



**CORRUPTION AND CRIME COMMISSION**  
**OF WESTERN AUSTRALIA**

**ANNUAL REPORT 2003 – 2004**



The Hon. John Alexander Cowdell  
President  
Legislative Council  
Parliament House  
Perth WA 6000

The Hon. Frederick Riebeling  
Speaker  
Legislative Assembly  
Parliament House  
Perth WA 6000

Mr President

Mr Speaker

I am pleased to provide this, the first, Annual Report of the Corruption and Crime Commission for the financial year ended 30 June 2004 to each of you for presentation to Parliament.

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Hammond', written over a set of horizontal lines.

**Kevin Hammond**  
**COMMISSIONER**

30 September 2004



# CONTENTS

|            |   |           |
|------------|---|-----------|
| <b>1.0</b> | <b>FROM THE COMMISSIONER</b>                              | <b>1</b>  |
| <b>2.0</b> | <b>THE CORRUPTION AND CRIME COMMISSION</b>                | <b>3</b>  |
| 2.1        | WHAT IS OUR PURPOSE?                                      | 3         |
| 2.2        | WHO ARE OUR STAKEHOLDERS?                                 | 4         |
| 2.2.1      | The people of Western Australia and their representatives | 4         |
| 2.2.2      | Independent agencies                                      | 4         |
| 2.2.3      | Chief Executive Officers                                  | 4         |
| 2.2.4      | Whistleblowers and internal informants                    | 4         |
| 2.3        | WHAT HAVE WE ACHIEVED?                                    | 5         |
| 2.3.1      | Achievements  | 5         |
| 2.3.2      | Delays  | 5         |
| 2.4        | WHERE ARE WE HEADING?                                     | 6         |
| <b>3.0</b> | <b>PROFILE OF THE COMMISSION</b>                          | <b>7</b>  |
| 3.1        | OUR VISION  | 7         |
| 3.2        | OUR MISSION   | 7         |
| 3.3        | CORPORATE STRUCTURE                                       | 7         |
| 3.4        | THE EXECUTIVE TEAM  | 8         |
| 3.4.1      | Commissioner  | 8         |
| 3.4.2      | Executive Director  | 8         |
| 3.4.3      | Director Operations                                       | 9         |
| 3.4.4      | Director Corruption Prevention, Education and Research    | 9         |
| 3.4.5      | Director Special Operations                               | 9         |
| 3.4.6      | Director Legal Services                                   | 9         |
| 3.4.7      | Director Business Services                                | 10        |
| <b>4.0</b> | <b>OUR PEOPLE - OUR ORGANISATION</b>                      | <b>11</b> |
| 4.1        | INTRODUCTION  | 11        |
| 4.2        | EMPLOYEE PROFILE  | 11        |
| 4.3        | SENIOR EMPLOYEES  | 11        |
| 4.4        | EMPLOYEE WELFARE  | 12        |
| 4.5        | OCCUPATIONAL HEALTH AND SAFETY                            | 12        |
| 4.6        | WORKERS' COMPENSATION                                     | 12        |
| 4.7        | APPOINTMENT OF ACTING COMMISSIONER                        | 12        |
| 4.8        | STAFF RECRUITMENT   | 12        |

|            |  |           |
|------------|--|-----------|
| <b>5.0</b> | <b>REPORT ON OPERATIONS</b>                            | <b>13</b> |
| <b>5.1</b> | <b>INVESTIGATIONS REVIEW AND COMPLAINTS ASSESSMENT</b> | <b>13</b> |
| 5.1.1      | Introduction   | 13        |
| 5.1.2      | Assessing complaints and notifications                 | 13        |
| 5.1.3      | Monitoring and reviewing notifications and complaints  | 14        |
| 5.1.4      | Publications   | 15        |
| <b>5.2</b> | <b>INVESTIGATIONS</b>                                  | <b>15</b> |
| 5.2.1      | Introduction   | 15        |
| 5.2.2      | How the Commission investigates complaints             | 15        |
| 5.2.3      | Investigations carried out by the Commission           | 16        |
| 5.2.4      | Operational oversight                                  | 16        |
| 5.2.5      | Strategic partnerships and liaison                     | 17        |
| 5.2.6      | Public and private examinations                        | 17        |
| 5.2.7      | The year ahead   | 18        |
| <b>5.3</b> | <b>CORRUPTION PREVENTION, EDUCATION &amp; RESEARCH</b> | <b>18</b> |
| 5.3.1      | Introduction   | 18        |
| 5.3.2      | Corruption prevention programs                         | 19        |
| 5.3.3      | Regional outreach program                              | 20        |
| 5.3.4      | The year ahead   | 20        |
| <b>5.4</b> | <b>ORGANISED CRIME FUNCTION</b>                        | <b>21</b> |
| <b>5.5</b> | <b>LEGAL SERVICES</b>                                  | <b>22</b> |
| 5.5.1      | Introduction   | 22        |
| 5.5.2      | Activities   | 22        |
| 5.5.3      | Recommendations for changes to the law                 | 23        |
| 5.5.4      | The year ahead   | 23        |
| <b>5.6</b> | <b>BUSINESS SERVICES</b>                               | <b>23</b> |
| 5.6.1      | Introduction   | 23        |
| 5.6.2      | Information technology                                 | 24        |
| 5.6.3      | Accommodation  | 24        |
| 5.6.4      | The year ahead   | 24        |
| <b>5.7</b> | <b>MEDIA LIAISON</b>                                   | <b>25</b> |
| 5.7.1      | Introduction   | 25        |
| 5.7.2      | Activities   | 25        |
| 5.7.3      | The year ahead   | 26        |

|            |   |           |
|------------|---|-----------|
| <b>6.0</b> | <b>CORPORATE GOVERNANCE</b>                                     | <b>27</b> |
| 6.1        | ENABLING LEGISLATION  | 27        |
| 6.2        | JOINT STANDING COMMITTEE ON THE CORRUPTION AND CRIME COMMISSION | 27        |
| 6.3        | PARLIAMENTARY INSPECTOR   | 28        |
| 6.4        | ACCOUNTING FOR THE USE OF STATUTORY POWERS                      | 28        |
| 6.5        | OUTCOME OF COMMISSION ACTIVITIES                                | 29        |
| 6.6        | COMPLIANCE WITH LEGISLATION                                     | 30        |
| <b>7.0</b> | <b>COMPLIANCE STATEMENTS</b>                                    | <b>31</b> |
| 7.1        | PEOPLE AND COMMUNITIES  | 31        |
| 7.1.1      | Disability Services plan  | 31        |
| 7.1.2      | Cultural diversity and language services outcomes               | 31        |
| 7.1.3      | Youth outcomes  | 31        |
| 7.2        | THE ECONOMY   | 32        |
| 7.3        | THE ENVIRONMENT   | 32        |
| 7.3.1      | Waste paper recycling   | 32        |
| 7.3.2      | Energy smart policy   | 32        |
| 7.4        | THE REGIONS   | 32        |
| 7.4.1      | Regional development policy                                     | 33        |
| 7.5        | GOVERNANCE  | 33        |
| 7.5.1      | Equal employment opportunity outcomes                           | 33        |
| 7.5.2      | Evaluations   | 33        |
| 7.5.3      | Information statement   | 33        |
| 7.5.4      | Recordkeeping plan  | 33        |
| 7.5.5      | Public Sector standards and codes of conduct                    | 33        |
| 7.5.6      | Public interest disclosures                                     | 34        |
| 7.5.7      | Advertising and sponsorship expenditure                         | 34        |
| <b>8.0</b> | <b>FINANCIAL STATEMENTS</b>                                     | <b>36</b> |
| 8.1        | AUDITOR GENERAL'S AUDIT OPINION                                 | 36        |
| 8.2        | CERTIFICATION OF FINANCIAL STATEMENTS                           | 37        |
| 8.3        | FINANCIAL STATEMENTS  | 38        |
| 8.4        | NOTES TO THE FINANCIAL STATEMENTS                               | 41        |
| 8.5        | PERFORMANCE INDICATORS  | 53        |
| 8.6        | CERTIFICATION OF PERFORMANCE INDICATORS                         | 54        |



## 1.0 FROM THE COMMISSIONER

Anti-corruption agencies have a critical role to play in our community. They help maintain trust in the integrity of our public service institutions that is so critical to the functioning of modern government.

After more than 20 years as a member of the judiciary, it was an honour to accept the position as the inaugural Commissioner of the Corruption and Crime Commission.

The Commission started at the beginning of January 2004 with three people in temporary offices. From that small start, staff from a number of agencies, including the Anti-Corruption Commission, the Kennedy Royal Commission and the Ombudsman, were recruited on short-term contracts, while the task of recruiting the 150 staff, that will eventually make up our full complement, was started.

The high calibre of the applicants for positions at the Commission from within Western Australia, interstate and even overseas, has been very encouraging. Public Sector Standards have been followed throughout the recruitment process with merit-based selection ensuring that we obtain the most suitable applicant for each position.

The powers given under the *Corruption and Crime Commission Act 2003* are believed to be the most extensive of any anti-corruption agency in Australia and give the Commission every opportunity of success. This is particularly so as the Government has granted the Commission the resources necessary to fulfill its role.

The Commission has three main functions:

- to review complaints and investigate suspected public sector misconduct;
- to grant and monitor police use of exceptional powers in investigating organised crime and the fortification removal powers; and
- to undertake corruption prevention and education.

This is the first time in Western Australia that an anti-corruption body has had a corruption prevention and education role, and experience interstate indicates it will become an increasingly important part of the Commission's activities. It fulfills an important part of the Act that states that the main purposes of the Corruption and Crime Commission are "to improve continuously the integrity of the public sector and reduce the incidence of misconduct in, the public sector".

There are four ways in which the Corruption and Crime Commission can investigate complaints concerning the conduct and behaviour of public officers. It can:

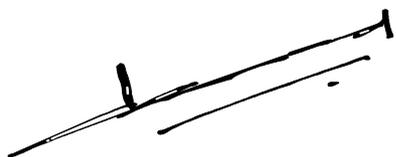
- conduct its own investigation;
- refer the matter to another organisation such as the Ombudsman or Police Service for investigation;
- undertake a joint investigation with an agency; or
- refer a complaint to the agency involved and monitor that agency's investigation.

It is important to note the limits on what the Commission will and will not itself investigate. The Chief Executive Officer of each public sector authority has responsibility for integrity and misconduct issues in their agency. The Commission has an important role in helping them fulfill this responsibility, and will use the significant powers it has been granted if those organisations are unable or unwilling to address issues of misconduct, or if it is in the public interest to do so.

The Commission is currently receiving more than 200 complaints a month and accordingly must be selective about the investigations it undertakes. The number of complaints being received is higher than the combined total of complaints received previously by the Anti-Corruption Commission and police complaints received by the Ombudsman's office. Some of this may be due to the Commission being a new agency and people resubmitting old complaints, but I believe it shows an acceptance of the Commission by both government and the community.

In terms of our accommodation, currently most of the Commission's staff are in the premises used by the Kennedy Royal Commission. Plans are, however, well advanced to move into our new building, which is being fitted out to meet our specific needs, and, in particular, the requirements for public as well as private hearings.

I am confident that the Corruption and Crime Commission will help deliver the high standard of integrity expected of our public institutions in today's world.



**Kevin Hammond**  
**COMMISSIONER**

## 2.0 THE CORRUPTION AND CRIME COMMISSION

### 2.1 WHAT IS OUR PURPOSE?

The establishment of the Corruption and Crime Commission to replace the Anti-Corruption Commission was the central recommendation of the Interim Report of the Kennedy Royal Commission. The need for this change was reported as being due to “the identifiable flaws in the structure and powers of the ACC [bringing] about such lack of public confidence in the current processes for the investigation of corrupt and criminal conduct that the establishment of a new permanent body is necessary”<sup>1</sup>.

The *Corruption and Crime Commission Act 2003* was proclaimed in the Government Gazette on 30 December 2003 establishing the Commission, which came into existence on 1 January 2004 with the appointment of the inaugural Commissioner. The Act identifies that the two main purposes of the Commission are to:

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

The Act also sets out how the Commission is to achieve these purposes by:

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

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

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

These three functions form the basis for the activities and outcomes of the Commission, and are the subject of specific performance indicators.

---

<sup>1</sup> Kennedy, G. (2002) *Interim report, royal commission into whether there has been any corrupt or criminal conduct by Western Australian police officers*, State Law Publisher: Perth (p.3)

## **2.2 WHO ARE OUR STAKEHOLDERS?**

### **2.2.1 THE PEOPLE OF WESTERN AUSTRALIA AND THEIR REPRESENTATIVES**

As distinct from the majority of government agencies, the Commission is an independent agency and hence does not report operationally to a responsible minister. Rather, it reports directly to the Parliament through the mechanisms of the Joint Standing Committee on the Corruption and Crime Commission and the Parliamentary Inspector of the Corruption and Crime Commission. However, this does not mean that the Commission is oblivious to the needs of the Government. The Commission has a responsibility to the people of Western Australia and this requires the Commission to understand and respond to of the issues that concern the community and, as representatives of the people, both the Government and the Parliament.

### **2.2.2 INDEPENDENT AGENCIES**

The Commission also has a special relationship with the following independent agencies:

- the Parliamentary Commissioner for Administrative Investigations (Ombudsman);
- the Director of Public Prosecutions;
- the Auditor General;
- the Inspector of Custodial Services; and
- the Commissioner for Public Sector Standards.

When deciding how best to deal with a particular matter, the Commission is able to refer it to one of these independent agencies after first having consulted with them.

### **2.2.3 CHIEF EXECUTIVE OFFICERS**

The Commission is establishing relationships with the Chief Executive Officers of public authorities. It is the belief of the Commission that the Chief Executive Officer of each public sector authority has responsibility for integrity and misconduct issues in their respective areas, although the Commission exists to assist them. Having said this, the Commission has significant powers that it will use if public sector authorities are unable or unwilling to address misconduct issues, or if the Commission judges that it is in the public interest to intervene.

### **2.2.4 WHISTLEBLOWERS AND INTERNAL INFORMANTS**

The Government requires a public sector environment that is open and accountable, and in which employees and others feel safe to make disclosures that are in the public interest.

The Commission recognises that in order to achieve its aims it needs to have the confidence of the broader community and, in particular, the confidence of those persons who possess information that can assist the Commission in carrying out its mandate. To this end, the *Corruption and Crime Commission Act 2003* includes severe penalties for those persons who cause disadvantage or detriment to any person who has helped the Commission.

The Commission values the important role that whistleblowers and internal informants play, and will operate in a manner that ensures that every protection is given to this significant stakeholder group.

## **2.3 WHAT HAVE WE ACHIEVED?**

### **2.3.1 ACHIEVEMENTS**

The Commission was required to take over the investigations and outstanding case files and complaints from both the Kennedy Royal Commission and the Anti-Corruption Commission. In addition, all new complaints regarding the police service that would otherwise have been directed to the Ombudsman were now directed to the Commission. There was no settling-in period to enable the Commission to establish itself – work commenced immediately.

Furthermore, the recruitment of staff, the sourcing of accommodation and adapting it to operational needs, the identification of information systems requirements, together with establishing mechanisms to capture the information to satisfy requirements of other government agencies, have all been undertaken initially by a majority of staff functioning with the ambiguity of short-term contracts. Full-time appointments will gradually replace these short-term contracts in the coming year. These commissioning tasks have all been undertaken against a backdrop of complaints and allegations being received at a rate that exceeded that of our predecessor, the Anti-Corruption Commission.

The Commission's first six months have seen the recruitment of senior staff, the provision for a budget, the establishment of complaints assessment and investigation review processes, a start to a corruption prevention and education outreach program, and the transfer of a number of investigation activities from other agencies. In this period much has been done. However, much remains yet to be done.

### **2.3.2 DELAYS**

A number of delays have set back the commissioning activities. These include:

- Delays in securing permanent accommodation. A move to new accommodation is scheduled for the first half of 2005; and
- Problems associated with providing for the former staff of the Anti-Corruption Commission and for the recruiting of new staff for this Commission.

## 2.4 WHERE ARE WE HEADING?

The next 12 month period will be one of consolidation for the Commission, with the primary objective being to deliver outcomes that achieve the purpose of the *Corruption and Crime Commission Act 2003*, that is, to combat and reduce the incidence of organised crime, and to improve the integrity of the public sector, and reduce the incidence of misconduct.

To achieve this, the Commission's priorities are to:

- complete the staff recruitment process;
- establish improved investigations and complaints management processes supported by an effective IT system;
- develop effective links across the public sector to promote corruption prevention;
- establish an effective partnership with the Western Australia Police Service to enable the appropriate application of the organised crime provisions of the *Corruption and Crime Commission Act 2003*;
- establish effective internal administrative management policies and procedures; and
- relocate to the new accommodation at 186 St George's Terrace in 2005.

## 3.0 PROFILE OF THE COMMISSION

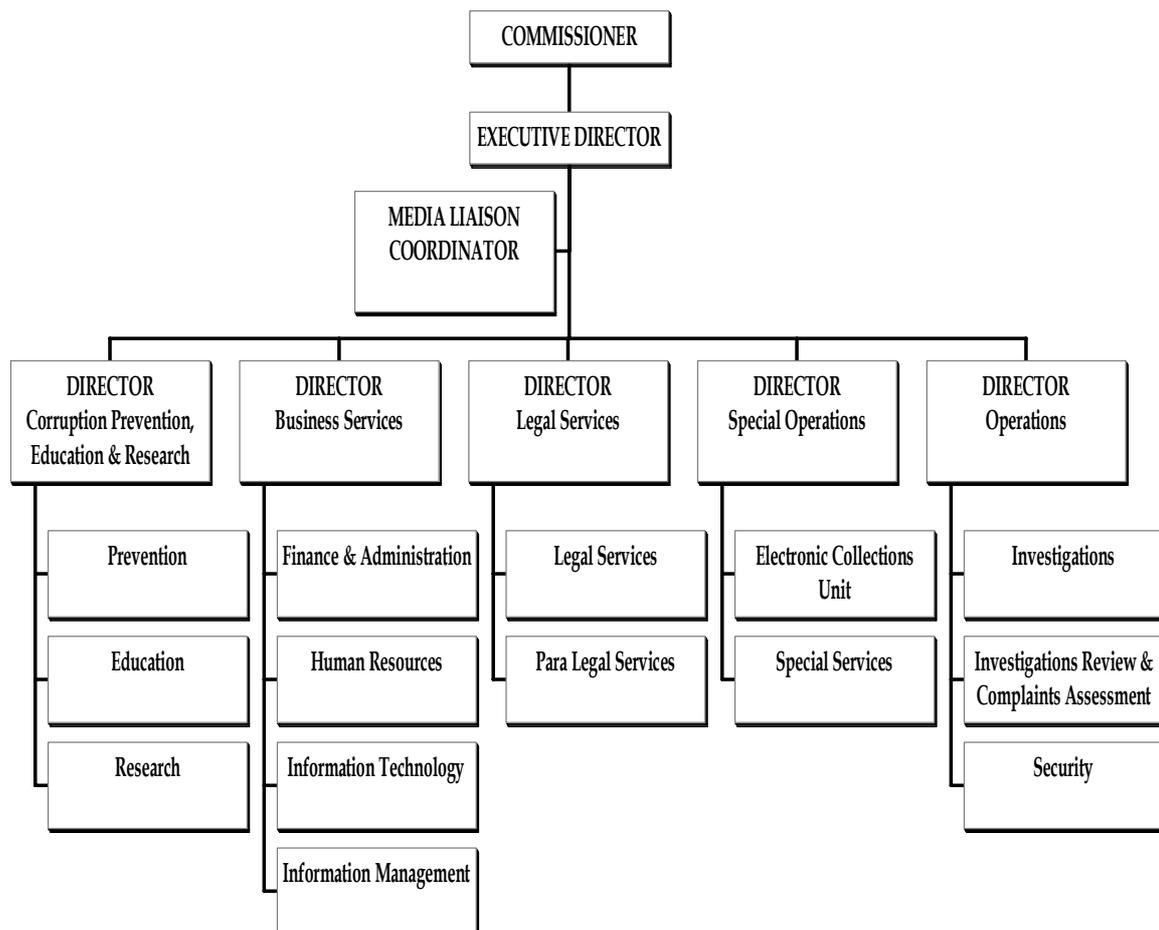
### 3.1 OUR VISION

Our vision is to be recognised in Australia and internationally as a leader in corruption prevention and as an effective agency in the fight against organised crime.

### 3.2 OUR MISSION

Our mission is to provide independent oversight of the activities of public authorities and their employees to ensure that the people of Western Australia receive government services of the highest integrity.

### 3.3 CORPORATE STRUCTURE



## **3.4 THE EXECUTIVE TEAM**

The Commission has been successful in recruiting a high calibre executive team for its six director positions, with experienced staff drawn from the law, defence forces, law enforcement and academia.

The executive team as at 30 June 2004 is as follows:

### **3.4.1 COMMISSIONER – MR KEVIN HAMMOND**

The Commissioner is appointed by the Governor on the recommendation of the Premier, and, in future, from a list of three names submitted by a nominating committee consisting of the Chief Justice, the Chief Judge of the District Court and a person appointed by the Governor to represent the interests of the community.

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

Commissioner Kevin Hammond brought very considerable experience, based on a long and distinguished legal career, to the Corruption and Crime Commission. Prior to his appointment as Commissioner in January 2004, he had been Chief Judge of the District Court since 1995, and had served on the bench for a total of 22 years. Commissioner Hammond graduated in law from the University of Western Australia in 1957 and was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1960. He practised in the Northam area and Perth before being appointed as a Judge to the District Court in 1982.

### **3.4.2 EXECUTIVE DIRECTOR – MR MIKE SILVERSTONE**

Mr Silverstone is the principal officer and advisor to the Commissioner on all aspects of the Commission's operations and activities. The Executive Director position provides the strategic direction for the Commission and ensures its operations are conducted with integrity, professionalism, accountability and efficiency.

Mr Silverstone enjoyed a distinguished career in the Australian Army reaching the rank of Brigadier, including holding positions as a senior executive in the Defence Intelligence Organisation, Commander of the Defence Forces' activities in Northern Australia, Commander of the Peace Monitoring Group in Bougainville, Papua New Guinea, and Commanding Officer of the SAS in Western Australia. He holds a MA, MSc and a Bachelor of Professional Studies. Mr Silverstone is responsible for implementing the Commissioner's strategic directions in all areas of the Commission.

### **3.4.3 DIRECTOR OPERATIONS - MR NICK ANTICICH**

Mr Anticich has extensive experience in law enforcement with national law enforcement agencies in areas including investigations, intelligence, organised crime and terrorism.

He was formerly General Manager of the Australian Federal Police operations in Western Australia and prior to that was a National Director at the National Crime Authority. He has extensive investigative experience working with multi-disciplinary teams that are an important characteristic of modern anti-corruption investigations. Mr Anticich is responsible for the teams investigating police and public sector misconduct, complaints assessment and review, and for security at the Commission.

### **3.4.4 DIRECTOR CORRUPTION PREVENTION, EDUCATION & RESEARCH - DR IRENE FROYLAND**

Dr Froyland was Associate Professor and Director of the Sellenger Centre for Police Research at Edith Cowan University. She has a PhD in Criminology, a MA Psychology and a Diploma of Education, together with many years experience in research and the development and delivery of training programs in the justice and police areas. Dr Froyland is responsible for the Commission's corruption prevention and education function that helps public authorities and boards improve their ability to combat misconduct and corruption.

### **3.4.5 DIRECTOR SPECIAL OPERATIONS - MR IAN JACKSON**

Mr Jackson has extensive experience in running covert operations with the Kennedy Royal Commission, the New South Wales Police Integrity Commission, the Wood Royal Commission and the Australian Federal Police. Mr Jackson is responsible for directing the activities of covert operations that support the activities of the Commission.

### **3.4.6 DIRECTOR LEGAL SERVICES - MR MICHAEL CASHMAN**

Mr Cashman has more than 25 years experience as a lawyer with particular expertise in criminal and forensic investigations. Prior to commencing with the Commission, Mr Cashman was Commission Solicitor for the Kennedy Royal Commission and a Regional Director at the National Crime Authority - a role that included extensive dealings with other law enforcement agencies. Mr Cashman has a Bachelor of Jurisprudence, an LLB and a Masters degree in Law and Management.

Mr Cashman is responsible for providing legal and policy advice in respect of all aspects of the Commission's activities.

### **3.4.7 DIRECTOR BUSINESS SERVICES - MS VANESSA GRANT**

Ms Grant joined the Commission following many years experience managing corporate services in law enforcement environments. Her immediate position prior to joining the Commission was as a Manager with the Australian Crime Commission in Perth. She has previously worked with the National Crime Authority and the Commonwealth Department of Finance. Ms Grant is responsible for managing the resources and systems that are critical for the Commission's corporate functions.

## 4.0 OUR PEOPLE – OUR ORGANISATION

### 4.1 INTRODUCTION

The community expects a high level of integrity from the public sector, including our Police Service, and it is the role of the Corruption and Crime Commission to fulfill this expectation. It will do this by making use of a diverse range of skills and expertise in a multi-disciplinary approach to tackling misconduct and corruption.

Commencing in January 2004, the Commission started to recruit widely, intrastate, interstate, and internationally to assemble a team of experienced professionals to undertake the functions of this agency.

### 4.2 EMPLOYEE PROFILE

The Commission has a staffing establishment of 146.5 FTE of which 97 were filled as at 30 June 2004. The profile of staff is as follows:

|                       | Female | Male | Total | Short* | Long** |
|-----------------------|--------|------|-------|--------|--------|
| Executive             | 2      | 3    | 5     | 2      | 3      |
| Operations            | 16     | 17   | 33    | 31     | 2      |
| Corruption Prevention | 4      | 1    | 5     | 4      | 1      |
| Special Operations    | 3      | 30   | 33    | 29     | 4      |
| Legal Services        | 2      | 1    | 3     | 0      | 3      |
| Business Services     | 11     | 7    | 18    | 15     | 3      |
| Totals                | 38     | 59   | 97    | 81     | 16     |

\* short-term contracts under six months

\*\*long-term contracts up to five years (maximum permitted by the Act)

### 4.3 SENIOR EMPLOYEES

Senior employees of the Commission at level 7 or above were as follows as at 30 June 2004:

|                  | Female | Male | Total | Short* | Long** |
|------------------|--------|------|-------|--------|--------|
| Special Category | 0      | 4    | 4     | 0      | 4      |
| Class 1          | 1      | 3    | 4     | 2      | 2      |
| Level 9          | 1      | 5    | 6     | 4      | 2      |
| Level 8          | 1      | 11   | 12    | 12     | 0      |
| Level 7          | 7      | 6    | 13    | 11     | 2      |
| Totals           | 10     | 29   | 39    | 29     | 10     |

## **4.4 EMPLOYEE WELFARE**

The Commission has contracted Mount Counselling Services to assist in the provision of employee welfare services. For the reporting period, access of these services was made on three occasions.

## **4.5 OCCUPATIONAL HEALTH AND SAFETY**

An Occupational Health and Safety Committee is being formed. Delays have occurred due to the preference to have recruited to all categories of staff before establishing such a committee. This is to ensure that all areas of the Commission are represented. In the interim, former staff of the Kennedy Royal Commission, who undertook that responsibility, have continued in this role with this Commission.

## **4.6 WORKERS' COMPENSATION**

For the six months to 30 June 2004, one claim for workers' compensation was received, although no claim was made for loss of work time.

## **4.7 APPOINTMENT OF ACTING COMMISSIONER**

While outside the reporting period, it is important to note that prominent barrister, Ms Moira Rayner, was appointed as Acting Commissioner on 12 July 2004 for a period of two years.

Ms Rayner is a practising barrister in Western Australia, and has previously held the offices of Commissioner/Chair of the WA Law Reform Commission, Commissioner for Equal Opportunity in Victoria and Hearings Commissioner of the Commonwealth Human Rights and Equal Opportunity Commission. In 2000, Ms Rayner was appointed as the first Director of the Office of Children's Rights Commissioner for London. She was also Acting Commissioner for Equal Opportunity in Western Australia in 2002 and a Commissioner of the Anti-Corruption Commission in its final 18 months of operation.

Ms Rayner will act as Commissioner when Commissioner Kevin Hammond is on leave, or otherwise unavailable or unable to deal with a matter.

## **4.8 STAFF RECRUITMENT**

While the Commission is still in the commissioning phase, and a large number of positions remained unfilled at the end of the reporting period, recruitment is proceeding in accordance with Public Sector Standards. Delays have occurred as a consequence of the legislated special arrangements required to cater for the staff of the former Anti-Corruption Commission, and as a result of many of the vacancies being filled by interstate applicants who required time to relocate. A further delay is experienced when heavy security vetting takes place prior to engagement, to ensure that only applicants of the highest personal integrity are employed. It is expected that recruitment to fill all vacancies will be completed by December 2004.

## 5.0 REPORT ON OPERATIONS

### 5.1 INVESTIGATIONS REVIEW AND COMPLAINTS ASSESSMENT

#### 5.1.1 INTRODUCTION

The Investigations Review and Complaints Assessment Unit is the Commission's operational gatekeeper. Its main roles are to assess complaints and notifications received by the Commission and to review misconduct investigations carried out by other agencies.

#### 5.1.2 ASSESSING COMPLAINTS AND NOTIFICATIONS

The Commission deals with information from two main sources:

- externally generated information – which includes complaints, allegations and information reports from external sources such as notifications from public sector authorities and complaints from the public; and
- internally generated information – which includes information reports arising from analysis of intelligence and other information.

The Commission's assessment role involves determining whether externally generated information involves alleged or suspected misconduct and, if so, how it should be dealt with. It does this by considering the following questions:

- Is the matter within the Commission's jurisdiction?
- If so, what issues need to be addressed?
- What is the best way to address those issues?

In the six months to 30 June 2004, the total number of matters received from externally generated sources was 1383. Of those, 208 related to complaints from individuals and 1175 related to notifications from public sector agencies. These matters related to the following public sector agencies:

|  |                   |
|--|-------------------|
| • Western Australia Police Service     | 867 (63%)         |
| • Department of Education and Training | 83 (6%)           |
| • Department of Justice                | 58 (4%)           |
| • Local government                     | 30 (2%)           |
| • Other agencies                       | 345 (25%)         |
| Total                                  | <hr/> 1383 (100%) |

Complaints received covered a range of alleged misconduct including:

- involvement in the distribution or use of narcotics;
- assault;
- abusive and threatening behaviour;
- theft;
- working while affected by alcohol;
- misuse of organisational funds;
- unlawful arrest;
- failing to respond to emergency calls;
- fraud;
- duty of care issues;
- conflict of interest;
- divulging confidential information;
- sexual misconduct;
- inappropriate use of computer systems;
- fabricating evidence; and
- inadequate investigation.

The Commission investigates a small percentage of these matters itself. The balance are referred to the agency related to the matter for internal investigation. A proportion of non-police matters is also referred to the Police Service for criminal investigation. In the period to 30 June 2004 the Commission conducted investigations into seven (7) of the most serious matters. This small number of investigations was a product of staff constraints due to delays in recruitment processes.

### **5.1.3 MONITORING AND REVIEWING NOTIFICATIONS AND COMPLAINTS**

After referring received matters to agencies for investigation, the Commission monitors the progress of those investigations and reviews them once they are completed. The main purpose of these monitoring and reviewing processes is to ensure that agency investigations are conducted adequately.

The Commission forms an opinion about the adequacy of agency investigations by addressing the following questions:

- have all reasonable and relevant issues, including specific allegations and related matters, been considered?
- has all relevant and reasonably available evidence been gathered?
- has the evidence gathered been logically analysed and reasonable conclusions reached? and
- were efficient and effective investigating practices followed and documented in ways that allow external review?

All parties to a matter are advised of the Commission's view about the adequacy of agency investigations, including the reasons for forming this view.

## 5.1.4 PUBLICATIONS

The Commission has developed two publications designed to assist agencies understand how to notify the Commission about suspected misconduct. The documents, which are available for downloading from the Commission's website at [www.ccc.wa.gov.au](http://www.ccc.wa.gov.au), are:

- Notification Guidelines: Dealing with misconduct in the Public Sector
- Notification Guidelines: Dealing with misconduct in the Police Service

## 5.2 INVESTIGATIONS

### 5.2.1 INTRODUCTION

Once a matter has been assessed and it is determined that it requires investigation, it is referred to the Investigation Unit. Staff of this Unit have a range of powers and investigative techniques available to conduct inquiries into allegations of misconduct. Decisions as to the style of investigation, strategies to be employed and the range of powers to be utilised, are made on an individual case basis and are subject to the Commissioner's approval. Considerations include whether the alleged misconduct is continuing to occur or whether it has ceased. If a matter is continuing, there is the potential to use surveillance and telephone interception powers to gather evidence.

The Investigation Unit is multi-disciplinary and includes investigators, criminal analysts, lawyers and forensic accountants. Following the 'money trail' has proved to be an important technique in uncovering corruption and misconduct.

In addition to taking referrals from the Investigations Review and Complaints Assessment process, the Investigation Unit also has the capacity to initiate its own inquiries.

### 5.2.2 HOW THE COMMISSION INVESTIGATES COMPLAINTS

The multi-disciplinary investigation teams are able to draw upon a range of powers and investigative tools that are not typically available to police. Principally they are able to use the coercive powers of the Commission to:

- require public authorities and officers to respond to requests for information;
- require persons to produce documents and other things;
- summon witnesses to attend a hearing and produce things; and
- enter and search public premises.

The *Corruption and Crime Commission Act 2003* also provides for the use of a range of specialist powers that enable staff of the Commission to:

- assume false identities;
- conduct controlled operations (that make otherwise illegal actions legal); and
- conduct integrity testing programs.

Staff of the Special Operations Directorate undertake functions designed to support the investigative process through the use of covert techniques and the compilation of electronic material and investigative research designed to assist the Operations Directorate.

### **5.2.3 INVESTIGATIONS CARRIED OUT BY THE COMMISSION**

For operational reasons it is not appropriate to elaborate to any extent on the range and nature of completed and on-going investigations. Information of this kind will be provided to the Parliamentary Inspector and to the Joint Standing Committee of the Corruption and Crime Commission in an alternative form. The following information is, however, provided as it gives some measure of the activities of this area of the Commission.

There were nine (9) investigations handed over from the Anti-Corruption Commission upon its dissolution, and the Kennedy Royal Commission similarly provided a further 12. In addition to these 21 investigations, an additional seven (7) have been commenced on the basis of other sources of intelligence and from allegations received.

Of the total number of 28 investigations, 10 have been completed with 18 on-going as at the 30 June 2004.

### **5.2.4 OPERATIONAL OVERSIGHT**

Given the significant coercive powers available to the Commission and the highly sensitive nature of many of the investigations undertaken, it is necessary that there be strong internal governance arrangements. To this end there have been two committees formed - an Operations Coordination Committee (OCC) and an Operations Review Committee (ORC).

The Act requires that the Commissioner authorises the Commission's operational activities, and the Operation Review Committee (ORC) has been established to support this process. The Commissioner chairs the ORC, membership of which includes the Executive Director and the Director Operations. The ORC uses the recommendations and advice provided by the OCC as the basis for its considerations.

The OCC coordinates the Commission's operational activity. It has two functions. First, the OCC makes recommendations concerning the initiation, development, coordination and finalisation of operational activities to the ORC. Second, it oversees the conduct of operations to ensure that tactical decisions accord with the Commissioner's directions, authorisations and delegations.

## 5.2.5 STRATEGIC PARTNERSHIPS AND LIAISON

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

- Commissioner of the Australian Federal Police;
- Commissioners of Police Forces of other States and Territories;
- CEO of the Australian Crime Commission;
- Commissioner of Taxation;
- Director General of Security; and
- Director of AUSTRAC (Australian Transaction Reports and Analysis Centre).

In addition, the Attorney General can declare any person, authority or body of the State, the Commonwealth or another State or Territory to be a person, authority or body with which the Commission can cooperate, consult and exchange information.

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

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

In addition, the Attorney General has declared the following persons, authorities and bodies as being suitable to cooperate, consult and exchange information with:

- Queensland Crime and Misconduct Commission;
- NSW Police Integrity Commission;
- NSW Independent Commission Against Corruption;
- NSW Crime Commission;
- NSW Ombudsman;
- Victorian Office of the Ombudsman;
- South Australia Police Complaints Authority;
- South Australia State Ombudsman;
- Ombudsman for the Northern Territory;
- Commonwealth Ombudsman; and
- Australian Customs Service.

## 5.2.6 PUBLIC AND PRIVATE EXAMINATIONS

Examinations through public and private hearings, involving compulsory attendance and the giving of evidence can be conducted where this assists the investigative process. Examinations will generally be held in private unless the Commissioner

considers that it is in the public interest to open the examination to enable the public and the media to witness proceedings. In making such a determination, the Commissioner will weigh the benefits of public exposure and public awareness against the potential for prejudice or privacy infringements and the damage to reputation that might occur.

Two days of private hearings were conducted during the first six months of operation.

## **5.2.7 THE YEAR AHEAD**

The Operations Directorate's focus over the next 12 months will be on its people and processes. The Operations Directorate is, in many instances, the primary interface between the Commission and external stakeholders. Already efforts have commenced to develop broad ranging policies and to implement standard operating procedures to underpin the work of this directorate.

Investigations Review and Complaints Assessment Unit is a mandated function for the Commission and operates as a distinct business unit within the Operations Directorate. In the coming year this Unit will focus on the following:

- developing a comprehensive process for monitoring investigations conducted by other agencies on behalf of the Commission;
- developing a complaints management database that will provide detailed statistical information to internal and external stakeholders;
- educating agencies about their responsibilities to notify the Commission of suspected misconduct;
- assisting agencies to develop internal investigation processes; and
- developing capacity to conduct business electronically with public sector agencies.

The Operations Directorate's aim is to work more closely with its stakeholders and explore possibilities of joint agency operations and agreements. The organised crime function and the Commission's working relationship with the Western Australia Police Service in this regard will be an area of continuing development and priority.

Of critical importance in all of this is the development of the Commission's reputation as an organisation with high ethical standards and integrity. There is a requirement for the Commission to conduct its business in a manner that is effective and efficient, while having due regard for the rights of individuals and the rule of law.

## **5.3 CORRUPTION PREVENTION, EDUCATION AND RESEARCH**

### **5.3.1 INTRODUCTION**

One of the reasons cited by the Kennedy Royal Commission for the replacement of the Anti-Corruption Commission with the Corruption and Crime Commission was

the need to provide a corruption prevention function. In keeping with this recommendation, the *Corruption and Crime Commission Act 2003* requires that the Commission has a function of helping to prevent corruption and misconduct. The Act identifies the following methods by which the Commission can perform its prevention and education function:

- analysing the intelligence gathered in support of Commission investigations into organised crime and misconduct;
- analysing the results of these investigations and the information gathered in performing its functions;
- analysing systems used within public authorities to prevent misconduct;
- using information gathered from a variety of sources in support of its prevention and education function;
- providing information to, consulting with, and making recommendations to public authorities;
- providing information on prevention and education to the general community;
- ensuring that in performing its functions the Commission has regard to its prevention and education function;
- generally increasing the capacity of public authorities to prevent misconduct by providing advice and training to those authorities, and if asked, to other entities; and
- reporting on ways to prevent misconduct.

The Corruption Prevention Directorate seeks to be proactive. This means that rather than responding to individual incidents as they occur (a reactive response), the Directorate will adopt measures to enable it to be involved in problem prevention in addition problem solving. Furthermore, the Directorate eschews a random approach to undertaking its activities, preferring to be strategic in the identification of problem areas and in the targeting of interventions in high-risk agencies and activities.

### **5.3.2 CORRUPTION PREVENTION PROGRAMS**

Officers of the Corruption Prevention Directorate work to identify potential corruption problems and to devise practical solutions, with a view to minimising corruption opportunities through recommending changes to policies and procedures. Corruption prevention involves a range of programs and intervention strategies including the following:

- awareness raising;
- community relations;
- advisory and consultancy service;
- training and education;
- applied research;
- thematic and systems reviews;
- compliance evaluations;

- targeted reviews;
- corruption impact statements; and
- whistleblower support.

In general terms, when undertaking its corruption prevention responsibilities the Commission will use an approach that has the following elements:

- advisory and consultancy service and provision of education and training;
- soft reviews to gain cooperation;
- harder reviews to ensure compliance; and
- instances of serious corruption would be the subject of the attention of the Operations/Special Operations Directorates.

### **5.3.3 REGIONAL OUTREACH PROGRAM**

In June, staff of the Corruption Prevention Directorate undertook a number of visits to regional centres to deliver outreach programs. These programs had a number of objectives:

- to familiarise public authorities and community members with the role and function of the Commission;
- to familiarise public authorities with their responsibilities in relation to the Commission;
- to outline the corruption risk factors in organisations and the benefits of implementing comprehensive corruption prevention strategies; and
- to provide practical tips and suggestions in relation to developing and implementing appropriate corruption prevention strategies.

Outreach programs were conducted at Bunbury, Kalgoorlie, Karratha and South Hedland, with multiple sessions in each location. In total, 192 public employees attended the program. Additionally, at the request of the Superintendent of the East Metropolitan Police District, a similar program was delivered to ranks of Sergeant and above from the District.

In the coming year, more regional visits are planned as are a number of visits to metropolitan locations.

### **5.3.4 THE YEAR AHEAD**

During 2004-2005 the Corruption Prevention, Education and Research Directorate will develop a corruption prevention strategic plan. This plan will incorporate the identification of corruption prevention activities within each of the following four public authority portfolio areas:

- Community Safety (including Police and Justice);
- Human Services (including Health, Community Development and Education);

- State and Local Government (including Boards, Committees and Councils); and
- Infrastructure and Environment (including CALM, Fisheries, Agriculture and Planning and Infrastructure).

The activities will range from offering education and assistance to conducting compliance reviews and might include:

- conducting a major awareness raising or education campaign;
- assisting an organisation or group of organisations to develop their corruption prevention strategies;
- reviewing an organisation on a particular issue to enable it to increase its corruption resistance capacity; and
- undertaking a targeted review of an organisation in response to a major concern or to test compliance with previously made recommendations.

The Corruption and Crime Commission has given an undertaking to monitor the implementation of the Kennedy Royal Commission recommendations. To this end the Directorate has commenced a process of working with the public sector to ensure the development of corruption prevention plans and their inclusion in annual reports. A number of the Royal Commission's recommendations applied specifically to the Western Australia Police Service, and the Commission has accepted responsibility for reporting on the renewal and reform process within the Police Service. This is a long-term undertaking in which the Commission will seek to work cooperatively with the Police Service. The first reports on this process will be available in 2004-2005.

As part of its responsibility to both educate the public sector and provide information on corruption prevention to the general community, the Commission will develop a series of publications aimed at raising community and public sector awareness and building corruption resistance capacity. These will form a major component of a proposed five-year publication and education plan as part of the corruption prevention strategic plan.

## **5.4 ORGANISED CRIME FUNCTION**

On application from the Commissioner of Police, the Corruption and Crime Commissioner can authorise the use of exceptional powers to be used by the Police Service in conducting investigations into organised crime. These exceptional powers include:

- the summoning of witnesses to give compulsory evidence in an hearing before the Commissioner; and
- enhanced powers for police to enter premises, search and seize evidence, and detain persons.

These powers can be exercised without the normal requirement for these actions to be specifically covered by a warrant. Aligned with the above, the Commissioner can also approve the use by police of assumed identities and the conducting of controlled operations and integrity testing programs.

Additionally, the Commissioner can, again on the application of the Commissioner of Police, issue a fortification warning notice on premises that are suspected of being heavily fortified and habitually used by persons suspected of being involved in organised crime. This generally refers to outlaw motorcycle gangs. The fortification warning notice is the precursor to the issuing of a fortification removal notice, which requires the owners of the premises to 'defortify' the premises to the satisfaction of the Commissioner of Police.

During the reporting period there were no applications for use of exceptional powers under s. 46 of the *Corruption and Crime Commission Act 2003*, and only one application for a fortification warning notice under s. 68, which was granted. The fortification notice is yet to be carried out as the recipient of the notice has challenged the matter, which is now awaiting determination by the Supreme Court.

## **5.5 LEGAL SERVICES**

### **5.5.1 INTRODUCTION**

The functions of the Legal Services Directorate are to provide legal and policy advice, and legal services, in respect of all aspects of the Commission's activities, including the development of policies and procedures, the conduct of operational activities and ensuring the compliance of such activities with the law.

Particular importance is placed on ensuring compliance with the legislative requirements surrounding the use of surveillance devices, assumed identities, controlled operations and integrity tests, the execution of search warrants and the coercive powers of the Commission. These are areas of the operations of the Commission that are likely to receive particular scrutiny from the Parliamentary Inspector of the Commission.

### **5.5.2 ACTIVITIES**

In the six months under review, the Commission's Legal Services Directorate has focused on legal and policy advice around the establishment and consolidation of the Corruption and Crime Commission as a permanent anti-corruption and crime agency.

In particular, the Legal Services Directorate has:

- oversights and advised on transitional issues associated with the ending of the Kennedy Royal Commission, the amendment of the *Parliamentary Commissioner Act 1971* and the repeal of the *Anti-Corruption Commission Act 1988*;

- provided legal advice to the Commissioner, Executive Director and Directors concerning risk management, corporate governance, accountability and compliance matters;
- provided operational legal services to the Commission, especially in relation to the exercise of its powers under Parts 6 and 7 of the *Corruption and Crime Commission Act 2003*;
- oversaw the conduct of civil and criminal litigation involving the Commission;
- coordinated the provision of legal advice across the Commission, particularly where such advice might have ramifications or implications wider than the immediate operational context; and
- facilitated the establishment of arrangements for consultation, cooperation and the exchange of information with independent agencies, appropriate authorities and the persons, authorities and bodies, provided for in section 18(2)(g) of the Act.

### **5.5.3 RECOMMENDATIONS FOR CHANGES TO THE LAW**

Section 91(2)(q) of the Act requires the Commission to report on any changes to existing laws it has recommended during the year. No such recommendations were made during the reporting period.

### **5.5.4 THE YEAR AHEAD**

During the year ahead as the Commission moves to a fully operational phase of its existence, the Legal Services Directorate will monitor emerging operational procedures within the Commission to ensure compliance with the *Corruption and Crime Commission Act 2003* and other pertinent legislation. The Directorate will also provide legal services to support and facilitate these operations. This will likely require a review of the Legal Services Directorate structure and personnel requirements early in 2004-2005.

## **5.6 BUSINESS SERVICES**

### **5.6.1 INTRODUCTION**

The Business Services Directorate provides a central corporate support function for the Commission and staff of the Commission. This Directorate has responsibility for all human resource management, finance and administration, information technology and information management. In delivering these functions, the Directorate ensures that the Commission meets its statutory obligations in these areas. The functions of the Corporate Services Directorate are similar to those of similar directorates in other public sector agencies. There is a difference however in that the operations of the Commission require the use of special accounting and other business processes to provide for the covert activities that are specific to the Commission.

In the period January to June 2004, the Business Services Directorate was primarily involved in establishing sound business practices and recruiting Commission staff. This focus will change considerably in the coming 12 months, with the biggest challenges being the successful identification and implementation of information management systems to support the activities of information management, finance, human resources and case management, and the move from current temporary accommodation to a permanent location.

### **5.6.2 INFORMATION TECHNOLOGY**

The Commission is currently using the legacy network from the Kennedy Royal Commission. While this system was adequate for that commission, it is not suitable for this Commission into the future, as the manufacturer no longer supports the network systems. The months May through to June saw the planning occurring for the new Commission applications that will provide Electronic Document Management Systems, Case Management Systems, Databases, Financial Management Information System (FMIS), Electronic Brief preparations and Human Resource Information Systems (HRIS).

### **5.6.3 ACCOMMODATION**

During 2004 the Commission was located at Westralia Square, 141 St George's Terrace. This accommodation was previously used by the Kennedy Royal Commission and is not suitable for future Commission growth and work. The Commission will move to new premises at 186 St George's Terrace in the first half of 2005.

The Commission also has responsibility for the assets and liabilities of the Anti-Corruption Commission, including the lease on 66 St George's Terrace, and efforts are being made to sub-let these premises.

### **5.6.4 THE YEAR AHEAD.**

The Business Services Directorate will continue to establish sound corporate functions while implementing a new LAN network, business applications and associated training and further develop business guidelines. There will be a need to support other areas of the Commission while recruitment is completed.

An internal Audit Committee will be established early in the 2004 - 2005 to oversee the appointment of an internal audit contractor to undertake the Commission's internal audit functions.

The year ahead will also see the implementation of the Commission's Strategic Plan to assist and support managers and staff by providing direction and context to their work.

## 5.7 MEDIA LIAISON

### 5.7.1 INTRODUCTION

The media has a vital role in building public confidence in the Commission and in defining its reputation. It helps ensure that the community recognises, understands and supports the role of the Commission and that the public can be confident that allegations of misconduct have been properly investigated.

The Commission will cooperate as much as possible with the media within the bounds of confidentiality and security, recognising the needs of the media to report matters of public interest free of unnecessary restraint or vetting of information. At the same time the Commission will not jeopardise the rights of any individual or the integrity of any operation.

### 5.7.2 ACTIVITIES

The Commission aims to be as open and cooperative as possible with the media. To this end the Commission has:

- undertaken background interviews with a number of mainstream media outlets;
- undertaken a number of interviews with interstate organisations on general police corruption issues following publicity on police corruption in Victoria;
- arranged interviews with the electronic and print media during the regional outreach program for public officers in Bunbury, Kalgoorlie, Karratha and Port Hedland; and
- kept the media informed about the status of suppression orders from the Kennedy Royal Commission as cases came before the courts.

In terms of facilitating media liaison, the Commission has:

- appointed a full time media officer who has input at the executive level;
- established appropriate media monitoring;
- consulted working journalists on media facilities at the new premises and as much as possible incorporated their suggestions into the plan;
- established a website at [www.ccc.wa.gov.au](http://www.ccc.wa.gov.au) for media statements and significant speeches; and
- drawn up a media plan for the Commission.

### **5.7.3 THE YEAR AHEAD**

As the Commission reaches its full complement of staff and more operations are brought to a conclusion, it is envisaged that media interest in the Commission will increase substantially. The Commission acknowledges the importance of providing accurate, timely information on its activities to the media where possible.

Public hearings will be an important part of the Commission's work and the Kennedy Royal Commission showed that the media covers these hearings extensively. Similarly, the corruption prevention and education is an important function for the Commission and these activities will be promoted as broadly as possible, particularly in the local and regional media.

## 6.0 CORPORATE GOVERNANCE

### 6.1 ENABLING LEGISLATION

The Corruption and Crime Commission was established on 1 January 2004 in accordance with the *Corruption and Crime Commission Act 2003*.

The Commission is a body corporate in perpetual succession and an independent agency reporting to the Parliament. For budgetary purposes, the Attorney General is the responsible minister.

The Act confers exceptional investigative powers on the Commission and provides important accountability mechanisms to ensure that these powers are used only in circumstances provided for by legislation. This oversight of the Commission is undertaken by a Joint Standing Committee on the Corruption and Crime Commission aided by a Parliamentary Inspector of the Corruption and Crime Commission.

### 6.2 JOINT STANDING COMMITTEE ON THE CORRUPTION AND CRIME COMMISSION

On Tuesday 30 March 2004 the Legislative Assembly passed a resolution to establish the Joint Standing Committee on the Commission and Crime Commission. The Legislative Council agreed to this resolution on 13 May 2004. The functions of the Joint Standing Committee are to:

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

The Joint Standing Committee is made up of members from both Houses of Parliament. The members as at 30 June 2004 are:

|                 |                            |
|-----------------|----------------------------|
| Chairman        | Hon. Derrick Tomlinson MLC |
| Deputy Chairman | Mr John Hyde MLA           |
| Member          | Hon. Cheryl Edwardes MLA   |
| Member          | Hon. Graham Giffard MLC    |

The Commission has provided written responses to a range of questions posed by the Joint Standing Committee and the Commissioner attended and provided verbal supporting information during informal meetings. A formal meeting with the entire Committee was scheduled for 5 July 2004, the outcome of which will be reported in the Annual Report for 2004-2005.

### **6.3 PARLIAMENTARY INSPECTOR**

Section 188 (1) of the Act provides for the establishment of the Office of Parliamentary Inspector. The Parliamentary Inspector is an officer of the Parliament and is responsible for assisting the Joint Standing Committee in the performance of its functions. The functions of the Parliamentary Inspector, detailed at s.195 of the Act, are to:

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

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

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

### **6.4 ACCOUNTING FOR THE USE OF STATUTORY POWERS**

In accordance with s. 91 of the Act, the following powers were exercised by the Commission in the period 1 January to 30 June 2004:

- exceptional powers findings made under s.46 0
- fortification warning notices issued under s.68 1
- notices to produce a statement of information under s.94 1
- notices to produce documents and other things under s.95 66
- summons to witness to attend and produce things under s.96 5
- notices to enter and search public premises under s.100 1
- search warrants issued to the Commission under s.101 0
- approvals for the acquisition and use of assumed identity under s.103 20  
(in addition, a number of other assumed identities continued in force in accordance with s. 69 of the *Corruption and Crime Commission Amendment and Repeal Act 2003*).
- authorities to conduct controlled operations under s.121 0
- authorities for integrity testing programs under s.123 0
- warrants of apprehension issued under s.148 0
- warrants and emergency authorisations issued under the *Surveillance Devices Act 1998* 0
- warrants issued to the Commission under the Telecommunications (Interception) Act 1979 of the Commonwealth 7
- public hearing days 0
- private hearing days 2
- witnesses legally represented 2
- witnesses giving evidence 5
- witnesses who applied for legal aid and/or financial assistance 0

## 6.5 OUTCOME OF COMMISSION ACTIVITIES

A description of the types of allegations received or initiated by the Commission is required to be reported on annually at s.91(2)(b). The following investigations were either initiated by the Commission or received on handover from the Anti-Corruption Commission (ACC) and the Kennedy Royal Commission (KRC):

|       | Police Misconduct | Conflict of Interest | Misappropriation of funds | Other | Total |
|-------|-------------------|----------------------|---------------------------|-------|-------|
| CCC   |                   | 3                    | 3                         | 1     | 7     |
| ACC   | 1                 | 3                    | 3                         | 2     | 9     |
| KRC   | 11                |                      |                           | 1     | 12    |
| Total | 12                | 6                    | 6                         | 4     | 28    |

Section 91(2)(c) of the Act requires the Commission to evaluate the response of appropriate authorities to recommendations made by the it. At this point the Commission has not tabled any reports on matters subject to investigation and no recommendations have been made.

Section 91(2)(d) requires the Commission to report on the general nature and extent of any information furnished under the Act by the Commission to independent authorities. These independent authorities being the:

- Ombudsman;
- Director of Public Prosecutions;
- Auditor General;
- Inspector of Custodial Services; and
- Commissioner for Public Sector Standards.

Other than the routine exchange of information in relation to complaints and notifications, there was no exchange of information or intelligence with the independent agencies as is prescribed by s. 18(g).

The extent to which investigations carried out by the Commission have resulted in prosecutions of public officers, or other persons, or disciplinary action against public officers (s.91(2)(e)) is an area where meaningful information is not currently available. Appropriate recording systems are in the process of development. It is, however, worth commenting that, due to the complex and involved nature of many of the matters that are the subject of investigation by the Commission, many of these matters may take a considerable time before they result in a court appearance or the imposition of disciplinary processes.

## 6.6 COMPLIANCE WITH LEGISLATION

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

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

## 7.0 COMPLIANCE STATEMENTS

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

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

### 7.1 PEOPLE AND COMMUNITIES

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

#### 7.1.1 DISABILITY SERVICES PLAN

Each public authority is required to have a Disability Services Plan in accordance with s.28 of the *Disability Services Act 1993*. However, in respect of newly established agencies such as this Commission, this requirement is satisfied if a plan is established within 12 months of commencement. The Commission undertakes to have its Disability Services Plan established prior to its first anniversary in January 2005.

#### 7.1.2 CULTURAL DIVERSITY AND LANGUAGE SERVICES

The Commission does not currently have any policies or programs that are specifically targeted at persons from a culturally or linguistically diverse background. The development of a register of staff who are multilingual will be developed during 2004 - 2005.

In circumstances where a person from a non-English speaking is required to be interviewed or give testimony, the policy of the Commission requires that the services of an interpreter service be obtained.

#### 7.1.3 YOUTH OUTCOMES

The Commission does not have any policies or programs at present that are specifically targeted at young persons aged 12 - 15 years.

## **7.2 THE ECONOMY**

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

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

## **7.3 THE ENVIRONMENT**

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

### **7.3.1 WASTE PAPER RECYCLING**

Much of the work of the Commission is highly confidential and every effort is made to ensure that waste paper, which may contain confidential information, does not fall into un-authorized hands. To promote security, it is Commission policy that all printed waste paper is shredded. Items of a high security nature are finely shredded, while all other documents are strip shredded. Both these shredded grades of waste, and any non-shredded waste paper, are recycled by the Commission.

Since February 2004 the Commission's recycling agency has collected 89 bins, amounting to 2.77 tonnes of waste paper. It is expected that this rate of waste paper recycling will increase in the coming year in line with increases in the operational activities of the Commission.

### **7.3.2 ENERGY SMART POLICY**

The Commission is currently located in the accommodation previously occupied by the Kennedy Royal Commission, within which it is difficult to identify energy saving potentials in the reporting period. In the first half of 2005, the Commission will be moving to new office accommodation at 186 St George's Terrace where a number of Energy Smart initiatives have been identified for that location, and will be reported on in the 2004 - 2005 Annual Report.

## **7.4 THE REGIONS**

This goal of Government is to ensure that regional Western Australia is strong and vibrant. The Commission's operational activities and its corruption prevention outreach programs have contributed to this goal.

### **7.4.1 REGIONAL DEVELOPMENT POLICY**

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

## **7.5 GOVERNANCE**

This goal of Government is to govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future. The Commission is instrumental in promoting public confidence in government agencies.

### **7.5.1 EQUAL EMPLOYMENT OPPORTUNITY OUTCOMES**

The Commission has yet to develop its Equal Employment Opportunity Management Plan. Development of the plan will be a priority for the Business Services Directorate in 2004/2005.

### **7.5.2 EVALUATIONS**

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

### **7.5.3 INFORMATION STATEMENT**

The Commission is an exempt agency under schedule 2 of the *Freedom of Information Act 1992* and hence there is no requirement to provide an information statement in accordance with s. 96-97 of the *Corruption and Crime Commission Act*.

Despite being an exempt agency, the Commission will endeavour to make as much information available as is possible to interested parties, consistent with operational exigencies and the objectives of the Commission.

### **7.5.4 RECORDKEEPING PLAN**

The *State Records Act 2000* requires at s.19 that each agency has a Recordkeeping Plan. At the reporting date the Commission had yet to determine the software that would form the basis for recordkeeping, and no plan has been submitted to the State Records Commission for approval. It is expected that this matter will be resolved early in the new financial year.

### **7.5.5 PUBLIC SECTOR STANDARDS AND CODES OF CONDUCT**

The Commission complies with the Public Sector Standards in Human Resource Management and the Code of Conduct, and procedures have been designed to ensure such compliance.

## **RECRUITMENT, SELECTION AND APPOINTMENT STANDARD**

Staff of the Commission cannot be appointed for a term exceeding five years, although they are eligible for reappointment. The Commission advertised 72 fixed-term positions of more than six months duration during the reporting period that were covered by the Recruitment, Selection and Appointment Standard.

Three claims of a breach of this Standard were lodged against recruitment processes (4% of advertised positions) with all claims being resolved during the internal review period.

The Commission has been granted exemption by the Public Sector Standards Commissioner for the Recruitment, Selection and Appointment in relation to the recruitment of covert operatives.

## **OTHER STANDARDS**

The Commission received no claims against the other following standards:

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

## **COMPLIANCE WITH THE PUBLIC SECTOR CODE OF ETHICS**

There were no complaints lodged relating to the Public Sector Code of Ethics. During 2004 - 2005 the Commission will develop its own Code of Conduct.

### **7.5.6 PUBLIC INTEREST DISCLOSURES**

The following information is provided to satisfy the reporting requirements of the *Public Interest Disclosure Act 2003*, s.23 (1) (f).

For the period to 30 June 2004, the Director Legal Services exercised the responsibilities of the Public Interest Disclosure Officer. There were no public interest disclosures lodged.

### **7.5.7 ADVERTISING AND SPONSORSHIP EXPENDITURE**

In accordance with s. 175ZE of the *Electoral Act 1907*, the following expenditure was incurred by the Commission during the reporting period in relation to advertising and sponsorship.

|                                  |                  |
|----------------------------------|------------------|
| Advertising agencies             | Nil              |
| Market research organisations    | Nil              |
| Polling organisations            | Nil              |
| Direct mail organisations        | Nil              |
| Media advertising organisations* | <u>73,354.32</u> |
| Total                            | 73,354.32        |

*\*Recruitment advertising accounted for the entirety of the Commission's advertising expenditure.*

#### **MEDIA ADVERTISING**

|                    |                    |
|--------------------|--------------------|
| Marketforce        | \$ 72,156.56       |
| Cambridge Media    | \$ 1,018.18        |
| New Zealand Herald | <u>\$ 1,197.76</u> |
| Total expenditure  | \$ 73,354.32       |

## 8.0 FINANCIAL STATEMENTS

### 8.1 AUDITOR GENERAL'S AUDIT OPINION



AUDITOR **GENERAL**

#### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**CORRUPTION AND CRIME COMMISSION**  
**FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2004**

#### **Audit Opinion**

In my opinion,

- (i) the controls exercised by the Corruption and Crime Commission provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission at June 30, 2004 and its financial performance and cash flows for the six months ended on that date.

#### **Scope**

##### ***The Commissioner's Role***

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

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

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

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

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

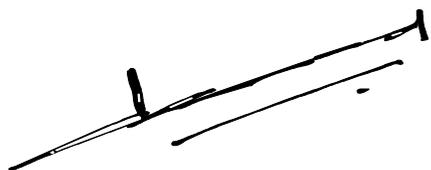
Handwritten signature of D D R Pearson in black ink.

D D R PEARSON  
AUDITOR GENERAL  
September 23, 2004

## 8.2 CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Corruption and Crime Commission have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* with proper accounts and records to present fairly the financial transactions for the six months ended 30 June 2004 and the financial position as at 30 June 2004.

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



**Kevin Hammond**  
**Commissioner**  
**ACCOUNTABLE AUTHORITY**

30 September 2004



**Howard Martin**  
**Manager Finance and Administration**  
**PRINCIPAL ACCOUNTING OFFICER**

30 September 2004

## 8.3 FINANCIAL STATEMENTS

### CORRUPTION AND CRIME COMMISSION STATEMENT OF FINANCIAL PERFORMANCE FOR THE SIX MONTHS 1 JANUARY 2004 TO 30 JUNE 2004

|  | Notes | 2003-04<br>\$'000   |
|--|-------|---------------------|
| <b>COST OF SERVICES</b>                  |       |                     |
| <b>Expenses from ordinary activities</b> |       |                     |
| Employee expenses                        | 3     | 2,756               |
| Superannuation                           |       | 148                 |
| Depreciation and amortization            | 4     | 214                 |
| Supplies and services                    | 5     | 497                 |
| Accommodation                            |       | 563                 |
| Administration                           | 6     | 420                 |
| Capital user charge                      | 7     | 115                 |
| Total cost of services                   |       | <u>4,713</u>        |
| <b>Revenues from ordinary activities</b> |       |                     |
| Revenues from operating activities       |       |                     |
| User charges and fees                    | 8     | 4                   |
| <b>NET COST OF SERVICES</b>              |       | <u><b>4,709</b></u> |
| <b>REVENUES FROM STATE GOVERNMENT</b>    |       |                     |
| Output appropriation                     | 9     | 6,088               |
| Resources received free of charge        | 10    | 14                  |
| Total revenues from State Government     |       | <u>6,102</u>        |
| <b>CHANGE IN NET ASSETS</b>              |       | <u><b>1,393</b></u> |

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

# CORRUPTION AND CRIME COMMISSION

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2004

|                                      | Notes | 2003-04<br>\$'000 |
|--------------------------------------|-------|-------------------|
| <b>CURRENT ASSETS</b>                |       |                   |
| Cash assets                          | 11    | 7,883             |
| Restricted cash assets               | 12    | 195               |
| Other assets                         | 13    | 259               |
| Receivables                          | 14    | 278               |
| <b>Total Current Assets</b>          |       | 8,615             |
| <b>Non-Current Assets</b>            |       |                   |
| Office equipment                     | 16    | 167               |
| Computer equipment                   | 16    | 605               |
| Property, plant & equipment          | 16    | 1,763             |
| Office establishment                 | 16    | 433               |
| Amounts receivable for outputs       | 15    | 2,643             |
| <b>Total Non-Current Assets</b>      |       | 5,611             |
| <b>Total Assets</b>                  |       | <b>14,226</b>     |
| <b>CURRENT LIABILITIES</b>           |       |                   |
| Payables                             | 17    | 272               |
| Other liabilities                    | 18    | 61                |
| Provisions                           | 19    | 561               |
| <b>Total Current Liabilities</b>     |       | 894               |
| <b>Non-Current Liabilities</b>       |       |                   |
| Provisions                           | 19    | 336               |
| <b>Total Non-Current Liabilities</b> |       | 365               |
| <b>Total Liabilities</b>             |       | <b>1,230</b>      |
| <b>NET ASSETS</b>                    |       | <b>12,996</b>     |
| <b>Equity</b>                        |       |                   |
| Contributed equity                   | 20    | 11,603            |
| Accumulated surplus                  |       | 1,393             |
| <b>TOTAL EQUITY</b>                  |       | <b>12,996</b>     |

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

**CORRUPTION AND CRIME COMMISSION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS 1 JANUARY 2004 TO 30 JUNE 2004**

|   | <b>Notes</b> | <b>2003-04<br/>\$'000</b>  |
|---|--------------|----------------------------|
| <b>CASH FLOWS FROM STATE GOVERNMENT</b>             |              |                            |
| Output appropriations                               |              | 5,733                      |
| <b>Net cash provided by State Government</b>        |              | <u><b>5,733</b></u>        |
| <b>Utilised as follows:</b>                         |              |                            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |              |                            |
| <b>Payments</b>                                     |              |                            |
| Employee costs                                      |              | (2,182)                    |
| Superannuation                                      |              | (148)                      |
| Supplies and services                               |              | (464)                      |
| Accommodation                                       |              | (728)                      |
| Administration                                      |              | (266)                      |
| Capital user charge                                 |              | (338)                      |
| GST paid on purchases                               |              | (181)                      |
|   |              | <u>(4,307)</u>             |
| <b>Receipts</b>                                     |              |                            |
| User charges and fees                               |              | 4                          |
| GST collected                                       |              | 5                          |
| GST receipts from taxation authority                |              | 59                         |
|   |              | <u>68</u>                  |
| <b>Net cash used in operating activities</b>        | <b>21</b>    | <u><b>(4,239)</b></u>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |              |                            |
| Purchase of non-current physical assets             |              | (97)                       |
| <b>Net cash used in investing activities</b>        |              | <u><b>(97)</b></u>         |
| Net increase / (decrease) in cash held              |              | 1,397                      |
| Cash assets at the beginning of the financial year  |              | -                          |
| Cash assets transferred from other sources          |              | 6,681                      |
| <b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b> | <b>21</b>    | <u><u><b>8,078</b></u></u> |

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

# CORRUPTION AND CRIME COMMISSION

## 8.4 NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS 01 JANUARY 2004 TO 30 JUNE 2004

### 1. Commission outcomes and funding

The Commission's mission is to provide independent oversight of the activities of public authorities and their employees to ensure that the people of Western Australia receive government services of the highest integrity.

The Commission is funded from parliamentary appropriation.

### 2. Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements.

#### General statement

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

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

#### Basis of accounting

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

**(a) Output appropriations**

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

**(b) Contributed equity**

Under UIG 38 “Contributions by Owners Made to Wholly-Owned Public Sector Entities” transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Net assets transferred to the Commission from other agencies have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.

**(c) Acquisition of assets**

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

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

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

**(d) Depreciation of non-current assets**

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

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

**(e) Employee benefits**

Annual leave

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

## Long service leave

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

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

## Superannuation.

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

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

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

## Employee benefit on-costs

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

## **(f) Cash**

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

## **(g) Receivables**

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

## **(h) Leases**

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

**(i) Accrued salaries.**

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

**(j) Payables**

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

**(k) Resources received free of charge**

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

**(l) Comparative figures**

No comparative figures are presented as this is the first period of operation of the Commission.

**(m) Rounding**

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

|   | <b>2003-04</b><br><b>\$'000</b> |
|---|---------------------------------|
| <b>3 Employee expenses</b>  |                                 |
| Salaries and related costs  | 2,171                           |
| Changes in provision for annual and long service leave entitlements   | 585                             |
|   | <u>2,756</u>                    |
| <b>4 Depreciation and amortisation</b>  |                                 |
| Office equipment  | 8                               |
| Computer equipment  | 48                              |
| Property, plant and equipment   | 80                              |
| Office establishment  | 78                              |
|   | <u>214</u>                      |
| <b>5 Supplies and Services</b>  |                                 |
| Consultants and contractors   | 255                             |
| Travel  | 90                              |
| Staff relocation  | 99                              |
| Audit fees  | 14                              |
| Security  | 39                              |
|   | <u>497</u>                      |
| <b>6 Administration</b>   |                                 |
| Communication   | 70                              |
| Consumables   | 350                             |
|   | <u>420</u>                      |
| <b>7 Capital user charge</b>  |                                 |
| A capital user charge rate of 8% has been set by the Government for 2003/2004 and represents the opportunity cost of capital invested in the net assets of the Commission used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis. |                                 |
| <b>8 User charges and fees</b>  |                                 |
| Contributions by senior officers to the Executive Vehicle Scheme  | 3                               |
| Revenue from other services   | 1                               |
|   | <u>4</u>                        |

2003-04  
\$'000

**9 Revenues from State Government**

**Appropriation revenue received during the year**

|                       |              |
|-----------------------|--------------|
| Output appropriations | <u>6,088</u> |
|                       | 6,088        |

The following assets and liabilities have been assumed from other state government agencies during the year at no charge:

|                                |               |
|--------------------------------|---------------|
| Cash at bank                   | 6,076         |
| Restricted cash                | 195           |
| Receivables                    | 221           |
| Office equipment               | 151           |
| Computers and equipment        | 587           |
| Property, plant and equipment  | 1,834         |
| Office establishment           | 513           |
| Amounts receivable for outputs | 2,288         |
| Payables                       | (185)         |
| Accrued salaries               | (77)          |
|                                | <u>11,603</u> |
|                                | <u>17,691</u> |

Output appropriations are accrual amounts reflecting the full costs of outputs delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

The transfers of assets and liabilities are in the nature of contributions by owners and the net contribution has been credited directly to equity. The assets and liabilities have been assumed at the fair value that can be reliably determined.

**10 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                | <u>14</u> |

**11 Cash assets**

Operating bank account, cash and advances

**2003-04**  
**\$'000**

**12 Restricted cash assets**

Current

Accrued salaries suspense account

195

Amount held in the suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years. The next year in which this occurs is 2004-05.

**13 Other assets**

Prepayments

**14 Receivables**

GST receivable

117

Other debtors

161

278

**15 Amounts receivable for outputs**

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

**16 Non-current assets**

Office equipment

At cost

22

At fair value (deemed cost)

151

Accumulated depreciation

(6)

167

Computer equipment

At cost

66

At fair value (deemed cost)

587

Accumulated depreciation

(48)

605

Property, plant and equipment

At cost

9

At fair value (deemed cost)

1,834

Accumulated depreciation

(80)

1,763

Office establishment

At fair value (deemed cost)

513

Accumulated depreciation

(80)

433

**2003-04**  
**\$'000**

|       |                             |              |
|-------|-----------------------------|--------------|
| Total | At cost                     | 97           |
|       | At fair value (deemed cost) | 3,085        |
|       | Accumulated depreciation    | <u>(214)</u> |
|       |                             | <u>2,968</u> |

Reconciliation

|                                      | Office<br>equipment | Computer<br>equipment | Property,<br>plant &<br>equipment | Office<br>establish<br>ment | Total        |
|--------------------------------------|---------------------|-----------------------|-----------------------------------|-----------------------------|--------------|
|                                      | \$'000              | \$'000                | \$'000                            | \$'000                      | \$'000       |
| Carrying amount at start of the year | -                   | -                     | -                                 | -                           | -            |
| Purchases                            | 22                  | 66                    | 9                                 | -                           | 97           |
| Transfers in from other agencies     | -                   | -                     | -                                 | -                           | -            |
| Disposals                            | 151                 | 587                   | 1,834                             | 513                         | 3,085        |
| Revaluation increments               | -                   | -                     | -                                 | -                           | -            |
| Depreciation                         | (6)                 | (48)                  | (80)                              | (80)                        | (214)        |
| Write-offs                           | -                   | -                     | -                                 | -                           | -            |
| Carrying amount at end of the year   | <u>167</u>          | <u>605</u>            | <u>1,763</u>                      | <u>433</u>                  | <u>2,968</u> |

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

**17 Payables**

Amounts payable for goods and services received

**18 Other liabilities**

Accrued salaries

**19 Provisions**

Current liabilities

|                    |            |
|--------------------|------------|
| Annual leave       | 304        |
| Long service leave | <u>257</u> |
|                    | <u>561</u> |

Non-current liabilities

|                    |            |
|--------------------|------------|
| Long service leave | <u>336</u> |
|--------------------|------------|

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included in these totals

2003-04  
\$'000

Employee benefit liabilities

The aggregate employee benefit liability recognised and included in the financial statements is as follows:

Provision for employee benefits:

|             |            |
|-------------|------------|
| Current     | 561        |
| Non-current | 336        |
|             | <u>897</u> |

The Commission considers the carrying amount of employee benefits approximates the net fair value.

**20 Equity**

Contributed equity

|                         |               |
|-------------------------|---------------|
| Opening balance         | -             |
| Contributions by owners | 11,603        |
| Closing balance         | <u>11,603</u> |

These contributions by owners represent net assets transferred to the Commission from other agencies.

Accumulated surplus

|                      |              |
|----------------------|--------------|
| Opening balance      | -            |
| Change in net assets | 1,393        |
| Closing balance      | <u>1,393</u> |

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

**Reconciliation of cash**

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

|                        |              |
|------------------------|--------------|
| Cash assets            | 7,883        |
| Restricted cash assets | 195          |
|                        | <u>8,078</u> |

**2003-04**  
**\$'000**

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

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

|   |                |
|---|----------------|
| Net cost of services                    | <u>(4,709)</u> |
| Non cash items                          |                |
| Depreciation expenses                   | 214            |
| Resources received free of charge       | 14             |
| (Increase) / Decrease in assets         |                |
| Other assets                            | (259)          |
| Receivables                             | (71)           |
| Increase / (Decrease) in liabilities    |                |
| Payables                                | 272            |
| Other Liabilities                       | 61             |
| Provisions                              | 585            |
| Change in GST in receivables / payables | (117)          |
| Liabilities extinguished                | (229)          |
| Net cash used in operating activities   | <u>(4,239)</u> |

**22 Remuneration of members of the Accountable Authority and Senior Officers**

**a) Remuneration of members of the Accountable Authority**

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

|        |   |        |  |                |
|--------|---|--------|--|----------------|
| \$     |   | \$     |  | <b>2003-04</b> |
| 50,001 | - | 60,000 |  | 1              |

The total remuneration of the members of the Accountable Authority is: 58

The superannuation included here represents the superannuation expense incurred by the Commission in respect of members of the Accountable Authority.

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

**b) Remuneration of Senior Officers**

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

| \$     |   | \$     | 2003-04   |
|--------|---|--------|-----------|
| 10,001 | - | 20,000 | 3         |
| 20,001 | - | 30,000 | 1         |
| 30,001 | - | 40,000 | 2         |
| 50,001 | - | 60,000 | 3         |
| 70,001 | - | 80,000 | 1         |
|        |   |        | <u>10</u> |

The total remuneration of senior officers is:

377

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

No Senior Officer is a member of the Pension Scheme.

**23 Explanatory Statement**

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

There was an amount set aside in the Budget Statements of \$11m as an administered item under the Department of Justice, for a contribution to the Corruption and Crime Commission. This was taken over by the Commission and the amounts disclosed in the Statement of Financial Performance and Statement of Cash Flows were drawn down. The remainder was not required for operations during the six months

As there was no published budget it is not possible to disclose significant variations between estimates and actual results for the period.

As this is the first period of operation of the Commission, comparison of revenues and expenditures in the current period with those of the preceding financial year is not possible.

**24 Lease commitments**

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

|  |              |
|--|--------------|
| within 1 year                                | 1,679        |
| later than 1 year and not later than 5 years | 270          |
| later than 5 years                           | -            |
|  | <u>1,949</u> |

## 25 Additional financial instruments disclosures

### a) Interest rate risk exposure

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

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

### 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 financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the Financial Statements.

## 26 Supplementary financial information

No write-offs were made during the reporting period.

## 27 The Impact of adopting International Accounting Standards

The Australian Accounting Standards Board (AASB) is adopting the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005.

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date.

To manage the transition to Australian equivalents to International Financial Reporting Standards, relevant staff at the Commission have been following pronouncements and attending briefing sessions and technical presentations on the topic.

The Commission does not anticipate that there will be any significant differences in accounting policies arising from adoption of Australian equivalents to International Financial Reporting Standards.

## 8.5 PERFORMANCE INDICATORS

The Commission provides independent oversight of the activities of public authorities and their employees to ensure that the people of Western Australia receive government services of the highest integrity. This contributes to the Government's goal to govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future. In order to provide a guide as to the success of the Commission in meeting this goal, the following outcome statements have been developed:

**OUTCOME:** Improved integrity and reduced incidence of misconduct in the public sector.

**OUTCOME:** Appropriate use of powers to address organised crime.

The satisfaction of these outcome statements can be gauged by reference to the following three output based performance indicators:

### **OUTPUT 1: INVESTIGATIONS INTO MISCONDUCT IN THE PUBLIC SECTOR**

The Commission conducts investigations into allegations of misconduct across the entire public sector including police. Following assessments of an allegation, the Commission may investigate or take action itself, work in cooperation with another independent agency or appropriate authority, or refer the allegation to an independent agency or authority for action. The Commission will then oversee investigations or actions referred to an authority.

### **OUTPUT 2: CORRUPTION PREVENTION REVIEWS AND EDUCATION AWARENESS SESSIONS**

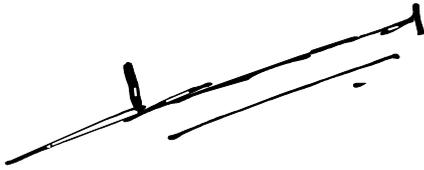
As one of its main functions the Commission has a 'prevention and education' function to help public authorities improve the integrity of their organisations and reduce the incidence of misconduct. This is achieved through education and research programs and through assisting in the identification and introduction of corruption prevention strategies.

### **OUTPUT 3: INVESTIGATIONS FACILITATED INTO ORGANISED CRIME**

The Commission has a role to combat and reduce the incidence of organised crime through authorising the use of exceptional; and coercive powers upon application by the Commissioner of Police.

## 8.6 CERTIFICATION OF PERFORMANCE INDICATORS

The Commission will not be fully functional until 2004 - 2005 and no meaningful result can be obtained from 2003 - 2004. The performance indicators for 2004 - 2005 have been included, as they do serve as evidence that the indicators that will be used are relevant and appropriate, and will assist users to assess the performance of this Commission in the coming year. It does, however, need to be recognised that these performance indicators were developed prior to the completion of the recruitment process for the Directors, and that some modification may be required to better reflect the Commission's strategic plan.

A handwritten signature in black ink, appearing to read 'Kevin Hammond', written over a set of three parallel horizontal lines.

**Kevin Hammond**  
**COMMISSIONER**

30 September 2004