number of recommendations as to the process for the recruitment and management of Chiefs of Ministerial staff, and also that the Commission consider criminal charges against the former Chief of Staff for a number of matters.

Subsequently he was charged with 6 offences under the *Criminal Code* and 3 under the *Local Government Act*. The matters are now with the DPP and proceeding through the judicial process.

The Commission has developed and delivered special briefing sessions for ministerial staff on their responsibilities with regard to misconduct risks and vulnerabilities associated with their work.

Section 26 of the Act enables the Commission to develop a proposition of misconduct based on its own experience and knowledge. Two such propositions of misconduct in particular government sector agencies were developed and approved. During the development of these propositions the Commission consulted with a range of relevant agencies. Each proposition addresses several misconduct themes and as a result the Commission initiated a number of specific investigations. In due course the Intelligence Unit will analyse the results of these investigations in order to make further assessments resulting in another cycle of investigation. The Commission believes that this pro-active process might have a greater long-term effect on the integrity of the public sector.

4.12 Strategic partnerships and liaison

The Commission may perform its misconduct function by, for example, consulting, cooperating and exchanging information with independent agencies, appropriate authorities and the persons listed in the Act, namely the:

- CEO of the Australian Crime Commission;
- Commissioners of Police Forces of other States and Territories;
- Commissioner of Taxation;
- Commissioner of the Australian Federal Police;

CASE STUDY 8: INVESTIGATION EXAMPLE – OPERATION ATHENS

Operation Athens investigated the activities of a city councillor, who was also employed by another city.

The Anti-Corruption Commission initiated a 'preliminary' investigation, after which it was determined to expand the scope of the investigation, under Part IV of the A-CC Act to include allegations that:

- The person and members of his campaign team may have engaged in corrupt or criminal practices during the 2003 Local Government Elections; and
- In his employment with the city, the person had committed corrupt, criminal or serious improper conduct.

Evidence of corrupt and criminal activities was gathered using surveillance devices and telephone intercepts. In June 2004, the investigation was forwarded to the Commission.

The individual appeared before a Public Examination in early December 2004. As a consequence of the investigation and examination process, he was criminally charged with offences under the *Local Government Act* and associated regulations, and the *Criminal Code*. His son and an associate, who also appeared before the examination, were charged with similar offences.

The individual was re-summonsed to appear before a Public Examination in June 2005. The purpose of this examination was to make an assessment and form an opinion as to whether certain public officers, namely members, officers or employees of the City where he worked, had or may have engaged in misconduct, with particular reference but not necessarily limited to the management and administration of contracts entered into by the City for the provision of goods and services to the city.

He was subsequently charged with 13 charges with the possibility of other charges pending.

CASE STUDY 9: EXAMPLE OF A PUBLIC HEARING

On 22, 23 and 24 November 2004, public hearings were conducted with the general scope and purpose to enable the Commission to make an assessment and form an opinion as to whether misconduct by a Department of Conservation and Land Management (CALM) officer has or may have occurred, is or may be occurring, is or may be about to occur or is likely to occur. The following allegations regarding misconduct committed by the public officer were examined during these hearings:

- That between July and September 2004, at a time when he was employed by CALM as a Wildlife Officer, he engaged in conduct that involved assisting in the unlawful movement, keeping and exportation from WA of protected fauna and in the consequential falsification of records.

- That between 8 and 11 September 2004 he obtained confidential information in the course of his duties as a CALM Wildlife Officer regarding the unlawful activities of an associate and that he misused this confidential information by failing to act upon it, by suppressing it and by improperly disclosing it to the associate.

- That on the 16 September 2004, he again came into possession of confidential information in the course of his duties as a Wildlife Officer regarding the execution of an ACS search warrant on the associate and that he misused this confidential information by passing on a warning to him.

Counsel Assisting submitted that the CALM officer had engaged in misconduct and outlined possible recommendations for procedural and structural changes at CALM to avoid similar problems in the future.

- Director General of Australian Security Intelligence Organisation (ASIO); and
- Director of AUSTRAC (Australian Transaction Reports and Analysis Centre).

In addition, the Attorney General can declare any person, authority or body of the State, the Commonwealth or another State or Territory to be a person, authority or body with which the Commission can cooperate, consult and exchange information. The following persons, authorities and bodies have been declared:

- Queensland Crime and Misconduct Commission;
- NSW Police Integrity Commission;
- NSW Independent Commission Against Corruption;
- NSW Crime Commission;
- NSW Ombudsman;
- Victorian Office of the Ombudsman;
- South Australia Police Complaints Authority;
- South Australia State Ombudsman;
- Tasmanian State Ombudsman;
- Ombudsman for the Northern Territory;
- Commonwealth Ombudsman;
- Australian Customs Service;
- Office of Police Integrity Victoria;
- Australian Securities and Investment Commission; and
- The Department of Justice Special Inquirer, the Hon. D. L. Mahoney AO QC (the Mahoney Inquiry).

The main vehicle through which cooperation, consultation and exchange of information is carried out is a Memorandum of Understanding (MoU). MoUs have been entered into with the:

- Western Australia Police;

- Parliamentary Commissioner for Administrative Investigations (the Ombudsman);
- Australian Customs Service;
- Australian Crime Commission;
- Australian Federal Police;
- Australian Transaction Reports and Analysis Centre; and
- Queensland Crime and Misconduct Commission.

5.0 The Prevention and Education Function

5.1 Introduction

One of the Commission's three functions is its prevention and education function.

The Commission's Corruption Prevention, Education and Research Directorate (CPER) has the prime responsibility for the prevention and education function. It achieves this outcome by working with the public sector and local government agencies and with other oversight bodies.

Prevention and Education Activity	Number
Corruption prevention presentations to public sector agencies	34
Corruption prevention materials developed	7
Inquiries – in progress	2
Research activities – in progress	2
Evaluation of responses to recommendations	Nil[4]
Input to investigation reports	3
Public sector agencies surveyed	237

Table 12: Key prevention and education related activity

5.2 Overview of activities

Over the reporting period the Commission's primary corruption prevention focus has been to provide an educational program to raise awareness amongst public sector agencies about the Commission responsibilities for reporting suspected corruption and misconduct, the expertise available in the Commission to assist agencies to deal with suspected misconduct and their willingness to help build corruption resistance.

It has developed and presented a seminar, 'Risky Business', for senior staff across all public sector agencies and in a tailored format for agencies with particular issues. It has also worked to develop a 'consultation network' with selected groups of agencies to encourage regular phone and face-to-face consultation about issues of concern. Materials used in its presentations are available in both hard copy and on the Commission's website. In some cases, round table forums are conducted with senior members of selected agencies to explore risks and consider relevant inquiries in other Australian States.

Knowledge about corruption risks and prevention issues is developed through long-term research programs either resourced entirely by the Commission, but more appropriately conducted in partnership with a university when Australian Research Council funding is available.

5.2.1 Ministerial staff briefings

In response to findings from Operation *Jakarta,*[5] the Commission developed an education program for ministerial office staff to ensure they are aware of the misconduct risks and

[4] These responses will not become evident until FY 2005 – 2006.

[5] Operation Jakarta involved an investigation into allegations of misconduct by a senior ministerial staff officer.

vulnerabilities associated with their work. The Commission has commenced delivery of this customised presentation to all Chiefs of Staff and Ministerial Officers.

Presentations were made to two of the 17 ministerial offices in the reporting period.

5.2.2 Engaging universities

In June 2005, the Commission convened a round table forum with the senior staff of the five Western Australian universities, Curtin, Edith Cowan, Murdoch, Notre Dame and the University of Western Australia, to identify existing and potential misconduct risks. The forum was well received by the universities and has resulted in further follow-up work aimed at improving the notifications from the universities to the Commission. Universities are vastly different from their predecessors of 20 years ago and must now compete fiercely for scarce resources in a rapidly changing, often risky environment. A senior officer of the NSW Independent Commission Against Corruption (ICAC) addressed the forum on the lessons from eastern states universities, thus providing the local universities with an opportunity to minimise their own exposure to potential misconduct and corruption. Following the forum all universities have contacted the Commission about particular misconduct issues or to improve their notification practices.

5.2.3 Working with local government

The Commission has focussed on building awareness of corruption prevention issues within the local government sector. Both elected members and council staff attended customised presentations in metropolitan and regional locations. The Commission worked with the Department of Local Government and Regional Development (DLGRD) to deliver a live satellite television presentation to regional councils through the Westlink service and produced a DVD specifically for councils. Additionally, the Commission has commenced discussions with DLGRD to determine ways in which the Commission can work in partnership to co-deliver professional development sessions for council staff and elected members.

5.2.4 Surveying the public sector

Profiling the Western Australian Public Sector is a significant research project aimed at establishing valuable baseline data about integrity and misconduct prevention strategies across the whole public sector. The Commission will use this comprehensive information resource to compile a number of reports about perceptions of misconduct in the public sector, organisational misconduct prevention strategies and ways organisations can deal with misconduct. It conducted the survey in two parts, focussing first on the chief executive officers of 237 organisations, and then on a large sample of over 1,000 employees. The Commission will use the results to compare survey data with that from the Independent Commission Against Corruption (ICAC) in New South Wales and the Queensland Crime and Misconduct Commission (CMC). The survey data will also inform the Commission's corruption prevention strategy by revealing trends, weaknesses and strengths in terms of misconduct and prevention in the public sector.

5.2.5 Partnership in national whistleblower research

The Commission is a 'partner investigator' in a jointly funded national research project *Whistling While They Work: Enhancing the Theory and Practice of Internal Witness Management in the Australian Public Sector*. This three-year project, which will run until the end of 2007, is significant in both its scale and the depth of the research planned. The project will use a variety of research methods including case studies, organisational analyses, agency and staff surveys and in-depth interviews with whistleblowers, case managers and internal witnesses. The project's aims are to develop strategies for the early detection of workplace misbehaviour and to reduce the political, organisational and human costs associated with whistleblowing. The Commission is conducting this research with the Australian Research Council and several participating universities and integrity agencies throughout Australia. The Commission is contributing funding and staff time to this project and facilitating and encouraging the involvement of WA public sector organisations in this valuable research.

5.2.6 Provision of corruption prevention advice

The Commission is establishing a consultancy network so agencies can have easy and rapid advice on particular issues as they arise. An officer has been assigned to each of six major portfolios, corresponding approximately to the Shared Services Model. These officers offer advice on corruption prevention strategies and individual matters. If necessary, they visit agencies to work with relevant staff.

Where appropriate, Commission reports include corruption prevention recommendations or advice. These might be specific to one particular agency, or across related agencies. Where agencies are affected by Commission reports, staff are available to assist with the implementation of Commission recommendations.

5.2.7 The Integrity Coordinating Group

The Integrity Coordinating Group (ICG) was formed in 2004 to coordinate collaboration between four State agencies responsible for the promotion of integrity in the public sector. The members are the Auditor General, the Commissioner for Public Sector Standards, the Corruption and Crime Commissioner, and the State Ombudsman. The Chair of the group rotates between the Commissioners, the current chair being the Commissioner for Public Sector Standards. The Group is engaged cooperatively in research on *Whistling While They Work: Enhancing the Theory and Practice of Internal Witness Management in the Australian Public Sector*.

5.3 Corruption prevention programs

The Commission continued its education program *Risky Business* to ensure that senior public sector staff were aware of the Commission's role and of their notification responsibilities to the Commission. These were planned for presentation in the metropolitan area and in major regional centres. Due to unexpected demand, extra metropolitan sessions were convened. These seminars comprise a presentation by a Commission representative, followed by a panel discussion to enable

participants to explore any issues relevant to their agency. This panel consisted of officers from the Commission and a member of the WA Police Public Sector Investigation Unit. All participants were provided with Commission information folders. This material has also been placed on the Commission's website. Given the paucity of section 28 notifications from agencies other than WA Police continued effort is required in this area.

The Commission continued its Regional Outreach Program in 2004–2005 to ensure that public sector staff in regional Western Australia were aware of and able to access its services.

In total, the Commission delivered 34 seminars. Approximately 1,300 attended, mainly from middle and senior management. Written feedback about the value of the presentations frequently included comments on the following:

- better understanding of Commission's roles and responsibilities;
- a clear outline of the meaning of misconduct;
- opportunity to ask questions about the Commission and the nature of its work;
- knowing there is an agency that is willing to support them with investigations;
- good quality presentation materials and handouts; and
- insight into corruption risk issues.

5.4 Recommendations of the *Royal Commission into whether there has been any corrupt or criminal conduct by Western Australian Police Officers*

The Commission has accepted responsibility for the monitoring of the implementation of the Kennedy Royal Commission recommendations and of the WA Police Reform program. In order to do this in a productive manner, a Joint Agency Steering Group has been established with the WA Police. This group facilitates many of the interactions between the two bodies and regularly discusses the Police Reform program. The police have undertaken to provide the first report on their reform to the Commission in July/August 2005.

5.5 Corruption prevention inquiries

Two corruption prevention inquiries were commenced.

5.5.1 T*erminus*: WA Police property management

Terminus is a joint undertaking with the WA Police, inquiring into the property management function of the Police. This project was commissioned in response to concerns that property held by the Police has been stolen or misplaced. One of the incidents that prompted this inquiry was the well-publicised theft of a significant amount of cannabis from the Fremantle Police Station in 2004.

The decision to conduct this as a joint activity was made because the WA Police were similarly concerned about some of their property management practices and because the Commissioner is of the opinion that, where relevant, joint activities will give agencies more understanding and 'ownership' of the recommendations.

The project is assessing the level of compliance with legislative and policy requirements and the adequacy of existing facilities, operational

procedures and practices for managing private property.

5.5.2 Protecting personal data in the public sector

An inquiry into unauthorised access to and disclosure of confidential and personal information held on the electronic databases of public sector agencies was conducted with the assistance of officers from three other government departments. The inquiry is concerned with potential unauthorised leakage of information from internal sources within agencies and the adequacy of detection and control strategies. It includes an examination of the legal and policy frameworks for the public sector as whole and of individual agencies. Six public sector organisations were examined in relation to their understanding of and compliance with relevant legislative and policy frameworks; arrangements for the selection and supervision of staff with access to confidential data; and the awareness of staff of their responsibilities to safeguard confidential personal information. The report from this inquiry is due in the second half of 2005.

5.6 Response of appropriate authorities to recommendations made by the Commission

It is a requirement of section 91(2)(c) of the *Corruption and Crime Commission Act 2003* that the Commission addresses in its annual report any responses of appropriate authorities to recommendations made by the Commission.

During the reporting period the Commission tabled three reports in Parliament with recommendations:

- Investigation into Western Power: Suspected misconduct concerning a payment of $35,000 made by Western Power Corporation to the Australian Services Union.
- Investigation into the Department of Treasury and Finance: Suspected Misconduct Concerning the Unauthorised Release of Treasury Information.
- Investigation into the Involvement of a CALM Officer in the Oil Mallee Industry.

As the majority of recommendations in these reports relate to the implementation of new practices and strategies, the implementation of those recommendations will be validated over an extended period to properly analyse their impact. A report on these evaluations will be provided in the 2005–2006 annual report.

6.0 The Organised Crime Function

The organised crime function relies on the Commissioner of Police applying to the Commission seeking the use of 'exceptional powers' under section 46 of the Act.

CCC Act Part 4 Organised Crime - Exceptional Powers	Total
Section 46. Exceptional powers findings.	1
Section 68. Fortifications warning notice.	0
Sections 48 and 96: Summonsing to attend and produce things.	16
Total	**17**

Table 13: Part 4 exceptional powers usage by the Commissioner of Police[6]

The Commissioner of Police made only one application for the use of exceptional powers during the reporting period. This is a reflection of the complexity of the Act, and the complexity and number of organised crime matters confronting the police.

While one of the purposes of the Act is to combat and reduce the incidence of organised crime, Part 4 of the Act presently limits the Commission to a facilitation role. In effect the Commission acts as a 'gatekeeper' in response to applications by the Commissioner of Police for access to exceptional powers.

6.1 Amended definitions

This situation is compounded by the problematical definitions of 'section 5 offence' and 'organised crime' in the Act. A section 5 offence is a Schedule 1 offence (i.e. by reference to a list of *Criminal Code* offences) committed in the course of organised crime. 'Organised crime' means 'activities of 2 or more persons associated together solely or partly for the purposes in the pursuit of which 2 or more Schedule 1 offences are committed, the commission of each of which involves substantial planning and organisation'. These are part of the 'threshold' set out in section 46 of the Act that the Commissioner of Police must cross in order to obtain access to exceptional powers to aid the investigation of organised crime.

The Commission's view is that a more 'generic' definition of 'organised crime' and the offences it involves would make the Act more effective. The definition of 'serious and organised crime' which is found in section 4 of the *Australian Crime Commission Act 2002 (Cth)* and 'major crime' (involving, *inter alia*, organised crime) found in the *Crime and Misconduct Act 2001 (Qld)* provide useful models in this respect.

6.2 Enable joint task forces

Queensland's Crime and Misconduct Commission and the New South Wales Crime Commission are not restrained to the 'gatekeeper' function by being authorised, under their respective Acts, to participate in joint task forces with their respective police services. In this way, these commissions' expertise in the use of the exceptional powers has permitted their better utilisation as intended by their Acts.

[6] This table is provided in accord with Section 91(2) of the Act.

The Commission believes that Western Australia would benefit from an amendment to the Act to permit it to work in joint task forces with the police to address more rigorously the threat of organised crime.

6.3 Contempt powers

In respect of the hearings there are presently contempt proceedings against two (2) persons called to give evidence. These proceedings are listed for hearing before the WA Court of Appeal. The Commission will closely monitor the outcome of these proceedings in respect of the effectiveness of the exceptional powers and/or the need for changes to Part 4 of the Act.

6.4 Fortification removal notices

There are also extant proceedings in the Supreme Court of Western Australia for review of the Commissioner of Police's issue of a fortification removal notice following the Commission's issue of a fortification warning notice in the previous reporting period.

7.0 Supporting the Commission

7.1 Legal Services Directorate

While the Commission's Legal Services Directorate has a support or enabling function, it performs a critical role with regard to the functions and activities of the Commission.

It provides legal advice and support to the Commissioner, the Executive Director, Directors and other officers of the Commission across all functions and activities of the Commission. Generally speaking, as well as operational legal services, such advice comprises risk management, corporate governance, accountability and compliance.

The Commission's Annual Report 2003–2004 flagged that a review of the Legal Services Directorate structure and personnel requirements would take place early in 2004–2005. As a result the Legal Services Directorate, at full strength, will comprise a Director, a Senior Lawyer, two Lawyers and a Para Legal.

7.1.1 Recommendations for changes to the law

In accordance with section 91(2)(q) of the Act the Commission is required to report on any changes to existing laws it has recommended during the year.

The Commission's view is that with regard to its misconduct and corruption prevention functions the Act is workable. Although a number of matters for amendment have been identified, they are enhancements rather than gaps.

Amend Definitions

There are two definitional aspects of the Act that provide some difficulties. These are the definitions of 'public officer' and 'misconduct'.

The term 'public officer', which incorporates the *Criminal Code* definition, lists who is in the Commission's remit. The *Criminal Law Amendment (Simple Offences) Act 2004* has subtly amended this definition. However, the definition does not catch or give the Commission jurisdiction over private entities, either persons or corporate bodies, who or which are expending public monies and/or executing public functions. As a consequence, the Commission is unable to ensure that allegations about misconduct by these persons or bodies are dealt with in an appropriate way.

As to 'misconduct', the Commission notes that sub-sections 4(a), 4(b) and 4(c) – which define 'serious misconduct' – are generally workable although there might be further clarity around the word 'corruptly'. This is generally construed in conformity in the authorities on section 83 of the *Criminal Code*, in particular, as signifying an impairment of integrity, lack of virtue or a departure from what is correct (see *Willers v R (1995) 81 A Crim R 219*). The Commission proposes that the Act be amended to reflect this.

Sub-section 4(d) – which defines 'misconduct' – is more problematical, involving a two pronged test which incorporates the concepts of whether or not a public officer was acting in their public officer capacity at the

material time, dishonesty, breaches of trust and misuse of information or material and (emphasis added) a notional test as to whether the conduct might constitute an offence under the *Statutory Corporations (Liability of Directors) Act 1996*, and any other law, or a disciplinary offence under the *Public Sector Management Act 1994*. The definition is too cumbersome and creates some confusion with those who have a duty to notify or can report misconduct as to whether conduct by a public officer may or may not be misconduct. The effect of this is that notifying authorities and other person do not have a clear idea of what constitutes misconduct, thus affecting their capacity or preparedness to report it to the Commission. As a consequence, the Commission is unable to ensure that all allegations, or information of matters involving misconduct, are dealt with in an appropriate way. A cleaner definition of misconduct is required.

Operational Powers

In terms of other identified amendments, a number of these relate to the enhancement of the Commission's operational powers – for example, in respect of the *Telecommunications (Interception) Act 1979* (Cth), the *Surveillance Devices Act 1998* and the *Prisons Act 1981*. The Commission is currently preparing submissions to address these issues.

Organised Crime

With regard to the Organised Crime function it is the Commission's view that the Act would benefit from amendment as noted in Chapter 6.

7.2 Business Services Directorate

The year ending 30 June 2005 saw several major achievements delivered by the Business Services Directorate to the Commission.

The Directorate commenced and continues to develop and review policies and procedures that assist the Commission and its staff across the areas of Finance and Administration, Human Resources, Information Technology and Communications, Information Management, and Security. To ensure compliance with the policies and procedures, awareness sessions have been conducted for staff and management. During May the Commission commenced negotiations with the Civil Service Association (CSA) for the establishment of a Commission Industrial Agreement.

Internal Auditors were appointed to oversight the practices and procedures of the Commission and specifically those of the Business Services Directorate, during these early months. The Auditor General also audits the Commission's accounts each year.

7.2.1 Information technology and communications

In the past year, the Commission undertook not only to design, construct and implement a new integrated computing network for the Commission's new premises, but also to take into consideration the requirements of electronic data protection, security and integrity. The Commission utilised a combination of existing and new hardware and software platforms. Specifically, the Commission deployed new Standard Operating Systems (with emphasis on client security and 'lockdown') incorporating 'real-time' anti-virus and anti-spyware software, investigative and office suite programs, and also legacy applications and databases.

In addition, the Commission implemented a comprehensive secure network model, encompassing functions/facilities such as multi-layered network security, extensive system logging and auditing, an Intrusion Detection and Prevention system, central management and deployment of anti-virus and anti-spyware software, and lock down on all workstation/laptop communication ports. The Commission has also upgraded its Electronic Document Management System.

7.2.2 Accommodation

The Commission's premises at 186 St George's Terrace were selected as a result of the considerations of an inter-departmental committee in early 2004. These were occupied in May 2005.

The relocation to the new premises resulted in a number of major benefits. As well as providing enhanced security and a purpose-designed public hearing area and education facilities, it provides a contemporary work environment for staff and is in a central location, convenient for those who need to visit the Commission, particularly for witnesses or the public attending hearings. In addition, the consolidation of the Commission into these premises will result in a reduction in its rental costs from $2.264 million in 2004–2005 to about $1.5 million in 2005–2006.

7.3 Media liaison

With a number of high-profile investigations, the Commission has been subject to a high level of media scrutiny over the last reporting period.

The Commission acknowledges that the media plays an important role in keeping the public informed of the evidence presented at public hearings and in bringing other work of the Commission to the public's notice.

To help facilitate the reporting of public hearings, the Commission incorporated facilities in its new premises to assist journalists, including a Media Room adjacent to the hearings where proceedings can be viewed on closed-circuit television.

In addition to public hearings, a number of requests are received from the media to confirm if the Commission is inquiring into a particular matter. As a general policy the Commission will not confirm whether or not it is investigating a particular issue due to the negative impact this may have. For example:

- the reputation of innocent people subject to allegations could be unfairly damaged; and
- the investigation could be compromised.

The Commission is always conscious of the need to carefully balance the right of the public to be informed versus the need to protect an individual's reputation.

8.0 Our People

8.1 Introduction

In order to meet the expectations of Parliament, the Commission requires experienced staff with specific skills, including investigators, solicitors, financial analysts, intelligence analysts, social scientists and administrators. Consequently, its employee profile, especially in terms of employment levels, differs from the public sector norm.

8.2 Employee profile

The Commission has a staffing establishment of 153 FTE. During this reporting period, the Commission conducted extensive recruiting increasing its long-term contracted staff from 16 at the start of the reporting period to 129.8 at the end. This involved extensive recruiting activities throughout Australia and overseas.

Directorate	Short Term[7]	Long Term[8]	Total
Executive	0	7	7
Operations	2	70	72
Corruption Prevention	2	7	9
Legal	0	2.8	2.8
Business	7	43	50
TOTAL	**11**	**129.8**	**140.8**

Table 14: Profile: FTE staff numbers by directorate as at 30 June 2005

[7] Short-term contracts are of six months or less.
[8] Long-term contracts are between six months and five years (maximum permitted by Section 210(2) of the Act).

8.3 Employees by level

The Commission has employees ranging from Level 1 through to Class 1 and above. The following table reflects the level and gender of staff at those levels:

Level	Female	Male	Total
1	1	0	1
2	8	6	14
3	6	5	11
4	10	5	15
5	1.6	5	6.6
6	12.4	20	32.4
7	9.8	21	30.8
8	1	14	15
9	1	4	5
Class 1	3	7	10
TOTAL	**53.8**	**87**	**140.8**

Table 15: Distribution of levels by gender

8.4 Employee welfare

The Commission provides employee assistance services to its staff via external professional counsellors for Commission officers and immediate family members.

8.5 Occupational safety and health

During 2004–2005 the Commission made significant advances in the area of Occupational Safety and Health (OSH).

First Aid officers and Fire Wardens located throughout the Commission's premises at 141 St George's Terrace

were appointed and trained. Upon relocating to new premises in May 2005, additional wardens were trained and evacuation processes and procedures practiced. There is a continuing process of training in and practice of emergency responses procedures.

The Commission's Occupational Safety and Health Planning and Advisory Group comprises representatives from all Directorates. It met once during the reporting period. It has developed an OSH Program that complies with the Department of Consumer and Employment Protection's recognised safety benchmarking and assessment tool, the WorkSafe Plan, and is adapted to meet specific requirements arising from the Commission's new premises.

8.6 Workers' compensation

As at 30 June 2005, two workers' compensation claims were lodged with the insurer for the year. One injury was as a result of a fall, the other occurred during an outdoor training drill. Neither officer required any time away from work as a consequence of their injuries. Both claims remain ongoing.

9.0 Compliance Statements

9.1 Compliance with standards

The following compliance statements and information are provided in response to the goals identified by the Government in the strategic planning framework document prepared by the Department of Premier and Cabinet entitled 'Better Planning: Better Services'. The goals of the Government are identified in that document under the five headings of:

- People and Communities;
- The Economy;
- The Environment;
- The Regions; and
- Governance.

9.2 People and communities

This goal of Government is to enhance the quality of life and well being of all people throughout Western Australia.

9.2.1 Disability Service Plan outcomes

The Commission presently meets the five key outcomes required under the Disabilities Services Act and continues to assess appropriate strategies and processes to ensure continued compliance.

The Commission's new premises at 186 St George's Terrace, Perth, have been designed to provide ease of access and facilities for people with disabilities.

In the 2003–2004 Annual Report, the Commission undertook to have the Disability Services Plan established by January 2005. The delayed occupation of its new premises caused the postponement of that commitment.

The Commission is currently reviewing the services and information it provides in order to establish the extent to which they meet the State Government Access Guidelines for Information Services and Facilities.

9.2.2 Cultural Diversity and Language Services outcomes

In circumstances where a person from a non-English-speaking background is required to be interviewed or to give testimony, the policy of the Commission requires that the services of an interpreter be obtained. In addition, a Language Services survey of employee language capability has occurred to establish an internal translation resource.

The Commission's Language Services Policy is currently under development and will be finalised and promulgated to Commission staff during 2005–2006.

The Commission's new Human Resource Information System, selected via tender during 2004–2005 and currently being configured, will have the capability to record information on employees' cultural background and language skills to assist future reporting and monitoring in these areas.

9.2.3 Youth outcomes

In a targeted effort to promote youth opportunities, two graduate placements were filled in both the Corruption Prevention and Business

Services Directorates. Targeted advertising within Western Australian universities was used to fill the two positions.

The Commission does not have any policies or programs at present that are specifically targeted at young persons aged 12–15 years. The Commission continues to provide support to requests for information from students.

Youth form one of the target areas within the Commission's proposed Equity and Diversity Plan. As at 30 June 2005, 6% of Commission employees are currently under 25 years of age.

9.3 The economy

This goal of Government is to develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth.

The Commission's role of improving continuously the integrity of the public sector and reducing the incidence of misconduct in it is clearly focussed on increasing the confidence of Western Australians in the public sector. This in turn contributes to a strong economy.

9.4 The environment

This goal of Government is to ensure that Western Australia has an environment in which resources are managed, developed and used sustainability, and biological diversity is preserved and habitats protected. The Commission's function of reducing the incidence of public sector misconduct contributes to this goal.

9.4.1 Waste paper recycling

The majority of paperwork produced by the Commission is highly confidential and therefore it is the Commissions' policy to shred printed waste paper before recycling.

The Commission's commitment during the year to recycling includes:

- All printer and photocopier cartridges are recycled with a total of 32 kilograms being recycled over any three-month period.
- The Commission's eight recycling bins enabled a total of 11,245 kilograms of waste paper to be recycled.
- The Commission is investigating a more cost-effective method of purchasing recycled paper.

9.4.2 Energy Smart policy

The Commission deferred participation in the Energy Smart Government Baseline program (ESG) until its relocation to new premises at 186 St George's Terrace, Perth. This relocation occurred in May 2005.

The Commission over the next 12 months will develop a program to monitor energy use, both within the building and externally, such as transport.

As part of the design of the Commission's new office accommodation, project managers considered the use of efficient energy features in the design. These included the use of lighter colours to enhance the reflection of light, installation of sensor lights in storerooms, rack rooms, offices and meeting rooms to prevent the waste of energy both

during weekdays and weekends, and the installation of energy efficient drinking water appliances.

The energy consumption for the Commission over the past 12 months was 885,501 kilowatt hours for the year, for a total cost of $124,380.83. This equates to 0.1405 cents per consumption unit. These figures covers the three city offices utilised by the Commission.

The Commission is examining methods to introduce energy efficient vehicles to the its fleet. Currently the fleet has one gas-powered vehicle.

9.5 The regions

The Commission is conscious of its responsibilities in ensuring its services are accessible to all regions. The Commission considers that its operational activities, toll-free telephone number, promotion of its internet site, and its corruption prevention outreach programs have contributed to the Government's goal to ensure that regional Western Australia is strong and vibrant.

The Commission continued its Regional Outreach Program in 2004–2005 to ensure that public sector staff in regional Western Australia was aware of, and able to access, the services of the Commission. On-site visits were supplemented by the development of a video-link presentation and an education and awareness DVD for local government agencies.

9.5.1 Regional Development Policy

The Commission does not undertake any activities that have specific application to the Regional Development Policy.

9.6 Governance

9.6.1 Equal employment opportunity outcomes

The development of an Equity and Diversity Plan for the Commission commenced during 2004–2005 with the formation of the Equity & Diversity Committee, comprising a cross-section of Commission staff. The Committee aims to promote equity and diversity outcomes under the Government's Equity and Diversity Plan through ensuring a suitably diverse workplace that provides equity and equality of opportunity in all respects, is free from bias and discrimination, and does not tolerate any form of harassment.

A program of training in Equal Opportunity has commenced. By 30 June 2005, 72% of Commission staff, including all Managers, had received a half-day awareness training session from consultants from the Equal Opportunity Commission. It is intended that all staff will have completed the same training by December 2005, with new recruits attending the session as part of their Induction Program.

9.6.2 Evaluations

No evaluations were undertaken in relation to section 7(e) of the *Public Sector Management Act 1994*.

9.6.3 Information statement

The Commission is an exempt agency for the purposes of the *Freedom of Information Act 1992*, and therefore there is no requirement for the Commission to provide an information

statement in accordance with sections 96–97 of the *FOI Act*.

Despite being an exempt agency, the Commission endeavours to make as much information available as is possible to interested parties, consistent with operational requirements, statutory non-disclosure requirements, and the objectives of the Commission.

9.6.4 Recordkeeping Plan

The following information is supplied in compliance with the section 19 of the *State Records Act 2000,* which requires that each agency have a Recordkeeping Plan.

As a relatively new authority, the Commission has been evaluating its recordkeeping systems, processes and training responsibilities on an ongoing basis since its inception.

The Commission's record keeping system has undergone significant evaluation in the past 12 months with a review of the Commission's recordkeeping needs and the subsequent purchase and implementation of Objective as the electronic data management system. Objective was implemented in April 2005, and allows documents and files to be tracked within the Commission resulting in increased efficiency and effectiveness of the Commission's recordkeeping. Objective will provide the document repository for the Human Management Information System and Finance Management Information System as well as for a planned operational case management system.

An automated workflow within Objective is in development. This will trigger actions by relevant officers, and allowing officers to determine the status of the business processes with which they are involved.

Recordkeeping training, including individual roles and responsibilities, is initiated in the Commission's induction process, enhanced through Objective training, and provided to staff on an ongoing basis. A formal training program, however, has not yet been developed.

The Commission's Recordkeeping Plan has identified a number of areas for improvement, including the need to develop an authorised Retention and Disposal Authority. This is under development and will ensure that records are retained and disposed of in accordance with an approved authority as required by Principle Five of the Recordkeeping Plan.

9.6.5 Public Sector Standards and Ethical Codes

The Commission complies with the Public Sector Standards in Human Resource Management and the Code of Conduct, and procedures have been designed to ensure such compliance, including a policy directive on the declaration of material personal interests by Commission officers.

Pursuant to section 218 of the Act, officers of the Commission must disclose as soon as possible any material personal interest in a matter being dealt with by the Commission. Failure to comply attracts a penalty of three years imprisonment and a fine of $60,000.

Compliance with Human Resource Management Standards

The Commission has developed a suite of policies to meet the requirements of the Public Sector Standards in Human Resource Management. Fifteen policies relating to Human Resource Management are in draft, with a further eight policies being approved to date. The key policies completed include:

- Recruitment policy and guidelines dealing with the application of the Recruitment and Selection Standard.
- Performance Management Policy and Employee Performance Agreements designed to comply with the Performance Management Standard.
- Induction and Orientation.

The overall strategy for human resource management within the Commission is detailed within the *Commission Human Resource Strategic Plan 2005–2007* and the *Commission Human Resource Business Plan 2005–2007*.

Compliance with Code of Ethics

In addition to the public sector Code of Ethics that applies to all Commission employees, during 2004–2005, the Commission developed an internal *Code of Conduct*. It is provided to all new employees on commencement as part of an induction package, with an explanation of its purpose provided during induction briefings.

There were no complaints lodged relating to the Public Sector Code of Ethics.

Recruitment, Selection and Appointment Standard

Staff of the Commission can be appointed for a term not exceeding five years, although they are eligible for reappointment. During the reporting period the Commission advertised 56 fixed-term positions (more than six months) in accordance with the Human Resource Standard in Recruitment, Selection and Appointment.

Two claims of a breach of this Standard were lodged against the recruitment processes (1.12% of advertised positions), with all claims being resolved during the breach period.

Upon establishment of the Commission, the Public Sector Standards Commissioner for the Human Resource Standard in Recruitment, Selection and Appointment granted the Commission a standing exemption in relation to the recruitment of covert operatives at any time. Should circumstances arise where this exemption is applied, appointees undergo a thorough merit assessment.

Other standards

The Commission received no claims against the following standards:

- transfer;
- secondment;
- performance management;
- redeployment;
- discipline;
- termination;
- temporary deployment (Acting); and
- grievance resolution.

9.6.6 Public Interest Disclosures

The *Public Interest Disclosure Act 2003* ('the *PID Act*') requires the principal executive officer of a public sector agency to, *inter alia*, designate a person responsible for receiving disclosures of public interest information ('PIDs'), provide protection to internal whistleblowers and publish internal procedures relating to the authority's obligation under the *PID Act*. These requirements have been met as well as the annual provision of information to the Commissioner for Public Sector Standards required under section 23(1)(f) of the *PID Act*.

For the period to 30 June 2005, Operations Solicitor, Ms Tracy Weston, was designated as the person responsible for receiving PIDs.

There were no PIDs made.

In addition to its obligation as a public authority vis-à-vis PIDs, the Commission is a proper authority for the purposes of section 5(3)(a) and 5(3)(d) of the *PID Act*. In that respect, any person can make a PID to the Commission where the PID relates to an act or omission that constitutes an offence under a written law and/or where the PID relates to a police officer.

There were five PIDs made to the Commission in its capacity as a proper authority in the period to 30 June 2005. Information about these PIDs was also provided to the Commissioner for Public Sector Standards under section 23(1)(f) of the *PID Act*.

9.6.7 Advertising and sponsorship expenditure

The following information is provided to comply with s. 175ZE of the *Electoral Act 1907*, which requires the Commission to report expenditure incurred during the reporting period in relation to advertising and sponsorship.

Type	Cost
Advertising agencies	Nil
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations*	76,931.09
Total	**$**76,931.09

Table 16: Advertising and sponsorship

The breakdown in advertising associated with staff recruitment is shown below

Agency	Cost
Marketforce	$76,231.09
Australian Government Directory	$ 700.00
Total expenditure	$76,931.09

Table 17: Recruitment advertising

9.6.8 Corruption prevention

Corruption prevention is fundamental in an agency such as the Commission and policies and procedures to minimise the likelihood of misconduct have underpinned all its business practices. Before staff are employed, they are security vetted, and the Commission's recordkeeping and communication systems function in a very secure environment.

The Commission has policies and procedures that ensure compliance with the *Financial Administration and Audit Act 1985* and associated Treasurer's Instructions. Such polices cover issues such as gifts, portable and attractive items, procurement and

purchasing, use of corporate card, cab charge and asset procurement.

Now that it has an almost full complement of staff and is about to finalise the introduction of its core information systems, the Commission is about to commence this formal corruption prevention planning.

9.6.9 Sustainability

Premiers Circular 2004/14 (27 September 2004) requires that all Departments of State and Senior Executive Service (SES) organisations comply with the State's Sustainability Code of Practice and develop by 31 December 2004 a *Sustainability Plan* and report on progress of the implementation in annual reports from year ending June 2005. While non-SES organisations are not required to comply with the code, they are encouraged to do so. The Commission shall establish a Sustainability Action Plan voluntarily.

The Commission, has undertaken measures to address and carry out actions to address planning and decision making in accordance with sustainability principles, to ensure that its operations supports sustainability and encourages its employees to support the sustainability principles.

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AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

CORRUPTION AND CRIME COMMISSION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion
In my opinion,

(i) the controls exercised by the Corruption and Crime Commission provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope
The Commissioner's Role
The Commissioner is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

Summary of my Role
As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements 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.

D D R PEARSON
AUDITOR GENERAL
13 October 2005

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

CORRUPTION AND CRIME COMMISSION OF WESTERN AUSTRALIA

The accompanying financial statements of the Corruption and Crime Commission have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* with proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2005 and the financial position as at 30 June 2005.

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

Kevin Hammond
Commissioner
Accountable Authority

31st August 2005

Alan Abraham
Manager Finance and Administration
Principal Accounting Officer

31st August 2005

PO Box 7667 Cloisters Square, St George's Terrace PERTH WA 6850
Ground Floor, 186 St George's Terrace PERTH 6000
Telephone: 08 92154888 Facsimile: 08 92154884
Email: info@ccc.wa.gov.au
Website: www.ccc.wa.gov.au

CORRUPTION AND CRIME COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2004-05 $'000	2003-04 $'000
REVENUE			
Revenues from ordinary activities			
Revenues from operating activities			
User charges and fees	*8*	35	4
Other revenue from ordinary activities		116	
Total Revenue from ordinary activities		**151**	**4**
EXPENSES			
Expenses from ordinary activities			
Employee expenses	*3*	10,785	2,756
Superannuation	*3*	860	148
Supplies and services	*5*	976	497
Depreciation and amortisation	*4*	2,264	214
Accommodation		2,978	563
Administration	*6*	2,058	420
Capital user charge	*7*	1,173	115
Other expenses from ordinary activities		3	0
Total expenses from ordinary activities		**21,097**	**4,713**
Profit from ordinary activities before grants and subsidies from State Government		**(20,946)**	**(4,709)**
Grants and Subsidies from State Government			
Output appropriation	*9*	22,274	6,088
Resources received free of charge	*10*	21	14
Total revenues from State Government		22,295	6,102
Total Revenues, expenses and valuation Adjustments recognised directly in equity			
Total Changes in Equity other than those Resulting from transactions with WA State Government as owners		**1,349**	**1,393**

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

CORRUPTION AND CRIME COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2005

	Notes	2004-05 $'000	2003-04 $'000
Current Assets			
Cash assets	*11*	8,867	7,883
Restricted cash assets	*12*	1	195
Receivables	*14*	194	278
Other assets	*13*	15	259
Total Current Assets		9,077	8,615
Non-Current Assets			
Office equipment	*16*	180	167
Computer equipment	*16*	1,122	605
Property, plant & equipment	*16*	2,393	1,763
Office establishment	*16*	3,112	433
Amounts receivable for outputs	*15*	3,666	2,643
Total Non-Current Assets		10,473	5,611
Total Assets		**19,550**	**14,226**
Current Liabilities			
Payables	*17*	277	272
Other liabilities	*18*	3	61
Provisions	*19, 19A*	1,300	561
Provision for On Costs	*19*	61	-
Total Current Liabilities		1,641	894
Non-Current Liabilities			
Provisions	*19, 19A*	2,690	336
Provision for on costs	*19*	107	-
Total Non-Current Liabilities		2,797	336
Total Liabilities		**4,438**	**1,230**
NET ASSETS		**15,112**	**12,996**
Equity	*20*		
Contributed equity		12,370	11,603
Retained earnings		1,349	1,393
Accumulated surplus		1,393	-
TOTAL EQUITY		**15,112**	**12,996**

The Statement of Financial Position should be read in conjunction with the accompanying notes.

CORRUPTION AND CRIME COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2005

	Notes	2004-05 $'000	2003-04 $'000
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations		20,968	5,733
Net cash provided by State Government		**20,968**	**5,733**
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(9,937)	(2,182)
Superannuation		(860)	(148)
Supplies and services		(976)	(464)
Accommodation		(2,978)	(728)
Administration		(1,785)	(266)
Capital user charge		(1,102)	(338)
GST pyments on purchases		(911)	(181)
GST payments to taxation authority		-	-
		(18,550)	**(4,307)**
Receipts			
Other Reciepts		2,522	0
User charges and fees		0	4
GST receipts on sales		0	5
GST receipts from taxation authority		901	59
		3,423	68
Net cash used in operating activities	*21*	**(15,126)**	**(4,239)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital Appropriation		767	
Proceeds from sale of non-current physical assets		151	
Transfer from Holding Account		283	
Purchase of non-current physical assets		(6,254)	(97)
Net cash provided by /(used in) investing activities		(5,053)	**(97)**
Net increase / (decrease) in cash held		789	1,397
Cash assets at the beginning of the financial year		8,078	-
Cash assets transferred from other sources		-	6,681
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	*21*	**8,867**	**8,078**

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

CORRUPTION AND CRIME COMMISSION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2005

1. Commission outcomes and funding

The Commission's mission as stated in the 2005-06 Budget Papers 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".

The Commission is funded from parliamentary appropriation.

2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General statement

The financial statements constitute a general purpose financial report that has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable the resulting financial effect are disclosed in the individual notes to these financial statements.

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and which, as noted, are measured at fair value.

(a) Output appropriations

Output Appropriations are recognised as revenues 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 into the Commission's bank account or credited to the holding account held at the Department of Treasury and Finance.

(b) Contributed equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Net assets transferred to the

Commission from other agencies have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.

(c) Acquisition of assets

The cost method of accounting is used for all purchases of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

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

Assets costing less than $1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(d) Depreciation of non-current assets

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 has been charged on the straight line basis, using rates which are reviewed annually. Expected useful lives for each class of assets:

Office Equipment	5 years
Computer Equipment	3 years
Property, Plant & Equipment	3 – 5 years
Office Establishment	2 years

Expected useful lives for assets assumed from other agencies have had useful lives allocated giving consideration to original purchase date and accumulated depreciation prior to hand over to the Commission. In this way assets that are largely extinguished at hand over are allocated a realistic useful life and are depreciated accordingly.

(e) Employee benefits

Annual leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash flows.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 "Employee Benefits".

Superannuation.

Subject to certain exceptions, staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. Staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB). Subject to specific approval, certain members of staff have been permitted to contribute to other superannuation schemes.

The superannuation expense represents employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme and other superannuation schemes.

The Commission is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

Employee benefit on-costs

Employee benefit on-costs, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

(f) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

(g) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

(h) 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 Statement of Financial Performance over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

(i) Accrued salaries.

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year.

(j) Payables

Payables, including accruals not yet billed, are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(k) Resources received free of charge

Resources received free of charge which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(l) Comparative figures

Figures from 2003-04 financial year are presented in this set of financial statements. Where possible the 2003-04 figures have been presented such that they provide a meaningful comparison.

(m) Rounding

Amounts in the financial statements have been rounded to the nearest one thousand dollars.

	2004-05 $,000	2003-04 $,000
3 Employee expenses		
Salaries and related costs	9,881	2,171
Changes in provision for annual and long service leave entitlements	904	585
	10,785	2,756
4 Depreciation and amortisation		
Office equipment	81	8
Computer equipment	456	48
Property, plant and equipment	1,174	80
Office establishment	554	78
	2,264	214
5 Supplies and Services		
Consultants and contractors	317	255
Relocation expenses	181	99
Travel	176	90
Audit fees	15	14
Security	272	39
Anti - corruption Commission payables	15	-
	976	497
6 Administration		
Advertising	77	73
Administration	37	8
Banking	9	2
Capital Purchases under $500	84	9
Communications	360	70
Indirect Employee costs	249	17
IT Expenses	145	10
Insurances	75	43
Leases	6	45
Hearing Expenses	60	-
Legal expenses	16	7
Motor Vehicles expenses	432	39
Other Expenses	41	2
Printing & Stationery	128	48
Repairs and Maintenance	35	1
Surveillance	234	46
Electronic Collection	70	-
	2,058	420

7

Capital user charge

A capital user charge rate of 8.0% has been set by the Government for 2004/05 and represents the opportunity cost of capital invested in the net assets of the Commission used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.

Capital User Charge expense	1,173	116

8

User charges and fees

Contributions by senior officers to the Executive Vehicle Scheme (Government Vehicle Scheme)	20	3
Other Receipts	15	1
	35	4

9

Revenues from State Government

Appropriation revenue received during the year

Recurrent Appropriations	20,841	5,733
Corruption and Crime Commission Act 2003	127	-
Accrual appropriations	1,306	355
	22,274	6,088

		2004-05 $,000	2003-04 $,000
10	**Resources received free of charge**		
	Resources received free of charge have been determined on the basis of the following estimates provided by agencies.		
	State Solicitor's Office		
	Legal Services	6	
	Office of the Auditor General		
	Audit services	15	14
		21	14
11	**Cash assets**		
	Operating bank account, cash and advances	8,867	7,883
12	**Restricted cash assets**		
	Current		
	Accrued salaries suspense account	1	195

Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years. This occurred in 2004-05 and as such the asset has been drawn to cash.

13	**Other assets**		
	Prepayments	15	259
14	**Receivables**		
	GST receivable	128	117
	Other debtors	66	161
		194	278

15 **Amounts receivable for outputs**

This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

This note was not completed in 2003/04 Financial Year.	**2004-05 $,000**	
Opening Balance	2,643	
Drawing from Holding Account	(283)	
plus		
Accrual appropriation (Depreciation)	1,306	
	1,023	
Closing Balance	3,666	2,643

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Non-current assets		2004-05 $,000	2003-04 $,000
Office equipment			
	At cost	171	22
	At fair value	96	151
	Accumulated depreciation	(87)	(6)
		180	167
Computer equipment			
	At cost	1,068	66
	At fair value	558	587
	Accumulated depreciation	(504)	(48)
		1,122	605
Property, plant and equipment			
	At cost	1,732	9
	At fair value	1,915	1,834
	Accumulated depreciation	(1,254)	(80)
		2,393	1,763
Office establishment			
	At cost	3,233	
	At fair value	513	513
	Accumulated depreciation	(634)	(80)
		3,112	433
Total			
	At cost	6,204	97
	At fair value	3,082	3,085
	Accumulated depreciation	(2,478)	(214)
		6,808	2,968

Reconciliation

	Office equipment $,000	Computer equipment $,000	Property, plant & equipment $,000	Office establis hment $,000	Total $,000
Carrying amount at start of the year	112	605	1,818	433	2,968
Purchases	149	1,002	1,870	3,233	6,254
Transfers in from other agencies					
Disposals		(29)	(121)		(150)
Revaluation increments					
Depreciation	(81)	(456)	(1,174)	(554)	(2,264)
Write-offs					
Carrying amount at end of the year	180	1,122	2,393	3,112	6,808

Non-current assets transferred in from other agencies have been recognised at fair value assessed by the Corruption and Crime Commission. In some instances this was not the same as the carrying value in the transferor agency.

		2004-05 $,000	2003-04 $,000
17	**Payables**		
	Amounts payable for goods and services received	277	272
18			
	Other liabilities		
	Payroll liabilities	3	61
19			
	Provisions		
	Current		
	Employee Entitlement Provisions		
	Annual leave	645	304
	Long service leave	358	257
	Long Service Leave On Costs	61	-
	Note: On costs provisions were not made in 2003-04		
	Other Provisions		
	Lease Incentive Liability **See note 19A**	297	-
	Total Current Provisions	1,361	561
	Non-current		
	Employee Entitlement Provisions		
	Long service leave	627	336
	Long Service Leave on costs	107	-
	Note: On costs provisions were not made in 2003-04		
	Provision for Superannuation	9	
	Other Provisions		
	Lease Incentive Liability **See note 19A**	2,054	-
	Total Non-current Provisions	2,797	336
	Employee benefit liabilities		
	The aggregate employee benefit liability recognised and included in the financial statements is as follows:		
	Provision for employee benefits:		
	Current	1,064	561
	Non-current	743	336
		1,807	897

The Commission considers the carrying amount of employee benefits approximates the net fair value.
The settlement of leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums.

19A

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.
The liability recorded is broken (as normal) into current and non-current

This treatment is consistant 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

20 **Equity**

	2004-05 $,000	2003-04 $,000
Contributed equity		
Opening balance	11,603	-
Contributions by owners	767	11,603
Closing balance	12,370	11,603

These contributions by owners represent net assets transferred to the Commission from other agencies in 2003-04 and contributions by government.

Accumulated surplus		
Opening balance	1,393	-
Change in net assets	1,349	1,393
Closing balance	2,742	1,393

21 **Notes to the Statement of Cash Flows**

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	8,867	7,883
Restricted cash assets		195
	8,867	8,078

Reconciliation of net cash used in operating activities to net cost of services

For the purpose of the Statement of Cash Flows, "Cash" has been deemed to include cash on hand and amounts in suspense.

Net cost of services	(20,946)	(4,709)
Non cash items		
Depreciation expenses	2,264	214
Resources free of charge	21	14
(Increase) / Decrease in assets		
Other assets	244	(259)
Receivables	12	(71)
Increase / (Decrease) in liabilities		
Payables	7	272
Other Liabilities	62	61
Provisions	910	585
Lease Incentive Provision	2,351	
Change in GST in receivables / payables	(11)	(117)
Liabilities extinguished	(40)	(229)
Net cash used in operating activities	(15,126)	(4,239)

22

Remuneration of members of the Accountable Authority and Senior Officers

	2004-05 $,000	2003-04 $,000

22a

Remuneration of members of the Accountable Authority

The number of members of the Accountable Authority whose total of fees, salaries, superannuation and other benefits for the year fall within the following bands are::-

$	$	2004-05
130,000-	140,000	1

The total remuneration of the member of the Accountable Authority is:	138	58

The Commissioner is the Accountable Authority and he is not a member of the Pension Scheme.

Note that 2003-04 comparative figures represent six months of trading.

22b

Remuneration of Senior Officers

The number of Senior Officers other than the Accountable Authority whose total of fees, salaries, superannuation and other benefits for the year, fall within the following bands are:

$	$	2004-05	2003-04
10,000-	80,000		10
90,000-	100,000	1	
100,001-	110,000	1	
110,000-	120,000	1	
120,000-	130,000	2	
150,000-	160,000	1	
180,000-	190,000	1	
200,000-	210,000	2	
220,000-	230,000	1	
		10	10

The total remuneration of senior officers is:	1,595	377

Note that 2003-04 comparative figures represent six months of trading.

The superannuation included here represents the superannuation expense incurred by the Commission in respect of Senior Officers other than the Accountable Authority.

No Senior Officer is a member of the Pension Scheme.

23

Explanatory Statement

The Commission commenced on 1 January 2004 and for the first six months has been in the process of setting up its operations. It will not become fully functional until 2004-05

As this is the first full year of operation of the Commission, comparison of revenues and expenditures in the current period with those of the preceding financial year is not meaningful. A thorough comparison between the years 2004-05 and 2005-06 will be made in 2005-06.

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Lease commitments

These commitments relating to motor vehicles and office accommodation leases are due for payment:-

within 1 year	1,153	1,679
later than 1 year and not later than 5 years	4,485	270
later than 5 years	5,510	-
	11,148	1,949

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25a

Additional financial instruments disclosures
Interest rate risk exposure

The Commission's exposure to interest rate risk at 30 June 2005 is:-

	Weighted Average Effective Rate %	Floating Interest Rate $'000	Non Interest Bearing $'000	Total $'000
Assets				
Cash assets	Nil		8,867	8,867
Restricted cash assets	Nil	-	-	-
Receivables	Nil	-	265	265
Amounts receivable for outputs	Nil	-	3,666	3,666
Total financial assets			12,798	12,798
Liabilities				
Payables			277	277
Other liabilities			3	3
Total financial liabilities			280	280

The Commission's exposure to interest rate risk at 30 June 2004 was:-

	Weighted Average Effective Rate %	Floating Interest Rate $'000	Non Interest Bearing $'000	Total $'000
Assets				
Cash assets	Nil		7,883	7,883
Restricted cash assets	Nil	-	195	195
Receivables	Nil	-	207	207
Amounts receivable for outputs	Nil	-	2,643	2,643
Total financial assets			10,928	10,928
Liabilities				
Payables			272	272
Other liabilities			61	61
Total financial liabilities			333	333

25b Credit risk exposure

All financial assets are unsecured. The carrying amount represents the Commission's maximum exposure to credit risk in relation to those assets.

25c **Net 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, determined in accordance with the accounting policies disclosed in Note 2 to the Financial Statements.

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Supplementary financial information

No material write-offs were made during the year.

27

Impact of Adopting Australian Equivalents to IFRS

The Corruption and Crime Commission is adopting international financial reporting standards in compliance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards (AIFRIS).*

AASB 1 require an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 in the AIFRIS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an AIFRIS basis for the period ending 30 June 2006.

AASB 1047 *Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards* requires financial reports for periods ending on or after 30 June 2004 to disclose:

1. How the transition to Australian equivalents to IFRIS is being managed

The Commission's finance staff identified early on that there would be little material impact upon the financial statements due to the transition to IFRIS

To assist with the process the following was undertaken:

- staff attended briefings conducted by Department of Treasury and Finance
- members attended CPA Training sessions on IFRIS
- members of both CPA and ICAA utilised resources from their respective bodies

This strategy enabled the finance team to identify potential differences after the adoption of IFRIS and what the impact would be.

2. Key differences in accounting policies that are expected to arise from adopting AIFRIS

AASB 138 Intangible Assets - Computer Software that is not integral to the to the operation of the hardware , must be classified as intangible assets. It has been necessary to reclassify some computer equipment as intangible assets.

The useful life of an intangible asset is deemed to be finite, by the Commission, as such Accumulated amortisation of Computer Software intangible is disclosed.

AASB 101 Presentation of Financial Statements - has changed the classification of items deemed current and non-current. This has resulted in a change to the presentation of provisions for Long Service Leave emlpoyee entitlements.

27 (continued)

3. Quantified changes as a result of Adopting AIFRIS

AASB 1047 (4.2) requires that "In respect of financial reports for annual reporting periods ending on or after 30 June 2005 an agency shall disclose in its financial report:

- any known or reliably estimable information about the impacts on the financial report had it been prepared using the AIFRSs.

Impact of Effect on Equity

	30 June 2,005 $000	1 July 2,004 $000
Total equity under previous AGAAP	15,112	12,966
Adjustments to accumulated surplus/deficiency		
Increased Long Service Leave provisioning (I)	(184)	-
Change in classification of Software	-	-
Total Equity under IFRS	14,928	12,966

(I) AASB 139 change to recognition of long service leave calculations as provided by actuarial consultant. Vested future leave is now required to be considered in the long service leave calculations

Impact of Effect on Performance

Reconciliation of surplus/(deficit) for the period as presented under previous AGAAP to that under AIFRS:

	30 June 2,005 $000
Surplus/(Deficit) for the preiod under previous AGAAP	1,349
Increased Long Service Leave provisioning (I)	(184)
Change of classification of Software	-
Surplus/ (Deficit) for period under AIFRS	1,165

(I) AASB 139 change to recognition of long service leave calculations as provided by actuarial consultant. Vested future leave is now required to be considered in the long service leave calculations