

2018-19
Annual Report



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Corruption and Crime Commission

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President of the Legislative Council
Parliament House
4 Harvest Terrace
WEST PERTH WA 6005

Hon. Peter Watson, MLA
Speaker of the Legislative Assembly
Parliament House
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Dear Ms President
Dear Mr Speaker

In accordance with the *Corruption, Crime and Misconduct Act 2003* s 91(4) I am pleased to present the Corruption and Crime Commission *Annual Report 2018-19*. This report has been prepared in accordance with the CCM Act s 91 and the *Financial Management Act 2006* s 61(1).

This report provides a comprehensive overview of our activities over the past financial year. It presents our audited financial statements and key performance indicators for the year ended 30 June 2019.

Yours sincerely

Hon. John McKechnie, QC
COMMISSIONER

26 September 2019

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Note: Simple explanations of key terms used are provided at the back of the report.

1 Commission overview



Commissioner's report

In Western Australia, there are more than 200,000 people working in more than 250 state and local government agencies, universities and other public authorities. Every Western Australian comes into contact with the public service. While the vast majority of public servants, elected officials, and people or companies who interact or do business with them, are good, ethical people, a small number are not. For some, the working environment delivers temptation and opportunity to put their personal interest above the public interest. Many people also turn a blind eye to suspected corruption. They are witness to it or suspect it, but do nothing.

Corrupt behaviour can cause enormous reputational damage to organisations and local communities and have a significant financial cost.

This is why Parliament formed the Corruption and Crime Commission in 2003.

The Commission carries out its functions in a number of ways. Every allegation received is first assessed. The Commission can only deal directly with a small number of matters so most allegations requiring further action are referred back to a CEO. In keeping with the Commission's priorities and guidelines in the *Corruption, Crime and Misconduct Act 2003*, some matters are referred to the Operations Committee. In selecting matters for investigation, the Commission tends to focus on suspected misconduct which may reveal wider issues of relevance to the particular agency or institution or to the whole public sector.

When appropriate, the Commission will bring a matter to the attention of Parliament by way of a public report. During the year, the Commission published 11 reports in Parliament on the outcome of its investigations and reviews.

Not all investigations uncover misconduct. The Commission will report that fact (when it is the case), generally to the Director General or CEO. During the year, the Commission provided 32 reports on the conclusion of its investigations and reviews.

The Commission's oversight (monitor and review) function has matured during the year and now represents a significant portion of the Commission's work. Oversight can be a cost-effective method to expose misconduct risks, especially when a public authority has an effective investigative unit. However a CEO remains principally responsible for corruption prevention and mitigation.

The Commission continues to work closely with the Public Sector Commission and other integrity agencies to reduce misconduct risk in the public sector and benefit the community.

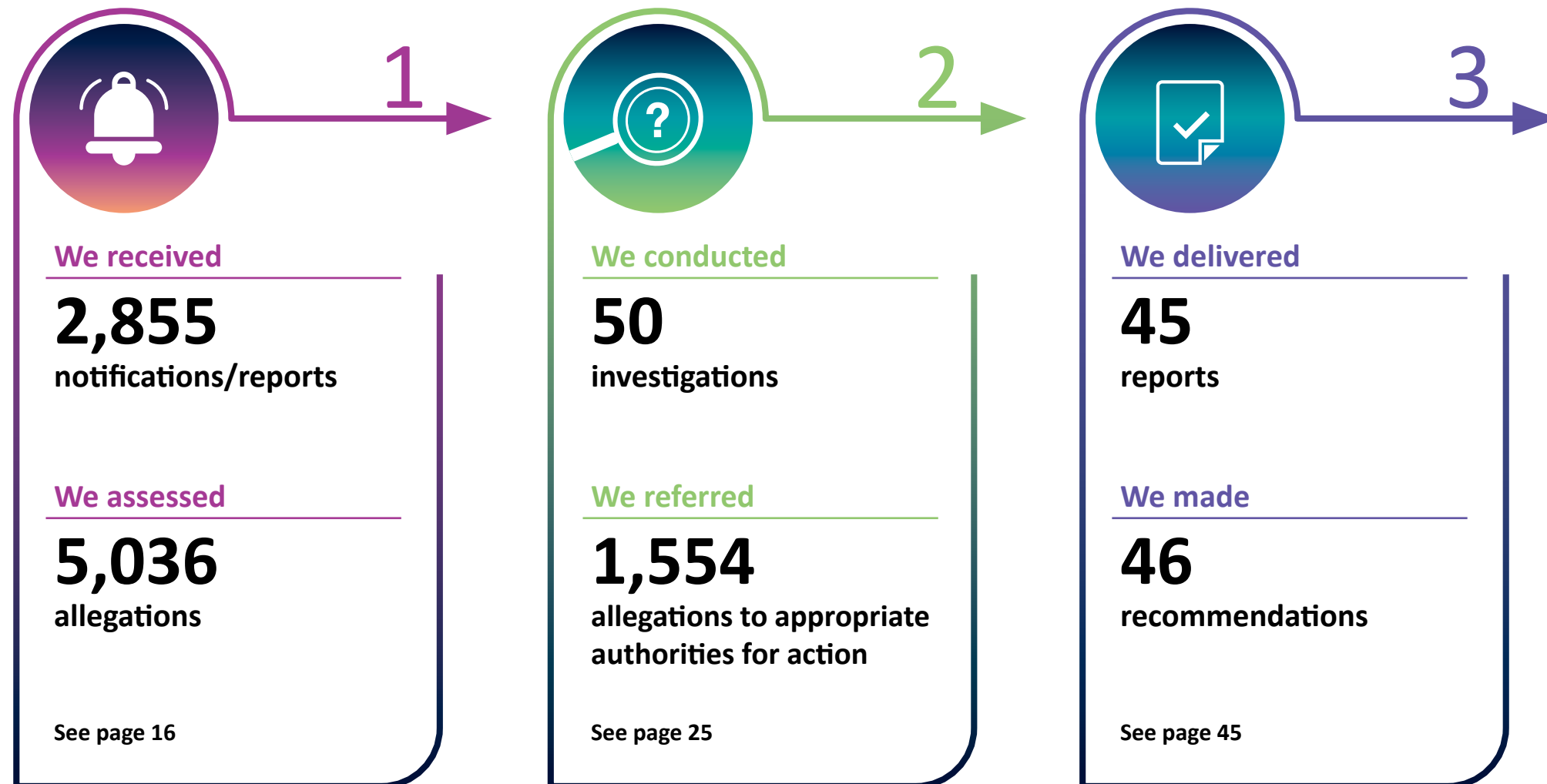
As ever, the Commission also maintains oversight of misconduct allegations against members of the WA Police Force.

This report demonstrates a busy year. I commend it to you.

Hon. John McKechnie, QC
COMMISSIONER



The year at a glance



Significant achievements

AUGUST 16 August 2018 Tabled the <i>Report into bribery and corruption in maintenance and service contracts within North Metropolitan Health Service</i> 20 August 2018 Tabled the <i>Report on corruption in Information Technology at Horizon Power</i> 30 August 2018 Tabled the <i>Report into how conflicts of interest undermine good governance - A report on the Chief Executive Officer of the Shire of Halls Creek</i>	SEPTEMBER 1 September 2018  New unexplained wealth function commenced, enabling the Commission to investigate unexplained wealth and criminal benefits	OCTOBER 18 October 2018  Tabled the <i>Report into unauthorised release of confidential information of the Public Transport Authority</i> 26 October 2018 Tabled the <i>Report into misconduct risks in WA prisons</i>	NOVEMBER 1 November 2018 Tabled the report <i>Review of an arrest incident by Western Australian Police at Hamilton Hill</i> 29 November 2018 Commission investigation leads to successful prosecution of a Department of Transport contractor for receiving payments and fees of more than \$50,000 for driving assessments that were not undertaken	DECEMBER 9 December 2018  Celebrated International Anti-Corruption Day with the theme 'The Power of People's Pressure' 13 December 2018 Tabled the <i>Report into the Road Safety Commission and an allocation of funds to Western Force</i>	FEBRUARY 7 February 2019 Tabled the report <i>Review of police response to an incident in High Street Mall Fremantle on 3 September 2017</i> 28 February 2019 Tabled the <i>Report on an incident in the Fremantle Offender Management Area 1 January 2017</i>	MARCH 12 March 2019  Tabled the <i>Report on the WA Commissioner in Japan</i>	MAY 15 May 2019  Mock examination held at the Commission as part of the Law Society of WA's Law Week program 21 May 2019 Tabled the report <i>Serious misconduct in procurement of environmental services</i>
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2018

2019

About us



Our purpose - To expose and disrupt corruption, serious misconduct and organised crime, giving the Western Australian community confidence that public officers act in the public interest.



Our vision - A Western Australian community and public sector that actively exposes and resists corruption and a community that is free from organised crime.



Our values - We are committed to the Public Sector Code of Ethics and the values of the Commission:

Leadership - Enabling and inspiring others to make a difference.

Integrity - Acting with care and diligence – making decisions that are honest, impartial, and timely and in consideration of all relevant information.

Teamwork - Collaborating and actively seeking the contribution of others.

Relationships with others - Treating people with courtesy, sensitivity and recognising their interests, rights, safety and welfare.

Accountability - Using resources of the State in a responsible and accountable manner to ensure the efficient, effective and appropriate use of human, natural, financial and physical resources, property and information.

Our objectives

- Timely and appropriate assessment of allegations.
- Timely and appropriate conduct of investigations undertaken by public authorities.
- Timely and effective Commission investigations.
- Timely determination of unexplained wealth referrals.
- Reports and recommendations that expose corruption and enable public authorities to reduce the risk of further corruption.

Our strategies

- 1) Exposing and responding to corruption risks in areas identified as a priority within the public sector:
 - People at risk;
 - Procurement and financial management;
 - Data and information;
 - Policy, regulation and licensing;
 - Use of force; and
 - WA Police Force (noting our specific legislative functions).
- 2) Developing partnerships and processes to receive and respond to unexplained wealth referrals.

Enabled by...

- 3) Enhancing the Commission's systems, processes and workforce capability to enable it to remain contemporary and effective.

Our responsibilities

Responding to allegations

- Receiving and assessing allegations of serious misconduct.
- Determining what action should be taken on all serious misconduct allegations.

Conducting or overseeing investigations or actions taken by public authorities

- Investigating or taking other action.
- Monitoring investigations undertaken by appropriate authorities.
- Making recommendations and furnishing reports on the outcome of investigations.
- Consulting, cooperating and exchanging information with appropriate authorities.
- Assembling evidence admissible for prosecuting authorities.

Assisting public authorities to prevent serious misconduct (and police misconduct)

- Analysing information.
- Analysing systems used within public authorities.
- Providing information and making recommendations.
- Increasing the capacity of public authorities by providing advice and training.
- Reporting on ways to prevent and combat serious misconduct.

Identifying and confiscating unexplained wealth

- Investigating whether a person has, or may have, acquired unexplained wealth or a criminal benefit.

Assisting WA Police Force in relation to organised crime

- Reviewing and enabling the use of exceptional powers; examining witnesses; approving assumed identities; authorising and reviewing controlled operations; and considering fortification notices.

Operational structure

Legislation

The Commission was established on 1 January 2004 under the *Corruption, Crime and Misconduct Act 2003* (CCM Act). The Commission operates according to the CCM Act with a focus on combatting serious misconduct (including police misconduct) and organised crime. Under the CCM Act, the Public Sector Commission has responsibility for dealing with minor misconduct and the education of the public sector.

On 1 September 2018, amendments to the CCM Act and the *Criminal Property Confiscation Act 2000* took effect and the Commission's new unexplained wealth function commenced. The new function enables the Commission to investigate unexplained wealth and criminal benefits, and to initiate and conduct civil confiscation proceedings in the Supreme or District courts.

Other key legislation

Those statutes that have direct relevance to the Commission's performance of its statutory functions under the CCM Act include:

- *Criminal Code Act 1913*
- *Criminal Investigation Act 2006*
- *Criminal Investigation (Covert Powers) Act 2012*
- *Criminal Organisation Control Act 2012*
- *Criminal Procedure Act 2004*
- *Criminal Property Confiscation Act 2000*
- *Evidence Act 1906*
- *Local Government Act 1995*
- *Police Act 1892*
- *Public Interest Disclosure Act 2003*
- *Surveillance Devices Act 2004* (Cth)
- *Telecommunications (Interception and Access) Act 1979* (Cth)
- *Telecommunications (Interception) Western Australia Act 1996*
- *Witness Protection (WA) Act 1996*

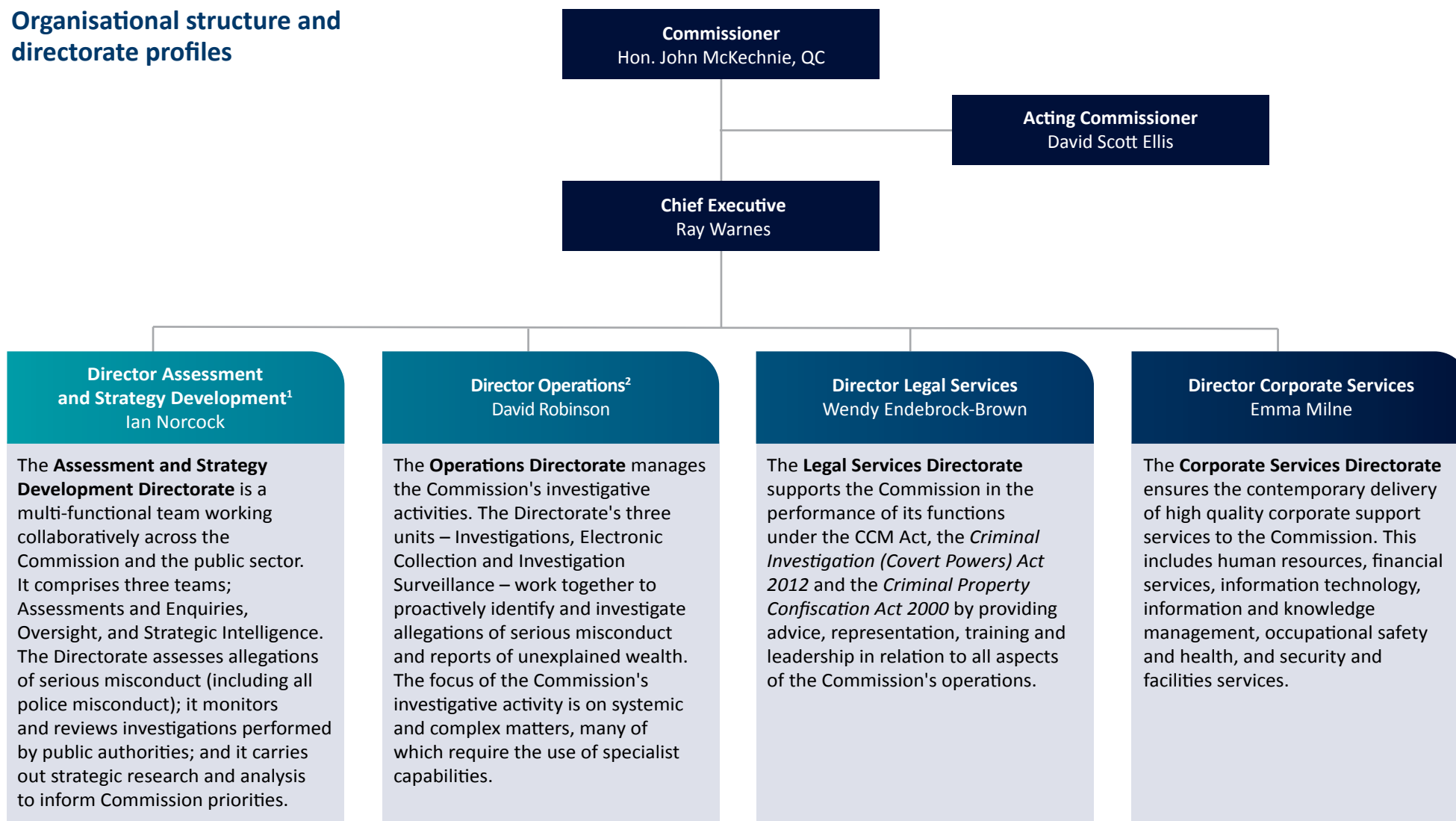
Those statutes that relate but are not immediately relevant to the Commission's performance of its statutory functions (including statutory compliance requirements) include:

- *Anti-Money Laundering and Counter Terrorism Financing Act 2006* (Cth)
- *Auditor General Act 2006*
- *Crimes Act 1914* (Cth)
- *Criminal and Found Property Disposal Act 2006*
- *Criminal Code Act 1995* (Cth)
- *Director of Public Prosecutions Act 1991*
- *Equal Opportunity Act 1984*
- *Freedom of Information Act 1992*
- *Financial Management Act 2006*
- *Firearms Act 1973*
- *Minimum Conditions of Employment Act 1993*
- *Misuse of Drugs Act 1981*
- *Occupational Safety and Health Act 1984*
- *Parliamentary Commissioner Act 1971*
- *Prisons Act 1981*
- *Proceeds of Crime Act 2002* (Cth)
- *Public Sector Management Act 1994*
- *Salary and Allowances Act 1975*
- *Sentencing Act 1995*
- *State Records Act 2000*
- *Workers' Compensation and Injury Management Act 1981*

External oversight

The Attorney General has administrative responsibility for the CCM Act and is the responsible Minister for the Commission's budget. The Commission is overseen by the Joint Standing Committee on the Corruption and Crime Commission, assisted by the Parliamentary Inspector.

Organisational structure and directorate profiles



¹ Emma Johnson was Director Assessment and Strategy Development until 21 September 2018.

² Matthew Grant acted as Director Operations from 23 April to 31 August 2018 while David Robinson was seconded to the Public Sector Commission.

Senior officers

Figure 1: Corporate Executive



Back row (L-R): Ian Norcock, Wendy Endebrick-Brown, David Robinson and David Scott Ellis
Front row (L-R): Ray Warnes, Hon. John McKechnie, QC and Emma Milne

The Commission comprises four directorates and an Executive Office which work collaboratively to improve the integrity of the Western Australian public sector and to help public authorities minimise and manage serious misconduct.

Together, the Commission's senior officers form the Corporate Executive.

Commissioner

Hon. John McKechnie, QC

Appointed for a term of five years from 28 April 2015

Acting Commissioner³

David Scott Ellis

Re-appointed Acting Commissioner from 10 July 2019 to 9 July 2022

Chief Executive

Ray Warnes

Appointed on 10 August 2015

Director Assessment and Strategy Development

Ian Norcock

Appointed on 21 November 2018

Director Operations

David Robinson

Appointed on 18 August 2016

Director Legal Services

Wendy Endebrick-Brown

Appointed on 6 July 2015

Director Corporate Services

Emma Milne

Appointed on 5 September 2016

³ The Acting Commissioner is appointed to act in the office of Commissioner if there is a vacancy or the incumbent is unable to perform the functions of the Commission.

Our workforce profile⁴

As an integrity agency the Commission has exceptional powers entrusted to it and because of this our people are subject to a level of scrutiny well beyond that of other public officers. The Commission's workforce is valued for its diversity of backgrounds, expertise and experience. Our people have high standards of integrity and are committed to working collaboratively to achieve the best outcomes for the Commission, the public sector and the Western Australian community.

128

employees at the Commission / 121.9 full-time equivalent

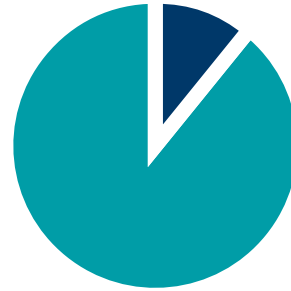
Gender



53%
women

47%
men

Working arrangements



89%
Full-time

11%
Part-time

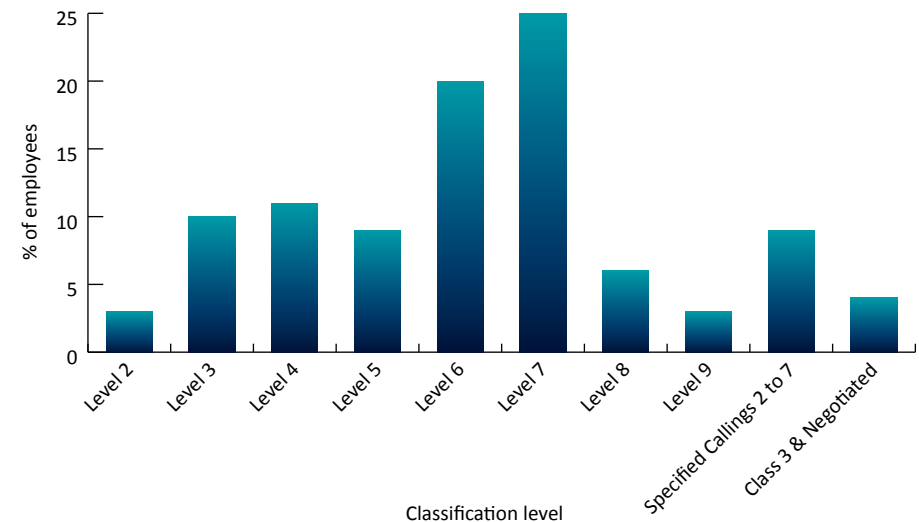
Age profile

Median age: 44.6 years old



0.8% 24 years and under

Employees across classification levels



People with disability

1%



Secondments

6 in

6 out

⁴ Data as at 30 June 2019. Data does not include the six employees seconded out from the Commission.

Performance management framework

Outcome-Based Management Framework

The Commission supports the State Government goal of 'Strong communities: Safe communities and supported families' through a specific outcome, achieved by the delivery of two services. The diagram below illustrates the relationship between the Commission's services, the desired outcome and the Government goal to which

it contributes. The key effectiveness indicators provide a measure of the extent to which the delivery of services contributes to achieving the desired outcome. The key efficiency indicators monitor the relationship between the service delivered and the resources used to produce the services.

Table 1: The Commission's contribution to the Government of Western Australia's Results-Based Service Delivery Goal

Government goal <i>Strong communities: Safe communities and supported families</i>			
Outcome	Services	Key effectiveness indicators	Key efficiency indicators
The integrity of the public sector continuously improves and the incidence of misconduct is reduced	1. Assessing all allegations of serious misconduct received	Number of allegations received	Percentage of assessments completed within 28 days
		Allegations as a percentage of people employed within public authorities under the Commission's jurisdiction	Average cost of assessment
	2. Investigating allegations of serious misconduct	Number of investigations	Percentage of investigations completed within 12 months
		Number of reports published	Average time (days) to complete an investigation into serious misconduct

Changes to the Commission's Outcome-Based Management Framework

The Commission reviewed its Outcome-Based Management Framework following recommendations from the Office of the Auditor General and the Joint Standing Committee on the Corruption and Crime Commission. The revised Framework was implemented in 2018-19 and includes amended services and performance measures to enhance the Commission's transparency.

Shared responsibilities with other agencies

The Commission did not share any responsibilities with other agencies in 2018-19.

Actual results versus budget targets

In order to demonstrate accountability and stewardship of resources provided, the Commission is required to explain variations between the annual financial and key performance indicator targets, and actual results for the financial year. The Commission's actual results compared with its budget targets for 2018-19 are detailed in tables 2 and 3.

Table 2: Financial targets - actual results versus budget targets

Financial targets	2018-19 Target ⁽¹⁾ \$'000	2018-19 Actual \$'000	Variation ⁽²⁾
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	27,374	24,726	(2,648) ^(a)
Net Cost of Services (sourced from Statement of Comprehensive Income)	27,334	24,641	(2,693) ^(b)
Total equity (sourced from Statement of Financial Position)	26,774	26,141	(633) ^(c)
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(180)	3,265	3,445 ^(d)
Approved salary expense level	17,598	15,052	(2,546) ^(e)

(1) As specified in the Budget Statements.
Further explanations are contained in Note 9.11 'Explanatory statement' to the financial statements

(2) (a) The variation is mainly due to vacancies and delays in filling positions during the year.
(b) The variation is as per (a) above.
(c) The reduction in equity reflects mainly reflects the repayment and adjustment of \$1.1 million to Treasury.
(d) The variation is largely due to lower than expected salaries paid from vacancies and delays in filling positions.
(e) The variation is as per (a) above.

Table 3: Key performance indicator summary — actual results versus budget targets

Financial and non-financial targets	2018-19 Target	2018-19 Actual	Variation ⁽¹⁾
Outcome 1: The integrity of the Public Sector continuously improves and the incidence of misconduct is reduced.			
Service 1: Assessing all allegations of serious misconduct received			
Key effectiveness indicators:			
Number of allegations received	4,500	5,036	536
Allegations as a percentage of people employed within public authorities under the Commission's jurisdiction	2.31%	2.57%	0.26%
Key efficiency indicators:			
Percentage of assessments completed within 28 days	80%	55%	(25%)
Average cost of assessment	\$1,084	\$1,028	(\$56)
Service 2: Investigating allegations of serious misconduct			
Key effectiveness indicators:			
Number of investigations	50	50	0
Number of reports published	24	45	21
Key efficiency indicators:			
Percentage of investigations completed within 12 months	80%	79%	(1%)
Average time (days) to complete an investigation into serious misconduct	350	309	(41)

(1) Explanations for variations between target and actual results are presented in the audited key performance indicators.

Significant issues impacting the Commission

Review of the CCM Act

Much has changed in the 15 years since the Commission's inception.

Technological advances pose new challenges to detecting and disrupting serious misconduct. The CCM Act arose from recommendations of the Kennedy Royal Commission and the Act contains provisions and functions that are now redundant.

During the reporting period, the Commission commenced a review of the CCM Act with a view to proposing legislative changes that will enable the Commission to tackle the challenges faced by the public sector in the present day and in the future.

Unexplained wealth

In July 2018, legislation was passed to amend the *Criminal Property Confiscation Act 2000* and the CCM Act to grant the Commission powers to investigate, initiate and conduct civil confiscation proceedings relating to unexplained wealth. The legislation came into effect on 1 September 2018. The Commission is exercising this new function within its current resourcing levels and will review and evaluate its performance and funding within three years from conferral.

Since the legislation was proclaimed the Commission has received referrals from various sources (refer page 52).

The Commission's challenge is to ensure that there is an appropriate balance between the new unexplained wealth function and its existing serious misconduct functions.



1 Commission overview

2 Profile of serious misconduct

3 Responding to serious misconduct

4 Building capacity

5 Unexplained wealth function

6 Disclosures and legal compliance

2

Profile of serious misconduct



Assessing allegations of serious misconduct



Key results:

2,855 Notifications/reports received

5,036 Allegations assessed

32 Days on average to complete assessments

The heads of public authorities have primary responsibility for managing serious misconduct within their agency and have a responsibility to notify the Commission about it.

The Commission receives notifications and reports of suspected serious misconduct from a number of different sources including members of the public, public sector agencies, the Police Commissioner or the Public Sector Commission. Each of these notifications and reports may contain one or more allegations. The Commission has responsibility for assessing all allegations of serious misconduct within the public sector and ensuring that they are appropriately dealt with either by the Commission or another public authority.

The Commission can also make propositions and initiate allegations of suspected serious misconduct, based on its own experience and knowledge, or from information obtained from other sources (refer to page 24).

In 2018-19, the Commission received 2,855 notifications and reports, and assessed 5,036 allegations.

The Assessment and Strategy Development Directorate assesses all allegations received. The purpose of the assessment process is to form an opinion as to whether there is a reasonable suspicion that a matter involves serious misconduct and to make a decision on what action (if any) should be taken.

It is important that an assessment decision is reached in a timely manner so that prompt and appropriate action can be taken if required. The Assessment and Strategy Development Directorate monitors the assessment process and time taken to complete assessments. During 2018-19, an average assessment duration of 32 days was achieved, with 55% of assessments completed within 28 days. For further explanation on the Commission's key performance indicators refer to page 99.

The Commission considers a number of factors in the assessment process including:

- whether or not the allegation is within the Commission's jurisdiction – for example, if the allegation involves a Western Australian public officer and meets the definition of serious misconduct;
- the nature of the alleged serious misconduct;
- the seniority of the public officer(s) involved;
- whether there is a need for an independent investigation; and
- whether or not further information is required before an assessment decision can be made.

Allegations of serious misconduct may be referred to the Operations Committee for consideration. The Committee oversees the Commission's operational activities and recommends to the Commissioner what further actions (if any) should be taken in response to allegations (refer to page 26). The Committee may consider allegations when one or more of the following criteria are met:

- involvement of senior public officers or elected officials;
- collusion;
- significant financial loss;
- serious injury;
- threat to public safety;
- threat to government or public authority integrity;
- areas of strategic importance; and
- systemic issues.

During the reporting period, 185 allegations were referred to the Committee, representing approximately 4% of the total number assessed. The Assessment and Strategy Development Directorate finalises allegations not considered by the Operations Committee.

The Commission may seek further information during the assessment process by consulting with external agencies, individuals and/or other intelligence sources to help inform its assessment decision. In order to properly assess allegations of serious misconduct, the Commission may conduct a preliminary investigation (refer to page 29).

Once an allegation is assessed, the Commission decides whether to:

- investigate or take action itself;
- investigate or take action in cooperation with an independent agency or appropriate authority;
- refer the matter to an independent agency or appropriate authority for action; or
- take no action (the Commission will advise the person or public authority making the report if this is the case).

Figure 2 on the following page illustrates the Commission's assessment process. Case study 1 also illustrates this process, and provides an example of the types of matters assessed by the Commission.

Changes to the Commission's Guidelines for Notification of Serious Misconduct

In August 2018, the Commission and the Public Sector Commission issued a new guide to provide Principal Officers of Notifying Authorities with important information about:

- their obligations under the CCM Act;
- what should be contained in a notification; and
- steps that public authorities should take in processing allegations of misconduct raised with, or within, the authority.

The 2018 guide superseded the former *Notification of misconduct in Western Australia: A joint information resource* and it also revoked the *CCC Guidelines for Notification of Serious Misconduct* issued under s 30 of the CCM Act on 1 July 2015.

Case study 1

Commission's assessment process

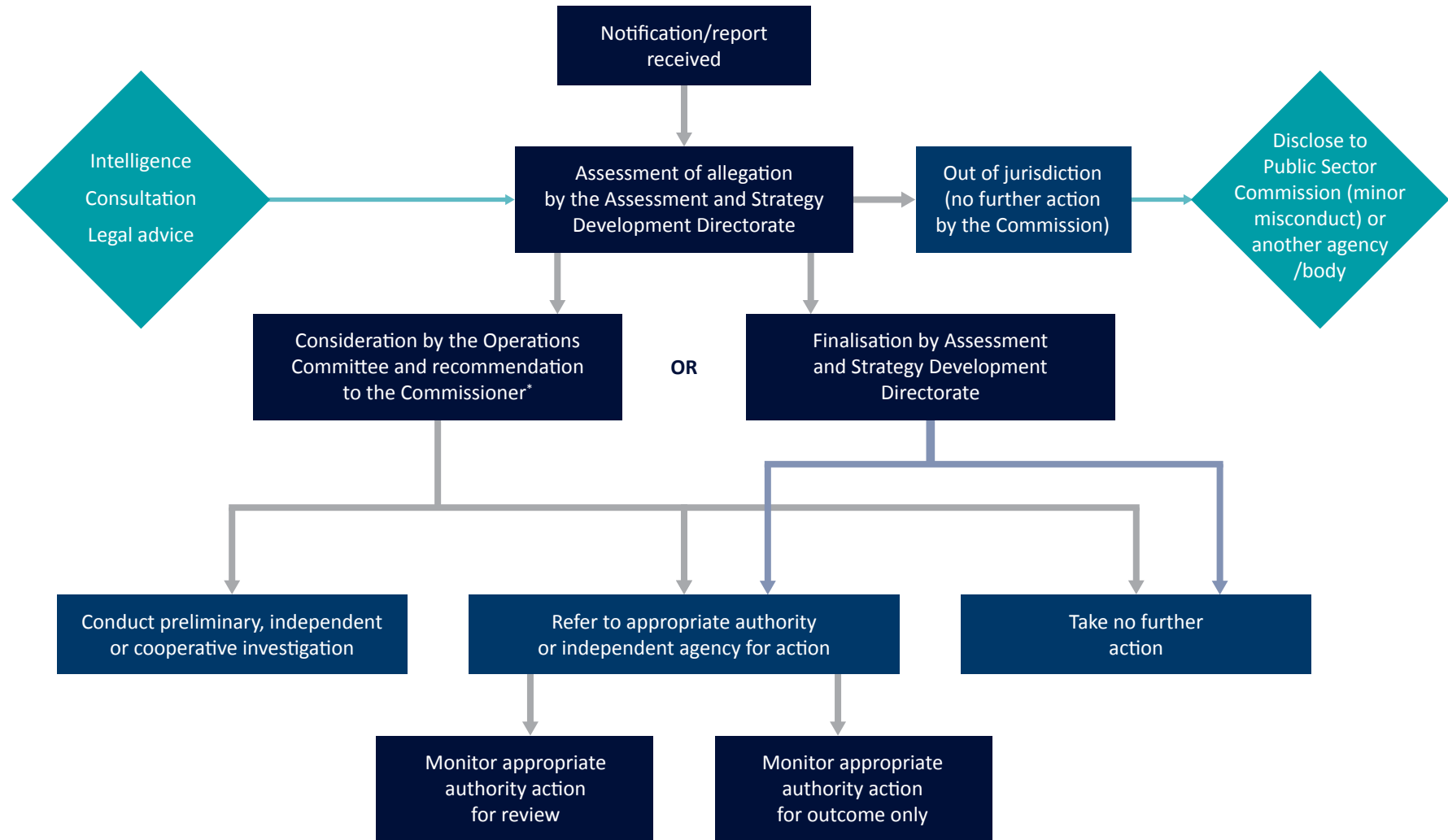
Allegation - The Commission received an allegation from a member of the public that the Chief Executive Officer and a senior employee of a local government authority had corruptly used their positions to avoid procurement practices to engage a particular consultant company. It was alleged they had split purchase orders and spent hundreds of thousands of dollars on the consultant company, disregarding accountability and legislative compliance.

Assessment - The Commission considered the information provided, the local government authority's policies and procedures, minutes of meetings, financial records, research on the consultant company, and provisions of the *Local Government Act 1995* and *Local Government (Functions and General) Regulations 1996*. The assessment revealed that the local government authority had awarded over \$150,000 of work to the consultant company, potentially breaching the Regulations. However, the Commission identified a failure to comply with the Regulations did not constitute serious misconduct as there was no term of imprisonment for a breach. The information available to the Commission did not suggest that the employees had corrupt motives.

The Commission identified a number of information gaps, including how the consultant company had been engaged and the nature of relationships between the consultant and the employees. Given the seniority of the officers, the amount of money involved and the Commission's interest in procurement matters, the matter was referred to the Operations Committee for consideration. The Committee endorsed the recommendation to commence a preliminary investigation into the matter.

Outcome - Evidence obtained during the preliminary investigation did not support the allegations. No evidence was found that employees at the local government authority had engaged in serious misconduct or had deliberately avoided procurement practices. The Commission concluded that the procurement practices in place were effective, accountable and compliant with relevant legislation. The Commission wrote to the local government authority to provide a summary report of the investigation, and took no further action.

Figure 2: Commission's assessment process



*Allegations that meet certain criteria may be escalated to the Operations Committee for consideration.

Overview of serious misconduct allegations

This section provides an overview of the serious misconduct allegations assessed by the Commission during the reporting period.

The Commission assessed 5,036 allegations during 2018-19, which is consistent with the number of allegations (5,051) assessed in the previous reporting period. Table 4 details the source of allegations assessed by the Commission during 2017-18 and 2018-19. The proportion of allegations received from members of the public rose to 40.6% in the reporting period. This continues an upward trend observed in recent years, from 36.1% in 2017-18 and 28.1% in 2016-2017. This may be due to increased public awareness of the work of the Commission resulting from a greater number of Commission reports produced and a continued website and social media presence.

These initiatives have improved the visibility of the Commission's efforts to enhance the integrity of the public sector. The increased reporting of serious misconduct allegations by members of the public is a positive outcome.

The Commission continually reviews how it records and reports on information relating to allegations of serious misconduct to ensure it remains relevant and meaningful. Allegations originating from notifications of reviewable police action are now received by the Commission as a notification of alleged serious misconduct from a public authority (pursuant to s 28 of the CCM Act). As such, notifications of reviewable police action will not be shown as a separate allegation source for future reporting purposes.

Table 4: Source of allegations

Allegation source	CCM Act	2017-18		2018-19	
		No.	%	No.	%
Allegations of serious misconduct notified by public authorities	s 28	3,072	60.8%	2,930	58.2%
Allegations of serious misconduct reported by individuals (the public)	s 25	1,823	36.1%	2,043	40.6%
Allegations of serious misconduct referred from the Public Sector Commission	s 45M(d)	119	2.4%	61	1.2%
Commission's propositions of alleged serious misconduct	s 26	10	0.2%	2	0.04%
Notifications of reviewable police action	s 21A	26	0.5%	-	-
Other information received	s 22	1	0.02%	-	-
Total		5,051	100%	5,036	100%

Note: Percentages in tables may not total 100% due to the rounding rule applied.

Figure 3 shows the percentage of allegations relating to the WA Police Force and the rest of the public sector. As expected, due to its additional minor misconduct reporting requirements, the WA Police Force remains the subject of more than half of all allegations (approximately 56%) assessed by the Commission.

Table 5 shows the total number of allegations by subject authority. The subject authority is the public authority that employs the officer who is the subject of the allegation.

During 2018-19, the Department of Education (in agreement with the Commission) returned to a twice-yearly schedule of reporting for two allegation types. As such, some of the Department of Education's reportable notifications for the second half of 2018-19 will be received and assessed in the next reporting period.

The number of allegations for other subject authorities are indicative of a normal range of fluctuation observed from year to year.

Figure 3: WA Police Force versus public sector allegations

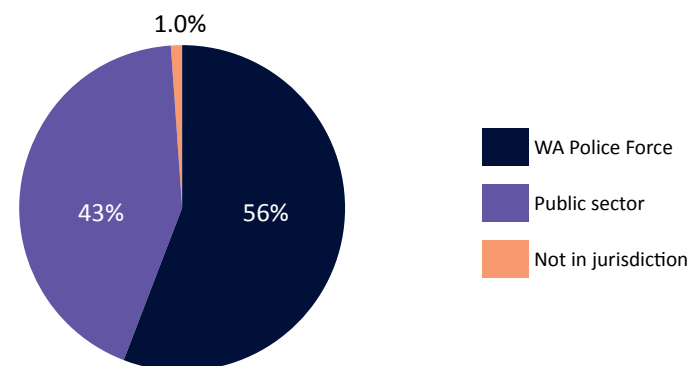


Table 5: Allegations by subject authority

Subject authority	2017-18		2018-19	
	No.	%	No.	%
WA Police Force	2,606	51.6%	2,825	56.1%
Independent agencies and other authorities	538	10.7%	707	14.0%
Local governments	761	15.1%	566	11.2%
WA Health*	328	6.5%	409	8.1%
Department of Justice	363	7.2%	316	6.3%
Department of Education	403	8.0%	147	2.9%
Not in jurisdiction	52	1.0%	66	1.3%
Total	5,051	100%	5,036	100%

*WA Health refers to the whole of the Western Australian public health system and includes the Department of Health.

The Commission categorises all assessed allegations within the following themes:

1. Criminal (for example, assault, fraud, stealing, unlawful use of a computer)
2. Neglect/procedural (for example, neglect of duty, breach of code of conduct/policy or procedure)
3. Personal (for example, conflict of interest, unprofessional conduct)
4. Information (for example, breach of confidentiality, misuse of information)

Table 6 and figures 4 and 5 compare the total number and percentage of allegations across the WA Police Force and the rest of the public sector during 2018-19, broken down by theme.

Table 6: Allegations by theme — WA Police Force and the rest of the public sector

Allegation theme	WA Police Force		Public sector		Not in jurisdiction
	No.	%	No.	%	No.
Neglect/procedural	1,078	38.2%	363	16.9%	4
Criminal	937	33.2%	1,495	69.7%	43
Personal	601	21.3%	164	7.6%	8
No allegation	124	4.4%	56	2.6%	11
Information	85	3.0%	67	3.1%	-
Total	2,825	100%	2,145	100%	66

In 2018-19, the numbers of WA Police Force and public sector allegations were consistent with the previous reporting period. Similarly, the allegation themes for both the WA Police Force and the public sector are proportionately consistent with the previous reporting period. In 2018-19, the two highest allegation categories for the WA Police Force were again 'Neglect of Duty' and 'Unprofessional Conduct', 25% and 21% (of all WA Police Force allegations) respectively. For the rest of the public sector, the two highest allegation categories were 'Using Position for Benefit or Detriment' and 'Unlawful Use of Computer', 21% and 17% (of all public sector allegations) respectively.

Figure 4: WA Police Force allegations by theme

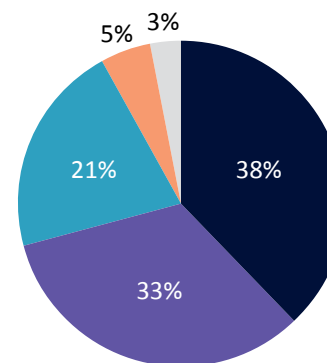
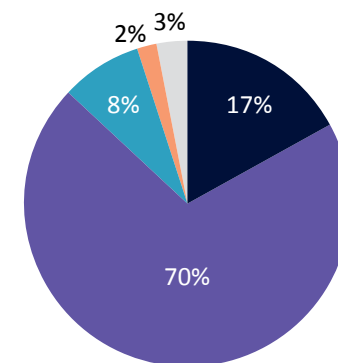


Figure 5: Public sector allegations by theme



Neglect/procedural
 Criminal
 Personal
 No allegation
 Information

Analysis of serious misconduct trends and strategic themes

The Commission analyses allegations received and information obtained during investigations to identify, and provide advice on, serious misconduct trends, patterns and emerging risks. In 2018-19, a number of projects were completed that involved analysing patterns of behaviour and assessing environmental risk factors for serious misconduct. This was used to set priorities and to ensure that the Commission remains positioned to face the challenges of existing and emerging risks.

In 2018-19, the Commission continued to focus on identifying risks associated with each of the Commission's strategic themes (detailed below). Identifying and profiling serious misconduct in accordance with these themes enables the Commission to proactively target serious misconduct 'hot spots' and threats, and to direct its resources and activities where the most impact in improving the integrity of the public sector can be achieved.

1. People at risk

People at risk are those who, because of a decreased capacity to protect themselves or remove themselves from a situation, are at increased risk of being victims of serious misconduct. Vulnerable people can also have a limited capacity to report serious misconduct. Public officers who work with people at risk operate in a difficult environment. The need to conform with the law and agency priorities, while respecting and responding to the vulnerabilities of individuals, can be a challenging balance and the risk of serious misconduct in these situations is significant.

2. Procurement and financial management

Procurement refers to the process by which goods and services are purchased. Public sector procurement can range from a local government employing a tradesperson for a morning, to a public authority awarding contracts worth hundreds of millions of dollars.

Often there are only a small number of public officers in any particular public authority who understand, and are involved in, the tender and contracting process. This can create incentive and opportunity for the corruption of a public officer.

The harm caused by corruption in procurement includes waste of public money, lower quality of goods and services, commercial detriment to honest private sector companies, adverse media attention, reputational damage, and the lowering of standards and morale in the public sector.

3. Data and information

Most public authorities in Western Australia collect, generate, hold and disseminate a range of confidential and sensitive data and information. Data includes characters, words, numbers, pictures and sound, not necessarily in any context. Information is when data is formatted and organised in a way that makes it accessible and easy to understand, so that it has meaning. The public expects that data and information held by the public sector will be used only for legitimate purposes and not misused for personal gain.

4. Policy, regulation and licensing

Government regulation and licensing affects the lives of everyone, every day. It regulates the right to drive, to operate a business and to work in specific occupations. It also regulates the buildings we live and work in, the infrastructure in our cities and towns, and the medical, transport and other services we receive. A significant proportion of the activities of the Western Australian public sector are concerned with regulation and licensing. Harm is caused when these processes are corrupted, undermining public confidence and, often, public safety.

5. Use of force

In order to carry out their functions, some public officers are given the power to lawfully use force. The term 'force' is generally taken to mean physical force applied to a person, although other actions, such as shouting, could be considered to be force. The level of physical force used can vary from minimal, such as putting a hand on a person to direct them, to deadly, such as using a firearm.

The Commission often has cause to examine whether the public officer's decision to use force was reasonable, including the type and amount of force they used. Experience shows that use of force investigations typically centre on the interaction between correctional services officers and prisoners, or police officers and members of the public.

6. WA Police Force

Additionally, in line with the Commission's legislative functions, oversight of the WA Police Force continues to be an ongoing priority for the Commission.

Uncovering serious misconduct

Own propositions

Section 26 of the CCM Act gives the Commission authority to make propositions about suspected serious misconduct, based on its own experience and the information and knowledge gathered from its assessments, investigations and other sources. Propositions enable the Commission to be proactive in responding to, and dealing with, serious misconduct matters and areas of risk within the public sector. This means that the Commission does not have to solely rely on the notifications and reports received.

In 2018-19, the Commission commenced five investigations as a result of its own propositions. These investigations related to:

- the trafficking of contraband into prisons (the investigation was ongoing at year-end);
- identifying instances and risks of serious misconduct related to the WA Police Force (the investigation is completed);
- contract management practices at the Department of Justice (the investigation is completed);
- the misuse of travel and other allowances by public officers (the investigation was ongoing at year-end); and
- the misuse of data and information — standing investigation into strategic theme (see below).

Standing investigations into strategic themes

The Commission uses its own propositions to establish standing (preliminary) investigations to proactively target serious misconduct in line with its strategic themes (refer page 23).

In 2018-2019, the Commission commenced a new standing investigation into the strategic theme of data and information. The purpose of this preliminary investigation is to identify the potential misuse of data and information held by public authorities.

In the previous reporting period, the Commission commenced a standing investigation into the serious misconduct risks associated with procurement.

Both investigations were ongoing at year-end.



1 Commission overview

2 Profile of serious misconduct

3 **Responding to serious misconduct**

4 Building capacity

5 Unexplained wealth function

6 Disclosures and legal compliance

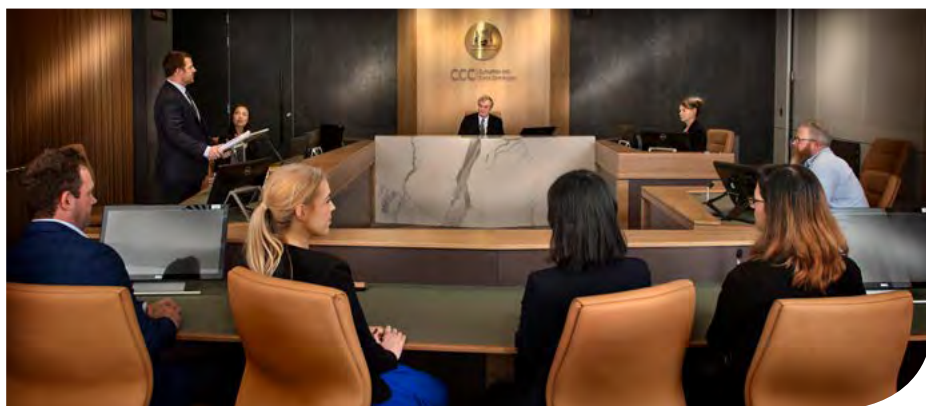
3 Responding to serious misconduct



Taking action to expose and disrupt serious misconduct

All public officers are responsible for dealing with serious misconduct in the public sector. The heads of public authorities have primary responsibility for managing serious misconduct within their own agency. The Commission focusses its efforts on significant matters and high-priority areas where the greatest impact on improving the integrity of the public sector can be achieved. The Commission exposes and disrupts serious misconduct in a number of ways including:

- investigating matters either by itself or in cooperation with an appropriate authority or independent agency;
- monitoring and reviewing appropriate authorities' responses to serious misconduct matters;
- providing information to public authorities and other agencies;
- producing reports to raise awareness across the public sector and enable informed action to be taken in relation to serious misconduct risks;
- making recommendations to public authorities about prosecuting and taking disciplinary or other action; and
- making recommendations to the Parliament of Western Australia about legislative changes.



Operations Committee

The Operations Committee is responsible for ensuring that operational activities support the Commission's goal of exposing and disrupting corruption and serious misconduct in the most effective and efficient manner. The Committee comprises the Chief Executive as Chair, Directors and invited officers. The Commissioner is not a member but may attend meetings to participate in discussions and receive advice directly.

The Operations Committee directs and oversees the Commission's operational activities in six areas:

- assessments;
- investigations;
- oversight;
- strategic intelligence;
- capacity-building; and
- covert powers inspections.

The Operations Committee provides advice and recommendations, for the Commissioner's approval, on the action (if any) to be taken in relation to serious misconduct allegations referred to it. This may include:

- conducting a preliminary investigation;
- investigating or taking action (independently or in cooperation with an appropriate authority or independent agency);
- referring the allegation to an appropriate authority for action with monitoring and/or review by the Commission;
- referring the allegation to an independent agency for action; or
- taking no further action.

The Assessment and Strategy Development Directorate finalises allegations not considered by the Operations Committee.

Overview of action taken in relation to allegations

Table 7 shows the action taken by the Commission in relation to the allegations assessed during 2017-18 and 2018-19. Table 8 shows the actions taken by the Commission for allegations assessed in 2018-19 broken down by the WA Police Force and the rest of the public sector. The data in the tables is representative of the actions taken in relation to allegations at a point in time. The Commission may at any time decide to take other action under the CCM Act in relation to a particular allegation.

In 2018-19, the Commission took no further action in relation to 3,429 of the 5,034 allegations assessed. This was mainly due to the:

- allegation not relating to serious misconduct (and therefore not coming under the jurisdiction of the Commission);
- allegation being, or having been, appropriately dealt with by the relevant public authority; or
- Commission being unable to form a reasonable suspicion of serious misconduct.

Table 7: Action taken in relation to allegations

Action taken in relation to allegations	2017-18		2018-19	
	No.	%	No.	%
No further action taken — s 33(1)(d)	3,376	66.8%	3,429	68.1%
- no further action taken by the Commission	2,584	51.2%	2,569	51.0%
- no further action taken by the Commission (record public authority outcome)	510	10.1%	659	13.1%
- disclose to the Public Sector Commission	204	4.0%	142	2.8%
- disclose to other agency	78	1.5%	59	1.2%
Allegations referred to an appropriate authority or independent agency for action — s 33(1)(c)	1,593	31.5%	1,554	30.9%
- referred to appropriate authority – monitor for outcome	1,480	29.3%	1,484	29.5%
- referred to appropriate authority – monitor for review (active monitoring and review)	113	2.2%	70	1.4%
- referred to independent agency	-	-	-	-
Commission to investigate — ss 33(1)(a) – (b)	47	0.9%	21	0.4%
- independently – s 33(1)(a)	19	0.4%	17	0.3%
- in cooperation with appropriate authority or independent agency – s 33(1)(b)	28	0.6%	4	0.1%
Allegations pending the outcome of a preliminary investigation by the Commission — s 32(2)	35	0.7%	29	0.6%
Refer to Operations Committee — pending a decision	-	-	3	0.05%
Total	5,051	100%	5,036	100%

Note: Percentages in table may not total 100% due to the rounding rule applied.

Of the allegations assessed, approximately 3% potentially concerned minor misconduct and were therefore disclosed to the Public Sector Commission, with no further action taken by the Commission.

The Commission decided that 1,604 allegations potentially involving serious misconduct required further action. The majority (1,554) were referred to an appropriate authority for action. The Commission may monitor the progress of the action taken by an appropriate authority and/or review how the appropriate authority deals with the allegation (refer page 40). During the reporting period, 70 allegations were referred to an appropriate authority to be actively monitored and reviewed by the Commission. In relation to the remaining 50 allegations requiring further action, the Commission decided to conduct preliminary investigations

(where the outcome was pending in relation to 29 allegations at year-end), independent investigations (into 17 allegations), and cooperative investigations with an appropriate authority or independent agency (into 4 allegations).

Recognising the serious nature of misconduct risks in policing and the resultant need for a greater level of Commission oversight in certain circumstances, 52 allegations were referred to the WA Police Force for action with active monitoring and review by the Commission, compared to 18 allegations for the rest of the public sector. The Commission also referred a further 923 allegations (approximately 33% of all police allegations) to the WA Police Force for action, with the Commission notified of the final outcome only. This reflects the Commission's general confidence in the WA Police Force's ability to appropriately deal with misconduct matters internally.

Table 8: Action taken in relation to allegations — WA Police Force and the rest of the public sector

Action taken in relation to allegations	WA Police Force	Public sector	Not in jurisdiction
No further action taken — s 33(1)(d)	1,833	1,530	66
- no further action taken by the Commission	1,273	1,231	65
- no further action taken by the Commission (record public authority outcome)	559	100	-
- disclose to the Public Sector Commission	-	142	-
- disclose to other agency	1	57	1
Allegations referred to an appropriate authority or independent agency for action — s 33(1)(c)	975	579	-
- referred to appropriate authority – monitor for outcome	923	561	-
- referred to appropriate authority – monitor for review (active monitoring and review)	52	18	-
- referred to independent agency	-	-	-
Commission to investigate — ss 33(1)(a) – (b)	15	6	-
- independently – s 33(1)(a)	14	3	-
- in cooperation with appropriate authority or independent agency – s 33(1)(b)	1	3	-
Allegations pending the outcome of a preliminary investigation by the Commission — s 32(2)	1	28	-
Refer to Operations Committee — pending a decision	1	2	-
Total	2,825	2,145	66

Investigations

?

Key results:

50 Serious misconduct investigations conducted

19 Preliminary investigations

14 Independent investigations

17 Cooperative investigations

The Commission investigates matters which are serious and significant, and where it believes it can have the most impact in improving the integrity of the public sector. Commission investigations include:

- preliminary investigations;
- investigations conducted by the Commission independently; and
- investigations conducted by the Commission in cooperation with an independent agency or appropriate authority.

In 2018-19, the Commission achieved its target of conducting 50 serious misconduct investigations. This represents the total number of active and completed investigations during the reporting period — including investigations that were before the court at year-end.

Preliminary investigations

In order to properly assess allegations of serious misconduct, the Commission may conduct a preliminary investigation. The purpose of a preliminary investigation is to obtain enough information to make an informed decision about whether further action should be taken. A preliminary investigation can range from gathering and analysing additional information to conducting interviews and utilising the powers available to the Commission, such as obtaining information from public authorities or individuals.

A decision to commence a preliminary investigation, including the scope of the investigation, is recommended by the Operations Committee and approved by the Commissioner.

In some cases, a preliminary investigation may progress to an independent or cooperative investigation. In these instances, the Commission reports the investigation once as an independent or cooperative investigation.

Cooperative investigations

The Commission continues to work cooperatively with public authorities to investigate allegations of serious misconduct. This approach provides a number of benefits such as sharing of information and resources and making the investigation process more efficient. It also allows public authorities to manage their own risks during the investigation process and to take greater ownership of any outcomes.

The Commission regularly investigates matters cooperatively with the WA Police Force's Internal Affairs Unit. A strong professional relationship with this unit has enabled allegations of serious misconduct to be efficiently investigated.

Timely investigations

?

Key results:

29 Serious misconduct investigations completed

8 Preliminary investigations

7 Independent investigations

14 Cooperative investigations

309 Days on average to complete investigations

It is important that the Commission's investigations are completed in a timely manner so that appropriate action can be taken in response to an allegation and any issues identified can be dealt with swiftly by the relevant parties. The Operations Committee monitors the progress and timeliness of Commission investigations.

In 2018-19, the Commission completed 29 serious misconduct investigations with 79% of these investigations completed within 12 months. The average time taken to complete an investigation in the reporting period was 309 days. Investigation duration calculations exclude the time a matter is before the courts (if applicable) and include time spent as a preliminary investigation (for independent and cooperative investigations). For further explanation regarding the Commission's key performance indicators refer to page 99.



Each investigation has a different degree of complexity and, therefore, varies in duration. There has been a slight increase in the average time taken to complete independent and cooperative investigations in 2018-19 (342 days) compared to 2017-18 (317 days). This change is largely due to the closure of three longstanding investigations: Operation Spitfire (a complex cooperative investigation into a range of serious misconduct risks at the Department of Justice); Operation Oakley (an investigation into a local government authority in a remote area); and Operation Flint (an investigation into serious misconduct risk in contract management at the Department of Mines, Industry Regulation and Safety).

Powers available to the Commission

Serious misconduct often occurs in secret and, for this reason, the Commission has a range of powers it can use to conduct investigations. The Commission can request public authorities and individuals provide information and documents, and can hold private and public examinations in which people are required to attend and answer questions. It can also enter and search public premises without warrant and, under warrant, search other premises, seize relevant material, intercept telephone communications and use surveillance devices. The Commission also has the power to assess the honesty of public officers by conducting integrity tests. Commission officers can use assumed identities to conduct covert activities as part of investigations.

These, and other powers, are subject to strict approval processes and are closely monitored by the Western Australian Ombudsman, Commonwealth Ombudsman and the Parliamentary Inspector. Only Federal and Supreme Court judges can issue warrants.

The Commission is very conscious of the intrusive nature of these powers on individual rights and freedoms, and applies the principle of 'least intrusion'. For example, if a person is willing to provide a document, the Commission will not use its power to compel a person to do so unless there is a need to protect the interests of the person. In practice, a serious misconduct investigation will involve the use of some or all of the Commission's powers, depending on the type of allegations under investigation. The Commission seeks to deploy the range of powers available to it in the most operationally-appropriate manner. As a result, the use of these powers varies from investigation to investigation and from year to year. The figures in Table 9 reflect the approach taken in investigations (including in relation to unexplained wealth matters) conducted in 2018-19.

Table 9: Statutory powers used by the Commission

Statutory power	Number	
	2017-18	2018-19
s 94: Notices served by the Commission to produce a statement of information	6	4
s 95: Notices served by the Commission to obtain documents and other things	162	150
s 101: Search warrants issued to the Commission	24	3
s 103: Approvals for the acquisition and use of an assumed identity given by the Commission	15	9
s 121: Authorities to conduct controlled operations granted by the Commission	2	3
s 123: Authorities for integrity testing programs granted by the Commission	1	1
s 148: Warrants of apprehension issued by the Commission	-	-
Warrants and emergency authorisations issued to the Commission under the <i>Surveillance Devices Act 1998</i>	23	2
Warrants issued to the Commission under the <i>Telecommunications (Interception and Access) Act 1979</i> (Cth)	36	14

Compulsory examinations

One of the Commission's investigative tools is the compulsory examination of a witness for the purposes of a Commission investigation. An examination before the Commission is not the same as a hearing conducted by a court or tribunal. The Commission does not make a finding about guilt or innocence. The purpose of an examination is to obtain information to advance an investigation into an allegation of serious misconduct. The Commission may open an examination to the public if, having weighed the benefits of public exposure and public awareness against the potential for prejudice or privacy infringements, it considers that it is in the public interest to do so.

In 2018-19, private examinations were held in relation to 10 investigations during which 35 witnesses were examined over 28 examination days. No public examinations were held during the reporting period.

Giving evidence at an examination can be a stressful experience for a witness. In 2018-19, the Commission implemented new measures to support the welfare of witnesses who have been summoned to attend an examination. This includes:

- providing witnesses with information about the examination process and how to seek support for the range of emotions they may experience about giving evidence — this includes a Wellbeing Card and an Introduction to CCC Examinations document;
- assigning a Witness Liaison Officer who on the day of examination will inform, advise and direct the witness in relation to the examination process;
- a process for initiating additional support, from an external agency or party, for a witness if there is an immediate threat to their safety and welfare; and
- training Commission officers in how to identify and assist witnesses who may be experiencing stress.

Investigation themes

The Commission focusses its investigative resources on areas of serious misconduct risk. The Commission has identified strategic themes to better inform which matters are investigated (refer to page 23). In 2018-19, all but one investigation conducted related to one or more of the Commission's strategic themes. Table 10 provides an overview of the Commission's investigations in 2018-19 by strategic theme. Given an investigation can relate to more than one theme, the total number of investigations in the table does not equal the number of investigations conducted during the year.

Table 10: Commission investigations in 2018-19 by strategic theme

Strategic theme	Number of investigations
Procurement and financial management	24
Data and information	11
WA Police Force	11
People at risk	8
Use of force	8
Policy, regulation and licensing	2
Other - misuse of resources	1

In line with the Commission's legislative functions, oversight of the WA Police Force continues to be an ongoing priority for the Commission. As shown in Table 10, in 2018-19, 11 of the Commission's investigations were into the WA Police Force. These investigations also related to the themes of data and information, people at risk, and use of force.

The following case studies provide examples of the types of matters investigated by the Commission during the reporting period.

Case study 2

Preliminary investigation - Access and use of taser*Other theme — misuse of resources*

Allegation - The Commission received an allegation concerning officers of the Department of Justice - Corrective Services Special Operations Group (SOG). It was alleged that officers of the SOG provided a taser demonstration to marketing representatives from a private company and allowed them to hold and fire the taser. The Commission decided to commence a preliminary investigation into the matter.

Preliminary investigation - The Commission conducted a series of private examinations with relevant officers, as well as a number of witnesses.

Outcome - The Commission did not form an opinion of serious misconduct against any officers of the SOG. However, it did identify a number of serious misconduct risks at the SOG including in relation to:

- security of the SOG area;
- security measures regulating visitors to SOG, including poor recordkeeping of visitor's details;
- senior officers' knowledge of the Code of Conduct, Conflict of Interest procedures and guidelines, and the SOG Superintendent's Official Instruction A19, and a lack of clarity within the Instruction; and
- regular and proactive auditing of the download data of each taser issued to SOG, and cross referencing the taser issue and return register to ensure appropriate accountability.

The Commission provided a report to the Department of Justice on the outcome of its investigation, and made a series of recommendations to address a number of serious misconduct risks identified. At year-end, the Commission was reviewing the Department of Justice's responses to those recommendations, and will report on the outcome of that review in due course.

Case study 3

Preliminary investigation - Road safety funding for the Western Force Rugby Union team*Strategic theme — Procurement and financial management*

Allegation - The Special Inquiry into Government Programs and Projects, chaired by former Under Treasurer, John Langoulant AO, examined 26 large projects managed by the State between 2008 and 2017. The Special Inquiry's final report was critical of the Road Safety Commission's \$1.5m funding of a partnership with the Western Force Rugby Union team. The report expressed concerns that the funds may have been allocated unlawfully. The Public Sector Commission also raised concerns that two senior officers at the Road Safety Commission may have hindered the Special Inquiry or provided false or misleading statements. The Commission decided to commence a preliminary investigation into the allegation.

Preliminary investigation - As part of the investigation the Commission issued notices seeking documents from the Road Safety Commission and conducted private examinations with the two senior officers.

Outcome - The Commission's preliminary investigation did not uncover evidence that suggested corruption by either of the two senior officers at the Road Safety Commission. It also did not uncover evidence that Road Safety Commission officers received financial benefit from the Western Force partnership.

However, the investigation showed that one of the senior officers did not discharge his duties as well as he could have. Particularly, he excluded the Road Safety Council from the Western Force funding decision. The investigation concluded that, although this was contrary to the provisions of the *Road Safety Council Act 2002*, it did not constitute serious misconduct.

The Commission tabled a report on the outcome of its preliminary investigation in the Parliament of Western Australia on 13 December 2018.

Case study 4

Operation Flint - Department of Mines, Industry Regulation and Safety

Strategic theme — Procurement and financial management

Allegations - The Commission received a notification from the Public Sector Commission about an officer employed at the Department Mines, Industry Regulation and Safety. It was alleged that the Department's Manager of the Abandoned Mines Program corruptly provided work to a company because she was in a personal relationship with the owner of the company. It was also alleged that she approved the Department's payments to the company and released confidential information.

Investigation - The Commission commenced an investigation. The Commission obtained information from the Department and the company by way of compulsory notices, and later conducted a series of private examinations of persons of interest and witnesses. The Commission also conducted interviews of relevant persons and executed a search warrant at the company's premises.



Outcome - The Commission's investigation concluded that from December 2016, the manager was in a romantic relationship with the owner of the company and they had been living together since May 2017. From December 2016 to October 2017, the company provided services to the Department whilst the manager authorised payments to the company for work that had not been carried out.

The manager did not disclose to the Department her relationship with the owner of the company. When confronted with information about her involvement with the company, she gave misleading information and concealed her personal relationship.

She engaged in serious misconduct by corruptly using her position to procure payments to the company and by attempting to procure a payment for the company. She also engaged in serious misconduct by disclosing documents that were confidential to the Department.

The Commission tabled its [report](#) on the outcome of its investigation in the Parliament of Western Australia on 21 May 2019. The Commission formed an opinion that the manager had engaged in serious misconduct.

The manager left the Department in October 2017 and as at May 2019, was working for the company.

Case study 5

Operation Oakley - Shire of Halls Creek

Strategic theme — Procurement and financial management

Background - In recent years, the Commission has conducted more than 10 investigations into metropolitan and regional local government authorities. A significant theme in those investigations has been the serious misconduct risks associated with financial management, as highlighted in the following case study.

Allegation - The Commission received an anonymous allegation that the Chief Executive Officer of the Shire of Halls Creek may have engaged in serious misconduct to obtain a benefit for himself and/or other persons. Given the seriousness of the allegations and the apparently systemic nature of the misconduct risks, the Commission commenced an investigation.



Investigation - During its investigation the Commission examined the conduct of the CEO and other public officers at the Shire, executed search warrants, used telephone intercepts and conducted a series of private and public examinations of witnesses and persons of interest.

Outcome - The Commission tabled its report on the outcome of its investigation in the Parliament of Western Australia on 30 August 2018.

The Commission formed a number of opinions of serious misconduct relating to the CEO. Specifically, he had:

- used his position to ensure that a person with whom he was in a long term intimate relationship was appointed as Strategic Planning Manager;
- failed to declare to the Shire President his financial interests;
- taken leave he was not entitled to take;
- failed to adequately disclose the extent of his secondary employment; and
- misapplied the Shire's resources.

The Shire President and other councillors, who are responsible for the CEO's performance, were not aware of the details of the CEO's conduct. In the wake of the Commission's investigation the CEO's employment with the Shire was terminated.

This investigation also highlighted the importance of whistle blowers in uncovering serious misconduct in the public sector.

Case study 6

Operation Spitfire - Misconduct risks in WA Prisons*Strategic themes — People at risk, data and information, and use of force*

During 2018-19, the Commission's cooperative investigation into serious misconduct in the Corrective Services division of the Department of Justice was completed. The investigation used all of the Commission's powers and capabilities, and identified a broad range of serious misconduct risks.

During the previous reporting period, the Commission tabled five reports and made 31 recommendations as a result of its investigation. These reports looked at case trafficking of contraband into prisons, the reporting and management of use of force incidents and the supervision of prisoners in the community.

On 26 October 2018, the Commission tabled its *Report into misconduct risks in WA prisons* in the Parliament of Western Australia, drawing together all of the lessons learned from its investigation. This consolidated report made an additional 20 recommendations on issues such as:

- the development of a corruption prevention framework;
- the implementation of a new structure for the investigation and intelligence units;
- the continuation of the review of search and screening procedures used on entry to prisons;
- the implementation of the recommendations of the Auditor General in relation to the management of information systems;
- addressing all the outstanding recommendations made by the Commission, the WA Police Force, the Office of the Auditor General, and the Public Sector Commission; and
- introducing a system to track and measure the effectiveness of serious misconduct strategies that can be used for high level and operational reporting.

At year-end, the Commission was in the process of evaluating the Department of Justice's implementation of the Commission's 51 recommendations made in its six reports, and will report on the outcome of that review in due course.



Case study 7

Operation Dunkirk - WA Police Force

Strategic theme — Use of force

Background - In recent years, the Commission has conducted more than half a dozen investigations into use of force allegations against officers of the WA Police Force. In addition to conducting investigations the Commission also monitors and reviews the internal investigation of such matters by the WA Police Force. In the case study below, the Commission did both.

Allegation - It was alleged that two police officers and a police auxiliary officer used excessive force during the arrest of a person in Fremantle in September 2017. During the incident, the arrested person suffered a broken finger. The Commission was notified of the allegations eight months after the incident and referred it to the WA Police Force for investigation with active monitoring and review by the Commission. The Internal Affairs Unit (IAU) within the WA Police Force conducted the investigation and found that shortly after the arrest one of the police officers twisted the arrested person's finger to the point of dislocation. The IAU investigation recommended disciplinary outcomes but no criminal charges as the arrested person did not wish to make a formal complaint. The Commission decided to conduct its own investigation of the incident.

Investigation - During the course of the investigation, the Commission remained in regular contact with IAU. The Commission's investigation included a comprehensive review of the IAU investigation (including review of CCTV footage, witness statements and IAU interviews conducted), an interview with the arrested person and private examinations of the officers involved. The Commission's investigation concluded that the force used to overcome the arrested person was excessive.



Outcome - The Commission completed its investigation and tabled its report on the outcome in the Parliament of Western Australia on 7 February 2019. The Commission in its oversight of the WA Police Force is empowered to form opinions on police misconduct and did so in respect of both officers. One officer resigned prior to IAU completing its investigation, and has subsequently been charged by the WA Police Force in relation to the incident. The second officer was referred to the WA Police Force Independent Review Panel for consideration of Loss of Confidence proceedings.

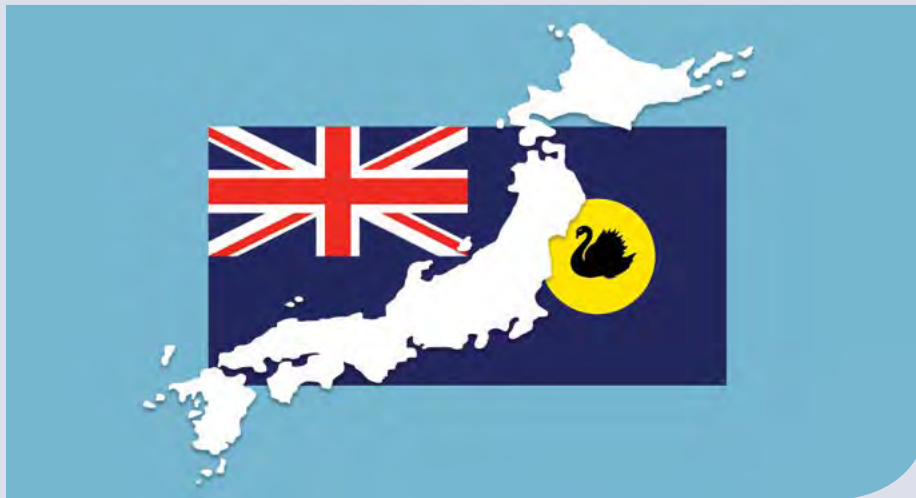
Case study 8

Operation Overton - WA Commissioner to Japan

Strategic theme — Procurement and financial management

Allegation - The Department of Jobs, Tourism, Science and Innovation notified the Commission of suspected serious misconduct by the WA Commissioner to Japan. The Department had taken responsibility for all the State's overseas Commissioners as part of machinery of government changes and scrutiny of monthly accounts from the Commissioner had identified a number of anomalies. The allegation related to the Commissioner's cost of living allowance claims.

Investigation - The Commission's investigation was challenging due to the geographical limits on the Commission's jurisdiction. These challenges were managed by constant communication with, and comprehensive assistance from, the Department. The investigation involved the analysis of a large volume of documents and data, and private examinations of a number of witnesses and the WA Commissioner to Japan. Commission officers also travelled to Japan to collect documents and interview witnesses.



Outcome - The Commission completed its investigation and tabled its report on the outcome in the Parliament of Western Australia on 12 March 2019. It formed a number of opinions of serious misconduct in relation to the WA Commissioner to Japan. Specifically, he had:

- double-dipped on 'cost of living allowance' claims and payments for more than a decade;
- claimed and received payment for utility expenses, storage and memberships he was not entitled to claim;
- misused his official passport;
- not paid taxes in Australia or Japan since at least 2010;
- destroyed a computer hard drive following a direction to bring his work computer to Perth; and
- organised favours for friends at the State's expense, including arranging massages at a bathhouse for two members of Parliament who were visiting Tokyo.

The WA Commissioner to Japan was dismissed for misconduct in February 2019. The Commission's report was referred to the WA Police Force and to the Public Sector Commission. The latter in response to questions raised as a result of the investigation — including the way in which Commissioners are supervised and their financial accounts validated — which are outside the Commission's jurisdiction. Operation Overton demonstrates the serious misconduct risks associated with overseas offices and what can happen when governance of those offices is lacking.

Charges and convictions

The Commission has no power to prosecute criminal offences.⁵

The Commission, in the course of its serious misconduct investigations, may uncover suspected criminal offending. The Commission is empowered to provide evidence to prosecuting authorities such as the State Solicitor's Office or the Office of the Director of Public Prosecutions for consideration. In this way, the Commission fulfils the role of an independent investigative agency, assembling evidence for consideration by a prosecuting agency or the police.

The WA Police Force, State Solicitor's Office and the Office of the Director of Public Prosecutions are three of the State's prosecuting authorities which have discretion to determine whether to commence a prosecution in relation to a criminal offence.

In the reporting period, the WA Police Force commenced proceedings against three public officers based on evidence arising from two Commission investigations. The State Solicitor's Office continued proceedings against three public officers for matters referred to it by the Commission.

Table 11 shows the charges and convictions (arising from Commission investigations) for 2018-19. There were no charges and convictions against non-public officers during the reporting period.

Table 11: Charges and convictions (arising from Commission investigations) in 2018-19

Charges and convictions	Against public officers
Charges laid in the reporting period	10
Charges still before the courts (at the end of the reporting period)	10
Charges discontinued, dismissed or set aside	-
Convictions	12
Acquittals	-
Charges finalised (including sentencing for convictions in the previous reporting period)	21

Examples of the types of offences prosecuted in 2018-19 included:

- corruption contrary to the *Criminal Code* (s 83);
- fraud contrary to the *Criminal Code* (s 409);
- corruptly falsifying a record contrary to the *Criminal Code* (s 85); and
- assault contrary to the *Criminal Code*.

⁵ *A v Maughan* [2016] WASCA 128 was the case that determined that the Commission has no powers to prosecute criminal offences.

Monitoring and reviewing appropriate authority actions and investigations

Key results:

1,554 Allegations referred to an appropriate authority for action

1,484 Allegations referred as monitor outcome only

70 Allegations referred for active monitoring and review

Following assessment of an allegation of serious misconduct, the Commission has a number of actions open to it. When considering which is the most appropriate, the Commission is cognisant that responsibility for the identification and management of serious misconduct lies with the head of the public authority where the subject officer is employed.

If the Commission decides not to investigate, an option is to refer the allegation to a public authority, most often the one that employs the subject officer, for action. In those instances, the Commission's primary responsibility becomes to ensure that the public authority deals with the matter adequately. The Commission's Oversight Team is responsible for monitoring and/or reviewing these matters. The Commission's monitor and review functions are typically fulfilled in one of two ways – through monitoring appropriate authority actions for the outcome only or through active monitoring and review.

Monitor outcome only

Consistent with the previous reporting period, during 2018-19 the Commission referred 1,484 allegations to appropriate authorities as 'monitor outcome only' matters. These allegations are generally less serious in nature, or the Commission has confidence in the appropriate authority's capability to respond appropriately to the allegation. The Commission retains a level of oversight of these matters through the receipt of outcome reports that appropriate authorities must provide to the Commission. The Commission retains all data relating to closures and outcomes for accountability, reporting and intelligence purposes. It is important that an

appropriate authority deals with an allegation of serious misconduct referred to it within a reasonable timeframe. To ensure this occurs, the Commission will follow up with appropriate authorities to seek advice about the outcomes for allegations referred to them for action.

Table 12 shows the number of allegations referred as 'monitor outcome only' matters for the current and last two reporting periods. Also included is the number of these allegations, by year referred, that are still being actioned by appropriate authorities as at 30 June 2019 (885 allegations in total).

Table 12: Number of allegations referred to an appropriate authority as 'monitor outcome only' and the number pending an outcome as at 30 June 2019

	2016-17	2017-18	2018-19
Allegations referred as 'monitor outcome only'	1,772	1,480	1,484
Referred allegations pending an outcome as at 30 June 2019	44	236	605

Active monitoring and review

During 2018-19, the Commission referred 70 allegations to an appropriate authority for active monitoring and review. Active monitoring and review is a structured program of engagement, consultation and proactive management. It aims to achieve high levels of accountability, increase the capacity of appropriate authorities, and ensure continued visibility by the Commission. While typically reserved for matters that are assessed as being particularly serious in nature, active monitoring and review is also initiated for matters involving subject officers with an extensive complaints history, or those matters where systemic issues are identified. The Operations Committee oversees all matters subject to active monitoring and review.

During the reporting period, the outcome of some Commission reviews were also the subject of reports either tabled in the Parliament of Western Australia or provided to Directors General, Commissioners and Chief Executive Officers (refer page 48). Case study 9 illustrates the Commission's active monitoring and review process and provides an example of the types of matter overseen by the Commission.

Case study 9

Tasering incident - WA Police Force

Strategic themes — People at risk, use of force, and the WA Police Force

Allegation - The WA Police Force notified the Commission of a use of force incident in which two officers accompanied paramedics on a welfare check of a young person who was believed to be under the influence of drugs. On arrival at the property, the young person advised he had ingested a quantity of drugs, showing the officers the remaining drugs on his tongue. After considering advice from the paramedics on the possible effects should the drugs be ingested, one of the officers tasered the young person three times in the back in an attempt to have him spit the drugs from his mouth. Several Commission strategic themes applied in this matter — people at risk, use of force and the WA Police Force. The allegations were referred to the WA Police Force for action, subject to active monitoring and review by the Commission.



Active monitoring and review of the WA Police Force investigation - The Commission's active monitoring and review of the matter commenced by engaging with representatives from the WA Police Professional Standards Portfolio who acted as a liaison point for the district investigator assigned to the incident. Audio recorded interviews, statements and taser data reports were provided to the Commission to demonstrate the progress of the investigation. A case officer was allocated from the Commission's Oversight Team, and the WA Police Force were required to provide regular updates in relation to their investigation.

The Commission reviewed the WA Police Force response and determined it conducted a thorough investigation, undertook significant enquiries, conducted interviews with those involved (including independent witnesses), and consulted with the State Solicitors Office. Criminal charges for assault were considered however did not proceed due to a reasonable defence provided by s 25 of the *Criminal Code - Extraordinary Emergency*.

The investigation concluded that the subject officer's use of force was justified. However, taser data reports reviewed as part of the investigation indicated that the officers had not followed training guidelines as they drew and armed their tasers at several other incidents during their shift.

Outcome - The WA Police Force provided a bespoke training package to the officers, as well as verbal guidance. The Commission considered the action taken by the WA Police Force to be proportionate and appropriate.

From its active monitoring and review of the matter, the Commission concluded that the WA Police Force properly considered the available evidence and the matter was promptly and adequately dealt with.

Helping prevent WA Police Force misconduct

?

Key results:

2,825 Allegations of police misconduct assessed

923 Allegations of police misconduct referred for monitor outcome only

52 Allegations of police misconduct referred for active monitoring and review by the Commission

11 Investigations conducted into police misconduct of which 7 were cooperative

All allegations of police misconduct — including serious misconduct, minor misconduct and reviewable police action relating to sworn and unsworn officers, and people seconded to the WA Police Force — are defined as serious misconduct under the CCM Act. As such, all allegations of police misconduct are notified to, and assessed by, the Commission. In 2018-19, allegations of police misconduct represented approximately 56% of all allegations assessed.

As part of its oversight responsibilities for the WA Police Force, the Commission has a prevention and education function in relation to police misconduct. The Commission exercises this function in a number of ways including:

- regular liaison and consultation with the WA Police Professional Standards Portfolio in relation to allegations against police, incident briefings, intelligence sharing and engagement with members in relation to the prevention of, and education about, police misconduct;
- providing advice to the WA Police Force on the appropriateness of actions taken in response to allegations of police misconduct;
- early and regular consultation with the areas tasked with investigating allegations of police misconduct as part of the Commission's monitoring and review functions;
- conducting independent investigations and investigations in cooperation with the WA Police Force into police misconduct;
- providing reports and recommendations to the Police Commissioner, the Police Minister or by tabling the reports in the Parliament of Western Australia; and
- providing briefings to new police recruits at the Western Australia Police Academy.

Further information about allegations, investigations and reports relating to the WA Police Force can be found in the relevant sections of this report. Case studies 7 and 9 also provide examples of the Commission's oversight of the WA Police Force during the reporting period.

Providing information to independent agencies and appropriate authorities

The Commission may disclose official information to other public authorities and agencies. This can occur when the Commission receives allegations or information about agencies or officers outside its jurisdiction, such as information about:

- Commonwealth or other Australian state or territory government agencies or public officers;
- Western Australian public officers that does not constitute serious misconduct, but raises concerns about the fitness or integrity of the person in their public officer capacity; and
- a private person or organisation that involves possible criminal conduct.

In these cases, the disclosure is not only in the public interest, but also supports the Commission's legislated purpose of continuously improving the integrity of the public sector.

The Commission also discloses allegations of potential minor misconduct to the Public Sector Commission in order for the Public Sector Commission to carry out its functions and responsibilities under the CCM Act.

In other circumstances, the Commission may disclose official information for the purposes of prosecution or disciplinary action, or carrying out its functions under the CCM Act. The Commission also discloses information to relevant parties prior to reporting on any matters adverse to them so that they may make representations to the Commission concerning these matters.

In carrying out its function to ensure that allegations and information concerning serious misconduct are dealt with in an appropriate way, the Commission may also consult, cooperate and exchange information with:

- independent agencies (for example, the Office of the Auditor General and the Director of Public Prosecutions);
- appropriate authorities (for example, other Western Australian State Government agencies such as the Department of Health and the WA Police Force); or

- specified or gazetted agencies (for example, interstate integrity bodies such as the Independent Broad-based Anti-Corruption Commission (Vic) or the Independent Commission Against Corruption (NSW)).

During 2018-19, the Commission made disclosures of information to the following independent agencies:

- Director of Public Prosecutions; and
- Public Sector Commission.

Examples of appropriate authorities and other relevant bodies to which the Commission made disclosures during the reporting period include:

- Australian Federal Police;
- Child and Adolescent Health Service;
- Civil Aviation Authority;
- Department of Communities;
- Department of Finance;
- Department of Justice;
- Department of Local Government, Sport and Cultural Industries;
- Department of Mines, Industry Regulation and Safety;
- Department of Primary Industries and Regional Development;
- Department of Transport;
- Inquiry into the City of Perth;
- North Metropolitan Health Service;
- Public Transport Authority;
- Small Business Development Corporation;
- WA Police Force;
- Water Corporation; and
- Western Power.

Recommendations for legislative changes

The Corruption, Crime and Misconduct Bill 2017 is currently being considered by the Legislative Council after being passed in the Legislative Assembly in November 2017. This Bill amends the CCM Act to ensure that the Commission has powers in relation to misconduct by members of Parliament that is not a matter determinable exclusively by a House of Parliament; for example, misconduct by a Member of Parliament which could constitute an offence under the *Criminal Code*.

During 2018-19, the Commission made submissions for a number of statutory reviews regarding Western Australian and Commonwealth laws.

The Commission provided submissions on statutory reviews of the *Criminal Property Confiscation Act 2000*, *Criminal Investigations (Covert Powers) Act 2012* and the *Criminal Organisations Control Act 2012*.

In the Commonwealth context, the Commission made submissions to the Parliamentary Joint Committee on Intelligence and Security regarding a review of the *Telecommunications and Other Legislation Amendment (Assistance and Access) Act 2018* (Cth). The Commission also contributed to a joint submission on that Act by other investigative agencies.



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4 Building capacity



Working together to develop public sector capacity

Key results:	
36	Events
1,621	Participants
1	Joint session with the Public Sector Commission

The Commission engages in activities that aim to increase integrity across the public sector and assist public authorities in their response to allegations of serious misconduct. The Commission's prevention and education function for serious misconduct, except for police misconduct, was removed in 2015.

The Commission uses a range of mechanisms to build public sector capacity and assist public authorities prevent, identify and respond to serious misconduct. In order to do this, the Commission works collaboratively with the Public Sector Commission, the WA Police Force, other Western Australian public authorities, and independent agencies and integrity bodies both locally and interstate.

During 2018-19, the Commission undertook a number of activities including:

- reporting to appropriate authorities and the Parliament of Western Australia on serious misconduct investigations, highlighting areas of risk, lessons to be learnt and, where appropriate, making recommendations;
- co-hosting an integrity forum with the Public Sector Commissioner for approximately 150 participants. Guest speaker Ms Gill Callister PSM, former head of the Victorian Department of Education and Training shared how she restored trust and integrity at the agency following two significant anti-corruption reports; and
- delivering 36 presentations to more than 1,600 participants, on topics ranging from the role of the Commission and its functions, the impact of administrative law on anti-corruption and integrity agencies, integrity in the workplace and the Commission's oversight and investigation functions. Fifteen of these presentations focussed on the serious misconduct risks associated with procurement activities.



Public Sector Commissioner Sharyn O'Neill (left), Ms Gill Callister PSM (centre) and Commissioner John McKechnie, QC (right) speaking at the integrity forum co-hosted by the Commission and the Public Sector Commission (image supplied by PSC)



To view either click the links or scan the QR Codes using a camera phone.

International Anti-Corruption Day - 9 December 2018

Every year, International Anti-Corruption Day is recognised on 9 December. A day to expose corruption around the globe, and to recognise that no country, region or community is immune to this crime. The 2018 theme was The Power of People's Pressure.

The Commission called on all Western Australians to recognise that corruption is everyone's business and that when corruption takes place, everyone pays for it. The Commissioner and Australia's other anti-corruption commissioners also issued a joint communiqué calling on public sector leaders to build strong cultures of integrity, as leadership is the key to corruption prevention.

On the Commission's YouTube channel, a series of short videos was published in which the people of Perth were asked about corruption — what does it mean to them? Is it corruption or an acceptable gift? Is corruption a bigger issue in the public or private sector?

A podcast was also produced in which the Commissioner shared some of his insights into corruption — how it works and what effects it has, locally and globally. These resources were provided to public authorities to share with their staff.

The Commissioner also spoke on local radio station 6PR about International Anti-Corruption Day and anti-corruption banners were hung in Forrest Place, during the week prior, to capture the attention of CBD visitors.

Reports and recommendations



Key results:

45 Reports produced

46 Recommendations made to public authorities

Reports

Commission reports, produced in line with Part 5 of the CCM Act, detail the results of the Commission's investigations and other matters. They educate and inform the public sector and enable informed action to be taken to address misconduct risks. Reports also enable the Parliament of Western Australia and the Western Australian community to be satisfied that significant public sector serious misconduct allegations and issues are dealt with transparently and accountably.

The decision to release information to the public is taken very seriously and the Commission does so only after a determination that the benefits of public exposure and public awareness outweigh the potential for prejudice and privacy infringements. The Commission is obliged to afford procedural fairness to any persons adversely named or affected by its reports.

In 2018-19, the Commission produced a total of 45 reports compared to 13 reports in 2017-18. This increase in the number of reports produced compared with the previous year is due to a change in the counting methodology to reflect a more informed and accurate representation of the Commission's activity. For further explanation regarding the Commission's key performance indicators refer to page 99.

In 2018-19, 11 reports were provided to the Parliament of Western Australia, in addition to the Commission's *Annual Report 2017-18* and a report for the Joint Standing Committee on the Corruption and Crime Commission.

Reports tabled in Parliament were:

1. *Report into bribery and corruption in maintenance and service contracts within North Metropolitan Health Service - 16 August 2018[#]*
2. *Report on corruption in Information Technology at Horizon Power - 20 August 2018[#]*
3. *Report into how conflicts of interest undermine good governance - A report on the Chief Executive Officer of the Shire of Halls Creek - 30 August 2018*
4. *Report into unauthorised release of confidential information of the Public Transport Authority - 18 October 2018*
5. *Report into misconduct risks in WA prisons - 26 October 2018*
6. *Review of an arrest incident by Western Australia Police at Hamilton Hill - 1 November 2018*
7. *Report into the Road Safety Commission and an allocation of funds to Western Force - 13 December 2018*
8. *Report of police response to an incident in High Street Mall Fremantle on 3 September 2017 - 7 February 2019*
9. *Report on an incident in the Fremantle Offender Management Area 1 January 2017 - 28 February 2019*
10. *Report on the WA Commissioner in Japan - 12 March 2019*
11. *Serious misconduct in procurement of environmental services - 21 May 2019*

[#] At the time of printing, these matters were before the court so the Commission had removed the reports from its website.

The Commission provided 32 reports to Directors General, Commissioners and Chief Executive Officers at the conclusion of either an investigation or following a review of a public authority's investigation.

During the reporting period, the Commission continued to publish its *Overview of Serious Misconduct* report each quarter on its website.

Recommendations

Based on its assessments, investigations and other actions, the Commission may make recommendations to public authorities about:

- whether consideration should or should not be given to prosecuting or taking disciplinary action against particular persons; or
- taking other action in relation to identified matters.

During 2018-19, the Commission made a total of 46 recommendations to public authorities. This included 40 recommendations in six of its reports to the Parliament of Western Australia and six recommendations in a letter to one public authority.

Recommendations were made in relation to reports to WA Health (6), Horizon Power (4), Public Transport Authority (2), Department of Justice (32), the WA Police Force (1) and the State Government (1).

The recommendations included consideration of prosecution of 18 individuals.



Evaluation of the response of appropriate authorities to recommendations made by the Commission

The Commission evaluates the responses of appropriate authorities to the recommendations it makes. The recommendation review process, usually conducted a year after the recommendations are made, enables appropriate authorities to demonstrate the steps taken to address serious misconduct risks highlighted by the Commission. The process can also assist appropriate authorities to rebuild public confidence by showcasing the improvements made to address the serious misconduct risks. During 2018-19, the Commission commenced reviews into 87 recommendations made in 14 Commission reports concerning the Department of Justice, Department of Transport, WA Health, and the WA Police Force.

The process involves seeking a written response from the appropriate authority to the Commission's recommendations. Following a review of the authority's response, the Commission may identify additional evidence or engagement activities required to further inform its review. The Commission recognises that responsibility for the management of serious misconduct risks belongs to the appropriate authority and appreciates there may be valid reasons why certain recommendations may not have been implemented or yet completed. In such instances, the Commission will consider the appropriate authority's decision-making, including whether it recognises and accepts the risk(s) or how those risks may otherwise be managed in due course.

The review process may not always result in the Commission being satisfied with an appropriate authority's response and a further review may be required. During 2018-19, the Commission commenced a further review into two of the recommendations made to the WA Police Force following Operation Aviemore, a major crime squad investigation into the unlawful killing of Joshua Warneke. The Commission's first recommendation review, conducted in 2017-18, did not regard two of its seven recommendations as having been completed. The Commission subsequently engaged with the WA Police Force in respect to these outstanding recommendations and will finalise its further review in 2019-20.

Cooperating with integrity bodies

The Commission works collaboratively with other integrity and anti-corruption bodies, locally and interstate, exchanging information, expertise and best-practice approaches to help combat serious misconduct within and across jurisdictions.

Working collaboratively with anti-corruption agencies in other states

The Commissioner and Chief Executive meet regularly with their counterparts in other anti-corruption agencies to share information and work collaboratively on common issues. At the June 2019 meeting, hosted by the Independent Commissioner Against Corruption in South Australia, topics included witness welfare and use of coercive powers, corruption in corrections, police oversight, a national integrity body, case management systems, agency approaches to intelligence, future jurisdictional changes and ongoing cooperation between anti-corruption agencies.

During 2018-19, the Commission also provided assistance to the newly established Office of the Independent Commissioner Against Corruption in the Northern Territory (ICAC NT). This included providing information in relation to procurement and delegations, recruitment and induction, and case management systems. The Commission also ensured that ICAC NT was declared to be an agency with which the Commission may consult, cooperate and exchange information under the CCM Act.

Memorandums of Understanding

The Commission has more than 50 Memorandums of Understanding in place with various state and federal agencies. During the year, the Commission coordinated an update to the Interagency Collaborative Working Arrangements for Internal Investigations of Misconduct to include the Law Enforcement Conduct Commission in New South Wales and ICAC NT.



June 2019 meeting of anti-corruption agencies hosted by the Independent Commissioner Against Corruption in South Australia (image supplied by ICAC SA)

Criminal Investigation (Covert Powers) Act 2012

A controlled operation is a law enforcement operation that may involve an authorised participant engaging in unlawful conduct. The *Criminal Investigation (Covert Powers) Act 2012* provides protection to the participant from criminal responsibility where the conduct has been authorised, and engaged in, in accordance with that Act.

The *Criminal Investigation (Covert Powers) Act 2012* requires the Commission to inspect records of controlled operations conducted by the WA Police Force, the Fisheries Department and the Australian Crime Commission. The Fisheries Department is defined in s 3 of the Act as the department principally assisting in the administration of the *Fish Resources Management Act 1994*. From 1 July 2017, the relevant department is the Department of Primary Industries and Regional Development. The Australian Crime Commission retains its name for the purposes of reporting under the Act, although it merged with CrimTrac to form the Australian Criminal Intelligence Commission in July 2016.

Each of these agencies reports to the Commission on their use of controlled operations. The Commission provides individual annual reports on the agencies' activities to the responsible Minister for tabling in the Parliament of Western Australia.

In fulfilling its oversight role, the Commission considers whether the agencies have complied with the requirements of Part 2 of the *Criminal Investigation (Covert Powers) Act 2012*. Where the Commission identifies areas of concern, feedback is provided to the agency about the issues.

Table 13 shows the controlled operation records inspected by the Commission during 2018-19. While the Australian Crime Commission did not conduct any controlled operations, the Commission inspected its General Register to ensure compliance with the Act.

Table 13: Agency controlled operation records inspected by the Commission

Inspections of controlled operations					
Law enforcement agency	Controlled operation authorisations	Variation to authorities	Applications refused	Applications withdrawn	Retrospective authorities
WA Police Force	79 ⁶	34	1	0	0
Fisheries Department	1	2	0	0	0
Australian Crime Commission	0	0	0	0	0
Total	80	36	1	0	0

⁶ A controlled operation may involve more than one authority. The 79 controlled operation authorities granted were for 72 WA Police Force controlled operations.

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5 Unexplained wealth function



Unexplained wealth function

In July 2018, the Parliament of Western Australia passed legislation to enable the Commission to perform functions under the *Criminal Property Confiscation Act 2000* (CPC Act) in respect to investigating and litigating unexplained wealth and criminal benefits. The legislation came into effect on 1 September 2018.

The WA Police Force and the Office of the Director of Public Prosecutions retain exclusive jurisdiction over crime-used property, crime-derived property and declared drug-trafficker property.

Under the CPC Act, the Commission may apply to the court for an unexplained wealth or criminal benefits declaration against property and may then seek to confiscate that property via civil proceedings. The Commission does not need to establish any connection to the commission of an offence and the onus of proof is reversed so that the respondent must rebut the presumption that property has been acquired or is derived from criminal activity.

Once property is confiscated, the Commission must lodge memorials (over land) or register a declaration (over other property), and arrangements are made with the Public Trustees Office to sell the property. The proceeds of confiscation are paid to the Confiscation Proceeds Account administered by the Attorney General's Office.

Powers available under the unexplained wealth function

The Commission performs the unexplained wealth function by consulting and exchanging information, and by investigating unexplained wealth and criminal benefits. It may also conduct cooperative investigations with independent agencies, appropriate authorities and other relevant persons or bodies. In conducting investigations into unexplained wealth and criminal benefits, the Commission may exercise powers under the CPC Act to:

- request a financial institution provide information;
- apply for unexplained wealth declaration or criminal benefits declaration;
- apply to the court for a production order;
- apply to the court for a freezing order;
- apply to the court for a monitoring order (only in relation to criminal benefits);

- search property without seizing it (under a Justice of the Peace issued warrant);
- search property and seize documents or records relevant to unexplained wealth; or
- examine persons under oath about their finances before the Commissioner.

The Commission may also use most of its investigative powers under the CCM Act, including powers to issue notices to produce information, documents and other evidence.

The Commission may also use information obtained by it under its serious misconduct function for the purpose of its unexplained wealth function and proceedings under the CPC Act.

Stakeholder engagement and unexplained wealth referrals/reports

Since receiving the function, the Commission has pursued targets and developed strong working relationships with a number of key law enforcement agencies. The Commission seeks to achieve its objective of disrupting organised crime through successfully obtaining unexplained wealth and criminal benefits declarations. It also provides intelligence gathered through the investigation process to other law enforcement agencies to aid them in their disruption efforts.

During 2018-19, the Commission received 41 referrals of potential unexplained wealth matters. Nine of those were from the general public, 20 were from Western Australian public authorities and 12 were from other agencies. The Commission also generated six potential unexplained wealth targets, resulting in a total of 47 potential unexplained wealth matters.

Status of unexplained wealth matters

The Commission considers all referrals within two days of receipt. The Commission can, if there are reasonable grounds to do so, commence an initial investigation to ascertain whether to allocate further Commission resources to the matter. The Commission has done this in respect of 15 matters. The Commission conducted more extensive investigations in relation to two matters, which were both ongoing at year-end.

6 Disclosures and legal compliance

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Independent Audit Opinion

For the year ended 30 June 2019



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

CORRUPTION AND CRIME COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Corruption and Crime Commission which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Corruption and Crime Commission for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Commissioner 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Commissioner is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioner.
- Conclude on the appropriateness of the Commissioner's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Corruption and Crime Commission. The controls exercised by the 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, 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 2019.

The Commissioner's Responsibilities

The Commissioner is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Independent Audit Opinion (continued)

For the year ended 30 June 2019

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Corruption and Crime Commission for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, 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 2019.

The 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 internal control as the Commissioner determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Commissioner is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 2019 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.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
17 September 2019

Certification of Financial Statements

For the reporting period ended 30 June 2019

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 2019 and the financial position as at 30 June 2019.

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.



Hon. John McKechnie, QC
COMMISSIONER

16 September 2019



Alan Andersson
CHIEF FINANCE OFFICER

16 September 2019

Statement of Comprehensive Income

For the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1.1	15,487	17,761
Supplies and services	3.2	4,479	4,467
Depreciation and amortisation expense	5.1.1, 5.2.1	1,295	1,131
Accommodation expenses	3.2	2,521	4,581
Other expenses	3.2	944	790
Total cost of services		24,726	28,730
Income			
Revenue			
Other revenue	4.2	78	142
Total Revenue		78	142
Gains			
Gain on disposal of non-current assets	4.3	7	12
Total gains		7	12
Total income other than income from State Government		85	154
NET COST OF SERVICES		24,641	28,576

Table continued on next page >

Statement of Comprehensive Income (continued)

For the year ended 30 June 2019

< Table continued from previous page

	Notes	2019 \$'000	2018 \$'000
Income from State Government			
Service appropriation	4.1	27,067	29,482
Services received free of charge	4.1	53	98
Total income from State Government		27,120	29,580
SURPLUS FOR THE PERIOD		2,479	1,004
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,479	1,004

See also the 'Schedule of Income and Expenses by Services'.

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

Statement of Financial Position

As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	7.1.1	8,892	5,692
Receivables	6.1	237	218
Amounts receivable for services	6.2	1,700	2,200
Other current assets	6.3	727	976
Total Current Assets		11,556	9,086
Non-Current Assets			
Restricted cash and cash equivalents	7.1.1	195	130
Receivables	6.1	143	141
Amounts receivable for services	6.2	15,077	15,679
Property, plant and equipment	5.1	3,405	4,167
Intangible assets	5.2	165	82
Total Non-Current Assets		18,985	20,199
TOTAL ASSETS		30,541	29,285

Table continued on next page >

Statement of Financial Position (continued)

As at 30 June 2019

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	Notes	2019 \$'000	2018 \$'000
LIABILITIES			
Current Liabilities			
Payables	6.4	526	227
Provisions	3.1.2	3,131	3,419
Total Current Liabilities		3,657	3,646
Non-Current Liabilities			
Provisions	3.1.2	743	877
Total Non-Current Liabilities		743	877
TOTAL LIABILITIES		4,400	4,523
NET ASSETS		26,141	24,762
EQUITY	9.9		
Contributed equity		12,225	13,325
Accumulated surplus		13,916	11,437
TOTAL EQUITY		26,141	24,762

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

Statement of Changes in Equity

For the year ended 30 June 2019

	Note	Contributed equity \$'000	Accumulated surplus/ (deficit) \$'000	Total equity \$'000
Balance at 1 July 2017	9.9	19,483	10,433	29,916
Surplus/(deficit)		-	1,004	1,004
Total comprehensive income for the period		-	1,004	1,004
Transactions with owners in their capacity as owners:				
Distribution to owners		(6,158)	-	(6,158)
Capital appropriations		-	-	-
Total		(6,158)	-	(6,158)
Balance at 30 June 2018		13,325	11,437	24,762
Balance at 1 July 2018		13,325	11,437	24,762
Correction of prior year items ^(a)		(1,100)	-	(1,100)
Restated balance at 1 July 2018		12,225	11,437	23,662
Surplus/(deficit)		-	2,479	2,479
Total comprehensive income for the period		-	2,479	2,479
Transactions with owners in their capacity as owners:				
Distribution to owners		-	-	-
Capital appropriations		-	-	-
Total		-	-	-
Balance at 30 June 2019		12,225	13,916	26,141

^(a) The correction in contributed equity last year shows the adjustment of \$1.1 million that Treasury reflected as a repayment of a capital appropriation.

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

Statement of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		24,869	27,943
Net assets transferred to Government		-	(6,158)
Holding account drawdown		2,200	3,127
Net cash provided by State Government		27,069	24,912
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employees benefits		(15,902)	(16,829)
Supplies and services		(3,900)	(4,580)
Accommodation		(2,511)	(4,571)
GST payments on purchases		(765)	(1,239)
Other payments		(939)	(789)
Receipts			
GST receipts from services		7	37
GST receipts from taxation authority		756	1,274
Other receipts		59	123
Net cash used in operating activities	7.1.2	(23,195)	(26,574)

Table continued on next page >

Statement of Cash Flows (continued)

For the year ended 30 June 2019

< Table continued from previous page

	Note	2019 \$'000	2018 \$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(622)	(3,411)
Receipts			
Proceeds from sale of non-current physical assets		13	134
Net cash used in investing activities		(609)	(3,277)
Net increase/(decrease) in cash and cash equivalents		3,265	(4,939)
Cash and cash equivalents at the beginning of the period		5,822	10,761
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1.2	9,087	5,822

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

Notes to the Financial Statements

For the year ended 30 June 2019

1 Basis of preparation

The Commission is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Commission on 16 September 2019.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- The *Financial Management Act 2006* (FMA)
- The Treasurer's Instructions (the Instructions or TI)
- Australian Accounting Standards (AAS) reduced disclosure requirements
- Where appropriate, those AAS paragraphs applicable for not for profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note.

All values are rounded to the nearest thousand dollars (\$'000).

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

The 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 transfers 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

2 Commission outputs

How the Commission operates

This section includes information regarding the nature of funding the Commission receives and how this funding is utilised to achieve the Commission's objectives.

	Notes
Commission objectives	2.1
Schedule of Income and Expenses by Service	2.2

2.1 Commission objectives

Mission

The Commission's purpose is to maintain and enhance the integrity of the Western Australian public sector, and to work with public authorities to reduce serious misconduct, including police misconduct. The Commission is predominantly funded by Parliamentary appropriations.

Services

The Commission provides the following services:

Service 1: Assessing All Allegations of Serious Misconduct Received

The Commission has responsibility for assessing all allegations of serious misconduct within the public sector and ensuring that they are appropriately dealt with either by the Commission or another public authority.

Service 2: Investigating Allegations of Serious Misconduct

The Commission investigates matters which are serious and significant and where it believes it can have the most impact in improving the integrity of the public sector.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

2.2 Schedule of Income and Expenses by Service

For the year ended 30 June 2019

	Assessing all Allegations of Serious Misconduct Received	Investigating Allegations of Serious Misconduct	Total
	2019 \$'000	2019 \$'000	2019 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	3,761	11,726	15,487
Supplies and services	777	3,702	4,479
Depreciation and amortisation expense	225	1,070	1,295
Accommodation expenses	248	2,273	2,521
Other expenses	164	780	944
Total cost of services	5,175	19,551	24,726
Income			
Other revenue	14	64	78
Gain/(loss) on disposal of non-current assets	1	6	7
Total income other than income from State Government	15	70	85
NET COST OF SERVICES	5,160	19,481	24,641
INCOME FROM STATE GOVERNMENT			
Service appropriations	4,698	22,369	27,067
Services received free of charge	9	44	53
Total Income from State Government	4,707	22,413	27,120
SURPLUS/(DEFICIT) FOR THE PERIOD	(453)	2,932	2,479

The Commission reviewed its' services and key performance indicators during the year and this is first year of reporting under the new services.

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

3 Use of our funding

3.1 Expenses incurred in the delivery of services

This section provides additional information about how the Commission's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Commission in achieving its objectives and the relevant notes are:

	Notes	2019 \$'000	2018 \$'000
Employee benefits expenses	3.1.1	15,487	17,761
Employee benefits provisions	3.1.2	3,874	4,296
Other expenses	3.2	7,944	9,838

3.1.1 Employee benefits expenses

	2019 \$'000	2018 \$'000
Wages and salaries ^(a)	13,990	16,164
Superannuation - defined contribution plans ^(b)	1,497	1,597
	15,487	17,761

(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 Government Employees Superannuation Board funds and other eligible funds.

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

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

The Commission does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. 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.

The 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

3.1.2 Employee benefits provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2019 \$'000	2018 \$'000
Current		
<i>Employee benefits provisions</i>		
Annual leave ^(a)	1,147	1,211
Long service leave ^(b)	1,889	2,154
Deferred salary scheme ^(c)	68	23
	3,104	3,388
<i>Other provisions</i>		
Employment on-costs ^(d)	27	31
	27	31
Total current employee benefits provision	3,131	3,419
Non-current		
<i>Employee benefits provisions</i>		
Long service leave ^(b)	736	869
	736	869
<i>Other provisions</i>		
Employment on-costs ^(d)	7	8
	7	8
Total non-current employee benefits provision	743	877
Total employee benefits provisions	3,874	4,296

- a) **Annual leave liabilities:** 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:

	2019 \$'000	2018 \$'000
Within 12 months of the end of the reporting period	952	959
More than 12 months after the end of the reporting period	195	252
	1,147	1,211

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

- b) **Long service leave liabilities:** 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

3.1.2 Employee benefits provisions (continued)

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2019 \$'000	2018 \$'000
Within 12 months of the end of the reporting period	843	1,015
More than 12 months after the end of the reporting period	1,782	2,008
	2,625	3,023

The provision for long service leave is calculated at present value as the Commission does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, 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.

- c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2019 \$'000	2018 \$'000
Within 12 months of the end of the reporting period	68	23
More than 12 months after the end of the reporting period	-	-
	68	23

- d) **Employment on-costs:** 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.

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, Note 3.2 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Commission's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2019 \$'000	2018 \$'000
Employment on-cost provision		
Carrying amount at start of period	39	31
Additional provisions recognised	772	635
Payments/other sacrifices of economic benefits	(777)	(627)
Carrying amount at end of period	34	39

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

3.1.2 Employee benefits provisions (continued)

Key sources of estimation uncertainty – long service leave

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.

Several estimates and assumptions are used in calculating the Commission's long service leave provision. These 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.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Other expenses

	2019 \$'000	2018 \$'000
Supplies and services		
Communications	536	606
Consultants and contractors	2,994	2,641
Motor vehicle expenses	172	184
Legal expenses	123	191
Publications and printing	8	141
Consumables	201	208
Minor plant and equipment	337	436
Travel	108	60
Total supplies and services expenses	4,479	4,467
Accommodation expenses		
Lease expense	1,617	3,186
Building outgoings	405	726
Parking	123	245
Cleaning	80	76
Electricity and water	132	301
Repairs and maintenance	164	47
Total accommodation expenses	2,521	4,581

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

3.2 Other expenses (continued)

	2019 \$'000	2018 \$'000
Other expenditures		
Equipment repairs and maintenance	27	34
Employment on-costs	772	635
Audit fees	139	113
Other expenses	6	8
Total other expenditures	944	790
Total other expenses	7,944	9,838

Supplies and services: Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Accommodation expenses: Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other expenditure: Other operating expenses generally represent the other day-to-day running costs incurred in normal operations. These include:

Repairs and maintenance costs that are recognised as expenses as incurred, except where they relate to the replacement of a significant component of an asset. In that case, the costs are capitalised and depreciated.

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at Note 3.1.2 Employee benefit provision. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

4 Our funding sources

How we obtain our funding

This section provides additional information about how the Commission obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Commission and the relevant notes are:

	Notes	2019 \$'000	2018 \$'000
Income from State Government	4.1	27,120	29,580
Other revenue	4.2	78	142
Gains	4.3	7	12

4.1 Income from State Government

	2019 \$'000	2018 \$'000
Appropriation received during the period:		
Service appropriation ^(a)	27,067	29,482
	27,067	29,482
Services received free of charge ^(b)		
From other State government agencies during the period:		
Building Management and Works	12	-
State Solicitors Office	41	98
Total services received	53	98
Total income from State Government	27,120	29,580

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

4.1 Income from State Government (continued)

- a) **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 in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered (as set out in note 2.2). Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The receivable (holding account – note 6.2) comprises the following:

- The budgeted depreciation expense for the year; and
- Any agreed increase in leave liabilities during the year.

- b) **Services received free of charge:** Services received free of charge or for nominal cost are recognized as revenue at fair value of the services that can be reliably measured and which would have been purchased if they were not donated. Contributions of services in the nature of contributions by owners are recognised direct to equity.

4.2 Other revenue

	2019 \$'000	2018 \$'000
Other revenue	62	118
Contributions to government vehicle scheme	16	24
Total other revenue	78	142

4.3 Gains

	2019 \$'000	2018 \$'000
Net proceeds from disposal of non-current assets		
Operations equipment and motor vehicles	13	134
Carrying amount of non-current assets disposed		
Operations equipment and motor vehicles	(6)	(122)
Total other income	7	12

Realised and unrealised 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.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

5 Key assets

Assets the Commission utilises for economic benefit or service potential

This section includes information regarding the key assets the Commission utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2019 \$'000	2018 \$'000
Plant and equipment	5.1	3,405	4,167
Intangibles	5.2	165	82
Total assets		3,570	4,249

5.1 Plant and equipment

	2019 \$'000	2018 \$'000
Office equipment		
At cost	99	75
Accumulated depreciation	(62)	(53)
	37	22
Computer equipment		
At cost	6,569	6,494
Accumulated depreciation	(4,858)	(3,898)
	1,711	2,596
Operations equipment and motor vehicles		
At cost	4,537	4,285
Accumulated depreciation	(4,187)	(4,111)
	350	174
Leasehold improvements		
At cost	1,469	1,414
Accumulated depreciation	(162)	(39)
	1,307	1,375
	3,405	4,167

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

5.1 Plant and equipment (continued)

Reconciliation of the carrying amounts of plant and equipment 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 improvements \$'000	Works in progress \$'000	Total \$'000
2019						
Carrying amount at start of year	22	2,596	174	1,375	-	4,167
Additions	30	75	288	56	-	449
Disposals	(4)	-	-	-	-	(4)
Depreciation	(11)	(960)	(112)	(124)	-	(1,207)
Carrying amount at end of year	37	1,711	350	1,307	-	3,405
	Office equipment \$'000	Computer equipment \$'000	Operations equipment vehicles \$'000	Leasehold improvements \$'000	Works in progress \$'000	Total \$'000
2018						
Carrying amount at start of year	14	1,094	333	189	365	1,995
Additions	19	2,234	65	1,414	(365)	3,367
Disposals	(2)	(100)	(3)	(14)	-	(119)
Depreciation	(9)	(632)	(221)	(214)	-	(1,076)
Carrying amount at end of year	22	2,596	174	1,375	-	4,167

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

5.1 Plant and equipment (continued)

Initial recognition

Items of plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of plant and equipment 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).

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

The initial cost for a non-financial physical asset under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent measurement

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

5.1.1 Depreciation charge for the period

	2019 \$'000	2018 \$'000
Depreciation		
Office equipment	11	9
Computer equipment	960	632
Operations equipment and motor vehicles	112	221
Leasehold improvements	124	214
Total depreciation	1,207	1,076

As at 30 June 2019 there were no indications of impairment to plant and equipment. All surplus assets at 30 June 2019 have either been classified as assets held for sale or have been written-off.

Please refer to note 5.2 for guidance in relation to the impairment assessment that has been performed for intangible assets.

Finite useful lives

All plant and equipment 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. The exceptions to this rule include items under operating leases and assets held for sale.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Leasehold Improvements	10 - 15 years or remaining period of lease
Computer Equipment	3 - 5 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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

5.1 Plant and equipment (continued)

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 recognized.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss. If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

5.2 Intangible assets

	2019 \$'000	2018 \$'000
Computer Software		
At cost	1,568	1,396
Accumulated amortisation	(1,403)	(1,314)
	165	82
Reconciliations:		
Computer Software		
Carrying amount at start of period	82	96
Additions	171	41
Disposals	-	-
Amortisation expense	(88)	(55)
Carrying amount at end of period	165	82

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised. 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.

Subsequent measurement

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

5.2 Intangible assets (continued)

5.2.1 Amortisation and impairment

	2019 \$'000	2018 \$'000
Amortisation		
Software	88	55
Total amortisation	88	55

As at 30 June 2019 there were no indications of impairment to intangible assets.

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.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Commission have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated 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 related hardware

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 5.1.1.

Website costs

Website costs are expensed when incurred unless they directly relate to the acquisition or development of an intangible asset. In this instance 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 that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

Computer software

Software that is an integral part of the related hardware is recognised as part of the tangible asset. 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.

6 Other assets and liabilities

This section sets out those assets and liabilities that arose from the Commission's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2019 \$'000	2018 \$'000
Receivables	6.1	380	359
Amounts receivable for services (Holding Account)	6.2	16,777	17,879
Other assets	6.3	727	976
Payables	6.4	526	227

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

6.1 Receivables

	2019 \$'000	2018 \$'000
Current		
Trade receivables	115	105
Goods and Services Tax (GST) receivable	122	113
Total current	237	218
Non-current		
Trade receivables	143	141
Total non-current	143	141
Total receivables	380	359

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

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

The Commission has no allowance for impairment of receivables at 30 June 2019 (2018: \$nil).

6.2 Amounts receivable for services (Holding Account)

	2019 \$'000	2018 \$'000
Current	1,700	2,200
Non-current	15,077	15,679
Balance at end of period	16,777	17,879

Amounts receivable for services: Amounts receivable for services represent 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.

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the holding accounts).

6.3 Other assets

	2019 \$'000	2018 \$'000
Current		
Prepayments	727	976
Total current	727	976

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

6.4 Payables

	2019 \$'000	2018 \$'000
Current		
Trade payables	432	104
Accrued salaries	61	54
Accrued expenses	33	69
Total current	526	227

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

Accrued salaries: Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Commission considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 7.1.1 'Restricted cash and cash equivalents') consists of amounts paid annually, from Commission appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

7 Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Commission:

	Notes
Cash and cash equivalents	7.1
Reconciliation of cash	7.1.1
Reconciliation of operating activities	7.1.2
Commitments	7.2
Non-cancellable operating lease commitments	7.2.1

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	2019 \$'000	2018 \$'000
Cash and cash equivalents	8,892	5,692
Restricted cash and cash equivalents	195	130
Balance at end of period	9,087	5,822

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted 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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

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

	2019 \$'000	2018 \$'000
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(24,641)	(28,576)
Non-cash Items		
Depreciation and amortisation expense	1,295	1,131
Gain from sale of non-current assets	(7)	(12)
Resources received free of charge	53	98
(Increase)/decrease in assets		
Current receivables ^(a)	(10)	20
Non-current receivables ^(a)	(2)	(2)
Other current assets	249	(248)
Increase/(decrease) in liabilities		
Current payables ^(a)	299	48
Current provisions	(288)	723
Non-current provisions	(134)	209
Change in GST in receivables/payables	(9)	35
Net cash used in operating activities	(23,195)	(26,574)

^(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.

7.2 Commitments

7.2.1 Non-cancellable operating lease commitments

	2019 \$'000	2018 \$'000
The commitments below are inclusive of GST where relevant.		
Non-cancellable operating lease commitments		
Office accommodation	22,402	23,501
Motor vehicles	309	409
	22,710	23,910
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,886	1,855
Later than 1 year and not later than 5 years	6,785	6,854
Later than 5 years	14,039	15,201
	22,710	23,910

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.

The Commission's major property lease is a non-cancellable lease with a fifteen year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by 3% per annum. An option exists to renew the lease at the end of the fifteen year term for an additional term of three years.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

7.2.1 Non-cancellable operating lease commitments (continued)

Judgments made by management in applying accounting policies – 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.

8 Financial instruments and contingencies

This note sets out the key risk management policies and measurement techniques of the Commission:

	Notes
Financial instruments	8.1
Contingent assets and liabilities	8.2
Contingent assets	8.2.1
Contingent liabilities	8.2.1

8.1 Financial instruments

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.

(a) Summary of risks and risk management

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.

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. Debt will be written-off against the allowance account when it is improbable or uneconomical to recover the debt. 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.

The Commission is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

8.1 Financial instruments (continued)

(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:

	2019 \$'000	2018 \$'000
Financial assets		
Cash and cash equivalents	8,892	5,692
Restricted cash and cash equivalents	195	130
Financial assets at amortised cost ^(a)	17,035	18,125
Total financial assets	26,122	23,947
Financial liabilities		
Financial liabilities measured at amortised cost	526	227
Total financial liabilities	526	227

^(a) The amount of financial assets at amortised cost excludes GST recoverable from the ATO (statutory receivable).

(c) Interest rate sensitivity analysis

The Commission does not have any financial assets and liabilities that are subject to fluctuations in interest rates.

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.2.1 Contingent assets

The Commission has no contingent assets.

8.2.2 Contingent liabilities

The Commission has no contingent liabilities.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9 Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	9.1
Initial application of Australian Accounting Standards	9.2
Future impact of Australian standards issued not yet operative	9.3
Key Management personnel	9.4
Related party transactions	9.5
Affiliated bodies	9.6
Related bodies	9.7
Remuneration of auditors	9.8
Equity	9.9
Supplementary financial information	9.10
Explanatory statement	9.11

9.1 Events occurring after the end of the reporting period

There have been no material events occurring after 30 June 2019.

9.2 Initial application of Australian Accounting Standards

AASB 9 Financial instruments

AASB 9 *Financial instruments* replaces AASB 139 *Financial instruments: Recognition and Measurements* for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Commission applied AASB 9 prospectively, with an initial application date of 1 July 2018. Although the adoption of AASB 9 has resulted in changes in accounting policies, there are no adjustments to the amounts recognised in the financial statements. The transition to AASB 9 has therefore no impact on the opening balance of retained earnings. In accordance with AASB 9.7.2.15, the Commission has not restated the comparative information which continues to be reported under AASB 139.

Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Commission's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Commission's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have a significant impact to the Commission. The following are the changes in the classification of the Commission's financial assets:

- *Trade receivables and Loans and advances* (i.e. Other debtors) classified as Loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as financial assets at amortised cost beginning 1 July 2018.
- The Commission did not designate any financial assets as at fair value through P/L.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.2 Initial application of Australian Accounting Standards (continued)

In summary, upon the adoption of AASB 9, the Commission had the following required (or elected) reclassifications as at 1 July 2018:

	AASB 9 Category			
	\$'000	Amortised cost \$'000	Fair value through OCI \$'000	Fair value through P/L \$'000
AASB 139 Category				
Trade receivables	359	359	-	-
		359	-	-

Impairment

The adoption of AASB 9 has fundamentally changed the Commission's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Commission to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

The Commission has determined that the application of AASB 9's impairment requirements at 1 July 2018 results in no allowance for impairment.

9.3 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 or by an exemption from TI 1101. Where applicable, the Commission plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 15	<i>Revenue from Contracts with Customers</i>	1 Jan 2019
	This Standard establishes the principles that the Commission shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with a customers. The mandatory effective date of this Standard is currently 1 January 2019 after being amended by AASB 2016 7.	
	The Commission's income is primarily derived from appropriations which will be measured under AASB 1058 and will be unaffected by this change. However, the Commission has not yet determined the potential impact of the Standard on revenues. In broad terms, it is anticipated that the terms and conditions attached to the Commission revenue will defer revenue recognition until the Commission has discharged its performance obligations.	

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.3 Future impact of Australian Accounting Standards not yet operative (continued)

		Operative for reporting periods beginning on/after			Operative for reporting periods beginning on/after
AASB 16	<i>Leases</i>	1 Jan 2019	AASB 1059	<i>Service Concession Arrangements: Grantors</i>	1 Jan 2020
	<p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has commitments for \$22.9 million worth of non cancellable operating leases which will mostly be brought onto the statement of financial position. Interest and amortisation expense will increase and accommodation expense will decrease.</p>				
AASB 1058	<i>Income of Not-for-Profit Entities</i>	1 Jan 2019		<p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided.</p> <p>The mandatory effective date of this Standard is currently 1 January 2020 after being amended by AASB 2018-5.</p> <p>The Commission does not manage any public private partnership that is within the scope of the Standard.</p>	
	<p>This Standard clarifies and simplifies the income recognition requirements that apply to not for profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an Agency.</p> <p>The Commission anticipates that the application will not materially impact appropriations or untied grant revenues.</p>				

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.3 Future impact of Australian Accounting Standards not yet operative (continued)

		Operative for reporting periods beginning on/after			Operative for reporting periods beginning on/after
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for Profit Entities</i>	1 Jan 2019	AASB 2018-5	<i>Amendments to Australian Accounting Standards – Deferral of AASB 1059</i>	1 Jan 2019
	This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.			This Standard amends the mandatory effective date of AASB 1059 so that AASB 1059 is required to be applied for annual reporting periods beginning on or after 1 January 2020 instead of 1 January 2019. There is no financial impact.	
AASB 2018-4	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors</i>	1 Jan 2019			
	This Standard amends AASB 15 to add requirements and authoritative implementation guidance for application by not-for-profit public sector licensors to transactions involving the use of licences. There is no financial impact as the Commission does not issue licences.				

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.4 Key management personnel

The Commission has determined that key management personnel include Ministers, members, and senior officers of the Commission. However, the Commission is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the Annual Report on State Finances.

Total compensation for key management personnel, comprising members of the accountable authority and senior officers, of the Commission for the reporting period are presented within the following bands:

Compensation of members of the accountable authority

\$	2019	2018
20,001 - 30,000	1	1
30,001 - 40,000	-	1
470,001 - 480,000	-	1
620,000 - 630,000	1	-

Compensation of senior officers

\$	2019	2018
30,001 - 40,000	1	-
100,001 - 110,000	1	-
190,001 - 200,000	-	1
200,001 - 210,000	2	1
240,001 - 250,000	-	1
270,000 - 280,000	-	1
300,001 - 310,000	1	-
370,001 - 380,000	-	1
400,001 - 410,000	1	-

	2019 \$'000	2018 \$'000
Short term employee benefits	1,619	1,717
Post employment benefits	122	125
Other long term benefits	163	(40)
Termination benefits	-	-
Total compensation of senior officers	1,904	1,802

Compensation of senior officers

Total compensation includes the superannuation expense incurred by the Commission in respect of members of the accountable authority. In the Commission, members of the accountable authority are the Commissioner and Acting Commissioners as appointed under the *Corruption, Crime and Misconduct Act 2003*.

Commissioner McKechnie also receives a pension in accordance with the *Judges' Salaries and Pensions Act 1950* equivalent to 60% of his judicial salary upon retirement. This equates to \$272,707 per annum.

9.5 Related party transactions

The Commission is a wholly owned public sector entity that is controlled by the State of Western Australia.

Related parties of the Commission include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies that are included in the whole of government consolidated financial statements;
- associates and joint ventures of a wholly owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.5 Related party transactions (continued)

Significant transactions with Government-related entities

In conducting its activities, the Commission is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- income from State Government (Note 4.1);
- equity contributions (Note 9.8);
- Superannuation payments to GESB (Note 3.1.1);
- lease rentals payments to the Department of Finance (Government Office Accommodation and State Fleet) (Note 3.2) and related outstanding balances; and
- Remuneration for services provided by the Auditor General (note 9.7).

Significant transaction with other related entities

Outside of normal citizen type transactions with the Commission, there were no related party transactions that involved key management personnel and their close family members and/or their controlled (or jointly controlled) entities.

9.6 Affiliated bodies

The Commission had no affiliated bodies during the financial year.

9.7 Related bodies

The Commission had no related bodies during the financial year.

9.8 Remuneration of auditors

Remuneration payable to the Auditor General in respect to the audit for the current financial year is as follows:

	2019 \$'000	2018 \$'000
Auditing the accounts, financial statements and performance indicators	44	43

9.9 Equity

	2019 \$'000	2018 \$'000
Contributed equity		
Balance at start of period	13,325	19,483
Correction of prior year items	(1,100)	-
Restated balance at start of period	12,225	19,483
Contributions by owners		
Capital appropriation	-	-
Total contribution by owners	-	-
Distribution to owners		
Net assets transferred to Government	-	(6,158)
Total contribution by owners	-	(6,158)
Balance at end of period	12,225	13,325

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.9 Equity (continued)

	2019 \$'000	2018 \$'000
Accumulated surplus		
Balance at start of period	11,437	10,433
Result for the period	2,479	1,004
Balance at end of period	13,916	11,437
Total Equity at end of period	26,141	24,762

9.10 Supplementary financial information

	2019 \$'000	2018 \$'000
Write-offs		
During the financial year (2019) \$5,621 was written off the Commission's asset register		
Amounts written off by the accountable authority	6	-
	6	-
Losses through theft, defaults and other causes		
Losses of public moneys and, public and other property through theft or default	12	-
Amounts recovered	-	-
	12	-
Gifts of public property		
Gifts of public property provided by the Commission	-	-
	-	-

The Commission gifted public property as part of the relocation to its new premises in March 2018. Some property from the old location was gifted to other Federal and State agencies and some to not for profit organisations. The values were minimal and cannot be accurately determined.

9.11 Explanatory statement

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$0.548 million for the Statements of Comprehensive Income and Cash Flow; and
- 5% and \$0.586 million for the Statement of Financial Position.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

	Variance note	Original budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Statement of Comprehensive Income						
Expenses						
Employee benefits expense	1, A	18,835	15,487	17,761	(3,348)	(2,274)
Supplies and services	2	2,317	4,479	4,467	2,162	12
Depreciation and amortisation expense	3	2,198	1,295	1,131	(903)	164
Accommodation expenses	B	2,982	2,521	4,581	(461)	(2,060)
Other expenses		1,042	944	790	(98)	154
Total cost of services		27,374	24,726	28,730	(2,648)	(4,004)
Income						
Revenue						
Other revenue		40	78	142	38	(64)
Total Revenue		40	78	142	38	(64)
Gains						
Gain on disposal of non-current assets		-	7	12	7	(5)
Total Gains		-	7	12	7	(5)
Total income other than income from State Government		40	85	154	45	(69)
NET COST OF SERVICES		27,334	24,641	28,576	(2,693)	(3,935)

Table continued on next page >

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

< Table continued from previous page

	Variance note	Original budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Statement of Comprehensive Income (continued)						
Income from State Government						
Service appropriation	C	27,067	27,067	29,482	-	(2,415)
Services received free of charge		25	53	98	28	(45)
Total income from State Government		27,092	27,120	29,580	28	(2,460)
SURPLUS/(DEFICIT) FOR THE PERIOD		(242)	2,479	1,004	2,721	1,475
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(242)	2,479	1,004	2,721	1,475

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

	Variance note	Original budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Statement of Financial Position						
ASSETS						
Current Assets						
Cash and cash equivalents	4, D	2,149	8,892	5,692	6,743	3,200
Receivables		274	237	218	(37)	19
Amounts receivable for services	E	2,200	1,700	2,200	(500)	(500)
Other current assets		728	727	976	(1)	(249)
Non-Current assets held for distribution to owner		-	-	-	-	-
Total Current Assets		5,351	11,556	9,086	6,205	2,470
Non-Current Assets						
Restricted cash and cash equivalents		230	195	130	(35)	65
Receivables		139	143	141	4	2
Amounts receivable for services	5, E	15,677	15,077	15,679	(600)	(602)
Property, plant and equipment	6, F	8,712	3,405	4,167	(5,307)	(762)
Intangible assets		328	165	82	(163)	83
Total Non-Current Assets		25,086	18,985	20,199	(6,101)	(1,214)
TOTAL ASSETS		30,437	30,541	29,285	104	1,256

Table continued on next page >

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

< Table continued from previous page

	Variance note	Original budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Statement of Financial Position (continued)						
LIABILITIES						
Current Liabilities						
Payables		66	526	227	460	299
Provisions		2,929	3,131	3,419	202	(288)
Total Current Liabilities		2,995	3,657	3,646	662	11
Non-Current Liabilities						
Provisions		668	743	877	75	(134)
Other		-	-	-	-	-
Total Non-Current Liabilities		668	743	877	75	(134)
TOTAL LIABILITIES		3,663	4,400	4,523	737	(123)
NET ASSETS		26,774	26,141	24,762	(633)	1,379
EQUITY						
Contributed equity	7, G	13,325	12,225	13,325	(1,100)	(1,100)
Accumulated surplus/(deficit)		13,449	13,916	11,437	467	2,479
TOTAL EQUITY		26,774	26,141	24,762	(633)	1,379

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

	Variance note	Original budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Statement of Cash Flows						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	H	24,869	24,869	27,943	-	(3,074)
Net assets transferred to Government	I	-	-	(6,158)	-	6,158
Holding account drawdown	J	2,200	2,200	3,127	-	(927)
Net cash provided by State Government		27,069	27,069	24,912	-	2,157
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employees benefits	8, K	(18,775)	(15,902)	(16,829)	2,873	927
Supplies and services	9, L	(2,317)	(3,900)	(4,580)	(1,583)	680
Accommodation	M	(2,976)	(2,511)	(4,571)	465	2,060
GST payments on purchases		(1,090)	(765)	(1,239)	325	474
Other payments		(1,023)	(939)	(789)	84	(150)
Receipts						
GST receipts on sales		-	7	37	7	(30)
GST receipts from taxation authority		1,092	756	1,274	(336)	(518)
Other receipts		40	59	123	19	(64)
Net cash used in operating activities		(25,049)	(23,195)	(26,574)	1,854	3,379

Table continued on next page >

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

< Table continued from previous page

	Variance note	Original budget 2019 \$'000	Actual 2019 \$'000	Actual 2018 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2019 and 2018 \$'000
Statement of Cash Flows (continued)						
CASH FLOW FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current physical assets	10, N	(2,200)	(622)	(3,411)	1,578	2,789
Receipts						
Proceeds from sale of non-current physical assets		-	13	134	13	(121)
Other receipts		-	-	-	-	-
Net cash used in investing activities		(2,200)	(609)	(3,277)	1,591	2,668
Net increase/(decrease) in cash and cash equivalents		(180)	3,265	(4,939)	3,445	8,204
Cash and cash equivalents at the beginning of the period		2,559	5,822	10,761	3,263	(4,939)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,379	9,087	5,822	6,708	3,265

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

The 'Original Budget 2019' presented in this explanatory statement (note 9.10) is the budget appropriated to the Commission as part of the 2018-19 Budget process and contained in the 2018-19 Budget Papers. It does not incorporate adjustments made to the Commission's appropriation throughout the 2018-19 financial year.

Major variance narratives

Variances between estimate and actual

Statement of Comprehensive Income

- 1 Employee benefits expense were lower than budget by \$3.3 million (18%) largely due to vacancies and delays in filling positions during the year.
- 2 Supplies and services were higher than the budget by \$2.2 million (94%) mainly due a number of costs being paid for a supply and service rather than an asset purchase resulting in higher expenses and lower depreciation costs.
- 3 Depreciation and amortisation expense were lower than budget by \$0.9 million (41%) mainly due a number of costs being paid for a supply and service rather than an asset purchase resulting in higher expenses and lower depreciation costs.

Statement of Financial Position

- 4 Cash and cash equivalents increased by \$6.7 million (314%) largely due to the lower than expected employee benefits paid from vacancies and delays in filling positions.
- 5 Amounts receivable for services non-current decreased by \$0.6 million (4%). This account represents potential funding for asset replacement and leave payments. The decrease largely reflects the repayment of \$1.1 million to Treasury in prior years but adjusted in 2018-19.
- 6 Property, plant and equipment was lower by \$5.3 million (61%). The original budget allowed for a substantial part of the relocation to the new premises being paid for by the Commission. This did not eventuate therefore the property, plant and equipment budget value was higher than expected.
- 7 The reduction in contributed equity reflects the repayment and adjustment of \$1.1 million (8%) to Treasury.

Statement of Cash Flows

- 8 Employee benefits expense were lower than budget by \$2.8 million (15%) largely due to vacancies and delays in filling positions during the year.
- 9 Supplies and services were higher than the budget by \$1.6 million (68%) mainly due a number of costs being paid for a supply and service rather than as an asset purchase.
- 10 Purchase of non-current assets \$1.6 million (72%) was lower than expected. This is largely due to items being purchased as supplies and services rather than assets. For example many information technology assets are now purchased as software as a service rather than as an asset.

Notes to the Financial Statements (continued)

For the year ended 30 June 2019

9.11 Explanatory statement (continued)

Major variance narratives (continued)

Variance between actual results for 2019 and 2018

Statement of Comprehensive Income

- A. Employee benefits expense were lower in 2018-19 by \$2.3 million (13%) largely due to vacancies and delays in filling positions during the year. In addition and actuarial adjustment for leave resulted in a lower employee benefits expense in 2018-19.
- B. Accommodation expenses were lower by \$2.1 million (45%) in 2018-19 as the costs in the new building are lower than the previous location. Additionally in 2017-18 there was a period whereby the Commission paid double rent pending the move to the new premises in Northbridge.
- C. The service appropriation reduced by \$2.4 million (8%) largely as additional funding was provided in 2017-18 to fund additional costs for the Commission's move to the new premises in Northbridge.

Statement of Financial Position

- D. Cash and cash equivalents increased in 2018-19 by \$3.2 million (56%) largely due to the lower than expected employee benefits paid from vacancies and delays in filling positions.
- E. Current and non-current amounts receivable for services accounts decreased by \$1.1 million. The decrease reflected the repayment and adjustment of \$1.1 million to Treasury.
- F. Property, plant and equipment decreased by \$0.8 million (19%) largely due to the purchase of new assets in 2017-18 associated with the relocation to new premises in Northbridge.
- G. The reduction in contributed equity reflects the repayment and adjustment of \$1.1 million (8%) to Treasury.

Statement of Cash Flows

- H. The service appropriation reduced by \$3.1 million (11%) largely as additional funding was provided in 2017-18 to fund additional costs for the Commission's move to the new premises in Northbridge.
- I. Net assets transferred to Government for \$6.2 million reflects the return of cash to the Consolidated Account in 2017-18 following a review by Treasury of agencies cash balances.
- J. Holding account drawdown was lower by \$0.9 million (30%) in 2018-19 as a large portion of funding for the relocation to the Northbridge premises was provided in 2017-18 to fund the fit-out.
- K. Employee benefits expense were lower than the previous year by \$0.9 million (6%) largely due to vacancies and delays in filling positions during the year.
- L. Supplies and services were lower in 2018-19 \$0.7 million (15%) largely as additional costs were paid for in 2017-18 as part of the relocation to the new premises in Northbridge.
- M. Accommodation expenses were lower by \$2.1 million (45%) in 2018-19 as the costs in the new building are lower than the previous location and in 2017-18 there was a period whereby the Commission paid double rent pending the move to the new premises in Northbridge.
- N. Purchases of non-current physical assets decreased by \$2.8 million (82%) in 2018-19 largely as a number of assets were purchased in the prior year with the relocation to new premises in Northbridge.

Key Performance Indicators

Certification of Performance Indicators

For the year ended 30 June 2019

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Corruption and Crime Commission's performance, and fairly represent the performance of the Corruption and Crime Commission for the financial year ended 30 June 2019.



Hon. John McKechnie, QC
COMMISSIONER

16 September 2019

Service One: Assessing all allegations of serious misconduct received

Effectiveness indicator

Number of allegations received

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
5,283	4,024	4,939	5,051	4,500	5,036

The Commission receives notifications and reports of suspected serious misconduct from many sources, including public authorities and members of the public. Each of these notifications or reports may contain one or more allegations and the Commission is required to assess each allegation individually.

The Commission can indirectly influence the number of allegations received by having an increased public profile, media attention, increased engagement with Government agencies and increased auditing within agencies in relation to specific issues.

In 2018-19, the number of allegations received by the Commission was higher than the target by 536, but less than the prior year by 15.

Effectiveness indicator

Allegations as a percentage of people employed within public authorities under the Commission's jurisdiction

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
2.77%	2.12%	2.54%	2.60%	2.31%	2.57%

Indicator continued on next page >

Key Performance Indicators (continued)

< Indicator continued from previous page

This indicator aims to reflect the perceived percentage of corruption across the public sector. The indicator is determined by the number of allegations received by the Commission divided by the number of public sector employees employed across state and local government.

The 2018-19 result is comparable with the 2017-18 actual result and slightly higher than the target as a higher number of allegations were received as compared to the target.

Efficiency indicator

Percentage of assessments completed within 28 days

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
n/a	n/a	n/a	n/a	80%	55%

This is a new indicator and is being reported on for the first time following a review of the key performance indicators by the Commission.

The indicator demonstrates the efficiency of the assessment function by measuring the percentage of assessments completed within 28 days.

The lower than expected result is due to staff turnover within the assessment team across the year.

Efficiency indicator

Average cost of assessment

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
n/a	n/a	n/a	n/a	\$1,084	\$1,028

This is a new indicator and is being reported on for the first time following a review of the key performance indicators by the Commission.

The average cost of assessment is determined by the allocation of Commission costs across its two services divided by the number of allegations received.

The decrease in the 2018-19 result is due to an overall reduction in Commission expenditure and an increase in the number of allegations received as compared to the target.

Service Two: Investigating allegations of serious misconduct

Effectiveness indicators

Number of investigations

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
62*	79*	71*	62*	50	50

* The number of investigations reported from 2014-15 to 2017-18 have not been audited, but are included in the table for comparative purposes.

This indicator is being reported on for the first time following a review of the key performance indicators by the Commission.

The indicator reflects the number of active and completed investigations in a financial year. The Commission only investigates matters that are serious and significant and where it believes it can have the most impact in improving the integrity of the public sector.

The decrease in the number of investigations between the 2017-18 actual and 2018-19 target is due to the Commission being granted powers on 1 September 2018 to investigate unexplained wealth matters. The Commission redirected some of its existing resources to attend to these matters.

Key Performance Indicators (continued)

Effectiveness indicators

Number of reports published

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
5	9	8	13	24	45

The method of counting the number of reports has been modified from the previous year following a review of the key performance indicators by the Commission to more accurately reflect the range of reports the Commission produces.

The Commission makes recommendations and publishes reports to parliament and agencies on the outcome of investigations to expose instances of serious misconduct to enable public authorities to prevent and combat serious misconduct.

Reports enable the Parliament of Western Australia and the Western Australian community to be satisfied that allegations of serious misconduct have been dealt with appropriately.

The Commission takes decisions about releasing information to the public very seriously and does so only after a determination that the benefits of public exposure and public awareness outweigh the potential for prejudice and privacy infringements.

The increase in the number of reports published compared with 2017-18 is due to a change in the counting rules, with the aim to more accurately reflect the range of reports the Commission is enabled to produce in accordance with the CCM Act.

The 2018-19 result exceeded target due to a number of additional reports included in the count. These include section 41 Commission reviews of how an agency has dealt with a matter involving serious misconduct. The increase in the count is also due to the number of reports provided to public authorities on completed investigations, where the Commission did not determine serious misconduct but may have identified corruption vulnerabilities.

Efficiency indicator

Percentage of investigations completed within 12 months

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
n/a	n/a	n/a	n/a	80%	79%

This indicator aims to demonstrate the timeliness of the investigative function by the percentage of investigations completed within a 12 month period.

Efficiency indicator

Average time (days) to complete an investigation into serious misconduct

2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Actual	2018-19 Target	2018-19 Actual
n/a	n/a	n/a	n/a	350	309

This indicator reflects the average time to conduct an investigation. Each investigation is different and has a different degree of complexity.

The 2018-19 result is lower than the target.

Other financial disclosures

Major capital projects 2018-19

The Commission's Asset Investment Program funding for 2018-19 totals \$2.2 million. The year-end position was underspent by \$1.6 million. The underspend largely relates to the Commission procuring information technology as a supply and service instead of an asset, therefore, complying with State Government policy which is changing the way information technology is procured and delivered.

Capital works expenditure during 2018-19 included:

- Business Support Systems: Expenditure during the year totalled \$0.28 million. The costs largely related to development and upgrade of the Commission's corporate systems; and
- Operations Support Equipment: Expenditure during the financial year totalled \$0.29 million. The costs incurred were used to maintain the operational capacity of the Commission. This included the upgrade of infrastructure and surveillance equipment.

Employment and industrial relations

Summary of employee numbers

The CCM Act s 179 provides that Commission officers may be appointed for a period up to five years and are eligible for reappointment.⁷

Table 14 shows the Commission's total FTE as at 30 June 2019, which includes the number of full-time and part-time contracted employees as well as the number of employees seconded from Western Australian State Government agencies whose substantive position remains with that agency.

Table 15 details the average workforce level for the Commission for 2018-19 (based on quarterly total FTE figures throughout the year) and the approved workforce level as at 30 June 2019.

⁷ The Commission is not a 'Senior Executive Service Organisation' as described in the *Public Sector Management Act 1994*.

Table 14: Full-time, part-time and seconded employees

Employment category	FTE	
	2017-18	2018-19
Full-time contract	110.0	114.0
Part-time contract measured on an FTE basis	4.9	7.9
On secondment	3.0	6
Total FTE	117.9	127.9

Table 15: Approved and average workforce levels

Workforce level	FTE
Average workforce level for 2018-19	117.7
Approved workforce level as at 30 June 2019	125.0

For more information on the Commission's workforce profile refer to page 11.

Review of Corruption and Crime Commission Industrial Agreement 2013

During the reporting period, a review of the Commission's industrial agreement commenced in consultation with the Public Sector Labour Relations division of the Department of Mines, Industry Regulation and Safety. It is proposed that the Commission's industrial agreement becomes a satellite agreement to the Public Service and Government Officers CSA General Agreement 2017 and, where possible, relies upon the whole-of-sector provisions and model clauses. The unique conditions that are relevant to Commission employees will be retained with no erosion of benefits. At year-end, negotiations were continuing and are expected to be finalised during 2019-20.

Strategic Workforce Plan

During 2018-19, the Commission commenced development of a new, three-year Strategic Workforce Plan. The purpose of the Plan is to ensure the Commission's workforce is dynamically and directly linked to the future direction of the organisation — having the right people in the right jobs at the right time and at the right cost.

The scope and scale of changes in the modern workplace requires different thinking about the Commission's workforce, with many changes driven by factors including improvements in technology and design. These changes will shape the way services are delivered and demand new skills, knowledge and attributes within the workforce. In this context, the new Strategic Workforce Plan aims to deliver:

- a workforce with the capability and capacity to efficiently and flexibly ensure service delivery outcomes are met;
- a focused and strategic approach to attracting, engaging, developing and retaining a suitable workforce and identifying critical skills gaps;
- integration into business, performance and financial planning processes with a clear focus on achieving the Commission's service delivery outcomes;
- workforce modelling to understand demand and supply issues; and
- initiatives that address workforce design, size, composition, capability, current and future skills requirements, and talent management.

During 2018-19, the Commission also progressed a number of key workforce initiatives including:

- implementing a new performance management system aligned to individual needs and strategic direction;
- consolidating a learning and development framework framed around the 70:20:10 learning philosophy (70% experiential learning, 20% social learning and 10% formal learning) that ensures learning is aligned to current and future business needs; and
- finalising the review of current recruitment practices to establish a contemporary approach to recruitment that ensures the acquisition of highly-skilled employees.

Employee development and wellbeing

The Commission is committed to supporting and developing its workforce through a range of employee development and wellbeing activities and initiatives. In 2018-19, these included:

- continuing an annual influenza vaccination program;
- supplying sit/stand desks for all employees;
- providing ongoing ergonomic workstation assessments as required;
- offering targeted training for front-line employees dealing with callers in distress;
- providing a competency-based leadership and management training program for officers at classification levels 2 - 7 which will result in attainment of the Certificate IV in Leadership and Management; and
- expanding the Commission study scholarship program. Nine employees will be awarded scholarships in the next reporting period.

In 2018-19, a number of Commission representatives also attended a series of workshops to learn how to provide initial mental health first aid to support co-workers, family and friends. The Mental Health First Aid Course was delivered by Lifeline WA on behalf of the Commission. This initiative provides assurance that there are suitably trained staff at the Commission, equipped with the skills and confidence to have supportive conversations with other employees and to help guide them to professional help — including via the Commission's employee assistance program.

Employee assistance program

During 2018-19, the Commission procured a new employee assistance provider shifting the focus to a holistic, integrated and preventative employee wellbeing program.

The new program provides a range of support materials and services including professional counselling, employee assistance coaching, wellbeing coaching, management of a 'hotline', recruitment and selection psychological testing, use of force medical assessments, regular wellbeing check-ins for employees in high-risk positions, and critical incident response and debriefing.

This service is available 24 hours a day, seven days a week and is accessible to employees and their family members.

Workers compensation

There were no new workers' compensation claims during 2018-19. One previous claim was finalised in the reporting period.

Unauthorised use of credit cards

In compliance with Treasurer's Instruction 321 'Credit cards - authorised use', the Commission is required to report where a Western Australian Government Purchasing Card (a 'credit card') is utilised for personal use. Personal use of a Commission credit card in the 2018-19 reporting period is detailed in Table 16.

Commission employees hold Commission credit cards where their functions warrant usage of this facility. Cardholders are reminded of their obligations under the Commission's credit card policy; however, one employee inadvertently used their credit card for personal use. The matter was not referred for disciplinary action by the Chief Finance Officer as the amounts were settled promptly, the nature of the expenditure was immaterial, and the transaction was characteristic of an honest mistake.

Table 16: Personal use of Commission credit card

Personal use	Cost (\$)
Aggregate amount of personal use expenditure for the reporting period	63
Aggregate amount of personal use expenditure settled by the due date (within five working days)	63
Aggregate amount of personal use expenditure settled after the period (after five working days)	0
Aggregate amount of personal use expenditure outstanding at the balance date	0

Governance disclosures

Contracts with senior officers

As at 30 June 2019, there were no matters to report in respect of senior officers of the Commission concerning any interests they may have in regard to firms, entities or other bodies that do business with the Commission.

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

In compliance with the *Electoral Act 1907* s 175ZE, the Commission is required to report on expenditure incurred in relation to advertising agencies and marketing research, polling (surveys), direct mail and media advertising organisations. Table 17 details expenditure incurred in relation to those matters in 2018-19.

Table 17: Advertising and polling expenses incurred

Expense type	Cost (\$)
Advertising	17,190
Total expenses	17,190
Advertising	Cost (\$)
LinkedIn	17,190
Total expenses	17,190

Disability access and inclusion plan outcomes

The *Disability Services Act 1993* does not require the Commission to develop and report on a Disability Access and Inclusion Plan. However, the Commission is committed to have diversity and inclusion principles embedded in its core business functions. In 2018-19, the Commission commenced the development of an integrated workforce and diversity plan which will support equal access, involvement and participation in Commission services and activities.

The guiding principles of the plan are:

- all people receive the same level of quality and service from the Commission regardless of age, culture, religion, gender, orientation or ability;
- the Commission's workforce reflects the diversity of the community which it serves;

- policy development and service delivery are informed by consultation with, and feedback from, diverse groups of people;
- public information and events are accessible and useful for all people; and
- the Commission encourages flexible work practices, where possible, to support all employees including those from diverse community groups.

Compliance with public sector standards and ethical codes

Public sector standards

During 2018-19, the Commission received one breach of standard claim against the Public Sector Standards in Human Resource Management. The finding from the assessment of this claim was that the standard had not been breached.

There were no formal disciplinary processes conducted and the Commission received no formal grievance during the reporting period.

WA Public Sector Code of Ethics and the Commission's Code of Conduct

During 2018-19, the Commission finalised a review of its Code of Conduct to ensure alignment with the Public Sector Commissioner's Guidelines (specifically *Commissioner's Instructions No 7 Code of Ethics and No 8 Codes of Conduct and Integrity Training*), the Commission's new Strategic Workforce Plan and revised policies and procedures.

All employees are required to read and sign a declaration of commitment to the Code of Conduct upon commencement of employment at the Commission.

Employees are also required to participate annually in Accountable and Ethical Decision-Making training. This training module is regularly reviewed to ensure alignment with the Code of Conduct and related policies.

Recordkeeping plans

In compliance with the *State Records Act 2000* s 19 and with State Records Commission Standard 2, Principle 6, the Commission has an approved Recordkeeping Plan. Part 3, Division 4 of the *State Records Act 2000* states that an agency must review its Plan every five years or when significant change to the agency's functions occur. In 2018-19, the Commission reviewed its Plan and submitted the outcome of its review to the State Records Commission. As a result, the Commission commenced creating its new Recordkeeping Plan during the reporting period, which is due for submission to the State Records Commission in December 2019.

Evaluation of recordkeeping systems

The Commission continued to monitor the performance of the Electronic Document and Records Management System (EDRMS), Objective and the Case Management Intelligence System (CMIS), Jade Investigator. During the reporting period, the upgrade of the Objective and CMIS repositories was completed, along with the implementation of functionality to enable automation (including implementation of a workflow automation proof of concept), and the ability to integrate core information repositories with SharePoint (Intranet).

This new functionality is aimed at enhancing the efficiency and effectiveness of the systems for the end user and to enhance the capability of the Commission in driving digital business transformation initiatives that achieve recordkeeping compliance.

Recordkeeping training

Recordkeeping training is available to all employees and comprises group presentations, online awareness modules, ad hoc workshops and one-to-one training.

All employees attend a mandatory recordkeeping briefing as part of their induction, which addresses individual roles and responsibilities in regard to compliance with the Recordkeeping Plan. Employees are also required to attend EDRMS basics training in the classroom, and to complete and pass an online recordkeeping compliance and awareness module. Staff must complete this online recordkeeping module annually.

In 2018-19:

- 119 employees (94% completion rate) completed the online recordkeeping compliance and awareness module;
- 30 employees attended face-to-face Objective training; and
- 50 employees attended face-to-face Objective information sessions.

The Commission is committed to continually improving its information and records management practices to meet business needs and legislative responsibilities. Additional achievements and initiatives during 2018-19 included:

- continued review of the Commission's Disposal Authority;
- completion of a Proof of Concept project for Objective workflow; and
- initiation of the review and update of the Commission's Disaster Recovery Plan, and recordkeeping policies and procedures.

CCM Act reporting requirements

Apart from the number of exceptional powers findings and fortification warning notices (outlined below), the Commission's reporting requirements under s 91(2) of the CCM Act are covered throughout this report.

Exceptional powers findings and fortification warning notices

Under s 91(2)(f) and (g) of the CCM Act, the Commission must report on the number of exceptional powers findings made and the number of fortification warning notices issued by the Commission under ss 46 and 68 of the CCM Act respectively. Both depend on an application made by the Commissioner of Police. To maintain impartiality and independence, the Commission does not assist in the application process.

During 2018-19, the Commission made no exceptional powers findings and issued no fortification warning notices.

The Commission has received no applications from the WA Police Force for the use of exceptional powers since April 2012. It has received one fortification warning notice since January 2011.

The main reasons for the lack of applications relate to:

- the definition of organised crime under the CCM Act which is both narrow and confusing;
- the enactment of the *Criminal Investigation (Covert Powers) Act 2012*, which has made many of the exceptional powers directly available to the WA Police Force. Only coercive examination, search and anti-fortification powers (fortification warning notices) now need to be sought from the Commission. The WA Police Force is also able to apply for coercive examinations through the Australian Criminal Intelligence Commission; and
- with regard to fortification warning notices, a shortcoming that fails to discourage organised crime groups from re-fortifying premises previously dismantled.

In April 2014, the Joint Standing Committee on the Corruption and Crime Commission issued Report 10 *WA Police's use of Part 4 'exceptional powers' in the Corruption and Crime Commission Act 2003*. The report details the issues and constraints inherent in the current definitions and processes. It recommends amendment to the definition of organised crime in the CCM Act and also amendment to the CCM Act to prevent re-fortification.

Government policy requirements

Occupational safety, health and injury management

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*. This commitment is led by the Commission's Executive.

The Commission has an Occupational Safety and Health (OSH) Policy that is available to all employees through the intranet. Employees receive specific training regarding their OSH obligations as part of their induction, with managers receiving additional training regarding their managerial OSH responsibilities. Employees are required to repeat this training on an annual basis.

The Commission's Occupational Safety and Health Planning Advisory Group (OSHPAG) coordinates and monitors the OSH program and ensures consultation on OSH-related matters. Reporting to the Commission Executive, OSHPAG is chaired by a senior employee and includes a member of the Executive and a representative from each Directorate. OSHPAG meets quarterly at a minimum but is also convened as required to address any particular OSH-related matter. Safety inspections of the workplace are conducted monthly. Each Commission OSH representative has undertaken WorkSafe-accredited training for the role.

The Commission was last subject to a WorkSafe-accredited independent assessment against the WorkSafe Plan assessment tool in December 2015. This review resulted in the implementation of a fully-compliant OSH Management System in December 2017.

A process of monitoring and review is intrinsic to the management of OSH and is reflective of the Commission Executive's commitment to continuous improvement. In support of this commitment, and to incorporate the new working premises and infrastructure, the Commission commenced a further review of its OSH framework in 2018-19. This review will lead to recommendations for the ongoing improvement of the Commission's OSH Management System. Once any recommendations are implemented, the Commission will again undergo an accredited independent assessment.

Through its policy position on workers compensation claims and injury management, the Commission is committed to providing injury management support to all workers who sustain a work-related injury or illness. The focus is on a safe and early return to meaningful work, in accordance with the *Worker's Compensation and Injury Management Act 1981*.

Table 18 shows the Commission's performance against targets specified in the *Public Sector Commissioner's Circular 2018-03: Code of Practice Occupational Safety and Health in the Western Australian public sector*.

Table 18: Commission performance against occupational safety and health targets

Measures	Actual results			Targets	Comments towards targets
	2016-17	2017-18	2018-19		
Number of fatalities	-	-	-	0	
Lost time injury and disease incidence rate (per 100)	0	1.64	0	0 or 10% reduction in incidence rate	
Lost time injury and disease severity rate (per 100)	0	0	0	0 or 10% reduction in severity rate	
Percentage of injured workers returned to work					
(i) within 13 weeks	N/A	100%	(i) N/A	Greater than or equal to 80%	
(ii) within 26 weeks	N/A	100%	N/A	Greater than or equal to 80%	
Percentage of managers trained in occupational safety, health and injury management responsibilities (including refresher training within three years)	Below 80%	100%	100%	Greater than or equal to 80%	

Key terms:

The following are simple explanations of key terms used throughout this report. These terms are defined further in the CCM Act, or other relevant legislation.

Appropriate authority is a public authority with the power to take disciplinary, investigatory or other action in response to allegations.

Independent agency means the Office of the Auditor General, Director of Public Prosecutions, Public Sector Commissioner, Parliamentary Commissioner (more commonly known as the Ombudsman) and the Inspector of Custodial Services.

Public authorities include Western Australian State Government departments, the WA Police Force, local governments, tertiary bodies, port authorities and some boards.

Public officers include all public sector employees, members of government boards and committees, local government elected officials and employees, employees of public universities, employees of public utilities and some volunteers.

Senior public officers include chief executives, senior executives, commissioned police officers, and superintendents and more senior officers working within Corrective Services in the Department of Justice.

Serious misconduct is different for the WA Police Force than for other public officers.

For the WA Police Force, serious misconduct includes all police misconduct — that is, all types of misconduct described in s 4 of the CCM Act as well as additional conduct described as 'reviewable police action'.

For all other public officers, serious misconduct refers only to corrupt or criminal conduct described in sections 4(a), (b) and (c) of the CCM Act, which occurs when a public officer:

- acts corruptly or corruptly fails to act in the course of their duties; or
- corruptly takes advantage of their position for the benefit or detriment of any person; or
- commits an offence, whilst acting or purporting to act in his or her official capacity, which carries a penalty of two or more years imprisonment.

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