

ANNUAL REPORT 2002-2003





ABN 22 870 745 340

The Hon Dr Meredith Burgmann MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon John Aquilina MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Madam President and Mr Speaker

In accordance with section 12 of the *Annual Reports (Departments) Act 1985* and section 99 of the *Police Integrity Commission Act 1996*, the Commission hereby furnishes to you the Police Integrity Commission Annual Report for the year ended 30 June 2003.

This Annual Report has been prepared in accordance with the requirements of the *Annual Reports (Departments) Act 1985* and the *Police Integrity Commission Act 1996*.

I draw your attention to section 103(2) of the *Police Integrity Commission Act 1996*, pursuant to which I recommend that this Annual Report be made public forthwith.

Yours faithfully

T P Griffin
Commissioner

October 2003

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1. COMMISSIONER'S REPORT

This is my second Annual Report as Commissioner of the Police Integrity Commission. I am pleased to report that it has been an eventful year with particularly pleasing results in a number of areas.

Through its Operation Malta Report, the Commission clarified the circumstances surrounding allegations of serious misconduct, including allegations that senior police were obstructing the reform of NSW Police. It should be reassuring to the community of NSW that there was no evidence of such obstruction identified by the Commission during its detailed investigation into the allegations. It will be similarly reassuring that during Operation Ibis no evidence was identified to support an allegation that a Government Minister had engaged in alleged criminal conduct.

The year has also been productive in terms of investigation results. The Commission:

- ❑ referred briefs of evidence concerning 12 individuals and 49 charges to the Office of the Director of Public Prosecutions for consideration;
- ❑ continued to publicly expose serious corrupt conduct through the Operation Florida hearings; and
- ❑ made 19 recommendations for improvements to systems and the conduct and management of internal investigations.

The period 2002-2003 also saw the release by the Commission of the second of its ongoing audits of the quality of NSW Police investigations into serious police misconduct, the Dresden II Report. The report noted improvements in investigation planning and the use of appropriate strategies by NSW Police in these investigations, but only marginal improvements in overall quality of investigations and results. I do note, however, that NSW Police has implemented substantial changes to the means by which it internally manages complaint investigations. For example, NSW Police is in the process of introducing accountable Complaint Management Teams in each Command to own and oversight all complaint investigations. Improvements in quality which arise from these changes are expected to be reflected in the next Dresden Audit.

During the year, the Commission commenced a new body of work examining illicit drug use by some police officers. As is noted elsewhere in this report, the project will involve both investigative work and the collection of information from relevant academics and other recognised experts, oversight bodies and other industries, with a view to developing a best practice approach to addressing drug use by police. This matter was declared an investigation following the conclusion of the reporting year and is codenamed Operation Abelia.

Many police and police oversight agencies in Australia and overseas are concerned about illicit drug use by sworn officers. It is also a current area of concern in a range of other industries where the actions of drug-affected individuals can have extreme results. Drug use by police has the capacity to adversely impact the professionalism and effectiveness of NSW Police, the

integrity and health of the individuals concerned and the safety of colleagues and the community.

The work proposed by the Commission is at the forefront in this area and a number of agencies are looking to the Commission's work for guidance. Operation Abelia is progressing well and the efforts of the investigations and research staff involved to date have been rewarding. I should also acknowledge the continuing assistance of the staff of NSW Police and the NSW Police Association, whose co-operation in this project has been exceptional.

It should be noted that effective co-operation with other agencies, particularly NSW Police, featured prominently during the reporting year. There were a number of examples, some of which are contained in this report, where the Commission was able to assist, to varying degrees, investigations by other agencies.

During the period, the Commission completed and implemented the *2003-2006 Corporate Plan and Performance Measurement Framework*, which provides the NSW community and other stakeholders with an indication of what we intend to achieve over the next three years, how we will go about achieving our objectives and the means by which we will measure and report on our results.

Finally, a word of thanks to the staff of the Commission for their commitment and professionalism during the year. It is through their efforts that the Commission has been able to achieve the results that it has, results of which they can be proud.



T P Griffin
Commissioner

2. CORPORATE OBJECTIVES AND PERFORMANCE MEASUREMENT FRAMEWORK

During the reporting period, the Commission finalised its Corporate Planning and Performance Measurement Framework for 2003-2006. This is the second of the Commission's Corporate Plans and the first effort by the Commission in the development of an Outputs/Outcomes based approach to performance measurement.

It is anticipated that the Performance Measurement Framework will evolve over time, as benchmarks are set and measures adjusted as the Commission becomes more familiar with the approach. As a prelude to the preparation of the Annual Report, a review was conducted of the Framework to ensure the measures remained valid in practice. A number of minor changes have been made to the wording of some measures to improve clarity and simplify data collection and performance reporting. Changes to individual measures have been noted in the Performance Overview section of this Report.

OUR VISION

Confidence in the integrity of NSW Police.

OUR MISSION

To be an effective agent in the reduction of serious police misconduct.

OUR VALUES

- ☐ integrity
- ☐ our independence
- ☐ accountability
- ☐ our staff
- ☐ continuous improvement

OUR BUSINESS

Our business is:

- ☐ to detect and expose serious police misconduct;
- ☐ to deter police from engaging in serious misconduct;
- ☐ to oversight or review certain police activities; and
- ☐ to make recommendations for reform in NSW Police

and by these actions prevent serious police misconduct and assure the community that there is vigilant oversight of police in New South Wales.

OUR CHARTER

The Commission was established upon the recommendation of the Royal Commission into the New South Wales Police Service, "the Royal Commission". The Commission is a statutory corporation constituted under the *Police Integrity Commission Act 1996*, "the Act".

The Act sets out the principal functions and powers of the Commission in section 13. The principal functions of the Commission can be summarised briefly as preventing, detecting and investigating serious police misconduct and managing or overseeing other agencies in the detection and investigation of serious police misconduct and other police misconduct (as it sees fit). The Commission is also empowered to manage those matters not completed by the Royal Commission. The Commission is required, as far as practicable, to turn its attention particularly to serious police misconduct.

Other functions of the Commission described in the Act relate to police activities and education programs (s14), the qualitative and strategic audit of the reform process (s14A) and the collection of evidence and information (s15).

OUR OBJECTIVES

The Objectives detailed below reflect the three key reference points for our work and guide the Commission in achieving results in seven outcome areas. Further details on Commission strategies, outputs, outcomes, and associated performance measures, are contained in the Commission's Corporate Plan and Performance Measurement Framework which is available directly from the Commission or from the Commission's website.

OBJECTIVE 1

Effective Deterrence

To contribute to the effective deterrence of serious police misconduct

OBJECTIVE 2

Ongoing Reform

To ensure the development and provision of high quality advice on police reform

OBJECTIVE 3

Improved Assurance

To improve the level of assurance in the community of NSW that there is vigilant oversight of police

PERFORMANCE MEASURES

With finalisation of the Commission's Corporate Plan and Performance Measurement Framework, the Commission now measures and reports on performance in terms of the seven outcome areas listed above. The performance measures, targets and results for the reporting period are listed in the Performance Overview Section which follows.

OUTCOME AREAS

- ❑ Identification
- ❑ Exposure
- ❑ Clarification
- ❑ Addressing serious police misconduct
- ❑ Awareness
- ❑ Improvements in practices
- ❑ Improvements in investigations

3. PERFORMANCE OVERVIEW 2002-2003

IDENTIFICATION OUTCOMES

Identification of aspects of the nature and extent of, opportunities for, factors contributing to, and evidence of, serious police misconduct.

There were 59 full and preliminary investigations open during the year, including 11 major¹ investigations. 26 investigations were concluded during the year, with the following reports released:

- ❑ a s96(2) report to Parliament for Operation Jetz that considered allegations of misconduct by specific officers with respect to the NSW Police promotional system;
- ❑ a s96(2) report to Parliament for Operation Malta that considered, among other things, allegations that senior police were obstructing the reform of NSW Police;
- ❑ a report to Parliament for Project Dresden II, an audit of the quality of NSW Police internal investigations;
- ❑ a s77(1) referral to the Commissioner of Police for Operation Mosaic, considering the circumstances surrounding a substantial procurement of radio communications;
- ❑ a s77(1) referral to the Commissioner of Police for Operation Nevada, considering an allegation of the involvement of a police officer in the death of a juvenile at Wagga Wagga in 1998; and,
- ❑ a report under s14A(5) to the Minister containing the Commission's comments and recommendations in respect of the final report of the Qualitative and Strategic Audit of the Reform Process (QSARP) in NSW Police.

¹ Investigations involving sustained use of resources: more than one investigator full time and the use of special powers and physical and/or electronic surveillance.

The reports identify issues concerning, among other things:

- ❑ specific misconduct;
- ❑ NSW Police secondment procedures;
- ❑ aspects of the NSW Police promotional system;
- ❑ the quality and conduct of internal investigations;
- ❑ NSW Police procurement practices;
- ❑ brief handling practices; and
- ❑ the progress of reform in NSW Police.

Measures	Target	Result
<i>Outcome Measure:</i> Proportion of convictions in prosecutions that arise from investigations in which the Commission is involved. ²	N/A	N/A
<i>Output Measure:</i> Ratio of Commission reports that identify aspects of the nature and extent of, opportunities for, or factors contributing to, serious police misconduct. ³	1 : 0.8	5 : 5 (1 : 1)

² This measure has been reviewed and is now not to be used for performance reporting, due to wide variations in the extent to which the Commission contributes evidence to prosecution briefs in joint investigations. Figures aggregated for all investigations in which the Commission is involved can be misleading. Prosecutions and results for Commission and joint investigations are listed in Appendix 5 and discussed in context in the Summary of Operations Review.

³ This measure has been reviewed and a ratio is now used rather than a percentage, which varies disproportionately when small changes occur in what are small numbers of reports.

EXPOSURE OUTCOMES

Exposure of aspects of the nature and extent of, opportunities for, and factors contributing to, serious police misconduct.

Public hearings have been conducted for 3 out of 11 major investigations, ie 27%, that were open during the year: Operations Florida, Malta, Jetz.

There were a total of 28 days of public hearings conducted during the reporting year, all of which related to Operation Florida. The hearings considered evidence relating to several allegations of perverting the course of justice and matters arising from alleged corrupt payments. Private hearings for Operation Florida were ongoing at the time of writing this report. A report to Parliament for Operation Florida is being prepared. The final outcomes of Operation Florida will be reported in next year's Annual Report.

There were also 55 private hearing days during the year, compared with 35 and 72 days in 2001-02 and 2000-01 respectively.

Measures	Target	Result
<i>Output Measure:</i> Ratio of Commission reports that identify aspects of the nature and extent of, opportunities for, or factors contributing to, serious police misconduct. ⁴	1 : 0.8	5 : 5 (1 : 1)
<i>Output Measure:</i> Proportion of major investigations for which public hearings are conducted and/or a report issued.	30%	27%
<i>Output Measure:</i> Number of public hearing days.	40 days	28 days
<i>Output Measure:</i> Ratio of number of public hearing days to the number of days to release a report after submissions have been concluded ⁵ .	N/A	N/A

⁴ This measure has been reviewed and a ratio is now used rather than a percentage which varies disproportionately when small changes occur in what are small numbers of reports.

⁵ This measure has been reviewed and is now not to be used for performance reporting, as time taken to release the report is subject to other variables. Refer to *Report on the Practices and Procedures of the Police Integrity Commission*, Inspector Police Integrity Commission, 2003, paras. 4.74, 4.75 & 4.77.

CLARIFICATION OUTCOMES

Clarification of circumstances surrounding matters where serious police misconduct has been alleged

To measure its performance in regard to this outcome, the Commission obtains feedback from an external panel on certain of its reports. Reports selected for consideration are those which predominantly seek to clarify the circumstances surrounding matters where serious police misconduct has been alleged. In such circumstances performance measurement by the usual means (number of recommendations for prosecutions, disciplinary action, or improvements in practices) may not be appropriate.

The Operation Malta report, released in February 2003, was considered suitable for submission to an external panel for the purpose of obtaining such feedback. The Commission sought advice on whether the report had adequately clarified the issues and the evidence upon which the Commission relied in forming its assessments and opinions. The Operation Malta report was the first Commission report to be reviewed by an external panel. Details of Operation Malta are contained in the Summary of Operations Review.

The panel for the Operation Malta report consisted of the chief executives⁶ from the Independent Commission Against Corruption, the Crime and Misconduct Commission, the Community Relations Commission, the Administrative Appeals Tribunal, the NSW Auditor and the St James Ethics Centre. Panel members were asked to consider four questions pertaining to the clarity of the allegations, the relevance of material presented in the report, the relevance of assessments and opinions expressed in the report and the validity

of the assessments and opinions based upon the material presented.

In the case of Operation Malta, all six responses indicated the report met or exceeded the 'satisfactory' standard in respect of each of the criteria referred to above. It is reasonable to infer from the responses that the Operation Malta report clarified the circumstances surrounding matters where serious police misconduct has been alleged, and to which the report related.

Measures	Target	Result
<i>Outcome Measure:</i> Majority of an external panel advise that a report clarifies the circumstances surrounding matters where serious police misconduct has been alleged to the level of satisfactory or better. ⁷	Yes	Yes

⁶ In one case a senior officer was nominated by the chief executive to undertake the review.

⁷ This measure has been reviewed and was adjusted to improve clarity and to ensure consistent application over time.

ADDRESSING SERIOUS POLICE MISCONDUCT - OUTCOMES

Serious police misconduct which has been identified is addressed.

Investigations resulted in recommendations for disciplinary action in respect of 9 officers during the year (Operation Jetz). Final responses have been received in respect of 8 of these recommendations. In each case, the recommendations, or a satisfactory alternative, have been accepted.

In addition, the Commissioner of NSW Police independently took action under s181D of the *Police Act 1990* against a further three officers who gave evidence in the Operation Jetz public hearings. Two of these officers have since resigned and another has been dismissed. This last officer has since appealed to the Industrial Relations Commission and has been reinstated. By way of conciliation, other management action has since been taken against this officer.

During the year, NSW Police provided advice on the implementation of a further 7 recommendations for disciplinary action arising from previous Commission investigations. All 7 recommendations (100%) were accepted, or a satisfactory alternative agreed, and have been actioned.

Investigations resulted in briefs of evidence for 12 persons and a possible 49 charges being referred to the Office of the Director of Public Prosecutions (ODPP). The Commission has received a response from the ODPP in regard to briefs for 3 persons and 22 potential charges. All 22 charges (100%) are to proceed to prosecution. The remaining briefs for 10⁸ persons and 27 potential charges are still being considered by the ODPP. Outcomes in regard to these

matters will be reported next year. The details of current prosecutions arising from Commission and joint investigations are contained in Appendix 5. Details of prosecutions for a number of major investigations are contained in the Summary Review of Operations.

Measures	Target	Result
<i>Outcome Measure:</i> The proportion of recommendations relating to potential criminal charges which proceed to prosecution. ⁹	80%	100%
<i>Outcome Measure:</i> The proportion of recommendations relating to disciplinary action that are accepted by NSW Police.	80%	100%
<i>Outcome Measure:</i> Success rate for confiscation proceedings under the <i>Criminal Assets Recovery Act 1990</i> ¹⁰	1 : 1	N/A ¹¹
<i>Output Measure:</i> Number of participations/ representations in education or prevention programs/ seminars/ presentations/reviews/ discussion panels.	To be set after year 1.	22

⁸ One person is duplicated in both sets of figures.

⁹ This measure has been reviewed and adjusted. It refers now to 'potential charges' rather than 'prosecutions', for clarity, and to 'proceed to prosecution' which is a higher standard than the original 'prima facie'.

¹⁰ This measure reviewed and a ratio is now used rather than a percentage, due to the small numbers of such proceedings.

¹¹ No confiscation proceedings were finalised during the reporting period which were not otherwise captured in the 2001-2002 Annual Report.

AWARENESS OUTCOMES

Increased community and other stakeholder awareness of the nature and extent of aspects of, opportunities for, and factors contributing to, serious police misconduct.

Three public reports were released during the year: Operations Malta and Jetz and Project Dresden II.

Downloads of documents, including these reports, and Commission reports generally, from the Commission's website increased by 150% during the month of the release of the Malta and Jetz Reports.

The rate at which Category One complaints are made direct to the Commission has varied over the last three years from 22% (2000-01) to 47% (2001-02) and, in this reporting period, 36%. The large proportion of complaints made direct to the Commission in 2001-02 coincided with an increase in the number of public hearing days conducted by the Commission for Operations Florida, Jetz and Malta.

These figures tend to indicate an awareness of the role and outputs of the Commission. Consequential awareness of the matters identified and addressed by the Commission can be reasonably inferred.

Measures	Target	Result
<i>Outcome Measure:</i> Number of references in media to Commission investigations/projects.	N/A	1472
<i>Outcome Measure:</i> Proportion of Category 1 complaints which are made direct to the Commission.	30%	36%
<i>Outcome Measure:</i> Ratio of number of Commission reports downloaded from the Commission's website following public release to the annual average of reports downloaded. ¹²	To be set after year 1	1.5 : 1
<i>Output Measure:</i> Number of public hearing days.	40 days	28 days

¹² Formerly a 'quarterly' average. Changed to 'annual' average due to insufficient totals for averaging purposes per quarter.

IMPROVEMENTS IN PRACTICES - OUTCOMES

Improvements in NSW Police systems, practices and standards to reduce opportunities for serious police misconduct.

The Commission made a total of 19 recommendations during the year¹³ concerning possible improvements in systems and practices focusing on, among other things, NSW Police secondment procedures, the quality and conduct of internal investigations and NSW Police procurement practices. In addition, NSW Police independently made improvements to the promotional system and brief handling practices based, in part, upon evidence derived from Commission hearings and joint investigations.

During the year, the Commission received a final response in regard to 8 of the 19 recommendations mentioned above. Each of the 8 recommendations was accepted or a satisfactory alternative agreed.

Also, during the reporting period, NSW Police provided advice on the implementation of a further 45 recommendations relating to improvements in NSW Police systems arising from some previous Commission investigations¹⁴. NSW Police advise that, of the 45 recommendations, 37 (82%) have now been implemented.

Measures	Target	Result
<i>Outcome Measure:</i> Proportion of recommendations relating to law reform and improvements in the practices of NSW Police or other relevant agencies that are accepted.	80%	100%
<i>Output Measure:</i> Number of issues identified in Commission hearings and reports which result in a change in police practice.	N/A	45
<i>Output Measure:</i> Ratio of the number of opportunities or factors contributing to serious police misconduct identified to the number of recommendations for improvement made.	1 : 1	1 : 1.1
<i>Output Measure:</i> Proportion of recommendations for improvements in practices of NSW Police where consultation has occurred.	80%	84%

¹³ Contained in the reports of Operations Malta, Nevada, Mosaic (including 5 draft recommendations which were referred to in last year's Annual Report) and Project Dresden II.

¹⁴ Recommendations for Operations Warsaw and Belfast were implemented some time ago and are no longer included.

IMPROVEMENTS IN INVESTIGATIONS - OUTCOMES

Improvements in the quality of investigations by police into serious police misconduct.

The Commission employs two approaches to monitoring the quality of NSW Police investigations of serious police misconduct. The Commission monitors individual investigations of serious police misconduct and makes recommendations for improvements in the conduct of those investigations. The Commission also conducts a regular audit of a large sample of completed investigations as part of the Dresden Project.

Recommendations arising from monitoring a single investigation are unlikely to have an impact on improving the quality of internal investigations across NSW Police. The focus of the Dresden Project, however, is broader and its recommendations are concerned with organisation-wide improvements. The Commission's performance in regard to Dresden is the key means by which the Commission's outcomes are measured and reported.

The Commission has set a target of completing one Dresden audit every three years with a sample size of 25% of all Category One investigations conducted by NSW Police. The Dresden II Project report was released in June 2003 and contained 11 recommendations for improvements in systems and processes. The report is discussed further in the Summary of Operations Review. The NSW Police response to the recommendations contained in the Dresden Project Report will be reported next year.

Measures	Target	Result
<i>Outcome Measure:</i> Proportion of recommendations relating to law reform and improvements in the practices of NSW Police or other relevant agencies that are accepted.	80%	100%
<i>Output Measure:</i> Number of special audits of the quality of investigations by police into serious police misconduct.	1 per 3 years	1
<i>Output Measure:</i> Proportion of investigations included in the sample used for special audits of the quality of investigations by police into serious police misconduct.	25%	24.6%

PLANS FOR 2003-2004

Key aspects of the Commission's plans to achieve results in its outcome areas for the next reporting year are as follows:

- ❑ The research and investigations which constitute Operation Abelia will be progressed as a major Commission priority. Further projects are being developed and planning for Dresden III is also expected to commence.
- ❑ In its investigations and projects, the Commission will continue to focus on those NSW Police policies, supervisory practices and other factors which provide opportunities for serious police misconduct.
- ❑ Subject to investigations being concluded, the Operation Florida Report is expected to be furnished to Parliament.
- ❑ The target for acceptance of recommendations made by the Commission concerning improvements in the practices of NSW Police, and for disciplinary action, has been raised to 100%. To achieve this result the Commission will maintain effective cross-discipline involvement in the development of measures for reducing opportunities for serious police misconduct, consulting with NSW Police when appropriate and seeking external expert advice as necessary.
- ❑ The Commission will continue to focus on serious police misconduct, particularly on investigations with a capacity to achieve substantial impact in terms of exposing and deterring serious police misconduct. Six major investigations undertaken during the reporting year remain ongoing, and a further 3 major investigations have commenced since the end of the reporting period.
- ❑ The Commission will continue to undertake joint matters and, where appropriate, use special powers to assist in NSW Police internal investigations.
- ❑ The Commission will increase its visibility in NSW Police through visits to regional areas. Where appropriate, the Commission will hold hearings in public to expose and deter serious police misconduct and to improve community and other stakeholder awareness of aspects of the nature and extent of serious police misconduct.

4. ACCOUNTABILITY

This section of the Annual Report contains an overview of the structure of the Commission and details of the accountability regime set in place to monitor and review certain Commission activities.

THE EXECUTIVE

The Commissioner	Mr Terence P Griffin
The Assistant Commissioner	Mr G E (Tim) Sage
The Director, Operations	Mr Andy Nattress
The Director, Corporate and Information Services	Mr Dave Rawson

CHANGES IN ORGANISATIONAL STRUCTURE

There were no changes to the Commission's Executive, or the organisational structure, during the 2002-2003 reporting year.

THE PARLIAMENTARY JOINT COMMITTEE

The functions of the Committee on the Office of the Ombudsman and the Police Integrity Commission (“the Committee”), as they relate to the Commission, are set out in s95 of the Act.

The Committee is made up of seven members: three members of, and appointed by, the Legislative Council; and four members of, and appointed by, the Legislative Assembly.

As at 30 June 2003 the members of this Committee were:

- ❑ Mr Paul Gerard Lynch, MP, Member for Liverpool (Chairperson) (ALP).
- ❑ Ms Jan Burnswoods, MLC, (Vice-Chairperson) (ALP).
- ❑ Mr Malcolm John Kerr, MP, Member for Cronulla (LIB).
- ❑ The Hon Peter James Breen, MLC (Reform the Legal System).
- ❑ The Hon David Clarke, MLC (LIB).
- ❑ Ms Noreen Hay, MP, Member for Wollongong (ALP).
- ❑ Mr Geoffrey Corrigan, MP, Member for Camden (ALP).

Interaction between the Parliamentary Joint Committee and the Police Integrity Commission

In the latter half of 2002, the Committee conducted an inquiry into trends in police corruption. As part of its inquiry, several senior officers from the Commission were served with summonses to give evidence before the Committee on 20 September

2002. As is its practice, the Committee provided written questions on notice, and the answers to these were provided to the Committee in evidence.

In December 2002, the Committee concluded its inquiry and published a report on its findings entitled *Research Report on Trends in Police Corruption*. The report contained two recommendations:

1. The Police Integrity Commission consider conducting research into the officers who are removed from NSW Police under s181D or who resign when s181D proceedings are initiated.
2. The Police Integrity Commission and the NSW Ombudsman consider assisting NSW Police in establishing the indicators for an Early Warning System to identify and assist vulnerable officers.

On 3 March 2003, Commissioner Terence Griffin wrote to the Committee advising that the Commission had accepted its recommendations and that work had been undertaken in relation to them.

THE INSPECTOR, POLICE INTEGRITY COMMISSION

The Hon M D Ireland QC was appointed as the Inspector of the Police Integrity Commission on 12 June 2002.

The principal functions of the Inspector¹⁵ are to:

- ❑ audit the operations of the Commission for the purpose of monitoring compliance with the law of the State;
- ❑ deal with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission; and
- ❑ to assess the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

The Inspector meets regularly with the Commissioner, the Assistant Commissioner and, as the need arises, other senior officers of the Commission. The Inspector has independent access to all records of the Commission, other than a small quantity of certain material obtained by telecommunications interception. In the reporting year, the Inspector conducted a review of the practices and procedures of the Commission, which will be reported on in Section 6 of this report.

¹⁵ Sub-section 89(1) of the *Police Integrity Commission Act 1996*

5. SUMMARY REVIEW OF OPERATIONS

The purpose of this section of the Annual Report is to outline the main investigations and projects conducted or initiated by the Commission in the 2002-2003 reporting year. Further progress is also reported in relation to investigations where operational activity concluded prior to 2002-2003.

PROJECT ABELIA

Project Abelia is a new body of work for the Commission. Further information will be reported in due course as appropriate.

During the year the Commission commenced a project to examine the use of illicit drugs and the abuse of prescription drugs by some police officers in NSW. As part of a strategy to minimise such drug use, this project seeks both to investigate the nature of the problem and to examine relevant NSW Police policies, procedures and training materials.

Drug use by police has the capacity to adversely impact the professionalism and effectiveness of NSW Police, the integrity and health of the individuals concerned and the safety of colleagues and the community.

The Commission has had an interest in this area for some time. It has been concerned about the possible extent of prohibited drug use by some police since the Operation Saigon investigation which concluded in 2001. In subsequent investigations, such as Dakota and Regal, the Commission noted incidents of young, uniformed officers attending nightclubs, taking illicit drugs and associating with drug dealers. Investigations conducted by NSW Police Special Crime and Internal Affairs have similarly revealed officers who have been involved in the use of drugs.

The Commission flagged this as an area of concern during its Parliamentary Committee's hearings in September 2002 as part of that Committee's research into Trends in Police Corruption.

To inform the Commission's work in this area, the Commission has commenced a comprehensive research project that incorporates:

- ❑ consultation with a range of NSW Police personnel to understand the operation of current NSW Police policy and practices;
- ❑ consultation with other policing agencies and oversight bodies in Australia and overseas to learn from their experience and relevant policies, procedures and training materials;
- ❑ interviews with specialists in the areas of estimating drug use, drug policy, drug detection, impairment, and the relationship between drugs and crime;

- ❑ consultation with researchers both within Australia and internationally to identify current or recent relevant research; and
- ❑ a review of academic and policy material on the extent of drug use in the Australian community, attitudes to drug use, the effects of different drugs, drug detection methodologies, and the relationship between drugs and crime.

Information collection for this project was well underway at the end of the financial year.

It is relevant to note that subsequent to the 2002-2003 reporting year, the Commission publicly announced that it had commenced an investigation into the use of illegal drugs and the abuse of prohibited drugs by some police officers. From 27 August 2003, this matter has been known as Operation Abelia.

At the conclusion of Operation Abelia the Commission will prepare a report to Parliament. That report will include, where appropriate, recommendations for improvements to practices, policies, procedures and legislation.

OPERATION ANTHILL

Key Points:

A police officer was charged with goods in custody, obtaining financial benefit by deception and offences against the Police Integrity Commission Act 1996. That officer has also made admissions of prohibited drug use. The officer resigned from NSW Police in May 2003 as a result of the Commission's investigation.

A preliminary investigation codenamed Operation Anthill was initiated in November 2002 and was declared a full investigation in March 2003. The purpose of this matter was to investigate whether a constable in NSW Police, and her associates, were involved in any police misconduct or criminal conduct.

During the course of the investigation, the Commission gathered evidence in relation to the police officer's activities, utilising, among other things, the Commission's physical and electronic surveillance resources.

On 11 April 2003, the police officer was charged with the following criminal offences:

- ❑ Goods in personal custody reasonably suspected of being stolen contrary to s527C(1)(a) of the *Crimes Act 1900* and
- ❑ Attempt to obtain financial benefit by deception >\$5000 & <\$15000 contrary to s178BA(1) of the *Crimes Act 1900*.

At the time of writing, this matter was before the court and a plea had not yet been entered.

Private hearings were conducted in April 2003 for the purpose of Operation Anthill. The officer has also been charged with the following offences arising from her appearance at the Commission:

- ❑ Wilfully make a false statement to an officer of the Commission contrary to s104 of the *Police Integrity Commission Act 1996* and
- ❑ Give false or misleading evidence before the Commission contrary to s107 of the *Police Integrity Commission Act 1996*.

The officer in question resigned from NSW Police in May 2003.

In view of the Commission's current interest in the issue of prohibited drug use by police, it is relevant to note that the officer made admissions to the Commission under inducement concerning her use of prohibited drugs. She indicated she used amphetamines, MDMA, cocaine and cannabis on a number of occasions over a period of approximately eighteen months prior to her arrest by the Commission.

In addition to the above, the Commission obtained evidence during the course of its investigation of an associate of the police officer, a Loss Prevention Officer (LPO) at a major department store, being involved in stealing property. This matter has been referred to NSW Police. This individual has resigned from her employment.

OPERATION DAKOTA

Key Points:

A police officer was charged with numerous counts of supplying prohibited drugs and giving false evidence to the Commission.

In its last Annual Report the Commission briefly reported on a covert investigation codenamed Operation Dakota. Further information can now be provided in relation to this matter.

Operation Dakota was initiated as a preliminary investigation in July 2000 and declared a full investigation in October of that year. The investigation primarily concerned the drug dealing activities of a senior constable in NSW Police and his associates. The senior constable had been on sick leave since February 2000 as a result of work related anxiety and depression.

Following a sustained period of investigation, including electronic and physical surveillance, the Commission forwarded a detailed brief of evidence to the DPP and the senior constable was charged with numerous offences involving the supply of prohibited drugs, including cocaine, ecstasy, and cannabis. The senior constable and his wife, a former NSW Police officer, were also examined in private hearings at the Commission and, as a result of those hearings, both were charged with giving false evidence to the Commission. The senior constable resigned from NSW Police in January 2003. At the time of writing, the (former) senior constable had indicated to the Court his intention to plead guilty to all charges. The charge against his wife was dismissed in the Local Court in September 2003.

The Commission has also commenced confiscation proceedings

against the former officer under the *Criminal Assets Recovery Act 1990*. Those proceedings are pending in the Supreme Court of NSW. The outcome of those proceedings will be reported in next year's annual report.

In addition to the proceedings against the former officer, 3 civilians have pleaded guilty to a further 18 drug related charges laid by NSW Police as a result of the Commission's investigation. A decision is awaited from the DPP in relation to a further 20 possible charges against 7 other civilians identified in the course of the Commission's investigation. The outcome of all prosecutions will be reported in next year's annual report.

PROJECT DRESDEN II

Key Points:
Project Dresden II provides NSW Police with more recent information on the quality of internal investigations into serious police misconduct. The report also contained recommendations to improve the quality and management of complaints.

On 27 June 2003, the Commission furnished a report to Parliament entitled *Project Dresden II - the Second Audit of the Quality of NSW Police Internal Investigations*. The report presented the results of the second in a series of audits undertaken by the Commission which measure the response of NSW Police to complaints of serious police misconduct. The report on the first Dresden audit was published in April 2000.

Prior to publication, the Commission engaged in a detailed consultation process with both the Ombudsman's Office and NSW Police concerning various aspects of the audit.

The second audit focused on the activities, procedures and documentation of NSW Police in response to 441 complaints of serious police misconduct made between July 1998 and June 2001. Using the benchmarks established during the first Dresden audit, the second audit aimed to:

- ❑ identify what (if any) areas require improvement by NSW Police when it responds to complaints of serious police misconduct;
- ❑ provide recommendations on how those areas can be improved; and
- ❑ identify any areas of the complaint handling process that have changed since the first audit.

As a result of the findings of the second audit, the Commission made eleven recommendations to the effect that NSW Police:

- ❑ monitor its compliance with various internal investigative guidelines;
- ❑ evaluate the effectiveness of complaint management guidelines;

- ❑ extend some of the recommendations made in the first Dresden report; and
- ❑ implement systems to improve the identification and progress of significant delays occurring within internal investigations.

The Commission received a response from NSW Police shortly before finalising this Annual Report. That response is currently under consideration.

OPERATION FLORIDA

Key Points:

In 2002-2003, public hearings continued to expose serious police misconduct covering a ten year period. In addition, six former police officers were convicted of criminal offences and are serving – or have served – gaol terms.

This investigation was conducted jointly by the Commission, NSW Police and the NSW Crime Commission and arose from the joint NSW Police/Crime Commission investigation codenamed Operation Mascot. Operation Mascot uncovered compelling evidence of corruption and Operation Florida built upon the excellent work by NSW Police and the NSW Crime Commission, primarily by the conduct of public hearings.

The public hearings for Operation Florida commenced on 8 October 2001 and the preliminary outcomes for this Operation were reported in the Annual Report for 2001-2002. The hearings continued throughout 2002 with the last day of public hearings being on 29 November 2002. During the 2002-2003 reporting year, there were 28 public hearing days with 37 witnesses giving evidence. In addition, there were 15 private hearings with 11 witnesses giving evidence during the reporting period. Private hearings continue. Extensive use was made of the covert and overt investigative resources of the Commission during the reporting year.

The matters examined during the course of the hearings disclosed a wide range of criminal conduct by a large number of serving and former police. The conduct included stealing, perjury, serious assault, soliciting and accepting bribes, manipulation of police procedures for improper purposes, and leaking of information in relation to current police activities. There was also evidence of the practice of 'green-lighting', whereby police permitted individuals to engage in criminal activities, for example supplying heroin, in return for money.

A number of the officers under investigation cooperated with the investigation and gave evidence of their own corrupt activities and those of other police. The investigation was also assisted by information volunteered as a result of media coverage of the hearings.

To date, eleven people have been charged by NSW Police with criminal offences, including six police officers. The six police officers have all served or are currently serving gaol sentences. Charges included receiving/soliciting/giving or offering bribes,

pervverting the course of justice, knowingly take part in the supply of a prohibited drug (heroin), and giving false or misleading evidence to the Commission. The details of the charges and sentences are set out in Appendix 5.

As this investigation had not been finalised by the end of the reporting year, the Commission is not in a position to report on the final outcomes in the context of its current performance measurement framework.

A report to Parliament for Operation Florida is currently being prepared. The final outcomes of this investigation will be reported in next year's Annual Report.

OPERATION HAYBRIDGE

Further information will be reported in due course as appropriate.

Operation Haybridge was commenced in the 2001-2002 reporting period and was mentioned in last year's Annual Report. During the course of the 2002-2003 reporting year, the Commission continued to use its physical and electronic surveillance resources for the purpose of this investigation.

Operation Haybridge remains a covert investigation and the Commission is not in a position to disclose further details at this point in time.

OPERATION IBIS

Key Points:

The Commission's investigation found no evidence of any criminal conduct by the Minister the subject of the allegations and no evidence of any police misconduct.

In late May 2003, the Commission commenced a preliminary investigation as a result of documents forwarded to the Commission by the Hon Charlie Lynn MLC. The documents included a statement made to NSW Police in 1998 alleging that a Minister in the NSW Cabinet had been involved in an act of underage sex. Mr Lynn asked the Commission to ensure that the allegation had been properly investigated.

The Commission commenced a preliminary investigation and conducted a number of private hearings. In September this year the Commission reported to Parliament that it was of the opinion that the allegation had been appropriately investigated by NSW Police and that the Police had correctly concluded there was no evidence to support the allegation of underage sex. There was no evidence of any criminal conduct by the Minister and no evidence of any police misconduct.

OPERATION ICEMINT

Further information will be reported in due course as appropriate.

An investigation codenamed Operation Icemint was initiated during the 2002-2003 reporting period and was current at the time of writing. The Commission is investigating the association between certain members of NSW Police and other individuals suspected of being involved in drug use and/or supply.

The investigation is currently covert and the Commission is not in a position to disclose further information at this point in time.

OPERATION JETZ

Key Points:

Appropriate disciplinary action has been undertaken, or is currently being considered, in relation to 8 officers.

Two officers resigned after being served with notices for their removal from NSW Police under s 181D of the Police Act 1990.

Substantial changes have been made to the NSW Police promotional system to make it more streamlined and corruption resistant.

The purpose of Operation Jetz was to examine whether certain members of NSW Police were, or had been, involved in misconduct with respect to the NSW Police promotional system. Operation Jetz, which commenced as a full investigation in June 2001, was based on information obtained through a NSW Police investigation (Operation Orwell).

The Commission held a public hearing for the purpose of Operation Jetz and took evidence over 13 days in August and November 2001.

The evidence given at the hearings revealed that officers had been involved in the following activities:

- ❑ Seeking or receiving information from colleagues regarding questions to be asked during interviews, with a view to obtaining an unfair advantage for themselves or their colleagues.
- ❑ Conveying information to colleagues regarding questions to be asked at interview, with a view to providing an unfair advantage to those colleagues.
- ❑ Failing to comply with clearly stated confidentiality requirements relating to questions asked at interview.
- ❑ Failing to report misconduct by themselves and other officers.

In February 2003, the Commission submitted a report to Parliament which recommended that NSW Police consider taking reviewable action within the meaning of s173 of the *Police Act 1990* against nine officers.¹⁶ It was also noted that action to remove a further three officers had already been commenced.

In its response of May 2003, NSW Police indicated that it:

- a) supported the taking of reviewable action in relation to six officers;
- b) did not support the taking of reviewable action in relation to

¹⁶ Reviewable action refers to forms of disciplinary action that would ordinarily apply to more serious breaches of discipline. The available forms of reviewable action are:

- a reduction in a police officer's rank or grade;
- a reduction in a police officer's seniority;
- a deferral of a police officer's salary increment; and
- any other action (other than dismissal or the imposition of a fine) that the Commissioner of Police considers appropriate.

Owing to the seriousness of these forms of disciplinary action, a police officer may appeal the imposition of any of these penalties to the Industrial Relations Commission of New South Wales.

two officers and would be, instead, considering less serious non-reviewable action; and

- c) was unable to pursue reviewable action in relation to one officer based on legal advice that the telecommunications interception material could not be used as a basis for disciplinary action.

Under s99(2)(c) of the Act, the Commission must include in each Annual Report:

...an evaluation of the response of the Commissioner of Police, relevant members of the Police Senior Executive Service and other relevant authorities to the findings and recommendations of the Commission.

As to point 'a' above, the Commission notes that NSW Police has accepted its recommendations in relation to these officers. At the time of writing, action was being implemented in relation to this group of officers.

As to point 'b' above, the Commission is satisfied that the taking of non-reviewable action is appropriate in the two cases identified.

As to point 'c' above, this issue is subject to discussions and correspondence between the Commission and NSW Police and has not been resolved at the time of writing.

In relation to the other three officers referred to above, two resigned from NSW Police after being served with notices under s181D of the *Police Act 1990* and the third was removed from NSW Police pursuant to s181D of the *Police Act 1990*. This last officer was subsequently reinstated following an appeal to the Industrial Relations Commission. By way of conciliation, other management action has since been taken against this officer.

The Commission's report on Operation Jetz noted that there was no evidence to support the consideration of criminal charges against any of the officers identified.

The incidents of misbehaviour identified ranged from isolated incidents to others involving a network of officers who were clearly attempting to bolster the chances of members of the group over other officers who were also applicants for positions.

The Commission considered that the dissemination of confidential material was serious police misconduct. The Commission was concerned that most, if not all, of the officers who gave evidence apparently failed to accept that proposition. However, the Commission cannot extrapolate from its findings that this is a widespread view throughout NSW Police.

As a result of the Commission's inquiry and the NSW Police investigation, there have been substantial procedural and legislative changes intended to streamline the promotions process and increase corruption resistance. One of the most significant changes was to make the structured interview process, which was the subject of significant abuse, part of the consideration of merit rather than the sole determinant. The aim of that was to reduce the opportunity for the system to be hampered by abuse of the interview process. A second significant change was the introduction of a requirement for all applicants for promotion to submit a statutory declaration that they have not engaged in misconduct that would disqualify them from consideration for promotion. The submitting of a false declaration would provide a means of initiating disciplinary action against the officer.

OPERATION MALTA

Key Points:

The Commission's report on Operation Malta assessed and resolved serious allegations concerning the reform process in NSW Police.

NSW Police has introduced new procedures for international secondments to overcome the problems identified through Malta. NSW Police has also introduced new procedures for the establishment of new units.

As reported last year, Operation Malta was a lengthy investigation that involved the conduct of public hearings by the Commission between 19 March 2001 and 18 March 2002.

The investigation commenced as a result of allegations made in October 2000 by members of the Crime Management Support Unit (CMSU) that senior members of the Police Service (as it was then known) were obstructing the process of reform in the Service. The complainants also alleged that an internal investigation being conducted into their activities by the Commander of Special Crime and Internal Affairs (SCIA) was part of a campaign to undermine their work and close down their Unit. In December 2000 three senior members of the Unit, including the Commander, were removed from their positions by the Commissioner of Police.

The Commission's investigation included an examination of the formation and function of the CMSU, the relationship between its Commander and the Commissioner of Police, the circumstances in which the Commander of the CMSU, a seconded officer from the United Kingdom, came to be in charge of the Unit, the relationship between that officer and senior members of the Service, the allegations that had been made about that officer by another seconded officer from the United Kingdom, the manner in which those allegations were investigated by SCIA, and the manner in which the internal investigation broadened to include other members of the CMSU and various administrative and organisational issues.

A detailed submissions process followed at the completion of the public evidence. A report was tabled in Parliament in February 2003.

The assessments and opinions formed by the Commission were summarised in the Executive Summary of the report. The main points were as follows:

- ❑ The allegation by some members of the CMSU that senior members of the Service were deliberately obstructing the reform of the Service was not supported by the evidence.
- ❑ There was evidence that some senior members of the Service displayed a lack of support at times for the Crime Management Support Unit.
- ❑ Lack of support for the Crime Management Support Unit was not synonymous with lack of support for the reform process.
- ❑ There was evidence to support the allegation by some members of the CMSU that the then Commander of SCIA was affected by bias in his investigation of the Commander of the CMSU and the Unit itself.
- ❑ There was a lack of fairness in the investigation by the then Commander of SCIA in that none of the individuals concerned were spoken to about the allegations against them.
- ❑ The Commissioner of Police had obtained legal advice prior to taking the action he took in December 2000 against the Commander of the CMSU and two of its members.

There were no recommendations for criminal or disciplinary action against any individual. This was unsurprising, given that the matters under investigation did not fall into the category of “corrupt” conduct as it is commonly understood, and the majority of the individuals who were the subject of substantial allegations were no longer members of the Service by the time the investigation was concluded.

The investigation exposed a number of deficiencies in the manner in which the overseas officers were seconded; the manner in which they were supervised once they commenced duties in NSW; the manner in which the Crime Management Support Unit was established and staffed and the manner in which the internal investigation into the activities of the Unit was conducted. NSW Police has now introduced procedures for international secondments and procedures for the establishment of new units. In addition, a new statewide system for the conduct of internal investigations, based around the principle of Complaint Management Teams (CMTs), has been introduced.

Under s99(2)(c) of the Act, the Commission is required to include in each Annual Report an evaluation of the Commissioner of Police’s response to the Commission’s findings and recommendations.

The Commission made three recommendations in Operation Malta. Recommendation One concerned the process relating to

international secondments and Recommendation Two concerned the interviewing of non-sworn personnel for the purpose of internal investigations. These recommendations have been accepted by NSW Police. The Commission considers that suitable implementation action has been planned by NSW Police in relation to these recommendations.

NSW Police has indicated that it does not support Recommendation Three, which was that

...the Service consider developing a policy that: delineates the circumstances, if any, in which the Commander of SCIA can personally conduct, or become involved in the conduct of, an internal investigation; and, demonstrates how those investigations can be reviewed and managed. It is further recommended that the Service consider, when drafting the policy, a requirement to consider and mitigate, where appropriate, the potential for prejudice and conflict of interest.¹⁷

NSW Police has indicated that the newly implemented Complaint Management Teams (CMTs) have, in effect, addressed the issues that gave rise to Recommendation Three. According to the NSW Police CMT policy, CMTs are responsible for

- ❑ assessing complaints and determining the level of investigation
- ❑ monitoring and reviewing complaints through to completion and
- ❑ assigning appropriate actions in resolving complaints.

The Commission has been informed that NSW Police has established an Executive CMT, the permanent members of which include, amongst others, the two Deputy Commissioners and the Senior Assistant Commissioner. The Commission has been advised that if the Commander of SCIA were to personally conduct an internal investigation, he or she could only do so on behalf of the Executive CMT, which would direct the investigation.

Provided it operates in the terms described by NSW Police, the Commission is persuaded that the establishment of the Executive CMT will address the issues that gave rise to Recommendation Three. The Commission therefore considers the NSW Police response in relation to Recommendation Three to be satisfactory.

In June 2003, the Inspector of the Police Integrity Commission, the Hon Morris Ireland QC, tabled a report into the Practices and Procedures of the Commission, part of which concerned the

¹⁷ Police Integrity Commission Report into Operation Malta, February 2003

Commission's conduct of the Malta investigation. The Inspector's report is considered later in this section of the annual report.

OPERATION MOSAIC

Key Points:

As a result of Operation Mosaic, NSW Police has improved procurement procedures, record-keeping practices for commissioned officers, and security arrangements at Communications Group sites.

In July 2000, the Commission commenced an investigation codenamed Operation Mosaic. The purpose of Operation Mosaic was, among other things:

- ❑ to inquire into the preparation and approval of a recommendation for capital works expenditure; and
- ❑ to examine the investigation by NSW Police of a complaint made by a private corporation, and allegations contained in an anonymous complaint made to the Commission, of corrupt practices at the Metropolitan Network Services and the Communications Branch of NSW Police.

The Commission held private hearings for the purpose of its investigation. Evidence was heard over thirteen days between 1 December 2000 and 15 March 2001.

The submissions process was concluded in August 2002. Following consultation with NSW Police, the matter was then referred to that agency under s77 of the Act.

In its referral document, the Commission made five recommendations concerning:

- ❑ the alignment of the NSW Police procurement policy with that of the NSW government;
- ❑ the effectiveness of management structures in resolving problems identified in procurement practices;
- ❑ the use of diaries by Commissioned officers; and
- ❑ security arrangements relating to Communications Branch premises.

NSW Police has acknowledged that the investigation had wide-ranging implications for its approach to procurement and tendering procedures. It has also supported and implemented all recommendations made by the Commission. Pursuant to s99(2)(c) of the Act, the Commission is satisfied with the response of NSW Police in relation to these recommendations.

Among other changes and improvements, NSW Police has established a Procurement Advisory Group (PAG) to provide support to business units involved in the contract/procurement process. It is mandatory to use the PAG in the procurement process in NSW Police.

It is noted that the Commission considers that the original police investigation in relation to this matter was conducted in an adequate and proper fashion.

OPERATION NEVADA

Key Points:

The Commission's referral has contributed to a NSW Police project to improve the standard of brief preparation.

An investigation codenamed Operation Nevada was initiated by the Commission on 10 May 2000 on the basis of an allegation that a NSW police officer had been involved in the death of a juvenile at Wagga Wagga in 1998.

The Commission's investigation found no evidence to support this allegation.

In September 2002, the Commission referred aspects of this matter to the Commissioner of Police for further action pursuant to s77 of the Act, including the possible investigation into alleged criminal conduct by a person not involved in the death of the juvenile in 1998. On 18 November 2002, NSW Police advised that further investigations were taking place in regard to that alleged criminal conduct.

On 6 June 2003, the Commission wrote to the Commissioner of Police and advised that, due to the death of the person who was the subject of further criminal investigation, it was no longer necessary for NSW Police to take further action in relation to the matter under s77 of the Act. The matter was consequently closed.

While the Commission made no specific recommendations relating to policies and procedures, it expressed concern about the manner in which the coronial brief had been prepared and managed by NSW Police. The Commission has been informed that this matter has been referred to Legal Services and is being addressed under the auspices of the NSW Police brief preparation project.

OPERATION REGAL

Further information will be reported in due course as appropriate.

An investigation codenamed Operation Regal was initiated during the 2001-2002 reporting period. The Commission is investigating the association between a number of current and former police officers and civilians suspected of being involved in the use and supply of prohibited drugs.

During the course of the 2002-2003 reporting year, the Commission deployed its physical and electronic surveillance resources in relation to this matter.

A number of private hearings have been held. One police officer resigned during the course of the investigation and two officers have been suspended from duty, pending further action. The investigation is continuing and the Commission is not in a position to divulge further details at this point in time.

OPERATION ROSELLA

Key Points:

Five persons were charged and have been convicted of drug trafficking offences. Information obtained by the Commission also assisted NSW Police in charging persons in relation to murder and child prostitution offences.

Operation Rosella was a covert investigation into the association between serving and former police officers and criminals involved in the operation of an illegal brothel and associated drug use and supply in the western suburbs of Sydney. The Commission's investigation of this matter concluded in the second half of 2001 and the outcomes have been reported previously. The Commission entered into a joint Task Force Agreement with NSW Police in relation to this investigation and information obtained by the Commission was disseminated to NSW Police to assist in its investigation of other serious offences, including murder. The NSW Police investigation was conducted by Strikeforce Ranger.

As a result of task force arrangements and the provision of evidence, five persons were charged by NSW Police with drug trafficking offences. Those five persons all either pleaded guilty to the offences or were found guilty and were sentenced to custodial sentences of varying lengths. The owner of the illegal brothel was sentenced to life imprisonment on two counts of large commercial supply of drugs.

Information obtained by the Commission was disseminated to NSW Police and assisted in the investigation and charging of three persons in relation to a murder in the abovementioned brothel in 2000. Other information assisted NSW Police in the charging of three members of a family with child prostitution offences. One family member was convicted on five counts while the other two family members are still to face trial.

ASSISTANCE TO NSW POLICE INVESTIGATION

Key Points:

Commission investigators assisted police with a homicide investigation.

In July 2002, the Commission was contacted by a male who was on remand for the murder of his partner. In an interview with Commission investigators, this person alleged that police had tampered with witness statements and had decapitated the body. He also admitted that he had not told Police where the body was located. He agreed, however, with a Commission proposal that he lead police officers to the body on the condition that Commission Investigators be present to ensure the body was not tampered with.

Following consultation between NSW Police Homicide Squad, SCIA and officers of the Commission, the person led NSW Police and Commission staff to a body located in the Blue Mountains and, once the scene was secured, officers from the Penrith Local Area Command were called in to continue their enquiries.

On 13 August 2003, the male was found guilty of the manslaughter of his partner and is due to be sentenced on 8 October 2003.

6. REFORM ACTIVITY

Qualitative and Strategic Audit of the Reform of the New South Wales Police Service (QSARP)

Recommendation 174 of the Royal Commission into the NSW Police Service recommended that an external auditor be engaged by the Commission to carry out a qualitative and strategic audit of the reform process (QSARP). The *Police Integrity Commission Act 1996* was amended to implement that recommendation. Following a detailed tender process, the Hay Consulting Consortium was engaged on 3 March 1999 to conduct the QSARP over a period of three years.

The QSARP was completed on 23 December 2002 with the public release by the then Minister of Police, Mr Costa, of the final of three QSARP reports. The first two reports were released on 15 February 2001 and 6 January 2002. All three reports are available from the Commission's website.

The first report found:

- ❑ conflict between the NSW Police vision for reform and that of the Royal Commission;
- ❑ poor implementation of new practices;
- ❑ a fragmented approach to change; and
- ❑ an overstatement of reform progress.

Based on its assessment of the Report, the Commission made three recommendations to NSW Police concerning:

1. the use of external expertise to assist in reform;
2. the establishment of a committee to advise on reform; and
3. the development of a project framework within which reform could be managed.

In the second report, the Auditors described similar impediments to the reform of NSW Police as those reported in the first report noting, in particular, a need for more effective integration of reform initiatives and highlighting the critical role of leadership in reform. However, the Auditors also reported demonstrable progress in a number of areas including:

- ❑ the development of a framework for the local management of risk, with the potential to contribute to a positive culture change; and
- ❑ the fact that while the Police leadership was not clearly and consistently driving reform, there had been observable, positive shifts in leadership behaviour throughout the Command structure.

The Commission also noted progress in regard to core activities such as defining the reforms required, centralising reform responsibility with a member of the Commissioner's Executive Team (CET) and in securing expert assistance – each in response to Commission recommendations.

In the third, and final, report the Auditors identified a number of significant initiatives undertaken and some identifiable progress on reform in a number of areas across NSW Police. The Auditors noted

- ❑ universal practice in Commands of the risk-based Command Management Framework and
- ❑ potential for workplace reform from the e-Coach trial in the Hunter Region, amongst a number of examples.

This progress took place during a period of relative instability in the police Executive and

while NSW Police were undertaking a substantial restructure.

However, the Auditors also noted that, up to the conclusion of the audit data collection period (May 2002), the police Executive had failed to manage reform strategically. This comment would have been of considerable concern for the Commission but for the stabilisation in the police Executive, and the reform related activity, which had occurred since the audit, including:

- ❑ detailed research on the nature of the reform required;
- ❑ securing external expertise to plan the reform process;
- ❑ completion of detailed reform planning;
- ❑ implementation of a project management framework for reform;
- ❑ assigning CET members direct responsibility for reform initiatives rather than a single CET member with responsibility for all reform; and
- ❑ establishing a reform program office to manage reform in NSW Police.

The final report of the QSARP noted demonstrable progress in a number of individual reform activities in NSW Police. It is this underpinning work that the Commission finds to be more encouraging in terms of providing for a solid foundation for successful reform.

The QSARP has now concluded. It is the view of the Commission that reform remains vital to the long term effectiveness and well being of NSW Police. It is also the Commission's view that, with a supportive CET, an understanding of what is required and solid foundational work completed, NSW Police are now at a point where reform has the best chance of success since the

Royal Commission. It is now critical that NSW Police build on its recent work and that the Commissioner and CET maintain an unflagging commitment to reform.

With the completion of the QSARP, the Commission's role in overseeing the audit of reform progress has now concluded.

Appendix 31 Reforms Advisory Committee

The Appendix 31 Reforms Advisory Committee was established by NSW Police in response to one of the three recommendations made by the Commission following the release of the QSARP Year One Report. The Committee was chaired by then Deputy Commissioner Moroney and included representatives from the Hay Consulting Consortium, the Director-General Police and the PIC.

The role of the Committee was to advise the Commissioner of Police on

- ❑ the expert skill sets and knowledge required for reform,
- ❑ the selection of experts, and
- ❑ measures to improve the reform process

in the context of the reform process contemplated by the Royal Commission in Appendix 31.

The Committee had its first meeting on 2 March 2001 and its final meeting on 30 September 2002 when its business was concluded following:

- ❑ approval by the CET of the *Change Strategy 2003-2006*, a blueprint for transformational change throughout NSW Police. The *Strategy* contains a suite of projects intended to ensure that required changes are clearly defined,

managed and monitored. The series of projects span four interdependent key change areas, namely Leadership, Cultural Change & Integrity, People Management, and Devolved Structure.

- ❑ appointment of each CET member as sponsor for a key change area. The sponsors are responsible for ensuring the progress of reform in the key change area throughout the organisation.
- ❑ the establishment of the Project Management Unit to manage significant NSW Police projects, among them key projects from within the *Strategy*, and to promulgate the NSW Police Project Management Framework.
- ❑ the establishment of the Implementation Advisory Committee to assist the CET to review and monitor significant project decisions. A major part of their role is to monitor the implementation of the NSW Police *Change Strategy 2003-2006* and provide advice to the CET.

7. TRACKING THE COMMISSION'S RECOMMENDATIONS

Making recommendations to NSW Police is a critical aspect of the Commission's work. It is through recommendations that the Commission:

- ❑ proposes changes to – and the development of – policies, procedures and practices to reduce or limit the opportunities for serious police misconduct, improve transparency and accountability, and deter police from engaging in serious police misconduct;
- ❑ identifies those officers whom it believes should be considered for criminal prosecution; and
- ❑ identifies those officers the Commission believes NSW Police should consider disciplining or removing from NSW Police altogether.

The purpose of this section is to provide a progress report on NSW Police action in relation to recommendations made prior to the 2002-2003 reporting year.

Progress in implementing Commission Recommendations made prior to 2002-2003

In July 2003, NSW Police reported progress in relation to recommendations from the following reports:

- ❑ Operation Saigon
- ❑ Operation Oslo
- ❑ Project Dresden I
- ❑ Operations Copper, Nickel, Triton
- ❑ Project Oracle
- ❑ Operation Bangkok

A total of 56 recommendations were made in these Reports.¹⁸ NSW Police has reported that:

- ❑ 52 recommendations (92.3%) were supported or supported with a variation the Commission considers reasonable. Of this number, 7 recommendations were for disciplinary action and 45 were for policy-related changes in NSW Police; and
- ❑ 44 recommendations (84.6%) of those recommendations which were supported, or supported with a variation the Commission considers reasonable, have been implemented. Of this number, 7 recommendations were for disciplinary action and 37 for policy-related change in NSW Police.

It is relevant to report that further developments occurred during the reporting period in relation to Operations Saigon, Bangkok and Pelican and Project Dresden I. These are reported below.

Operation Saigon

Operation Saigon was initiated on the basis of information provided to the Commission by NSW Police. Further investigation was conducted by the Commission. Public hearings were held over three phases between February 1999 and March 2000. Phase I of the hearings focused on allegations that members of the Police Service (as it was then known) were using and/or supplying

¹⁸ A recommendation from the report on Operation Oslo was inapplicable at the time the Commission tabled its report. The police officer the subject of the recommendation had resigned prior to the recommendation for disciplinary action being considered. This recommendation has therefore not been included in the calculations presented in this part of the Annual Report concerning progress made by NSW Police in addressing the Commission's recommendations.

prohibited drugs, associating with drug dealers and undertaking unauthorised secondary employment within the security industry. Phases II and III of the hearings focused on allegations of drug use by former Constable Rodney Podesta and former Senior Constable Anthony Dilorenzo before and after the shooting of Roni Levi on Bondi Beach on 28 June 1997.

In its report on Operation Saigon, which was tabled in June 2001, the Commission recommended that consideration be given to the removal of three NSW Police officers under the provisions of s181D of the *Police Act 1990*. In its 2001-2002 Annual Report, the Commission reported that action in relation to one officer had been finalised and that action in relation to the remaining two – Anthony Michael Binns and Matthew James Crotty – was pending. In November 2002, NSW Police reported that Binns and Crotty had been issued with performance warning notices and neither had been removed from NSW Police.

The Commission is satisfied with the response of NSW Police in relation to these recommendations for disciplinary action.

The Commission's report in relation to Operation Saigon also recommended, amongst other policy initiatives, that police officers involved in critical incidents be subject to blood testing. This recommendation was supported by NSW Police. (The Commission's evaluation of the NSW Police response to the other policy recommendations was presented in its 2001-2002 Annual Report.)

In November 2002, NSW Police reported that on 18 October 2002 the CET considered, and reaffirmed its support for, mandatory blood testing following critical incidents. NSW Police further reported that following this decision, a submission was sent to the Minister for Police recommending

legislative amendments to both the *Police Act 1990* and the *Police Regulation 2000* to allow for the introduction of this form of drug testing. That submission was made again to the Ministry for Police in December 2002 for consideration in its review of the *Police Act 1990* and the *Police Regulation 2000*. In its July 2003 report regarding progress in addressing Commission recommendations, NSW Police reported that a response in relation to this submission is expected following the finalisation of the Ministry's review.

Operation Pelican

The Commission commenced an investigation codenamed Operation Pelican in the year 2000 into allegations of police misconduct during the police investigation into three violent incidents. As noted in its 2000-2001 Annual Report, Operation Pelican was conducted jointly between the Commission, Special Crime and Internal Affairs and the NSW Crime Commission.

In its August 2001 report to Parliament, the Commission recommended that the Commissioner of Police consider disciplinary action in relation to three officers. As noted in last year's Annual Report, by agreement between the Commission and NSW Police, a response to these recommendations had been deferred.

As at August 2003, NSW Police reported that SCIA was currently examining the recommendations from Operation Pelican and that the outcome of any management action would be communicated to the Commission once finalised.

Project Dresden I

In July 2003, NSW Police noted that it could not support the following recommendation from Project Dresden I:

The policy on 'Recognition for Internal Affairs Service' should be enacted and publicised.¹⁹

This recommendation had been previously 'supported with variation' by NSW Police, although that agency had voiced concerns in 2002 about its feasibility.

The Commission notes that in April 2002, NSW Police reported that action in relation to this recommendation was suspended due to, among other things, a review of SCIA.

The Commission will liaise further with NSW Police in relation to this matter to ensure that alternative strategies have been, or will be, set in place to address the problems that gave rise to the original recommendation.

Monitoring Audits of the Protective Security Group (PSG)

On 1 July 1998, NSW Police established the Protective Security Group (PSG) to undertake protective services, associated risk/threat assessment services and to replace the disbanded Special Branch.

In accordance with s16 of the *Police Act 1990*, NSW Police is required to carry out an annual audit of the operations, policies and procedures of the PSG.

Pursuant to s14 (e) of the *Police Integrity Commission Act 1996*, the role of the Commission in relation to these annual audits is to monitor and report on the conduct and effectiveness of the audits.

On the 28 April 2003, NSW Police provided the Commission with a proposed plan outlining details of the annual audit. The audit was initially scheduled to take place in June 2003 however, due to delays, it was not carried out until early August 2003. At the time of writing, the Commission has not yet

received the report on the 2002 PSG Annual Audit and therefore is unable to report on the conduct and effectiveness of the audit.

The PSG has recently been restructured and amalgamated into the Counter Terrorism Co-ordination Command. The Commission is interested to see what impact these changes will have upon the future of the PSG annual audits.

¹⁹ Police Integrity Commission Report into Project Dresden I, April 2000

8. COMPLAINTS ACTIVITY

Complaint processes

The Commission receives complaints about police from NSW Police and the Ombudsman (known as referred complaints) and from a range of other sources (non-referred complaints) as set out in the table on page 37.

The consideration of each complaint is conducted in two parts. The first part is concerned with whether the complaint is a Category 1 complaint, as defined by the agreement between the Commission and the Ombudsman (a copy of this agreement is at Appendix 8). The second part is concerned with whether the Commission ought to activate an investigation into the allegations. Complaints that do not reach the threshold of a Category 1 complaint are referred to NSW Police pursuant to sub-section 131(1)(b) of the *Police Act 1990* and are dealt with in the same manner as complaints from other sources.

Complaint statistics

During the reporting year, the Commission assessed a total of 934 complaints. Of these, 597 were determined to be Category 1 complaints²⁰ and 315 were determined to be Category 2 complaints. The remaining 22 complaints did not appear to relate to the functions of the Commission.²¹ The types of allegations raised in the 597 Category 1 complaints are shown in Figure 1.²² Figure 2 indicates the decisions made regarding these Category 1 complaints. Both figures also contain, for comparison, the corresponding results for the previous year.

As reported last year, NSW Police introduced the Customer Assistance Tracking System (c@ts.i) in 2001-2002 to replace the Complaints Information System (CIS). The Commission has unfettered online access to c@ts.i, and receives complaints as soon as they have been registered by NSW Police. The Commission can also check the progress of a complaint without alerting NSW Police. This has resulted in a significant increase in the number of complaints assessed, compared to the previous reporting year, with a correspondingly significant increase in the number of complaints referred by NSW Police.

The types of allegations raised in Category 1 complaints are similar in number to the previous reporting year. There was an increase in the number of complaints later determined to be Category 2 complaints. The majority of Category 1 complaints were not investigated by the Commission but rather referred to the Ombudsman to be dealt with in accordance with Part 8A of the *Police Act 1990*. However, 24 Category 1 and three Category 2 complaints were subject to further investigative work by the Commission, compared to 12 complaints in the previous reporting year.

²⁰ Category 2 allegations were also raised in 76 of these complaints.

²¹ That is, these complaints did not contain any allegations of misconduct by NSW police officers.

²² The total number of allegations is much higher than the total number of Category 1 complaints because one complaint may contain more than one allegation.

Source of Complaints Assessed

SOURCE	July 2002 - June 2003	July 2001 - June 2002
Referred	591	377
NSW Police	514	299
Ombudsman	76	71
Both NSW Police & Ombudsman	1	7
Non Referred	329	328
Australian Federal Police	0	2
Anonymous	34	38
AUSTRAC	1	1
Independent Commission Against Corruption	2	2
Insurance Companies	0	1
Legal Aid NSW	1	0
Legal Practitioners	17	17
Local Government	0	1
Member of Clergy	1	1
Member of the Judiciary	1	3
Member of NSW Parliament	14	18
Member of Parliament & Anonymous	1	0
Member of Parliament & Member of Public	0	3
Member of Parliament & Police Officer	1	1
Member of Parliament & Premier's Department	0	1
Member of Public	221	204
Ministry for Police	3	2
NSW Crime Commission	2	2
Office of the Director of Public Prosecutions NSW	5	3
Police Integrity Commission	3	0
Police Officers/NSW Police Employees	20	27
Privacy Commission	0	1
Queensland Police	1	0
Roads & Traffic Authority NSW	1	0
Referred & Non-Referred	14	14
NSW Police & AFP	0	1
NSW Police & Anonymous	2	2
NSW Police & Insurance Company	1	0
NSW Police & Judiciary	1	0
NSW Police & Ministry	1	0
NSW Police & Public	2	3
Ombudsman & Anonymous	1	1
Ombudsman & ICAC	1	1
Ombudsman & Legal Practitioner	1	0
Ombudsman & Police Officer	0	2
Ombudsman & Public	4	4
Total	934	719

Figure 1. Types of Allegations Raised in Category 1 Complaints – 2002-2003 and 2001-2002

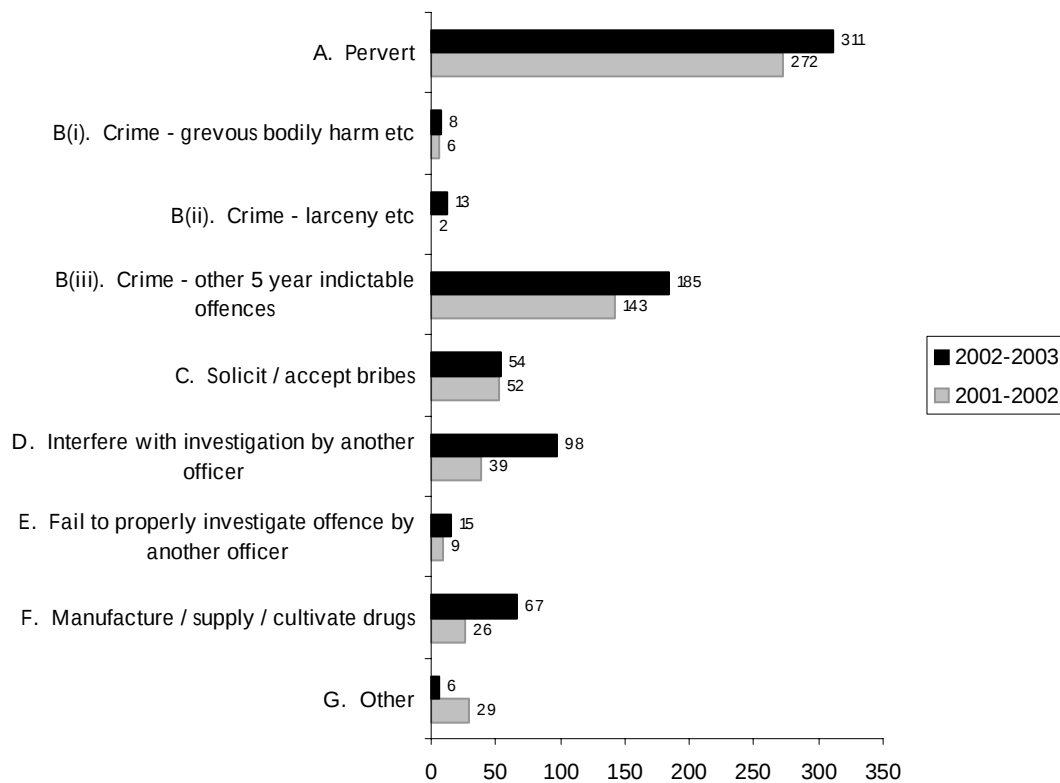
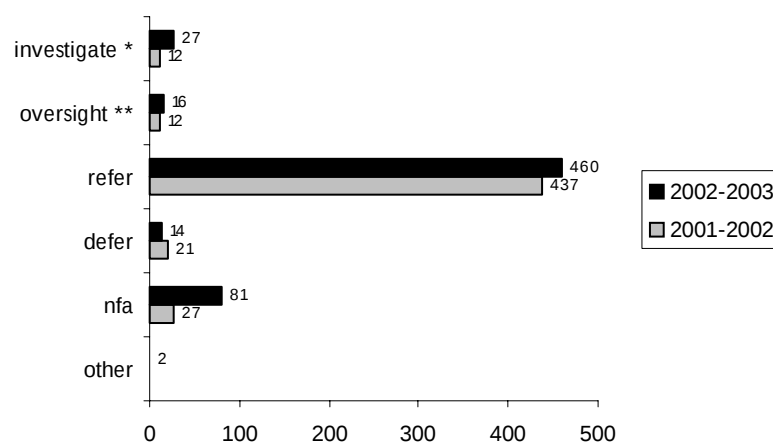


Figure 2. Decisions Made Regarding Category 1 Complaints – 2002-2003 and 2001-2002



* The 27 matters investigated included three complaints that were determined to be Category 2.

** The 16 matters oversighted included one complaint that was determined to be Category 2.

9. INITIATIVES/OTHER ACTIVITIES

Deaths in Custody

The Commission continues to receive reports from NSW Police concerning deaths in police custody.²³ The Commission continues to monitor these reports and where appropriate, takes an ongoing interest in the investigation of these matters. The Commission received two death in custody reports from NSW Police during the reporting period which were considered and finalised. No further action was required by the Commission.

Police Corruption Education and Prevention Programs

One of the Commission's functions under s14(c) of the Act is:

...to make recommendations concerning police corruption education programs, police corruption prevention programs, and similar programs conducted within NSW Police or by the Ombudsman or the Independent Commission Against Corruption for the NSW.²⁴

The Commission makes recommendations concerning police corruption education and prevention programs in its reports to Parliament. Where such recommendations have been made, or responses received during the reporting period, they are referred to in Section 6.

As part of its approach to corruption education and prevention, senior Commission staff regularly attend and speak at a range of Police training seminars, and similar occasions, and represent the Commission during panel discussions on

education and prevention matters. The Commission measures its performance in this regard in terms of the number of participations/representations in education or prevention programs/seminars/presentations/reviews/discussion panels.

During the year, Commission staff attended a total of 22 such sessions at the Police Academy in Goulburn, the Westmead Police College, an Operations Crime Review conducted in Dubbo and a range of other events.

Legislative Matters and Law Reform

During the reporting year there were a number of legislative reviews and initiatives bearing upon the Commission's functions, including reviews of the *Police Integrity Commission Act 1996* and the *Police Act 1990*, and a review by the Inspector of the Police Integrity Commission of the Commission's practices and procedures. New legislation was also introduced in relation to police powers, in general, and particularly in relation to terrorism. These matters are discussed in Appendix 3.

Review of the *Report on the Practices and Procedures of the Police Integrity Commission*

In June 2003 the Hon M D Ireland QC, Inspector of the Police Integrity Commission, presented his *Report on the Practices and Procedures of the Police Integrity Commission* to both Houses of Parliament.

The Report followed an Inquiry by the Inspector into "the appropriateness of the Commission's practices and procedures with regard to the formality and length of its hearings and functions", which was referred by the then Minister for Police, the Hon

²³ As recommended in the Royal Commission into the NSW Police Service's *Final Report Volume II: Reform*, May 1997, para. 9.29, p 529, and Recommendation 169, p 559.

²⁴ *Police Integrity Commission Act 1996*

Michael Costa, on 12 February 2003. The Inspector was also requested to consider the appropriateness of the Commission's practices and procedures in regard to the Operation Malta investigation, the Commission's Report on which was presented to Parliament on 12 February 2003. Aside from the Commission, the Inquiry received submissions from NSW Police, the Police Association of New South Wales, the Legal Aid Commission of New South Wales, and various other interested bodies and persons.

Among other things, the Inspector of the Police Integrity Commission's Report contained the following recommendations, observations or comments:

- ❑ Provided the Commission acts within the scope of its mandate, it should conduct its investigations in such a manner as it sees fit, free from interference from external influences.
- ❑ The distinction between the Commission and a court has ramifications for practically every aspect of the way in which its proceedings are conducted. However, it was evident from the submissions received in the Inquiry that the distinction is not easily understood at times, and that the gravitation toward a courtroom mentality on the part of persons called to appear or their legal counsel is not easily discouraged.
- ❑ Operation Malta was a most unusual and perhaps unique inquiry, involving criticism of the highest echelon of NSW Police administration and a great deal of publicity and public interest. It would have been out of the question for the Commission to deal with the allegations otherwise than by a public hearing. The suggestion that the Commission could have dealt with Operation Malta by way of a "private report" to the Commissioner of Police was untenable and would have represented an extraordinary outcome, given the Commissioner of Police was the subject of some of the allegations.
- ❑ Contrary to some submissions, the Commission had moved early to gather relevant information in order to refine the purpose of its investigation, and the scope and purpose of the public hearing, though wide, was appropriate to the nature of the investigation.
- ❑ Delays in the Operation Malta hearing had been contributed to by the need for fresh counsel to be briefed as a result of the occurrence of a conflict of interest on the part of counsel appearing for NSW Police and certain senior members, and legal professional privilege claims by NSW Police over documents.
- ❑ An adversarial and highly defensive stance was taken to the Malta inquiry on the part of NSW Police Court and Legal Services and certain of their counsel. There is a common interest between the Commission and NSW Police in routing out police misconduct, which is served when NSW Police adopts a co-operative approach with the Commission for the purposes of its investigations. In this regard it would be erroneous for NSW Police to consider itself as a stakeholder in Commission investigations or the natural contradictor of allegations concerning officers.
- ❑ Views expressed in some quarters that Operation Malta produced a "nil result" were erroneous, given the conclusions reached that there was no serious misconduct by senior police regarding the matters complained of.
- ❑ It is appropriate that the Commission should prepare its investigative reports

corporately and not exclusively by the Commissioner or the officer who presided over any hearing. The rationale relates to the nature of the Commission. It is not a court making legal findings or imposing penalties, but rather a commission of inquiry making assessments and forming opinions upon which it ultimately makes recommendations.

- ❑ A significant number of the recommendations of the Report had been identified by the Commission prior to the Inquiry, and had been or were being addressed by the Commission.

In total, the Report contained 24 recommendations, 8 of which concerned the retention of existing practices to ensure the Commission's continuing independence and unfettered discretion. The majority of the remaining recommendations concerned the development and publication of Practice Guidelines, to better enable persons appearing before the Commission to understand the nature of its practice and procedure.

The Commission fully supports all of the Inspector's recommendations and, at the time of writing, anticipated the implementation of Practice Guidelines prior to its next public hearings.

Integrity Reports

Prior to appointing a person to a NSW Police executive or non-executive police officer position, the Commissioner of Police is required to make enquiries concerning the integrity of the person with the Commission. The Commission is required to furnish an integrity report on the basis of the information available to it and without the need for any special investigation or inquiry. The Commissioner of Police may also enquire of the Commission in regard to the

integrity of a person proposed for appointment to a NSW Police non-executive administrative position. The Commission is authorised, but not required to furnish a report in response to such an enquiry. In all cases, the Commissioner of Police is required to have regard to the contents of any report provided by the Commission, as well as any other information that comes to the Commissioner's attention as to the person's integrity.

The Commission also provides integrity reports to NSW Police for purposes other than consideration of appointment (eg. the suitability of a police officer for inclusion in a Task Force), and reports to other law enforcement and related agencies who are considering the employment of a current or former NSW Police officer.

During the reporting year, the Commission received inquiries from NSW Police as to the integrity of 934 police officers in relation to prospective appointments, compared with 692 in the previous reporting period. Of these inquiries, 16 were in relation to appointment to NSW Police executive positions. There were no inquiries regarding appointment to non-executive administrative positions within NSW Police. The Commission also received inquiries from NSW Police as to the integrity of 46 officers for other purposes, and inquiries in relation to 71 officers from other agencies considering current or former NSW police officers for employment.

Criminal Assets Recovery Act 1990

No confiscation proceedings were concluded during the reporting period.

Witness Assistance

Although the Commission is not a specialised witness protection agency, the protection of persons who have assisted the Commission,

or the Royal Commission into the New South Wales Police Service before it, is an important aspect of its effectiveness in detecting and investigating serious police misconduct. Frequently, in consultation with specialist witness protection agencies, the Commission continues to make arrangements to ensure the safety and well-being of witnesses and other persons who have been of assistance to its inquiries.

Response to Subpoenas

The Commission is frequently the recipient of subpoenas purporting to require the production of documents or divulging of information acquired in the exercise of its functions.

Pursuant to the secrecy provisions of s56(3) of the *Police Integrity Commission Act 1996*, an officer of the Commission (or other person to whom the section applies) cannot be required to produce documents in or give evidence to any court unless

for the purposes of a prosecution, disciplinary proceedings or proceedings under Division 1A or 1C of Part 9 of the *Police Act 1990*, arising out of an investigation conducted by the Commission in the exercise of its functions.

In circumstances where the Commission is served with a subpoena to which it is not amenable, the issuing party's attention is drawn to s56(3), and invited to make an application for the disclosure of any relevant information pursuant to the dissemination provisions of s56(4)(c).

Section 56(4) Disseminations

The *Police Integrity Commission Act 1996* imposes stringent secrecy requirements upon officers of the Commission with regard to information acquired in the exercise of the Commission's functions.

The disclosure of information for purposes other than the exercise of the Commission's functions, or otherwise than in accordance with a provision of the Act, is governed by s56(4)(c) of the *Police Integrity Commission Act 1996*. This provision commonly provides the basis for an officer of the Commission to disclose information to members of the general public and bodies in respect of which it has no direct power of disclosure, provided the Commissioner of the Police Integrity Commission certifies that it is "necessary in the public interest".

Requests under s56(4)(c) are frequently made for the purposes of petitions and proceedings for the review of convictions pursuant to Part 13A of the *Crimes Act 1900*, and in relation to civil litigation and criminal proceedings that do not arise as a result of a Commission investigation.

Whether it is necessary in the public interest for information to be disclosed by the Commission will depend on various factors, including

- ❑ the nature of any information held by the Commission,
- ❑ whether disclosure would cause prejudice to the Commission's functions, or place the safety of a confidential informer at risk and
- ❑ the value or relevance of the information to the purpose for which it is sought.

As part of the development of Practice Guidelines in accordance with the Inspector of the Police Integrity Commission's *Report on the Practices and Procedures of the Police Integrity Commission*, the Commission intends to publish a comprehensive guide to the making of requests pursuant to s56(4)(c).

Stakeholder and External Relations

During the reporting period, regular liaison occurred with the Ombudsman, the ICAC, the NSW Crime Commission and NSW Police for the exchange of relevant information, for coordination of activities in respect of common responsibilities and/or in undertaking joint investigations. The Commission also provided detailed advice and assistance to the Royal Commission into the WA Police Force and the ICAC. In addition, the Commission continued to maintain relations with the Australian Federal Police, the Queensland Crime and Misconduct Commission, the Victoria Police Service, the Western Australia Anti-Corruption Commission and a number of other Police Services, national security organisations and other government departments.

Significant Committees

During the reporting year, the Commission had a presence on the following Committees:

Operations Advisory Group

The Commissioner, Assistant Commissioner, Director of Operations, Manager of Intelligence and the Executive Officer meet fortnightly and as required to consider the status, direction and priorities for investigations and projects.

Commission/Special Crime and Internal Affairs Weekly Liaison Meeting

The Commissioner, the Assistant Commissioner, the Director of Operations and the Commander of Special Crime and Internal Affairs meet weekly to discuss matters relevant to the functions of both the Commission and Special Crime and Internal Affairs Command.

Police Complaints Case Management (PCCM) Program Review Group

The Assistant Commissioner and the Manager of Intelligence represented the Commission on this Committee, which was chaired by the Premier's Department. The Committee met monthly in order to resolve high level policy issues relating to, and to oversight the progress of, sub-projects included in the PCCM. The Group met for the last time on 7 April 2003 when sponsorship for the program passed from the Premier's Department to NSW Police and the PCCM Inter-Agency Executive Forum.

Protected Disclosures Steering Committee

The Protected Disclosures Steering Committee was established by the Premier, following the enactment of the *Protected Disclosures Act 1994*, to develop strategies to implement that Act more effectively across the NSW public sector. The Steering Committee is comprised of representatives from the ICAC, the Office of the Auditor General, the Ombudsman, the Cabinet Office, the Department of Local Government, NSW Police, the Premier's Department and the Commission. The Commission is represented by the Manager of Assessments & Reports. The Steering Committee meets quarterly.

Appendix 31 Reforms Advisory Committee

The Assistant Commissioner and the Manager of Intelligence represented the Commission on this Committee. The Committee had its final meeting on 30 September 2002. Please refer to *Reform Activity* in this section of this Report for further details in relation to the functions and activities of this committee.

Smaller Agency CEOs Executive Committee

This Committee meets to exchange ideas and to discuss issues faced by small agencies. The Committee is attended by representatives from the Premier's Department, the Police Ministry and other organisations. The Commissioner is the Commission's representative on this Committee.

Inter-agency Research Committee

The Inter-agency Research Committee consists of representatives of the Ombudsman, NSW Police and the Commission. The committee provides a forum for input to the development of the NSW Police Early Warning System project and arose from a recommendation by the Parliamentary Joint Committee in its report, *Research Report on Trends in Police Corruption*. The Joint Research Committee has met on five occasions since its inception in January 2003.

Internal Audit Committee

The Internal Audit Committee considers and reports on matters affecting the proper management of the Commission, including:

- ❑ internal controls and financial reporting,
- ❑ external audits and reports,
- ❑ implementation of approved recommendations,
- ❑ fraud control,
- ❑ risk management and
- ❑ compliance with legislation.

The Committee meets bi-monthly and is comprised of the Executive Officer, Manager of Assessments & Reports, Manager of Security, Manager of Registry and Manager of Finance & Administration (ex-officio).

Security Committee

This Committee is responsible for ensuring the Commission's compliance with Australian Standard AS7799 concerning information security and developing an Information Security Plan and Risk Management program. The Committee also initiated the development of a Disaster Recovery Plan and Business Continuity Plan. The Committee meets bi-monthly and is comprised of the Executive Officer, the Manager of Security, the Network Security Administrator and Manager of Registry.

APPENDIX 1 — PRESCRIBED ANNUAL REPORTING REQUIREMENTS (STATUTORY AND DEPARTMENTAL)

Industrial Relations

No industrial disputes occurred in the Commission during the reporting year.

Training and Development

Training and development opportunities consistent with the Commission's ongoing training program were available throughout the year. External training courses remained an integral part of the Commission's training program. Training was provided in computing systems, management, complaint handling, dealing with difficult complaints, proof reading and editing.

Performance Management

The Commission's Performance Development System continued to be used throughout the year across all branches and units.

Contract Employment

Commission staff are employed on a contractual basis in accordance with section 10 of the *Police Integrity Commission Act 1996*, and are offered contracts generally for periods of 3–5 years duration, with the potential, subject to satisfactory performance, for contracts to be renewed.

Occupational Health and Safety (OH&S)

The OH&S Committee continued to operate during the year and identified a number of areas requiring the drafting of OH&S policies. Areas of interest included "Working in Confined Spaces", "Excess Hours & Shiftwork", "Sun Safe Policy" and "Drug & Alcohol Policy".

Members of the Committee also conducted an OH&S inspection of the Commission's premises at 111 Elizabeth Street. A report relating to this inspection concluded that, overall, the agency is adequately addressing OH&S requirements. During the year, five workplace accidents/incidents were reported, resulting in one worker's

compensation claim being lodged and a total of two days being lost during the reporting period. The injury incurred was related to a muscle spasm.

Code of Conduct

There were no changes to the Commission's *Code of Conduct* during the past year. All new staff are provided with a copy of the Code of Conduct upon commencement of employment with the Commission.

Staff Movement

During the 2002-2003 reporting year, 21 new employees commenced employment with the Commission, and 14 employees ceased employment.

Executive Remuneration – Level 5 and Above

The Commissioner for the Police Integrity Commission, Terence P Griffin, is appointed by the Governor pursuant to section 7 of the *Police Integrity Commission Act 1996* and, pursuant to clause 9 of Schedule 1 to that Act, is not subject to the *Public Sector Management Act 1988*.

The Commissioner's remuneration is set by the Statutory and Other Officers Remuneration Tribunal, which, for the reporting period, was \$312,900. As the holder of an independent public office, the Commissioner is not subject to an annual performance review, and is responsible to Parliament in the performance of the functions of the office.

During the reporting year no persons were employed by the Commission in executive positions under the *Public Sector and Employment Management Act 2002*.

With the exception of the Commissioner, all members of the Commission's Executive, whose names and dates of appointment are shown in Section 5 of this Report, were employed under a private contract, the terms of which provided for regular performance assessment.

Consumer Response

Complaints about the conduct of the Commission are dealt with by the Inspector of the Police Integrity Commission under section 89(1)(b) of the *Police Integrity Commission Act 1996*.

As outlined in the 2002-2003 Annual Report of the Inspector of the Police Integrity Commission, the Inspector dealt with 24 complaints related to the activities of the Commission;²⁵

- ❑ Three complaints involved preliminary investigations concluding with formal reports of those investigations.
- ❑ Eleven complaints were dealt with by correspondence without the need for investigation reports.
- ❑ Two complaints were resolved by monitoring ongoing internal operations within the Commission.
- ❑ Three complaints were putative in nature and were not pursued.
- ❑ One complaint by a serving police officer was resolved by Alternative Dispute Resolution undertaken by the Commander of the Integrity Testing Unit of the SCIA Command of NSW Police.
- ❑ Four of the abovementioned 24 complaints remained current at the close of the reporting year.

In his Annual Report, the Inspector noted that²⁶

all recommendations made by this Office to the Commission during the reporting year ... have been accepted without demur and have been, or are in the course of being, implemented by the Commission.

In June 2003 the Hon M D Ireland QC, Inspector of the Police Integrity Commission, presented his "Report on the Practices and Procedures of the Police Integrity Commission" to both Houses of Parliament. The Commission's response to the Inspector's report is summarised earlier in this Annual Report.

²⁵ Inspector of the Police Integrity Commission, *Annual Report for the year ended 30 June 2003*, p. 18.

²⁶ *ibid.* p. 19.

Major Works

Major works projects	Cost 2002-2003 (\$'000)	Completion Date	Overrun (\$)
Police Oversight Data Store (Phases 1- 5)	876 ²⁷	November 2002	Nil

Delivery of Electronic Services

The Commission website has been fully implemented. All appropriate Commission services are available electronically from the Commission website, including provision for the making of a complaint of serious misconduct by NSW Police, the ability to download public Reports by the Commission, the Hay Consulting Consortium²⁸ and the Royal Commission, as well as a range of administrative documentation.

During the reporting period, the Commission's website attracted 17,213 visitors, at an average of 46 per day.

Information Management and Technology

The following information management and technology initiatives were completed or progressed during the reporting period:

- ❑ Phase II replacement of old desktop computers and servers was completed.
- ❑ Upgrade of the Commission's IT operating system from Novell Netware to Microsoft Active Directory was completed.
- ❑ The Commission's new Electronic Document Management System, "MaTriX", was implemented with enhancements in corporate maintenance and administration components underway.
- ❑ Phase 5 of the Police Oversight Data Store (PODS), a system warehousing data from a number of police databases for use by Commission, Ombudsman and NSW Police

²⁷ The complete project cost over three years is \$2.02M.

²⁸ The Qualitative and Strategic Audit of the Reform Process of the NSW Police years 1-3.

staff. PODS is a sub-project of the Police Complaints Case Management Program. PODS Phase 6, which incorporates NSW Police firearms licence data and elements of the police investigations case management system (e@gle.i), is due for completion in January 2004.

Equipment for the replacement programs was procured through the NSW Government Master Lease facility. There were no significant delays encountered during any of the initiatives.

In addition, a number of innovative technical methodologies were implemented during the year, improving the Commission's capacity to collect and deliver audio and video evidence. The Commission is not in a position to report on these methodologies publicly.

During the next reporting period, the Commission will be focussing on progressing and/or completing the following:

- ❑ The addition of public hearing transcript functionality to the Commission's website (this project was deferred from last year).
- ❑ Development of a Commission Intranet System to communicate security, HR and other Commission policies to staff – a requirement of AS7799 accreditation.
- ❑ Achievement of pre-accreditation for AS7799 Certification.
- ❑ Phase III of the Legacy Desktop Replacement program and Phase I Computer Room refurbishment.

Disability Action Plan

Copies of the Commission's Disability Action Plan are available to the public.

NSW Government Action Plan for Women

The NSW Government's existing Action Plan for Women provides a framework for a focus on women with the least access to social and economic resources through the principles of equity, access, rights and participation. The Action Plan addresses issues such as paid and unpaid work, health and housing, violence and safety, justice and civil legal equality, childcare, education and training, decision-making, leadership and access to information.

The Commission is committed to this government initiative and aims to ensure that practices within the Commission comply with the wording and the spirit of the Action Plan. The Commission continues to have an elected Spokeswoman responsible for providing advice and information to management on issues relating to women working in the Commission.

Ethnic Affairs Priority Statement (EAPS)

The Commission recognises and upholds the principles of a culturally diverse society and is committed to the ongoing implementation of these principles, both within the workplace and in order that the full range of services provided by the Commission be made available to all ethnic groups. The Commission's EAPS is shown below.

Initiative	Strategies / tasks	Timeline	Outcomes
Improved access for - people from non-English speaking backgrounds (NESB) - to services and materials provided by the Commission	1. Ensure brochures and other material produced are made available to people from NESB in multi-lingual formats 2. Provide interpreter services as required for witnesses and complainants from NESB	1. Ongoing as appropriate 2. Ongoing	1. To reach as many key ethnic groups as possible in order to increase community awareness of the services the Commission provides 2. To provide support to people accessing our services or appearing before the Commission

Employee Statistics

Number of officers and employees by category & comparison to prior three years

	June 2000	June 2001	June 2002	June 2003
Statutory appointments	1	1	1	1
Executive appointments	not reported	3	4	4
Operational staff	73	77	67.7	74.8
Support staff	15.85	21.85	22	22
TOTAL	89.85	102.85	94.7	101.8

Equal Employment Opportunity (EEO)

The Commission maintained its commitment to achieving and preserving the key principles of Equal Employment Opportunity in the NSW Public Sector. This includes supporting:

- ❑ Diversity – a skilled workforce reflecting the diversity of the NSW community.
- ❑ Equity – promoting a workplace culture displaying fair practices and behaviours where employee views are heard, considered and acted upon.
- ❑ Opportunity – ensure that work practices promote access and participation for EEO group members and improve their accessibility to the Commission as both customers and employees.

The Commission will continue to offer itself as an employer committed to maintaining the key principles of Equal Employment Opportunities. The Commission will continue to employ and promote work practices designed to cater for the needs and requirements of EEO Group members as both employees and customers. As far as is practicable, the Commission will, throughout the next year, endeavour to satisfy EEO targets in its workforce numbers.

Trends in the representation of EEO groups

Percentage of Total Staff²⁹

EEO Group	Benchmark or Target	2000	2001	2002	2003
Women	50	47	42	46	44
Aboriginal people and Torres Strait Islanders	2	2.10	3.10	2.30	1.10
People whose first language was not English	19	7	5	6	7
People with a disability	12	5	6	7	6
People with a disability requiring work-related adjustment	7	0.90	1.10	1.20	1.10

²⁹ At 30 June 2003. Excludes casual staff.

Trends in the distribution of EEO groups

Distribution Index³⁰

EEO Group	Benchmark or Target	2000	2001	2002	2003 ³¹
Women	100	82	85	87	-
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	-
People whose first language was not English	100	n/a	n/a	n/a	-
People with a disability	100	n/a	n/a	n/a	-
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	-

Financial Services

Audits

The Audit Office of NSW was engaged to carry out the audit of the Commission's 2002-2003 financial statements. A copy of the Independent Audit Report appears with the Financial Statements at Appendix 9.

Accounts Payable Policy

The Commission has set a benchmark for paying 85 per cent of all accounts received within creditors' trading terms. This benchmark was achieved and surpassed for all quarters. The Commission did not pay any penalty interest on outstanding accounts during the reporting year.

Aged analysis at the end of each quarter 2002-2003

Quarter	Current (ie within due date) \$	Less than 30 days overdue \$	Between 30 and 60 days overdue \$	Between 60 and 90 days overdue \$	More than 90 days overdue \$
September	115,899	346,347	8,637	4,295	0
December	64,872	82,345	28,973	3	0
March	184,509	248,780	3,532	1,621	6,362
June	309,832	198,197	14,619	0	1,347

The majority of overdue amounts are due to late or non-received invoices from Commission creditors. The Commission regularly reviews any outstanding purchase orders to ensure prompt delivery, and increasingly needs to remind creditors to submit invoices for payment. Where there is a dispute regarding non-delivery or incorrect provision of goods, the Commission withholds monies until it can be satisfied that payment is appropriate. An increasing number of creditors have short trading terms, making payment impossible within seven days of invoice receipt, especially where goods and invoices are shipped on the same day, but delivery is delayed.

³⁰ Distribution of EEO Groups is measured by means of an index and not a percentage of staffing level. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels. Values more than 100 indicate that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by software provided by Office of the Director of Equal Opportunity in Public Employment.

³¹ Data for 2002-2003 is not available.

Accounts paid on time within each quarter 2002–2003

Quarter	Total Accounts Paid On Time		Total Amount Paid ³²	
	Target %	Actual %	\$	\$
September	85	89	2,814,494	3,173,774
December	85	96	2,622,590	2,733,913
March	85	91	2,704,584	2,964,881
June	85	94	3,296,055	3,510,219

Statutory Reporting

The Commission's Financial Statements for 2002–2003 were prepared and submitted to the Audit Office within the required timeframe.

Consultants

During the year, there was no single engagement equal to or more than \$30,000. The Commission engaged the services of nine consultants, in the following areas:

Area of consultancy	Amount (\$)
Information Technology	15,581
Organisational Review	24,000
Management Services	34,966
Finance and accounting/tax	800
TOTAL	75,347

Land Disposal

The Commission does not hold any real property.

Insurance

Insurance during the reporting year was undertaken through the NSW Treasury Managed Fund Scheme, self-insurance for government agencies. The fund manager sets the premiums paid by the Commission in direct relation to the number of claims made by the agency during the previous year.

Disclosure Of Controlled Entities

The Commission does not have any controlled entities.

Credit Card Certification

During the year, there was one instance of accidental misuse of a credit card that was immediately reported to management, and the funds were subsequently repaid to the Commission.

Major Assets

The Commission has no major assets. The Commission's minor assets include leasehold improvements, computer equipment and technical plant and equipment.

Risk Management And Internal Control

The Commission established an Internal Audit Committee during the year. The Committee has commenced a number of audits of the adequacy of internal controls, implementation of changes in policy and procedures, etc. The results of these audits will be reported next year.

Energy Management Plan

Consistent with NSW Government requirements, the Commission has an ongoing contract with its energy supplier to provide six per cent green power.

The Commission only purchases office equipment with appropriate energy management accreditation from approved Government contract suppliers. Timers continue to be used on all appropriate office equipment and air-conditioning.

³² These figures include employee-related expenses.

Waste Management

In accordance with the Government's Waste Reduction and Purchasing Policy the Commission continues to implement waste reduction management. Measures to achieve compliance include reducing the generation of waste by:

- ❑ hosting a Commission website;
- ❑ continuing the new Master Lease Facility for IT and other equipment, including double-sided photocopiers;
- ❑ reducing paper consumption;
- ❑ using recycled material;

- ❑ using re-manufactured toner cartridges; and
- ❑ printing corporate stationery on recycled paper.

Privacy Management

The information protection principles of the *Privacy and Personal Information Protection Act 1998* applies to administrative and educative functions of the Commission only. The investigative and complaint handling functions of the Commission are exempt from the operation of the Act. During the reporting period, there were no requests made to the Commission for a review under Part 5 of the Act in relation to those Commission functions to which the Act applies.

Overseas Visits

The following Commission staff undertook overseas travel on official business during 2002-2003:

Officer	Destination	Purpose	Cost
Manager, Technical Support Unit	USA	Conference / training on technical collection systems.	\$7,657.09
Manager, Physical Surveillance Unit	UK	Conference / training on physical surveillance methodologies.	\$6,819.91
Manager, Security	UK	Review local security (physical, personal, witness protection, etc.) methodologies.	\$2,891.70

Assumed Identities

The *Law Enforcement and National Security (Assumed Identities) Act 1998* provides for the acquisition and use of assumed identities by officers of law enforcement agencies such as the Commission, on authorisation by its chief executive officer. An authorisation permits an officer to use an assumed identity in the course of carrying out official duties.

Section 12 requires that an agency report details relating to assumed identity approvals granted, varied or revoked in its Annual Report for the relevant reporting period. The results of the most recent audit of assumed identity records, as reported to the chief executive officer of the agency, must be also be reported so far as they "disclose any fraudulent or other criminal behaviour." The results of the annual audit for 2002-2003 were:

Assumed Identities:	Granted	Revoked	Varied	Duty Type Physical Surveillance	Investigations
Number:	10	2	nil	7	3

The audit of assumed identities records for the reporting period did not disclose any fraudulent or other criminal behaviour.

APPENDIX 2 — STATISTICAL DATA ON EXERCISE OF COMMISSION POWERS

FUNCTIONS	YEAR ENDING 30 JUNE 2003	YEAR ENDING 30 JUNE 2002	YEAR ENDING 30 JUNE 2001
<i>Police Integrity Commission Act 1996</i>			
s 16 — Establishment of task forces within the state	1	nil	3
s 25 — Requiring public authority or public official to produce a statement of information	1	33	24
s 26 — Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	162	115	122
s 29 — Commission may authorise an officer of the Commission to enter and inspect premises etc	nil	nil	nil
s 32 and s 33 — Hearing days:			
- public	28	105	46
- private	55	35	72
s 38 — Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	99	181	112
s 45(1) — Authorised justice may issue search warrant	4	6 (3 not executed)	1
s 45(2) — Commissioner may issue a search warrant	nil	nil	nil
s 50 — Number of warrants obtained under <i>Listening Devices Act 1984</i>	33	37	74
<i>Law Enforcement (Controlled Operations) Act 1997</i>			
Applications granted by Commissioner for authority to conduct controlled operations	3	3	nil
Applications granted by Commissioner for renewal of authority to conduct controlled operations	nil	nil	1
Applications granted by Commissioner for variation of authority to conduct controlled operations	nil	nil	nil
<i>Law Enforcement (Assumed Identities) Act 1998</i>			
Applications of assumed identity approvals granted	10	5	4
Applications of assumed identity approvals revoked	2	8	2
<i>Telecommunications (Interception) Act (1979)</i>			
Warrants issued for the Interception of Communications	81	36	21
<i>Protected Disclosures Act 1994</i>			
Complaints received by the Commission that constitute Protected Disclosures	21	17	12

APPENDIX 3 — LEGISLATIVE MATTERS AND LAW REFORM

Review of Police Integrity Commission Act 1996

Pursuant to section 146 of the *Police Integrity Commission Act 1996*, the Minister for Police is, as soon as practicable after the period of five years from the date of assent, to review the Act to determine whether its policy objectives remain valid and whether its terms remain appropriate for securing those objectives. A report on the outcome of the review is to be tabled in each House of Parliament within 12 months after the end of the five-year period.

The abovementioned Review commenced on 15 October 2001 under the auspices of the Director-General of the Ministry for Police. Over the ensuing 12 months, the Commission contributed submissions and provided responses to submissions by interested bodies and persons, some of which, if accepted, would have compromised the Commission's independence and fettered its discretion to conduct its investigations as it sees fit (for example, that the Commission should have external representation on its Operations Advisory Group). Such submissions were rejected by the Inspector of the Police Integrity Commission in his review of the Commission's practices and procedures.³³

A Discussion Paper to facilitate further submissions and consultation on outstanding issues was presented to the Clerk of each House of Parliament on 17 December 2002. At the time of writing, the final report was yet to be released.

Review of Police Act 1990

Pursuant to section 222 of the *Police Act 1990*, the Minister for Police is to review the Act to determine whether the policy objectives of the Act remain valid and whether the terms of the Act remain appropriate for securing those objectives. In November 2002, the Commission provided submissions to the review, the majority of which concerned the handling and oversighting of complaints against police.

Terrorism (Police Powers) Act 2002

With the commencement of the *Terrorism (Police Powers) Act 2002* on 13 December 2002, police officers were vested with special powers in aid of the prevention and investigation of terrorist acts. The exercise of such powers requires, with the concurrence of the Minister if time permits, an authorisation by the Commissioner of Police or Deputy Commissioner, or an officer above the rank of Superintendent should the former not be contactable. The Commission retains an oversight role in that it may investigate the making of such authorisations by a police officer should there be a question of serious police misconduct involved.

Crimes Act 1900

The *Crimes Amendment (Police and Other Law Enforcement Officers) Act 2002* commenced on 15 July 2002 and amended the *Crimes Act 1900* so as to enlarge the protection given to, inter alia, officers of the Commission against assault, stalking, harassment, or intimidation of those in a domestic relationship with a Commission officer. In particular, protection is extended to the Commissioner and Assistant Commissioner of the Police Integrity Commission, and officers of the Police Integrity Commission who perform investigative functions or functions under criminal assets confiscation legislation.

Cross-Border Investigative Powers

As part of moves to address issues arising from multi-jurisdictional crimes, the Leaders' Summit on Terrorism and Multi-Jurisdictional Crime agreed upon a number of reforms, and in particular the introduction of model laws for a national set of powers for cross-border investigations.

The proposed model legislation would cover the use by law enforcement officers of controlled operations, assumed identities (and the related matter of witness anonymity), and electronic surveillance devices. During the reporting year,

³³ See Section 10 for further information on the Inspector's Review.

the Commission made submissions in response to the discussion paper concerning such proposed model legislation released by the Standing Committee of Attorneys-General and Australasian Police Ministers' Joint Working Group on National Investigation Powers.

Law Enforcement (Powers and Responsibilities) Act 2002

In his final report, the Royal Commissioner, the Hon Justice J R T Wood, proposed the legislative consolidation of police powers, as a means to:

- ❑ help strike a proper balance between the need for effective law enforcement and the protection of individual rights;
- ❑ assist in ensuring clarity in areas where uncertainty exists, and reduce the possibility of abuse of powers through ignorance; and
- ❑ assist in the training of police.

The *Law Enforcement (Powers and Responsibilities) Act 2002* passed into law on 29 November 2002 but has not as yet commenced. The legislation consolidates much of the law in relation to police powers, notably in relation to powers of entry and search and seizure (both under warrant and without), requiring identification, crime scenes, arrest, investigations and questioning, drug detection powers, the use of force and safeguards regarding the exercise of police powers.

Police Integrity Commission Act 1996

The *Police Integrity Commission Act 1996* was amended to take into account the renaming of the Police Service to NSW Police, the establishment of the Australian Crime Commission, and the impact of changes brought about by reform of the procedures of the Local Courts. There was also an amendment to correct a reference in section 79 of the *Police Integrity Commission Act 1996*.

APPENDIX 4 — COMMISSION INVESTIGATIONS AS AT 30 JUNE 2004

Primary allegation prompting investigation	Ongoing during 2002-2003		Closed ³⁴ during 2002-2003	
	Preliminary investigations	Full investigations	Preliminary investigations	Full investigations
Pervert the course of justice	6	2	9	1
Soliciting or accepting bribes	0	1	3	1
Being involved in the manufacture, cultivation or supply of prohibited drugs	2	6	0	0
Assault causing serious injury	0	0	0	0
Complaint made against a police officer who is of, or above, the rank of Superintendent	1	0	0	0
Improperly accessing/disclosing information	4	0	3	0
Improper associations	3	2	1	0
Improperly investigating or interfering with an investigation against another officer	0	0	0	0
Financial misconduct	3	1	2	0
Managerial/procedural issues	1	0	2	2
Reckless discharging of firearms	0	0	0	0
Offence punishable, on conviction, by 5 years or more imprisonment	0	1	2	0
Total ³⁵	20	13	22	4

³⁴ For the purposes of this table, an investigation is considered 'Closed' when a public report has been submitted to Parliament (if appropriate), a referral is submitted to NSW Police (if appropriate), a brief of evidence has been referred to the Director of Public Prosecutions (if appropriate), or the Commissioner has decided that no further action (NFA) is required.

³⁵ The table includes investigations that were not always active throughout the reporting year.

APPENDIX 5 — PROSECUTIONS IN 2002-2003 ARISING FROM COMMISSION, RCPS AND JOINT INVESTIGATIONS

PROSECUTIONS BY PIC		
Name	Offence	Court Result
Anne Louise MELOCCO	Give False or Misleading Evidence (s 107 <i>Police Integrity Commission Act 1996</i>) (3 counts)	Proceedings ongoing
Gary REMOUNDOS	Supply Cannabis (5 counts)	Proceedings ongoing
	Supply Prohibited Drug on Ongoing Basis (5 counts)	
	Supply Prohibited Drug (Crystal Meth)	
	Possess Prohibited Drug	
	Give False or Misleading Evidence (s 107 <i>Police Integrity Commission Act 1996</i>) (6 counts)	
Roger ROGERSON	Give False or Misleading Evidence (s 107 <i>Police Integrity Commission Act 1996</i>) (6 counts)	Proceedings ongoing
Paulette SEWELL	Goods in Custody	Proceedings ongoing
	Give False or Misleading Evidence (s 107 <i>Police Integrity Commission Act 1996</i>)	
	Give False or Misleading Information (s 104 <i>Police Integrity Commission Act 1996</i>)	
	Attempt to Obtain Financial Benefit by Deception	
Steve STAVROU	Give False Evidence (s 21 <i>Royal Commissions Act 1923</i>)	Sentenced to 2 years imprisonment, sentence suspended

PROSECUTIONS BY NSW POLICE (Joint Operations with PIC)		
Name	Offence	Court Result
Shaun Andrew DAVIDSON *	Accept Bribes (4 counts)	Sentenced to 18 months imprisonment with non-parole period of 9 months)
David Marshall HILL *	Receiving/Soliciting/Giving or Offering to Give Bribe	Sentenced to 8 months imprisonment with a non-parole period of 6 months
Matthew John JASPER ³⁶ *	Act with Intent to Pervert Course of Justice	Sentenced to 4 years imprisonment with non-parole period of 3 years
	Act with Intent to Pervert Course of Justice	Sentenced to 3 years imprisonment
	Act with Intent to Pervert Course of Justice	Sentenced to 3 years imprisonment
	Receiving/Soliciting/Giving or Offering to Give Bribe	Sentenced to 3 years imprisonment
	Receiving/Soliciting/Giving or Offering to Give Bribe	Sentenced to 3 years imprisonment
	Accessory Before the Fact to Break, Enter and Steal	Sentenced to 5 years imprisonment
	Knowingly Take Part Supply Prohibited Drug	Proceedings ongoing
	Act with Intent to Pervert Course of Justice	Sentenced to 4 years imprisonment with non-parole period of 3 years
	Receiving/Soliciting/Giving or Offering to Give Bribe	Sentenced to 3 years imprisonment
	Receive Corrupt Rewards (2 counts)	Sentenced to 18 months imprisonment with non-parole period of 1 year on each count
Mark William MESSENGER ³⁷ *	Receive Corrupt Rewards (2 counts)	Sentenced to 3 years and 6 months imprisonment with non-parole period of 2 years on each count
	Give False or Misleading Evidence (s 107 <i>Police Integrity Commission Act 1996</i>)	Sentenced to 2 years imprisonment with non-parole period of 2 months
	Accept Bribes (3 counts)	Sentenced to 18 months imprisonment on each count, sentences to run concurrently
Raymond John PEATTIE ³⁸ *	Accept Bribes	Sentenced to 3 years 2 months imprisonment with non-parole period of 1 year

* Prosecutions arising from Operation Mascot/Florida, a joint NSWPP/Crime Commission/PIC investigation.

³⁶ Overall effective sentence: 7 years with non-parole periods totalling 5 years. Assistance to authorities and a further 13 offences taken into account on sentencing.

³⁷ Overall effective sentence: 5 years 2 months with non-parole periods totalling 3 years 2 months.

³⁸ Overall effective sentence: 3 years 2 months with a non-parole period of 12 months. Significant issues of assistance and contrition taken into account on sentence.

PROSECUTIONS BY NSW POLICE (Joint Operations with PIC)		
Name	Offence	Court Result
David Phillip PATISON ³⁹ *	Receive Bribe	Sentenced to 3 years imprisonment
	Pervert Course of Justice	Sentenced to 3 years imprisonment
	Pervert Course of Justice	Sentenced to 4 years imprisonment with non-parole period of 3 years
	Receive Bribe	Sentenced to 3 years imprisonment
	Pervert Course of Justice	Sentenced to 4 years imprisonment
	Receive Bribe	Sentenced to 3 years imprisonment
	Knowingly Take Part Supply Prohibited Drug	Sentenced to 5 years imprisonment with non-parole period of 3 years
	Receive Corrupt Rewards	Sentenced to 3 years
	Receive Corrupt Rewards	Sentenced to 3 years
	Knowingly Take Part Supply Prohibited Drug	Sentenced to 5 years imprisonment with non-parole period of 3 years. 12 other matters taken into account on sentencing
Joseph ATTALAH **	Supply not less than Large Indictable Quantity of Cocaine	Life imprisonment
	Supply not less than Large Commercial Quantity of Heroin	
Joseph ELKHOURY **	Supply Indictable Quantity of Cocaine	Sentenced to 6 years imprisonment with a non-parole period of 3 years
	Supply Commercial Quantity of Heroin	
Nabil SABBAGH **	Supply Indictable Quantity of Cocaine	Sentenced to 7 years imprisonment with a non-parole period of 3 years 3 months
	Supply Commercial Quantity of Heroin	
Naif MALEK ⁴⁰ **	Knowingly Take Part in Supply of Indictable Quantity of Cocaine	Sentenced to 5 years imprisonment with a non-parole period of 2 years 6 months, concurrent with following sentence
	Knowingly Take Part in Supply of Commercial Quantity of Heroin	
Geoffrey WALKER **	Supply Prohibited Drug on Ongoing basis	12 months periodic detention

* Prosecutions arising from Operation Mascot/Florida, a joint NSW/P /Crime Commission/PIC investigation.

** Prosecutions arising from Operation Ranger/Rosella, a joint NSW/P /PIC investigation.

³⁹ Overall effective sentence: 7 years with non-parole periods totalling 5 years. Further 12 offences taken into account during sentencing

⁴⁰ Overall effective sentence: 6 years with non-parole period of 2 years 9 months.

PROSECUTIONS BY NSW POLICE (Joint Operations with PIC)		
Name	Offence	Court Result
Colin NEWTON ***	Supply Prohibited Drug (cannabis)	Fined \$600 and entered into good behaviour bond with supervision for 1 year
	Supply Prohibited Drug (cannabis)	Fined \$1800 and entered into good behaviour bond with supervision for 3 years
Elizabeth NEWTON ***	Supply Prohibited Drug (cannabis)	Fined \$600 and entered into good behaviour bond with supervision for 1 year
	Supply Prohibited Drug (cannabis)	Fined \$1800 and entered into good behaviour bond with supervision for 3 years
Robin PROVOST ***	Possess unauthorised firearm	Pleaded guilty to listed matters. Listed for sentencing 3 October 2003
	Possess prohibited firearm	
	Possess prohibited weapon	
	Possess ammunition without licence/permit/ authority	
	Goods in personal custody	
	Goods in custody of another	
	Goods in/on premises (2 counts)	
	Supply prohibited drug (deemed supply) (3 counts)	
	Supply prohibited drug - indictable quantity – Cannabis	
	Supply prohibited drug - indictable - MDMA (ecstasy)	
	Supply prohibited drug - indictable - Methylamphetamine (Ice)	

*** Prosecutions arising from Operation Dakota, a joint PIC/NSWP investigation.

APPENDIX 6 — PROCEEDINGS UNDER THE CRIMINAL ASSETS RECOVERY ACT 1990

No confiscation proceedings were concluded during the reporting period.

APPENDIX 7 — FREEDOM OF INFORMATION STATEMENT OF AFFAIRS

Structure and Functions of the Commission

The Commission is a statutory corporation established under the Act, the principal function of which is to detect, investigate and prevent serious police misconduct and other police misconduct. Detailed descriptions of the Commission's structure, functions, objectives and performance measures are contained in Section 3 of this Report.

Effect of Functions on Members of the Public

While not providing services directly to members of the public, the Commission can have an impact on members of the public when dealing with complaints of serious police misconduct. The Commission can exercise powers to investigate police misconduct which may affect members of the public. For example, the Commission may issue a notice requiring a member of the public to produce documents to assist an investigation into misconduct.

Participation by Members of the Public in Policy Formulation and Exercise of Functions

The Commission is exempt from the *Freedom of Information Act 1989* in relation to its corruption prevention, complaint handling, investigative and report functions. In relation to its non-exempt functions, the Commission tends to adopt policies and practices adopted by the NSW Public Service. In these circumstances, the Commission has not found it necessary to involve members of the public in policy formulation or the exercise of statutory functions.

Nature of Documents Held by the Commission

A list of publications available to the public was printed in the Commission's 2000-2001 Annual Report and a list of new publications is included in each subsequent Annual Report. All publications and other public documents are available on the Commission's website.

Categories of other documents available include:

- ❑ administrative policy and education documents; and
- ❑ guides for recipients of Commission Notices and witnesses.

Obtaining Access to and Seeking Amendment of the Commission's Records

Access to administrative policy and education documents and guides for recipients of Notices or witnesses may be obtained by contacting the Registry Manager. All other enquiries may be directed to the FOI Coordinator. The contact details for the Commission are contained in Appendix 11. Copies of these policy documents are generally available free of charge.

The Commission reserves the right to charge for photocopies of more than 10 pages. Access may also be provided by way of inspection at the Commission's premises.

Statistics and Assessment of Statistical Report for Year Ending 30 June 2003

The Commission did not receive any FOI requests during the reporting year, or during the previous reporting year, 2001-2002. The impact on the Commission of fulfilling its requirements under the FOI during the reporting year has been negligible. No major issues have arisen during the reporting year in connection with the Commission's compliance with FOI requirements.

APPENDIX 8 — CATEGORY 1 AGREEMENT

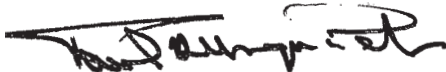
AGREEMENT made this fifteenth day of January 1998

BETWEEN THE COMMISSIONER FOR THE POLICE INTEGRITY COMMISSION ("the PIC Commissioner") AND THE OMBUDSMAN ("the Ombudsman")

WHEREAS:

- A. the PIC Commissioner and the Ombudsman made an Agreement on the twentieth day of December 1996 pursuant to section 67 (a) of the Police Integrity Commission Act 1996;
- B. it is now appropriate to amend the Schedule to that Agreement;

IT IS HEREBY AGREED that the Schedule attached to this Agreement shall replace the Schedule to the Agreement made on the twentieth day of December 1996; and that the Schedule attached to this Agreement shall come into effect on 1 February 1998.



PIC Commissioner



Ombudsman

**SCHEDULE TO THE AGREEMENT MADE ON 15 JANUARY 1998 PURSUANT
TO S 67(a) OF THE POLICE INTEGRITY COMMISSION ACT 1996 BETWEEN
THE COMMISSIONER FOR THE POLICE INTEGRITY COMMISSION AND THE
OMBUDSMAN**

- A. A complaint that a police officer has or may have sought or may seek to pervert the course of justice by giving false evidence, by destroying or interfering with evidence, by withholding or refraining from giving evidence, by fabricating evidence or by influencing another so to act.

- B. A complaint that a police officer has or may have committed or may commit
 - (i) an assault which has caused or may cause a serious injury and which could lead to a charge of maliciously wounding or inflicting grievous bodily harm upon a person pursuant to section 35 of the *Crimes Act 1900*; or
 - (ii) an offence (including larceny) relating to property where the value exceeds \$5000; or
 - (iii) any offence (other than assault occasioning actual bodily harm) punishable on conviction on indictment by a maximum sentence of imprisonment or penal servitude for five years or more.

- C. A complaint that a police officer has or may have solicited or accepted, or may solicit or accept, a benefit for himself/herself or for another in return for failing to carry out his/her duties.

- D. A complaint that a police officer has or may have sought or may seek to interfere improperly in the investigation by another police officer of an alleged offence.

- E. A complaint that a police officer investigating an offence alleged to have been committed by another police officer has or may have improperly failed to carry out, or may improperly fail to carry out, his/her duties in the course of that investigation.

- F. A complaint that a police officer has or may have manufactured, or may manufacture, a prohibited drug, cultivated or may cultivate a prohibited plant, or supplied or may supply a prohibited drug or a prohibited plant, unless the amount or number of such drug or plant is less than the indictable quantity therefor as specified in the *Drug Misuse and Trafficking Act 1985*



ABN 22 870 745 340

Financial Statements 2002-03

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GPO BOX 12
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

POLICE INTEGRITY COMMISSION

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Police Integrity Commission:

- (a) presents fairly the Commission's financial position as at 30 June 2003 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 45E of the *Public Finance and Audit Act 1983* (the Act).

The opinion should be read in conjunction with the rest of this report.

The Commissioner's Role

The financial report is the responsibility of the Commissioner of the Police Integrity Commission. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the summary of compliance with financial directives and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the Commissioner in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Commissioner had failed in his reporting obligations.

My opinion does *not* provide assurance:

- about the future viability of the Police Integrity Commission,
- that the Police Integrity Commission has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



S R Stanton CPA
Assistant Director of Audit

SYDNEY
26 September 2003

Police Integrity Commission

Statement by Department Head

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, and based on information provided to me by the Commission, I have formed the opinion that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2003 have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983* and Regulations, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, and the *Treasurer's Directions*
- (b) the statements exhibit a true and fair view of the financial position and transactions of the Commission, and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



T P Griffin
Commissioner

24 September 2003

Police Integrity Commission

Statement of Financial Performance for the Year Ended 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
Expenses				
Operating Expenses				
Employee related	2(a)	9,933	10,393	8,993
Other operating expenses	2(b)	4,603	4,954	5,960
Maintenance		193	200	178
Depreciation and amortisation	2(c)	2,495	1,572	2,252
Total expenses		17,224	17,119	17,383
Less:				
Retained Revenue				
Sale of goods and services	3(a)	1	--	3
Investment income	3(b)	83	14	26
Grants and contributions	3(c)	478	--	1,774
Other revenue	3(d)	5	--	35
Total Retained Revenue		567	14	1,838
Gain/(loss) on disposal of non-current asset	4	--	--	--
Net Cost Of Services	29	16,657	17,105	15,545
Government Contributions				
Recurrent appropriation	6	13,253	14,398	14,395
Capital appropriation	6	560	560	1,148
Acceptance by the Crown Entity of employee benefits and other liabilities	10	1,145	990	864
Total Government Contributions		14,958	15,948	16,407
SURPLUS/(DEFICIT) FOR THE YEAR		(1,699)	(1,157)	862
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	24	(1,699)	(1,157)	862

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Financial Position as at 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
ASSETS				
Current Assets				
Cash	13	1,848	1,393	1,538
Receivables	14	142	109	109
Other	18	221	250	250
Total Current Assets		2,211	1,752	1,897
Non-Current Assets				
Plant and equipment	17	4,391	4,367	5,379
Total Non-Current Assets		4,391	4,367	5,379
Total Assets		6,602	6,119	7,276
LIABILITIES				
Current liabilities				
Payables	20	377	318	318
Provisions	22	889	759	759
Other	23	849	126	126
Total Current Liabilities		2,115	1,203	1,203
Non-Current Liabilities				
Provisions	22	113	--	--
Total Non-Current Liabilities		113	--	--
Total Liabilities		2,228	1,203	1,203
Net Assets		4,374	4,916	6,073
EQUITY				
Accumulated funds	24	4,374	4,916	6,073
Total Equity		4,374	4,916	6,073

The accompanying notes form part of these Statements

Police Integrity Commission

Statement of Cash Flows for the Year Ended 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(8,973)	(10,123)	(8,688)
Other		(5,402)	(5,734)	(6,915)
Total Payments		(14,375)	(15,857)	(15,603)
Receipts				
Sale of goods and services		1	--	5
Interest received		51	14	33
Grants received		526	--	1,951
Other		492	580	576
Total Receipts		1,070	594	2,565
Cash flows from Government				
Recurrent appropriation		14,102	14,398	14,509
Capital appropriation		560	560	1,160
Cash reimbursements from the Crown Entity		586	720	496
Cash transfers to the Consolidated Fund		(126)	--	(94)
Net Cash Flows from Government		15,122	15,678	16,071
NET CASH FLOWS FROM OPERATING ACTIVITIES	29	1,817	415	3,033
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment		(1,507)	(560)	(2,283)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,507)	(560)	(2,283)
NET INCREASE/(DECREASE) IN CASH		310	(145)	750
Opening cash and cash equivalents		1,538	1,538	788
CLOSING CASH AND CASH EQUIVALENTS	13	1,848	1,393	1,538

The accompanying notes form part of these Statements

Summary of Compliance with Financial Directives

for the Year Ended 30 June 2003

	2003				2002			
	Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE								
• Appropriation Act	14,398	13,253	560	560	13,980	13,766	800	800
	14,398	13,253	560	560	13,980	13,766	800	800
OTHER APPROPRIATIONS/ EXPENDITURE								
• Treasurer's Advance	--	--	--	--	629	629	--	--
• Section 22 – expenditure for certain works & services	--	--	--	--	--	--	--	--
• Transfers from another agency (sec 25 of the Appropriation Act)	--	--	--	--	--	--	360	348
	--	--	--	--	629	629	360	348
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	14,398	13,253	560	560	14,609	14,395	1,160	1,148
Amount drawn down against Appropriation		14,102		560		14,509		1,160
Liability to Consolidated Fund		849		--		114		12

The accompanying notes form part of these Statements

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).
The liability to the Consolidated Fund represents the difference between the amount drawn down against Appropriation and the total expenditure/net claim on consolidated fund.

Police Integrity Commission

**Summary of Compliance with Financial Directives
for the Year Ended 30 June 2003 (cont)****Recurrent Appropriations**

During the year, there were no additional recurrent appropriations received.

Capital Appropriation

The Commission's capital allocation of \$560,000 was fully expended during the year. In June 2003, the Treasurer approved a \$963,000 increase in the Commission's 2002–03 Capital Authorisation Limit to cover the ongoing capital expenditure of grant monies on the Police Complaints Case Management system.

The accompanying notes form part of these Statements

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Reporting entity**

The Police Integrity Commission is constituted by the *Police Integrity Commission Act 1996*, and comprises a single entity. The Commission is a separate reporting entity and there are no reporting entities under its control. These financial statements cover the Commission's activities for the 2002–03 period. The Commission is consolidated as part of the NSW Total State Sector Accounts.

(b) Basis of accounting

The Commission's financial statements are a general purpose financial report that has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB)
- Urgent Issues Group (UIG) Consensus Views
- the requirements of the Public Finance and Audit Act and Regulations, and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncements of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS 6 "Accounting Policies" is considered.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

The Commission has applied accounting policies consistent with those of the previous year, unless otherwise stated.

(c) Administered activities

The Commission does not administer activities on behalf of the Crown Entity.

(d) Revenue recognition

Revenue is recognised when the Commission has control of the good or right to receive, it is probable that the economic benefits will flow to the Commission and the amount of revenue can be measured reliably. Additional comments regarding the accounting policies for the recognition of revenue are discussed below.

Parliamentary Appropriations and Contributions from Other Bodies

Parliamentary appropriations and contributions from other bodies (including grants and donations) are generally recognised as revenues when the Commission obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions is normally obtained upon the receipt of cash.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

The liability is disclosed in Note 23 as part of 'Current / Non-Current Liabilities—Other'. The amount will be repaid and the liability will be extinguished next financial year.

Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products or services ie user charges. User charges are recognised as revenue when the Commission obtains control of the assets that result from them.

Investment Income

Interest revenue is recognised as it accrues.

(e) *Employee benefits and other provisions*

(i) Wages and Salaries, Annual Leave, Sick Leave and On-costs

Liabilities for wages and salaries (including non-monetary benefits) and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, that are considered consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) Accrued Salaries and Wages—Reclassification

As a result of adoption of Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", accrued salaries and wages and on-costs has been reclassified to "payables" instead of "provisions" in the Statement of Financial Position and the related note disclosures, for the current and comparative period. On the face of the Statement of Financial Position and in the notes, reference is now made to "provisions" in place of "employee entitlements and other provisions". Total employee benefits (including accrued salaries and wages) are reconciled in Note 22 "Current Liabilities—Provisions"

(iii) Long Service Leave and Superannuation

The Commission's liabilities for long service leave and superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits and Other Liabilities".

Long service leave is measured on a short hand basis. The short hand method is based on the remuneration rates at year-end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (ie Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (ie State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iv) Other Provisions

Other provisions exist when the entity has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

Any provisions for restructuring are recognised either when a detailed formal plan has been developed or will be developed within prescribed time limits and where the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring.

(f) *Insurance*

The Commission's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(g) *Accounting for the Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except:

- (i) the amount of GST incurred by the Commission as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense.
- (ii) receivables and payables are stated with the amount of GST included.

(h) *Acquisition of Assets*

The cost method of accounting is used for the initial recording of all acquisition of assets controlled by the agency. Cost is determined as the fair value of assets given as consideration plus the costs incidental to the acquisition. Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value means the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing seller in an arm's length transaction.

(i) *Plant and equipment*

Plant and equipment costing \$5,000 and above are individually capitalised, as is plant and equipment costing less than \$5,000 that forms part of an overall asset.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

- (j) *Re-valuation of Physical Non-Current Assets*
There has been no re-valuation of any of the Commission's physical non-current assets during the reporting period.
- (k) *Assets not able to be Reliably Measured*
The Commission does not hold any assets that have not been recognised in the financial statements.
- (l) *Depreciation of Non-Current Physical Assets*
Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission.

The Commission has adopted the following depreciation rates for the reporting period:

Computer equipment	4 years
Office machines	7 years
Other plant and equipment	7 years
Leasehold improvements	The initial period of the lease

- (m) *Maintenance and repairs*
The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised.
- (n) *Leased Assets*
The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease. Operating lease payments are charged to the *Statement of Financial Performance* in the periods in which they are incurred.
- (o) *Receivables*
Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any collectable debts.
- (p) *Inventories*
The Commission holds no inventories.
- (q) *Trust funds*
The Commission does not hold any trust funds.
- (r) *Other Assets*
Other assets including prepayments are recognised on a cost basis.
- (s) *Equity transfers*
There were no equity transfers between the Commission and any other agency.
- (t) *Payables*
These amounts represent liabilities for goods and services provided to the Commission and other amounts, including interest. Interest is accrued over the period it becomes due.
- (u) *Budgeted amounts*
The budgeted amounts are drawn down from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and /or s 26 of the *Public Finance and Audit Act 1983*.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

The budgeted amounts in the *Statement of Financial Performance* and the *Statement of Cash Flows* are generally based on the amounts disclosed in the NSW Budget papers (as adjusted above). However, in the *Statement of Financial Position*, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts ie per the audited financial statements (rather than the carried forward estimates).

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

2. EXPENSES

(a)	Employee related expenses comprise the following specific items:	2003 \$'000	2002 \$'000
	Salaries and wages (including recreation leave)	8,036	7,461
	Superannuation	656	566
	Long Service Leave	456	263
	Workers' compensation insurance	137	40
	Payroll tax and fringe benefits tax	611	612
	Other	37	51
		9,933	8,993
(b)	Other operating expenses		
	Administration charges	163	383
	Books and periodicals	48	38
	Auditor's remuneration	22	21
	Consultancies	75	56
	Contractors	685	2,246
	EDP expenses (including equipment leasing charges)	744	361
	Insurance	35	31
	Rent and outgoings	1,560	1,457
	Minor equipment	453	352
	Motor vehicle costs (including leasing charges)	152	334
	Advertising	43	86
	Printing and stationery	47	50
	Staff development	51	68
	Travelling expenses	80	45
	Telephones	194	241
	Other	251	191
		4,603	5,960
(c)	Depreciation and amortisation expense		
	Depreciation		
	Computer Equipment	989	622
	Office Equipment	629	542
	Amortisation of Leasehold Improvements	877	1,088
		2,495	2,252

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

3. REVENUES

(a)	Sale of goods and services	2003 \$'000	2002 \$'000
	Sale of transcript from Commission hearings	<u>1</u>	<u>3</u>
		<u>1</u>	<u>3</u>
(b)	Investment income		
	Interest	<u>83</u>	<u>26</u>
		<u>83</u>	<u>26</u>
(c)	Grants & Contributions		
	Grants received from Budget Sector Agency (see Note 8)	478	1,774
		<u>478</u>	<u>1,774</u>
(d)	Other Revenue		
	Commission on salary deductions, sale of minor equipment	<u>5</u>	<u>35</u>
		<u>5</u>	<u>35</u>

4. GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

The Commission did not dispose of any non-current assets during the reporting period.

5. CONDITIONS ON CONTRIBUTIONS

The Commission did not receive any contributions during 2002–03, except as disclosed in note 8. These grants can only be expended for the purpose for which they were received.

6. APPROPRIATIONS

Recurrent appropriations	2003 \$'000	2002 \$'000
Total recurrent drawdowns from Treasury (per Summary of Compliance)	14,102	14,509
Less: Liability to Consolidated Fund (per Summary of Compliance)	849	114
	<u>13,253</u>	<u>14,395</u>
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	13,253	14,395
Transfer payments	--	--
Total	<u>13,253</u>	<u>14,395</u>

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

6. APPROPRIATIONS (cont)

	2003 \$'000	2002 \$'000
Capital appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	560	1,160
Less: Liability to Consolidated Fund (per Summary of Compliance)	--	12
	<u>560</u>	<u>1,148</u>
Comprising:		
Capital appropriations (per Statement of Financial Performance)	560	1,148
Less: Transfer payments	--	--
Total	<u>560</u>	<u>1,148</u>

7. FUNDAMENTAL ERRORS

No fundamentals errors have been discovered.

8. INDIVIDUALLY SIGNIFICANT ITEMS

	2003 \$'000	2002 \$'000
Grant from the Premier's Department for the continuing implementation of the Police Oversight Data Store (PODS) project of the PCCMS	478	1,774
	<u>478</u>	<u>1,774</u>

All capital items purchased for the above projects have been recognised in the Commission's assets.

9. EXTRAORDINARY ITEMS

There were no extraordinary items during the reporting period.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

10. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity

	2003 \$'000	2002 \$'000
Superannuation	650	566
Extended leave	456	263
Payroll tax	39	35
	<u>1,145</u>	<u>864</u>

11. TRANSFER PAYMENTS

There were no transfer payments during the reporting period.

12. PROGRAMS/ACTIVITIES OF THE AGENCY

- (a) Program 1: *Prevention of Serious Police Misconduct*

Objective: *To effectively contribute to the State response in combating serious police misconduct.*

13. CURRENT ASSETS—CASH

For the purposes of the *Statement of Cash Flows*, cash includes cash on hand and at bank. Cash assets recognised in the *Statement of Financial Position* are reconciled to cash at the end of the financial year as shown in the *Statement of Cash Flows* as follows:

	2003 \$'000	2002 \$'000
Cash at bank	1,836	1,526
Cash on hand	12	12
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>1,848</u>	<u>1,538</u>

14. CURRENT / NON-CURRENT ASSETS—RECEIVABLES

Other debtors	142	109
	<u>142</u>	<u>109</u>

No provision for doubtful debts has been raised as all amounts are considered to be collectable.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

15. CURRENT / NON-CURRENT ASSETS—INVENTORIES

The Commission had no inventories in the current year or the prior year.

16. CURRENT / NON-CURRENT ASSETS—OTHER FINANCIAL ASSETS

The Commission had no other financial assets in the current year or the prior year.

17. NON-CURRENT ASSETS—PROPERTY, PLANT AND EQUIPMENT

Plant and Equipment	2003 \$'000	2002 \$'000
At Fair Value	<u>14,301</u> 14,301	<u>12,794</u> 12,794
Accumulated Depreciation	<u>9,910</u> 9,910	<u>7,415</u> 7,415
Total Property, Plant and Equipment at Net Book Value	<u>4,391</u>	<u>5,379</u>

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Plant & Equipment \$'000
2003	
Carrying amount at start of year	5,379
- Additions	1,507
- Depreciation Expense	(2,495)
Carrying amount at end of year	<u>4,391</u>
2002	
Carrying amount at start of year	5,348
- Additions	2,283
- Depreciation Expense	(2,252)
Carrying amount at end of year	<u>5,379</u>

There has been no re-valuation of physical non-current assets during the reporting period. The Commission considers that the written down value of assets approximates the market value of these assets. The Commission has computer and office equipment transferred from the Royal Commission, most of which are now over six years in age. While these assets are fully depreciated they do provide some benefit to the Commission, but this benefit is immaterial to the Commission's *Financial Statements*.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

18. CURRENT / NON-CURRENT ASSETS—OTHER

	2003 \$'000	2002 \$'000
Prepayments	221	250
	<u>221</u>	<u>250</u>

19. RESTRICTED ASSETS

The Commission holds \$251,000 in its Operating Account, being the balance of the Police Oversight Data Store (PODS) grants funding. This amount will be expended 2003–05 on IT Master Lease costs.

20. CURRENT LIABILITIES—PAYABLES

Accrued salaries, wages and on-costs	232	200
Creditors	145	118
	<u>377</u>	<u>318</u>

21. CURRENT / NON-CURRENT LIABILITIES—INTEREST BEARING LIABILITIES

The Commission does not have any current or non-current interest bearing liabilities.

22. CURRENT / NON-CURRENT LIABILITIES—PROVISIONS**Employee benefits and related on-costs**

Recreation leave	720	720
Long service leave on-costs	126	--
Termination payment	135	--
FBT provision	21	39
	<u>1,002</u>	<u>759</u>

Aggregate employee benefits and related on-costs

Provisions—current	889	759
Provisions—non-current	113	--
Accrued salaries, wages and on-costs (note 20)	232	200
	<u>1,234</u>	<u>959</u>

23. CURRENT / NON-CURRENT LIABILITIES - OTHER

Liability to Consolidated Fund	849	126
	<u>849</u>	<u>126</u>

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

24. CHANGES IN EQUITY

	2003 \$'000	2002 \$'000
Accumulated funds		
Balance at 1 July	6,073	5,211
Surplus/(Deficit) for the Year	(1,699)	862
Balance at 30 June	<u><u>4,374</u></u>	<u><u>6,073</u></u>

25. INCREASE / DECREASE IN NET ASSETS FROM EQUITY TRANSFERS

During the reporting period, there were no equity transfers affecting the Commission.

26. COMMITMENTS FOR EXPENDITURE**(a) Capital Commitments**

Aggregate capital expenditure contracted for at balance date and not provided for:

Not later than one year	<u>27</u>	<u>23</u>
Total (including GST)	<u><u>27</u></u>	<u><u>23</u></u>

(b) Other Expenditure Commitments

Aggregate other expenditure contracted for at balance date and not provided for:

Not later than one year	<u>90</u>	<u>51</u>
Total (including GST)	<u><u>90</u></u>	<u><u>51</u></u>

(c) Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	2,431	1,890
Later than one year and not later than five years	6,226	1,407
Later than five years	--	--
Total (including GST)	<u><u>8,657</u></u>	<u><u>3,297</u></u>

These operating lease commitments relate to the Commission's rental of property, lease of equipment and its motor vehicle fleet, and are not recognised in the financial statements as liabilities.

(d) Finance Lease Commitments

The Commission has no finance lease commitments.

(e) GST on Commitments

The total commitments for 2003 include an input tax credit of \$794,113 that is expected to be recoverable from the Australian Taxation Office.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

27. CONTINGENT LIABILITIES

As at the reporting date, the Commission is not aware of any contingent liabilities that will materially affect its financial position.

28. BUDGET REVIEW*Net cost of services*

The net cost of services was lower than budget due to a reduction in the Commission's hearing schedule, and receipt of an additional Grant for the Police Oversight Data Store (PODS) project.

Assets and liabilities

Variation between actual and budget amounts is due to the Liability to the Consolidated Fund.

Cash flows

The Commission received an additional grant of \$478,000 for the PODS project, as well as expending monies held from prior years for that project.

29. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2003 \$'000	2002 \$'000
Net cash from operating activities	1,817	3,033
Cash Flows from Government Appropriations	(13,813)	(15,543)
Acceptance by Crown Entity of Employee liabilities and other liabilities	(1,145)	(864)
Depreciation	(2,495)	(2,252)
Decrease/(increase) in provisions	(273)	(62)
Increase/(decrease) in prepayments and other assets	4	186
Decrease/(increase) in creditors	(752)	(43)
Net cost of services	<u>(16,657)</u>	<u>(15,545)</u>

30. NON-CASH FINANCING AND INVESTING ACTIVITIES

There were no non-cash financing and investing activities undertaken by the Commission for the reporting period.

31. TRUST FUNDS

The Commission does not hold any trust funds

32. ADMINISTERED ASSETS AND LIABILITIES

The Commission does not hold any administered assets, nor does it hold any administered liabilities.

33. ADMINISTERED REVENUE - DEBTS WRITTEN OFF

The Commission does not hold any administered revenue.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2003

34. ADMINISTERED REVENUE - SCHEDULE OF UNCOLLECTED AMOUNTS

The Commission does not administer any uncollected monies.

35. FINANCIAL INSTRUMENTS

The Commission's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are detailed below:

(i) Cash

Cash comprises cash on hand and bank balances within the Treasury banking system. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11.00am unofficial cash rate adjusted for a management fee to Treasury.

(ii) Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates the net fair value. Sales are made on a 14 day term.

(iii) Bank Overdraft

The Commission does not have any bank overdraft facility.

(iv) Trade Creditors and Accruals

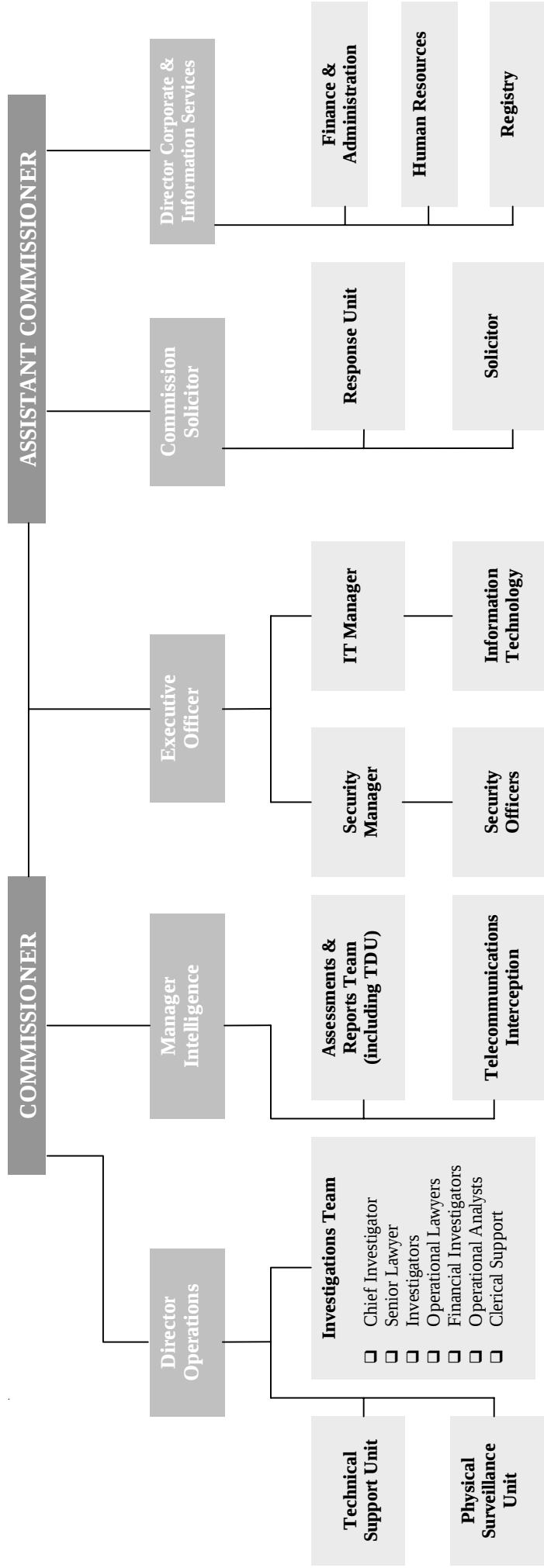
The liabilities are recognised for amounts due to be paid for future goods or services received, whether or not invoiced. Amounts owing to suppliers (that are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment. No interest was applied during the year.

36. AFTER BALANCE DATE EVENTS

There are no known after balance date events.

End of audited financial statement

APPENDIX 10 — ORGANISATIONAL STRUCTURE



APPENDIX 11 — DIRECTORY, PUBLICATIONS AND PRINTING REQUIREMENTS

Directory

Address:

Level 3, 111 Elizabeth Street
SYDNEY NSW 2000

Postal Address:

GPO Box 3880
SYDNEY NSW 2001

Website:

www.pic.nsw.gov.au

Telephone Enquiries:

Telephone: (61 2) 9321 6700

Freecall: 1800 657 079

Facsimile: (61 2) 9321 6799

Office Hours:

8.30am – 5.00pm

Publications

The Commission's publications fall into the following categories:

- ☐ Reports to Parliament following an investigation which involved public hearings (s 96(2));
- ☐ Special Reports to Parliament on any administrative or general policy matter relating to the functions of the Commission (s 98);
- ☐ Annual Reports; and
- ☐ brochures concerning the making of a complaint in regard to serious police misconduct.

A full list of publications available to the public is posted on the Commission's website.

The following publications were released by the Commission during the reporting year:

Publication Name Publication Date

Annual Report 2001-2002	October 2002
Report to Parliament, Operation Jetz	February 2003
Report to Parliament, Operation Malta	February 2003
Special Report to Parliament, Project Dresden II	June 2003

Printing Requirements

Number of copies printed: 500

Average cost per copy: \$13.43 (including GST)

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