



CORRUPTION AND CRIME COMMISSION



ANNUAL REPORT 2012-2013

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CORRUPTION AND CRIME COMMISSION

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Dear Mr Peacock
Dear Mr McHugh

As neither House of Parliament is sitting, in accordance with section 91(4) and section 93 of the *Corruption and Crime Commission Act 2003* ("the CCC Act"), the Commission hereby transmits to you a copy of its *Annual Report 2012-2013*.

This report has been prepared in accordance with section 91 of the CCC Act and section 61(1) of the *Financial Management Act 2006*.

The Commission notes that under section 93(3) of the CCC Act a copy of a report transmitted to a Clerk of a House is to be regarded as having been laid before that House.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Roger Macknay', written in a cursive style.

Roger Macknay, QC
COMMISSIONER

27 September 2013

ABBREVIATIONS AND ACRONYMS

("the Bill")	<i>Corruption and Crime Commission Amendment Bill 2012</i>
("the CCC Act")	<i>Corruption and Crime Commission Act 2003</i>
CMIS	Case Management and Intelligence System
("the Commission")	Corruption and Crime Commission
("Commissioner")	Commissioner of the Corruption and Crime Commission
("the Covert Powers Act")	<i>Criminal Investigation (Covert Powers) Act 2012</i>
Cwlth	Commonwealth of Australia
DAIP	Disability Access and Inclusion Plan
DPP	Director of Public Prosecutions
EAP	Employment Assistance Program
EPA	Exceptional Powers Application
EPF	Exceptional Powers Finding
FTE	Full-Time Equivalent
JSC	Joint Standing Committee on the Corruption and Crime Commission
KPI	Key Performance Indicator
OBM	Outcomes Based Management
OSH	Occupational Safety and Health
("the OSH Act")	<i>Occupational Safety and Health Act 1984</i>
("the Parliament")	Parliament of Western Australia
("the Plan")	<i>WorkSafe Plan</i> , WorkSafe Division, Department of Commerce
WAPOL	Western Australia Police

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COMMISSIONER'S FOREWORD

Introduction

- [1] I have pleasure in presenting the tenth annual report of the Corruption and Crime Commission ("the Commission"). The report details the range and value of the work undertaken by the Commission on behalf of the Western Australian community during 2012-2013.



Police

- [2] An important focus for me since commencing as Commissioner has been policing-related issues, in particular, use of force by Western Australia Police (WAPOL) officers. We use a number of strategies to identify and investigate cases of police use of force. They resulted in the Commission investigating 49 such cases in 2012-2013, compared with 11 cases in 2011-2012.
- [3] Police officers may use force at the same time as they use their power of arrest. It comes as no surprise, therefore, that the Commission's focus on use of force unearthed a range of issues related to both of these powers. For example, supervision, internal reporting, medical care, cell extraction, use of restraints and stripping of detainees.
- [4] The power to arrest and the power to use force are very important and are perhaps the defining powers of police officers. For this reason our focus on how these powers are used is an important aspect of ensuring transparency and accountability in policing.
- [5] Of course, use of force and arrest are not the only aspects of policing that require high levels of transparency and accountability. During the year we conducted comprehensive inquiries into systemic failings in the WAPOL Briefcase system;ⁱ directed WAPOL to investigate 18 high speed chases; reviewed the operation of the Undercover Police Unit; introduced a regime to improve the timeliness of WAPOL internal investigations; examined a range of issues related to the management of, and practices associated with, police lock-up facilities; and progressed a number of investigations involving, for example, misuse of WAPOL resources, the unlawful release of police information, falsifying evidence and failing to disclose evidence at trial.

Prisons

- [6] Another focus during 2012-2013 was the prison environment. Prison officers operate in environments with substantial corruption and misconduct risks

ⁱ Briefcase is a system used by Western Australia Police to record and prepare briefs of evidence. Refer Footnote 7 in main body of this report.

by virtue of the roles they perform, the powers they are given and the people over whom those powers are exercised. The Commission engaged heavily in a number of investigative, research, analytical and intelligence strategies aimed at ensuring that these risks are identified and dealt with transparently and accountably.

Local Government

- [7] A third focus for me during 2012-2013 was local government. Local governments are complex environments in which public officers exercise many discretionary powers, often involving the expenditure of large amounts of public monies, for example, the issuing of licences, the issuing of infringements and approval of planning applications. The Commission pursued transparency and accountability in this environment by conducting a number of investigations and tabling a report in the Parliament of Western Australia ("the Parliament") about the exposure of the four local governments in the Pilbara to misconduct risks.

Legislation

- [8] The *Criminal Investigation (Covert Powers) Act 2012* came into effect on 1 March 2013. This brought with it a requirement that the Commission review authorisations for the use of covert powers, and ensure compliance, by WAPOL, Department of Fisheries and the Australian Crime Commission.
- [9] One of my key priorities since becoming Commissioner was to progress the proposed amendments to the CCC Act. On 21 June 2012 the State Government introduced the *Corruption and Crime Commission Amendment Bill 2012* ("the Bill") in the Parliament. Passage of the Bill through the Parliament would have improved the Commission's statutory ability to combat organised crime and corruption in Western Australia. However, the Bill lapsed due to the prorogation of the Parliament on 14 December 2012. As a consequence, one of the two main purposes of the CCC Act, to combat and reduce the incidence of organised crime, remains unachievable.

External Governance

- [10] I acknowledge the ongoing oversight of the Commission by the Joint Standing Committee (JSC) on the Corruption and Crime Commission, which is aided by the Parliamentary Inspector of the Corruption and Crime Commission. During the reporting period the Commission appeared before the JSC at both public and private hearings, briefed the incoming JSC on 19 June 2013 about the functions and operations of the Commission and provided a number of submissions in relation to inquiries being conducted by the JSC. Communication between the Parliamentary Inspector and the Commission occurred frequently. The Commission provided access to all information required by the Parliamentary Inspector.

- [11] The Commission made every effort to ensure that both the JSC and the Parliamentary Inspector were properly and comprehensively informed about the work of the Commission so that they could discharge their oversight role. Equally, every effort was made to implement their recommendations and advice — perhaps no better exemplified than by the Commission's focus on activities related to WAPOL.

Commission Officers

- [12] I take the opportunity to acknowledge and thank officers of the Commission for their dedication, hard work and achievements throughout a difficult and challenging year. I look forward to another year in which the Commission will continue to make valuable contributions to the Western Australian community.

A handwritten signature in black ink, appearing to read 'Roger Macknay', with a large, stylized loop at the end.

Roger Macknay, QC
COMMISSIONER

PERFORMANCE AT A GLANCE

- Received **nil** applications for an exceptional powers finding and **nil** applications for a fortification warning notice, and dealt with **nil** exceptional powers findings and fortification warning notices.
- Assessed **6,148** allegations of misconduct and reviewable police action.
- Monitored **2,330** allegations the subject of disciplinary, investigatory or other action by an appropriate authority. Reviewed **3,120** allegations the subject of disciplinary, investigatory or other action by an appropriate authority.
- Conducted **189** preliminary investigations and assessments pursuant to section 32(2) of the CCC Act and conducted **58** investigations pursuant to section 33 of the CCC Act, with **56** of those pursuant to section 33(1)(a) and **2** pursuant to section 33(1)(b).
- In relation to the Commission's misconduct function, charged **15** persons, including **10** public officers, with **98** charges. During the reporting period **212** charges were finalised in relation to **18** persons with **17** persons convicted in relation to **211** charges. This represented conviction rates of **94.44%** (by person) and **99.53%** (by charges).

In relation to the Commission's organised crime function, **nil** persons were charged. During the reporting period **2** charges were finalised in relation to **2** persons with **1** person convicted in relation to **1** charge.
- Delivered **49** corruption prevention and education presentations and forums to **3,134** public officers and community members in both metropolitan and regional Western Australia.
- Made **7** reports pursuant to Part 5 of the CCC Act. Of those **3** contained opinions of misconduct and/or serious misconduct and **5** contained **21** recommendations, **15** of which were accepted by the affected public authorities.
- Conducted reviews, audits and evaluations of organisational systems and cultures relevant to corruption prevention and misconduct at **5** metropolitan local governments, local governments in the Pilbara, City of Stirling, Department of Health, WAPOL and **9** metropolitan and regional public hospitals.

CHAPTER ONE

OVERVIEW OF THE AGENCY

1.1 Introduction

- [1] This report provides an account of the services and activities of the Corruption and Crime Commission ("the Commission") for the 2012-2013 period.¹
- [2] Section 91(1) of the *Corruption and Crime Commission Act 2003* ("the CCC Act") requires the Commission to provide annually a report as to its general activities during the year. In accordance with section 91(5) of the CCC Act that report of the Commission's general activities has been prepared and will be dealt with in this annual report in conjunction with the reporting obligations of section 61(1) of the *Financial Management Act 2006*.

1.2 Operational Structure

1.2.1 Commission Charter

- [3] The Commission was established on 1 January 2004 following proclamation of the CCC Act on 30 December 2003. The Commission operates pursuant to the CCC Act.
- [4] The main purposes of the CCC Act, pursuant to section 7A, are:
- *to improve continuously the integrity of, and to reduce the incidence of misconduct in, the public sector; and*
 - *to combat and reduce the incidence of organised crime.*
- [5] The Commission is a body corporate with perpetual succession that, as an independent agency, reports directly to the Parliament of Western Australia ("the Parliament"). The Commission is overseen by a parliamentary committee, the Joint Standing Committee (JSC) on the Corruption and Crime Commission, which is aided by the Parliamentary Inspector of the Corruption and Crime Commission.
- [6] The Attorney General, who has administrative responsibility for the CCC Act, is the responsible Minister for the Commission's budgetary purposes.

1.2.2 Senior Officers

Commissioner: Mr Roger Macknay, QC

- [7] Mr Roger Macknay, QC, was appointed Commissioner on 15 November 2011, with effect from 21 November 2011.

¹ During 2012-2013 the Commission, in order to refine its reporting process, reviewed business rules for formulation of statistics which provide the basis for data presented in the *Annual Report 2012-2013* ("this report"). To ensure that data is comparative with data presented for previous years these business rules have been applied retrospectively to data included in various comparative tables presented in this report. Consequently, data presented in previous published annual reports may not be comparable with data presented in this report.

Acting Commissioner: Mr Mark Herron

- [8] Mr Herron was appointed an Acting Commissioner on 25 January 2011, with effect from 27 January 2011. Mr Herron resigned from his appointment as Acting Commissioner on 24 June 2013 as he was appointed a Judge of the District Court of Western Australia, with effect from 1 July 2013.

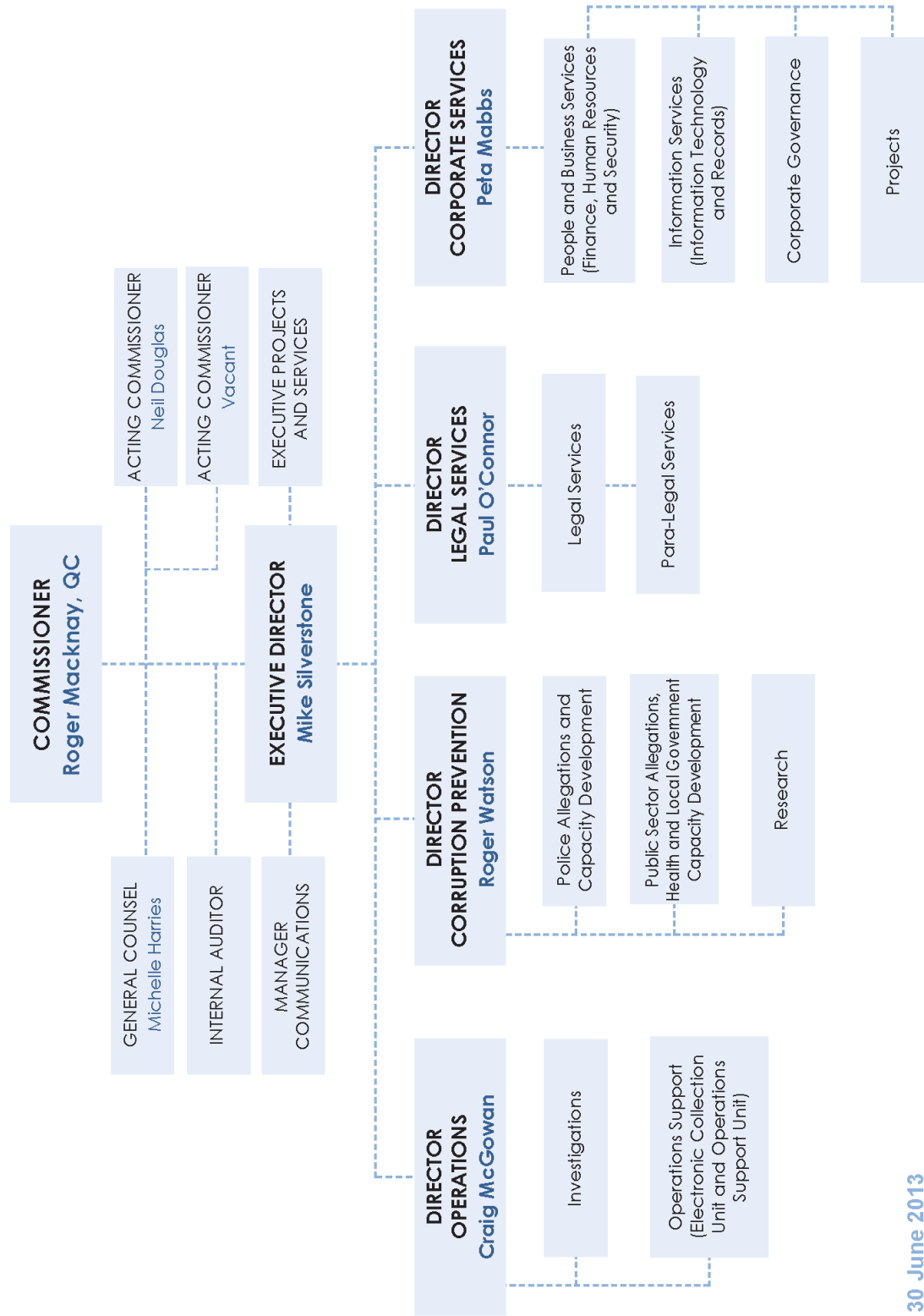
Acting Commissioner: Mr Neil Douglas

- [9] Mr Douglas was appointed an Acting Commissioner on 24 July 2012, with effect from that date.

Executive Director: Mr Mike Silverstone

- [10] Mr Silverstone was appointed Executive Director on 1 June 2004.

1.2.3 Organisational Chart



1.3 Performance Management Framework

- [11] Through its Performance Management Framework the Commission is seeking to contribute to the State Government results-based service delivery goal, that is, a goal which has a “greater focus on achieving results in key service delivery areas for the benefit of all Western Australians”.

Commission Contribution to Government Goal

Government Goal	Results-Based Service Delivery Goal (a “greater focus on achieving the results in key service delivery areas for the benefit of all Western Australians”).	
Commission Outcomes	The integrity of the public sector continuously improves and the incidence of misconduct is reduced.	Reduced incidence of organised crime.
Commission Services	Service One	Service Two
	Building public sector agency integrity and capacity to deal with misconduct.	Organised crime function.
Key Effectiveness Indicators	<ol style="list-style-type: none"> 1. Number of allegations received. 2. Number of reports published in accordance with the CCC Act. 	<ol style="list-style-type: none"> 1. Number of applications for exceptional powers findings and fortification warning notices received within the financial year.² 2. Number of applications for exceptional powers findings and fortification warning notices dealt with within the financial year.³ 3. Average time taken to deal with applications for exceptional powers findings and fortification warning notices.⁴
Key Efficiency Indicators	Average cost of service per Full-Time Equivalent (FTE) employed within public authorities under the Commission's jurisdiction.	Average cost per matter involving the use of exceptional powers and fortification warning notices over the financial year.

² Number of applications received from the Commissioner of Police pursuant to sections 46 and 68 of the CCC Act.

³ Number of applications for exceptional powers findings and fortification warning notices received by the Commission in accord with sections 46 and 68 of the CCC Act and approved by the Commissioner.

⁴ Average time taken from the date that a written application from the Commissioner of Police is received by the Commission and until the Commissioner makes a decision and the decision is recorded.

- [12] In 2011-2012 the Commission reviewed and received approval from the Under Treasurer to amend its Outcomes Based Management (OBM) structure. As of 2012-2013 the Commission is reporting against revised services and Key Performance Indicators (KPIs).
- [13] The Commission did not share any responsibilities with other agencies during the 2012-2013 reporting period.

CHAPTER TWO

AGENCY PERFORMANCE

2.1 Service One: Building Public Sector Agency Integrity and Capacity to Deal with Misconduct

2.1.1 Service Description

- [14] Service One is to assist public authorities to build their capacity to prevent, identify and deal with misconduct and all associated risks through research, education, analysis and investigations.

Research

- [15] The Commission conducts and promotes research into emerging areas of misconduct and corruption risk, to inform future corruption prevention activities and in support of Commission investigations and operations. Research focuses on the identification of best practice, risk indicators and analysis of policy and practice.
- [16] Areas of focus for the Commission, in relation to research, during the reporting period included:
- policy and practice in relation to use of force by Western Australia Police (WAPOL) officers;
 - policy and practice in WAPOL lock-ups;
 - best practice in the management of Schedule 4 and Schedule 8 drugs;
 - corruption risk factors in prisons including the use of Taser weapons by correctional officers;
 - contemporary corruption prevention theory and the corruption prevention models of oversight agencies;
 - the development of a corruption resistance framework for agencies; and
 - procurement policy and practice in local government.

Education

- [17] There is high demand for the Commission's education programs. Workshops and presentations are delivered to public officers, community members and industry and service groups. Table 1 below details those delivered in 2012-2013.

Workshops and Presentations Delivered	Number	Attendees
Misconduct Resistance Practitioners Forums (quarterly)	4	1,566
"Regional Outreach" workshops, presentations and events	12	280
Universities "Hypothetical Series"	1	30
Education seminars	22	678
Speaking engagements/presentations to community, industry and service groups	10	580
Total	49	3,134

Table 1: Corruption Prevention and Education Workshops and Presentations Delivered

Analysis

- [18] The Commission undertakes a range of activities including organisational reviews, systems evaluations and audits in order to assess the capacity of particular sectors or public authorities to effectively prevent, identify and deal with corruption and misconduct.
- [19] During the reporting period analysis of organisational systems and cultures relevant to corruption and misconduct were conducted in relation to:
- procurement by the five metropolitan local governments with the highest expenditure;
 - misconduct management systems in local governments in the Pilbara;
 - misconduct management systems in the City of Stirling;
 - procurement in the Department of Health;
 - management of Schedule 4 and Schedule 8 drugs in the Department of Health;
 - misconduct management systems in nine metropolitan and regional public hospitals.
 - WAPOL misconduct management systems and processes;
 - use of force by WAPOL officers;
 - WAPOL lock-up procedures;
 - the WAPOL Undercover Police Unit;
 - the WAPOL Briefcase system;
 - WAPOL high speed chases;

- WAPOL human source management; and
- WAPOL processes for notifying the Commission of allegations of misconduct and reviewable police action.

Investigations

- [20] In order to assess allegations of misconduct the Commission may conduct preliminary investigations into allegations pursuant to section 32(2) of the CCC Act. During 2012-2013, 189 preliminary investigations and assessments were conducted.
- [21] Once an assessment has been made section 33 of the CCC Act enables the Commission to take action, including investigating the allegations further. In the 2012-2013 reporting period 58 investigations were either initiated or dealt with by the Commission pursuant to section 33 of the CCC Act, with 56 of these pursuant to section 33(1)(a) and two pursuant to section 33(1)(b).⁵ Matters of serious misconduct and misconduct, as defined by sections 3 and 4 of the CCC Act, investigated included allegations of excessive use of force by WAPOL officers, corrupt conduct, fraud and conflict of interest.
- [22] While pursuant to section 33(1)(a) of the CCC Act the Commission may investigate an allegation of misconduct without the involvement of any appropriate authority, section 33(1)(b) enables the Commission to refer allegations to an appropriate authority. Appropriate authorities are public authorities with the power to take disciplinary, investigatory or other action. An appropriate authority is typically the public authority which employs the public officer who is the subject of an allegation. An "appropriate authority investigation/action" is, therefore, the disciplinary, investigatory or other action taken by the public authority in response to allegation(s) referred to them by the Commission.
- [23] The progress of appropriate authority investigation/action may be monitored and/or reviewed by the Commission upon completion, pursuant to section 40 and section 41 of the CCC Act respectively. When reviewing the way that an authority has dealt with a misconduct allegation, the Commission forms an opinion about whether the authority's response to the allegation was reasonable in the circumstances.

2.1.2 Required Reporting (Section 91(2) of the CCC Act)

- [24] Pursuant to section 91(1) of the CCC Act the Commission is to prepare, within three months after 30 June of each year, a report as to its general activities during that year, that is, an annual report. The matters to be included in an annual report, as prescribed by section 91(2) of the CCC Act, are considered below.

⁵ Pursuant to section 33(1)(a) of the CCC Act the Commission may decide to investigate or take action without the involvement of any other independent agency of appropriate authority, while pursuant to section 33(1)(b) the Commission may decide to investigate or take action in cooperation with an independent agency or appropriate authority.

Allegations

- [25] The following table details the sources of allegations of misconduct received/assessed by the Commission during 2012-2013, including propositions of misconduct made by the Commission pursuant to section 26 of the CCC Act.

Notification and/or Allegation Source	2011-2012	2012-2013
Reports of alleged misconduct from individuals (section 25) (the public)	558	661
Notifications of alleged misconduct from notifying authorities (section 28) (public authorities)	3,400	4,082
Notifications of reviewable police action (section 21A) (WAPOL)	1,963	1,291
Commission's own proposition of alleged misconduct (section 26)	23	9
Allegations initiated under section 18(2)(a)	0	105
Total	5,944⁶	6,148

Table 2: Sources of Notifications and Misconduct Allegations

- [26] The Commission has seen a significant increase in the number of allegations received over the past two years when compared to 2008-2009, 2009-2010 and 2010-2011. This increase can be partially attributed to allegations of predominantly neglect of duty related to the WAPOL Briefcase system,⁷ to an increase in "one-off" allegations from the Department of Health relating to gifts and benefits and to an increase in the underlying number of allegations received. Refer section 4.5.2 of this report for further explanation.
- [27] The Commission deals with a wide range of categories of misconduct allegations. Table 3 below includes the ten most prevalent categories of misconduct allegations identified in matters received/assessed by the Commission in the reporting period. Table 23 (Appendix 1) provides the full range of misconduct allegations assessed during 2011-2012 and 2012-2013 by category.

⁶ It should be noted that allegations initially formed as "own propositions" under section 26 of the CCC Act and matters dealt with under section 18(2)(a) of the CCC Act may later be the subject of notification by the relevant notifying authority pursuant to section 28 of the CCC Act.

⁷ Briefcase is a system used by Western Australia Police (WAPOL) to record and prepare briefs of evidence. During 2009-2010 WAPOL conducted a review of the management of briefs of evidence and the use of the Briefcase system. This review identified issues including possible systems failures, neglect of duty, inadequate supervision and potential misconduct by individual officers. Allegations of potential misconduct assessed by the Commission in relation to the use and management of the WAPOL Briefcase system are represented in Commission statistics for 2011-2012 and 2012-2013.

Allegation Category	2012-2013	
	No.	%
Neglect of duty (WAPOL)	1,478	24.0%
Breach of code of conduct/policy/procedures	807	13.1%
Assault - physical/excessive use of force	703	11.4%
Unprofessional conduct - demeanour/attitude/Language	480	7.8%
Misuse of computer system/email/internet	350	5.7%
Inappropriate behaviour	221	3.6%
Drug discrepancy - Schedules 4 and 8	219	3.6%
Fraud/falsification/fabrication	203	3.3%
Breach of confidentiality/misuse of information	187	3.0%
Bullying/intimidation/harassment	147	2.4%
Total	4,795	77.9%

Table 3: Most Prevalent Types of Misconduct Alleged in Matters Received/Assessed

[28] Table 4 below shows the breakdown by "subject authority" of the 6,148 allegations of misconduct received/assessed by the Commission during 2012-2013, as referred to in Table 2 above, which includes allegations received pursuant to section 21A, section 25 and section 28 of the CCC Act. Section 21A requires the Commissioner of Police to notify the Commission of matters concerning, or that may concern, reviewable police action. Section 25 provides for the reporting of misconduct by any person and by section 28 certain officers are obliged to report misconduct.

Subject Authority	Number of Allegations
WAPOL	3,087
Department of Health	941
Department of Corrective Services	610
Department of Education	570
Local Government	301
Other Authorities and Independent Agencies	590
Not in Jurisdiction	49
Total	6,148

Table 4: Sources by "Subject Authority" of Notifications and Misconduct Allegations

Investigations

[29] Table 5 below details the action taken in relation to allegations of misconduct and reviewable police action during 2012-2013.

Action Taken in Relation to Allegations	2011-2012		2012-2013	
	No.	%	No.	%
Allegations referred to appropriate authority or independent agency (without review by the Commission)	2,634	44%	2,526	41.1%
Allegations referred to appropriate authority with Commission oversight, with review by the Commission (section 41)	2,483	41.5%	2,492	40.5%
Allegations the subject of preliminary investigation by the Commission (section 32(2))	41	0.7%	34 ⁸	0.6%
Allegations the subjects of investigation by the Commission (section 33, with 56 of these pursuant to section 33(1)(a) and two pursuant to section 33(1(b)) ⁹	49	0.8%	58	0.9%
No further action taken (section 33(1)(d))	770	12.9%	1,017 ¹⁰	16.6%
Allegations pending a decision on action to be taken.	6	0.1%	21	0.3%
Total	5,983¹¹	100%	6,148	100%

Table 5: Action Taken in Relation to Allegations

⁸ In total, the Commission conducted 189 preliminary investigations and assessments. Of these, 155 were conducted into notifications received under sections 21A and 28 and reports made under section 25. These resulted in decisions to either refer allegations to appropriate authorities or take no further action. The 34 preliminary investigations referred to in this table relate to preliminary investigations conducted by the Operations Directorate.

⁹ The 58 allegations the subject of investigation by the Commission pursuant to section 33 of the CCC Act correlated to 25 investigations/cases.

¹⁰ There are two reasons for the increase in the number of "no further action" decisions. First, the Commission assessed information obtained pursuant to section 18(2) of the CCC Act. The majority of these matters are assessed and no further action is taken, which accounts for approximately half of the overall increase of 247. Secondly, the remainder of the increase correlates with the overall increase in the number of allegations assessed in the reporting period.

¹¹ During 2011-2012, 5,983 actions were taken in relation to 5,944 allegations. Thirty-nine allegations were subject to two actions, as more than one action can be taken in relation to an allegation. Therefore, there is a difference of 39 between the number of allegations (5,944) and the number of actions taken (5,983).

Prosecutions and Disciplinary Action

[30] The Commission does not take a direct role in, nor determine the outcomes of, disciplinary, investigatory or other action undertaken by appropriate authorities. It may, however, oversee such disciplinary, investigatory or other action and take action should the Commission consider the response of the authority not to be reasonable in the circumstances or should the circumstances of the matter require the particular investigative powers and expertise available to the Commission.

[31] Table 6 below relates to allegations the subject of disciplinary, investigatory or other action by appropriate authorities with oversight by the Commission during 2012-2013.

Oversight of Allegations the Subject of Disciplinary, Investigatory or Other Action by Appropriate Authorities	2011-2012	2012-2013
Appropriate authority disciplinary, investigatory or other action commenced with Commission oversight (section 40)	2,303	2,330
Appropriate authority, disciplinary, investigatory or other action finalised with Commission oversight/review (section 41)	1,253	3,120 ¹²

Table 6: Oversight of Allegations the Subject of Disciplinary, Investigatory or Other Action by Appropriate Authorities

[32] Tables 7 below provides an overview of charges and convictions of public officers and non-public officers, by charges, as a result of the Commission's misconduct function for the 2012-2013 reporting period.¹³

By Charges	Against Public Officers	Against Non-Public Officers
Charges commenced by the Commission in 2012-2013	93	5
Charges commenced in 2012-2013 and still before the courts	35	0

¹² In 2011-2012, 299 allegations related to the Western Australia Police (WAPOL) Briefcase system were contained within the 1,253 allegations finalised with Commission oversight. In 2012-13 allegations related to the WAPOL Briefcase system accounted for 2,220 of the 3,120 finalised allegations. This means that there is very little difference between the underlying figures for the two years: in 2011-2012 the figure was 954; and in 2012-2013 the figure was 900.

¹³ The preferring of charges, any subsequent withdrawing of charges and/or any resulting convictions may not necessarily occur during the same reporting period. Tables 7, 8 and 9 relate to activities that occurred during the 2012-2013 reporting period.

By Charges	Against Public Officers	Against Non-Public Officers
Charges withdrawn/not proceeded with		
• withdrawn by the DPP	0	2
• withdrawn by the Commission	18	9
Charges finalised ¹⁴	195	17
Convictions	195	16

Table 7: Summary of Charges and Convictions Arising from the Commission's Misconduct Function (by Charges)

- [33] The Commission lays a number of criminal charges in any given year against public officers and non-public officers. Of the 98 charges laid during 2012-2013, 35 are still before the courts. "Charges finalised" are those charges which resulted in an outcome during the period and relate not only to those which were laid during 2013-2013 but those carried over from previous years. Of the 212 charges which produced an outcome during 2013-2013, 211 were the subject of a conviction.
- [34] Table 8 below provides an overview of charges and convictions of public officers and non-public officers, by person, as a result of the Commission's misconduct function for the 2012-2013 reporting period.

By Person	Against Public Officers	Against Non-Public Officers
Persons with charges commenced against them	10	5
Persons with charges finalised against them ¹⁵	9	9
Persons convicted	9	8

Table 8: Summary of Charges and Convictions Arising from the Commission's Misconduct Function (by Persons Charged)

- [35] Table 9 below provides the Commission's conviction rates for 2012-2013 and since the Commission began operations in 2004.

¹⁴ "Finalised" refers to matters completed during the financial year and includes pleas of guilty, convictions and acquittals.

¹⁵ Refer Footnote 14.

Conviction Rates ¹⁶	Since 2004	2012-2013
By persons charged	92.93%	94.44%
By charges	89.57%	99.53%

Table 9: Conviction Rates for Prosecutions Arising from the Commission's Misconduct Function

Reports, Recommendations and Opinions

[36] Table 10 below details reports made by the Commission in 2012-2013 pursuant to Part 5 of the CCC Act. This table also provides the number of recommendations made and opinions formed in relation to misconduct and serious misconduct in reports, as well the response by the affected public authorities to the recommendations made.

Date of Report	Report Title	Number of Misconduct and Serious Misconduct Opinions Expressed ¹⁷	Number of Recommendations Made	Number of Recommendations Accepted	Number of Recommendations Not Accepted
16 July 2012	<i>Report on the Investigation of Alleged Public Sector Misconduct by the Commissioner of Police in Relation to the Use of the Western Australian Government Purchasing Card or Any Other Entitlement</i>	0	5	5	0
18 September 2012	<i>Report on the Investigation of Alleged Public Sector Misconduct by Any Public Officer in Relation to the Conduct of the International English Language Testing System by Curtin University of Technology or Any Other Public Authority</i>	1	0	0	0

¹⁶ During 2012-2013 the Commission adopted a revised methodology for calculating conviction rates which better reflects the Commission's efforts and outcomes in this area. Subsequently the Commission's conviction rates are calculated based on charges "finalised" not "commenced". Charges that are either withdrawn or discontinued, that is, charges where an outcome is unable to be achieved, are not included in the conviction rate but are provided separately, for information.

¹⁷ Serious misconduct and misconduct as defined by sections 3 and 4 of the CCC Act.

Date of Report	Report Title	Number of Misconduct and Serious Misconduct Opinions Expressed ¹⁷	Number of Recommendations Made	Number of Recommendations Accepted	Number of Recommendations Not Accepted
27 September 2012	Annual Report 2011-2012	NA	NA	NA	NA
2 November 2012	Report on the Investigation of Alleged Public Sector Misconduct in Relation to Contact with Students and the Accessing of Child Pornography by a Department of Education Employee	1	6	5	1
6 November 2012	Report on the Review of Misconduct Risks Associated with the Deployment of Undercover Police Officers Pursuant to the "Prostitution Act 2000" and the "Misuse of Drugs Act 1981"	0	3	3	0
16 April 2013	Report on the Review of the Capacity of Local Governments in the Pilbara to Prevent, Identify and Deal with Misconduct	0	2	2	0
29 April 2013	Report to a Minister pursuant to section 89 of the CCC Act	1	5	0	0
Total		3	21	15	1

Table 10: Commission Reports, Recommendations and Opinions

Statutory Powers Used by the Commission

- [37] Table 11 below outlines the statutory powers of the CCC Act and other legislation utilised by the Commission in the performance of its functions.

Statutory Power	Number	
	2011-2012	2012-2013
Section 94: Notices served by the Commission to produce a statement of information	48	46
Section 101: Search warrants issued to the Commission	36 ¹⁸	20 ¹⁹
Section 103: Approvals for the acquisition and use of an assumed identity given by the Commission	11 ²⁰	2
Section 121: Authorities to conduct controlled operations granted by the Commission	0	2
Section 123: Authorities for integrity testing programs granted by the Commission	2	0
Section 148: Warrants of apprehension issued by the Commission	0	0
Warrants and emergency authorisations issued to the Commission under the <i>Surveillance Devices Act 1998</i>	0	0
Warrants issued to the Commission under the <i>Telecommunications (Interception and Access) Act 1979</i> (Cwlth)	32	17
Review of authorisations for the use of covert powers, and ensure compliance, by WAPOL, Department of Fisheries and the Australian Crime Commission pursuant to the <i>Criminal Investigations (Covert Powers) Act 2012</i> (which came into effect on 1 March 2013)	0	5

Table 11: Statutory Powers Used by the Commission

Information Furnished to Independent Authorities

- [38] Section 91(2)(d) of the CCC Act requires the Commission to report on the general nature and extent of any information furnished under the Act by the

¹⁸ Nine warrants were not executed. The Commission generally obtains warrants for both a target premises and associated vehicles. If associated vehicles are on a target premises execution of those warrants does not occur. This is also the case if it is deemed that a warrant for associated vehicle(s) is no longer required.

¹⁹ Six warrants were not executed. Refer Footnote 18.

²⁰ In the *Annual Report 2011-2012* this figure was incorrectly reported as "1".

Commission to independent authorities. The term "independent authority" is not defined by the CCC Act. Section 3 of the Act, however, defines "appropriate authority" and "independent agency". The Commission furnished information to both.

[39] The Commission furnished information under the provisions of section 152 and 18(2)(g) of the CCC Act to the following appropriate authorities for the purpose of assisting those authorities to commence or progress disciplinary or other action:

- WAPOL;
- School Curriculum and Standards Authority;
- Department of Local Government;
- Department of Health;
- Department of Corrective Services;
- Department of Education; and
- Western Power.

[40] The Commission furnished information to the following independent agencies under the provisions of section 152 and 18(2)(g) of the CCC Act:

- Public Sector Commission.

Recommendations for Changes in Law

[41] On 21 June 2012 the State Government introduced the *Corruption and Crime Commission Amendment Bill 2012* ("the Bill") in the Parliament. The Commission took the opportunity during the 2012-2013 reporting period to raise with the State Government a number of technical amendments to the Bill. However, the Bill lapsed due to the prorogation of the Parliament on 14 December 2012.

2.1.3 Key Performance Indicators

Outcome: The Integrity of the Public Sector Continuously Improves and the Incidence of Misconduct is Reduced

[42] The Performance Management Framework (refer Point 1.3 of this report) illustrates how the Commission's services contribute to the achievement of its outcomes. There are two outcomes, one of which relates to the integrity of the public sector and the other to organised crime. Each outcome has an associated service, Service One and Service Two respectively. Detailed below are the effectiveness indicators and efficiency indicator associated with Service One.

Effectiveness Indicator	2012-13 Target	2012-13 Actual	Variation %
Number of allegations received	4,000	6,148	54%

- [43] An explanation of the 54% variation between the target of 4,000 allegations received and the actual of 6,148 allegations received for 2012-2013 is provided in Point 4.5.2 of this report.

Effectiveness Indicator	2012-13 Target	2012-13 Actual	Variation %
Number of reports published in accordance with the CCC Act	4	7	75%

- [44] The Commission is pleased to have exceeded its target for the publication of reports during 2012-2013. The number of reports published by the Commission is a major determinant of the extent to which the Commission is effective in achieving its statutory purpose of improving continuously the integrity of, and reducing the incidence of misconduct in, the public sector. Reports educate and inform the public sector, and enable the Parliament and the Western Australian community to be satisfied that significant public sector misconduct allegations and issues are dealt with transparently and accountably.

Efficiency Indicator	2012-13 Target	2012-13 Actual	Variation %
Average cost of service per FTE employed within public authorities under the Commission's jurisdiction	\$223	\$195	12.6%

- [45] An explanation of the 12.6% variation between the target of \$223 average cost of service per FTE and the actual of \$195 average cost of service per FTE is provided in Point 4.5.2 below.

2.2 Service Two: Organised Crime Function

2.2.1 Service Description

- [46] Service Two is to facilitate investigations into organised crime by dealing with applications received from WAPOL for exceptional powers findings and fortification warning notices, by supporting, monitoring and reviewing the use of such powers and, when required, participating in the process of considering charges, prosecutions and appeals.
- [47] The Commission is not empowered to investigate organised crime. Rather, it facilitates the use by WAPOL of the exceptional powers available under the CCC Act. Application for use of these powers by WAPOL is initiated by the Commissioner of Police.

2.2.2 Required Reporting (section 91(2) of the CCC Act)

Exceptional Powers Findings and Fortification Warning Notices

- [48] Table 12 below provides an overview of the number of exceptional powers findings made, and fortification warning notices issued, by the Commission

during 2012-2013 compared with 2011-2012. In both periods there was neither an exceptional powers finding made nor a fortification warning notice issued.

Statutory Power	Number	
	2011-2012	2012-2013
Section 46: Organised crime exceptional powers findings made by the Commission	0	0
Section 68: Organised crime fortification warning notices issued by the Commission	0	0

Table 12: Exceptional Powers Findings Made and Fortification Warning Notices Issued

2.2.3 Key Performance Indicators

Outcome: Reduced Incidence of Organised Crime

- [49] The Performance Management Framework (refer Point 1.3 of this report) illustrates how the Commission's services contribute to the achievement of its outcomes. There are two outcomes, one of which relates to the integrity of the public sector and the other to organised crime. Each outcome has an associated service, Service One and Service Two respectively. Detailed below are the effectiveness indicators and efficiency indicator associated with Service Two.

Effectiveness Indicator	2012-13 Target	2012-13 Actual	Variation %
Number of applications for exceptional powers findings and fortification warning notices received within the financial year ²¹	1	0	100%

- [50] Pursuant to sections 46 and 68 of the CCC Act the Commissioner of Police may make an exceptional powers application to the Commission or apply to the Commission for the issue of a fortification warning notice. The Commission cannot itself initiate an exceptional powers application or the issue of a fortification warning notice. No application for an exceptional powers finding or issue of a fortification warning notice was lodged by the Commissioner of Police during 2012-2013.

²¹ Refer Footnote 2.

Effectiveness Indicator	2012-13 Target	2012-13 Actual	Variation %
Number of applications for exceptional powers findings and fortification warning notices dealt with within the financial year ²²	1	0	100%

- [51] As aforementioned, there were no applications for exceptional powers findings or for the issue of fortification warning notices lodged by the Commissioner of Police during 2012-2013.

Effectiveness Indicator	2012-13 Target	2012-13 Actual	Variation %
Average time taken to deal with applications for exceptional powers findings and fortification warning notices ²³	8 days	0	NA

- [52] As there were no applications for exceptional powers findings or for the issue of fortification warning notices lodged by the Commissioner of Police during 2012-2013, the average time taken to deal with these is not applicable for this period.

Efficiency Indicator	2012-13 Target	2012-13 Actual	Variation %
Average cost per matter involving the use of exceptional powers and fortification warning notices over the financial year	\$225,000	0	NA

- [53] No cost was incurred by the Commission during 2012-2013 for dealing with exceptional powers applications or fortification warning notices, as none were lodged by the Commissioner of Police.

2.2.4 Additional Reporting

- [54] Table 13 provides an overview of charges and convictions, by charges, as a result of the Commission's organised crime function for the 2012-2013 reporting period.²⁴

²² Refer Footnote 3.

²³ Refer Footnote 4.

²⁴ The preferring of charges, any subsequent withdrawing of charges and/or any resulting convictions may not necessarily occur during the same reporting period.

By Charges	Number
Charges commenced by the Commission	0
Charges commenced and still before the courts	16
Charges withdrawn/not proceeded with	
<ul style="list-style-type: none"> withdrawn by the Director of Public Prosecutions (DPP) 	5
<ul style="list-style-type: none"> withdrawn by the Commission 	0
Charges finalised ²⁵	2
Convictions	1

Table 13: Summary of Charges and Convictions Arising from the Commission's Organised Crime Function (by Charges)

- [55] In relation to the Commission's organised crime function, during 2012-2013, no charges were laid by the Commission, 16 charges, carried over from previous years, are still before the courts and two charges were finalised, resulting in one conviction.
- [56] Table 14 provides an overview of charges and convictions, by person, as a result of the Commission's organised crime function for the 2012-2013 reporting period

By Person	Number
Persons with charges commenced against them	0
Persons with charges finalised against them ²⁶	2
Persons convicted	1

Table 14: Summary of Charges and Convictions Arising from the Commission's Organised Crime Function (by Persons Charged)

- [57] In relation to the Commission's organised crime function, during 2012-2013, no person was charged by the Commission. Of the two persons with charges finalised against them, one person was convicted.
- [58] Table 15 below provides the Commission's conviction rates, by persons charged and by charges, for 2012-2013 and since the Commission began operations in 2004.

²⁵ Refer Footnote 14.

²⁶ Refer Footnote 14.

Conviction Rates²⁷	Since 2004	2012-2013
By persons charged	72.73%	50%
By charges	93.48%	50%

Table 15: Conviction Rates for Prosecutions Arising from the Commission's Organised Crime Function

[59] In 2012-2013 the Commission's convictions rates, for both "by person" and "by charges", was 50%. The small number of charges finalised during the period resulted in conviction rates that are incongruent with the Commission's overall convictions rates of 72.73% (by person) and 93.48% (by charges) for prosecutions arising from the Commission's organised crime function.

2.3 Financial Targets: Actual Results Versus Budget Targets

Financial Targets	2012-13 Target \$000	2012-13 Actual \$000	Variation \$000	Variation %
Total cost of services (expense limit)	32,494	29,673	(2,821)	(8.7%)
Net cost of services	32,474	29,483	(2,991)	(9.2%)
Total equity	25,309	26,090	781	3.1%
Net increase/(decrease) in cash and cash equivalents	(306)	1,494	1,800	588%
Approved FTE staff level	154	151.87	(2.13)	(1.4%)

Table 16: Financial Targets: Actual Results Versus Budget Targets

²⁷ Refer Footnote 16.

CHAPTER THREE

SIGNIFICANT ISSUES IMPACTING THE AGENCY

3.1 Current and Emerging Issues and Trends

- [60] In 2013-2014 the Commission will apply an enhanced intelligence assessment process to both its misconduct function and prevention and education function in order to improve outcomes. This will lead to a realignment of resources against key priority areas.
- [61] There have been no applications for access to the exceptional powers provisions of the CCC Act since March 2012. As a result one of the two main purposes of the CCC Act, to combat and reduce the incidence of organised crime, was not achieved. The Commission continues to seek opportunities to promote the use of these powers.
- [62] The Commission is reviewing support to its investigations, performs its corruption prevention role and delivers internal information technology services and systems in order to seek improvements in effectiveness and efficiency.

3.1.1 Enhanced Intelligence Model

- [63] The aforementioned enhanced intelligence assessment process will be applied by the Commission to gather, analyse and use information about the range of corruption threats facing the Western Australian public sector.
- [64] This intelligence assessment will support the Commission's misconduct function and prevention and education function, in particular, the determination of:
- strategic and operational priorities and objectives; and
 - operational activities including the identification of serious misconduct.
- [65] It will also assist the Commission to align its resources toward key priority areas in order to maximise its effectiveness in improving the integrity of the Western Australian public sector.

3.1.2 Exceptional Powers Applications

- [66] Pursuant to section 46 of the CCC Act the Commissioner of Police may make an exceptional powers application to the Commission. The Commission cannot itself initiate an exceptional powers application. The Commissioner of Police did not make any applications during the past 15 months.
- [67] The CCC Act does not permit the Commission to itself investigate serious and organised crime. The Commission cannot initiate an exceptional powers application.
- [68] The Commission continues to work with WAPOL to facilitate the use of these powers.

- [69] Consideration of Table 17 below supports the conclusion that one of the two main purposes of the CCC Act, to combat and reduce the incidence of organised crime, has not been achieved and is unlikely to be achieved in present circumstances. The *Corruption and Crime Commission Amendment Bill 2012*, which would have improved the Commission's statutory authority to combat organised crime and corruption in Western Australia, lapsed due to the prorogation of the Parliament on 14 December 2012.

Financial Year	EPA ²⁸ and FWN	EPF ²⁹ and FWN
2004-2005	1	1
2005-2006	0	0
2006-2007	0	0
2007-2008	0	0
2008-2009	5	5
2009-2010	4	3
2010-2011	3 ³⁰	2 ³¹
2011-2012	1	0
2012-2013	0	0
Total	14	11

Table 17: Use of Exceptional Powers and Fortification Warning Notices (FWN)

3.1.3 Review of Commission Performance

- [70] Since its inception in January 2004 the Commission has made a number of incremental changes to its processes, procedures and structure. In order to ensure that it is performing its various functions effectively and efficiently the Commission, during 2012-2013, initiated steps to conduct reviews of support to its investigations, the performance of its misconduct function and its prevention and education function and the delivery of information technology support to the Commission.

²⁸ Exceptional Powers Application (EPA).

²⁹ Exceptional Powers Finding (EPF).

³⁰ Includes one application, by the Commissioner of Police, for a fortification warning notice pursuant to section 68 of the CCC Act.

³¹ Includes the issue of one fortification warning notice by the Commission pursuant to section 68 of the CCC Act.

CHAPTER FOUR

DISCLOSURES AND LEGAL COMPLIANCE

4.1 Independent Audit Opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

CORRUPTION AND CRIME COMMISSION

Report on the Financial Statements

I have audited the accounts and financial statements of the Corruption and Crime Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2013, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Corruption and Crime Commission at 30 June 2013 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Corruption and Crime Commission during the year ended 30 June 2013.

Controls exercised by the Corruption and Crime Commission are those policies and procedures established by the Commissioner to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Commissioner's Responsibility for Controls

The Commissioner is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Corruption and Crime Commission based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Commission complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the Corruption and Crime Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2013.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Corruption and Crime Commission for the year ended 30 June 2013.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Commissioner's Responsibility for the Key Performance Indicators

The Commissioner is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Commissioner determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Commissioner's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In my opinion, the key performance indicators of the Corruption and Crime Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2013.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Corruption and Crime Commission for the year ended 30 June 2013 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
20 September 2013

4.2 Certification of Financial Statements



FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS

For the year ended 30 June 2013

The accompanying Financial Statements of the Corruption and Crime Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2013 and the financial position as at 30 June 2013.

At the date of signing we are not aware of any circumstances which would render the particulars included in the Financial Statements misleading or inaccurate.




Roger Macknay, QC
COMMISSIONER



Jeffrey Morris
ACTING CHIEF FINANCE OFFICER

17 September 2013



CORRUPTION AND CRIME COMMISSION

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4.3 Financial Statements

CORRUPTION AND CRIME COMMISSION

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	19,852	18,447
Supplies and services	7	3,860	5,207
Depreciation and amortisation expense	8	1,919	1,398
Accommodation expenses	9	3,079	2,291
Loss on disposal of non-current assets	11	-	-
Other expenses	10	963	1,031
Total cost of services		29,673	28,374
Income			
<i>Revenue</i>			
Other revenue	12	135	1,000
Total Revenue		135	1,000
<i>Gains</i>			
Gain on disposal of non-current assets	11	55	71
Total Gains		55	71
Total income other than income from State Government		190	1,071
NET COST OF SERVICES		29,483	27,303
Income from State Government			
Service Appropriation	13	30,067	27,462
Services received free of charge	13	8	8
Total income from State Government		30,075	27,470
SURPLUS FOR THE PERIOD		592	167
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		592	167

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CORRUPTION AND CRIME COMMISSION
Statement of Financial Position

As at 30 June 2013

	Note	2013 \$000	2012 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	24	9,313	7,927
Restricted cash and cash equivalents	14	-	-
Receivables	15	397	460
Amounts receivable for services	16	9,455	828
Other current assets	17	498	317
Total Current Assets		19,663	9,532
Non-Current Assets			
Amounts receivable for services	16	7,400	14,826
Restricted cash and cash equivalents	14	569	461
Plant and equipment	18	5,011	5,165
Intangible assets	19	247	178
Total Non-Current Assets		13,227	20,630
TOTAL ASSETS		32,890	30,162
LIABILITIES			
Current Liabilities			
Payables	21	1,598	1,169
Provisions	22	4,390	4,287
Total Current Liabilities		5,988	5,456
Non Current Liabilities			
Provisions	22	812	943
Total Non-Current Liabilities		812	943
TOTAL LIABILITIES		6,800	6,399
NET ASSETS		26,090	23,763
EQUITY			
Contributed equity	23	18,969	17,234
Accumulated surplus	23	7,121	6,529
TOTAL EQUITY		26,090	23,763

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

CORRUPTION AND CRIME COMMISSION
Statement of Changes in Equity
For the year ended 30 June 2013

	Note	Contributed equity	Reserves	Accumulated surplus / (deficit)	Total equity
		\$000	\$000	\$000	\$000
Balance at 1 July 2011	23	15,934	-	6,362	22,296
Changes in accounting policy		-	-	-	-
Correction of prior period errors		-	-	-	-
Restated balance at 1 July 2011		<u>15,934</u>	<u>-</u>	<u>6,362</u>	<u>22,296</u>
Surplus		-	-	167	167
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>167</u>	<u>167</u>
Transactions with owners in their capacity as owners:					
Capital appropriations		1,300	-	-	1,300
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		<u>1,300</u>	<u>-</u>	<u>-</u>	<u>1,300</u>
Balance at 30 June 2012		<u>17,234</u>	<u>-</u>	<u>6,529</u>	<u>23,763</u>
Balance at 1 July 2012		17,234	-	6,529	23,763
Surplus		-	-	592	592
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>592</u>	<u>592</u>
Transactions with owners in their capacity as owners:					
Capital appropriations		1,735	-	-	1,735
Other contributions by owners		-	-	-	-
Distribution to Owners		-	-	-	-
Total		<u>1,735</u>	<u>-</u>	<u>-</u>	<u>1,735</u>
Balance at 30 June 2013		<u>18,969</u>	<u>-</u>	<u>7,121</u>	<u>26,090</u>

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

CORRUPTION AND CRIME COMMISSION

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		28,038	25,780
Capital contributions		1,735	1,300
Holding account drawdown		828	1,086
Net cash provided by State Government		30,601	28,166
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(19,456)	(17,877)
Supplies and services		(4,039)	(5,197)
Accommodation		(2,927)	(2,408)
GST payments on purchases		(893)	(937)
Other payments		(963)	(1,031)
Receipts			
GST receipts on sales		12	92
GST receipts from taxation authority		802	949
Other receipts		135	1,000
Net cash provided by/(used in) operating activities	24	(27,329)	(25,409)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(1,862)	(1,552)
Receipts			
Proceeds from sale of non-current physical assets		84	86
Net cash provided by/(used in) investing activities		(1,778)	(1,466)
Net increase in cash and cash equivalents		1,494	1,291
Cash and cash equivalents at the beginning of the period		8,387	7,096
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24	9,881	8,387

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 2013

1 Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2013 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Commission has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2013.

2 Summary of significant accounting policies

(a) General Statement

The Commission is a not for profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

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

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

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

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

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

The judgements that have been made in the process of applying the Commission's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises the Commission and entities listed at note 32 'Related bodies'.

(d) Contributed Equity

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

The transfer of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

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

Interest

Revenue is recognised as the interest accrues.

Service Appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Summary of significant accounting policies (continued)

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) **Plant and Equipment**

Capitalisation / Expensing of assets

Items of plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

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

Subsequent measurement

Subsequent to initial recognition as an asset, the historical cost model is used for the measurement for plant and equipment. All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Derecognition

Upon disposal or derecognition of an item of property, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 18 'Plant and Equipment'.

Depreciation

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

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

Leasehold Improvements	Up to 10 years or remaining period of lease.
Computer Equipment	3 years
Operations Equipment	3 - 5 years
Office Equipment	3 - 5 years
Motor Vehicles	5 years
Software (a)	3 years

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

(g) **Intangible Assets**

Capitalisation / Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

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

The expected useful lives for each class of intangible asset are:

Software (a)	3 - 5 years
Website Costs	3 - 5 years

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

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Summary of significant accounting policies (continued)

Website Costs

Website costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(h) Impairment of Assets

Plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount and an impairment is recognised in profit or loss. Where a previously revalued asset is written down the recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Commission is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/ amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

Refer to note 20 'Impairment of assets' for outcome of impairment reviews and testing.

Refer also to note 2(n) 'Receivables' and Note 15 'Receivables' for impairment of receivables.

(i) Leases

The Commission has entered into operating lease agreements for buildings and motor vehicles where the lessors effectively retain all the risks and benefits incidental to ownership of the items held under the operating leases.

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(j) Financial Instruments

In addition to cash, the Commission has two categories of financial instrument:

- Receivables, and
- Financial liabilities measured at amortised cost

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services.

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(l) Accrued Salaries

Accrued salaries (see note 21 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value.

Summary of significant accounting policies (continued)

(m) Amounts Receivable for Services (holding account)

The Commission receives income from the State Government partly in cash and partly as an asset (holding account receivable). The accrued amount appropriated is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

See also note 13 'Income from State Government' and note 16 'Amounts receivable for services'.

(n) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(o) Payables

Payables are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

(p) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Long Service Leave

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Sick leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non vesting, an expense is recognised in the Statement of Comprehensive Income for this leave as it is taken.

Summary of significant accounting policies (continued)

Purchased Leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

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

The Commission has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Commission makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish the Commission's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions - other

Employment on-costs

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

(q) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, and other superannuation funds.

(r) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost are recognised as income at the fair value of the assets and/or the fair value of those services that can be reliably measured and the Commission would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3 Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Commission evaluates these judgements regularly.

Operating Lease commitments

The Commission has entered into leases for buildings for office accommodation. These leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

4 Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions used in calculating the Commission's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Commission has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2012 that impacted on the Commission.

AASB 2011-9	<i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income (AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049)</i>
	This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. Consequently, the Commission has not applied early any of the following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i> This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments. AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures amended the mandatory application date of this Standard to 1 January 2015. The Commission has not yet determined the application or the potential impact of the Standard.	1 January 2015
AASB 119	<i>Employee Benefits</i> This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements. The Commission does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts.	1 January 2013
AASB 127	<i>Separate Financial Statements</i> This Standard supersedes requirements under AASB 127 Consolidated and Separate Financial Statements, introducing a number of changes to accounting treatments. Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Commission has not yet determined the application or the potential impact of the Standard.	1 January 2014
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i> This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.	1 July 2013

CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2013

Disclosure of changes in accounting policy and estimates (continued)

AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052)</i></p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 July 2013
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127)</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>AASB 2012-8 amended the mandatory application date of this Standard to 1 January 2015. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 January 2015
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements (AASB 101 & 1054)</i></p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>	1 July 2013
AASB 2011-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 13 (AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132)</i></p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 January 2013
AASB 2011-10	<p><i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14)</i></p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is no financial impact.</p>	1 January 2013
AASB 2011-11	<p><i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i></p> <p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 January 2013
AASB 2012-1	<p><i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements (AASB 3, 7, 13, 140 & 141)</i></p> <p>This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.</p>	1 July 2013

Disclosure of changes in accounting policy and estimates (continued)

AASB 2012-2	<p><i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]</i></p> <p>This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.</p>	1 January 2013
AASB 2012-3	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>	1 January 2014
AASB 2012-5	<p><i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]</i></p> <p>This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.</p>	1 January 2013
AASB 2012-6	<p><i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]</i></p> <p>This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.</p>	1 January 2013
AASB 2012-7	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]</i></p> <p>This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.</p>	1 July 2013
AASB 2012-10	<p><i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 116, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]</i></p> <p>This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.</p> <p>The Standard was issued in December 2012. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 January 2013

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Disclosure of changes in accounting policy and estimates (continued)

AASB 2012-11

Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]

1 July 2013

This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.

This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.

Changes in Accounting Estimates

There were no changes in accounting estimates that have an effect in the current period or are expected in the future.

6 Employee benefits expense

	2013	2012
	\$000	\$000
Wages and salaries (a)	18,078	16,876
Superannuation - defined contributions plans (b)	1,774	1,571
	<u>19,852</u>	<u>18,447</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESBS and other eligible funds.

Employment on-costs expenses, such as workers' compensation insurance, are included at note 10 'Other expenses'.
Employment on costs liability is included at note 22 'Provisions'.

7 Supplies and services

	2013	2012
	\$000	\$000
Communications	433	495
Consultants and Contractors	1,624	2,456
Motor vehicle expenses	380	356
Legal Expenses	207	325
Publications and printing	25	93
Consumables	471	605
Minor plant and equipment	338	636
Travel	247	241
Other	135	-
	<u>3,860</u>	<u>5,207</u>

8 Depreciation and amortisation expense

	2013	2012
	\$000	\$000
<u>Depreciation</u>		
Office equipment	60	49
Computer equipment	836	371
Operations Equipment and motor vehicles	678	606
Leasehold improvements	287	323
Total depreciation	<u>1,861</u>	<u>1,349</u>
<u>Amortisation</u>		
Software	58	49
Total amortisation	<u>58</u>	<u>49</u>
Total depreciation and amortisation	<u>1,919</u>	<u>1,398</u>

CORRUPTION AND CRIME COMMISSION
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9 Accommodation expenses

	2013	2012
	\$000	\$000
Lease expense	1,794	1,327
Lease incentive (a)	(209)	(360)
Building outgoings	633	438
Parking	225	196
Cleaning	99	100
Electricity and water	386	513
Repairs and maintenance	151	77
	<u>3,079</u>	<u>2,291</u>

(a) See Note 22 'Provisions'.

10 Other expenses

	2013	2012
	\$000	\$000
Equipment repairs and maintenance	57	142
Employment on-costs (a)	63	48
Other Employment Costs	755	661
Audit fees	77	40
Other Expenses	11	140
	<u>963</u>	<u>1,031</u>

(a) See Note 6 'Employee benefits expense'.

11 Net gain/(loss) on disposal of non-current assets

	2013	2012
	\$000	\$000
<u>Proceeds from disposal of non-current assets</u>		
Operations equipment and motor vehicles	84	86
<u>Cost of disposal of non-current assets</u>		
Operations equipment and motor vehicles	(29)	(15)
Net gain/(loss)	<u>55</u>	<u>71</u>

12 Other revenue

	2013	2012
	\$000	\$000
Other revenue	98	75
Contributions to government vehicle scheme	37	38
APSAC Conference 2011 (a)	-	887
	<u>135</u>	<u>1,000</u>

(a) The Commission co-ordinated the 'Australian Public Sector Anti-Corruption Conference 2011' and this figure represents the income generated. The expenses incurred are distributed in the applicable expense summaries within these statements.

CORRUPTION AND CRIME COMMISSION
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13 Income from State Government

	2013 \$000	2012 \$000
Appropriation received during the period:		
Service appropriation (a)	30,067	27,462
	<u>30,067</u>	<u>27,462</u>

Services received free of charge (b)
Determined on the basis of the following estimates provided by the relevant agencies

Building Management and Works	6	5
State Solicitors Office	2	2
Landgate	-	1
	<u>8</u>	<u>8</u>

- (a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.

14 Restricted cash and cash equivalents

	2013 \$000	2012 \$000
<u>Non-Current</u>		
Accrued Salaries Expense Account (a)	569	461
	<u>569</u>	<u>461</u>

- (a) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years. The next 27th pay will fall on 30 June 2016.

15 Receivables

	2013 \$000	2012 \$000
<u>Current</u>		
Receivables	53	195
Allowance for impairment of receivables	-	-
Goods and Services Tax (GST) receivable	344	265
	<u>397</u>	<u>460</u>

The Commission does not hold any collateral or other credit enhancements as security for receivables.

See also note 2(n) 'Receivables' and note 29 'Financial instruments'.

16 Amounts receivable for services (Holding Account)

	2013 \$000	2012 \$000
Current	9,455	828
Non-current	7,400	14,826
	<u>16,855</u>	<u>15,654</u>

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

See also note 2(n) 'Receivables' and note 29 'Financial instruments'.

17 Other current assets

	2013 \$000	2012 \$000
Prepayments	498	317
	<u>498</u>	<u>317</u>

CORRUPTION AND CRIME COMMISSION
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18 Plant and Equipment

	2013 \$000	2012 \$000
Office equipment		
At cost	340	302
Accumulated depreciation	(247)	(187)
	<u>93</u>	<u>115</u>
Computer equipment		
At cost	4,327	3,818
Accumulated depreciation	(2,593)	(1,758)
	<u>1,734</u>	<u>2,060</u>
Operations equipment and motor vehicles		
At cost	9,201	8,248
Accumulated depreciation	(7,043)	(6,598)
	<u>2,158</u>	<u>1,650</u>
Leasehold improvements		
At cost	6,123	6,123
Accumulated depreciation	(5,114)	(4,827)
	<u>1,009</u>	<u>1,296</u>
Works in progress		
At cost	17	44
	<u>17</u>	<u>44</u>
	<u>5,011</u>	<u>5,165</u>

Reconciliation of the carrying amounts of property at the beginning and end of the reporting period are set out in the table below.

	Office equipment \$000	Computer equipment \$000	Operations equipment vehicles \$000	Leasehold improve- ments \$000	Works in progress \$000	Total \$000
2013						
Carrying amount at start of year	115	2,060	1,650	1,296	44	5,165
Additions	27	509	1,199	-	17	1,752
Movements	11	-	21	-	(32)	-
Transfer to intangibles	-	(8)	-	-	(12)	(20)
Works in Progress 2012 Expensed	-	4	-	-	-	4
Disposals	-	-	(29)	-	-	(29)
Depreciation	(60)	(831)	(683)	(287)	-	(1,861)
Carrying amount at end of year	<u>93</u>	<u>1,734</u>	<u>2,158</u>	<u>1,009</u>	<u>17</u>	<u>5,011</u>
2012						
Carrying amount at start of year	96	341	1,524	1,592	1,477	5,030
Additions	68	613	747	27	44	1,499
Movements	-	1,477	-	-	(1,477)	-
Disposals	-	-	(15)	-	-	(15)
Depreciation	(49)	(371)	(606)	(323)	-	(1,349)
Carrying amount at end of year	<u>115</u>	<u>2,060</u>	<u>1,650</u>	<u>1,296</u>	<u>44</u>	<u>5,165</u>

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19 Intangible Assets

	2013 \$000	2012 \$000
<u>Computer Software</u>		
At Cost	1,564	1,436
Accumulated amortisation	(1,317)	(1,258)
	<u>247</u>	<u>178</u>
Reconciliation		
<u>Computer Software</u>		
Carrying amount at start of period	178	174
Additions	107	53
Transfer from Plant & Equipment	20	-
Disposals	-	-
Amortisation expense	(58)	(49)
Carrying amount at end of period	<u>247</u>	<u>178</u>

20 Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2013.

The Commission held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2013 have either been classified as assets held for sale or written off.

21 Payables

	2013 \$000	2012 \$000
<u>Current</u>		
Payables	344	354
Accrued Salaries	420	347
Accrued Expenses	834	468
	<u>1,598</u>	<u>1,169</u>

See also note 2(o) 'Payables' and note 29 'Financial instruments'.

CORRUPTION AND CRIME COMMISSION
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22 Provisions

	2013 \$000	2012 \$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave (a)	1,383	1,224
Long Service Leave (b)	2,596	2,462
	<u>3,979</u>	<u>3,686</u>
<i>Other provisions</i>		
Employment on-costs (c)	411	391
Lease incentive liability (d)	-	210
	<u>411</u>	<u>601</u>
	<u>4,390</u>	<u>4,287</u>
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long Service Leave (b)	726	849
	<u>726</u>	<u>849</u>
<i>Other provisions</i>		
Employment on-costs (c)	86	94
Lease incentive liability (d)	-	-
	<u>86</u>	<u>94</u>
	<u>812</u>	<u>943</u>

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	1,048	988
More than 12 months after the end of the reporting period	335	236
	<u>1,383</u>	<u>1,224</u>

- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of the end of the reporting period	1,277	1,070
More than 12 months after the end of the reporting period	2,045	2,241
	<u>3,322</u>	<u>3,311</u>

- (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 10 'Other expenses'.

- (d) The Commission received an incentive payment at the commencement of a building lease that is being amortised over the period of the lease commencing in 2004-05 and ceasing in 2012-13. See also Note 9 'Accommodation Expense'.

Movements in other provisions	2013 \$000	2012 \$000
Movements in each class of provisions during the financial year, other than employee benefits, are set out below:		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	485	369
Additional provisions recognised	12	116
Carrying amount at end of period	<u>497</u>	<u>485</u>
<u>Lease Incentive</u>		
Carrying amount at start of period	209	569
Additional provisions recognised	-	-
Payments/other sacrifices of economic benefits	(209)	(360)
Unwinding of the discount	-	-
Carrying amount at end of period	<u>-</u>	<u>209</u>

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23 Equity

Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

	2013 \$000	2012 \$000
Contributed equity		
Balance at start of period	17,234	15,934
Contributions by owners		
Capital appropriation	1,735	1,300
Balance at end of period	<u>18,969</u>	<u>17,234</u>
Accumulated surplus		
Balance at start of Period	6,529	6,362
Result for the period	592	167
Balance at end of period	<u>7,121</u>	<u>6,529</u>
Total Equity at end of period	<u>26,090</u>	<u>23,763</u>

24 Notes to the Statement of Cash Flows

	2013 \$000	2012 \$000
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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 and cash equivalents	9,313	7,927
Restricted cash and cash equivalents (<i>see note 14</i>)	569	461
	<u>9,882</u>	<u>8,388</u>

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services	(29,483)	(27,303)
<u>Non-cash items:</u>		
Depreciation and amortisation expense	1,919	1,398
Gain/loss from sale of non-current assets	(55)	(71)
Resources received free of charge	8	8
Adjustment for other non-cash items	(80)	106
<u>(Increase)/decrease in assets:</u>		
Current receivables (a)	142	(80)
Other current assets	(181)	8
<u>Increase/(decrease) in liabilities:</u>		
Current payables (a)	429	155
Current provisions	103	577
Non-current provisions	(131)	(205)
Net GST receipts/(payments) (b)	(79)	104
Change in GST receivables/payables (c)	79	(105)
Net cash used in operating activities	<u>(27,329)</u>	<u>(25,408)</u>

(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

(b) This is the net GST paid/received, i.e., cash transactions.

(c) This reverses out the GST in receivables and payables.

CORRUPTION AND CRIME COMMISSION
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25 Commitments

2013	2012
\$000	\$000

The commitments below are inclusive of GST where relevant.

Non-cancellable operating lease commitments

Office accommodation (a)	-	642
Motor vehicles	172	162
	<u>172</u>	<u>804</u>

(a) The Commissions' existing office accommodation lease expired in February 2013. An extension of this lease is currently being re-negotiated on our behalf via the Department of Finance. No formal contractual arrangements had been finalised at 30/6/2013.

Commitments for minimum lease payments are payable as follows:

Within 1 year	90	734
Later than 1 year and not later than 5 years	82	70
Later than 5 years	-	-
	<u>172</u>	<u>804</u>

(a) The existing lease on the building occupied by the Commission expired in February 2013. The Department of Finance has been re-negotiating this lease with the buildings' owners. Agreement in principal has been reached to continue the lease arrangements but final documentation had not been signed at 30 June 2013. *See also Note 27.*

26 Contingent liabilities

The commission has no contingent liabilities

27 Events occurring after the end of the reporting period

There have been no material events occurring after 30 June 2013.

CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2013

28 Explanatory statement

Significant variations between estimates and actual results for 2013 and between the actual results for 2012 and 2013 are shown below. Significant variations are considered to be those greater than 10% or \$50,000.

Significant variances between estimated and actual result for 2013

	2013 Estimate \$000	2013 Actual \$000	Variation \$000
<u>Income</u>			
Other revenue	20	135	115
Gain on disposal of non-current assets	-	55	55
<u>Expenses</u>			
Employee benefits expense	21,384	19,852	(1,532)
Supplies and services	5,282	3,860	(1,422)
Accommodation expenses	2,681	3,079	398
Depreciation and amortisation expense	2,177	1,919	(258)
Other expenses	1,575	963	(612)
<u>Income from State Government</u>			
Service Appropriation	32,387	30,067	(2,320)

Other revenue

The significant increase is primarily attributable to an insurance refund and a refund from GESB as a result of an overcharge of a superannuation liability.

Gain on disposal of non-current assets

The Commission does not expect to derive a profit on the sale of non-current assets and as such gains on disposal are not included in estimates.

Employee benefits expense

The significant variance in Employee Benefits Expense between the 2013 Estimate and the 2013 Actual is primarily attributable to vacancies within the Commission during the first half of the financial year.

Supplies and services

The significant variance in Supplies and services between the 2013 Estimate and the 2013 Actual is primarily attributable to savings achieved within the Commission as a result of the Governments Efficiency Dividend and Budget Corrective Measures.

Accommodation Expenses

The significant variance is primarily attributable to provision being made to fund the arrears associated with the renewal of the existing building lease.

Depreciation and amortisation expense

The capitalisation thresholds, wherein items under \$5,000 are expensed, has resulted in reduced capitalisation of assets leading to lower depreciation than estimated.

Other expenses

The significant variation between 2013 Estimate and 2013 Actual is primarily due to unexpended appropriation being returned to government.

Service Appropriation

The significant variance is due to unexpended appropriation being returned to Government.

CORRUPTION AND CRIME COMMISSION
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Explanatory statement (continued)

Significant variances between actual results for 2012 and 2013

	2013 \$000	2012 \$000	Variance \$000
<u>Income</u>			
Other revenue	135	1,000	(865)
<u>Expenses</u>			
Employee benefits expense	19,852	18,447	1,405
Supplies and services	3,860	5,207	(1,347)
Accommodation expenses	3,079	2,291	788
Depreciation and amortisation expense	1,919	1,398	521
Other expenses	963	1,031	(68)
<u>Income from State Government</u>			
Service Appropriation	30,067	27,462	2,605

Other revenue

The significant decrease is primarily attributable to the Australian Public Sector Anti-Corruption Conference (APSACC) receipts (\$887,000) held in 2012.

Employee benefits expense

The increase in expense is primarily attributable to the salary increases associated with the Commission's Industrial Agreement and the Commission filling vacancies in the second half of the financial year.

Supplies and services

The significant decrease is primarily attributable to expenses associated with the Australian Public Sector Anti-Corruption Conference (APSACC).

Accommodation expenses

The significant increase is primarily attributable to provision being made to fund the arrears associated with the renewal of the existing building lease.

Depreciation and amortisation expense

The significant increase is attributable to increases in the Commissions fixed assets associated with the Asset Investment Program.

Other expenses

The significant decrease is attributable to interest charges incurred in 2011-12 associated with the back payment of Fringe Benefits Tax.

Service Appropriation

The significant variance is due to unexpended appropriation being returned to Government.

29 Financial Instruments

(a) Financial Risk Management Objectives and Policies

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

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 29(c) 'Financial instruments disclosures' and note 15 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due.

The Commission is exposed to liquidity risk through its trading in the normal course of business.

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

Market Risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or the value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks (for example, equity securities or commodity prices changes).

(b) Categories of Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2013 \$000	2012 \$000
Financial Assets		
Cash and cash equivalents	9,313	7,927
Restricted cash and cash equivalents	569	461
Loans and receivables (a)	16,908	15,849
Financial Liabilities		
Financial liabilities measured at amortised cost	1,598	1,169

(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)

(c) Financial Instrument Disclosures

Credit Risk

The following table discloses the Commission's maximum exposure to credit risk and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Commission.

The Commission does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

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Financial Instruments (continued)

Aged analysis of financial assets

	Carrying amount	Not past due and not impaired	Up to 1 month	Past due but not impaired				More than 5 years	Impaired financial assets
	\$000	\$000	\$000	1 - 3 months	3 months to 1 year	1 - 5 years	\$000	\$000	\$000
2013									
Cash & cash equivalents	9,313	9,313	-	-	-	-	-	-	-
Restricted cash and cash equivalents	569	569	-	-	-	-	-	-	-
Receivables (a)	53	53	-	-	-	-	-	-	-
Amounts receivable for services	16,855	16,855	-	-	-	-	-	-	-
	26,790	26,790	-	-	-	-	-	-	-
2012									
Cash & cash equivalents	7,927	7,927	-	-	-	-	-	-	-
Restricted cash and cash equivalents	461	461	-	-	-	-	-	-	-
Receivables (a)	195	1	15	39	140	-	-	-	-
Amounts receivable for services	15,654	15,654	-	-	-	-	-	-	-
	24,237	24,043	15	39	140	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

CORRUPTION AND CRIME COMMISSION
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Financial Instruments (continued)

Liquidity risk and interest rate exposure

The following table details the Commission's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate	Interest rate exposure			Nominal Amount	Up to 1 month	Past due but not impaired		
		Carrying Amount	Fixed interest rate	Variable interest rate			1 to 3 months	3 month to 1 year	More than 5 years
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets									
2013									
Cash & cash equivalents	-	9,313	-	-	9,313	9,313	-	-	-
Restricted cash & equivalents	-	569	-	-	569	569	-	-	-
Receivables (a)	-	53	-	-	53	53	-	-	-
Amounts receivable for services	-	16,855	-	-	16,855	-	-	12,104	4,751
		26,790	-	-	26,790	9,935	-	12,104	4,751
Financial Liabilities									
Payables	-	344	-	-	344	344	-	-	-
		344	-	-	344	344	-	-	-

(a) (a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2013

Financial Instruments (continued)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate	Interest rate exposure		Non-interest bearing		Nominal Amount	Up to 1 month	Past due but not impaired		More than 5 years
		Carrying Amount	Fixed interest rate	Variable interest rate				1 to 3 months	3 month to 1 year	
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets										
2012										
Cash & cash equivalents	-	7,927	-	-	7,927	7,927	7,927	-	-	-
Restricted cash & equivalents	-	461	-	-	461	461	461	-	-	-
Receivables (a)	-	195	-	-	195	195	195	-	-	-
Amounts receivable for services	-	15,654	-	-	15,654	15,654	-	-	-	2,857
		<u>24,237</u>			<u>24,237</u>	<u>24,237</u>			<u>12,797</u>	<u>2,857</u>
Financial Liabilities										
Payables	-	354	-	-	354	354	354	-	-	-
		<u>354</u>			<u>354</u>	<u>354</u>	<u>354</u>			

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)

Financial Instruments (continued)

Interest rate sensitivity analysis

The Commission does not have any financial assets and liabilities that are subject to fluctuations in interest rates. As a result, the tables normally appearing in the notes have been deleted.

CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2013

30 Remuneration of senior officers

Remuneration of members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non monetary benefits and other benefits for the financial year, fall within the following bands are:

\$	2013	2012
130,001 - 140,000	-	1
200,001 - 210,000	1	-
340,001 - 350,000	-	1
	\$000	\$000
Base remuneration and superannuation	203	459
Annual leave and long service leave accruals	11	4
Other benefits	30	16
The total remuneration of members of the accountable authority	244	479

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the accountable authority.

Remuneration of senior officers

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

\$	2013	2012
110,001 - 120,000	1	-
150,001 - 160,000	2	-
190,001 - 200,000	1	1
200,001 - 210,000	-	1
220,001 - 230,000	1	2
240,001 - 250,000	1	-
390,001 - 400,000	-	1
450,001 - 460,000	1	-
	\$000	\$000
Base remuneration and superannuation	1,382	1,130
Annual leave and long service leave accruals	43	36
Other benefits	117	75
The total remuneration of members of the accountable authority	1,542	1,241

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

CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2013

31 Remuneration of the auditor

	2013 \$000	2012 \$000
Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	40	38
The expense is included at <i>note 10 'Other expenses'</i> .		

32 Related bodies

The Commission has no related bodies during the financial year.

33 Supplementary financial information

	2013 \$000	2012 \$000
<u>Write-Offs</u>		
Bad Debts written off under the authority of the accountable authority	-	-
	-	-
<u>Losses Through Theft, Defaults and Other Causes</u>		
Losses of public moneys and, public and other property through theft or default	-	-
Amounts recovered	-	-
	-	-
<u>Gifts of Public Property</u>		
Gifts of public property provided by the Commission	-	-
	-	-

CORRUPTION AND CRIME COMMISSION
Notes to the Financial Statements
For the year ended 30 June 2013

34 Schedule of income and expense by service

	Building public sector integrity and capacity to deal with misconduct		Organised Crime Function		Total	
COST OF SERVICES						
	2013	2012	2013	2012	2013	2012
	\$000	\$000	\$000	\$000	\$000	\$000
Expenses						
Employee benefits expense	19,852	18,447	-	-	19,852	18,447
Supplies and services	3,860	5,207	-	-	3,860	5,207
Accommodation expenses	3,079	2,291	-	-	3,079	2,291
Depreciation and amortisation expense	1,919	1,398	-	-	1,919	1,398
Loss on disposal of non-current assets	-	-	-	-	-	-
Other expenses	963	1,031	-	-	963	1,031
Total Cost of Services	29,673	28,374	-	-	29,673	28,374
Income						
Other revenue	135	1,000	-	-	135	1,000
Gain on disposal of non-current assets	55	71	-	-	55	71
Total Income other than from State Government	190	1,071	-	-	190	1,071
NET COST OF SERVICES	29,483	27,303	-	-	29,483	27,303
INCOME FROM STATE GOVERNMENT						
Service Appropriation	30,067	27,462	-	-	30,067	27,462
Services received free of charge	8	8	-	-	8	8
Total Income from State Government	30,075	27,470	-	-	30,075	27,470
Surplus/(deficit) for the period	592	167	-	-	592	167

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

4.4 Certification of Key Performance Indicators



KEY PERFORMANCE INDICATORS

CERTIFICATION OF PERFORMANCE INDICATORS

For the year ended 30 June 2013

I hereby certify that the Key Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess the performance of the Corruption and Crime Commission ("the Commission"), and fairly represent the performance of the Commission for the financial year ended 30 June 2013.

Roger Macknay, QC
COMMISSIONER

17 September 2013

CORRUPTION AND CRIME COMMISSION

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4.5 Key Performance Indicators

4.5.1 Introduction

- [71] During 2011-2012 the Commission amended its OBM structure. As of 2012-2013 the Commission is reporting against the revised structure and KPIs.

4.5.2 Service One: Building Public Sector Agency Integrity and Capacity to Deal with Misconduct

Effectiveness Indicators					
Number of allegations received.					
2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual
3,246	3,340	3,208	5,944	4,000	6,148

- [72] In the three years 2008-2009 to 2010-2011 there was a slight decline in allegations received, followed by an 85.2% increase in allegations received in 2011-2012. This increase involved 1,583 "one-off" allegations of predominantly neglect of duty related to the WAPOL Briefcase system. It also involved a 35.9% increase in the underlying number of allegations received — a sharp increase on the previous three years.
- [73] The targeted 4,000 allegations for 2012-2013 took into account that the 35.9% increase in underlying allegations in 2011-2012 went against the trend of the previous three years and the "one-off" nature of the allegations related to the WAPOL Briefcase system.
- [74] In the event, underlying allegations in 2012-2013 increased by 11.7%; a further 974 predominantly neglect of duty allegations relating to the WAPOL Briefcase system were received; and 299 "one-off" allegations from the Department of Health relating to gifts and benefits were also received.
- [75] The fact that there was a small decline in allegations between 2008-2009 and 2010-2011, followed by increases of 35.9% and 11.7% in the underlying allegations trend, as well as significantly large "one-off" groups of allegations, highlights the unpredictability of allegations received and the consequential difficulties in setting allegation targets.
- [76] Increased awareness by public authorities of their misconduct roles and reporting obligations as a result of Commission investigations and corruption prevention activities are likely to contribute to further, but unpredictable, growth into the future.

Effectiveness Indicators					
Number of reports published in accordance with the CCC Act.					
2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual
9	9	7	5	4	7

- [77] A major imperative in achieving one of the two main purposes of the CCC Act, to improve continuously the integrity of, and reduce the incidence of misconduct in, the public sector, is publishing reports about misconduct, including serious misconduct investigations and related issues.
- [78] Commission reports achieve two outcomes. First they educate and inform the public sector about how to mitigate exposure to the risk of misconduct occurring, thereby assisting the public sector to reduce the incidence of misconduct. Secondly, they enable the Parliament and the Western Australian community to be satisfied that significant public sector misconduct allegations and issues are dealt with transparently and accountably.

Efficiency Indicator					
Average cost of service per FTE employed within public authorities under the Commission's jurisdiction.					
2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual
NA	NA	\$185	\$191	\$223	\$195

- [79] The 2012-2013 target was based on full use of Commission resources. Position vacancies experienced during the first half of the year, coupled with funding reductions associated with the State Government's efficiency dividend and budget corrective measures resulted in a 12.6% saving on the target.
- [80] The Commission is reporting against new KPIs for the first time in 2012-2013. Information, therefore, cannot be sourced to accurately support an average cost calculation for 2008-2009 and 2009-2010.

4.5.3 Service Two: Organised Crime Function

Effectiveness Indicators					
Number of applications for exceptional powers findings and fortification warning notices received within the financial year.					
2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual
5	4	3	1	1	0

- [81] One of the purposes of the CCC Act is to combat and reduce the incidence of organised crime. The CCC Act does not permit the Commission to itself investigate serious and organised crime.
- [82] Under the CCC Act the Commissioner of Police can apply to the Commission for authority to use exceptional powers to facilitate a police investigation into organised crime. If the application is granted, the Commission monitors the use of those powers but does not itself have any role in the investigation. The Commission cannot initiate an exceptional powers application.
- [83] Although no applications for exceptional powers were lodged in the reporting period, Commission officers met with police on several occasions to provide clarification and guidance on the exceptional powers process. The Commission's General Counsel also delivered a presentation on exceptional powers to senior police officers.

Effectiveness Indicators					
Number of applications for exceptional powers findings and fortification warning notices dealt with within the financial year.					
2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual
5	3	2	0	1	0

- [84] The number of requests is dependent upon requests made by the Commissioner of Police. The average number of applications dealt with within the financial year may vary from the number of applications received within the financial year as some applications dealt with do not satisfy the grounds for making an exceptional powers finding pursuant to section 46(1) of the CCC Act.

Effectiveness Indicators					
Average time taken to deal with applications for exceptional powers findings and fortification warning notices.					
2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual
9 Days	2 Days	6 Days	12 Days	8 Days	0

- [85] The time taken to deal with each request depends upon the complexity of the application.

Efficiency Indicator					
Average cost per matter involving the use of exceptional powers and fortification warning notices over the financial year.					
2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Target	2012-13 Actual
NA	NA	\$188,000	0	\$225,000	0

- [86] During 2011-2012 the Commissioner of Police lodged one application to use exceptional powers. The application was reviewed by the Commission, but the Commission was not satisfied that the application satisfied the grounds for making an exceptional powers finding pursuant to section 46(1) of the CCC Act. The cost to the Commission was immaterial.
- [87] The Commission is reporting against new KPIs for the first time in 2012-2013. Accurate reporting of costs requires the maintenance of staff input into the costing model. These records were not maintained in 2008-2009 and 2009-2010 and, therefore, values have been excluded.

4.6 Other Financial Disclosures

4.6.1 Major Capital Projects

- [88] The following major capital works projects were completed during the period:
- Operational Support Equipment Replacement Program valued at \$1,213,022.
- [89] The following major capital works projects continue into the next reporting period:
- Surveillance Device Monitoring and Recording Project valued at \$615,900.

4.6.2 Employment and Industrial Relations

- [90] The Commission is not a Senior Executive Service Organisation under the *Public Sector Management Act 1994*. Section 179 of the CCC Act provides that Commission officers may be appointed for a period up to five years and are eligible for reappointment.
- [91] As the Commission has no permanent employees, for reporting purposes, the number of full-time and part-time contracted employees is noted in Table 18 below, as well as the number of employees seconded from Western Australian State Government agencies whose substantive position remains with that agency.

Employment Category	FTE	
	2012	2013
Full-time contract	137	143.8
Part-time contract measured on an FTE basis	9.833	8.833
On secondment	5	4.2
Total FTE	151.833	156.833

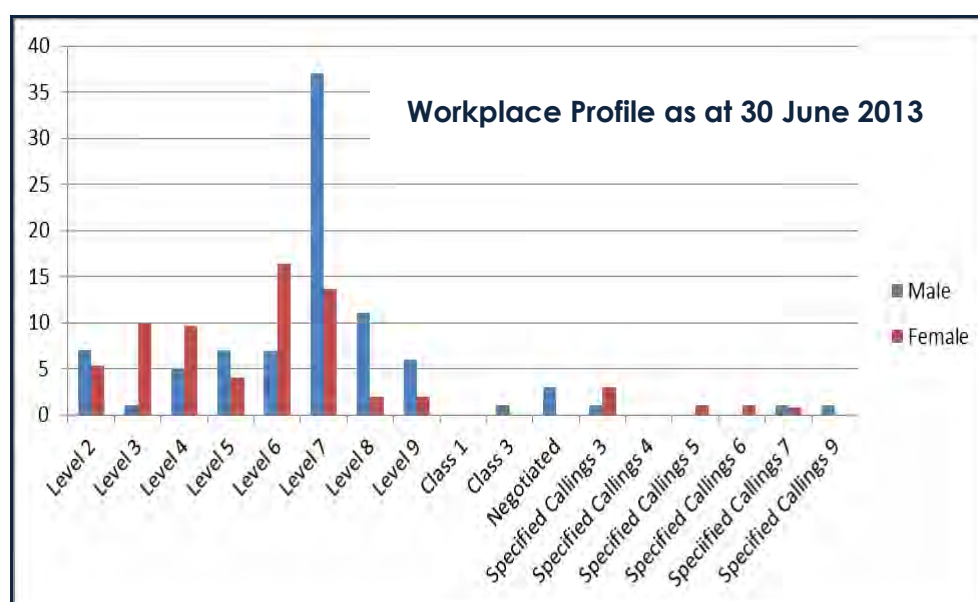
Table 18: Full-time, Part-time and Seconded Employees

- [92] The average staffing level for the Commission for 2012-2013 and the approved staffing level as at 30 June 2013 are detailed in Table 19 below.

Staffing Level	FTE
Average staffing level for 2012-2013	151.87
Approved staffing level as at 30 June 2013	155

Table 19: Approved and Operating Staffing Levels

- [93] At 30 June 2013 the average age of the Commission's workforce was 45.2 years. The Work Profile of the Commission is illustrated by the graph below. The Commission has 44.2% total female representation. Of the total female representation 28.3% are in positions of Level 7 and above.



- [94] The Commission encourages flexible working practices, where possible, in order to support employee work/life balance. The Commission currently has 16 part-time employees.

Employee Performance Feedback

- [95] The Commission's Integrated Planning Framework ensures employees are provided with opportunities to communicate with their line manager about their contributions to Commission outcomes and to identify individual development needs.
- [96] The revised Commission performance management system was launched in 2012-2013 with a greater emphasis on accountability and high performance. The application of this system is monitored by the Executive Director and Directors and is reinforced by the Commission's sustained commitment to developing its leadership group.

4.6.3 Staff Development and Wellbeing

- [97] The Commission is committed to investing in effective staff development to ensure it attracts, retains and develops quality employees who are fully equipped to meet the Commission's objectives. Quarterly training and wellness calendars are made available to Commission employees to assist in this regard.
- [98] Staff development activities and initiatives relevant to the reporting period included:
- whole-of-Commission briefings by the Commissioner on a monthly basis;
 - a number of scholarships being awarded to a variety of Commission officers, including 5 bursaries for the Public Sector Management Program and study assistance funding for a further 3 employees to undertake approved relevant qualifications;
 - a focus on women and diversity, specifically, a women in leadership development program attended by 2 officers, and 4 Commission-wide networking events, including the Commission's formal celebration of International Women's Day;
 - 63 officers benefitting from acting opportunities at higher levels within the Commission and 2 officers being offered external secondments;
 - the availability of career development services for all Commission officers; and
 - annual attendance at mandatory Accountable and Ethical Decision-Making training.
- [99] The Commission recognises the importance of employee wellbeing. Specific services available to staff during the period included:
- sponsorship for participation in the *RAC Bike Hike*, *HBF Run for a Reason* and *Chevron City to Surf*;
 - discounted gymnasium passes;
 - influenza vaccinations, which, during 2012-2013 resulted in 42.8% of the workforce receiving Commission-subsidised immunisations; and

- the Commission's Employee Assistance Program (EAP). During 2012-2013, 7% of the workforce accessed EAP services.

4.6.4 Workers Compensation

- [100] There were no new Workers Compensation claims during the reporting period. One previous claim is ongoing.

4.7 Governance Disclosures

4.7.1 Contracts with Senior Officers

- [101] As at 30 June 2013 there were no matters to report in respect of senior officers of the Commission concerning any interests they may have in respect of firms, entities or other bodies that do business with the Commission.

4.8 Other Legal Requirements

- [102] In compliance with section 175ZE of the *Electoral Act 1907* the Commission is required to report on expenditure incurred during 2012-2013 in relation to advertising agencies, and market research, polling (or surveys), direct mail and media advertising organisations. Expenditure incurred in relation to those matters is detailed in Tables 20 and 21 below.

4.8.1 Advertising and Polling

Expense Type	Cost (\$)
Advertising	\$8,630
Polling	\$20,300
Total Expenses	\$ 28,930

Table 20: Advertising and Polling Expenses Incurred

Supplier	Cost (\$)
Adcorp	\$8,630
Savant	\$20,300
Total Expenses	\$ 28,930

Table 21: Advertising and Polling Expenses Incurred by Supplier

4.8.2 Disability Access and Inclusion Plan Outcomes

- [103] The *Disability Services Act 1993* does not require that the Commission develop and report on a Disability Access and Inclusion Plan (DAIP). However, the Commission is committed to ensuring equity of access and continues to review its services and facilities in this regard. The Commission's DAIP 2011-2015 provides that:

- people with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Commission;
- people with disabilities can access information from the Commission as readily as other people are able to access it;
- staff are equipped with sufficient understanding about disability access and inclusion issues to ensure people with disabilities receive the same level and quality of service from the staff of the Commission as other people receive;
- people with disabilities have the same opportunities as other people to make complaints directly to the Commission and participate in public consultation with the Commission; and
- people with disabilities have equal access to employment (as far as practicable) and employment benefits at the Commission as the rest of the population.

4.8.3 Compliance with Public Sector Standards and Ethical Codes

Public Sector Standards

- [104] The Commission received one breach of appointment claim against Public Sector Standards during the reporting period. It was not substantiated.
- [105] The Commission continues to support a number of trained Grievance Officers. There were no formal grievances reported during the year.

Western Australian Public Sector Code of Ethics and the Corruption and Crime Commission Code of Conduct

- [106] During the reporting period, and following consultation, the Commission launched its revised Code of Conduct. The *Commission Code of Conduct* provides employees with a clear guide to applying the *Public Sector Commissioner's Instruction No. 7: Code of Ethics* to their daily work life. All employees receive a copy of the Public Sector Commissioner's Instruction No. 7 and the *Commission Code of Conduct* upon commencement with the Commission. New employees also meet with the Executive Director who discusses with them the importance of adherence to the *Commission Code of Conduct*.
- [107] All Commission officers are required to undertake Accountable and Ethical Decision-Making training. The Commission has launched phase two of this training to provide specific tuition on ethical conduct matters of particular relevance to the Commission.

4.8.4 Record Keeping Plans

- [108] In compliance with section 19 of the *State Records Act 2000* and with *State Records Commission Standard 2*, the Commission has an approved Record Keeping Plan.

- [109] The Commission continues to use the electronic document management system, Objective, as its official recording keeping system and Jade Investigator (or Case Management and Intelligence System (CMIS)) to capture, store and retrieve case and intelligence information in a secure, centralised repository.
- [110] During the reporting period, the Commission:
- conducted a review of its *Records Retention and Disposal Schedule* and will submit a revised schedule to the States Record Office;
 - conducted a review of its file titling thesaurus and implemented changes as a result;
 - continued to use the online Record Keeping Awareness Training program for existing and new employees;
 - developed and implemented an education program for Commission officers; and
 - updated record-keeping policies, procedures and guidelines to complement the education program.

4.9 Government Policy Requirements

4.9.1 Occupational Safety, Health and Injury Management

- [111] The Commission is committed to the provision of a safe working environment for all employees in accordance with the *Occupational Safety and Health Act 1984* ("the OSH Act"). This commitment is led by the Commission's Executive Director and Directors, and is incorporated into organisational activity through the Commission's *Strategic Plan 2012-2015* and *Directorate Business Plans*.
- [112] In 2013 the Commission's *Occupational Safety and Health (OSH) Program* was the subject of a comprehensive internal review to ensure the ongoing systematic identification, reporting, assessment and management of OSH-related incidents, accidents and hazards. As a result the Commission has developed a new *Occupational Safety and Health Policy* and supporting procedures which are available to all staff on the Commission Intranet.
- [113] Arrangements were made for the Commission's *Occupational Safety and Health Plan 2013-2015* to be independently assessed against the *WorkSafe Plan* ("the Plan") commencing July 2013. The Plan, issued by the WorkSafe Division of the Department of Commerce, is an assessment process that rates safety and health management systems and directs attention to areas that could be improved. This will provide assurance that the Commission's OSH-management system is adequate to identify and manage matters of occupational safety and health and complies with legislative requirements.

- [114] The Commission's Occupational Safety and Health Planning Advisory Group coordinates and monitors the implementation of the OSH Program and ensures consultation on all OSH-related matters including informing the Commission and its employees of their respective general duty of care obligations. The group meets according to an annually agreed schedule and is chaired by a senior member of the Commission.
- [115] Commission staff received training regarding their obligations under the OSH Act as part of annual Accountable and Ethical Decision-Making training. This is to be augmented by the introduction of an online OSH-specific training module to be completed by all staff during 2013.
- [116] The Commission's commitment to the *Workers' Compensation and Injury Management Act 1981* is articulated in its *Workers' Compensation Claims and Injury Management Policy* available to all staff on the Commission Intranet. An employee sustaining a work-related injury or illness is given immediate support, with the aim of ensuring a safe and early return to meaningful work.
- [117] Table 22 below details the Commission's performance against targets specified in the *Public Sector Commission's Circular 2012-05: Code of Practice Occupational Safety and Health in the WA Public Sector*.

Measure	Target 2012-2013 ³²	Actual 2012-2013 ³³
Number of Fatalities	0	0
Lost time injury and/or disease incidence rate	0	0
Lost time injury and/or disease severity rate	0	0
Percentage of injured workers returned to work: <ul style="list-style-type: none"> within 13 weeks within 26 weeks 	(i) 100% (ii) 100%	(i) NA (ii) NA
Percentage of managers trained in occupational safety, health and injury management responsibilities	80%	>80% ³⁴

Table 22: Occupational Safety and Health Incidents

³² This period was incorrectly denoted as 2010-2011, instead of 2011-2012, in the *Annual Report 2011-2012*.

³³ Refer Footnote 32.

³⁴ Occupational Safety and Health training for all Commission officers took place during the middle of 2010. In 2013-2014 all Commission officers will be required to undertake training and complete an online training package.

4.9.2 Risk Management and Business Continuity Planning

- [118] In accordance with the Australian and New Zealand and international standards for risk management (AS/NZS 4360:2004; ISO 31000), the Commission continues to implement the policy, process and procedures outlined in its risk management framework. This facilitates the identification and assessment of key risks to ensure that, where required, adequate and appropriate action is taken including the development and implementation of risk treatment plans.
- [119] Achievements during the reporting period include the:
- review and update of the Commission's *Risk Management Policy*, procedures and *Risk Reference Tables*; and
 - development of a *Strategic Risk Management Plan* for the Commission.
- [120] The Commission has a business continuity plan to maintain the operation of the Commission should a critical incident or disaster occur. Review and testing of this plan is scheduled for late 2013.

APPENDICES

APPENDIX 1

Table 23: Types of Misconduct Alleged in Matters Received/Assessed

Types of Misconduct

Allegation Category	2011-2012		2012-2013	
	No.	%	No.	%
Abuse of power	71	1.2%	83	1.4%
Arson	0	0.0%	1	0.0%
Assault – physical/excessive use of force	582	9.8%	703	11.4%
Assault – sexual/indecent	76	1.3%	26	0.4%
Breach of code of conduct/policy/procedures	605	10.2%	807	13.1%
Breach of confidentiality/misuse of information/improper disclosure	163	2.7%	187	3.0%
Bribes – receiving of	8	0.1%	9	0.1%
Bullying/intimidation/harassment	212	3.6%	147	2.4%
Conflict of interest	59	1.0%	61	1.0%
Contracts and tendering	24	0.4%	16	0.3%
Corporate Credit Card – misuse of	24	0.4%	19	0.3%
Corrupt conduct	80	1.3%	122	2.0%
Death in custody	11	0.2%	23	0.4%
Drug discrepancy – Schedules 4 and 8	180	3.0%	219	3.6%
Drugs – stolen/missing	26	0.4%	64	1.0%
Drug-related conduct	86	1.4%	108	1.8%
Electoral misconduct	6	0.1%	2	0.0%
Failure to act	121	2.0%	136	2.2%
Failure to declare gifts	5	0.1%	2	0.0%
Failure to declare interest – financial/proximity/other	24	0.4%	23	0.4%
Firearms – misuse of	13	0.2%	20	0.3%
Fraud/falsification/fabrication	202	3.4%	203	3.3%
Improper association	109	1.8%	87	1.4%
Inappropriate behaviour	375	6.3%	221	3.6%
Indecent dealing with minor	6	0.1%	19	0.3%
Making false claims for reimbursement	7	0.1%	4	0.1%

Allegation Category	2011-2012		2012-2013	
	No.	%	No.	%
Making misleading/false/defamatory statements	56	0.9%	44	0.7%
Medical malpractice	2	0.0%	12	0.2%
Misappropriation of funds	8	0.1%	17	0.3%
Miscellaneous	10	0.2%	7	0.1%
Misuse of computer system/email/internet	166	2.8%	350	5.7%
Neglect of duty	1,935	32.6%	1,478	24.0%
No allegation identified	15	0.3%	9	0.1%
No suspect behaviour	6	0.1%	50	0.8%
Other	17	0.3%	18	0.3%
Other property related offence	18	0.3%	15	0.2%
Secondary employment – unauthorised/inappropriate	36	0.6%	20	0.3%
Serious criminal conduct	29	0.5%	45	0.7%
Sexual harassment	19	0.3%	20	0.3%
Stealing/theft	101	1.7%	98	1.6%
Unauthorised use of agency property	49	0.8%	49	0.8%
Unlawful arrest	18	0.3%	20	0.3%
Unlawful search/trespass	21	0.4%	10	0.2%
Unprofessional conduct – demeanour/attitude/language	308	5.2%	480	7.8%
Using position for wrong/personal gain	55	0.9%	94	1.5%
Total	5,944	100%	6,148	100%

Table 23: Types of Misconduct Alleged in Matters Received/Assessed

[121] There are a number of changes of note in the types of allegations received in this reporting period. These are detailed below.

1. The number of allegations in the "assault - physical/excessive use of force" category increased from 582 to 703. Although there was no increase in the number of notifications from the Department of Education and only a small increase in the number of notifications from WAPOL, there was an increase in the number of allegations

identified in relation to matters notified by these agencies. The increase in allegations is the result of improvements to the Commission's processes for identifying multiple allegations within a single notification or complaint.

2. The number of allegations in the "no suspect behaviour" category increased from 6 to 50. As part of its approach towards use of force allegations by WAPOL the Commission started to assess use of force and other reports within WAPOL systems to identify matters of interest. When no suspected misconduct is identified through the Commission's assessment of these matters the outcome of the assessment is recorded under this category.
3. The number of allegations in the "breach of code of conduct/policy/procedures" category increased from 605 to 807. This increase is largely attributable to the assessment of 299 notifications from the Department of Health in relation to gifts and benefits received by staff. The Commission categorised most of the allegations as suspected breaches of policy.
4. The number of allegations in the "misuse of computer system/email/internet" category increased from 166 to 350. WAPOL, in particular, focused on this category of allegation resulting in a 58% increase from 55 in 2011-2012 to 87 in 2012-2013. This, in conjunction with the Commission's improved processes for identifying multiple allegations, resulted in a 111% increase in allegations in this category.

APPENDIX 2

Other Key Legislation

Other Key Legislation

[122] Key legislation affecting the performance of the Commission's functions and operations includes:

- *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cwlth);
- *Auditor General Act 2006*;
- *Crimes Act 1914* (Cwlth);
- *Criminal Code Act 1913* (*Criminal Code*);
- *Criminal Investigation (Covert Powers) Act 2012*
- *Criminal Investigation Act 2006*;
- *Criminal Procedure Act 2004*;
- *Disability Services Act 1993*;
- *Equal Opportunity Act 1984*;
- *Financial Management Act 2006*;
- *Industrial Relations Act 1979*;
- *Legal Profession Act 2008*;
- *Minimum Conditions of Employment Act 1993*;
- *Occupational Safety and Health Act 1984*;
- *Public Interest Disclosure Act 2003*;
- *Public Sector Management Act 1994*;
- *State Records Act 2000*;
- *Surveillance Devices Act 2004* (Cwlth);
- *Surveillance Devices Act 1998*;
- *Telecommunications Act 1997* (Cwlth);
- *Telecommunications (Interception and Access) Act 1979* (Cwlth); and
- *Telecommunications (Interception) Western Australia Act 1996*.

Criminal Investigation (Covert Powers) Act 2012

The Commission is required to provide a new oversight function associated with the use of controlled operations as legislated in *The Criminal Investigation (Covert Powers) Act 2012* ("the Covert Powers Act") which came into effect on 1 March 2013.

The Covert Powers Act requires the Commission to review authorisations for the use of covert powers, and ensure compliance, by WAPOL, Department of Fisheries and the Australian Crime Commission. The function requires review by the Commission within seven days for retrospective authorisation and biannually for other applications, based on a report from each of the authorising agencies.

The Commission is also required to conduct on-site inspections of the records of law enforcement agencies to determine the extent of compliance by each agency and its officers with Part of the Covert Powers Act.

Criminal Organisation Control Act 2012

The *Criminal Organisation Control Act 2012* was proclaimed on 29 November 2012. The Act empowers the Commission to make application to a Designated Authority that an organisation be declared a criminal organisation.

