

ANNUAL REPORT 2000–2001



Anti-Corruption Commission

To Hon Dr G I GALLOP BEc MA MPhil DPhil MLA

Premier of Western Australia

In accordance with *section 66* of the *Financial Administration and Audit Act 1985* and *section 32* of the *Anti-Corruption Commission Act 1988*, we hereby submit for your information and presentation to Parliament the Annual Report of the Anti-Corruption Commission for the year ending 30 June 2001.

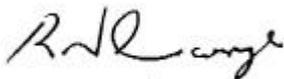
The Annual Report has been prepared in accordance with provisions of the *Financial Administration and Audit Act 1985*.



TE O'Connor QC – *Chairman*



DG Doig – *Member*



RN George – *Member*

30 August 2001

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Chairman's Foreword

It is with pleasure that I present the Annual Report of the Anti-Corruption Commission for 2000/2001.

It has been another busy year for the Commission, which received 476 new allegations by way of reports from public authorities and voluntary allegations made by public officers and members of the public. This represents a 13.8% increase in the total number of allegations received as compared with the year to June 2000. Of the new allegations that were within the jurisdiction of the Commission, 47.4% related to alleged criminal conduct, 38.4% involved allegations of serious improper conduct, and 14.2% related to corrupt conduct. The Commission finalised 425 matters during the year. Of that number, 31 resulted in criminal charges being laid and 76 disciplinary proceedings were instituted by authorities. A further 165 matters were investigated and found to be unsubstantiated.

It has also been a year of progress for the Commission, with amendments to the *Telecommunications (Interception) Act 1996* and the introduction of the *Surveillance Devices Act 1998* allowing the Commission to invest in the computing, surveillance and investigative technology that is now an essential tool in the fight against corruption. It is important to note, however, that the Commission is still awaiting final approvals to be given before its telephone interception capacity becomes fully operational.

Despite these achievements, the last year has also seen the public image of the Commission suffer as a result of failed or withdrawn prosecutions relating to alleged criminal conduct and the criticisms that have followed. These criticisms arise from a continuing misapprehension by some, and a deliberate misrepresentation by others, of what the Commission does and is empowered to do.

Whether the ongoing misrepresentation of what the Commission does is a consequence of ignorance or intention, the only beneficiaries of the consequent publicity have been those who indulge in corrupt activities. It has certainly not been for the good of the Commission or the community. In order to redress the position, the Commission, fulfilling its obligation "*to disseminate information to the public about matters relating to its functions*", has decided to include in this Annual Report a selection of operational case studies as examples of the range of allegations, types of factual circumstances and the potential outcomes that may be encountered in Commission investigations.

The bad press has been a distraction from the Commission's work, with the CEO and myself again being called upon to explain, if not defend, the Commission's role in prosecutions that are in law and reality the responsibility of the DPP.

The Commission has always enjoyed a mutually respectful relationship with the DPP. However, it came under some strain in May of this year when criminal proceedings for which the Commission had gathered evidence were withdrawn by the DPP at the eleventh hour. This was done on the grounds that disciplinary inquiries could now be pursued and therefore criminal proceedings were no longer in the public interest. This decision fuelled further confusion in the media and has meant that a matter that should have been resolved has been allowed to drag on. It is the opinion of the Commission that, where in all other respects a prosecution is appropriate, it is not appropriate to decide against prosecution merely on the basis that disciplinary action could be undertaken, unless the matter is trivial.

Annual reports are by their nature replete with repetition, however, the confidentiality and reporting restrictions imposed by the *Anti-Corruption Commission Act 1988* means there are few opportunities for the Commission to publicly explain its operations other than through this

report. The media reports of Commission activities show that the following is not well understood, namely:

- The Commission's primary function is the receipt or initiation of allegations of criminal or serious improper conduct concerning police and other public officers and to provide for the investigation of those allegations either itself or by other agencies
- The Commission can, with restrictions, report on the outcome of its investigations, but cannot express conclusions or opinions as to culpability or guilt
- The Commission may assemble evidence that may be used in a prosecution, however, it cannot recommend that any person be prosecuted – this is the role of the DPP.

The Commission measures its success by whether investigations undertaken by it or undertaken by another agency and monitored by the Commission are comprehensive and thorough. This applies as much to investigations where some evidence of misconduct is uncovered as it does to those where the allegations are found to be of no substance. If an investigation is comprehensive and thorough, it can be regarded as successful irrespective of whether it establishes that an allegation is substantiated or entirely without substance.

The Commission is an essential part of the public sector landscape of Western Australian for two reasons. Firstly, because corruption continues to exist and, secondly, because corruption undermines the efficient and effective operation of government. For those reasons, Parliament established the Commission and granted it a mandate to investigate and report upon allegations of serious misconduct by public officers. In doing so, Parliament also imposed more restrictions on the Commission's operations and reporting capabilities than any other body of its type in Australia.

Mindful of the need for the Anti-Corruption Commission to be both effective and seen to be effective, the new State government has indicated that there are to be changes made to *Anti-Corruption Commission Act 1988* and the way the Commission operates. These changes include the institution of public hearings for Commission investigations and the creation of the position of Inspector to oversee the work of the Commission. The Commission welcomes these changes and is hopeful that they will help it to be more effective and give the public and the media an opportunity to understand more about how, and to what depth, its investigations are conducted.

I would like to publicly acknowledge the efforts of our staff over the past year. They worked diligently and effectively in the face of continuing and unjustified criticism based on matters over which they had no control. I commend them for their professionalism and perseverance.

Our vision remains clear. It is to:

Lead the way in fighting corruption in the public sector.



TE O'Connor QC – *Chairman*

The Commission

The Commission is a body corporate with perpetual succession established by an Act of Parliament, the *Anti-Corruption Commission Act 1988* (“*the Act*”).

Members

The Commission is comprised of a Chairman and two Commissioners (called Members in *the Act*).

The current Members of the Commission are:

T E O’Connor QC Chairman	Mr O’Connor was first appointed on 11 August 1997. His current term of office expires on 18 August 2002.
D G Doig	Mr Doig was first appointed on 24 October 1996. His current term of office expires on 31 October 2002.
R N George	Mr George was first appointed on 10 November 1998. His current term of office expires on 9 November 2001.

Appointment and Qualifications

Members of the Commission are appointed by the Governor on the recommendation of the Chief Justice, the Chief Judge of the District Court and the Solicitor General.

Under *the Act* the Chairman must be a person who has held office as a Judge or District Court Judge or be a person who is eligible for such an appointment. The remaining two Members are not required to be eligible to be Judges, but must not be serving public officers or former members of the Police Force.

Commission Meetings

The Commission held twenty-five meetings during the year, all of which were attended by Mr O’Connor QC and Mr George. Mr Doig attended twenty-four meetings.

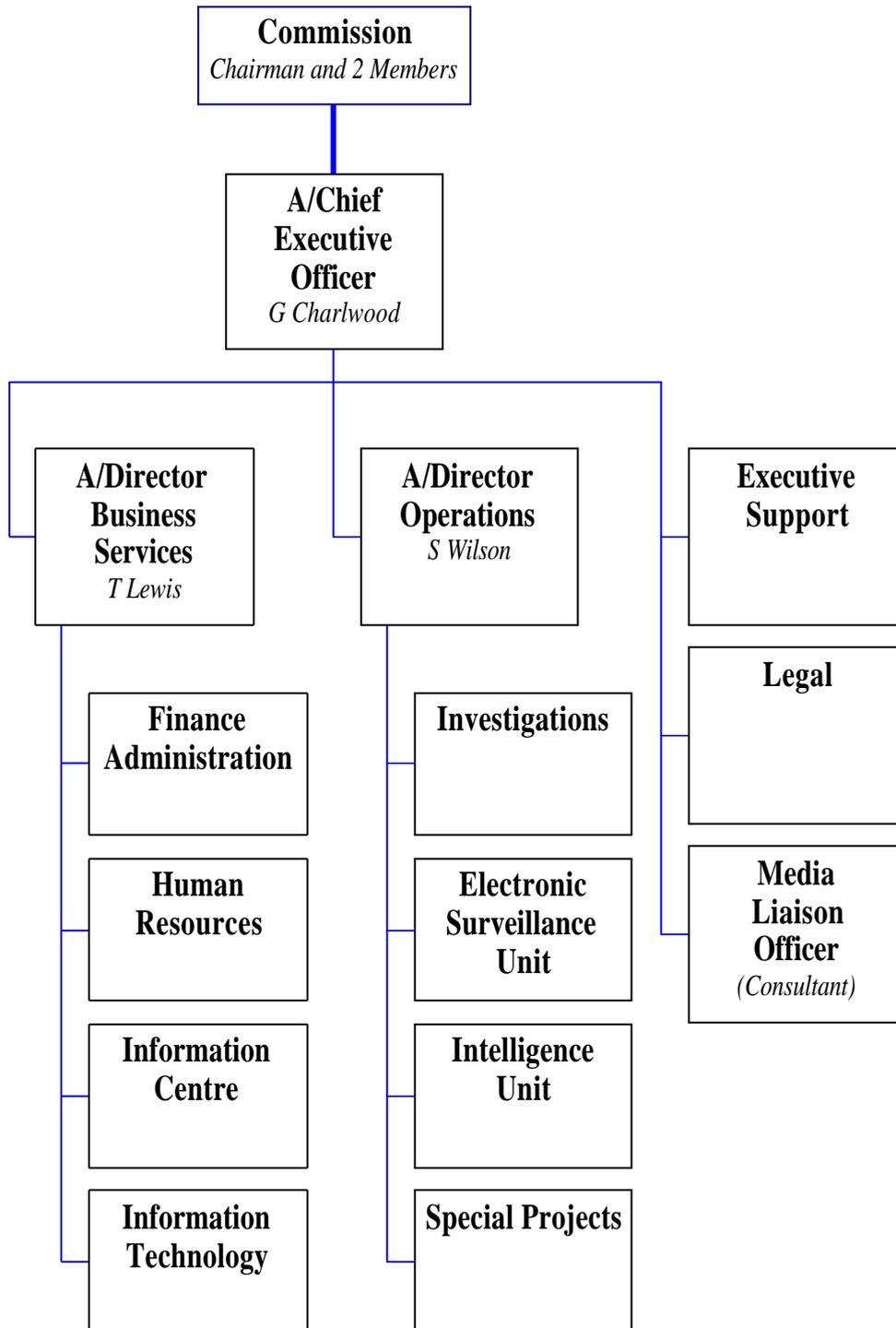
Senior Staff

G D Charlwood	Acting Chief Executive Officer
S P Wilson	Acting Director Operations
T R Lewis	Acting Director Business Services

Other Senior Staff

S D Sherman	Acting Principal Investigator
D M Beeson	Manager Information Technology
A Francis	Manager Special Projects Unit
G Cooper	Manager Intelligence Unit
D Kossatz	Manager Electronic Surveillance Unit

Organisation



Comments from the CEO

This year has been an eventful one for the Commission operationally and administratively.

In late 2000, the Commission began a formal re-evaluation of its corporate structure. Completed in November, the process of re-evaluation gave the Commission a unique opportunity to involve all staff members in defining how the Commission could be structured to best achieve its long-term goals. It also allowed the Commission to more clearly align the functions and roles of the individual units within the organisation.

The re-structuring of the organisation, which affected the operational units as well as the business and administrative areas, resulted in a streamlining of reporting procedures and an enhancement of the way the units link together. Although only recently finalised, the re-structure has already fostered the development of a more synergetic approach within the Commission, one more effective because of the way the component units work collectively.

Linked with the Commission's re-structure was the launch of its Corporate Plan for 2001-2004, which is encapsulated in the statements of the Commission's Mission, Values, Objectives and Strategies contained in the following pages. Drafted in consultation with all staff, this Plan sets out new directions for the Commission and, in particular, emphasises the taking of a more proactive approach in Operations.

The decision to pursue a proactive, intelligence-driven philosophy also highlighted the importance of teamwork in the Commission - where highly specialised skills are applied in a multi-disciplinary environment. To make the best use of the new technologies and the skills of its staff, the Commission has moved to coordinate the systems by which information is acquired, analysed and distributed, something that can only be achieved in a cohesive team environment.

This joint focus on knowledge and people saw the Commission encourage further training initiatives this year, with the dominant focus being on the building of project management skills and teamwork within Operations. These training initiatives, along with the application of uniform business practices, will continue to be a priority over the next year.

I thank the staff of the Commission for their efforts over the past year. It has been a busy time; one in which we have both made progress on existing matters and established a framework that will help to minimise opportunities for public sector corruption.

The Commission's Functions

The overall function of the Commission is that of ensuring that allegations of corrupt, criminal or serious improper conduct (referred to collectively in this Report as "serious misconduct") that are made against any person holding public office or employed by the State of Western Australia ("public officers") are dealt with appropriately and effectively.

As indicated in the Chairman's Foreword, the Commission is keen to address some basic but persistent misconceptions about the reasons for the Commission's existence and the manner in which it operates and, to that end, considers it important that its functions are explained as fully as possible.

The specific functions of the Commission as contained in *section 12(1) of the Act* are as follows:

Division 2 – Functions of the Commission

Functions

12. (1) The functions of the Commission are –
- (a) to receive or initiate allegations of corrupt conduct, criminal conduct, criminal involvement or serious improper conduct about –
 - (i) police officers; and
 - (ii) other public officers;
 - (b) to consider whether further action is needed in relation to an allegation and, if so, by whom that further action should be carried out;
 - (c) to carry out further action in relation to allegations itself, if it is appropriate for it to do so, or to refer allegations to other authorities so that they can carry out further action;
 - (d) to furnish reports and make recommendations on the outcome of further action taken in relation to allegations;
 - (e) to furnish general reports and make general recommendations about matters relating to its functions;
 - (f) to consult, co-operate and exchange information with independent agencies, appropriate authorities and –
 - (i) the Commissioner of the Australian Federal Police;
 - (ii) the Commissioner (however designated) of the police force of another State or a Territory;
 - (iii) the Chairman of the National Crime Authority established by the National Crime Authority Act 1984 of the Commonwealth; and
 - (iv) any authority or body of this State, the Commonwealth, another State or a territory that is authorized to conduct inquiries or investigations in relation to conduct in the nature of corrupt conduct, criminal conduct, criminal involvement or serious improper conduct and is declared by the Minister to be an authority or body to which this paragraph applies;
 - (g) to assemble evidence obtained in the course of its functions and –
 - (i) furnish to an independent agency or an appropriate authority, evidence which may be admissible in the prosecution of a person for a criminal offence against a written law or which may otherwise be relevant to the functions of the agency or authority; and
 - (ii) furnish to the Attorney General or a suitable authority of another State, a Territory, the Commonwealth or another country, evidence which may be admissible in the prosecution of a person for a criminal offence against a law of the jurisdiction concerned or which may otherwise be relevant to that jurisdiction;
 - (h) to disseminate information to the public about matters relating to its functions; and
 - (i) to do anything else that is required or authorized to do under this Act or any other written law.

Mission

Our mission reflects the Commission's desire that the holders of public office in Western Australia maintain the highest standards of honesty, integrity and commitment to service. Our mission is:

To expose corruption by holders of Western Australian public office in order to provide the community with better public services and administration.

Values

The Commission encourages the pursuit of the following aims and values in all its activities and undertakings:

Honesty

Integrity

Fairness

Pursuit of Excellence

Encouragement of continuous, personal and professional development

Recognition of individual and team effort

Respect for individuals and their rights

Objectives and Strategies

The key objectives of the Commission and the strategies employed by it to achieve those objectives are:

Objective 1:

Public authorities and officers and the community appropriately report perceived serious misconduct in public administration.

Strategies:

Ensuring public authorities and officers are aware of their obligations under the *Anti-Corruption Commission Act* and assisting them to fulfil those obligations.

Communicating to public authorities, officers and the community the nature of serious misconduct in public administration.

Informing and educating public officers and the community about the role of the Anti-Corruption Commission.

Objective 2:

Take a proactive approach in identifying and investigating corrupt, criminal and serious improper conduct by holders of public office.

Strategies:

Ensuring the efforts of the Commission are appropriately directed and supported through the use of timely, relevant and accurate strategic intelligence.

Engaging in proactive target development and investigations aimed at exposing and dealing with otherwise unreported or undetected serious misconduct.

Encouraging and assisting other agencies to take a proactive approach in the prevention, detection and investigation of serious misconduct by its officers.

Objective 3:

Addressing effectively allegations of serious misconduct in public administration.

Strategies:

Conducting timely initial assessments of all allegations received.

Providing comprehensive, relevant and timely advice on whether allegations warrant further action, including how and by whom and what further action might be taken.

Conducting professional, timely and thorough investigations into allegations and providing objective and comprehensive reports, and where appropriate briefs of evidence, in respect to those investigations.

Reporting to Parliament, Government Ministers and to the community on the outcome of investigations conducted and in relation to the performance and functions of the Commission where it is in the public interest to do so.

Objective 4:

To ensure allegations of serious misconduct in public administration investigated by other agencies are dealt with in a timely and appropriate manner.

Strategies:

Consulting, cooperating and exchanging information with independent agencies, appropriate authorities and other relevant bodies.

Monitoring the investigations into allegations conducted by other agencies and providing assistance and guidance to those agencies in relation to those investigations.

Conducting audits and reviews of investigations conducted by other agencies and providing those agencies with timely and appropriate advice and feedback in relation to those investigations and matters arising from them.

Objective 5:

Promoting public administration policies, practices and standards aimed at minimising opportunities for, and discouraging, serious misconduct by holders of public office.

Strategies:

Bringing to the attention of public authorities, deficiencies in their policies, procedures or practices, which have allowed, or have the potential to allow, public officers to engage in serious misconduct.

Liaising and collaborating with agencies, which have public sector wide responsibilities in developing, promoting and monitoring adherence to prescribed policies, practices and standards aimed at minimising serious misconduct.

Reporting to Parliament, Government Ministers and to the community on deficiencies identified in public sector policies, procedures or practices, which have allowed, or have the potential to allow public officers to engage in serious misconduct.

Indicators of Success

The Commission believes its success will be evidenced by:

- The timeliness, thoroughness and objectivity of our assessments and investigations.
- The quality and acceptance of our reports, including the extent to which recommendations made in these are acted upon.
- The extent to which the work of the Commission leads to improvements in public administration.

Operations

During the past year, as the CEO mentioned, the Commission underwent a reformation of its organisational and reporting structure. This re-structuring has seen the creation of an “Operations” area, within which are four distinct but mutually dependent specialist units:

- Intelligence
- Electronic Surveillance
- Special Projects
- Investigations

The re-structure of what was formerly the “Investigations Directorate” was undertaken in order to more effectively align the Commission’s core business activities with its stated objectives and to encourage the most efficient delivery of investigation outputs. Another consequence has been the incorporation of the Complaints and Compliance Unit, which previously answered to the Executive, into the Investigations Unit.

In defining how Operations should function, the Commission has confirmed the application of project management principles, which continue to be highly effective in anti-corruption environments in other jurisdictions. It has also committed Operations to the employment of “best practice” methods to promote efficiency and encourage the taking of individual as well as collective responsibility for finding and delivering the optimal outcome for each investigation undertaken. As part of this best practice approach one of Operations’ key units recently underwent an extensive peer review assessment by two senior investigators from a kindred organisation in another state. The report that came from that review has identified areas where improvements can be made and these are being addressed.

Strategy

The re-defining of Operations has also signalled a move away from the reactive investigation of what in many cases were historic matters and toward a more proactive approach. Until now this has been a difficult shift in focus to achieve, with the Commission having inherited a substantial number of matters from its predecessor, the *Official Corruption Commission* – all of which required assessment if not active investigation. In addition to those cases the Commission has, since its inception, received over 1,000 further matters for consideration.

Finalising over 1,400 cases since November 1996, including 425 over the last twelve months, the focus for Operations has been on the production of outcomes that are timely and in line with the quality and accuracy standards of the Commission.

In accordance with the Commission’s stated objective of taking “*a proactive approach in identifying and investigating corrupt, criminal and serious improper conduct*” Operations has, over this year, placed priority on the development of proactive investigation strategies. These strategies involve the use of all of the Commission’s investigative resources with a particular emphasis on the consolidation of its electronic surveillance capabilities.

Liaison with other Agencies

It is critical to the effectiveness of Operations that the Commission monitors developments in anti-corruption practices nationally if not globally and, where appropriate, works jointly with other anti-corruption and law enforcement agencies in Western Australia and the other Australian jurisdictions. To that end, the Commission continues to liaise with the Office of Public Sector Standards, the Parliamentary Commissioner for Administrative Investigations (the Ombudsman), the Department of Local Government and the Auditor-General, and to work closely with the Professional Standards Portfolio of the WA Police Service on a range of investigations.

Another means of increasing the Commission's operational effectiveness has been through the settlement of Memoranda of Understanding with appropriate agencies. In the current year the Commission has settled one Memorandum with a state police service and is negotiating further Memoranda with other government agencies and oversighting bodies.

The exchange of information relevant to anti-corruption practices has, in some ways, become easier as a result of the growing inter-connectedness of government agencies through the use of Internet and email facilities. However, along with the benefits that have and will continue to come from this technology has been the development of a new field of potential corrupt activity, E-corruption.

The Commission has also instigated the design of an Internet web-site as a means of disseminating information about its activities, corruption generally, and ultimately to provide another avenue by which allegations of corruption may be presented.

Intelligence

In line with the Commission's commitment to the conduct of proactive, intelligence-led investigations, and to meet the ever-increasing complexities of corrupt/criminal behaviour, the Intelligence Unit has been expanded and the number of analysts working in the Unit increased.

One of the main functions of the Unit is the acquisition and processing of information from disparate sources. To this end, the Commission has continued to forge links with external agencies and has acquired desktop computer access to some external intelligence networks such as the Australian Bureau of Criminal Intelligence. The importance of "open source information" has also been acknowledged and the Commission has facilitated access to the Internet that has opened a myriad of new sources of information. Amendments to the *Financial Transactions Reports Act (Cth) 1988* are also being implemented to allow the Commission to have access to Austrac (Australian Transaction Reports and Analysis Centre) data.

The Unit has also developed a Relational Database designed to function as a central repository for all information relating to investigations that are within the Commission's jurisdiction. The database employs leading-edge information and knowledge management technology, and has proved to be a powerful analytical tool – one that is necessary to the intelligence process.

The Commission has also embarked on two long-term projects: a Strategic Intelligence Project, intended to identify the types, instances and most prevalent areas of corrupt/criminal conduct, and a Proactive Operations Project that will concentrate on target development. Strategic projects such as this will allow the Commission to plan its long term objectives and strategies, and facilitate effective targeting and the efficient allocation of its resources.

The last twelve months have seen a significant investment by the Commission towards its medium to long term operational objectives, and substantial attention has been given to the training and development of the Unit's staff. All team members have attended in-house

training courses, conferences and workshops, and several analysts have attended the National Strategic Intelligence Course in Canberra.

Electronic Surveillance

Experience in Australia and around the world has shown that critical or penetrating investigations, particularly those into corruption, can only be genuinely successful where substantial effort is committed to electronic surveillance. The factual and incontrovertible nature of the evidence that can be acquired using electronic surveillance methods has been proven to be a powerful and effective tool in exposing criminal conduct and corruption.

The main focus for the Electronic Surveillance Unit (“ESU”) over the past year has been the installation of state-of-the-art surveillance equipment and, in conjunction with that installation process, the recruitment and training of specialist staff. Installation is now complete and operations using new telecommunications intercept equipment were expected to have begun within the last six months. However, the process of confirming the Commission’s status as an “agency” pursuant to the *Telecommunications (Interception) Act 1979* (Cth) was delayed by the State government elections and is now expected to be completed during the third quarter of 2001.

In employing electronic surveillance, the Commission is obliged under the *Telecommunications (Interception) Act 1979* (Cth) and the *Surveillance Devices Act 1998* to comply with an extensive regime of reporting requirements, independent inspections of records, and strict retention and destruction policies. Consequently, ESU staff have devoted a great deal of time and effort over the past year to the development and testing of documented procedures which will ensure both compliance and the optimum contribution to Operations.

In keeping with its commitment to using a best practice philosophy in all its operations, the Commission has endeavoured to ensure that ESU maintains continuing liaison with, and personal representation on, a number of national committees that deal with telecommunications interception, new technologies and related legal and procedural matters. This representation ensures that the Commission is kept at the forefront of technical and legal issues emanating from the telecommunications revolution currently sweeping Australia – whether relating to fixed service networks, mobile services, satellite, digital, data or Internet services.

The maintenance of security over operations utilising electronic surveillance is of paramount importance to ESU and Operations generally, and is sustained at all times. To that end, telecommunications interceptions and the monitoring of surveillance devices installed under warrant (including video, listening devices and electronic tracking equipment) are now centrally coordinated.

With the Unit’s dedicated staff and equipment now in place, ESU will be able to conduct more extensive electronic surveillance, and it is expected that greater use will be made of the ESU’s knowledge and facilities in supporting investigations – particularly those of a protracted or complex nature.

Special Projects

The Special Projects Unit (“SPU”) is made up of specialist staff recruited from around Australia and includes operatives and technicians who work “in the field” to acquire, or assist in the acquisition of, evidence relevant to investigations. Over the past year, SPU has successfully continued to support the Commission’s intelligence and evidence gathering functions. In addition to providing that integral support to Operations, the Unit has also been working closely with a number of investigations conducted by the WA Police Service.

Following the introduction of the *Surveillance Devices Act 1998*, SPU has focused on the development and implementation of technology and equipment used to gather evidence and intelligence in support of Commission investigations. In keeping abreast of the ever more sophisticated technologies available for the gathering of evidence, SPU in conjunction with ESU has ensured that staff members are given access to relevant training courses in order to maintain and improve their skills in this specialist area.

Investigations

Over the past year, the investigations undertaken by the Commission have continued to focus on selected matters of significant serious misconduct. While the Commission has to consider all allegations of serious misconduct, perhaps tautologically, as being serious, some matters are more important by virtue of their circumstances and require the dedication of substantial Commission resources. Investigations into matters of gravity have resulted in a total of nine Briefs of Evidence being referred to the DPP this year.

Of the prosecutions conducted by the DPP in the Magistrates and District Courts (all initiated prior to the current reporting period) that involved evidence assembled by the Commission, none have resulted in convictions. For this the Commission has been criticised in the popular press. That criticism, which failed to demonstrate a wider understanding of the functions and role of the Commission, degenerated to questioning the competence of the Commission and its staff.

Evidence assembled during an investigation that indicates criminal conduct may have taken place is referred to the DPP with a request for advice as to whether prosecution is appropriate. The DPP then decides whether charges should be laid. This decision is made by the DPP after considering the strength of the evidence and the likelihood of any prosecution being successful.

Put simply: matters that the DPP does not consider have a reasonable likelihood of resulting in conviction are not proceeded with. The Commission only provides the assembled evidence to the DPP or an appropriate authority. It can not, and does not, decide whether or not to prosecute any individual.

The Commission does not see the conviction of a person in respect of any corrupt conduct it may investigate as being the prime objective of its efforts, but as one of a number of possible outcomes. A successful conclusion for the Commission is the appropriate completion of its investigative tasks, which in many cases will establish that an allegation is without substance. Alternatively, if there is some evidence to support an allegation, then the Commission assembles all available evidence and passes it to the appropriate authorities.

The Commission considers there are a number of outcomes that may result from its investigations – all of which, from an Operations perspective, are measures of its success:

- Exoneration of persons against whom allegations is made

Which may result from an investigation providing evidence to show that an allegation is unfounded, vexatious or when the assembled evidence is not sufficient to justify the taking of any further action.

- Disciplinary action

Which may come from action being taken by an appropriate authority once the results of an investigation are referred to it.

- Improvements in procedures and policies

Which may arise from identification by the Commission of flaws in public administration and may be implemented following Commission recommendations.

- A decision by the DPP to prosecute
- A report to Parliament

There are currently, it must be noted, restrictions on the Commission's ability to report which make this outcome a rare occurrence.

Case Studies

As mentioned in the Chairman's Foreword, *the Act* allows the Commission to "*disseminate information to the public about matters relating to its functions*" and yet the Commission has, as a result of the way *the Act* is constructed, few opportunities to do this. This Annual Report is one of those opportunities.

The following studies are based on actual matters that the Commission has investigated. They have been chosen on the grounds that, as a group of studies, they provide a reasonable representation of the types of allegations, factual circumstances and potential outcomes that may be encountered in matters in which the Commission becomes involved. Several of the studies presented involve matters that have been the subject of intense and prolonged coverage by both the print and electronic media; one of which relates to events that occurred over five years ago and which has had and continues to receive national media attention.

In presenting the studies, the Commission has been mindful of a number of legislative and practical factors that restrict its ability to report upon its operations and the outcome of its investigations. Some of these factors are a consequence of the need for confidentiality and operational security, not the least of which is a responsibility not to jeopardise the safety of persons involved in the making of, and the investigation into, allegations. Equally important is the protection of the rights of all persons who may have been implicated in any allegation.

The content of any report prepared by the Commission that has the potential for release to the public is controlled by *the Act* and advice from senior counsel has indicated that, as the Commission may not express opinions, speculate, infer or present conclusions, there are severe restrictions on the Commission's ability to report on the work it does. Accordingly, any report on a Commission investigation, including these studies, must focus specifically on the evidence that has been assembled.

Case Study 1

Evidence deemed by DPP to be insufficient for charges but disciplinary proceedings commenced on basis of the evidence

The Commission received notice of an allegation from a law enforcement agency ("LEA") that had been contacted by a person who said he knew of a group of police officers who were in possession of, and trying to sell, pharmaceutical narcotic drugs. This person ("the informant") asserted that the officers had stolen these narcotics some months earlier. The informant also admitted that he had been trying to buy the narcotics himself but, after failing to raise the cash, had decided to expose the corrupt activities of the police.

The Commission, in conjunction with the LEA and other bodies, took part in a joint operation that focused on the current whereabouts of the narcotics and any evidence that there had been attempts to sell or supply them.

Independently of the LEA, the Commission commenced inquiries to see whether it could identify the source of the narcotics. The Commission's investigation revealed that:

About three years ago, a disabled pensioner who suffered from a longstanding and debilitating medical condition had acquired a stockpile of pharmaceutical narcotic drugs legally through his doctor for the purpose of controlling his pain. The pensioner had been saving some of the narcotics and selling these “extras” through a friend. That friend had mentioned the arrangement to another person (the informant) who had seen an opportunity and contacted a police officer he knew. A month later, three police officers arrived at the home of the pensioner, apparently knowing about his store of narcotics.

The most senior of the officers was from one division of the WA Police Service, the other two from another division. They did not identify themselves clearly enough for the pensioner, who did not speak English well, to understand who they were. However, he gained the impression that they were from “the secret police” and that they were there for a specific reason: because they knew he had a stockpile of narcotics. Searching the house, the officers found the narcotics, counted them, took some, and departed. Not understanding what had happened, the pensioner called a relative who in turn contacted the Police Service. Shortly afterwards, two uniformed constables arrived, followed by two of the officers who had been there before. The officers did not identify themselves to the constables, but did tell them that they had been there earlier following a police radio report that someone in the area was selling drugs. They then “took over”, sent the constables away and kept the incomplete offence report that one of the constables had begun preparing. The officers then left, only to return a few days later for the purpose, they said, of giving back the narcotics.

The evidence assembled confirmed the identities of the three officers who had arrived at the pensioner’s home. The evidence also showed that there had been contact between those three officers, another police officer and the informant, and that there had been extensive contact between those persons in the days leading up to, and particularly on the day of, the seizure of the narcotics. It was also established that there had been no police radio reports of any activities that might have alerted the officers to the fact of the pensioner’s drug dealings or his address. However, another police officer in another part of WA had accessed the personal details of the pensioner using the Police Service mainframe and spoken to one of the three officers only a few minutes before their arrival at the pensioner’s home. Once there, the officers had conducted their search of the pensioner’s home and seized the narcotics without complying with the standard procedures that apply to all police searches.

Investigators participating in the joint operation with the LEA executed search warrants on houses and places of business in several WA locations. Unexplained sums of money, both in cash and deposited in bank accounts, were found to be in the possession of the officers. However, no drugs were found. When interviewed, the officers admitted having been to the pensioner’s home and to having taken a quantity of pharmaceutical narcotic drugs. However, they asserted that only a small amount had been taken, that all the narcotics had subsequently been returned to him, and denied any knowledge of the current whereabouts of any of the allegedly stolen pharmaceutical drugs. The pensioner, however, says that a large quantity was taken and that he only received a small number of them back.

Following the conclusion of the joint operation, a Brief of Evidence was prepared by the Commission and forwarded to the DPP. The Commissioner of Police was also made aware of the assembled evidence, and some of the police officers who were investigated are subject to action pursuant to the *Police Act*. Further results of the joint operation that relate to events occurring after the informant contacted the LEA are subject to confidentiality restrictions and can not yet be reported upon. Further investigation into matters revealed during the joint operation is continuing.

Case Study 2

Evidence deemed by DPP to be sufficient to justify charges but prosecution discontinued because DPP deemed disciplinary action appropriate

In 1999 a division of a state government department entered into a sponsorship agreement with a sporting club that included, under a section titled “*Benefits*”, the right to the use of a corporate box at certain sporting events. Pursuant to the agreement, the department paid a first instalment of monies to the sporting club.

Shortly after the agreement was executed, two Questions on Notice were presented in the Legislative Council of Parliament, one of which was: “*At which events have Corporate Boxes and areas been provided by Government departments and agencies since January 1, 1997?*”

A week later, a senior executive of the department told senior staff that the corporate box was “*not appropriate given the current political/financial climate*” and instructed that it should be removed from the sponsorship agreement.

Soon afterwards, the department and the sporting club executed an amended version of the sponsorship agreement, the only changes being a re-scheduling of the date for the payment of the second instalment of monies and the removal of any reference in the agreement to a corporate box.

Although the corporate box had been removed from the sponsorship agreement, it was still recorded by the company that managed the corporate boxes as allocated to the department. Six people gained access to the box in order to watch a game in which the sporting club was playing. One of those people was a senior staff member of the department.

Shortly after that use of the corporate box, an email was sent to the responsible Minister enclosing the approved Answers to the Parliamentary Questions. The answer to the question regarding corporate boxes was: “None.” The next day, a cheque was issued on behalf of the department to the sporting club.

A month later, the corporate box was again used by a senior member of the department and seven other people.

In November 1999, further questions were asked in Parliament, this time directly naming the department. Included was the question: “*Can the Minister confirm that the [department] has purchased a Corporate Sponsor’s box ... either in past years or for next season?*”

An answer was prepared, then amended. The final version, as approved by the department, was: “*No....shortly after acceptance of the proposal...the Corporate Box was removed at the request of the [department].*”

At the conclusion of its investigation, the Commission sent the assembled evidence to the DPP which then directed that charges be laid against two senior officers of the department. The department subsequently advised the Commission that it would be postponing any disciplinary inquiries until the conclusion of the criminal proceedings.

The criminal proceedings were, however, withdrawn by the DPP, which advised the Commission that a decision had been made to not proceed with the prosecutions because “... *the [department] is now in a position to pursue disciplinary inquiries pursuant to the Public Sector Management Act 1994. In light of that fact...the current criminal proceedings [are] now no longer in the public interest*”.

The DPP, as it is required to do by the *Public Sector Management Act 1994*, forwarded all relevant files to the department, which has engaged an independent investigator to conduct inquiries relating to disciplinary action.

Case Study 3

Evidence not sufficient for charges or disciplinary action but changes made to procedures

In late 2000, the Commission received a report from the CEO of a local authority. The report contained a series of allegations that the CEO was bringing to the attention of the Commission according to his duty under the *Anti-Corruption Commission Act*. The Commission undertook an investigation.

The allegations concerned the relationship between the local authority and a “plant and equipment” contractor, specifically 1) that employees of the local authority had, for several years, regularly been collecting a carton of beer from the contractor, 2) that this arrangement was so well-established that local authority employees would, if the contractor’s staff were busy, take money from the till and buy the carton themselves, 3) that a local authority staff member had pressured the contractor into sponsoring an amateur sporting team, and 4) that the contractor had provided equipment to employees of the local authority free-of-charge.

The allegations, if substantiated, could have constituted offences of corruption pursuant to *section 83* of the *Criminal Code* and serious improper conduct in contravention of the local authority’s *Code of Ethics*. It also implied that the local authority’s tendering and contracting processes might have been improperly influenced.

The Commission conducted a preliminary inquiry into the allegations, collecting documents from the local authority relating to its tendering and contracting, employment records, and statements of policy and conduct, as well as the contractor’s cash voucher and contract records. The Commission also formally interviewed staff and former staff of the local authority and the contractor.

The contractor’s petty cash vouchers recorded the purchase, over a period of nearly two years, of 71 cartons of beer for employees of the local authority. The contractor’s staff told the Commission that when they had first secured the contract with the local authority, they had been told to expect some antagonism from its

employees over the change, and had offered a single carton of beer simply to help establish a good working relationship. That first carton had been accepted, and it then became a weekly and automatic practice for a local authority employee to pop in on a Friday afternoon to pick up the free beer. It was also acknowledged that there had been occasions when the contractor had given local authority employees cash to buy the beer themselves – however, there was no evidence to indicate that those employees had helped themselves to cash from the till.

The provision of the free beer was in contravention of the local authority's *Code of Ethics* and had never been formally reported by any employee of the local authority. However, there was no evidence of any intention to act corruptly, and the custom appeared to have developed "innocently", with neither the employees of the local authority nor the contractor's staff having perceived the potential for the gratuity to amount to a criminal offence.

It was confirmed that the contractor had made a donation to a sporting club to which a local authority employee was affiliated. However, while the request for that donation had been made around the time of a tender being considered by the local authority, it had been appropriately documented and the donation appeared to have been made without coercion. The contractor stated that the sponsorship of sporting and community groups was seen to form part of its general advertising strategy.

The contractor also confirmed that it was not unusual for regular clients to be occasionally given free use of small plant and equipment. However, there was no evidence to suggest that any local authority employees had taken improper advantage of that practice.

A number of other allegations emerged relating to the local authority's operations during the Commission's inquiry. While outside the scope of the inquiry these ancillary allegations, along with the results of the inquiry and suggestions for further action, were brought to the attention of the local authority's CEO. The effect of the inquiry was an immediate cessation of the provision of the free beer and any gratuitous supply of equipment, a reinforcement of the existence of the *Code of Ethics* and its application to all employees, and a confirmation that there was no evidence able to sustain the allegations of corruption.

There was another, more far-reaching, consequence of the Commission's inquiry. Upon being contacted by the Commission, the contractor promptly obtained legal advice and then prepared a memo explaining to its staff the nature of corruption, and the potential consequences for individuals, the contractor and public officials. The memo also set out guidelines for dealing with "business courtesies", gratuities, entertainment and gifts. These guidelines were incorporated into its Policy and Procedures Manual and circulated to its Australia-wide operations.

Case Study 4

Public officer exonerated of allegations

In August 1999 the new board of a statutory authority, which was responsible for administering certain funds, decided that the previous board's practice of retaining audiotape recordings of board meetings for six months was no longer necessary. A decision was made that once the tapes of board meetings had been transcribed and ratified, they should be erased and re-used. This new policy was confirmed at a board meeting in December 1999 and, on the same day, the Director of the fund instructed a staff member to begin the erasure of all existing tape recordings of board meetings.

A few weeks later, in late December 1999, a request for documentation was made to the board under the *Freedom of Information Act 1992*. Further requests followed, along with the formal presentation of questions in Parliament regarding the fund administered by the board. However, by the time a formal *FOI* request was made which specifically identified the tapes of the board meetings, they had been erased.

In early 2001, complaints involving the board were made to a public authority, which referred the matter to the Commission. The complaints alleged that tape recordings and other documents had been improperly destroyed, that there had been a breach of the *FOI Act* and that false or misleading information had been provided in response to ministerial inquiries.

The Commission determined that a preliminary inquiry was justified and, in addition to using a number of investigative tools, conducted interviews of all relevant persons, issued written notices requiring the compulsory production of documents and computing equipment, and liaised with the Computer Crime Investigations division of the WA Police Service.

The Commission's inquiry established that no improper procedures had been employed in implementing the board's new policy, and that the tapes had been erased after the board had received an *FOI* request, but prior to the first *FOI* request that specifically mentioned the recordings of board meetings.

Analysis of the documents, investigation results and interviews also confirmed that the Director and the board had acted appropriately in their response to the *FOI* request, the preparation of answers to the Parliamentary questions, and in their dealings with the Commission.

The Commission determined that although the synchronous timing of the first *FOI* request and the decision to erase the tapes indicated that an intensive inquiry by the Commission was justified, the documents, records of board meetings, and the interviews conducted by the Commission did not reveal evidence capable of substantiating the complaints. In the circumstances, the Commission concluded that the allegation was unsubstantiated.

Case Study 5

Police officers exonerated of serious allegations

In July 2000 the Queensland Police Service advised the Commission that they had received information from a person living in Queensland suggesting that members of the WA Police Service and other public officers had been involved in serious criminal and corrupt activities. Investigators from the Commission contacted the person who had made the allegations and, over the course of the next few weeks, interviewed him and began preliminary inquiries into the existence of any evidence that might corroborate the allegations.

The allegations being made were: 1) that WA police had been actively involved in two murders, 2) that WA police were involved in the sale and supply of drugs, 3) that WA police and public officers had attended parties where drugs were traded and used, and sexual activities had occurred involving men, women and children, and 4) that an Outlaw Motorcycle Gang had been involved in all these activities. The informant asserted that he was able to obtain evidence, including videotape footage, to support these allegations.

Prior to the involvement of the Commission, the informant had also been in contact with the Major Crime Squad of the WA Police Service and had given them some information relating to these matters. It was as a result of that contact and out of fear for his safety that he, with the assistance of the WA Police Service, had moved to Queensland.

The seriousness of the allegations, the informant's apparently intimate knowledge about certain facts and persons, and the standard of detail that he was able to provide justified further action, and he was formally registered as an informant with the Commission.

However, a fortnight later, having been extensively interviewed, and having signed a twenty-two page statement, the informant decided that he no longer wanted to assist the Commission, and refused to attend interviews or speak with investigators. In doing so, he breached the conditions of his registration as an informant. Two days later, without informing the Commission, he departed from the secure premises that had been arranged for him.

Notwithstanding the unexpected recalcitrance and absence of the informant, the Commission continued with its investigation, conducting an intelligence analysis of the information supplied by the informant, an extended investigation of one of the police officers named by him, and interviews of the persons relevant to the allegations.

The Commission concluded that none of the allegations made by the informant could be substantiated, that there was no absolutely evidence to implicate the police officer named by the informant, and that the other public officers described by him were not able to be identified. Accordingly, further action regarding the matter was deemed unwarranted on the ground that the allegations were vexatious.

The Commissioner of Police was advised of the outcome of the investigation, and advised that in the opinion of the Commission the WA police officers who had dealt with the informant in early 2000 had conducted themselves and their inquiry appropriately and professionally. In that regard, the refutation of the informant's allegations was made relatively easy because of the comprehensive and accurate record-keeping of the police officers who had dealt with the informant prior to the Commission's involvement.

The Commission also advised the Australian Criminal Intelligence Database about the informant, his predisposition to the making of spurious complaints, and his knowledge of WA procedures relating to indemnification and the protection of informants and witnesses.

Case Study 6**Original allegation appears not to have been substantiated
but evidence of possible improper conduct by police officers uncovered**

The WA Police Service had concerns for the safety of a witness (“the witness”) in a case involving offences under the *Misuse of Drugs Act 1981*. As a result, the witness was accepted into the WA witness protection program (“WPP”) and given a covert identity. The details of his covert identity, including a fictional address, were entered on to the Police mainframe computer. Also recorded on the Police mainframe were details of a vehicle that the witness had recently purchased at auction and which had been re-registered under his covert identity.

The vehicle was then transported interstate by truck, with its registration plates being changed upon arrival. Around the same time as the vehicle was being delivered, the witness also relocated interstate. A few months after that relocation, interstate police discovered the witness’ body at his home. A post-mortem revealed the cause of death to have been opiate toxicity: a drug overdose.

Several years later, the case in which the witness was to have given evidence proceeded. Without his presence, however, the charges could not be substantiated and the accused persons were acquitted.

The WA Commissioner of Police, pursuant to his duty under *section 14* of the *Anti-Corruption Commission Act*, advised the Commission of allegations that the witness’ covert details, as recorded on the police mainframe, had been improperly accessed by police officers and that one of those officers had disclosed the details of his covert identity to persons outside the Police Service who may have been responsible for the witness’ death.

The Commission undertook an investigation of the matter.

The investigation confirmed that there had been numerous accesses to the details of the witness’ covert identity and that most of these accesses were explicable as having been made for legitimate, police-related reasons. However, five police officers appeared to have accessed the details without any authorisation and for reasons not connected with their official duties.

Three of those five police officers were able to provide evidence that the accessing of the details of the witness’ covert identity had been carried out in the normal course of their duties and the information had not been passed on to anyone else. One other police officer explained why he had accessed the details, admitting that he had been asked to do so by persons outside the police service. However, it was confirmed that no information had actually been passed on and that the accesses made by this officer had been made in an attempt to discover the name of the owner of the witness’ vehicle.

The fifth police officer has consistently refused to assist the Commission in its investigation, claiming ill-health had affected his memory and his ability to either attend interviews or provide evidence.

The assembled evidence suggests that this fifth officer passed the details of the witness’ covert identity to persons with criminal convictions who had requested that information. However, no evidence was disclosed to indicate that this officer knew of, or was making the accesses because of, any perceived link between the witness and his covert identity. Rather, the accesses arose because, after entering the WPP but before moving interstate, the witness appears to have engaged in obtaining and selling drugs under his covert identity and certain persons associated with drug-dealing were trying to obtain more information about him.

The Commission was unable to discover any evidence which indicated a connection between the improper accesses and the witness’ death.

The investigation did, however, reveal that a number of longstanding and questionable associations existed between serving members of the police service and persons with extensive criminal records. That evidence showed that, on numerous occasions, over many years, confidential information had been passed to those persons.

This information has been passed on to the Commissioner of Police.

Cases may be made up of one or more allegations, and may have been received from one or more sources. For the purposes of the following statistical representations a case, regardless of the number of allegations it may have comprised, is counted only once.

CASES RECEIVED - BY MONTH: 1999/2000 and 2000/2001

MONTH	CASES	
	1999/2000	2000/2001
July	39	38
August	47	57
September	34	46
October	31	45
November	30	36
December	31	21
January	20	30
February	20	30
March	46	44
April	32	49
May	41	40
June	47	40
TOTAL	418	476

Commentary:

The total of 476 cases received is an increase of 13.8% from the 418 cases received in the previous reporting period.

CASES RECEIVED - BY CATEGORY: 1999/2000 and 2000/2001

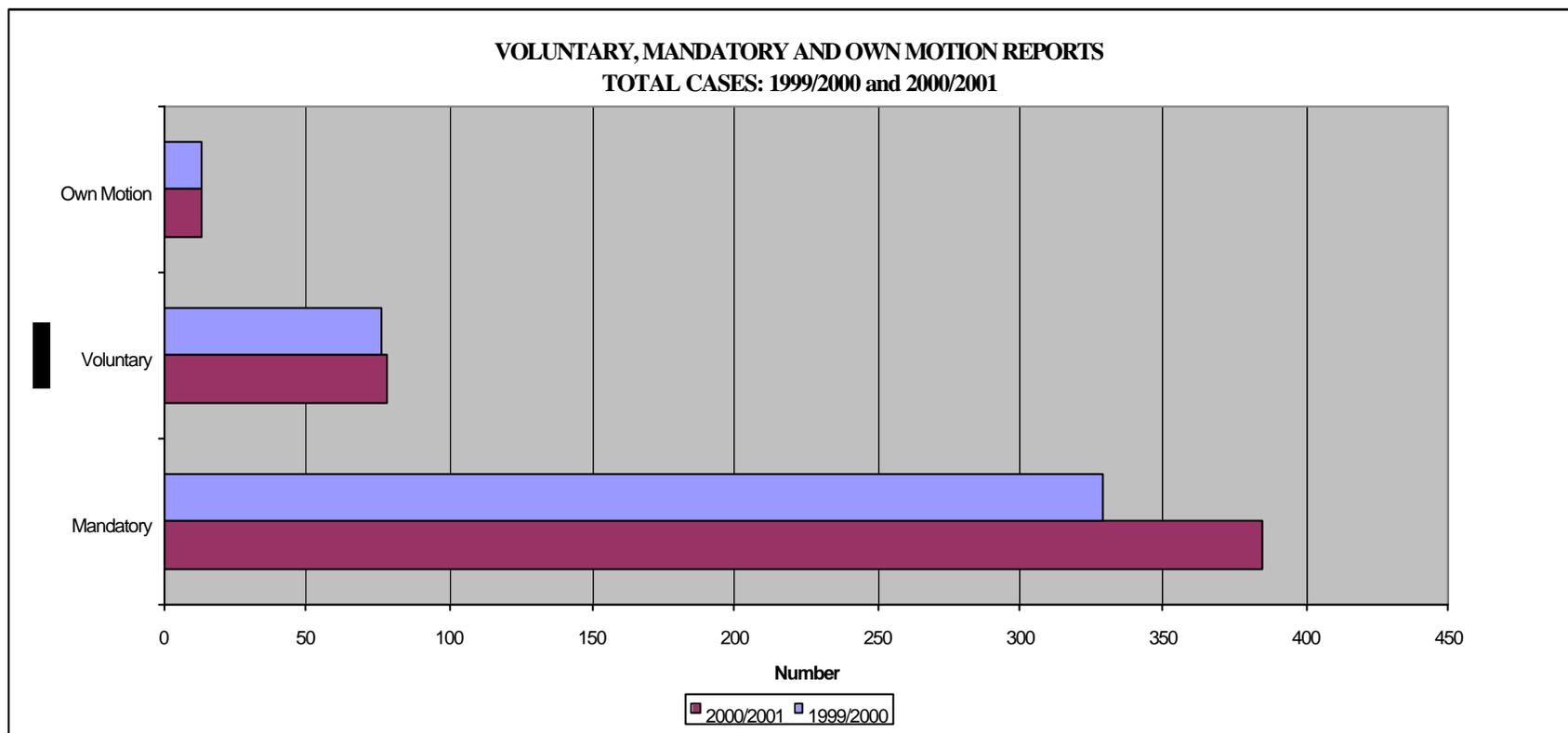
CATEGORY	CASES	
	1999/2000	2000/2001
Corrupt Conduct	54	62
Mandatory	31	45
Voluntary	17	13
Own Motion	6	4
Criminal Conduct	193	206
Mandatory	157	171
Voluntary	33	30
Own Motion	3	5
Criminal Involvement	1	0
Voluntary	1	0
Serious Improper Conduct	149	167
Mandatory	129	151
Voluntary	16	12
Own Motion	4	4
Outside Jurisdiction	21	41
Mandatory	12	18
Voluntary	9	23
TOTAL	418	476

Commentary:

During this reporting period the following increases were evident:

- Corrupt Conduct: up by 14.8%
- Criminal Conduct: up by 6.7%
- Serious Improper Conduct: up by 21.1%.

The number of cases that were outside the jurisdiction of the Commission (that is, cases that were not found to involve a WA Public Officer or which did not relate to corrupt, criminal or serious improper conduct) was also up – by 95.2%.



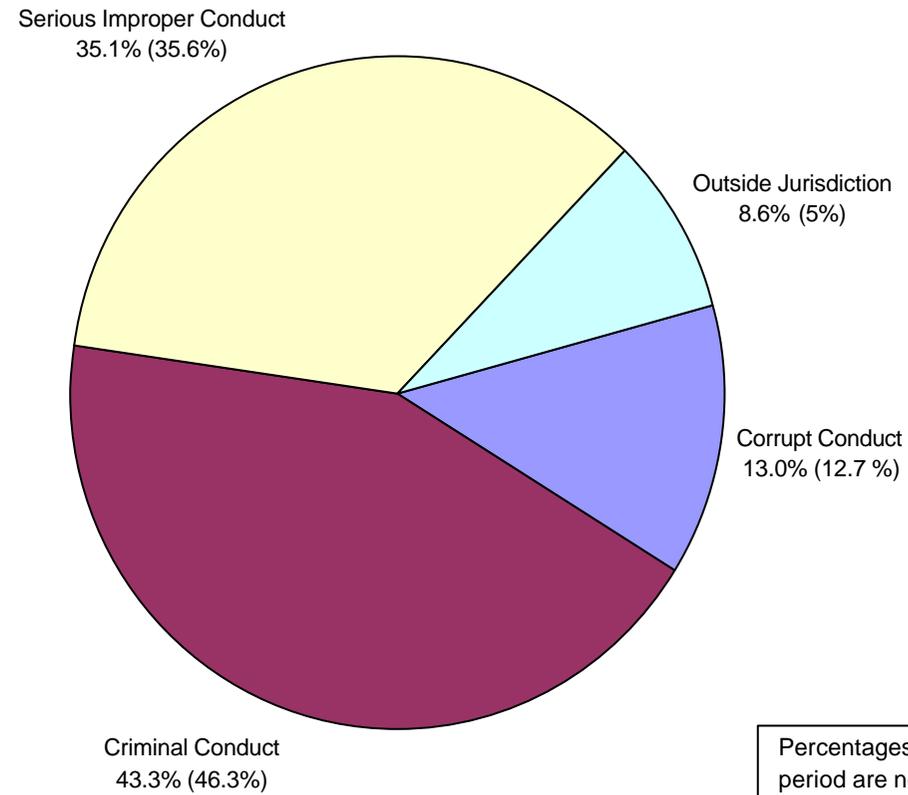
Notes:

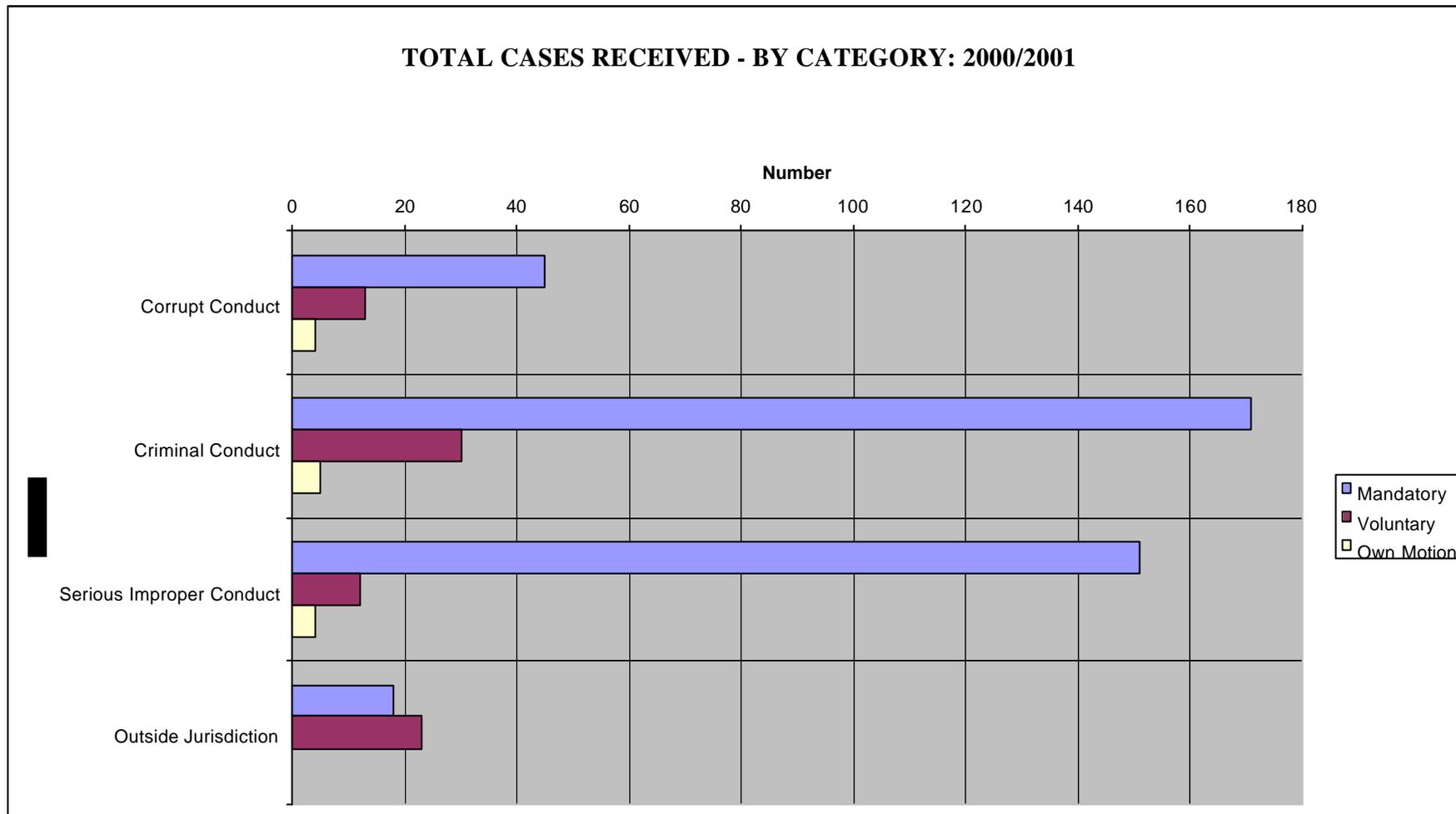
Voluntary Reports: Reports presented voluntarily by individuals to the Commission.

Mandatory Reports: Reports provided to the Commission by principal officers of WA public departments or organisations.

Own Motion Reports: Allegations established or defined by the Commission during the course of, or further to, inquiries or investigations into other matters.

TOTAL CASES RECEIVED - BY CATEGORY: 2000/2001





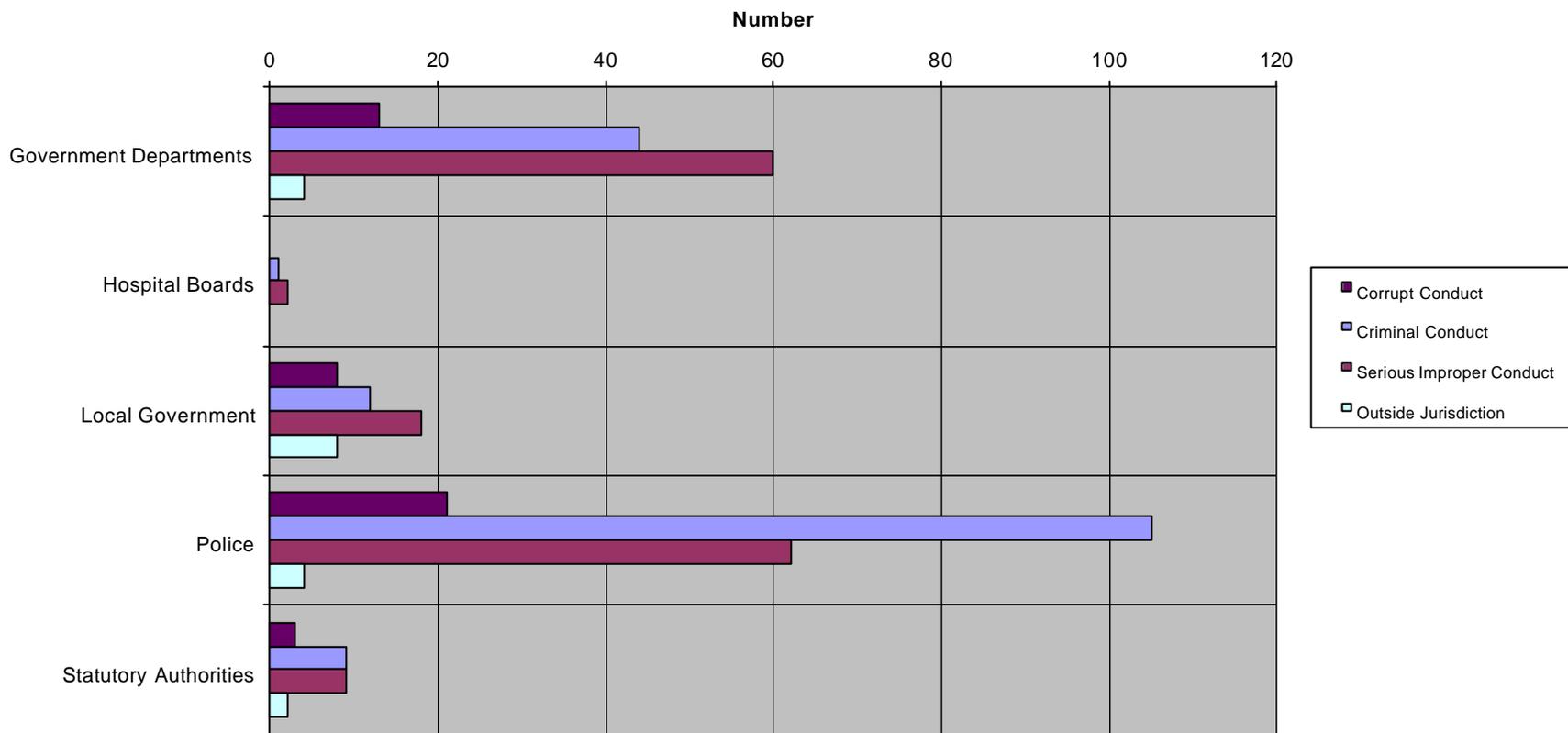
MANDATORY CASES - BY NOTIFYING AUTHORITY AND CATEGORY: 1999/2000 and 2000/2001

CATEGORY	1999/2000	2000/2001
Government Departments	130	121
Corrupt Conduct	11	13
Criminal Conduct	48	44
Serious Improper Conduct	65	60
Outside Jurisdiction	6	4
Hospital Boards	8	3
Criminal Conduct	5	1
Serious Improper Conduct	3	2
Local Government	32	46
Corrupt Conduct	7	8
Criminal Conduct	8	12
Serious Improper Conduct	13	18
Outside Jurisdiction	4	8
Police	140	192
Corrupt Conduct	12	21
Criminal Conduct	85	105
Serious Improper Conduct	40	62
No Specific Allegation	1	0
Outside Jurisdiction	2	4
Statutory Authorities	19	23
Corrupt Conduct	1	3
Criminal Conduct	11	9
Serious Improper Conduct	7	9
Outside Jurisdiction	0	2
TOTAL	329	385

Commentary:

Over this reporting period there has been an overall increase of 17% in mandatory cases received from notifying authorities. This can be attributed in part to an increased awareness of reporting obligations under *section 14 of the Act* through the Commission's compliance education program. The Commission notes that the 37.1% increase in police cases (up from 140 to 192) should not be construed as necessarily indicating a significant increase in serious misconduct within the Police Service but, rather, as being partly due to the Commission having encouraged the Police Service to adopt a more comprehensive reporting regime.

MANDATORY CASES - BY NOTIFYING AUTHORITY AND CATEGORY: 2000/2001



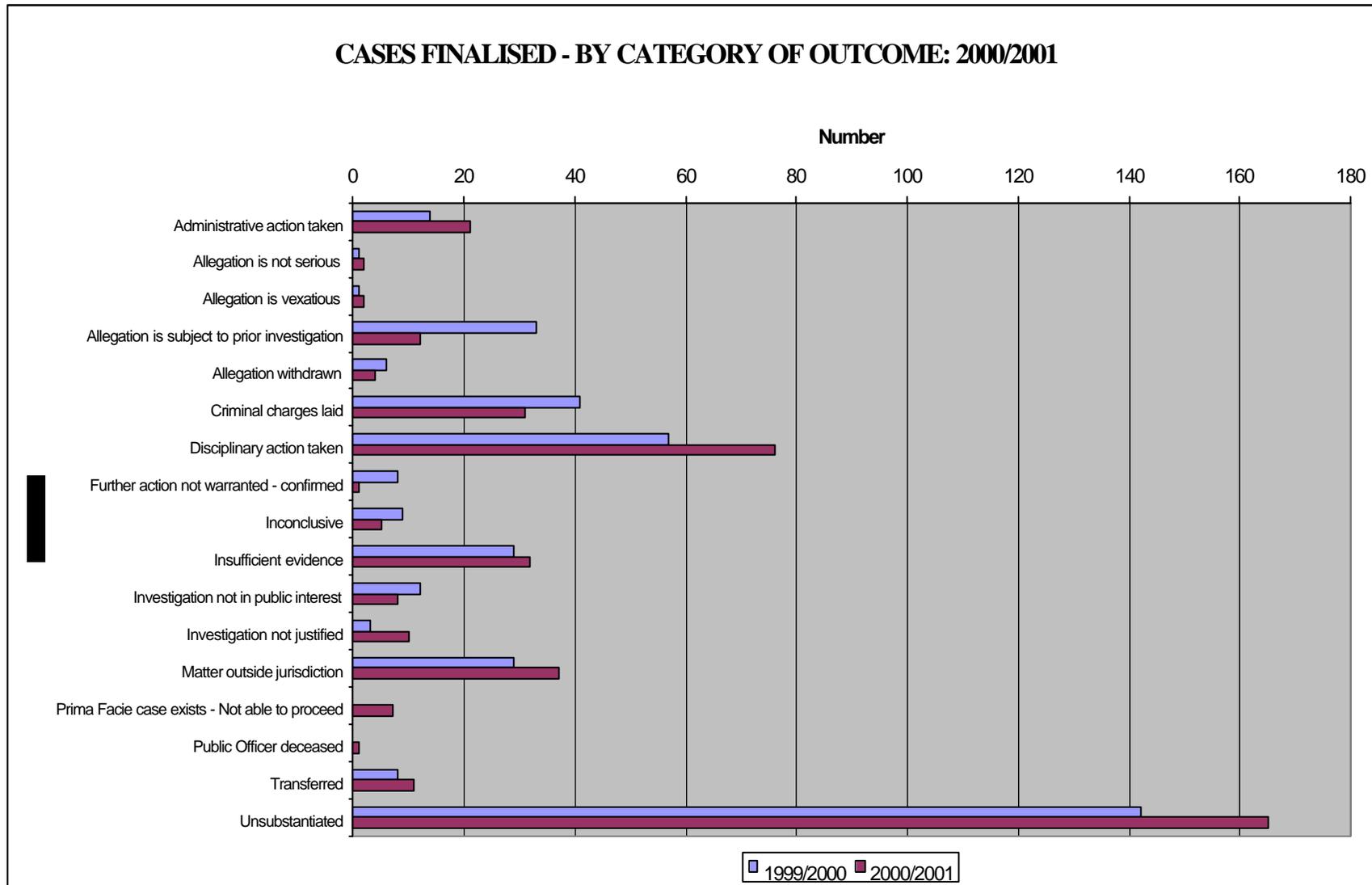
CASES FINALISED - BY CATEGORY OF OUTCOME: 1999/2000 and 2000/2001

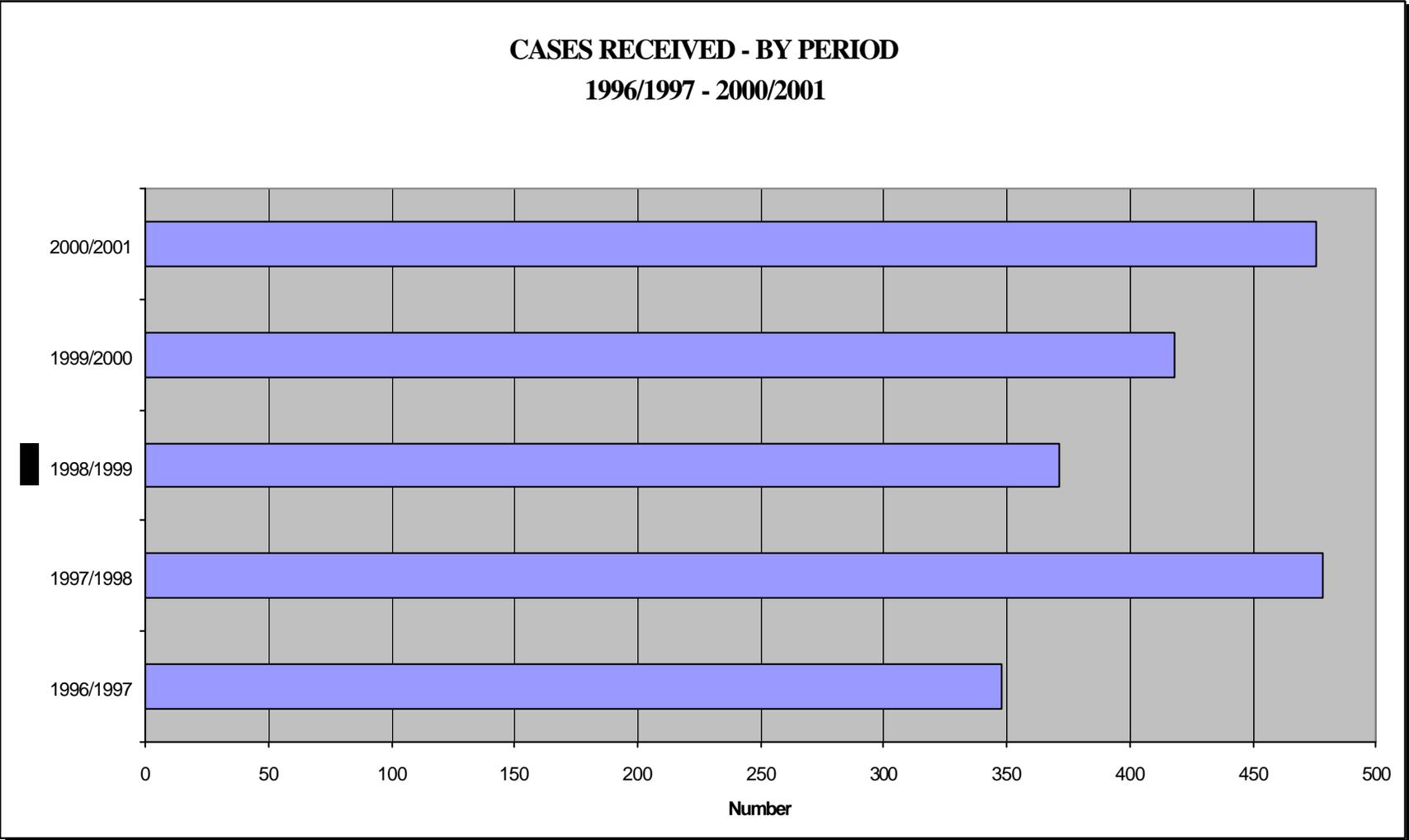
CATEGORY	1999/2000	2000/2001
Administrative action taken	14	21
Allegation is not serious	1	2
Allegation is vexatious	1	2
Allegation is subject to prior investigation	33	12
Allegation withdrawn	6	4
Criminal charges laid	41	31
Disciplinary action taken	57	76
Further action not warranted – confirmed	8	1
Inconclusive	9	5
Insufficient evidence	29	32
Investigation not in public interest	12	8
Investigation not justified	3	10
Matter outside jurisdiction	29	37
Prima Facie case exists – Not able to proceed	0	7
Public Officer deceased	0	1
Transferred	8	11
Unsubstantiated	142	165
TOTAL	393	425

Commentary:

The above figures reflect the actual outcomes of the Commission's work relating to cases finalised during the reporting period and are one of the key measures by which the work of the Commission may be judged. Of particular note are the instances of administrative action having been taken - which includes cases where changes to policy and procedures have been instituted. The figures for "Administrative action taken" have increased by 50%, and those in respect of the taking of "Disciplinary action" have increased by 33.3% since the last reporting period.

Overall, the Commission increased the number of "Cases finalised" in the current reporting period by 8.1% as compared to the previous period.





Strategic and Corporate Development Initiatives

Planning, Strategic Management and Administration

Confirming its commitment to strategic planning and service evaluation, the Commission undertook a review of its Corporate Plan at the end of 2000. The outcomes of the agency-wide deliberations that formed part of that review are reflected in the re-stated corporate objectives and strategies mentioned earlier in this Report. The Commission, in order to implement those strategies, has now begun revising its measures of outcome and output to ensure that in executing those strategies, the methods comply with progressive and accountable performance standards.

As part of the restructure undertaken by the Commission in December 2000, the Operations and Business Services Divisions prepared comprehensive Business Plans outlining specific roles, functions, objectives and service strategies. The restructure also resulted in a re-assessment and re-drafting of the roles and responsibilities of both the Operations and Business Services areas. The Commission is aiming to have a new statement of these roles and responsibilities settled by December 2001.

Considerable effort has been directed toward the development of a performance management system; one linked to the corporate and business plans and based on national and local competencies. This initiative will be implemented over the forthcoming year, along with a strategic project management system designed to complement the corporate management and planning process and ensure that effective systems are in place for the authorisation and administration of project initiatives.

Human Resources

Recruitment, for a number of reasons, continues to be a protracted process for the Commission. This is largely due to the standards of integrity that are demanded of each and every staff member. These standards necessitate a security and probity checking process that is extensive and time-consuming and, unfortunately, a significant number of preferred candidates who meet the business requirements fail the stringent compulsory clearance requirements, which can lead to a considerable extension of the recruitment process. Also, because many Operations staff are drawn from other States, the time taken to settle selections and relocate personnel can be considerable.

The fact that Operations staff are largely recruited from outside Western Australia is unavoidable. This is a result of the relatively small pool of people resident in this state who are available and who possess the required investigation skills and experience. A secondary consideration is the avoidance of potential conflicts of interest; to ensure that those people responsible for inquiring into allegations against public officers in Western Australia are as impartial as possible and have no previous allegiances to people they may be called on to investigate.

At the other end of the employment process, there has been a staff turnover rate of 14%. Although this is a matter of concern, not only because of the replacement issues described above, it was nevertheless an improvement over the previous year (18%) and indicates a maturation of the organisation's human resources structure.

Despite the growing size of the Commission workforce, leave liability remains effectively managed and will continue to be closely monitored to ensure compliance with government policies.

Finance and Administration

This reporting period saw the Commission funded, for the first time since its inception, as a separate agency. Notwithstanding that change of status, substantial links have been maintained with the Department of the Premier and Cabinet because of the continued provision by that department of payroll and all financial management services to the Commission.

As can be seen in the detailed financial statements the Commission did not fully expend its recurrent appropriation for the year. This was primarily due to lower than estimated salary expenditure (largely due to the protracted recruitment processes described above) and some unavoidable delays in the set-up of the extensive technical arrangements for the Electronic Surveillance Unit.

As a consequence, the Government has approved a carryover of the accumulated surplus, which may be used to fund, over the next four years, the introduction and conduct of Public Hearings by the Commission. This carryover will also assist in the achieving of previously approved major initiatives – including an electronic records and document management system, a case management system, and the telecommunications interception infrastructure – and to cover previously unbudgeted, but substantially increased, accommodation charges.

Over the forthcoming year, the Commission will be implementing policies, systems and procedures to further enhance sound financial management and accountability throughout the organisation, and to facilitate compliance with current and emerging Government directions and priorities.

Security and Risk Management

Security and risk management in the Commission continues to be accorded a high priority and has focused on developing procedures to ensure the protection of people, information and property. A comprehensive manual has been developed as a point of reference for all physical and information security issues.

Information on ways to address physical confrontation has also been provided to investigative staff who may be faced with threatening situations, with the primary focus being on ways of avoiding and disengaging from physical issues. Procedures developed for dealing with bomb-related incidents have been distributed to all staff.

With regard to office accommodation, substantial work has been carried out to establish a secure environment for the Electronic Surveillance Unit. This was concluded in December 2000, finalising a major fit-out that has been underway for several years.

Alterations are now planned for the Commission's hearing room facilities in anticipation of the proposed implementation of public hearings.

Information Management

The Commission has granted a high priority to establishing efficient methods for the processing of official documents, records and other holdings. As part of the restructure of the organisation, the functions of complaint administration, records and document management and exhibits management were brought together under the banner of the “Information Centre”. Over the next year these still-melding functions will be integrated appropriately, with the aim of enhancing the support services available to the Commission and Operations, and to ensure the most effective implementation of a new electronic Document and Records Management system (“DRMS”).

An Information Technology Plan, developed to support the agency’s corporate business objectives, was adopted in August 2000. The plan sets out the priorities for the pursuit of significant IT projects over the next two years.

Notable achievements for the past year included:

- Completion of a security audit for all technology and telecommunications systems and facilities, in accordance with AS/NZ Standard 4444.
- Significant enhancements to the Commission’s primary (Allegations) database systems.
- Replacement and upgrade of Commission desktop and portable computers.
- Completion of tenders for the provision of the electronic DRMS.
- Implementation of a dedicated IT systems and security administration resource.
- Development of new database systems to enhance support services.

Major initiatives to be addressed in the next twelve months will include:

- Upgrading the security environments of all IT systems and facilities.
- Piloting the electronic DRMS and issuing a tender for the production system.
- Development of a strategic Information Management Plan (3 years), aligned to Commission business goals
- Technical support for public hearing facilities.
- Ongoing development and enhancements to the Allegations database.

Compliance with Public Sector Standards

(s. 31 (1) Public Sector Management Act 1994)

The Commission has implemented and/or updated appropriate policies and processes to ensure compliance with Public Sector Standards in Human Resource Management. The Code of Conduct, adopted by the Commission in June 1997, has also been revised and is currently under review.

All staff have been provided with copies of the Public Sector Code of Ethics, as well as the Commission's policies and guidelines (which are themselves based on public sector standards) and Code of Conduct. New staff receive this information package as part of the induction process and compliance with both the Public Sector and the Commission's standards is a condition of each employee's contract of employment. To encourage compliance with those standards, the duty statements for managers impose a responsibility on them to ensure staff are aware of the existence and application of all standards and codes. Furthermore, procedures are in place that ensure officers are able to report ethics related matters to the Executive or to Commission Members.

During the year there were three requests made for reviews of alleged breaches of the Public Sector Standards relating to recruitment, selection and appointment. No breach was found to have occurred in two of the cases. However, a breach of the Standards was determined to have taken place in the third matter. The Commission has moved to rectify the breach and has included the applicant in further considerations for appointment.

The Public Sector Standards Commissioner also inquired into a separate matter concerning the Commission's investigation of allegations involving several police officers. It was determined that the Commission had, in conducting its investigation, complied with its statutory obligations in accordance with the *Public Sector Management Act*.

Industrial Relations

The Commission is exempt from *Part Three* of the *Public Sector Management Act 1994* and establishes its own conditions of employment. In general, these are consistent with conditions in the rest of the public sector.

There were no industrial relations actions during the year.

Equal Employment Opportunity and Diversity

Work on the draft Equal Employment Opportunity and Diversity Management Plan has, with the involvement of all Commission staff, continued over the past year. The emphasis has been on achieving the best and most adaptable statement of current policy – as well as identifying the achievements of the past, and clearly outlining future strategies.

Occupational Safety and Health

Six workers compensation claims were lodged for the period 1 July 2000 to 30 June 2001, which resulted in 29 working days being lost.

New safety and health policies, procedures and systems have been developed to complement practices already in place. These will be introduced progressively over the next year.

Disability Services Plan

The Commission's commitment to the effective implementation of its Disability Services Plan can be seen in the following outcomes.

Outcome 1: Existing services are adapted to ensure they meet the needs of people with disabilities.

Adoption of a Disability Services Plan in 2000 has ensured that all staff are aware of the need to tailor services to meet the needs of people with disabilities. No concerns have been expressed regarding any inability on the part of the Commission to meet needs in this area.

Outcome 2: Access to the Commission's facilities has been improved.

It must be noted that physical access to Commission premises is by necessity restricted due to high security requirements. However, the Commission is not aware of any instance where these security conditions have precluded people having access to any of its facilities. The Commission has continued to liaise with building management to ensure that access is as easy as possible.

Outcome 3: Information about services is provided in formats that meet the communication requirements of people with disabilities.

The Commission is in the process of establishing a web-site and is currently providing a range of brochures intended to ensure that the public of Western Australia is able to be aware of the services provided. Attention is being paid to ensuring that all material accommodates the needs of people with disabilities.

Outcome 4: Advice and services are delivered by staff who are aware of and understand the needs of people with disabilities.

Information has been provided to all staff concerning the needs of people with disabilities. Over the next year further efforts will be directed toward the running of information sessions, the promotion of the Disability Services Plan, and encouraging an appreciation of the needs of people with disabilities.

Outcome 5: Opportunities are provided for people with disabilities to participate in public consultations, grievance mechanisms and decision-making processes.

The proposed introduction of public hearings at the Commission will provide opportunities for people with disabilities to have greater access to information about public sector corruption, and the Commission will assist people with disabilities to be involved in the public hearing process by ensuring access is available to hearing rooms and other facilities.

Language and Cultural Diversity

The Commission uses accredited, professional interpreters and translation services when required and maintains a register of staff able to speak and write languages other than English. Where necessary material is presented or articulated so as to, as much as possible, overcome language difficulties experienced by people dealing with the Commission.

Addressing cultural diversity is a fundamental component of the Equal Employment Opportunity and Diversity Management Plan and a range of strategies are in place, or under consideration, which will ensure compliance with relevant policies.

Plan for Women

The Commission participates in the Plan for Women through its Equal Employment Opportunity Plan, family-friendly work practices and grievance resolution processes. Women in the Commission participate in a range of public sector workshops. They are encouraged to promote strategies relevant to the Commission and the improvement of the status of the women who work within it.

Advertising (s.175ze Electoral Act)

During the year the Commission paid a total of \$17,018 to Marketforce for recruitment-related advertising.

Declaration of Interests

Members of the Commission and Commission staff are, by the terms of their appointment, obliged to disclose material personal interests. In most cases the types of interest relevant to the Commission relate to persons who are involved in investigations being known to a Commission member or to a staff member involved directly or indirectly in a matter under investigation. Disclosures are dealt with in accordance with *sections 50, 51 and 52 of the Act*.

Subsequent Events

There were no subsequent events at the time of writing that impact on the contents of this Report or on the Commission.

Regional Development

The Commission is conscious that its responsibilities extend across the state and accordingly maintains a toll-free number for persons calling from outside the metropolitan area, and endeavours to respond quickly to reports from rural and regional areas. Where appropriate, the Commission and its staff comply with regional purchasing and contracting policies.

Freedom of Information

The Commission is an exempt agency under the *Freedom of Information Act 1992*.

Performance Indicators

Opinion of The Auditor General



AUDITOR GENERAL

To the Parliament of Western Australia

**ANTI-CORRUPTION COMMISSION
PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2001**

Scope

I have audited the key effectiveness and efficiency performance indicators of the Anti-Corruption Commission for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Commission's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Anti-Corruption Commission are relevant and appropriate for assisting users to assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 2001.

A handwritten signature in black ink, appearing to read 'K O'Neil'.

K O O'NEIL
ACTING AUDITOR GENERAL
November 30, 2001

Desired Outcome

Allegations of corruption, criminal or serious improper conduct are effectively addressed.

Key Effectiveness Indicator

Effectiveness of Commission Staff

Generally, before the Commission decides whether action is required in relation to a matter, Commission staff assess the allegation (or allegations) made and submit a written report for the Commission's consideration. If, following assessment, it is determined that it is appropriate for the Commission to investigate a matter, investigation reports are prepared for the Commission's consideration at the conclusion of each investigation and, in cases that are protracted, interim reports are also prepared.

Where other agencies carry out initial or further investigative action, Commission staff review any consequential reports produced by those other agencies and, in some cases, audit the other agency's investigation files. These reviews and audits result in reports by Commission staff to the Commission, including recommendations where appropriate, for its consideration.

The level to which Commission members accept the recommendations contained in reports of assessment, review, audit or investigation is an indicator of the effectiveness of the work of Commission staff. The extent to which such recommendations were accepted during the current and previous reporting periods were:

	1999/2000		2000/01	
	Number	%	Number	%
Assessment and Investigation Reports				
Accepted first time ^(a)	51	88	64 ^(b)	83
Accepted in part	4	7	0	0
Not Accepted	3	5	13	17
Total	58	100	77	100
Review Reports				
Accepted first time ^(a)	269	95	249 ^(b)	93
Accepted in part	0	0	0	0
Not Accepted	15	5	18	7
Total	284	100	267	100
Audit Reports				
Accepted first time ^(a)	1	100	3	100
Not accepted	0	0	0	0
Total	1	100	3	100

(a) Target for "Accepted first time": 90%

(b) Includes reports that were substantially accepted

Key Efficiency Indicators

Average Cost per hour to Assess, Review, Audit and Investigate Matters

	1999/2000	2000/2001
Salary Costs ⁽¹⁾	\$4,698,629	4,968,822
Other Costs ⁽¹⁾	<u>\$4,279,314</u>	<u>3,674,607</u>
	\$8,977,943	8,643,429
Total Investigative Hours ⁽²⁾	110,625	115,896
Average Cost per Investigative Hour	\$81.16	\$74.58

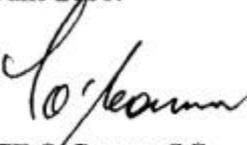
(1) All costs are calculated on an accrual basis

(2) All investigations staff time, plus administrative overheads.

Certification of Performance Indicators

CERTIFICATION OF PERFORMANCE INDICATORS

In the opinion of the Commissioners the performance indicators are based on proper records and fairly represent the performance of the Commission for the year ended 30 June 2001.



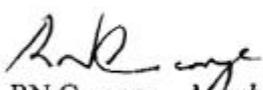
TE O'Connor QC

Chairman



DG Doig

Member



RN George

Member

30 August 2001

Financial Statements

Opinion of The Auditor General



AUDITOR GENERAL

To the Parliament of Western Australia

ANTI-CORRUPTION COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2001

Scope

I have audited the accounts and financial statements of the Anti-Corruption Commission for the year ended June 30, 2001 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Commission.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Commission to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Commission's financial position, the results of its operations and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by the Anti-Corruption Commission provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards, other mandatory professional reporting requirements and the Treasurer's Instructions, the financial position of the Commission at June 30, 2001 and the results of its operations and its cash flows for the year then ended.

A handwritten signature in black ink, appearing to read 'K O'Neil'.

K O'NEIL
ACTING AUDITOR GENERAL
November 30, 2001

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7300 Fax: 08 9322 5664

Certification of Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Anti-Corruption Commission have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2001 and the financial position as at 30 June 2001.

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.



TE O'Connor QC – *Chairman*



DG Doig – *Member*



RN George – *Member*



CD D'Cruze
Principal Accounting Officer

30 August 2001

Financial Statements

**ANTI - CORRUPTION COMMISSION
STATEMENT OF FINANCIAL PERFORMANCE
AS AT 30 JUNE 2001**

	Notes	2000/2001 \$	1999/2000 \$
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	3	4,968,822	4,698,629
Depreciation	4	668,310	794,070
Administration expenses	5	1,846,428	1,976,494
Accommodation expenses		504,726	926,038
Superannuation		410,097	340,258
Other staffing costs		164,222	174,996
Travelling expenses		73,685	67,458
Net loss on disposal of non-current assets	6	7,139	0
Total cost of services		<u>8,643,429</u>	<u>8,977,943</u>
Revenues from ordinary activities			
User charges and fees	7	30,257	8,947
Subsidies from Commonwealth	7	45,140	0
Interest revenue		274,832	190,455
Profit on disposal of non-current assets	6	0	6,669
Total revenues from ordinary services		<u>350,229</u>	<u>206,071</u>
NET COST OF SERVICES		<u>8,293,200</u>	<u>8,771,872</u>
REVENUES FROM GOVERNMENT			
Appropriations	8	9,947,367	9,076,000
Resources received free of charge	9	169,878	135,922
Liabilities assumed by the Treasurer		410,097	340,258
Total revenues from Government		<u>10,527,342</u>	<u>9,552,180</u>
Change in net assets resulting from operations		2,234,142	780,308

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

**ANTI - CORRUPTION COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001**

	Notes	2000/2001 \$	1999/2000 \$
CURRENT ASSETS			
Cash assets	10	5,965,442	4,539,908
Restricted cash assets	11	195,000	95,800
Other assets	12	30,691	2,136
Receivables	13	113,254	40
Total Current Assets		<u>6,304,387</u>	<u>4,637,884</u>
NON-CURRENT ASSETS			
Office equipment	14	201,026	234,830
General equipment	14	448,765	292,608
Computer equipment	14	299,754	223,635
Property, plant & equipment	14	75,035	80,139
Office establishment	14	1,837,034	1,353,156
Total Non-Current Assets		<u>2,861,614</u>	<u>2,184,368</u>
TOTAL ASSETS		<u>9,166,001</u>	<u>6,822,252</u>
CURRENT LIABILITIES			
Payables	15	202,610	229,639
Other liabilities	16	101,933	90,520
Provisions	17	475,760	448,243
Total Current Liabilities		<u>780,303</u>	<u>768,402</u>
NON-CURRENT LIABILITIES			
Provisions	17	279,615	181,909
Total Non-Current Liabilities		<u>279,615</u>	<u>181,909</u>
TOTAL LIABILITIES		<u>1,059,918</u>	<u>950,311</u>
NET ASSETS		<u>8,106,083</u>	<u>5,871,941</u>
EQUITY			
Accumulated surplus	18	8,106,083	5,871,941
TOTAL EQUITY		<u>8,106,083</u>	<u>5,871,941</u>

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

**ANTI - CORRUPTION COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2001**

	Notes	2000/2001 \$	1999/2000 \$
CASH FLOWS FROM GOVERNMENT			
Recurrent appropriations		9,547,367	9,076,000
Capital appropriations		400,000	0
Net cash provided by Government	8	<u>9,947,367</u>	<u>9,076,000</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(4,832,187)	(4,603,038)
Other staffing costs		(145,936)	(169,369)
Travelling expenses		(76,099)	(66,150)
Administration expenses		(1,703,676)	(1,736,016)
Accommodation expenses		(561,410)	(826,788)
GST paid on purchases		(338,604)	(40)
		<u>(7,657,912)</u>	<u>(7,401,401)</u>
Receipts			
User charges and fees		20,907	8,948
Subsidies from Commonwealth		45,140	0
Interest received		274,832	190,455
GST receipts on sales		18,471	0
GST receipts from ATO		224,351	0
		<u>583,701</u>	<u>199,403</u>
Net cash used in operating activities	19	<u>(7,074,211)</u>	<u>(7,201,998)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of assets		(1,354,422)	(914,239)
Proceeds from sale of non-current assets		6,000	8,080
Net cash used in investing activities		<u>(1,348,422)</u>	<u>(906,159)</u>
TOTAL CASH FLOWS FROM OPERATING AND INVESTING ACTIVITIES		<u>(8,422,633)</u>	<u>(8,108,157)</u>
Net increase in cash held		1,524,734	967,843
Cash assets at the beginning of the financial year		4,635,708	3,667,865
CASH ASSETS AT THE END OF THE FINANCIAL YEAR		<u>6,160,442</u>	<u>4,635,708</u>

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

Notes to the Financial Statements

30 June 2001

1. Commission outcomes and funding

The Anti-Corruption Commission's role is to ensure that all allegations of official corruption or serious improper conduct against public officers including police officers and Members of Parliament are properly assessed to determine whether further action is warranted in accordance with the *Anti-Corruption Commission Act 1988*. The further action may include investigation by the Anti-Corruption Commission itself.

The Commission is funded from a parliamentary appropriation.

2. Significant accounting policies

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

(a) General statement

(i) Subject to the exceptions noted in these accounting policies, the financial statements have been drawn up on the basis of historical cost principles.

(ii) The accrual basis of accounting is being applied.

(iii) The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by Treasurer's Instructions to vary the application, disclosure, format and wording. The *Financial Administration and Audit Act* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector together with the need for greater disclosure and also to satisfy accountability requirements. If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable the resulting financial effect are disclosed in the individual notes to these financial statements.

(b) Amounts received from appropriations

Funds appropriated from the Consolidated Fund, whether Recurrent or Capital and Special Acts are recognised as revenue when the Commission gains control of the appropriated funds. The Commission gains control of these funds at the time those funds are deposited into the Commission's bank account.

(c) Net appropriation determination

Pursuant to *section 23A* of the *Financial Administration and Audit Act*, the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Commission:

Proceeds from fees and charges.

Retained revenues may only be applied to the outputs specified in the 2000/2001 Budget Statements.

Total retained revenue for 2000/2001 is \$ 350,229 (1999/2000 - \$ 206,071)

(d) Employee entitlements

Annual leave

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees service up to that date.

Long service leave

These entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an officer has completed three years of service.

An actuarial assessment of long service leave was carried out at 30 June 1999, and was used for determining the liability reported. This method of assessment of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

Superannuation.

Staff may contribute to the *Superannuation and Family Benefits Act* Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now also closed to new members. Staff who do not contribute to either of these schemes become non-contributory members of the West State Super Scheme, an accumulation fund complying with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. The employer's portion of liability under all these schemes is assumed by the Treasurer.

The superannuation expense is comprised of the following elements:

- change in the unfunded employer's liability in respect of current employees who are members of the *Superannuation and Family Benefits Act* Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme;
- notional employer contributions which would have been paid to the Gold State Superannuation Scheme and West State Superannuation Scheme if the Commission had made concurrent employer contributions to those Schemes.

The superannuation expense does not include payment of pensions to retirees as this does not constitute part of the cost of services provided by the Commission in the current year.

(e) Non-current assets and depreciation

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits. Depreciation has been charged on a straight line basis, using rates which are reviewed annually. Useful lives for each class of assets:

Property, Plant & Equipment	5 –10 years
Computer Equipment	3 years
Office Equipment	5 years
General Equipment	2 – 5 years
Office Establishment	5 –10 years

(f) Leases

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

(g) Accrued salaries.

Accrued salaries suspense account consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26 pays. No interest is received on this account.

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

(h) Payables

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

(i) Resources received free of charge

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

(j) Comparative figures

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

	2000/2001	1999/2000
	\$	\$
3 Employee expenses		
Salaries and sitting fees	4,861,911	4,650,831
Annual and long service leave expense	106,911	47,798
	<u>4,968,822</u>	<u>4,698,629</u>

4 Depreciation

Office equipment	82,359	70,073
Computer equipment	200,755	206,960
General equipment	183,864	337,612
Property, plant and equipment	12,031	10,763
Office establishment	189,301	168,662
	<u>668,310</u>	<u>794,070</u>

5 Administrative expenses

Communication	178,035	126,132
Services and contracts	1,307,573	1,271,680
Consumables	360,820	578,682
	<u>1,846,428</u>	<u>1,976,494</u>

6 Disposal of non current assets

Profit on disposal of non-current assets		
Computer equipment	0	3,261
General equipment	0	3,408
	<u>0</u>	<u>6,669</u>

Gross proceeds on disposal of assets

Computer equipment	0	4,420
General equipment	0	4,784
	<u>0</u>	<u>9,204</u>

Loss on disposal of non-current assets

General equipment	3,398	0
Computer equipment	59	0
Property, plant and equipment	3,682	0
	<u>7,139</u>	<u>0</u>

Gross proceeds on disposal of assets

General equipment	6,000	0
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7 Revenue from ordinary activities

Contributions by senior officers to the Executive Vehicle Scheme	6,651	7,322
Revenue from other services	23,606	1,625
	<u>30,257</u>	<u>8,947</u>

Subsidies from Commonwealth (Recoup of funds for radio frequency migration)	45,140	0
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8 Funds received from appropriation

Consolidated Fund		
Recurrent	9,547,367	9,076,000
Capital	400,000	0
	<u>9,947,367</u>	<u>9,076,000</u>

9 Resources received free of charge

Resources received free of charge have been determined on the basis of the following estimates provided by agencies.

Office of the Auditor General		
Audit services	11,000	7,500
Treasury		
Property management	916	1,911
Department of Justice - Crown Solicitors' Office		
Legal services	54,040	49,415
Department of the Premier and Cabinet		
Information services	0	0
Financial management services	57,058	55,253
Protocol, transport and securities services	5,158	6,212
Personnel, payroll services, HR advisory services and recruitment	40,200	14,414
Department of Land Administration	1,506	1,217
State Supply Commission	0	0
	<u>169,878</u>	<u>135,922</u>

10 Cash assets

Operating bank account at Treasury	5,965,442	4,539,908
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11 Restricted cash assets

Accrued salaries suspense account	195,000	95,800
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12 Other assets

Amounts prepaid in respect of goods and services as at		
30 June 2000	0	2,136
30 June 2001	30,691	0

13 Receivables

Represents net GST receivable		
GST receivable	115,937	40
GST Payable	(2,683)	0
	<u>113,254</u>	<u>40</u>

14 Non-current assets

Office equipment		
At cost	451,972	403,417
Accumulated depreciation	(250,946)	(168,587)
	<u>201,026</u>	<u>234,830</u>

General equipment		
At cost	1,234,432	923,461
Accumulated depreciation	(785,667)	(630,853)
	<u>448,765</u>	<u>292,608</u>

Computer equipment		
At cost	850,919	722,509
Accumulated depreciation	(551,165)	(498,874)
	<u>299,754</u>	<u>223,635</u>

Property, plant and equipment		
At cost	107,704	102,295
Accumulated depreciation	(32,669)	(22,156)
	<u>75,035</u>	<u>80,139</u>

Office establishment		
At cost	2,359,797	1,686,619
Accumulated depreciation	(522,763)	(333,463)
	<u>1,837,034</u>	<u>1,353,156</u>

Total		
At cost	5,004,824	3,838,301
Accumulated depreciation	(2,143,210)	(1,653,933)
	<u>2,861,614</u>	<u>2,184,368</u>

Non-current assets reconciliation for 2000/2001

	Office equipment	General equipment	Computer equipment	Property , plant & Equip- ment	Office establishment	Total
	\$	\$	\$	\$	\$	\$
Carrying amount at start of the year	234,830	292,608	223,635	80,139	1,353,156	2,184,368
Additions	48,555	349,419	276,933	10,609	673,179	1,358,695
Disposals						
cost of assets	0	(38,447)	(117,800)	(5,200)	0	(161,447)
accumulated depreciation	0	29,049	117,800	1,518	0	148,367
Revaluation increments	0	0	0	0	0	0
Depreciation	(82,359)	(183,864)	(200,755)	(12,031)	(189,301)	(668,310)
Write-offs						
cost of assets	0	0	(30,722)	0	0	(30,722)
accumulated depreciation	0	0	30,663		0	30,663
Carrying amount at end of the year	<u>201,026</u>	<u>448,765</u>	<u>299,754</u>	<u>75,035</u>	<u>1,837,034</u>	<u>2,861,614</u>

15 Payables

Amounts payable for goods and services received as at

30 June 2000	0	229,639
30 June 2001	202,610	0

16 Other liabilities

Amounts owing for 6 days

30 June 2000	0	90,520
30 June 2001	101,933	0

17 Provisions

Current liabilities

Annual leave	271,583	269,946
Long service leave	204,177	178,297
	<u>475,760</u>	<u>448,243</u>

Non-current liabilities

Long service leave	279,615	181,909
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Total

<u>755,375</u>	<u>630,152</u>
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18 Equity

Opening balance	5,871,941	5,091,633
Change in net assets	2,234,142	780,308
Closing balance	<u>8,106,083</u>	<u>5,871,941</u>

19 Notes to the Statement of Cash Flows**a Reconciliation of cash**

Cash assets	5,965,442
Restricted cash assets	195,000
	<u>6,160,442</u>

b Reconciliation of net cash used in operating activities to net cost of services for the year 30 June 2001

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

Net cost of services	(8,293,200)	(8,771,872)
Non cash items		
Depreciation expenses	668,310	794,070
Superannuation expenses	410,097	340,258
Resources received free of charge	169,878	135,922
(Profit) / Loss on sale of non-current assets	7,139	(6,669)
Asset adjustment	0	35,476
(Increase) / Decrease in assets		
Other assets	(28,556)	50,949
Increase / (Decrease) in liabilities		
Payables	(41,841)	124,278
Other Liabilities	11,413	39,953
Provisions	125,222	55,637
Change in GST in receivables / payables	(102,673)	0
Net cash used in operating activities	(7,074,211)	(7,201,998)

20 Remuneration and retirement benefits of members of the Accountable

Authority and Senior Officers

a Remuneration

The total fees, salaries and other benefits received or due and receivable for the financial year, by members of the Accountable Authority

	337,422	304,910
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The number of members of the Accountable Authority whose total of fees, salaries and other benefits received or due and receivable for the financial year, falls within the following bands:-

\$	\$	2000/2001	1999/2000
70,001-	80,000	0	2
80,001-	90,000	2	0
150,001-	160,000	0	1
170,001-	180,000	1	0

The total of fees, salaries and other benefits received or due and receivable for the financial year by Senior Officers other than members of the Accountable Authority.

	946,000	660,661
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The number of Senior Officers other than members of the Accountable Authority whose total of fees, salaries and other benefits received, or due and receivable, for the financial year, fall within the following bands:-

\$	\$	2000/2001	1999/2000
10,001-	20,000	0	1
30,001-	40,000	1	0
50,001-	60,000	0	1
60,001-	70,000	0	1
70,001-	80,000	3	1
80,001-	90,000	1	1
90,001-	100,000	2	0
100,001-	110,000	1	2
120,001-	130,000	1	0
160,001-	170,000	0	1
190,001-	200,000	1	0

b Retirement benefits

In respect of members of the Accountable Authority the following amounts were paid or became payable for the reporting period:-

Notional contributions to Gold State and West State Superannuation Schemes	18,506	20,832
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Members of the Accountable Authority presently employed who are members of the Superannuation and Family Benefits Act Scheme	0	0
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In respect of Senior Officers the following amounts were paid or became payable for the reporting period:-

Notional contributions to Gold State and West State Superannuation Schemes	69,420	46,998
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Number of Senior Officers presently employed who are members of the Superannuation and Family Benefits Act Scheme	1	0
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21 Explanatory Statement

a Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% or \$200,000

	2001	2000	Variance
Employee expenses	4,968,822	4,698,629	270,193
Accommodation expenses	504,726	926,038	(421,312)
User charges and fees	30,257	8,947	21,310
Subsidies	45,140	0	45,140
Interest revenue	274,832	190,455	84,377

Employee expenses

The resultant increase in salaries is due to an increase in staffing numbers, from 67 in 1999/2000 to 75 in 2000/01.

Accommodation expenses

A decrease in expenditure in 2001, is a result of the new Lease Agreement, where the first year of rent from 01 September 2000 to August 2001 was rent free.

User charges and fees

2000/01 figures include previous year's expenditure treated as revenue in the current financial year.

Subsidies

A one off payment from the Commonwealth in 2001 for the removal of the 3.5 GHz radio band connection utilised by some Commission equipment.

Interest revenue

The increase in interest revenue is due to a higher Bank Balance as a result of salary savings caused by delays in filling positions and operational costs and capital works (Telephone Interception System) being deferred into next financial year.

b Comparison of estimates and actual results

The following is provided in explanation of significant variations between estimates of expenditure and revenue as reported in the 2000/2001 Consolidated Fund Estimates and actual expenditure and revenue for the period to **30 June 2001**. It should be noted that the figures reported are cash based.

Recurrent expenditure	\$
Budget	10,089,000
Actual	8,374,573
Variation	<u>1,714,427</u>

Budget was forecast on 91 staff and expenditure relative to that, however, the outturn for 2000 - 2001 achieved a staff equivalent of 75 and thus lower expenditure

Revenue	
Budget	80,000
Actual	346,879
Variation	<u>(266,879)</u>

The forecast for 2000-01 as indicated in the Budget Papers of that year, was based on operating on a full complement of 91 staff and the completion of the Telephone Interception System. This was only partly achieved, resulting in a higher Bank Balance and therefore higher interest earnings.

Capital expenditure	
Budget	400,000
Actual	299,157
Variation	<u>100,843</u>

The variation is unfinished capital works committed to 2001/2002.

22 Property written off, loss of public money and gifts of public property

Write-offs	\$
Obsolete Computer Equipment written off	30,722

23 Lease commitments

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

within one year	690,000	325,000
later than one year but not later than five years	1,652,056	134,000
	<u>2,342,056</u>	<u>459,000</u>

24 Other expenditure commitments

The Commission has signed a contract to commit expenditure for \$636,396 during the 2001/02 financial year for the set up of the Telephone Interception System.

25 Additional financial instruments disclosures

a Interest rate risk exposure

The Commission's exposure to interest rate risk at **30 June 2001** are:-

	Weighted Average Effective Rate %	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Assets				
Cash assets	5.774	5,965,442	0	5,965,442
Restricted cash assets		0	195,000	195,000
Receivables			113,254	113,254
Total financial assets		<u>5,965,442</u>	<u>308,254</u>	<u>6,273,696</u>
Liabilities				
Payables			202,610	202,610
Other liabilities			101,933	101,933
Provisions			755,375	755,375
Total financial liabilities			<u>1,059,918</u>	<u>1,059,918</u>
Net financial assets		<u>5,965,442</u>	<u>(751,664)</u>	<u>5,213,778</u>

The Commission's exposure to interest rate risk at **30 June 2000** are:

	Weighted Average Effective Rate %	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Assets	5.146			
Cash assets		4,539,908	0	4,539,908
Restricted cash assets		0	95,800	95,800
Receivables			40	40
Total financial assets		<u>4,539,908</u>	<u>95,840</u>	<u>4,635,748</u>
Liabilities				
Payables			229,639	229,639
Other liabilities			90,520	90,520
Provisions			<u>630,152</u>	<u>630,152</u>
Total financial liabilities			<u>950,311</u>	<u>950,311</u>
Net financial assets		<u>4,539,908</u>	<u>(854,471)</u>	<u>3,685,437</u>

b Credit risk exposure

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

c Net fair values

The carrying amount of financial assets and liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the Financial Statements.

Contacting the Commission

The Anti-Corruption Commission can be contacted in absolute confidence.

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