



New South Wales
Crime Commission

Annual Report 2014-2015



New South Wales Crime Commission

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26 October 2015

The Honourable Troy Grant MP
Deputy Premier and Minister for Justice & Police
Level 20
52 Martin Place
Sydney NSW 2000

Dear Minister

ANNUAL REPORT FOR 2014-2015

Pursuant to ss 11A and 12 of the *Annual Reports (Departments) Act 1985* ('the Act'), I submit to you this Commission's Annual Report for 2014-2015 (in accordance with s 9 of the Act) and Report of Operations (in accordance with ss 10 and 11 of the Act). In accordance with s 6 of the Act, the two reports are included within the one document ('the Report'). The Report is being submitted to you for presentation to Parliament.

In accordance with s 82 of the *Crime Commission Act 2012*, the Report has also been furnished to the New South Wales Crime Commission Management Committee. Section 82 of the *Crime Commission Act 2012* provides for that Committee to transmit the Report to you with such comments on the Report as it sees fit.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Peter Hastings'.

Peter Hastings QC
Commissioner

CC: The Hon. Gladys Berejiklian MP



20 October 2015

The New South Wales Crime Commission
Management Committee

Dear Committee Members

ANNUAL REPORT FOR 2014-2015

On behalf of the Commission, and in accordance with s 82 of the *Crime Commission Act 2012*, I furnish you the Commission's Annual Report for the year ending 30 June 2015. Section 82 provides for you to transmit the Report to the Minister with such comments on the Report as you see fit.

The Report also serves to satisfy the requirements of the *Annual Reports (Departments) Act 1985*.

Yours faithfully

Peter Hastings QC
Commissioner

CONTENTS

Commissioner's Year in Review	1
Part I - NSW Crime Commission	
Functions, aims and objectives of the Commission.....	4
Responsible Minister	6
The Commissioner and Assistant Commissioners.....	6
Mr Peter Hastings QC.....	6
Mr Peter Singleton	6
Mr Robert Inkster OAM APM	6
Mr Peter Bodor QC	6
Management Committee	7
Functions of the Management Committee.....	7
Membership of the Management Committee.....	7
Management Committee activities in 2014–2015.....	8
Part II - Criminal Investigations Division	
Participation in joint task forces	9
Organised Crime Squad.....	9
Joint Organised Crime Group.....	10
Joint Counter Terrorism Team	10
Organised crime disruption strategy	10
Use of statutory powers and authority.....	11
<i>Crime Commission Act 2012</i>	11
<i>Law Enforcement (Controlled Operations Act) 1997</i>	12
<i>Law Enforcement (Powers and Responsibilities) Act 2002</i>	12
<i>Law Enforcement and National Security (Assumed Identities) Act 2010</i>	12
<i>Surveillance Devices Act 2007</i>	12
<i>Telecommunications (Interception and Access) Act 1979 (Cth)</i>	13
<i>Terrorism (Police Powers) Act 2002</i>	13
Controlled entities.....	14
Dissemination of intelligence and information	14
Results of investigations.....	14
Arrests and charges by Commission reference.....	16
Analysis of arrests and charges	17
Patterns and Trends in the Nature and Scope of Organised Crime	18
Part III - Financial Investigations Division	
The confiscation process.....	21
Use of statutory information gathering powers.....	22
Referrals.....	23

Confiscation and restraining orders	23
Warranties.....	24
Analysis of confiscations	25
Estimated realisable value of confiscation orders	27
Exclusion orders.....	28
Summary judgements and appeals	29
Living and legal expenses	29
Costs.....	30
Comparisons with previous two years	31
Sharing with other jurisdictions	32
Case study – the power of civil confiscation	32
Part IV - Legal Services Division	
Legislative changes impacting on the Commission.....	34
Significant judicial cases impacting on the Commission	35
Challenges to Commission determinations.....	36
Recommendations for legislative change	37
Part V - Corporate Services Division	
Management Team	38
Corporate Plan 2014-2016	38
Organisational structure	38
Commission personnel.....	39
Corporate projects.....	40
Records management.....	40
Information and communications technology	41
Analytical software	41
Finance.....	41
Human resources.....	42
Work, health and safety	42
Part VI - Corporate Governance	
Internal governance.....	43
Employee conduct.....	44
Internal controls.....	45
External stakeholder relationships	46
External reporting	46
Accountability and scrutiny of the Commission	46
Internal audit and risk management.....	47
External oversight of the Commission.....	49
NSW Ombudsman.....	49
Commonwealth Ombudsman.....	50
Inspector of the Commission.....	50

Parliamentary Joint Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission	51
Police Integrity Commission	51
Complaint handling	51
Part VII - Other Reporting Requirements	
2014-2015 Annual Report	54
Agreement with the Multicultural NSW	54
Building management	55
Commission publications	55
Consultants	55
Privacy	55
Public access to government information	55
Financial matters	56
Audited Financial Statements	
NSW Crime Commission Consolidated Financial Statements	61
NSW Crime Commission Staff Agency Financial Statements	89
Appendices	
Appendix A: <i>Law Enforcement (Powers and Responsibilities) Act</i> Report	104
Appendix B: <i>Law Enforcement and National Security (Assumed Identities) Act</i> Report	108
Appendix C: <i>Surveillance Devices Act</i> Report	110
Appendix D: <i>Terrorism (Police Powers) Act</i> Report	115
Appendix E: Corporate Plan	119
Appendix F: Organisational Chart	120
Appendix G: Digital Information Security Systems Attestation	121
Appendix H: Governance Framework	122
Appendix I: Internal Audit and Risk Management Attestation	124
Appendix J: Section 31 <i>Public Interest Disclosures Act</i> Report	125
Appendix K: Section 6CA <i>Public Interest Disclosures Act</i> Report	128
Appendix L: <i>Government Information (Public Access) Act</i> Report	131
Glossary and Abbreviations	136
Compliance Index	138
Index	140

COMMISSIONER'S YEAR IN REVIEW

Following the publication of the Patten Report into the structure and functions of the Crime Commission, there has been an ongoing process of implementing the recommendations to the point where now major changes have been made to the Commission and virtually all of the recommendations have been implemented. The introduction of the *Crime Commission Act 2012* ('*Crime Commission Act*') made significant amendments to the statutory provisions governing the functions and operations of the Commission, and there has been an evolution of revised management structures and enhanced governance processes since then.

The administrative arrangements are now effectively settled with the appointment of a Director (Legal Services) during the reporting period, to complement the appointment of the Director (Corporate Services) during 2013-2014. Nevertheless the process of change will continue, but with more focus upon operational issues now that there is a sound management foundation upon which to build further enhancements.

Peter Singleton resigned from the position Assistant Commissioner (Legal) effective from 15 March 2015, in order to return to practice as a barrister. Mr Singleton had occupied the position of Assistant Commissioner (2010-2012), was Commissioner (2012) and Assistant Commissioner (Legal) (2012-2015). These were challenging times at the Commission. He discharged his duties with integrity and commitment, and is to be thanked for his hard work.

The Commission has been fortunate that Peter Bodor QC has taken up the position of Assistant Commissioner (Legal) from 1 July 2015. Mr Bodor's extensive experience in the practice of criminal law and his standing in the legal profession will enhance the reputation and expertise of the Commission.

The capacity of the Commission to examine witnesses under compulsion is one of the principal reasons for its existence but the continuity of the exercise of that power was interrupted by uncertainty generated by a number of appellate decisions relating to investigations by this Commission and the Australian Crime Commission, which operates under similar statutory provisions. Whilst the number of investigations by this Commission to which the decisions directly applied were small in number, there was a proliferation of arguments with respect to related actions of both Commissions to the point that there was a general reluctance by police to seek the assistance of the Commission because of what were perceived to be potential threats to existing investigations.

After a comprehensive process of consultation, amendments were made to the *Crime Commission Act* that took effect on 28 November 2014, which have been designed to remove the uncertainty surrounding the exercise of the Commission's powers and the derivative use that can be made of information obtained during the examination of witnesses.

The use of the powers of the Commission has assumed greater significance in the light of the 2012 amendments to the Act, which provide that the Management Committee shall not make a reference authorising an investigation by the Commission unless it is satisfied that the use of the powers of the Commission is necessary to fully investigate the matters identified, the investigation by the Commission is in the public interest and the relevant criminal activity is sufficiently serious to warrant its investigation by the Commission. The result is that, over time, the Commission is confining its investigations to a smaller number of investigations of increased complexity where it is apparent that the use of the powers of the

Commission is likely to achieve an outcome that would not otherwise be possible. This will in turn result in a significant reduction in the number of arrests and charges resulting from investigations in which the Commission is involved. However, the expectation is that the disruption to organised crime arising from arrests and charges will be maintained as a result of the focus upon targets who are in the upper echelons of organised crime groups.

In the report on 'Trends in the Nature and Scope of Organised Crime' later in this report, reference is made to the increase by organised crime groups in adopting sophisticated technology in order to frustrate the efforts of law enforcement agencies. This has a particular impact upon the capacity of agencies such as this Commission to gather evidence by way of telephone intercepts, which has been fundamental to presenting evidence for successful prosecutions for drug offences and other serious crimes for the last thirty years, or even longer.

The change is reflected in the number of telephone intercept warrants taken out by the Commission during the reporting period, the details of which appear later in this report. The number of warrants has reduced by close to 50 per cent in one year, consistent with the exponential increase in the use of encrypted BlackBerry devices and other counter surveillance techniques by senior criminals during the same period. Alternative investigative processes based upon data interception are available but they will be far more resource intensive and technically challenging than the processes used in the past. It is anticipated that this will also have an effect upon the number of arrests and charges resulting from Commission investigations, particularly because the Commission endeavours to focus upon the more senior criminals who are more likely to have the ingenuity to adopt effective counter surveillance measures.

The combined effect of compliance with the changed conditions for making references where the use of the powers of the Commission will be necessary, and the diminished results from telephone intercepts has called for a review of the investigation processes of the Commission. Discussions have commenced and will continue with its principal partner agency, New South Wales Police, in order to formulate arrangements which will provide for the Commission to use its powers and expertise to the optimum benefit of the community of New South Wales.

Together with other law enforcement agencies, the Commission has continued to focus its investigations into the money laundering activities of organised crime groups, which is a point of vulnerability in the conduct of the business of importing drugs. Whilst there have been significant seizures of cash, it cannot be said that there has been a substantial disruption to the business of international money launderers.

As part of the team that represented Australia in the process of an evaluation of Australia's compliance with recommended international anti-money laundering and counter terrorist financing measures by the Finance Action Task Force (the independent intergovernmental body that develops and promotes policies designed to protect the global financial system against money laundering), I am aware that Australia rates highly by comparison with other countries. However, while a philosophy of the Australian anti-money laundering legislation is to minimise the regulatory burden on small business, law enforcement agencies will struggle to disrupt the activities of criminal groups who currently exploit the present system. In particular, as long as there continues to be international tolerance of the practice known as

hawala or “cuckoo smurfing”, an illustration of which is in the later report on organised crime trends, international drug enterprises will flourish.

The report on the nature and scope of organised crime also highlights what seem to be clear indications of ongoing importations of large quantities of methamphetamine (Ice) or its precursors, notwithstanding the intensive efforts of law enforcement agencies including this Commission. The disturbing reports of a reduction in wholesale prices on the Sydney market can only be explained by an increase in supply over demand. The examinations conducted by the Commission of persons associated with serious criminal activity, particularly homicides, regularly identify Ice as a factor, either as a cause of a dispute leading to the offence, or as a cause of the violent conduct by the person of interest. It is reasonably clear that law enforcement agencies are not able to prevent the importation of the drug into the country or to its manufacture from imported ingredients, nor stem the flow of money out of the country to pay for the shipments. Unless there is a comprehensive effort by other elements of the community in the form of education and parental or other control, the position is not likely to change.

The functions of the Commission in conducting proceedings under the *Criminal Assets Recovery Act* ('CAR Act') produced another successful outcome for the reporting period, involving orders for forfeiture of property or payments of proceeds assessment orders or unexplained wealth orders, to a total sum of \$26 million. While the amount itself is not necessarily an accurate measure of the work of the Commission's Financial Investigations Division ('FID'), which conducts proceedings under the *CAR Act* that are susceptible to variations beyond the control of the Commission, in the 2014-2015 financial year the result was the product of extremely hard work by officers of FID. Their work is important in relation to disrupting organised crime. The deprivation of ill-gotten gains of criminals not only deprives them of the benefits of their criminal activities, but also inhibits their capacity to resume their activities when released from imprisonment.

Peter Hastings QC
Commissioner

PART I - THE NSW CRIME COMMISSION

The Commission is constituted as a corporation under the *Crime Commission Act*. Mr Peter Hastings QC is the Commissioner. Mr Robert Inkster and Mr Peter Singleton were the Assistant Commissioners during the reporting period.

The Commission has functions under the *Crime Commission Act* and the *CAR Act*. During the period Mr Hastings, Mr Singleton, Mr Inkster, and delegated staff members exercised the functions of the Commission under the *Crime Commission Act* and the *CAR Act*.

Functions, aims and objectives of the Commission

The object of the *Crime Commission Act* is to reduce the incidence of organised and other serious crime. The *CAR Act* has multiple objects; however, the overarching object is to attempt to ensure that persons involved in criminal activity do not retain the proceeds or benefits of their crimes.

The principal functions of the Commission are:

- to investigate matters relating to a relevant criminal activity, serious crime concerns, and the criminal activities of criminal groups referred to the Commission by the Management Committee for investigation;
- to assemble evidence that would be admissible in the prosecution of a person for a relevant offence arising out of any such matters and to furnish it to the Director of Public Prosecutions ('the DPP');
- to furnish evidence obtained in the course of its investigations (being evidence that would be admissible in the prosecution of a person for an indictable offence against the law of the Commonwealth or another State or Territory) to the Attorney General or to the appropriate authority in the jurisdiction concerned;
- to reinvestigate matters relating to any criminal activity that were the subject of a police inquiry (being an inquiry referred for review to the Commission by the Management Committee) and to furnish its findings to the Management Committee together with any recommendation as to action the Commission considers should be taken in relation to those findings;
- to furnish, in accordance with the *Crime Commission Act*, reports relating to organised and other crime that include, where appropriate, recommendations for legislative or regulatory change;
- to provide investigatory, technological and analytical services to such persons or bodies as the Commission thinks fit; and
- with the approval of the Management Committee, to work in co-operation with such persons or authorities of the Commonwealth, the State or another State or Territory (including any task force and any member of a task force) as the Commission considers appropriate.

The Commission may:

- furnish any information the Commission obtains relating to the exercise of the functions of a government agency, or a report on that information, to the relevant Minister and make such recommendations relating to the exercise of the functions of the government agency, as the Commission considers appropriate;
- furnish any information relating to the conduct of a member of a government agency, in his or her capacity as such, that the Commission obtains, or a report on that information, to the head of that agency or (if the member is the head of the agency) to the relevant Minister and make such recommendations relating to the conduct of the member as the Commission considers appropriate;
- in accordance with any guidelines furnished by the Management Committee, disseminate intelligence and information to such persons or bodies of the Commonwealth, the State or another State or Territory (including any task force and any member of a task force) as the Commission thinks appropriate; and
- co-operate and consult with such persons or bodies as the Management Committee thinks appropriate.

The principal objects of the *CAR Act* are:

- to provide for the confiscation, without conviction, of property of a person if the Supreme Court finds it to be more probable than not that the person has engaged in a serious crime related activity ('SCRA');
- to enable the current and past wealth of a person to be recovered as a debt due to the Crown if the Supreme Court finds there is a reasonable suspicion that the person has engaged in a SCRA, or acquired the proceeds of a SCRA of another, unless they can show the wealth was acquired lawfully;
- to enable the proceeds of illegal activities to be recovered as a debt to the Crown if the Supreme Court finds it more reasonable than not that the person engaged in a SCRA, or acquired the proceeds of the SCRA or illegal activities of another, in the past six years;
- to provide for the confiscation, without conviction, of property of a person that is illegally acquired property held in a false name or is not declared in confiscation proceedings; and
- to enable law enforcement authorities to identify and recover property effectively.

Under the *CAR Act*, the Commission takes action against alleged criminals and persons who have benefitted from criminal actions, through the civil courts. Detailed information about the operation of the *CAR Act* and how confiscation proceedings work can be found on the Commission's website.

The Commission aims to discharge its functions in a lawful, ethical, economical, and effective way.

Responsible Minister

Administration of the *Crime Commission Act* and the *CAR Act* was, throughout the reporting period, assigned to the Minister for Police and Emergency Services, the Hon. Stuart Ayers MP until 2 April 2015, and the Hon. Troy Grant MP, Deputy Premier and Minister for Police and Emergency Services, from 3 April 2015.

The Commissioner and Assistant Commissioners

Mr Peter Hastings QC

Commissioner Peter Hastings was a barrister for more than 35 years and was appointed Queen's Counsel in 1992. He practiced extensively in criminal law, appearing for the prosecution and defence. Mr Hastings was Senior Counsel Assisting the Kennedy Royal Commission into Police Corruption in Western Australia between 2002 and 2004 and was Counsel for the Commissioner of Police in the Wood Royal Commission in 1995 and 1996. Mr Hastings is also President of the Australian Academy of Forensic Sciences. Mr Hastings was appointed Commissioner of the Commission on 31 October 2012.

Mr Peter Singleton

Assistant Commissioner (Legal) Peter Singleton, BA (Hons), LLB, has been a barrister for more than 15 years. Mr Singleton has extensive experience in administrative and criminal law. Prior to the appointment of Mr Hastings, Mr Singleton was the Commissioner for the Commission in 2012 and the Assistant Commissioner from 2010-2012 under former Commissioner Phillip Bradley. Mr Singleton served as Assistant Commissioner (Legal) until his resignation from the Commission on 15 March 2015.

Mr Robert Inkster OAM APM

Mr Robert Inkster, GradDipCrim, took up the role of Assistant Commissioner (Operations) in December 2012. Prior to this, Mr Inkster served in the NSW Police Force ('NSW Police') for 39 years, retiring in October 2004 with the rank of Detective Chief Superintendent. During his tenure with NSW Police Mr Inkster specialised in the investigation of serious and organised crime. Following his retirement from the NSW Police Mr Inkster served as Chairman of the Board of the Tow Truck Authority of NSW between 2005 and 2007, and as a Community Representative with the State Parole Authority between 2004 and 2012. Mr Inkster was appointed Assistant Commissioner (Operations) on 17 December 2012.

Mr Peter Bodor QC

Assistant Commissioner (Legal) Peter Bodor has been a barrister for more than 39 years and was appointed Queen's Counsel in 1988. The predominant focus of Mr Bodor's practice at the NSW Bar, as prosecutor and defender, involved criminal law. He also practised extensively in various Royal Commissions, Commissions of Inquiry and coronial inquiries and at the Independent Commission Against Corruption. He also advised and appeared as leading counsel in numerous complex cases on behalf of NSW Police. Mr Bodor was appointed Assistant Commissioner (Legal) on 1 July 2015.

Management Committee

Functions of the Management Committee

The functions of the Management Committee are:

- to refer, by written notice, matters relating to relevant criminal activities, serious crime concerns, or the criminal activities of a specified criminal group to the Commission for investigation;
- to refer, by written notice, to the Commission, for reinvestigation police inquiries into matters relating to any criminal activities;
- to make arrangement for task forces to assist the Commission to exercise its functions;
- to approve the Commission to work in co-operation with such persons or authorities of the Commonwealth, the State or another State or Territory, including any task force or any member of a task force, as the Commission considers appropriate;
- to review and monitor generally the work of the Commission; and
- to make decisions on when the Commission should co-operate and consult with other bodies and persons.

The Management Committee may also:

- give directions and furnish guidelines to the Commission with respect to the exercise of its functions; and
- give directions and furnish guidelines to the Commission with respect to the internal management of the Commission.

The Commission must comply with directions or guidelines given by the Management Committee.

Membership of the Management Committee

The *Crime Commission Act* constituted the Management Committee. During the reporting period, the Management Committee included:

- Independent chairperson, Mr David Patten;
- Commissioner of the NSW Crime Commission, Mr Peter Hastings;
- Commissioner of NSW Police, Mr Andrew Scipione APM;
- Chair of the Board of the Australian Crime Commission ('ACC'), Mr Tony Negus APM until September 2014; succeeded by Mr Andrew Colvin;
- Chief Executive Officer of the Ministry for Police and Emergency Services, Ms Vicki D'Adam.

Management Committee activities in 2014–2015

During the reporting period, the Management Committee met on a monthly basis.

During the reporting period, the Management Committee referred 23 new matters to the Commission for investigation. The references were given the following code-names:

Table 1: New References

Abercrombie II	Araluen	Brooklyn	Casuarina	Dalmeny	Fairholme
Georgia II	Hawaii	Markdale	Minnesota	Nebraska	Olinda
Purfleet	Quiera	Rosedale	Sandbar	Taralga	Teralba II
Ulan	Urisino II	Verona	Waterfall	Yarragin	

The new matters referred to the Commission include thirteen homicide cases, three drug trafficking matters, and investigations relating to money laundering, public place shootings and counter terrorism.

The Management Committee authorised the renewal of 35 existing references:

Table 2: Renewed References

Arkansas	Bagnoo	Balala	Cabarita	Calga
Collie	Conargo	Connecticut	Elsmore	Enmore
Fernmount	Garra	Gilmore	Hampton	Hollisdale
Illaroo	Jiggi	Jiliby	Kamarah	Kinchela
Lugarno	Marlee	Milperra	Nabiac	Nightcap
Pambulla	Peelwood	Pimlico	Quandialla	Ramsgate
Salisbury	Sandgate	Swansea	Villawood	Zara

PART II - CRIMINAL INVESTIGATIONS DIVISION

The Commission's Criminal Investigations Division (CID) is responsible for discharging the criminal investigations functions. A typical Commission investigation is conducted jointly, with one or more of the Commission's partner agencies, pursuant to a Management Committee reference or approval to work in a joint task force.

The Commission assigned each investigation in which it was involved to a CID Team. Within that CID Team, one or more criminal intelligence analysts carried out the Commission's investigative functions with respect to the investigation. Depending on the circumstances an Intelligence Manager, Assistant Director, Director, Assistant Commissioner and/or Commissioner (or a combination of these people) supervised each investigation. The Commission monitored investigations through regular meetings, including with staff and senior police, written reports, and other means.

The NSW Police made the services of its Organised Crime Squad ('OCS') available to assist the Commission during the year. A significant number of the Commission's investigations were conducted in cooperation with the OCS. The Commission also worked closely with the Homicide Squad, other NSW Police squads, and with other State and Commonwealth task forces.

Officers from other agencies, including the Australian Federal Police ('AFP'), the Australian Customs and Border Protection Service ('ACBPS'), the Australian Crime Commission ('ACC') and the Australian Transaction Reports and Analysis Centre ('AUSTRAC') often participated in Commission investigations, contributing their additional skills, resources and powers to each operation. As in other years, ACBPS officers worked onsite at the Commission and made an invaluable contribution to the success of Commission investigations. This collaboration is set to continue into the future following the merger of the ACBPS and Department of Immigration and Border Protection as the Australian Border Force. In recognition of the importance of co-location, the Commission also has staff located at AFP premises.

Participation in joint task forces

During 2014-2015, the Commission participated in three multi-agency task forces.

Organised Crime Squad

The Commission conducted investigations in partnership with the Organised Crime (Targeting) Squad from its inception until its expansion and change to the OCS in February 2014. During the reporting period, the Commission and OCS continued to jointly investigate high-level organised crime in NSW. The Commission has provided three CID teams to work with the OCS, including two specialist drug/organised crime teams and one specialist money laundering team. In addition to providing the OCS with access to the Commission's criminal analytical services, the Commission also provides the OCS with financial analysis, technical and linguistic support, other operational support, and access to the Commission's statutory powers.

Joint Organised Crime Group

The Joint Organised Crime Group ('JOCG') is a multi-agency task force comprising representatives from the Commission, the NSW Police, the AFP, the ACBPS and the ACC.

The JOCG replaced the long-running Joint Asian Crime Group ('JACG') in July 2009. The JACG/JOCG is one of the longest continually running multi-agency task forces in NSW. Its terms of reference includes the investigation of organised crime groups involved in serious drug trafficking and money laundering. The primary focus of the JOCG is on organised crime groups involved in drug importation and distribution, and inter-state drug trafficking.

The Commission has participated in the JOCG since its inception (as JACG) in 1997. The Commission provides the JOCG with onsite analytical, financial, technical, and linguistic services, other operational support, and access to the Commission's statutory powers.

Joint Counter Terrorism Team

The NSW Joint Counter Terrorism Team ('JCTT') was formally established in December 2007, although joint counter terrorism investigations had already been underway for several preceding years. The various State JCTTs conduct intelligence and criminal investigations to prevent, disrupt and investigate terrorist activities in Australia. The JCTT comprises officers from the AFP, the NSW Police, the Commission and the Australian Security Intelligence Organisation ('ASIO'). Counter terrorism investigations are led by either the AFP or the NSW Police. The Commission provides the JCTT with onsite analytical, technical and linguistic services, other operational support, and access to the Commission's statutory powers, including hearings for the compulsory examination of witnesses.

Organised crime disruption strategy

The Commission has developed and implemented an organised crime disruption strategy in order to guide some of its criminal investigation work. Part of this strategy includes the development of a map of persons the Commission believes to be involved in varying forms of organised crime in New South Wales. The Commission's map of organised crime is updated regularly in response to changes in its understanding of the criminal environment. This includes the addition of new persons of interest, the removal of persons who have been arrested, and the removal of persons who are no longer involved in significant organised crime.

Before a person can be included in the Commission's map of organised crime, their activities are assessed by the Commission's Target Review and Intelligence Development Group, which comprises Commission management and senior NSW Police officers.

At the end of 2014-2015, the Commission's organised crime map covered 590 persons, up from 524 at the start of the reporting period. The Commission added 69 persons of interest to the map over the course of the year and removed 3 persons who were no longer of interest. At the end of the reporting period, 137 persons of interest included in the Commission's map of organised crime were the subject of active investigation, 28 were the subject of intelligence development work, 95 had been arrested, and the Commission was monitoring the activities of the remaining persons.

Use of statutory powers and authority

The Commission is able to exercise its powers under the *Crime Commission Act* and the *CAR Act* to assist it in discharging its functions. The powers conferred by the *Crime Commission Act* were available to support the Commission's investigations and evidence gathering for both criminal prosecutions and proceedings under the *CAR Act*.

Additionally, the Commission is recognised as a law enforcement agency for the purposes of a number of other Commonwealth and State statutes that confer investigative powers and rights on law enforcement agencies. The Commission's position under these statutes is the same as that of other law enforcement agencies.

The principal statutes the Commission uses for investigative purposes are as follows:

- The *Telecommunications (Interception and Access) Act 1979* (Cth) ('the *TIA Act*') provides for the interception (pursuant to warrant) of certain telecommunications (e.g., telephone calls), for access (pursuant to warrant) to certain stored communications (e.g., short message service [SMS] messages) and for access (pursuant to authorisation) to certain telecommunications call associated data.
- The *Surveillance Devices Act 2007* (NSW) ('the *SD Act*') provides for the use of surveillance devices (listening, optical, data and tracking devices) pursuant to warrant.
- The *Law Enforcement (Controlled Operations) Act 1997* (NSW) ('the *LECO Act*') provides for authorisation of controlled operations involving what would otherwise be unlawful conduct.
- The *Law Enforcement and National Security (Assumed Identities) Act 2010* (NSW) ('the *LENSAI Act*') provides for the creation and use of assumed identities.

The figures in Table 3 relate to the CID and FID aspects of the Commission's work. Tables 4 to 9 set out how often the Commission exercised or used its statutory powers and authorities under other legislation. Statistics on applications made by the Commission pursuant to the provisions of the *CAR Act* can be found in Table 14 in Part III of the report.

Crime Commission Act 2012

Table 3

Use of the legislation (and section of Act)	Total
Applications for search warrants (s 17)	0
Summonses to appear at hearings (s 24)	170
Notices to State public agencies (s 28)	42
Notices to produce (s 29)	1539
Arrest warrants (s 36)	1

Law Enforcement (Controlled Operations Act) 1997

Table 4

Use of the legislation	Total
Applications for authorities made	2
Authorities granted	2

Law Enforcement (Powers and Responsibilities) Act 2002

Table 5

Use of the legislation*	Total
Covert search warrants sought	0
Covert search warrants granted	0

* A copy of the Commission's Annual Report under s 242A of the *LEPR Act* is reproduced at Appendix A.

Law Enforcement and National Security (Assumed Identities) Act 2010

Table 6

Use of the legislation*	Total
Applications to acquire and use an assumed identity	0
Applications granted	0
Authorities cancelled	1

* A copy of the Commission's Annual Report under the s 35 of the *LENSAI Act* is reproduced at Appendix B.

Surveillance Devices Act 2007

Table 7

Use of the legislation*	Total
Applications made	36
Warrants sought in those applications	77
Warrants granted	76
Warrants refused	1
Emergency authorisations sought	0
Emergency authorisations approved	0

* A copy of the Commission's Annual Report under s 45 (3) of the *SD Act* is reproduced at Appendix C.

Telecommunications (Interception and Access) Act 1979 (Cth)

Table 8

Applications, warrants, etc. (and section of Act)	Total
Applications for A-party service warrants (s 46(1)(d)(i))	87
Applications for A-party service warrants withdrawn	0
A-party service warrants refused	0
A-party service warrants issued	87
Applications for B-party service warrants (s 46(1)(d)(ii))	7
Applications for B-party warrants withdrawn	0
B-party warrants issued	7
Applications for named person warrants (s 46A)	91
Applications for named person warrants withdrawn	0
Named person warrants issued	91
Total warrants issued	185

Applications for entry warrants (s 48)	0
Applications for entry warrants withdrawn	0
Entry warrants issued	0
Applications for stored communications warrants (s 116)	3
Applications for stored communications warrants withdrawn	0
Stored communications warrants issued	3
Existing data authorisations (s 178)	3023
Prospective data authorisations (s 180)	809
Destructions of intercepted material	0
Destructions of stored communications (s 150)	0

Terrorism (Police Powers) Act 2002

Table 9

Use of the legislation*	Total
Applications made	0
Warrants sought in those applications	0

* A copy of the Commission's Annual Report under s 27ZB of the *Terrorism (Police Powers) Act* is reproduced at Appendix D.

Controlled entities

The Commission has established and manages a number of controlled entities to facilitate its covert operations. These entities are not trading organisations and are not used for the purpose of conducting business or commerce. They are funded directly by the Commission and accounted for within the consolidated accounts of the Commission. They do not have a material impact on the Commission's accounts.

Dissemination of intelligence and information

One of the functions of the Commission is to liaise with other agencies and to disseminate such intelligence and information to them as the Commission considers appropriate. Throughout the period, the Commission disseminated information and intelligence to its partner agencies pursuant to the *Crime Commission Act*, the *TIA Act*, and the *SD Act*.

Dissemination is not required in circumstances where the information or intelligence is being communicated from one staff member to another and, given that the Commission conducts much of its work pursuant to task force arrangements in which police and others are made members of the staff of the Commission, the Commission's dissemination figures do not include a significant amount of intelligence passed to police and others.

Recipients of intelligence and information included the ACC, Australian Commission for Law Enforcement Integrity, ACBPS, AFP, AUSTRAC, ASIO, Australian Securities and Investment Commission, Australian Taxation Office Commonwealth Director of Public Prosecutions ('CDPP'), Corrective Services NSW, Crown Solicitors Office, Department of Immigration & Border Protection, Department of Defence, Federal Bureau of Investigations (USA), Joint Waterfront Task Force, NSW Police, Police Integrity Commission ('PIC'), Queensland Crime & Corruption Commission, Queensland Police, Royal Commission into Trade Union Governance & Corruption, South Australia Police, and Western Australia Police.

The number and types of disseminations are set out below:

Table 10

Statutory provisions	Disseminations
<i>Crime Commission Act</i> (s 13)	637
<i>TIA Act</i> (s 68)	107
<i>SD Act</i> (s 40(5))	24
Total	768

Results of investigations

The Commission reports on the arrests, charges and seizures (of money, drugs, weapons and other items) that arise from investigations in which it is involved. It is not practicable for the Commission to track or report on the arrests, charges and seizures that arise from its disseminations of intelligence and information to other agencies, but those are significant.

The prosecution process usually commences with an arrest. The Commission's investigative work is largely complete when a brief is delivered to the DPP or the CDPP. The DPP or CDPP then decides whether there is (or is not) sufficient evidence to commence or continue a prosecution of the matter. The Commission does not generally track or report on the results of prosecutions.

The Commission has previously noted the difficulties associated with measuring the performance of its operations. Some of the measures the Commission uses are listed in Table 11 below. These include arrests and charges, the number of summonses and notices to produce issued by the Commission, the number of search warrants, and the number of disseminations made by the Commission.

The Commission acknowledges that these measures are limited in how they reflect the performance of the Commission's CID. Factors beyond the control of the Commission and its partner agencies often distort performance. For example, an investigation may run for several years before a single arrest is made in the matter; however, the lack of arrests does not reflect the performance of the investigation. Instead, it may mean that in one year, the number of arrests and charges appears to be smaller, but in the next year it may appear that there has been a significant improvement in performance. In addition, the basic numbers associated with the arrests and charges does not reflect the significance of the nature of the offences involved, nor the standing of charged persons charged in criminal groups.

Table 11

Measure	2010-11	2011-12	2012-13	2013-14	2014-2015
Arrests	139	92	169	175	140
Charges	734	431	684	684	520
Summonses	173	132	163	162	170
Search warrants	37	9	0	0	0
Notices to government agencies [†]	65	79	58	34	42
Other notices [†]	1460	1343	1615	1408	1539
Arrest warrants	0	1	3	0	1
Total disseminations	676	602	794	739	768

* The figures in bold relate solely to the use of powers under the *Crime Commission Act*.

† These are combined figures indicating the total number of production notices obtained by the Commission's CID and FID over the course of the year.

Table 12 below reports results according to the Commission references, or approvals to work in co-operation with a task force, under which the relevant investigations took place. There are occasions on which an investigation is pursued under more than one reference or approval. In such cases, the statistics have not been duplicated; rather, the information has been assigned to the dominant reference or approval.

The table reports figures for all references that led to arrests in the reporting period or for the purposes of which the Commission exercised its statutory powers. It may be noted that

some investigative steps occur after a person is arrested. Other arrests may also occur in the future under the same reference, and those figures would be reported in future annual reports. It is also important to note that not all arrests are for charges of the predominant type of offence being investigated under the particular reference.

During 2014-2015, the investigations in which the Commission was involved resulted in the seizure of more than \$8.2 million in cash, approximately five tonnes of prohibited drugs (methamphetamine, MDMA, cannabis, cocaine and heroin) and precursor chemicals, 160 cannabis plants, 22 firearms and ammunition. Other significant items seized include drug presses and scales, listening and surveillance devices, signal jammers, LED police dash lights and police paraphernalia.

The Commission does not itself make arrests, as that is a function of the NSW Police and the AFP. Therefore, the Commission's figures on arrests and seizures include only those arrests and seizures that come to the attention of the Commission, which may understate the real position.

Arrests and charges by Commission reference

Table 12

Reference or task force	Type	Arrests	Charges
<i>Abercrombie</i>	Homicide	15	63
<i>Araluen</i>	Homicide	3	3
<i>Arkansas</i>	Drugs	22	79
<i>Bagnoo</i>	Homicide	6	8
<i>Brooklyn</i>	Homicide	2	4
<i>Cabarita</i>	Homicide	1	2
<i>Connecticut</i>	Drugs	2	3
<i>Garra</i>	Drugs	1	1
<i>Gilmore</i>	Drugs	1	2
<i>Hollisdale</i>	Homicide	2	8
<i>JCTT</i>	Terrorism	21	63
<i>JOCG</i>	Drugs	13	32
<i>Marlee</i>	Drugs	1	12
<i>Minnesota</i>	Money laundering	6	14
<i>Organised Crime Squad</i>	Drugs	24	129
<i>Queanbeyan</i>	Money laundering	12	67
<i>Teralba</i>	Homicide	3	6
<i>Verona</i>	Homicide	5	24
Total		140	520

Analysis of arrests and charges

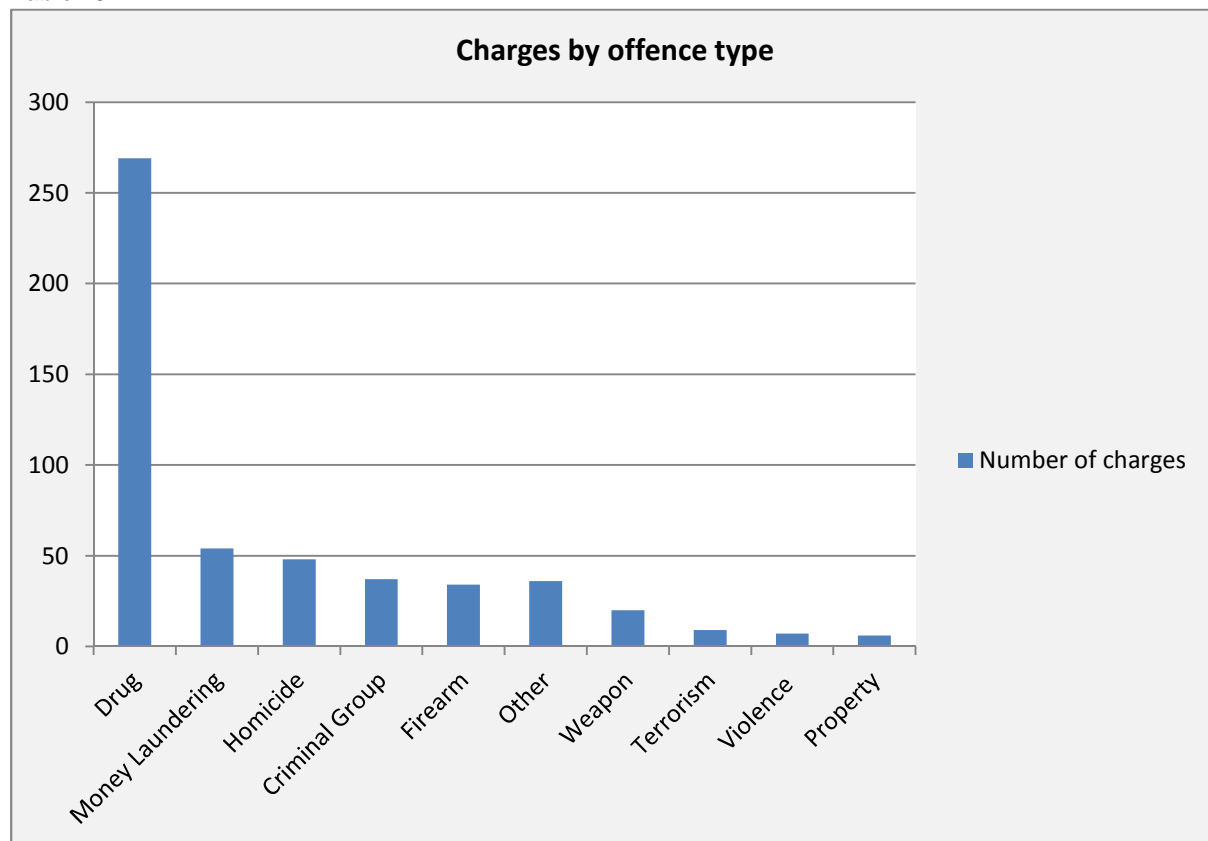
The number of arrests and charges has fallen since the last reporting period. In 2014-2015, the arrests totalled 140 while charges totalled 520. This is a drop of 20 and 24 per cent respectively compared to the figures from 2013-2014.

As with previous years, most of the Commission's criminal investigations have focused on large scale supply of prohibited drugs. During the reporting period, approximately 43 per cent of the 269 drug charges laid related to large scale commercial supply of prohibited drugs and the importation of commercial quantities of border controlled drugs; approximately 32 per cent of the drug charges related to the supply of a prohibited drug (indictable quantity) and the supply of prohibited drug. These are the most serious offences under the *Drug Misuse and Trafficking Act 1985*.

The NSW Police refer homicide investigations when they believe the Commission's statutory powers and/or experience are necessary to progress their investigation. During the reporting period, 29 charges relating to murder were laid, 6 counts for accessory after the fact to murder, 4 counts of cause wounding/grievous bodily harm with intent to murder, 4 counts of conspire and agree to murder, and 3 counts of solicit, encourage, persuade etc., to murder.

The number of money laundering charges has remained steady since the last reporting period. The risk of terrorism continued during 2014-2015 with 9 terror related charges being laid including 4 counts for act in preparation/planning for terrorist attack, 4 counts knowingly making funds available to terrorist organisation and 1 count for knowingly possess thing connected with terrorism.

Table 13



PATTERNS AND TRENDS IN THE NATURE AND SCOPE OF ORGANISED CRIME

Section 82 of the *Crime Commission Act* requires the annual report of the Commission to include a description of the patterns and trends in the nature and scope of organised and other crime that the Commission encountered during its investigations over the course of 2014-2015.

The illicit drug trade in Australia from drug importation through to street level distribution continues to be the chief source of income for organised crime in Australia. However, the Commission detected a disturbing price trend for drugs such as cocaine and amphetamine-type stimulants (such as methamphetamine) that previously enjoyed high stable prices at a wholesale level, when compared with the price internationally. Prices dropped substantially during the year.

The Commission received information that the price for these drugs declined steadily and, on a supply/demand analysis, a likely reason was that larger quantities of drugs were successfully imported and available for distribution, notwithstanding a series of significant seizures.

In December 2014, the JOCG was involved in the seizure of 2.8 tonnes of illicit mixed drugs (methamphetamine and MDMA). It was one of Australia's largest ever drug seizures but, despite this seizure, the price of both Ice and MDMA has continued to drop, suggesting a continuing plentiful supply. It has been reported recently to the Commission that the price of methamphetamine (Ice) has dropped so significantly in the last 18 months that many domestic drug operators are struggling to maintain their previously high profit margins. It is unknown if this is a particular tactic being employed to gain market control or just a reflection of a vast amount of drugs available.

The drugs that were the subject of the aforementioned seizure by the JOCG originated in Europe and appeared to have been sourced by multiple suppliers. It required a high degree of sophistication and organisation to raise and then transfer funds offshore to finalise the purchase, and to facilitate such a large importation. As reported in previous annual reports, expatriate Australians were significantly involved in both this unsuccessful importation and, as intelligence would suggest, many successful undetected importations during the reporting period.

The ethnicity of those involved in the large commercial importation of illicit drugs into Australia is as diverse as the Australian community itself and previous disinclination to co-operation between syndicates of different ethnicities no longer seems to exist. Intelligence available to the Commission suggests that cocaine importations (in shipments over 10kgs) increased during the year, with numerous syndicates involved in large scale cocaine importations into Australia. The Commission has previously detected a Mexican cartel involved in the importation and distribution of cocaine with the first-line receivers in Australia usually being Australian criminals of Vietnamese origin. Investigations into the matter revealed that the principals (Mexicans) had strong links into Canada through Canadian criminal contacts, principally in the local hydroponic cannabis industry that was dominated by Vietnamese persons from Canada. Through these groups there were connections and introductions made to the Mexican groups who commenced targeting Australia with large commercial cocaine importations.

In another investigation, the Commission identified a group of Armenian criminals operating on the West Coast of the United States. This group was sourcing cocaine out of Mexico and supplying to a variety of criminal syndicates, mainly in New South Wales, which consisted of other Armenians, Russians and Lebanese criminal gangs.

Apart from locally grown cannabis, nearly all drugs supplied by organised crime groups to the community of New South Wales are imported, or are manufactured from imported precursors. Methods used for the importation of drugs into Australia continued to be varied, including parcel post, maritime and air cargo, although the larger shipments tend to have been dominated by container importations or small craft importations. Intelligence indicated that various islands located in the South Pacific were being used as secondary staging points for importations into Australia.

Intelligence also suggested that following the seizure of large commercial importations, the principals usually left the jurisdiction in an effort to restrict the opportunities of law enforcement to gather evidence against them. There is further evidence that the seizures did not deter large syndicates, who regarded the loss of the drugs as merely a business overhead, and there was strong intelligence to suggest that syndicates will simply embark upon new variations of methods for importation to continue their business in order to recoup losses following the seizures.

The Commission also observed considerable commercial co-operation between different outlaw motorcycle gangs in Sydney and around the country. Again, previous cultural obstacles to joint ventures apparently dissipated in the face of the huge profit to be made. Intelligence suggested that these groups cooperated to facilitate large commercial importations of illicit drugs into Australia. There appeared to be less cooperation on the level of distribution, with most groups maintaining their own links, but at the international level there was unprecedented cooperation.

Money laundering continued to be a significant issue despite law enforcement agencies devoting increasing attention to the crime. As a result of that increasing investigation effort, there were many individual large cash seizures in excess of several million dollars during the year. Money continued to leave Australia, either as the instrument of crime (payment for past or future drug importations), or as profits from crime, either to overseas suppliers or principals out of the jurisdiction to protect the profits of domestic criminals.

High property prices resulted in a significant demand for funds into Australia for the purpose of acquiring real estate in New South Wales, particularly Sydney. This has provided greater opportunities for organised crime syndicates to launder millions of dollars. As in previous years, 'cuckoo smurfing' was identified as one of the ways in which alternate remittance agents launder proceeds of crime. This method involves the deposit of cash by criminals wanting to pay for the purchase of drugs from overseas at alternative remittance agents. The funds are never transferred out of Australia. Instead, the payment to the overseas supplier is facilitated by an associated remittance agency in the exporting country, which has access to the local funds that are deposited by criminals in Australia.

In a recent Commission investigation, an individual of significant wealth who was based off-shore decided to purchase real estate in the Sydney market. He arranged transfers of his own funds using an alternate remittance agent off-shore, as opposed to mainstream banking institutions, because of a favourable exchange rate. Calculations by the Commission indicate that this person would have saved tens of thousands of dollars on the transaction. The off-shore remittance agent contacted remittance agents in Australia who deposited funds equivalent to those received off-shore, into the Australian bank accounts. The Commission suspected that the funds deposited into the Australian bank accounts were proceeds of drug sales. The deposits were characterised as cash, with most below the reporting limit, and were made by various individuals within Australia. The owner of the funds was implicated unwittingly in money laundering through the transfer of funds for a legitimate property transaction in Australia. It is likely that this is not an isolated incident and that the transfer of legitimate off-shore funds to Australia presents a very low risk opportunity for organised crime to launder drug proceeds within Australia.

Several Commission investigations showed that organised crime groups are increasingly embracing technology to enhance their operations and frustrate law enforcement efforts. One particular group was identified using a virtual private network to track and monitor the movements of parcel post delivery in an attempt to avoid law enforcement intervention. The prolific use of encrypted Blackberry devices continued unabated and, as in previous years, these devices were used to facilitate drug trafficking. They also frustrated the Commission's efforts in a number of high profile murder inquiries. The Commission is aware that certain outlaw motorcycle gangs actively practise counter-surveillance, have employed individuals to advise them on surveillance techniques, and have purchased technology to defeat law enforcement detection and investigation. The Commission seized a number of these devices during its investigations in 2014-2015.

The large amount of cash generated from the sale of large commercial importations of illicit drugs provides the many and varied groups with the resources to purchase expertise that in many cases outstrips the expertise that law enforcement agencies can afford. The 2.8 tonne seizure by the JOCG in December 2014 would have cost the criminal syndicate approximately \$22 million to organise, although it is believed that the cost was shared between a number of criminal groups in a joint venture. Had the shipment been successfully imported and distributed, the cash generated from the drug sales, even at wholesale prices, would have been in excess of \$400 million. It would be naive to think that the shipment was unprecedented or occurred in isolation. There are plenty of signs that this and other groups are regularly successfully importing substantial quantities of drugs as reflected by the drop in wholesale prices. This disturbing trend is taking place against unprecedented levels of cooperation and vigilance by State and Commonwealth law enforcement agencies involved in the investigation of organised crime groups.

PART III - FINANCIAL INVESTIGATIONS DIVISION

The Commission employs expert forensic accountants and financial analysts who specialise in tracing the proceeds of crime and identifying assets held by, or on behalf of, those suspected of criminal misconduct, including proceeds and assets that have been subjected to money laundering and other efforts to hide them.

The primary purpose of the Commission's financial investigators is to support the discharge of the Commission's functions under the *CAR Act*, which is discussed below. However, financial inquiries are an invaluable aid in criminal investigations. Financial investigations are sometimes deployed as the leading investigative strategy, as organised criminal groups are primarily motivated by money. The FID's Criminal Investigation Support Team is co-located with the CID and provides forensic accounting contributions to the CID's work. In turn, the CID gathers intelligence and evidence for the FID to use in its confiscation action.

The Commission has protocols to ensure a proper separation of the two roles. In particular, the Commission does not trade information and intelligence for leniency in confiscation: that is, the Commission does not pursue confiscation action less vigorously or to a lesser extent because of a person's co-operation with the CID, nor does it seek information, intelligence or other co-operation when negotiating confiscation matters.

The confiscation process

The confiscation process begins when the FID receives a referral from another part of the Commission (generally the CID) or from a partner agency (generally the NSW Police). The FID then assesses the referral to determine whether or not the Commission should commence confiscation proceedings in the matter. In the event that the Commission determines that there are sufficient grounds to start confiscation proceedings, the Commission makes all relevant applications through the Supreme Court of NSW ('the Court').

Because of the costs and delay involved, confiscation proceedings are civil proceedings. As such, they are governed by the Court and statutory rules in respect of civil proceedings. The Commission attempts to settle each matter by negotiation rather than proceeding directly to a contested hearing. The majority of the Commission's confiscation proceedings are settled following negotiations with the defendants and their lawyers.

If the proceedings are settled, the Commission prepares and presents orders to the Court. These orders include a certification that the Commission has complied with the Management Committee guidelines about negotiating the terms of settlement.

If the Commission is unable to reach agreement with the defendant, the matter proceeds to a contested hearing based on the evidence available at the time. The result of the hearing is an order, or orders, of the Court disposing of the proceedings either in favour of or against the Commission.

Once the Court has made orders in the matter, the Commission takes the actions necessary to give effect to the orders. In the case of assets forfeiture orders ('AFOs'), the NSW Trustee and Guardian sells the assets and remits the proceeds to the NSW Treasury. In the case of

proceeds assessment orders ('PAO') and unexplained wealth orders ('UWO'), the Commission has a role in obtaining payment. In most cases, the debt due to the Crown is secured by real estate or other collateral, and interest accrues.

A full description of the confiscation process and the factors considered by the Commission in relation to confiscation proceedings can be found on the Commission's website.

Use of statutory information gathering powers

In its efforts to gather information, material and evidence in confiscation matters, the Commission uses a range of statutory provisions that are appropriate in the circumstances.

The powers available to the Commission pursuant to the *Crime Commission Act*, and statistics on their use, are given in Table 3 in Part II of this report. The statistics for FID's use of these powers (being a subset of the figure in Table 3, rather than in addition to those figures) are as follows:

Table 14

Summons and Notices issued	No. issued
Summons (s 24)	0
Notice to produce (s 28)	15
Notice to produce (s 29)	1312
Total summonses and notices	1327

The combined total number of notices issued under these provisions (1327) during the reporting period was 122 more than the previous year (1205) and was the second highest for any year that the Commission has kept records. The numbers of such notices issued is a crude measure of the amount of investigative work put into confiscation matters during 2014–2015, both prior to and after, commencement of proceedings under the *CAR Act*.

As discussed above, the *CAR Act* also provides for the Commission to apply to the Court for the issuing of certain orders and warrants. The use of those provisions during the reporting period was as follows:

Table 15

Orders	No. sought	No. granted
Examination orders (s 12)	58	58
Examination orders (s 31D)	1	1
Statement of affairs orders (s 12)	41	41
Statement of affairs orders (s 31D)	1	1
Production orders (s 33)	0	0
Search warrants (s 38)	0	0

Search warrants (ss 44 and 45)	27	27
Monitoring orders (s 48)	0	0

Referrals

The Commission receives referrals for consideration of confiscation proceedings from a variety of sources, including other parts of the Commission and partner agencies. This year, 501 people were the subject of referrals and assessments compared to 476 people last year.

The Commission estimates that approximately one in six referrals results in confiscation proceedings. There are two main situations in which the Commission does not commence confiscation proceedings:

- If the value of the potential defendant's assets is not high enough to make proceedings worthwhile; or
- If the assessment process indicates that it is unlikely that the potential defendant has derived sufficient proceeds of crime to make the proceedings viable.

The Commission's analysis of referrals indicates that the Commission receives the majority of confiscation referrals from NSW Police Local Area Commands following the arrest and charging of a person with a relevant offence. These arrests are often the result of short-term investigations focused on a particular criminal activity with little reference to the potential recovery of proceeds of crime. These referrals form the bulk of referrals assessed by the FID but are the least likely to result in the start of confiscation proceedings.

In contrast, the matters that are most likely to result in significant confiscation outcomes are those that the Commission's CID has investigated. This is partly because the Commission is able to make an assessment of the person's financial position early in the investigation and work to uncover hidden assets throughout the inquiry, but also because of the serious and high-level criminality of the subjects of Commission investigations. The Commission is assisted in this endeavour by some of the most experienced police investigators in NSW.

Confiscation and restraining orders

During the reporting period, the Commission began 70 cases (against 71 defendants, most of whom were the subject of referrals during the period) and applied for 72 confiscation orders, being 42 PAOs and 28 UWOs. The Commission made 18 applications for confiscation orders without a concurrent application for a restraining order however, in respect of one of those applications, a successful application for a restraining order was made at a later date.

The numbers of cases and confiscation orders sought were lower than in the previous reporting period (the relevant figures for the previous period being 77 and 92 respectively). The reason for this is unknown, although it is noted that the actual number of referrals received during the year (501) was slightly higher than in the previous year (476) which suggests that the number of viable confiscation matters that have come from these referrals has decreased. It will be interesting to see whether this is a temporary situation or is part of a longer term trend.

There are two main circumstances in which the Commission will seek a confiscation order without an associated restraining order:

- When the defendant is not in a position to deal with the interest or interests in property that would otherwise be the subject of the restraining order application. Most commonly, this is where the interest is in an item of property, generally cash, which the NSW Police have seized. The NSW Police hold the property pursuant to non-CAR Act legislation; and
- When the Commission has obtained a restraining order for a defendant's jointly owned interest in real property, generally property owned with a spouse. During the course of the proceedings, the Commission may determine that there are grounds for seeking a confiscation order against the second person as well as the original defendant.

During the reporting period, the Commission sought and obtained a total of 54 restraining orders at the time proceedings were commenced, although in one case the application was made shortly after the proceedings were commenced by seeking a confiscation order. All the applications for restraining orders were *ex parte*.

When the Court grants a restraining order, the Court requires the Commission, on behalf of the State, to give an undertaking as to damages. The Commission was not sued on its undertaking during the reporting period.

Warranties

When proceedings are finalised by consent the defendant is required to provide a warranty as to his, her or its interests in property as at the date of the signing of the final consent orders. If the Commission subsequently discovers that the defendant failed to disclose an interest in property, the provisions of the *CAR Act* provide for the forfeiture of the undisclosed interest. If the defendant disposed of the undisclosed interest before it was discovered, the provisions allow for an order to be made requiring the defendant to pay to the Treasurer an amount equal to the value of the undisclosed interest.

During the reporting period, although there were no orders made in respect of a breach of warranty, there was one case that involved a breach of warranty, but which was resolved by consent orders being made that provided for the defendant to pay a proceeds assessment order in the amount of \$260,000.

The circumstances of that matter were of interest in that, at the time the proceedings were commenced, the defendant had been murdered. Prior to his murder he had been the subject of proceedings under the *CAR Act* that he resolved by consent. In the final consent orders the defendant failed to disclose that he had an interest in a piece of real property that he had purchased but in respect of which the transfer of the title had not been registered. This was discovered during investigations into the defendant's murder and led directly to the proceedings being commenced. Had it not been for the apparent breach of warranty it is highly unlikely that these second proceedings would have been commenced.

Analysis of confiscations

Measured by the estimated realisable value of confiscation orders made during the reporting period the Commission had another successful year. The estimated realisable value of all confiscation orders made during the reporting period was \$26,513,577.

However, when comparing this figure with that reported in last year's annual report (\$28,297,732) some further commentary is required to make the comparison more meaningful. Last year it was reported that the figure included an amount of \$1,180,639 that was unlikely to represent the final value of the confiscation orders made in the proceedings. In fact, this year's figure includes the value of the final order that was made, by consent, in those proceedings of \$700,000. This means that the figure for last year should be adjusted down by \$1,180,639 (which was recorded as an AFO) to a total of \$27,117,093. This is explained in more detail under the heading 'Summary judgements and Appeals' below.

Accordingly, for the sake of making meaningful comparisons where the figures appear in the tables that follow in this section this adjusted figure of \$27,117,093 will be used.

This issue is one that illustrates the difficulty in accurately measuring the results of confiscation proceedings among jurisdictions. The Commission resolves the vast majority of cases by negotiated settlement. In terms of performance measurement, this leads to a greater certainty of final outcome compared with using estimates of the value of restrained property. As illustrated in the example above, the final outcome in matters that are taken to final hearing in which confiscation orders are made will often be uncertain as there may be remedies available to the defendant to challenge those orders or make applications that would result in the value of the orders being reduced. This uncertainty is removed when matters are settled, as the Commission ensures that the defendant provides appropriate releases and agreements as part of the terms of settlement.

Statistics for the reporting period in relation to these various outcomes are as follows:

Table 16

Outcome	By consent	Contested hearing	Total
AFOs made	41	1	42
PAOs made	34	1	35
UWOs made	3	0	3
Order for breach of warranty	0	0	0
Proceedings finalised by confiscation order application(s) being dismissed or proceedings discontinued	4	3	7
Totals disposals	82	45	87

The total number of disposals differs from the total number of applications because some of the disposals related to applications made in the previous reporting period, and some will not be finalised until the next reporting period. In addition to this, there are several matters in

which more than one confiscation order was made against the defendant when the proceedings were finalised. For example, in some cases a defendant will consent to an AFO in respect of certain interests in property and also agree to pay a monetary amount to the Crown by way of a PAO.

The one AFO that was made as a result of a contested hearing resulted in interests in property with an estimated realisable value of \$77,155 being forfeited to the Crown. However, the defendant in those proceedings has the right to make an application to exclude some or all of the forfeited interests in property from the AFO pursuant to sections 25 or 26 of the *CAR Act*. He has until mid-December 2015 to make such an application and at the time of writing had not done so.

Table 16 shows that three proceedings were dismissed or discontinued as a result of a contested hearing. Two of those matters were commenced several years ago and involved defendants that had fled Australia before police were able to charge them. Their whereabouts are currently unknown, although they were both last believed to be in Lebanon. The Commission ultimately decided that the cost of continuing to litigate this matter could not be justified when weighed against the low estimated realisable value of the interests in property that were the subject of the proceedings. Accordingly, it was the Commission itself that made a successful application for each of the proceedings to be discontinued and the applications were heard in the absence of the defendants.

In the third matter the defendant was deceased and after commencing proceedings the Commission similarly determined that the value of the interest in property that was potentially available to satisfy the confiscation order that had been applied for was found to be without any value. Accordingly, the Commission successfully applied for the proceedings to be discontinued.

As in previous years, the number of UWOs made (3) and their estimated realisable value (\$730,000), when presented without further explanation, create the impression these orders do not make a significant contribution to the confiscation results. However it should be noted that of all the matters finalised during the reporting period that resulted in a confiscation order being made, 22 were commenced by the Commission seeking an UWO in its summons (in addition to the 3 referred to above that were commenced by seeking an UWO and finalised with the UWO being made) but finalised by the defendant consenting to the application for the UWO being dismissed and an AFO or PAO being made instead. The estimated realisable value of these orders contributed \$12,183,435 to the total value of the total estimated realisable value of confiscation orders made during the reporting period.

The number of confiscation orders, and their estimated realisable values, with reference to the agencies that referred the matters to the Commission for assessment and possible proceedings, were as follows:

Table 17

Source of referral	Number of Orders	Value \$
NSW Police	73	24,408,332
Commission–AUSTRAC	2	686,192

Source of referral	Number of Orders	Value \$
Commission–NSW Police joint investigation	1	726,500
NSW Police–AFP joint investigation	1	165,398
Victoria Police	1	77,155
Commission	2	450,000
Total	80	26,513,577

By reference to the type of order, the estimated realisable values of the various confiscation orders were:

Table 18

Type of order	No. of orders	Estimated realisable value (\$)
AFO	42	18,197,309
PAO	35	7,586,268
UWO	3	730,000
Breach of warranty	0	0
Total	80	26,513,577

Estimated realisable value of confiscation orders

Two of the principal objects of the *CAR Act* are the recovery of proceeds of illegal activity and the recovery of unlawfully obtained wealth. As such, the Commission believes that the estimated realisable value of confiscation orders made during the year provides the best measure of the effectiveness and results of confiscation proceedings.

As discussed in previous annual reports and detailed on the Commission’s website, the Commission believes that using the estimated value of interests in property which are subject to restraining orders or, alternatively, the nominal value of confiscation orders to assess results of confiscation proceedings is problematic. Both figures can overestimate the amount that could be paid to the State and result in an inflated impression of the Commission’s success in this area. The difference in the estimates is again highlighted below.

Table 19

	2012–13	2013–14	2014–15
Estimated value of property subject of proceedings	\$32,500,000	\$44,600,000	\$46,500,000
Estimated value of realisable confiscation orders	\$19,541,008	\$27,117,093*	\$26,513,577

* Adjusted figure – see explanation under heading ‘Analysis of confiscations’ above.

The estimated realisable value is based on a range of factors depending on the type of confiscation order sought and the nature of the interest in the property.

In the case of AFO in respect of money, the estimated realisable value is usually the same as the amount of money. In the case of interests in property that are forfeited and then have to be sold (with the proceeds then going to the Treasury), the estimate is less certain. The asset is taken into the control of the NSW Trustee and Guardian for disposal (e.g. by auction), and not only is an estimate less likely to be accurate, but the delay between the making of the estimate and the disposal of the asset can affect the accuracy of the estimate.

In PAOs and UWOs, the first component is the amount specified in the Court's orders. If the defendant is estimated to have sufficient property interests that are liquid or can be liquidated, then the estimate equals the Court's order and it is likely that the amount will be realised. If it does not appear that the defendant has sufficient property interests to cover the debt, then the Commission's estimate of the realisable value of the order is its estimate of the realisable value of the available property interests: the estimate is necessarily somewhat less certain than in the type of case mentioned previously.

During the reporting period there was one matter in which a confiscation order was made which is only partially realisable. That case involved a defendant who had left Australia after being charged with fraud offences. The matter was eventually finalised by the Commission taking the matter to hearing in the absence of the defendant and obtaining a PAO in the amount of \$490,000. The PAO will be partially satisfied (to the amount of approximately \$161,768) by funds held by the NSW Trustee and Guardian from the earlier sale of the defendant's real property but the balance of \$328,232 is highly unlikely to be realised. Only the realisable portion is reported elsewhere in this annual report.

Exclusion orders

When the Commission resolves confiscation proceedings by consent, the terms of settlement usually include a term that the defendant will not challenge the making of the confiscation order. In some cases, the defendant will consent to the making of the order but will preserve his or her right to make an application for relief from the effect of the confiscation order.

This most commonly occurs when the Commission has applied for an AFO and the defendant has been convicted of a serious crime related activity. In such cases, the making of an AFO cannot be defended, but the defendant may consider that they can prove that some, or all, of the forfeited interest in property was acquired from legitimate sources. In such circumstances, the defendant may consent to the making of the order but retain their statutory right to seek to have some or all of the forfeited interest in property excluded from the order on the grounds that the interest was not illegally acquired.

During the reporting period there was only one such matter. As reported above, in that case, the Court made an AFO in respect of various items of property with an estimated value of \$77,155. The defendant has not yet filed an exclusion application but is able to do so until mid-December 2015.

Summary judgements and appeals

In matters where all avenues to try to settle the proceedings have been unsuccessful, but the defendant has been convicted of a sufficiently serious offence, the Commission usually makes an application for summary judgement on its claim for a confiscation order. This generally occurs in matters where the Commission sought a PAO at the commencement of proceedings. In such cases, the Commission seeks leave to amend its summons to seek an AFO as well as the PAO and, on proof of a SCRA, will obtain both orders. The Commission will also request that the quantum of the PAO be assessed at a later date.

By employing this strategy, the Commission only incurs the cost of the summary judgement application (which simply requires proof of the SCRA in respect of which the defendant has already been convicted) and, depending on whether the defendant files an application for exclusion, may not need to go to the considerable expense of quantifying the PAO. If the defendant files an exclusion application, the Commission generally seeks to have the exclusion application heard at the same time as quantifying the PAO.

This strategy does have an impact on reported confiscation outcomes. In these matters, at the time the orders are made, the Commission reports on the estimated realisable value of the forfeited interests in property. Whether or not this will be the final outcome of the matter will depend on such contingencies as whether the defendant makes an exclusion application, the degree of success the defendant has in that application, and the amount that is finally quantified as a proceeds assessment matter.

In last year's annual report there were two matters described that had been resolved in this manner. Only one of these matters was finally resolved during the reporting period. As reported above the final result requires the figure reported as the estimated realisable value of confiscation orders in the 2014-2015 annual report to be revised down by \$1,180,639 and the final value is contained in the current reporting period of \$700,000.

Living and legal expenses

The *CAR Act* makes allowances for applications for reasonable living and legal expenses under s 10B(3). People whose interests in property are restrained can make an application to the Court for an order varying the restraining order to allow for reasonable living expenses (of the defendant or his or her dependents) and/or reasonable legal expenses (of confiscation or criminal proceedings) to be met.

Applications pursuant to s 10B(3) were made and determined as follows:

Table 20

Result type	Living expenses	Legal expenses
Orders made by consent*	8	55
Application for order dismissed by consent	1	2
Application for order granted after contested hearing	0	0

Result type	Living expenses	Legal expenses
Application for order dismissed after contested hearing	0	0
Total	9	57

* 39 of the 55 legal expenses orders and 3 of the living expenses orders were made by consent as part of the finalisation of the confiscation proceedings by negotiated settlement.

Costs

A consequence of the Commission's resolving almost all proceedings by negotiated settlement is that it is rare that an order is made that the Commission pay the defendant's costs for the proceedings or that the defendant pay the Commission's costs for the proceedings. The Commission was not ordered to pay a defendant's costs during the reporting period.

Within proceedings, the Commission will often defend applications made under s 10C of the *CAR Act* that allow the Court to set aside restraining orders if it believes the Commission has failed to satisfy the Court that there are reasonable grounds for the relevant suspicion, or for living expenses or legal expenses. Although an order for the payment of costs may be made in such matters, it is often the case that whether or not the amount is actually paid will depend on the outcome of the substantive proceedings.

The Commission employs lawyers and paralegals who work principally on confiscation litigation. Those legal staff draft legal documentation and appear for the Commission to make most applications for restraining orders and consent orders. In more complex cases, the Commission will occasionally brief counsel to make applications for restraining and consent orders. During the reporting period, counsel were briefed to conduct examinations of defendants, and to appear for the Commission when matters were taken to final hearing, or when applications for release of living expenses or reasonable legal expenses were defended by the Commission.

Proceedings were resolved against one defendant during the year where the proceedings were settled and the terms of settlement included the payment of the Commission's costs. In that matter the Commission had been attempting to negotiate a settlement to the proceedings over an extended period of time. Ultimately, due to a lack of response from the defendant, the Commission prepared the matter for hearing. On the last working day before the hearing the proceedings were settled on the terms that had previously been discussed but with an additional \$6,000 in respect of the Commission's costs in briefing counsel for the hearing.

The following table reports issues relating to legal costs:

Table 21

Number of costs orders in favour of the Commission	3
Estimated realisable value of those costs orders	\$6,000
Number of costs orders in favour of the defendant	0

Amount paid in respect of that costs order	N/A
Total cost of briefing outside counsel in the reporting period	\$128,097
Total cost of briefing outside counsel as percentage of realisable orders [†]	0.48%

[†] The Commission bears the full cost of counsel fees. The full amount realised from confiscation orders goes to the Treasury. This figure, being the costs incurred in briefing outside counsel in proceedings that had been commenced, as a percentage of the total estimated realised value of all confiscation orders, is more than the figure for 2013-2014 (which was 0.29%).

Apart from the matter described above in Table 21, there were two other matters in which an order for costs was made in favour of the Commission. The first of these was an order made during the course of proceedings that was later dismissed as part of the final settlement of the matter. The Commission has decided to leave the second order unassessed at this stage as it is highly unlikely, due to the defendant serving a prison sentence and having all his interests in property confiscated, that the costs order will be realisable.

Comparisons with previous two years

The following table sets out figures for the reporting period and the previous two years in respect of several key measures:

Table 22

Measure	2012–13	2013–14	2014-15
CAR Act restraining orders	61	81	54
Confiscation orders sought without a restraining order	16	12	18
AFOs made	36	41	42
Est'd realisable value of AFOs	12,597,308	16,129,593*	18,197,309
PAOs made	36	42	35
Est'd realisable value of PAOs	5,565,700	7,762,500	7,914,500
UWOs made	3	5	3
Est'd realisable value of UWOs	1,250,000	1,225,000	730,000
Orders for breach of warranty ('BOWs')	3	1	0
Est'd realisable value of BOWs	128,000	2,000,000	N/A
Total no. of confiscation orders*	78	89	80
Total est'd realisable value of confiscation orders	19,541,008	27,117,093*	26,519,577
Production orders (CAR Act)	3	0	0
Search warrants (CAR Act)	25	33	27
Monitoring orders (CAR Act)	0	0	0

* Adjusted figure – see explanation under heading 'Analysis of confiscations' above.

Sharing with other jurisdictions

NSW is able to share the proceeds of confiscation proceedings with other jurisdictions. This occurs in situations where confiscation proceedings under the *CAR Act* arise from a joint investigation involving the Commission and law enforcement agencies of another jurisdiction.

To facilitate the sharing of proceeds with other jurisdictions, the Commission makes a recommendation to the Minister for Police and Emergency Services as to the matters and the proportions of the recovered amounts that should be shared. In the event that the Minister agrees with the recommendation, the Minister makes the recommendation to the Treasurer. If the Treasurer agrees, a Direction is issued that the amount be shared.

Since sharing arrangements commenced in April 2009, the Treasurer has approved the sharing of results of many confiscation proceedings with the Commonwealth. However, NSW is yet to receive a payment as a result of sharing arrangements since April 2009.

Case study – the power of civil confiscation

Mr S was referred to the FID by AUSTRAC as a result of that agency's investigations revealing that suspicious cash deposits had been made to Mr S's bank accounts and a bank account in the name of his six year old son.

Mr S's most recent police intelligence concerned information from a member of the public that Mr S has been supplying methamphetamine ('Ice') for several years and that he stored large amounts of cash at his residence and in a safe that he had in his residence. Mr S has been convicted of drug possession on two occasions, but not drug supply. Some years earlier police had conducted an investigation into his casino gambling activity as he had, over two years, gambled almost \$8 million at the casino in Sydney, but the investigation did not result in any charges.

The investigation conducted by FID revealed that Mr S had not lodged income tax returns for several years and an examination of his bank accounts did not reveal any deposits that appeared to be sourced from any form of legitimate income. Although he apparently lacked a legitimate income, Mr S had acquired a home unit in Sydney and to assist him in doing so he had obtained a bank loan. Investigations revealed that in obtaining this bank loan Mr S had apparently committed fraud offences by providing false particulars, and documents containing false information, in support of the application for the housing loan. The FID finds that this is common in such matters as the applicant, who is deriving an income from an illegal source, is unable to disclose his or her true source of income to the lender.

Despite the fact that Mr S had not been charged with these offences the Commission commenced *CAR Act* proceedings against him and an order was obtained that prevented him from dealing with any of his interests in property. The restraining order also prevented any dealing in the funds that were held in his son's bank account.

The Commission also applied for a search warrant for his residence and a safe custody box that he held at a financial institution. The execution of these search warrants resulted in the seizure of property with a value of \$414,000 consisting of:

- \$200,000 cash from the safe custody box;

- \$19,000 cash from his residence;
- \$110,000 cash from a safe in the residence; and
- casino chips with a value of \$85,000, also seized from the safe in the residence.

In addition to this the following prohibited drugs were seized from his residence:

- 341 grams cocaine
- 0.8 grams amphetamine
- 264 grams methamphetamine
- 55 grams ecstasy

As a result, Mr S was charged with serious drug and money laundering offences.

During the reporting period, the Commission's proceedings against Mr S were finalised and resulted in confiscation orders being made against him that had an estimated realisable value of almost \$690,000.

This case illustrates that civil based confiscation legislation such as the *CAR Act*, by providing for proceedings to be commenced despite the fact that the defendant has not been convicted of, or even charged with, a criminal offence, can be a very effective tool in both recovering the proceeds of crime and the disruption of serious criminal activity.

PART IV - LEGAL SERVICES DIVISION

The Legal Services Division (LSD) provides both legal advice and legal services to the Commissioner, the Assistant Commissioners and to the Commission. The legal practice includes acting in all matters commenced under the *CAR Act* including drafting all documents required in the course of the proceedings. The LSD also provides advice on a wide range of issues which arise in the day to day conduct of the *CAR Act* proceedings, as well as in criminal investigations conducted either by way of Management Committee references or joint task force arrangements. Lawyers also appear and instruct counsel to appear to answer to subpoenas directed to the Commission in matters where claims of public interest immunity, legal professional privilege or issues as to a legitimate forensic purpose arise.

In addition, lawyers settle all applications for surveillance device and telephone interception warrants, the grant of leave to question a person charged with an offence and other authorisations sought in the course of investigations. They also appear in such applications. The Director (Legal Services) and the several Commission Solicitors act for the Commission as solicitor on the record in litigation commenced by and against the Commission, other than where the Crown Solicitor is retained. Lawyers also negotiate the terms of, and provide advice to the Commissioner about, each memorandum of understanding between the Commission and outside agencies, deal with referrals from Commonwealth agencies under the *Freedom of Information Act 1982* (Cth) and act as appropriate officers under the *Government Information (Public Access) Act 2009* ('GIPA Act').

Legislative changes impacting on the Commission

Crime Commission Act 2012

In November 2014, the powers of the Commission were amended with respect to the obtaining of evidence by way of compulsory examinations, the disclosure of such evidence and investigations by the Commission in co-operation with external authorities and persons.

Telecommunications (Interception and Access) Act 1979 (Cth)

The Commission has relied, and continues to rely, on both the interception of telecommunications services and the call associated data in most of its investigations. The *Telecommunications (Interception and Access) Amendment (Data Retention) Act 2015* – the so-called 'metadata amendments', which commenced on 13 October 2015 - will place an enormous burden on law enforcement agencies with additional mandatory record keeping and reporting obligations.

There has been substantial discussion in the media about some of the amendments, particularly journalist information warrants. The Commission's experience so far shows that the likelihood of it seeking such a warrant is minute. However, the new provisions relating to accessing both existing and prospective telecommunications data – which is integral to most, if not all investigations – will require substantial additional resources to be devoted simply to record keeping, in accordance with the requirements of the new independent oversight by the Commonwealth Ombudsman.

In addition to the documents that every agency has been, and is required to keep, the new provisions require records to be kept on a wide range of matters (omitting journalist information warrants) including the offences for which data authorisations were issued, the number of occasions such authorisations were made, for each such authorisation the costs incurred (including payments to providers, staff time and other overheads), the age of the data sought, the number of times authorisations included requests for subscriber data, the number of times authorisations included requests for traffic data, and the number of times both subscriber and traffic data were requested.

Access to, and retention of, data is critical to the functions of the Commission in investigating organised crime, particularly with the diminished capability of telephone intercepts. The imposition of the extensive additional reporting requirements on a small agency such as the Commission, without any funding being made available, will have a severe and detrimental impact on its capacity to conduct its investigations.

Significant judicial cases impacting on the Commission

Lee v The Queen; Lee v The Queen [2014] HCA 20

As noted in the Commission's last annual report, the decisions of the High Court of Australia in *Lee and Lee v The Queen* and *X7* considered the effect of the publication of transcripts of examinations before this Commission and the ACC respectively, of persons charged to the prosecuting authorities to be unacceptable. In *X7 v the Australian Crime Commission* ((2013) 248 CLR 92) the Court referred to it being 'a breach of the principle of the common law and a departure in a fundamental respect from a criminal trial which the system of criminal justice requires an accused person to have, for the prosecution to be armed with the evidence of an accused person obtained under compulsion concerning matters the subject of the charges'. The Court relied on the *X7* decision to hold, in the *Lee* matter, that the prosecution's possession of the compulsorily acquired evidence to be a breach of the common law, and that such possession had altered the trial in a fundamental respect, such that the convictions were quashed and a new trial ordered ([2014] HCA 20). That trial is yet to be held.

The High Court recognised that the legislature could give effect to a departure from such 'fundamental principles' provided it was in clear words of necessary intendment. The November 2014 amendments inserted new provisions requiring that the leave of the Supreme Court be obtained in all cases where the intended witness is facing a criminal charge. The Court must be satisfied that any prejudicial effect to the witness' trial is outweighed by the public interest in using the compulsory powers to fully investigate the matter. In the period under review, no such applications were made. The amendments also provide for various protections to the person summoned with leave of the Court.

The amendments also provided a number of protections: (a) on the use and derivative use which can be made of evidence obtained in compulsory hearings, (b) by requiring the quarantining of the evidence so obtained, from the investigators who are/were involved in the charging of that person, and (c) requiring an order of a court, it being satisfied that it is in the public interest to release the evidence, to the prosecution authorities.

In addition, the amendments addressed the issue of applications to stay criminal proceedings on the basis that the defendant had given evidence under compulsion to the

Commission, by making provision for the matters which a court must consider on this question, and setting out matters which are not capable of giving rise to any presumption of the type of fundamental defect with which the High Court was concerned in *Lee v The Queen*.

A number of other minor or clarifying amendments were also included, so as to streamline investigations, including working with joint taskforces and external bodies, as well as search warrants and the power to disseminate information to investigatory bodies in other countries. The amendment also extended the power to seek review in the Court if a prospective witness refuses at a hearing to be sworn, answer questions or produce documents, so as to align those rights with those previously available where the person could claim to be entitled to resist production of information or documents.

Subpoenas to produce documents served on the Commission

As a result of the extensive publicity of the cases such as *Lee* and *X7*, together with *Sellar v R and McCarthy v R* [2015] NSWCCA 76, there has been an exponential increase in the number and complexity of subpoenas served on the Commission, requiring the production of documents.

These cases may have increased awareness about the possible availability of Commission hearing transcripts; however, the Commission routinely receives – at relatively short notice – orders from courts requiring production of a wide range of documents. Most of the subpoenas received are too wide, lack legitimate forensic purpose, and/or seek material which is properly the subject of a claim for public interest immunity. Many specify materials to which the secrecy provisions of the *Crime Commission Act* apply.

Even when the terms are appropriately narrowed, dealing with the subpoenas takes substantial time of both investigative staff in identifying the documents that are caught, and Commission lawyers in examining the documents – often with investigators – in order to determine whether there can be production, either completely, or with appropriate redactions; or whether the court should be moved to set the subpoena aside. If that course is followed, the Commission is required to retain the Crown Solicitor's Office in all matters where a claim of public interest immunity is to be made.

Further legal resources are taken up with liaison with other law enforcement agencies whose documents and other materials have been provided to the Commission, in order to ensure that the Commission's production of those documents is not inappropriate having regard to that agency's position.

Challenges to Commission determinations

Under subs. 33 (3) of the Commission Act, a person who is dissatisfied by a determination by the Commission that he or she (or it, in the case of a corporation) must produce a document or thing, or answer a question at a hearing, can apply to the Court for a review of the determination. The Commission is not aware of any challenges to its determinations during the reporting period.

RECOMMENDATIONS FOR LEGISLATIVE CHANGE

During the last reporting period, the Commission's recommendations for legislative change included the repeal of s 82(1)(c) of the *Crime Commission Act 2012* that imposed the obligation to report any recommendations for changes in the laws of the State, or for administrative action that, as a result of the exercise of its functions, the Commission considered should be made.

The Act was amended on 28 November 2014 and now provides that the Commission may also include recommendations for changes in the laws of the State, or for administrative action that, as a result of the exercise of its functions, the Commission considers should be made. The Commission considered the amendment as appropriate as recommendations for legislative change should remain confidential between the Commission and the Government. Recommendations may affect operational activities where deficiencies in the Act or other legislation have been identified, which may be reducing the effectiveness of the Commission.

The Commission recommended changes to the *Crime Commission Act* to overcome decisions of the High Court that limited the use of compulsory hearings and the information obtained during the hearings. After a lengthy process of consultation, the amendments became law on 28 November 2014. As a result, the Act now provides a procedure whereby persons who have been charged with criminal offences may be examined with the leave of the Supreme Court but any evidence obtained in the examinations is not to be disclosed to persons involved in the investigation of the matters charged. Circumstances in which the use of the new provisions is necessary are rare and during the remainder of the reporting period it was not necessary to seek the leave of the Supreme Court.

The amendments also included provision for the Management Committee to approve the Commission using its powers in connection with the investigation of criminal activities as part of a joint task force with other law enforcement agencies.

The Commission has also been involved in consultations in relation to a number of significant legislative changes relating to investigations into organised crime that are likely to become law during the next reporting period, but should remain confidential because of the operational issues to which they are directed.

PART V - CORPORATE SERVICES DIVISION

Management Team

The Commission's Management Team, consisting of the Commissioner, two Assistant Commissioners and four Directors, is responsible for the management of the Commission. During the reporting period, the Management Team consisted of Mr Hastings, Mr Singleton, Mr Inkster, the Director (Criminal Investigations), the Director (Financial Investigations), the Director (Corporate Services) and, from 16 February 2015, the Director (Legal Services). The Management Team met weekly throughout the year.

Corporate Plan 2014-16

In July 2014, the Commission developed and published the 2014-2016 Corporate Plan. The Plan includes clear tactical goals with detailed strategies as to how these will be achieved.

In June 2015, the Management Team reviewed the progress made toward achieving the agreed goals and strategies, noting that this was the mid-point of the plan. It is significant to note that a number of the documented strategies have been completed; many others have commenced or are in progress.

The achievement of the goals that the Commission set in July 2014 has been made possible by the collaboration between the Management Team and divisions of the Commission working towards a common objective.

The published Corporate Plan has been updated to reflect this progress. It can be reviewed at Appendix E of this report.

Organisational structure

The Commission began reforming its organisational structure during the previous reporting period. During 2014-2015 a new Director (Legal Services) was appointed, completing the appointment of a director to each of the Commission's four divisions – Criminal Investigations, Corporate Services, Financial Investigations and Legal Services.

The Director (Legal Services) reports to the Assistant Commissioner (Legal), although during the reporting period the Director (Legal Services) reported to the Commissioner.

Another change from the last reporting period is the Director (Corporate Services) reporting directly to the Commissioner, rather than to the Assistant Commissioner (Legal). The Director (Financial Investigations) continues to report to the Assistant Commissioner (Legal).

On 1 July 2015, Peter Bodor QC was appointed as Assistant Commissioner (Legal) for a five year term.

A chart illustrating the Commission's organisational structure as at 30 June 2015 can be found at Appendix F.

Commission personnel

Under the *Crime Commission Act*, a significant number of officers and members of other law enforcement agencies (most numerous, officers of the NSW Police) were made members of the staff of the Commission in order to facilitate effective investigations. A smaller number of people are employed to enable the Commission to discharge its functions. These persons are remunerated from the Commission's budget and are considered to be employees of the Commission. Following the introduction of the *Government Sector Employment Act 2013* ('GSE Act'), the Commission's employees are now part of the Public Service, employed by the NSW Crime Commission Staff Agency (a separate Public Service agency).

As at 30 June 2015, the NSW Crime Commission Staff Agency employed 146 staff members. As at the last pay fortnight in 2014-2015, adjusting to take into account part-time working arrangements, the Commission had 130.55 full-time equivalent employees, seven of whom were on parental leave.

The Commission had two statutory officers at 30 June 2015, being the Commissioner and the Assistant Commissioner. In its special determination dated 11 July 2014, which was effective from 1 July 2014, the Statutory and Other Offices Remuneration Tribunal set the remuneration of the Commissioner at \$461,240 per annum on a salary packaging basis and the Assistant Commissioner at \$417,340 per annum.

The Commission does not employ anyone who is a member of the State's Senior Executive Service.

Personnel numbers as at 30 June 2015, and as at 30 June in the three preceding years, were as follows:

Table 23

Personnel category	2011-12	2012-13	2013-14	2014-15
Statutory officers	1	3	3	2
Senior Executive Service	0	0	0	0
<i>PSE&M Act</i> , ch. 2	3	3	N/A	N/A
<i>PSE&M Act</i> , ch. 1A (permanent)	104	139	N/A	N/A
<i>PSE&M Act</i> , ch. 1 (casual)	29	0	N/A	N/A
<i>GSE Act</i> (ongoing)	N/A	N/A	139	133
<i>GSE Act</i> (temporary)	N/A	N/A	0	6
<i>GSE Act</i> (casual)	N/A	N/A	2	5
Total	137	145	144	146

It is to be noted that of its 146 staff the Commission employs 85 females and 61 males.

The majority of the personnel of the Commission mainly or exclusively performed operational tasks. Examples included intelligence analysts, intelligence managers, forensic accountants, financial analysts, telecommunications interception administrators, electronic surveillance

officers, staff of the Technical Deployments Team, staff of the Information and Communication Technology ('ICT') Team, staff working on specialist investigative systems, and those involved in human source management.

Some personnel had a more even division of operational and managerial responsibilities (e.g., the Commissioner and Assistant Commissioners, each of the Directors, and those staff members who prepare transcripts while also performing administrative and support roles). Other staff were mainly or exclusively involved in administrative roles (e.g., the Director (Corporate Services), the Operations Support Manager, the staff of the Finance and Records Management Teams, those ICT staff who provided corporate ICT support services, and the staff of the Governance Unit).

Corporate projects

The Corporate Services Division (CSD) undertook a number of projects during the reporting period in order to upgrade the level of technical and administrative support at the Commission. Some of the more notable projects included the following:

Records management

The Commission has embarked on a significant project and investment within the records management service through the design and implementation of an Electronic Documents Records Management System (EDRMS) to improve the effectiveness and efficiency of the records and information management functions of the Commission.

The project commenced during the reporting period with initial discovery, business requirements, analysis and design phases for technical, business and migration streams. These streams will be finalised in the 2015-2016 reporting period with a finalised design, prototype, testing and cutover following migration of all Commission records, data and information to the new system. Following this initial implementation it is envisaged that further value adding developments planned will commence in outer years. This initial phase of the project will see the implementation of a Commission-wide EDRMS and related ICT systems to support the digitisation of records and information management and the associated efficiencies and improvements. The EDRMS will meet compliance elements of appropriate NSW Government policies, including the NSW Digital Information Security Policy. The Commission's Digital Information Security Policy Attestation can be found at Appendix G.

During the reporting period, the Records Management Team reviewed statutory, operational and administrative requirements for records and information management. Based on this review, the Commission has implemented initiatives to improve the team's capacity to support the Commission. This included a redesign of the Commission's Business Classification Scheme, a review of key business processes and the selection of ICT hardware and software solutions to facilitate improved management of digital records and information.

The Commission anticipates that the new systems will provide an enhanced baseline that will lead to significant improvement in the Commission's record and information management functionality.

Information and communications technology

A significant number of Information and Communication Technology projects and major activities have either commenced and/or been implemented during 2014-2015. Many of these address critical enterprise infrastructure issues and systems for the Commission and include:

- implementation of an ICT program to provide a program and project management framework for enterprise and operational support to the Commission;
- an ICT health check and review, providing the Commission with a current assessment of the Commission's ICT systems as a precursor to a number of projects;
- development of a Data Centre Migration and Disaster Recovery approach as the Commission's response to migration to the NSW Government data centres (GovDC);
- a project to update and refresh the Commission's ICT technical documentation including systems, network, data centre, business systems and communications architecture;
- support for the implementation of the EDRMS as a core enterprise system for the Commission;
- supporting the continued development and implementation of the Commission's Analytical software systems;
- initial scoping for the Commission's 5 year Strategic ICT Plan building on previous work developing an ICT strategy.

In addition to managing these projects and continuing the ICT Team's core business of maintaining the Commission's operating systems, the ICT Team began and delivered a number of smaller projects designed to support and meet the Commission's ongoing ICT needs.

The ICT Team is continually assessing a number of projects to be implemented over the next two years. These projects are aimed at delivering significant technological improvements to the Commission and providing capacity for efficiency gains.

Analytical software

The Commission previously received funding to deploy new analytical software that would assist the intelligence capability of operational staff in undertaking investigations and analysis. The software and capability continues to be rolled out since initial deployment with the addition of new data sets to assist with analytical work. The capability continues to be enhanced and its functionality supports the Commission in meeting its objectives. The adoption and integration of the software has resulted in older related applications becoming superseded and the streamlining of relevant applications. Expertise and refinement in using the software continues to mature as the Commission continues to consult with partner agencies and expand its capabilities.

Finance

The CSD has developed and implemented a number of projects to improve the financial and budget management of the Commission including:

- comprehensive expenditure analysis, tracking expenditure over a 5 year period;

- an initial cost centre accounting system at a divisional level to provide greater granularity of budget and expenditure to the Commission;
- re-design of the Commission's budgets and reporting systems to the Commission Management Team, Management Committee and Internal Audit and Risk Committee; and
- introduction of a financial management forecasting model and system to improve budgeting and management of Commission finances.

Human resources

The CSD, working closely with the Governance Unit, has implemented a number of significant projects and activities within the human resource function of the Commission. Many of these projects are associated with the introduction of the *GSE Act* and include:

- Workforce Profile - a documented workforce establishment linked to the salary forecast and projections of the Commission, and the Public Service Commission (PSC) workforce data profile;
- implementation of GSE compliant recruitment and assessment strategies, processes and procedures;
- implementation of GSE compliant role descriptions for most roles within the Commission;
- introduction of a performance management framework;
- revised human resource policies, procedures and processes aligned to the *GSE Act*, Regulations and Rules.

Work Health and Safety

In 2014 the Commission implemented Work Health and Safety Policy and Procedures, Bullying, Harassment and Discrimination Policy and Procedures, and Work Related Grievance Handling Policy and Procedures.

The Commission continues to review its work health and safety ('WH&S') risks and mitigation strategies. This process is ongoing and forms part of the Commission's commitment to continuous improvement in this area.

The Commission is committed to addressing WH&S issues in a proactive fashion. Resilience training was provided to Commission staff in January 2015. The Commission continues to engage the services of an employee assistance provider to make it easier for staff to access any assistance that they may need.

During 2014-2015, five injuries were reported, three of which resulted in claims for workers' compensation. Sixteen days in total were lost in relation to those three claims. Two of the claims have now been finalised. A workers' compensation claim which commenced in May 2014 was finalised in June 2015 with no time lost. No prosecutions were conducted under the *Work Health and Safety Act 2011* or *Work Health and Safety Regulation 2011*.

The Commission has currently in place a WH&S representative and deputy representative who meet regularly to discuss WH&S issues that arise. The representatives provide advice to members of staff regarding the outcome of WH&S issues that have been raised previously. A dedicated WH&S email group was created to enable workers to notify the Commission of issues simply and quickly.

The Commission conducts WH&S inspections on a quarterly basis.

PART VI - CORPORATE GOVERNANCE

In March 2014, the Commission adopted a Corporate Governance Framework (see Appendix H). As a result, the work of the Governance Unit was largely focused on strengthening the existing governance arrangements with respect to the various elements included in the framework. The work undertaken with respect to each element during the reporting period is set out below.

Internal governance

Planning framework

In July 2014, the Commission developed and published the 2014-2016 Corporate Plan. The Plan includes clear and achievable tactical goals. Divisional plans and individual performance plans cascaded from the Corporate Plan. As the Plan is mid-way through its two year life, a formal review was undertaken to track progress and to make any minor adjustments. Individual performance plans commenced in October 2014. The Commission's Performance Management Framework is aligned to the relevant provisions of the *GSE Act*.

Performance reporting

The Commission has a number of measures relating to operational matters that are reported in the Annual Report. Work is currently underway to further enhance the scope and depth of internal reporting across both corporate and operational areas of Commission business.

Committees and Structures

The current organisational chart is available on the Commission's website (see Appendix F). It includes the more recent appointments of Director (Corporate Services) and Director (Legal Services). A Commission wide organisational chart linked to the workforce establishment is being developed.

A review of key internal committees and meetings occurred during the year with a view to ensuring the effectiveness and efficiency of the decision-making process. This work resulted in a number of recommendations designed to streamline existing processes.

Legislative compliance

The Commission has a legislative compliance register that includes the legislation that the Commission administers and with which it needs to comply. It is updated periodically and identifies the legislative obligations that need to be embedded into existing processes. During the reporting period a full review of central agency administrative circulars, memorandums and directions was undertaken to ensure the Commission's activities were consistent with Government policy. Requirements were embedded into the relevant policies and procedures to ensure that the Commission continued to meet its obligations.

Employee conduct

Internal communications

In July 2014 the Commission launched a new intranet to provide staff with a single portal to access current policy and procedure documents along with a range of information about the Commission. It is also the primary tool for intra-agency communication with announcements, alerts and discussion boards.

The Commissioner delivers a half yearly staff update for the purpose of providing an overview of current issues and matters impacting the work of the Commission and the staff.

Internal communication is supplemented by the circulation of an internal newsletter (as well as posters) that serve to inform staff about any new requirements, policies or notices that they should be made aware of.

Conduct

In June 2015, Commission employees made their annual attestation that they have and will continue to comply with the Code of Conduct and underpinning policies.

The Code of Conduct is current and compliant with the PSC Ethical Framework. All underpinning policies have been published to support the principles of the Code.

Training

The Commission continues to invest in staff training ensuring that staff continue to build their skills in their area of expertise.

During the reporting period, regular staff educational seminars (including expert guest speakers from academia and partner agencies) were held to update staff on operational and technical matters. A number of Commission staff attended external training courses focused on both corporate and operational areas. Training included advanced Microsoft Excel courses, project management, change management and intelligence analysis courses at tertiary institutions.

Employee Assistance Program

In April 2014, the Commission contracted an external provider to provide an Employee Assistance Program. The Commission monitors the take up rate of the service and encourages staff to utilise the service as needed.

Fraud and corruption control

The Commission has a current Fraud and Corruption Control Plan. The Commission will be arranging tailored ethics training for staff, although ethics training is already incorporated into many aspects of the Commission's daily operations. Numerous policies address the specific issue of fraud and ethics in the context of the policy topic. A number of these policies have issued since the fraud and corruption prevention survey that was undertaken in December 2013. The Commission has reviewed its ethics and fraud prevention materials in the context of the PSC's Ethical Framework that applies across the sector.

Ethics Committee

The Commission's Ethics Committee meets on a quarterly basis to discuss ethical issues that may be faced, or have been reported by Commission staff, and aims to provide

guidance to staff on these issues. Representatives from across the Commission comprise the members of the Ethics Committee.

Internal controls

Internal audit

The Commission, in the main, has outsourced the undertaking of internal audits. The in-house internal auditor continues to undertake database access audits whereas the external provider carries out operational and financial audits. All audit reports are tabled at the Internal Audit and Risk Committee meetings. Where an audit report makes a finding, the recommendations and responses are followed up.

Delegations

In April 2015, the administrative delegations were reviewed and updated. The Commission has a suite of current operational and financial delegations that are reviewed from time to time as legislation changes. The delegations are made available to staff.

Policies and procedures

During the reporting period, the Governance Unit developed and released a series of corporate policies to underpin the Code of Conduct and further populate the Commission's suite of governing documents. These policies standardise the approach to a range of situations and provide consistent, equitable parameters. This work commenced in prior reporting periods with the Commission now having created almost a full suite of corporate policies and procedures. Some of the policies and other corporate documents released in the period include:

- a full suite of leave policies;
- intellectual property policy;
- conflicts of interest policy and procedures;
- recruitment policy and procedures;
- training and development framework;
- disability inclusion action plan;
- flexible work arrangements policy and procedures;
- gifts, benefits and hospitality policy and procedures.

Work continues to develop new and refine existing operational guidance and material for Commission staff.

Risk management

The Commission has a current Risk Management Framework compliant with the provisions of TPP09-05 as well as executive, divisional, and fraud and corruption risk registers. The registers are reviewed and updated regularly to ensure the ongoing management of risks. The annual internal audit plan is also based on risk.

External stakeholder relationships

The development of a Stakeholder Relationship Management Framework has been included in the Corporate Plan 2014-2016. The Commissioner is the sponsor for the framework. Work is currently underway to develop and populate the framework.

External reporting

Proactive disclosure

The Commission has published some information on its website. Due to the nature of the Commission's business the information on the website remains comparatively static. A new design for the website has been approved. The website includes the Corporate Plan, publications, an avenue to make a complaint, the Organised Crime Disruption Strategy, information about subpoenas to the Commission and links to relevant websites.

Statutory reporting

Under "Right to Information" the Commission has published material as required by the *GIPA Act*. This includes an "Information Guide", the Disclosure Log and the Code of Conduct. Our information relating to Government contract disclosure requirements has also been published on the website. The Commission continues to meet its obligations in relation to statutory reporting including reports and information required at either a State or Commonwealth level. This includes those required by the Ombudsman and those required under the following Acts: *Public Interest Disclosures Act ('PID Act')*, *LEPR Act*, *SD Act* and *Terrorism (Police Powers) Act*.

Annual report

The production of the annual report is coordinated by the Governance Unit. The report is available on the Commission's website.

External audit

The Audit Office of NSW provides reasonable assurance that the Commission's financial statements:

- give a true and fair view of the financial position, financial performance and cash flows of the Commission in accordance with Australian Accounting Standards; and
- are in accordance with s 41B of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.

Accountability and scrutiny of the commission

The Commission is subject to a range of scrutiny and accountability measures. These include measures common to most public sector agencies, such as maintaining an internal audit and risk management capability. The Auditor-General, the Commonwealth Ombudsman and the NSW Ombudsman also scrutinise aspects of the Commission's work.

The Commission is subject to the supervision of its Management Committee, the Department of Attorney General and Justice, the Ministry for Police and Emergency Services, and the Treasury. It is also subject to, or implements where applicable, policies

and other measures emanating from those bodies, as well as the Department of Premier and Cabinet and others. Scrutiny is also undertaken by the Parliament through its Budget Estimates Committee and the Parliamentary Joint Committee ('PJC'). In addition to these generic measures, the Commission is subject to the scrutiny of its Inspector and, along with the NSW Police, the scrutiny of the Police Integrity Commission ('PIC').

Internal audit and risk management

During 2014-2015, the outsourced provider previously retained by the Commission continued to undertake both operational and corporate audits in accordance with the approved plan. The Commission's in-house auditor conducts audits of accesses to external databases, manages the day to day aspects of the risk management process and provides audit and assurance services and advice, as required. The 2014-2015 annual audit plan was developed taking into account the risks identified in the risk register as well as the breadth of audit coverage across corporate and operational areas of the Commission. The plan included audits of compliance with the *Privacy and Personal Information Protection Act 1998* ('*PPIP Act*') and a review of procurement arrangements. A three year audit plan has been developed commencing in the period 2015-2016.

Two of the scheduled audits are yet to be completed. The Commission's Management Team receives and reviews all audit reports with all final reports being tabled and discussed at the subsequent Internal Audit and Risk Committee ('IARC') meeting. The Governance Unit follows up on the status and implementation of management responses to agreed recommendations, reporting back on progress at the next IARC meeting.

The Commission's Audit and Risk Management Attestation can be found at Appendix I.

The Commission has an approved Risk Management Policy in accordance with TPP09-05. The Policy is periodically reviewed to ensure it remains current. The Commission's executive risks are reviewed annually by management, whilst divisional risks are also reviewed annually by the relevant risk owner. Risk registers are managed and maintained by the Governance Unit.

Internal Audit and Risk Committee

The Commission's IARC continued to operate throughout the reporting period and met on a quarterly basis. The Commission continued to have an appointed Chief Audit Executive and maintained an internal audit function as required by Treasury Guidelines and Policy Paper TPP 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*.

Functions and membership of the Internal Audit and Risk Committee

During the year the Commission's IARC undertook the following:

- reviewed the operation of internal controls and internal audit activity at the Commission, including a review of the adequacy of resourcing of internal audit;
- fulfilled the legal requirements of s 11 of the *Public Finance and Audit Act 1983*;
- reviewed the Commission's financial statements and financial reporting arrangements generally;

- assessed the outcomes of internal audit reports in relation to the risks and controls pertaining to the Commission's corporate and operational areas;
- reviewed the timeliness and appropriateness of management responses to audit recommendations;
- monitored the effectiveness of risk management strategies and internal audit results;
- reviewed the status of governance arrangements and controls, including those pertaining to fraud and risk.

Although the IARC reports to the Commissioner, its role at the Commission is strictly advisory. The Commissioner is under no obligation to accept any advice from the IARC as the Commissioner has overall responsibility and accountability for the management of the Commission.

The Commission's IARC consisted of an independent chair, Mr Peter Lucas, an independent member Mr Peter Whitehead and a non-independent member, who is a member of the Management Team and holds the position of Director (Financial Investigations). The IARC meets every quarter to discharge its obligations under its charter.

A number of permanent invitees continued to attend the IARC meetings during the reporting period. These included the Commissioner, the Governance Manager in the capacity of Chief Audit Executive, the Internal Auditor, the Director (Corporate Services), the Inspector of the Commission, representatives of the independent third party provider and the NSW Audit Office.

During the reporting period, all members of the IARC met on a quarterly basis to fulfil the requirements outlined in the IARC charter.

The IARC's annual report noted that the Commission's approach to internal audit, risk management and governance arrangements continued to mature during the 2014-2015 financial year resulting in the strengthening of internal controls. This has been achieved through a number of strategies including the implementation of audit report recommendations, the promulgation of relevant policies and procedures in both the corporate and operational areas of the Commission, the deployment of a new intranet and the seeking of assistance from external providers to provide advice and undertake work at the Commission to strengthen controls (where required and where internal capacity to do so is limited) as well as the knowledge and experience bought to the Commission as a result of the appointment of the Director (Corporate Services) in early 2014.

Finally, the IARC liaised with the external auditor and monitored the NSW Audit Office Client Services Plan for 2014-2015. A representative of the NSW Audit Office attended all meetings.

The IARC reviewed its charter in March 2015 in compliance with Treasury guidelines.

Achievements of the Internal Audit and Risk Committee

The key achievements of the IARC for this reporting period have been:

- monitoring the execution of the 2014-2015 internal audit plan as approved;
- approved the annual internal audit plan for 2015-2016 as well as the three year audit plan commencing 2015-2016;

- continued monitoring and review of the activities undertaken by the internal audit function including risk management;
- participation in the review and external assessment of the internal audit function being undertaken by the Institute of Internal Auditors and receipt and review of the final report arising;
- continued monitoring of the maturing governance arrangements at the Commission, which are aligned to the Commission's Corporate Governance Framework;
- monitoring of strategies deployed to improve administration and corporate services at the Commission;
- reviewing Management's assessment of key risks as embodied in the Enterprise Risk Register and the divisional risk registers
- reviewing the progress of key corporate projects and the management of associated risks;
- monitoring Commission progress in relation to compliance with key government policies and directives;
- reviewing the percentage of budget allocated to the audit and risk activity as a total of the Commission's annual recurrent budget.

External oversight of the Commission

NSW Ombudsman

The NSW Ombudsman conducts inspections or audits of the Commission's records and operations. In particular, the NSW Ombudsman conducts inspections and audits and prepares reports pursuant to:

- s 11(1) of the *TIA (NSW) Act*;
- Part 5 of the *LEPR Act* (although no inspections regarding the Commission occurred during the reporting period because no applications for covert search warrants were made);
- s 49(1) of the *SD Act* (the report is publicly available);
- Part 4 of the *LECO Act* (the report is publicly available).

The Commission is a public authority for the purposes of the *Ombudsman Act 1974* and in some circumstances its conduct is liable to investigation by the Ombudsman.

In October 2012 Mr David Levine QC, in his capacity as the Inspector of the PIC and pursuant to s 90(f) of the *Police Integrity Commission Act 1996*, referred to the Ombudsman for investigation a number of matters concerning allegations of misconduct by members and staff of the Commission and NSWPF who were engaged in Operation Mascot and in a subsequent joint investigation by the PIC and the Commission known as Operation Florida. The investigation by the Ombudsman continued throughout the reporting period and in itself has been the subject of parliamentary inquiries. The Commission has used its best endeavours to co-operate with the Ombudsman, particularly in producing relevant documentation which has presented challenges given the lapse of time since the relevant

conduct. The Commission has been served with documentation containing provisional findings, comment and recommendations and will have the opportunity to respond in due course.

Commonwealth Ombudsman

The Commonwealth Ombudsman audits the Commission's compliance with requirements contained in the *TIA Act* in respect of obtaining access to stored communications. The most recent audit report on access to stored communications concerns 2013–2014. The 2014–2015 audit occurred on 1 September 2015.

Inspector of the Commission

The Hon. Graham Barr QC is the Inspector of the Commission.

The Inspector of the Commission has responsibility for:

- auditing the operations of the Commission for the purpose of monitoring compliance with NSW laws;
- dealing with complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission;
- dealing with conduct amounting to maladministration including, but not limited to, delays in the conduct of investigations and unreasonable invasions of privacy by the Commission or officers of the Commission; and
- assessing the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

The Inspector of the Commission has extensive powers. He can exercise these powers on his own initiative, at the request of the Minister, in response to a complaint made to the Inspector, or in response to a referral by the PJC or a government agency or a member of a government agency. The Commission or the Management Committee may also refer matters to the Inspector for investigation.

The Inspector of the Commission:

- may investigate any aspect of the Commission's operations or any conduct of officers of the Commission;
- is entitled to full access to the Commission's records and may take or have copies made of any of them;
- may require Commission officers to supply information or produce documents or other things relating to the Commission's operations or conduct of Commission officers;
- may require Commission officers to attend before the Inspector to answer questions or produce documents or other things relating to the Commission's operations or any conduct of officers of the Commission;
- may investigate and assess complaints about the Commission or officers of the Commission;
- may refer matters relating to the Commission or officers of the Commission to other public authorities or public officials for consideration or action; and
- may recommend disciplinary action or criminal prosecution against officers of the Commission.

The Commission values the role of the Inspector in maintaining the integrity of the conduct of the Commission and its staff. The Commission has collaborated with the Inspector in identifying areas of the operations of the Commission that are most sensitive and susceptible to risk and, during the reporting period, the Inspector audited the Commission's human source management practices, settlements of confiscation proceedings pursuant to the *Car Act* and the making of controlled operation authorities.

The Commission has kept the Inspector informed of any complaints of misconduct against the staff of the Commission by providing copies of any notifications to the PIC pursuant to s 75D of the *Police Integrity Commission Act 1996* ('*PIC Act*').

For further information about the Office of the Inspector of the Commission, please see the Inspector's website (www.oicc.nsw.gov.au).

Parliamentary Joint Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission

Since the commencement of the *Crime Commission Act*, the Commission has fallen under the oversight of the PJC.

The functions of the PJC are:

- to monitor and review the Commission, the Management Committee and the Inspector's exercise of their functions;
- to report to both Houses of Parliament, with such comments as it thinks fit, on any matter appertaining to the Commission, the Management Committee or the Inspector of the Commission, or connected with the exercise of their respective functions to which, in the opinion of the PJC, the attention of Parliament should be directed;
- to examine each annual and other report of the Commission, and of the Inspector of the Commission, and report to both Houses of Parliament on any matter appearing in, or arising out of, any such report; and
- to inquire into any question in connection with its functions which is referred to it by both Houses of Parliament, and report to both Houses on that question.

Police Integrity Commission

The PIC has the function of investigating allegations of misconduct against current and former officers of the Commission. The *PIC Act* provides that any person may make a complaint to the PIC about a matter that involves or may involve misconduct of a Commission officer and the PIC may investigate any such complaint or decide that the complaint need not be investigated. The Commissioner is under a duty to notify the PIC of any possible misconduct by an officer of the Commission. The Inspector of the Commission has the right to make reasonable use of the services of the staff or facilities of the PIC.

Complaint handling

The Commission is committed to responding to complaints in a timely and ethical fashion.

Internal complaints

The Commission has a history of accepting complaints and disclosures, of properly dealing with them, and of protecting their makers from reprisals. The Commission provides its staff

with an alternative system for complaints and disclosures outside the *PID Act*. Staff are able, if they choose, to use non-*PID Act* procedures.

The Commission is committed to acting properly in relation to complaints that are not public interest disclosures, whether made by members of staff of the Commission or members of the public. The Commission encourages staff to raise problems or complaints with their supervisors and the Management Team. The Commission's Management Team meets regularly and all complaints are discussed. The Commission endeavours to deal with each problem or complaint effectively and efficiently.

During the reporting period, the Commission did not receive any internal complaints.

Complaints from members of the public

Complaints about the Commission can be made directly to the Commission, to the Inspector of the Commission, as well as to the PIC.

Complaints can be made to the Commission as follows:

Mail	Fax	Email
Complaints Officer NSW Crime Commission PO Box Q566 SYDNEY NSW 1230	Complaints Officer 02 9269 3809	complaints@crimecommission.nsw.gov.au

Details on how to contact the Inspector and the PIC can be found on the Commission's website.

The majority of complaints received by the Commission do not relate to the activities of the Commission – they relate to other NSW Government departments, particularly the NSW Police, or to criminal offences that may have been committed in NSW. The Commission assesses each complaint and, where it does not relate to the Commission, refers it to the relevant oversight or investigative body.

During the reporting period, the Commission received 17 complaints from outside the Commission. The Commission reviewed each of these complaints and found that only three complaints related to the activities and/or functions of the Commission, while the rest related to other persons or bodies outside of the Commission.

The first complaint relating to the Commission was referred to the Inspector, upon which the Commission is still awaiting advice. The second did not necessitate a response from the Commission. The third complaint was inconclusive and the Commission is waiting on further information from the complainant. The Commission is continuing to investigate the remaining complaints that relate to the Commission.

Reporting to the PIC

The Commission also has an obligation under s 75D of the *PIC Act* to report allegations of potential corruption and/or misconduct by NSW Police, current or former Commission members of staff to the PIC, regardless of how the Commission became aware of the issue.

During the reporting period, the Commission referred six such matters to the PIC that related to current or former Commission employees including those referred to above.

Public Interest Disclosures

The Commission is a public authority to which the *PID Act* applies. The Commission is committed to acting with proper regard to the public interest and all Commission staff have the full support of the Commission when seeking to make a public interest disclosure in accordance with the *PID Act*.

In its support of the *PID Act*, the Commission has taken appropriate steps to encourage staff of the Commission to make legitimate public interest disclosures if they witness or discover relevant misfeasance or nonfeasance, to protect staff from reprisals for making public interest disclosures, and to rectify any issues that are uncovered as a result of public interest disclosures.

During the reporting period the Commission undertook relevant educative measures to ensure that all staff were aware of the contents of the Commission's Internal Reporting Policy and the provisions of the *PID Act* (especially the protections for a person who makes a public interest disclosure). This included distributing posters throughout the Commission's common areas highlighting the objects of the *PID Act*, identifying Commission Disclosure Officers, and informing staff about how to access the Internal Reporting Policy.

Pursuant to the *PID Act*, the Commission has nominated both male and female Disclosure Officers, a Disclosures Coordinator, and a panel of Disclosures Support Persons.

During the reporting period, the Commission did not receive any public interest disclosures.

The Commission finalised three disclosures made in the previous reporting period.

The Commission's Annual Report under s 31 of the *PID Act* is reproduced at Appendix J. Its report under s 6CA of the *PID Act* is reproduced at Appendix K.

PART VII - OTHER REPORTING REQUIREMENTS

2014-2015 Annual Report

Both the *Crime Commission Act* and the *Annual Reports (Departments) Act 1985* ('*Annual Reports Act*') require the Commission to report annually. The requirements are cumulative. The *Annual Reports Act* requires the Commission to prepare an annual report and submit it to the Minister (with a copy to the Treasurer). The *Annual Reports Act* further requires the Commission to prepare a report of operations, including a 'letter of submission' to the Minister.

The *Crime Commission Act* requires the Commission to prepare a report of its operations and furnish it to the Management Committee for transmission, with such comments as the Management Committee thinks fit, to the Minister. The *Annual Reports Act* allows the Commission to incorporate all of these annual reports into a single document and it has done so on this occasion.

In preparing this report, the Commission has sought to provide the public with as full an account of itself and its activities as is lawful, economical and not prejudicial to its functions.

This report was prepared and has been furnished in accordance with s 82 of the *Crime Commission Act*, the *Annual Reports Act*, the *Annual Reports (Departments) Regulation 2010* ('the *Annual Reports Regulation*'); Treasury Circulars 10/09, 11/21, 14/31, 15/05, 15/07 and 15/18; PSC Circular 2014-09; Treasury policy TPP 15-03 and Premier's Memoranda 1997-10, 2002-07, 2004-05, 2009-01, 2011-22, 2013-09 and 2013-13.

The *Crime Commission Act* provides the Minister with authority to give directions on the manner and time of the preparation of the annual report (but not its contents). No such directions have been made with respect to this annual report.

No extension of time for the submission of this report was sought or granted.

No consultants were retained for any aspect of the preparation of this annual report and no external costs were incurred.

Agreement with Multicultural NSW

In September 2006, the Commission entered into a memorandum of understanding with the Community Relations Commission (now Multicultural NSW) to ensure that persons appearing at the Supreme Court in respect of proceedings under the *CAR Act* are not disadvantaged as a result of language difficulties. The agreement provides that Multicultural NSW will provide professional interpreting services on a fee-exempt basis to any person whose first language is not English and who may experience difficulty in comprehending or fully participating in proceedings under the *CAR Act*.

The Commission continues to arrange interpreting services on behalf of persons appearing at the Supreme Court in accordance with the agreement.

Building management

The Commission is located on Kent Street Sydney. The Commission originally acquired its current premises in 1993 out of its own resources and an advance payment of funding for four years' rent obtained from the Government and Parliament. Thereafter, the Commission's budget allocation was subsequently reduced as it no longer had a commitment for leasing of premises. The Commission managed and maintained the property until it was required to transfer its ownership to the State Property Authority ('SPA'). SPA has since been renamed Government Property NSW ('GPNSW').

Overall management of the Commission's premises during the reporting period is undertaken by GPNSW, with some building and financial responsibilities falling to the Commission, particularly with regard to fit out of the building and enhanced security facility provision.

GPNSW have also undertaken a routine program of work to maintain, service and upgrade the building to address key environmental conditions of the building. However, during the reporting period GPNSW commenced an assessment of the building for potential disposal of it and relocation of the Commission. This has led to postponement of remediation works to the premises by GPNSW and resultant issues with the working and operating environment of the Commission, including the air-conditioning infrastructure.

Commission publications

All of the Commission's annual reports, the 2014-2016 Corporate Plan and the Organised Crime Disruption Strategy are available on the Commission's website.

Consultants

The Commission did not engage any consultants during the reporting period.

Privacy

The Commission continues to comply with its Privacy Management Plan. The Commission has appointed a privacy officer, who has a dedicated email address to receive complaints – privacyofficer@crimecommission.nsw.gov.au. There were no complaints or reviews under the *PPIP Act* during 2014-2015.

During the reporting period, the Commission undertook an audit of its compliance with the *PPIP Act* and the *Health Records and Information Privacy Act 2002*. Minor recommendations were made and there were no findings of non-compliance.

Public access to government information

The Commission is bound by the *GIPA Act*, although its investigative and reporting functions are listed in Schedule 2 to the *GIPA Act*. The *Crime Commission Act* is not listed in Schedule 1.

Any requests for information pursuant to the *GIPA Act* can be made to the Commission in writing, addressed as follows:

Government Information Officer
NSW Crime Commission
PO Box Q566
QVB Post Office
SYDNEY NSW 1230

Telephone or personal inquiries can be made during regular business hours. Telephone numbers and the mailing address for inquiries can be found on the inside cover of this report. A form for applications under the *GIPA Act* for access to information is available on the Commission's website.

The Commission's *GIPA Act* annual report can be found at Appendix L.

Financial matters

Account payment performance

The Commission's policy on accounts payable is that, where practicable, claims for payments are processed within the supplier's terms or, if no terms are stated, within thirty days of receipt of the invoice.

The Commission's performance in paying its bills in a timely manner was as follows:

Table 24

Aged analysis at the end of each quarter – All suppliers					
Quarter	Current (within due date) (\$'000)	Less than 30 days overdue (\$'000)	31 to 60 days overdue (\$'000)	60 to 90 days overdue (\$'000)	More than 90 days overdue (\$'000)
Sep-14	3,617	268	282	40	2
Dec-14	2,504	112	12	0	0
Mar-15	2,993	68	26	0	0
Jun-15	3,420	86	26	2	17

Table 25

Aged analysis at the end of each quarter – Small business suppliers					
Quarter	Current (within due date) (\$'000)	Less than 30 days overdue (\$'000)	31 to 60 days overdue (\$'000)	61 to 90 days overdue (\$'000)	More than 91 days overdue (\$'000)
Sep-14	103	2	0	0	0
Dec-14	93	0	0	0	0
Mar-15	111	0	0	0	0
Jun-15	67	3	0	0	0

Table 26

Total accounts paid on time				
Quarter	Target (%)	Actual (%)	Total paid (\$)	Total due (\$)
Sep-14	85	93	3,617,939	4,208,729
Dec-14	85	94	2,504,817	2,628,829
Mar-15	85	94	2,995,824	3,086,633
Jun-15	85	96	3,426,671	3,553,627

Table 27

Accounts due or paid within each quarter				
Measure	September 2014	December 2014	March 2015	June 2015
All suppliers				
Number of accounts due for payment	502	397	454	530
Number of accounts paid on time	465	372	426	511
Actual percentage of account paid on time (based on number of accounts)	93%	94%	94%	96%
Dollar amount of accounts due for payment*	4,208,729	2,628,829	3,086,633	3,553,627
Dollar amount of accounts paid on time*	3,617,939	2,504,817	2,995,824	3,426,671
Actual percentage of accounts paid on time (based on amount)	86%	95%	97%	96%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers				
Number of accounts due for payment	66	75	71	62
Number of accounts paid on time	65	75	69	59
Actual percentage of account paid on time (based on number of accounts)	98%	100%	97%	95%
Dollar amount of accounts due for payment*	33,092	93,772	111,529	69,922
Dollar amount of accounts paid on time*	31,508	93,772	111,377	66,788
Actual percentage of accounts paid on time (based on amount)	95%	100%	99.9%	96%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

* Dollar amounts are inclusive of GST

Credit card certification

Commission practice during the reporting period conformed to its corporate credit card policy. The policy is based on Treasury guidelines and Treasurer's Direction 205.01.

The Commission certifies that authorised Commission officers used credit cards in accordance with its own policies, memoranda of the Department of Premier and Cabinet and the Treasurer's Directions. There were no known instances of credit card misuse during the year.

Grants to non-government community organisations

The Commissioner did not grant any funds to non-government community organisations during the reporting period.

Insurance activities

Through the Treasury Managed Fund, the Commission insures against a range of risks that include such things as workers' compensation, motor vehicle damage, property damage and public liability.

In 2014-2015, the Commission made 4 insurance claims, compared to 11 claims made in 2013-2014. These claims related to property, motor vehicles and workers' compensation.

Land disposal

The Commission did not dispose of any land during the year.

Overseas travel

During 2014-2015, two senior members of the Commission travelled overseas as invited guests to attend an international professional conference.

Purchase of major assets

The Commission's purchasing of major assets during the reporting period was as follows:

Table 28

Asset	Cost
Building refurbishment	\$42,520
ICT hardware	\$342,681
Computer software	\$844,748
Analytical software	\$316,667
Surveillance equipment	\$14,101
Other plant and equipment	\$10,759
Total	\$1,571,478

AUDITED FINANCIAL STATEMENTS

**NEW SOUTH WALES CRIME COMMISSION
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

New South Wales Crime Commission

**Financial Statements for the
year ended 30 June 2015**

STATEMENT BY COMMISSIONER

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for NSW General Government Sector Entities, the Public Finance and Audit Regulation 2015, the Treasurer's Directions and applicable Australian Accounting Standards (which include Australian Accounting Interpretations).
- (b) The statements present a true and fair view of the financial position as at 30 June 2015 and transactions of the Commission for the year then ended.
- (c) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.



Peter Hastings
Commissioner



Michael Wilde
Director Corporate Services

Dated: 17 September 2015



INDEPENDENT AUDITOR'S REPORT

New South Wales Crime Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the New South Wales Crime Commission (the Commission), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

My opinion does not provide assurance:

- about the future viability of the Commission or the consolidated entity
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.



David Nolan
Director, Financial Services

18 September 2015
SYDNEY

Start of audited financial statements

NEW SOUTH WALES CRIME COMMISSION
Statement of comprehensive income for the year ended 30 June 2015

	Notes	Consolidated			Statutory Corporation	
		Actual	Budget	Actual	Actual	Actual
		2015	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	17,154	17,004	17,219	-	-
Other operating expenses	2(b)	5,495	5,801	5,338	5,495	5,338
Personnel services	2(c)	-	-	-	16,164	16,466
Depreciation and amortisation	2(d)	1,326	1,280	723	1,326	723
Total Expenses excluding losses		23,975	24,085	23,280	22,985	22,527
Revenue						
Investment revenue	3(a)	75	50	95	75	95
Grants and contributions	3(b)	22,847	23,547	25,429	22,847	25,429
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	990	387	753	-	-
Other revenue	3(d)	33	51	55	33	55
Total Revenue		23,945	24,035	26,332	22,955	25,579
Gain/(loss) on disposal	4	-	-	(1)	-	(1)
Net result	19	(30)	(50)	3,051	(30)	3,051
Other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		(30)	(50)	3,051	(30)	3,051

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of financial position as at 30 June 2015

	Notes	<u>Consolidated</u>			<u>Statutory Corporation</u>	
		Actual	Budget	Actual	Actual	Actual
		2015	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000
ASSETS						
Current Assets						
Cash and cash equivalents	5	1,976	1,675	2,634	1,976	2,634
Receivables	6	1,000	874	984	586	774
Other		-	5	-	-	-
Total Current Assets		2,976	2,554	3,618	2,562	3,408
Non-Current Assets						
Receivables	7	144	500	191	132	124
Property, plant and equipment	8					
- Land and buildings		111	110	111	111	111
- Plant and equipment		2,093	5,244	2,351	2,093	2,351
Intangible assets	9	4,279	1,225	3,781	4,279	3,781
Total Non-Current Assets		6,627	7,079	6,434	6,615	6,367
Total Assets		9,603	9,633	10,052	9,177	9,775
LIABILITIES						
Current Liabilities						
Payables	11	759	1,119	911	268	456
Borrowings at amortised cost	12	55	177	210	-	-
Provisions	13	1,650	1,982	1,729	1,828	2,208
Total Current Liabilities		2,464	3,278	2,850	2,096	2,664
Non-Current Liabilities						
Borrowings at amortised cost	15	12	316	67	-	-
Provisions	14	46	22	24	-	-
Total Non-Current Liabilities		58	338	91	-	-
Total Liabilities		2,522	3,616	2,941	2,096	2,664
Net Assets		7,081	6,017	7,111	7,081	7,111
EQUITY						
Accumulated funds		7,081	6,017	7,111	7,081	7,111
Total Equity		7,081	6,017	7,111	7,081	7,111

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of changes in equity for the year ended 30 June 2015

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2014	7,111	7,111
Net result for the year	(30)	(30)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(30)</u>	<u>(30)</u>
Balance at 30 June 2015	<u>7,081</u>	<u>7,081</u>
Balance at 1 July 2013	4,060	4,060
Net result for the year	3,051	3,051
Other comprehensive income	-	-
Total comprehensive income for the year	<u>3,051</u>	<u>3,051</u>
Balance at 30 June 2014	<u>7,111</u>	<u>7,111</u>

The above Statement of changes in equity refers to the Consolidated Entity and the Statutory Corporation as the figures are the same in both instances.

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of cash flows for the year ended 30 June 2015

	Notes	<u>Consolidated</u>			<u>Statutory Corporation</u>	
		Actual	Budget	Actual	Actual	Actual
		2015	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(16,177)	(16,383)	(16,174)	(16,387)	(16,390)
Other		(6,783)	(5,886)	(6,497)	(6,783)	(6,497)
Total Payments		(22,960)	(22,269)	(22,671)	(23,170)	(22,887)
Receipts						
Interest received		87	50	93	87	93
Grants and contributions		22,847	23,547	25,429	22,847	25,429
Other		1,144	211	1,197	1,144	1,197
Total Receipts		24,078	23,808	26,719	24,078	26,719
NET CASH FLOWS FROM OPERATING ACTIVITIES	19	1,118	1,539	4,048	908	3,832
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from sale of property, plant and equipment		5	-	1	5	1
Purchases of property, plant and equipment		(404)	(892)	(1,259)	(404)	(1,259)
Purchase of intangibles		(1,167)	(890)	(3,040)	(1,167)	(3,040)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(1,566)	(1,782)	(4,298)	(1,566)	(4,298)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds of borrowings and advances		(210)	-	(216)	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(210)	-	(216)	-	-
NET INCREASE / (DECREASE) IN CASH		(658)	(243)	(466)	(658)	(466)
Opening cash and cash equivalents		2,634	1,918	3,100	2,634	3,100
CLOSING CASH AND CASH EQUIVALENTS	5	1,976	1,675	2,634	1,976	2,634

The accompanying notes form part of these financial statements.

1. **Summary of Significant Accounting Policies**

(a) Reporting entity

The New South Wales Crime Commission (the Commission) is a NSW government entity. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The New South Wales Crime Commission, as a reporting entity, comprises of itself and one other entity under its control; the NSW Crime Commission Staff Agency.

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entity, all inter-entity transactions and balances have been eliminated, and like transactions and other events are accounted for using uniform accounting policies.

The consolidated financial statements for the year ended 30 June 2015 have been authorised for issue by the Commissioner on 17 September 2015.

(b) Basis of consolidation and preparation

The Commission's consolidated financial statements include the financial statements of the economic entity and the New South Wales Crime Commission Staff Agency.

The Commission's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* (PFAA) and *Public Finance and Audit Regulation 2015* and;
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment, assets (or disposal groups) held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention, except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The consolidated and parent entity financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered activities

The Commission administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those administered activities but does not have the discretion to deploy the resources for the achievement of the Commission's own objectives.

Transactions and balances relating to the administered activities are not recognised as the Commission's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered Assets'. The accrual basis of accounting and applicable accounting standards have been adopted.

1. **Summary of Significant Accounting Policies (continued)**

(e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred in accordance with Treasury's mandate to not-for-profit government sector entities.

(f) Insurance

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

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

Income, expenses and assets are recognised net of the amount of GST, except that 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 an asset's cost of acquisition or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(h) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income are discussed below.

(i) Grants and contributions

Except as specified below, grants and contributions from other bodies are generally recognised as income when the Commission obtains control over the assets comprising the contributions. Control over grants and contributions is normally obtained upon the receipt of cash. Unspent grants funded by the principal department of the cluster, the NSW Department of Justice, are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the principal department.

(ii) Professional costs recovered

Income from professional costs recovered comprises revenue awarded to the Commission from litigation proceedings. This income is recognised following the making of a costs order by a court.

(iii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(i) Assets

(i) Acquisition of assets

Assets acquired are initially recognised at cost. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

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

1. **Summary of Significant Accounting Policies (continued)**

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted over the period of credit.

(ii) Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer Note 8 and Note 10 for further information regarding fair value.

The Commission assesses each class of property, plant and equipment with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value. The Commission has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

When revaluing non-current assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

1. Summary of Significant Accounting Policies (continued)

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in the rare circumstances where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

(v) Depreciation of property, plant and equipment

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.

All material identifiable components of assets are depreciated separately over their useful lives.

Land is not a depreciable asset. The rates of depreciation, applied to relevant categories of assets are set out in the following table.

Depreciation asset category	Rate (%)
Computer Equipment	10.00 - 20.00
Plant and Equipment	9.00 - 33.00
Intangible Assets	10.00 - 33.00
Motor Vehicles	15.00

(vi) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(vii) Leased assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to the ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. The lease payments are allocated between the principal component and the interest expense.

Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease.

(viii) Intangible assets

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite.

1. Summary of Significant Accounting Policies (continued)

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation.

The Commission's intangible assets are amortised using the straight line method over a period of 3 to 10 years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(ix) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. The Commission measures long-term receivables at nominal value, rather than at present value as the financial impact of discounting on the portion of the long-term receivables are not material. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(x) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets, carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result of the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as "available-for-sale" must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(j) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on de-recognition.

1. Summary of Significant Accounting Policies (continued)

Finance lease liabilities are determined in accordance with AASB 117 *Leases*.

(iii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 9.29% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

(b) Long service leave and superannuation

The Commission's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished, resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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 (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(k) Fair value hierarchy

A number of the Commission's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation techniques used maximises the use of relevant observable inputs and minimise the use of unobservable inputs. Under AASB 13, the Commission categories, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets/ liabilities that the entity can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

1. *Summary of Significant Accounting Policies (continued)*

The Commission recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 10 and Note 21 for further disclosures regarding fair value measurements of financial and non-financial assets.

(l) Equity and reserves

(i) Accumulated funds

The category "Accumulated Funds" includes all current and prior period retained funds.

(ii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus and foreign currency translation reserve).

(m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of administrative arrangement orders) are not reflected in the budgeted amount. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 18.

(n) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(o) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014-15.

- AASB 10 *Consolidated Financial Statements*
- AASB 1031 *Materiality*
- AASB 1055 *Budgetary Reporting*
- AASB 2011-7 regarding consolidation and joint arrangements
- AASB 2013-1 regarding amendments to AASB 1049 - relocation of budgetary reporting requirements
- AASB 2013-8 regarding consolidated financial statements and Australian implementation guidance for not-for-profit entities.
- AASB 2013-9 Part B regarding materiality
- AASB 2014-1 Part A, B and C regarding employee benefits and materiality

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

1. Summary of Significant Accounting Policies (continued)

The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 15 and AASB 2014-5 regarding Revenue from Contracts with Customers
- AASB 2014-3 regarding accounting for acquisitions of interests in joint operations
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

The possible impact of these Standards in the period of initial application are not expected to materially impact the financial statements.

2. Expenses Excluding Losses

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	13,790	14,220	-	-
Superannuation - defined benefit plans	124	126	-	-
Superannuation - defined contribution plans	1,181	1,126	-	-
Long service leave	921	692	-	-
Workers' compensation insurance	74	72	-	-
Payroll tax and fringe benefit tax	890	886	-	-
Other	174	97	-	-
	<u>17,154</u>	<u>17,219</u>	<u>-</u>	<u>-</u>
(b) Other operating expenses include the following:				
Auditor's remuneration				
- audit of the financial statements	48	40	48	40
Operating lease rental expense				
- minimum lease payments	1,435	1,435	1,435	1,435
Bad & doubtful debts	3	-	3	-
Maintenance*	75	117	75	117
Insurance	9	4	9	4
Consultants	-	30	-	30
Office utilities	313	351	313	351
Office supplies	278	234	278	234
Computer services	149	330	149	330
Travel expenses	64	73	64	73
Motor vehicle expenses	83	83	83	83
Service and legal fees	1,056	1,092	1,056	1,092
Telecommunications	732	620	732	620
Maintenance agreements	797	706	797	706
Other	453	223	453	223
	<u>5,495</u>	<u>5,338</u>	<u>5,495</u>	<u>5,338</u>

2. Expenses Excluding Losses (continued)

In the interests of clarity, an amount of \$1.326 million previously classified within 'other operating expenses – office supplies' from the prior year financial statements have been reclassified as 'telecommunications' (\$0.620 million) and 'maintenance agreements' (\$0.706 million). This more appropriately reflects the expenditure allocation categories.

There is no change to the overall value of other operating expenses for the prior and current years.

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>* Reconciliation - Total Maintenance</i>				
Maintenance expense - contracted labour and other (non-employee related), as above	75	117	75	73
Personnel services maintenance expense included in Note 2(a)	48	45	-	-
Total maintenance expenses included in Note 2(a) and 2(b)	<u>123</u>	<u>162</u>	<u>75</u>	<u>73</u>
(c) Personnel services				
NSW Crime Commission Staff Agency	-	-	16,164	16,466
	<u>-</u>	<u>-</u>	<u>16,164</u>	<u>16,466</u>
(d) Depreciation and amortisation expense				
Depreciation				
- Plant and equipment	140	87	140	87
- Computer equipment	496	301	496	301
- Motor vehicles	21	19	21	19
	<u>657</u>	<u>407</u>	<u>657</u>	<u>407</u>
Amortisation	669	316	669	316
Total Depreciation and amortisation	<u>1,326</u>	<u>723</u>	<u>1,326</u>	<u>723</u>
3. Revenues				
(a) Investment revenue				
Interest revenue from financial assets not at fair value through profit and loss	75	95	75	95
	<u>75</u>	<u>95</u>	<u>75</u>	<u>95</u>
(b) Grants and contributions				
Recurrent grants	21,547	21,130	21,547	21,130
Capital grants	1,300	4,299	1,300	4,299
	<u>22,847</u>	<u>25,429</u>	<u>22,847</u>	<u>25,429</u>

3. Revenues (continued)

<u>Consolidated</u>		<u>Statutory Corporation</u>	
2015	2014	2015	2014
\$'000	\$'000	\$'000	\$'000

- (c) Acceptance by the crown entity of employee benefits and other liabilities

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

Superannuation - defined benefit	133	126	-	-
Long service leave	850	620	-	-
Payroll tax	7	7	-	-
	<u>990</u>	<u>753</u>	<u>-</u>	<u>-</u>

- (d) Other revenue

Miscellaneous income	33	55	33	55
	<u>33</u>	<u>55</u>	<u>33</u>	<u>55</u>

4. Gain / (Loss) on Disposal

Written down value of assets sold/scrapped	(5)	(2)	(5)	(2)
Proceeds from disposal	5	1	5	1
	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(1)</u>

5. Current Assets - Cash and Cash Equivalents

Cash at bank and on hand	1,976	2,634	1,976	2,634
	<u>1,976</u>	<u>2,634</u>	<u>1,976</u>	<u>2,634</u>

For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

Cash and cash equivalents (per statement of financial position)	1,976	2,634	1,976	2,634
Closing cash and cash equivalents (per statement of cash flows)	<u>1,976</u>	<u>2,634</u>	<u>1,976</u>	<u>2,634</u>

Refer note 21 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. Current Assets - Receivables

Professional costs to be recovered	12	9	12	9
Interest receivable	34	46	34	46
Operational expenses to be recouped	62	54	62	54
Employee debtors	55	210	-	-
Other debtors	104	254	104	254
Prepayments	733	411	374	411
	<u>1,000</u>	<u>984</u>	<u>586</u>	<u>774</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either due or impaired, are disclosed in Note 21.

7. **Non-Current Assets - Receivables**

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Professional Costs to be recovered	132	124	132	124
Employee Debtors	12	67	-	-
	<u>144</u>	<u>191</u>	<u>132</u>	<u>124</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either due or impaired, are disclosed in Note 21.

8. **Non-Current Assets - Property, Plant & Equipment**

	<u>Consolidated</u>			<u>Statutory Corporation</u>		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2014 - fair value						
Gross carrying amount	111	7,983	8,094	111	7,983	8,094
Accumulated depreciation	-	(5,632)	(5,632)	-	(5,632)	(5,632)
Net carrying amount	<u>111</u>	<u>2,351</u>	<u>2,462</u>	<u>111</u>	<u>2,351</u>	<u>2,462</u>
At 30 June 2015 - fair value						
Gross carrying amount	111	8,042	8,153	111	8,042	8,153
Accumulated depreciation	-	(5,949)	(5,949)	-	(5,949)	(5,949)
Net carrying amount	<u>111</u>	<u>2,093</u>	<u>2,204</u>	<u>111</u>	<u>2,093</u>	<u>2,204</u>

Reconciliation

A reconciliation of the carrying amount of each class of property, plant & equipment at the beginning and end of the previous reporting period is set out below:

	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Year ended 30 June 2015						
Net carrying amount at start of year	111	2,351	2,462	111	2,351	2,462
Additions	-	404	404	-	404	404
Disposals	-	(5)	(5)	-	(5)	(5)
Depreciation expense	-	(657)	(657)	-	(657)	(657)
Net carrying amount at end of year	<u>111</u>	<u>2,093</u>	<u>2,204</u>	<u>111</u>	<u>2,093</u>	<u>2,204</u>

Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 10.

8. **Non-Current Assets - Property, Plant & Equipment (continued)**

	<u>Consolidated</u>			<u>Statutory Corporation</u>		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2013 - fair value						
Gross carrying amount	71	7,326	7,397	71	7,326	7,397
Accumulated depreciation	-	(5,785)	(5,785)	-	(5,785)	(5,785)
Net carrying amount	71	1,541	1,612	71	1,541	1,612
At 30 June 2014 - fair value						
Gross carrying amount	111	7,983	8,094	111	7,983	8,094
Accumulated depreciation	-	(5,632)	(5,632)	-	(5,632)	(5,632)
Net carrying amount	111	2,351	2,462	111	2,351	2,462

Reconciliation

A reconciliation of the carrying amount of each class of property, plant & equipment at the beginning and end of the previous reporting period is set out below:

	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2014						
Net carrying amount at start of year	71	1,541	1,612	71	1,541	1,612
Additions	40	1,219	1,259	40	1,219	1,259
Disposals	-	(2)	(2)	-	(2)	(2)
Depreciation expense	-	(407)	(407)	-	(407)	(407)
Net carrying amount at end of year	111	2,351	2,462	111	2,351	2,462

9. **Intangible Assets**

	<u>Consolidated</u>	<u>Statutory Corporation</u>
	Total \$'000	Total \$'000
At 1 July 2014		
Cost (gross carrying amount)	5,844	5,844
Accumulated amortisation and impairment	(2,063)	(2,063)
Net carrying amount	3,781	3,781
At 30 June 2015		
Cost (gross carrying amount)	7,011	7,011
Accumulated amortisation and impairment	(2,732)	(2,732)
Net carrying amount	4,279	4,279
Year ended 30 June 2015		
Net carrying amount at start of year	3,781	3,781
Additions	1,167	1,167
Disposals	-	-
Amortisation (recognised in "depreciation and amortisation")	(669)	(669)
Net carrying amount at end of year	4,279	4,279

9. *Intangible Assets (continued)*

	<u>Consolidated</u>	<u>Statutory Corporation</u>
	Total	Total
	\$'000	\$'000
At 1 July 2013		
Cost (gross carrying amount)	2,836	2,836
Accumulated amortisation and impairment	(1,779)	(1,779)
Net carrying amount	1,057	1,057
At 30 June 2014		
Cost (gross carrying amount)	5,844	5,844
Accumulated amortisation and impairment	(2,063)	(2,063)
Net carrying amount	3,781	3,781
Year ended 30 June 2014		
Net carrying amount at start of year	1,057	1,057
Additions	3,040	3,040
Disposals	-	-
Amortisation (recognised in "depreciation and amortisation")	(316)	(316)
Net carrying amount at end of year	3,781	3,781

The majority of Intangible assets represent computer software, including specialised enterprise software.

10. *Fair value measurement of non-financial assets*

(a) **Fair value hierarchy**

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	fair value
Property, plant and equipment (Note 8)				
Land and buildings	-	111	-	111
Plant and equipment	-	2,093	-	2,093
	-	2,204	-	2,204

There were no transfers between Level 1 or 2 during this period.

(b) **Valuation techniques, inputs and processes**

The level 2 land and buildings and plant and equipment are carried at depreciated historical cost. In general, for these assets, the carrying value is unlikely to be materially different from the fair value. The Commission assess each class of property, plant and equipment internally every year to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

11. *Current Liabilities - Payables*

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages and on-costs	491	455	-	-
Creditors	54	168	54	168
Accrued other operating expenses	214	288	214	288
	759	911	268	456

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 21.

12. *Current Liabilities - Borrowings*

Unsecured

Finance leases (see Note 16(c))	55	210	-	-
	55	210	-	-

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 21.

13. **Current Liabilities - Provisions**

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Employee benefits and related on-costs				
Provision for personnel services	-	-	1,828	2,208
Recreation leave	1,123	1,271	-	-
Long service leave on-costs	527	458	-	-
Total provisions	1,650	1,729	1,828	2,208

14. **Non-Current Liabilities - Provisions**

Employee benefits and related on-costs				
Long service leave on-costs	46	24	-	-
Total provisions	46	24	-	-
Aggregate employee benefits and related on-costs				
Provisions - current	1,650	1,729	-	-
Provisions - non-current	46	24	-	-
Accrued salaries, wages and on-costs (Note 11)	491	455	-	-
	2,187	2,208	-	-

15. **Non-Current Liabilities - Borrowings**

Unsecured				
Finance leases (see Note 16 (c))	12	67	-	-
	12	67	-	-

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 21.

16. **Commitments for Expenditure**

(a) **Capital Commitments**

Aggregate capital expenditure for the acquisition of computer related items contracted for at balance date and not provided for:

Not late than one year	423	891	423	891
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	423	891	423	891

The above capital commitments included the GST amount of \$38,496 (\$81,039 as at 30 June 2014) which would be recoverable from the Australian Taxation Office.

(b) **Operating Lease Commitments**

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

Not late than one year	2,148	1,648	2,148	1,648
Later than one year and not later than five years	8,590	6,594	8,590	6,594
Later than five years	8,590	8,242	8,590	8,242
Total (including GST)	19,328	16,484	19,328	16,484

16. Commitments for Expenditure (continued)

Note:

- (i) 453 Kent Street was leased back from State Property Authority (GPNSW) to the Commission 1 July 2009.
- (ii) The above operating lease commitments included the GST amount of \$1,757,113 (\$1,498,550 as at 30 June 2014) which would be recoverable from the Australian Taxation Office.

(c). Finance Lease Commitments

The Commission has a master finance lease with Westpac Bank relating to the leasing of motor vehicles on behalf of certain employees for salary packages. These leases are entered into pursuant to a contract with the employee, wherein the employee fully indemnifies the Commission in relation to any costs and liabilities. These leases have been disclosed to Treasury and the Commission has approval under the *Public Authorities (Financial Arrangements) Act 1987*.

Minimum lease payment commitments in relation to finance leases payable as follows:

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Not later than one year	55	210	-	-
Later than one year and not later than five years	12	67	-	-
Minimum lease payments	67	277	-	-
Less: future finance charges	(3)	(14)	-	-
Present value of minimum lease payments	64	263	-	-

The present value of finance lease commitments is as follows:

Not later than one year	55	210	-	-
Later than one year and not later than five years	12	67	-	-
	67	277	-	-
Classified as:				
Current (Note 12)	55	210	-	-
Non-current (Note 15)	12	67	-	-
	67	277	-	-

There were no material 'Other Expenditure Commitments' at year end.

17. Contingent Liabilities and Contingent Assets

Contingent Liabilities

A number of claims have been made against the Commission which have been rejected and are now in dispute. Management believes that there is very little chance of the claims resulting in a material liability being owed by the Commission.

17. *Contingent Liabilities and Contingent Assets (continued)*

Contingent Assets

The Commission is not aware of any contingent asset that will materially affect its financial position as at the reporting date.

18. *Budget Review*

Net result

The actual net result was higher than the budget by \$0.021 million. This is primarily due to an increase in Acceptance by the Crown Entity of employee benefits and other liabilities.

Assets and liabilities

Total assets were lower than the budget by \$0.030 million. Liabilities were lower than the budget by \$1.094 million as a result of reductions in the Payables, Borrowings and Provision accounts.

Cash flows

The Commission's actual net cash flows from operating activities was lower than the budget by \$0.421 million as a result of underspends in Employee Related and an outstanding Capital allocation reimbursement from NSW Treasury for \$0.257 million. This amount is expected to be reimbursed in the 2015/16 financial year.

19. *Reconciliation of Cash Flows from Operating Activities to Net Result*

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Net cash used on operating activities	1,118	4,048	908	3,832
Depreciation & amortisation	(1,326)	(723)	(1,326)	(723)
Adjustment for salary packaged vehicle lease	(210)	(216)	-	-
(Increase) in provisions	57	(220)	380	(306)
Increase in receivables and other assets	(31)	68	(180)	289
Decrease / (increase) in borrowings	210	216	-	-
(Increase) in creditors	152	(121)	188	(40)
Net (loss) on sale of plant and equipment	-	(1)	-	(1)
Net result	(30)	3,051	(30)	3,051

20. *Administered Assets*

Administered Assets

During the course of its operations in criminal investigations and confiscation action, funds as received by the Commission in respect of which there is no clear position as to its title or disposition. These funds are paid into an Escrow account pending determination of such issues. The account is interest bearing and it is reconciled as to principal and interest on a regular basis. The balance of the account is not treated as an asset of the Commission. The funds are administered by the NSW Trustee and Guardian. An amount of \$1,412,668 was being held on behalf of the NSW Crime Commission as at 30 June 2015 (\$1,385,916 as at 30 June 2014).

21. Financial Instruments

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments for speculative purposes. The Commission does not use financial derivatives.

The Commission's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these Financial Statements.

The Management Team has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Commission, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Internal Audit and Risk Committee on a continuous basis.

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
Class:			\$'000	\$'000
Cash and cash equivalents	5	N/A	1,976	2,634
Receivables ¹	6 & 7	Loans and receivables at amortised cost	273	464

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
Class:			\$'000	\$'000
Payables ²	11	Financial liabilities measured at amortised cost	758	911
Borrowings	12 & 15	Financial liabilities measured at amortised cost	67	277

Notes:

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk arises from the financial assets of the Commission, including cash and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees. Credit risk associated with the Commission's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate, adjusted for a management fee to NSW Treasury.

21. Financial Instruments (continued)

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Commission will not be able to collect all amounts due. This evidence includes past experience, and current expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 30 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2015: \$62,769; 2014: \$51,062) and less than 3 months past due (2015: \$639 ; 2014: nil) are not considered impaired. Together, these represent 31% of the total trade debtors. No provision for doubtful debts have been made as all amounts are considered to be collectable.

	\$'000		
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2015			
< 3 months overdue	1	-	-
3 - 6 months overdue	7	-	-
> 6 months overdue	135	135	-
2014			
< 3 months overdue	-	-	-
3 - 6 months overdue	2	-	-
> 6 months overdue	134	134	-

Notes:

- Each column in the table reports "gross receivables"
- The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore the "total" will not reconcile to the receivables total recognised in the statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of overdrafts, loans and other advances.

During the current and prior year, there were no defaults on any loans payable. No assets have been pledged as collateral. The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, 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 a statement is received. For small business suppliers where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise.

21. Financial Instruments (continued)

The table below summarises the maturity profile of the Commission's financial liabilities, together the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

	Weighted Average Effective Int. Rate	Nominal Amount	\$'000			Maturity Dates		
			Interest Rate Exposure			<1 yr	1-5 yrs	>5 yrs
			Fixed Interest Rate	Variable Interest Rate	Non- interest Bearing			
2015								
Payables		54	-	-	54	54	-	-
Borrowings								
Finance leases	4%	67	-	-	67	55	12	-
		121	-	-	121	109	12	-
2014								
Payables		168	-	-	168	168	-	-
Borrowings								
Finance leases	8%	277	-	-	277	210	67	-
		445	-	-	445	378	67	-

Notes:

- The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the Commission can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Commission's exposures to market risk are primarily through interest rate risk on the Commission's borrowings. The Commission has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for the interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2014. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Commission's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings. The Commission does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Commission's exposure to interest rate risk is set out below.

21. Financial Instruments (continued)

		\$'000			
	Carrying Amount	-1% Profit	Equity	1% Profit	Equity
2015					
<i>Financial Assets</i>					
Cash and cash equivalents	1,976	(20)	(20)	20	20
<i>Financial liabilities</i>					
Borrowings	67	(1)	(1)	1	1
2014					
<i>Financial Assets</i>					
Cash and cash equivalents	2,634	(26)	(26)	26	26
<i>Financial liabilities</i>					
Borrowings	277	(3)	(3)	3	3

(e) Fair value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates fair value, because of the short term nature of many of the financial instruments.

22. Events after the Reporting Period

There have been no significant events after the reporting period which would materially affect these financial statements.

End of audited financial statements

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
(Special Purpose Service Entity)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

New South Wales Crime Commission Staff Agency

**Financial Statements for the
Year Ended 30 June 2015**

STATEMENT BY COMMISSIONER

Pursuant to section 41C of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements and notes have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for NSW General Government Sector Entities, the Public Finance and Audit Regulation 2015, the Treasurer's Directions and applicable Australian Accounting Standards (which include Australian Accounting Interpretations).
- (b) The statements present a true and fair view of the financial position as at 30 June 2015 and transactions of the New South Wales Crime Commission Staff Agency for the year then ended.
- (c) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.



Peter Hastings
Commissioner



Michael Wilde
Director, Corporate Services

Dated: 17 September 2015



INDEPENDENT AUDITOR'S REPORT

New South Wales Crime Commission Staff Agency

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the New South Wales Crime Commission Staff Agency (the Staff Agency), which comprise the statement of financial position as at 30 June 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Commissioner's Responsibility for the Financial Statements

The Commissioner is responsible for preparing financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Commissioner determines is necessary to enable the preparation of financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

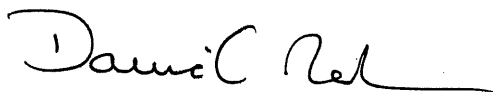
My opinion does not provide assurance:

- about the future viability of the Staff Agency
- that it carried out its activities effectively, efficiently and economically
- about the effectiveness of the internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information that may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- 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 of New South Wales are not compromised in their roles by the possibility of losing clients or income.



David Nolan
Director, Financial Services

18 September 2015
SYDNEY

Start of audited financial statements

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of comprehensive income for the year ended 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
Expenses excluding losses			
Employee related	2	17,154	17,219
Total Expenses excluding losses		17,154	17,219
Revenue			
Personnel Services - NSW Crime Commission	3	16,164	16,466
Other	3	990	753
Total revenue		17,154	17,219
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of financial position as at 30 June 2015

	Notes	Actual 2015 \$'000	Actual 2014 \$'000
ASSETS			
Current Assets			
Receivables	4	2,242	2,418
Total Current Assets		2,242	2,418
Non-Current Assets			
Receivables	5	12	67
Total Non-Current Assets		12	67
Total Assets		2,254	2,485
LIABILITIES			
Current Liabilities			
Payables	6	491	455
Borrowings	7	55	210
Provisions	8	1,650	1,729
Total Current Liabilities		2,196	2,394
Non-Current Liabilities			
Borrowings	10	12	67
Provisions	9	46	24
Total Non-Current Liabilities		58	91
Total Liabilities		2,254	2,485
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of changes in equity for the year ended 30 June 2015

	Actual	Actual
	2015	2014
	\$'000	\$'000
Balance at 1 July 2014	-	-
Net result for the year	-	-
Other comprehensive income:	-	-
Total other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>
Balance at 1 July 2013	-	-
Net result for the year	-	-
Other comprehensive income:	-	-
Total other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>-</u>	<u>-</u>

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of cash flows for the year ended 30 June 2015

	Actual 2015 \$'000	Actual 2014 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	17,154	17,219
Total Payments	17,154	17,219
Receipts		
Cash reimbursements from the Crown Entity	990	753
Other	16,164	16,466
Total Receipts	17,154	17,219
 NET CASH FLOWS FROM OPERATING ACTIVITIES	 -	 -
CASH FLOWS FROM INVESTING	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-
 NET INCREASE/(DECREASE) IN CASH	 -	 -
Opening cash and cash equivalents	-	-
 CLOSING CASH AND CASH EQUIVALENTS	 -	 -

The accompanying notes form part of these financial statements.

1. Summary of Significant Accounting Policies

(a) Reporting entity

The New South Wales Crime Commission Staff Agency (the Staff Agency) is a NSW Government Entity, established pursuant to the *Government Sector Employment Act 2013*. It is a not-for-profit entity (as profit is not its principal objective). It is consolidated as part of the New South Wales Crime Commission's accounts. It is domiciled in Australia and its principal office is 453 - 463 Kent Street, Sydney.

The Staff Agency is a controlled entity of the New South Wales Crime Commission.

The Staff Agency's objective is to provide personnel services to the New South Wales Crime Commission.

The financial statement for the year ending 30 June 2015 was authorised for issue by the Commissioner on 17 September 2015.

(b) Basis of preparation

The Staff Agency's financial statements are general purpose financial statements which have been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial statement does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See notes 8 and 9.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are recognised initially at fair value, usually based on the transaction cost, or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

An allowance for impairment is established where there is objective evidence that the entity will not be able to collect all amounts due. The amount of any impairment loss is recognised in the net result for the year.

(f) Impairment of financial assets

All financial assets, except those measured at fair value through profit and loss, are subject to an annual review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

1. **Summary of Significant Accounting Policies (continued)**

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

When an available-for-sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the net result for the year, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. However, reversals of impairment losses on an investment in an equity instrument classified as 'available-for-sale' must be made through the revaluation surplus. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(g) Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is no certainty as the amount and timing of settlement.

Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(h) Employee benefits and other provisions

As a result of the *Government Sector Employment Act 2013*, the Staff Agency is responsible for the employees and employee-related liabilities of the New South Wales Crime Commission.

(a) Salaries and wages, annual leave, sick leave and on-costs

Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted). Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 9.29% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The entity has assessed the actuarial advice based on the entity's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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.

(b) Long service leave and superannuation

The Staff Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The entity accounts for the liability as having been extinguished, resulting in the amount being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

The Staff Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The entity accounts for the liability as having been extinguished, resulting in the amount being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

1. Summary of Significant Accounting Policies (continued)

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 (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and Stater Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(c) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(l) Leased assets

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

(j) Comparative information

Except when an Australian Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(k) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2014-15

The accounting policies applied in 2014-15 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2014-15.

- AASB10 *Consolidated Financial Statements*
- AASB 1055 *Budgetary Reporting*
- AASB 1031 *Materiality*
- AASB 2013-9 Part B regarding materiality
- AASB 2014-1 Part A, B and C regarding employee benefits and materiality

(ii) Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective.

- AASB 9, AASB 2010-7, AASB 2013-9 (Part C), AASB 2014-1 (Part E), AASB 2014-7 and AASB 2014-8 regarding financial instruments
- AASB 2014-4 regarding acceptable methods of depreciation and amortisation
- AASB 2015-1 regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-3 regarding materiality

The possible impact of these Standards in the period of initial application are not expected to materially impact the financial statements.

	2015 \$'000	2014 \$'000
2. Expenses		
Employee related expenses		
Salaries and wages	13,790	14,220
Superannuation - defined benefit plans	124	126
Superannuation - defined contribution plans	1,181	1,126
Long service leave	921	692
Workers' compensation insurance	74	72
Payroll tax and fringe benefit tax	890	886
Other	174	97
	<u>17,154</u>	<u>17,219</u>

3. Revenues		
Personnel Services - NSW Crime Commission	16,164	16,466
Other	990	753
	<u>17,154</u>	<u>17,219</u>

4. Current Assets - Receivables		
Employee Debtors	55	210
Prepayments	359	-
NSW Crime Commission	1,828	2,208
	<u>2,242</u>	<u>2,418</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either due or impaired are disclosed in Note 14.

5. Non-Current Assets - Receivables		
Employee Debtors	12	67
	<u>12</u>	<u>67</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either due or impaired are disclosed in Note 14.

6. Current Liabilities - Payables		
Accrued salaries, wages and on-costs	491	455
	<u>491</u>	<u>455</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 14.

7. Current Liabilities - Borrowings		
Unsecured		
Finance leases	55	210
	<u>55</u>	<u>210</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 14.

	2015 \$'000	2014 \$'000
8. Current Liabilities - Provisions		
Employee benefits and related on-costs		
Recreation Leave	1,123	1,271
Long Service Leave on-costs	527	458
	<u>1,650</u>	<u>1,729</u>
9. Non-Current Liabilities - Provisions		
Employee benefits and related on-costs		
Long Service Leave on-costs	46	24
	<u>46</u>	<u>24</u>
Aggregate employee benefits and related on-costs		
Provisions - current	1,650	1,729
Provisions - non-current	46	24
Accrued salaries, wages and on-costs (Note 6)	491	455
	<u>2,187</u>	<u>2,208</u>
10. Non-Current Liabilities - Borrowings		
Unsecured		
Finance leases	12	67
	<u>12</u>	<u>67</u>

11. Commitments for Expenditure

The Staff Agency has a master finance lease with Westpac Bank relating to the leasing of motor vehicles on behalf of certain employees for salary packages. These leases are entered into pursuant to a contract with the employee, wherein the employee fully indemnifies the Staff Agency in relation to any costs and liabilities. These leases have been disclosed to Treasury and the Staff Agency has approval under the *Public Authorities (Financial Arrangements) Act 1987*.

Minimum lease payment commitments in relation to finance leases payable as follows:

	2015 \$'000	2014 \$'000
Finance Lease Commitments		
Not later than one year	55	210
Later than one year and not later than five years	12	67
Minimum lease payments	67	277
Less: future finance charges	(3)	(14)
Present value of minimum lease payments	<u>64</u>	<u>263</u>

The present value of finance lease commitments is as follows:

Not later than one year	55	210
Later than one year and not later than five years	12	67
	<u>67</u>	<u>277</u>

Classified as:

Current (Note 7)	55	210
Non current (Note 10)	12	67
	<u>67</u>	<u>277</u>

There are no capital, operating or other expenditure commitments at year end.

12. *Contingent Liabilities*

The Staff Agency is not aware of any contingent liabilities that will materially affect its financial position as at the reporting date (2014: nil).

13. *Contingent Assets*

The Staff Agency is not aware of any contingent assets that will materially affect its financial position as at the reporting date (2014: nil).

14. *Financial Instruments*

The Staff Agency's principal financial instruments are outlined on the following page. These financial instruments arise directly from the Staff Agency's operations or are required to finance the Staff Agency's operations. The Staff Agency does not enter into or trade financial instruments for speculative purposes. The Staff Agency does not use financial derivatives.

The Staff Agency's main risks arising from financial instruments are outlined below, together with the Commission's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these Financial Statements.

The Management Team has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Staff Agency, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Internal Audit and Risk Committee on a continuous basis.

(a) *Financial instrument categories*

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
			\$'000	\$'000
Class:				
Receivables ¹	4 & 5	Loans and receivables at amortised cost	1,895	2,485

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2015	2014
			\$'000	\$'000
Class:				
Payables ²	6	Financial liabilities measured at amortised	491	455
Borrowings	7 & 10	Financial liabilities measured at amortised	67	277

Notes

1. Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).
2. Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) *Credit risk*

Credit risk arises when there is the possibility that the counterparty will default on their contractual obligations, resulting in a financial loss to the Staff Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment). Credit risk arises from the financial assets of the Staff Agency, solely receivables. No collateral is held by the Staff Agency. The Staff Agency has not granted any financial guarantees as it is managed by the New South Wales Crime Commission. Credit risk associated with the Staff Agency's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

14. Financial Instruments (continued)

Receivables - trade debtors

Receivables are primarily from the NSW Crime Commission and Employee Debtors. As such, there is no credit risk or interest risk in relation to these balances. The carrying amount approximates fair value.

(c) Liquidity risk

Liquidity risk is the risk that the Staff Agency will be unable to meet its payment obligations when they fall due. All lease agreements which comprise borrowings are held by the New South Wales Crime Commission and are not a liability to the Staff Agency.

(d) Market risk

Market risk is a risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Staff Agency has no exposure to market risk as borrowings are held by the New South Wales Crime Commission.

Interest rate risk

Exposure to interest rate risk arises primarily through the Staff Agency's interest bearing liabilities. The Staff Agency has no exposure to interest rate risk as borrowings are held by the New South Wales Crime Commission.

(e) Fair value

Financial instruments are generally recognised at cost. The amortised cost of financial instruments recognised in the statement of financial position approximates fair value, because of the short term nature of many of the financial instruments.

15. Events after the Reporting Period

There have been no significant events after the reporting period, which would materially affect these financial statements.

End of audited financial statements

**APPENDIX A: LAW ENFORCEMENT (POWERS AND RESPONSIBILITIES) ACT
REPORT*****Law Enforcement (Powers and Responsibilities) Act 2002***

Section 242A

**ANNUAL REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION****1 July 2014 – 30 June 2015**

Section 242A of the *Law Enforcement (Powers and Responsibilities) Act 2002* ('the Act') requires the Commissioner for the New South Wales Crime Commission ('the Commission') to report annually on the exercise of powers under Part 5 of the Act with respect to covert search warrants by staff members of the Commission. The report is to be provided within 4 months after each 30 June to the Minister for Police and the Attorney General and is to be tabled in each House of Parliament as soon as practicable after it is received by the Attorney General.

1. Applications for Covert Search Warrants

Paragraph 242A (3) (a) of the Act provides that the report is to specify the number of applications for covert search warrants made under Part 5 of the Act and the number of those applications that were granted.

The Commission made no such applications in 2014–2015.

2. Applications for Telephone Covert Search Warrants

Paragraph 242A (3) (b) of the Act provides that the report is to specify the number of applications for telephone covert search warrants and the number of those applications that were granted.

The Commission made no such applications in 2014–2015.

3. Covert Search Warrants Executed

Paragraph 242A (3) (c) of the Act provides that the report is to specify the number of covert search warrants executed.

The Commission did not execute any covert search warrants under the Act in 2014–2015.

4. Seizures

Paragraph 242A (3) (d) of the Act provides that the report is to specify the number of covert search warrants under which any things were seized.

The Commission did not seize any things under a covert search warrant under the Act in 2014–2015.

5. Substitution of Things

Paragraph 242A (3) (e) of the Act provides that the report is to specify the number of covert search warrants under which any things were placed in substitution for seized things.

The Commission did not place any things in substitution for things seized under a covert search warrant under the Act in 2014–2015.

6. Return or Retrieval of Things

Paragraph 242A (3) (f) of the Act provides that the report is to specify the number of covert search warrants under which any things were returned or retrieved.

The Commission did not return or retrieve any things under a covert search warrant under the Act in 2014–2015.

7. Sections 75A and 75B Powers

Paragraph 242A (3) (g) of the Act provides that the report is to specify the number of covert search warrants under which the powers referred to in sections 75A and 75B of the Act were exercised.

The Commission did not exercise the powers mentioned in sections 75A and 75B under a covert search warrant under the Act in 2014–2015.

8. Things Tested

Paragraph 242A (3) (h) of the Act provides that the report is to specify the number of covert search warrants under which any things were tested.

The Commission did not test any things under a covert search warrant under the Act in 2014–2015.

9. Arrests

Paragraph 242A (3) (i) of the Act provides that the report is to specify the number of arrests made in connection with searchable offences in respect of which covert search warrants were executed and the number of those arrests that have led to the laying of charges in relation to the searchable offences concerned.

The Commission made no such arrests, and made no arrests that have led to the laying of charges in relation to searchable offences, in 2014–2015.

10. Complaints

Paragraph 242A (3) (j) of the Act requires the Commission to specify the number of complaints that were made under any Act about conduct relating to the execution of a covert search warrant by an executing officer and the number of those complaints that are, or have been, the subject of an investigation under any Act.

No such complaints were made, and no complaints are or have been the subject of an investigation under any Act, in 2014–2015.

11. Other Matters

Paragraph 242A (3) (k) of the Act requires the Commission to specify any other matters requested by the Minister for Police or the Attorney General.

The Commission has received no requests made under this provision in 2014–2015.



.....
Peter Selby Hastings QC
Commissioner
28 September 2015



**APPENDIX B: LAW ENFORCEMENT AND NATIONAL SECURITY (ASSUMED IDENTITIES)
ACT REPORT**



**New South Wales
Crime Commission**

Law Enforcement and National Security (Assumed Identities) Act 2010

Section 35

**ANNUAL REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION**

1 July 2014 – 30 June 2015

Section 35 of the *Law Enforcement and National Security (Assumed Identities) Act 2010* ('the Act') requires the Commissioner for the New South Wales Crime Commission ('the Commission') to report annually on authorities for assumed identities. The report is to be provided to the Minister as soon as practicable after the end of each financial year.

1. Authorities Granted and Authorities Cancelled

Paragraph 35 (1) (a) of the Act provides that the report is to specify the number of authorities granted, and the number of authorities cancelled, during the year.

The Commission was not granted any authorities and no authorities were cancelled under the Act in 2014–2015.

2. Description of Activities Undertaken

Paragraph 35 (1) (b) of the Act provides that the report is to contain a general description of the activities undertaken by authorised persons when using assumed identities under the Act during the year.

The general nature of the activities undertaken by the Commission's assumed identities ranges from the operation of covert bank accounts to the operation of covert vehicles, all of which provided anonymity for the Commission in relation to its criminal investigations.

3. Applications Refused

Paragraph 35 (1) (c) of the Act provides that the report is to specify the number of applications for authorities that were refused during the year.

The Commission had no refused applications under the Act in 2014–2015.

4. Fraud or Unlawful Activity

Paragraph 35 (1) (d) of the Act provides that the report is to contain a statement as to whether or not any fraud or other unlawful activity was identified by an audit conducted under section 37 of the Act during the year.

The Commission's Internal Auditor conducted a review of the Commission's use of assumed identities. This review incorporated an audit pursuant to section 37 of the Act and did not identify any instances of fraud or unlawful activity in 2014–2015.

5. Other Information

Paragraph 35 (1) (e) of the Act requires the Commission to specify any other information relating to authorities and assumed identities and the administration of the Act that the Minister considers appropriate.

The Commission has no other information to report pursuant to this provision in 2014–2015.



.....
Peter Selby Hastings QC

Commissioner

28 September 2015

***Surveillance Devices Act 2007***

Subsection 45 (3)

**ANNUAL REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION****1 July 2014 – 30 June 2015**

Pursuant to subsection 45 (1) of the *Surveillance Devices Act 2007* ('the Act'), the Attorney General is to prepare a report as soon as practicable after the end of each financial year, and in any event within 3 months after the end of the financial year, that includes the information sought in paragraphs 45 (1) (a)–(c) of the Act.

Subsection 45 (3) of the Act provides that the Attorney General may require the chief officer of a law enforcement agency, including the New South Wales Crime Commission ('the Commission'), to furnish such information relating to the use of surveillance devices by law enforcement officers of the agency as is necessary to enable the Attorney General to prepare the report.

1. Applications for Warrants

Paragraph 45 (1) (a) of the Act provides that the annual report is to specify the number of applications for warrants by, and the number of warrants issued to, law enforcement officers during the financial year concerned.

The Commission made 36 applications seeking the issue of 77 warrants to law enforcement officers under the Act in 2014–2015 with 76 of them being issued. This information has been presented in Table 1 below.

2. Applications for Emergency Authorisations

Paragraph 45 (1) (b) of the Act provides that the annual report is to specify the number of applications for emergency authorisations by, and the number of emergency authorisations given to, law enforcement officers during the financial year concerned.

The Commission did not make any such emergency applications in 2014–2015. This information has been presented in Table 2 below.

3. Remote Applications

Paragraph 45 (1) (b1) of the Act provides that the annual report is to specify the number of remote applications made by law enforcement officers during the financial year concerned for surveillance device warrants to be issued in this jurisdiction and executed in a participating jurisdiction.

The Commission did not make any such remote applications in 2014–2015. This information has been presented in Table 3 below.

4. Refused Applications

Paragraph 45 (1) (b2) of the Act provides that the annual report is to specify the number of applications made by law enforcement officers for surveillance device warrants to be issued in this jurisdiction and executed in a participating jurisdiction that were refused during the financial year concerned and the reasons for refusal.

The Commission did not make any such applications in 2014–2015 and as such no applications were refused so there are no reasons for refusal about which to particularize. This information has been presented in Table 4 below.

5. Applications for Extensions

Paragraph 45 (1) (b3) of the Act provides that the annual report is to specify the number of applications for extensions of surveillance device warrants issued in this jurisdiction and executed in a participating jurisdiction, made by law enforcement officers during the financial year concerned, the number of extensions granted or refused and the reason why they were granted or refused.

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The Commission did not make any such applications in 2014–2015 and as such no applications were granted or refused so there are no reasons for the granting or refusal to particularize. This information has been presented in Table 5 below.

6. Number of Arrests

Paragraph 45 (1) (b4) of the Act provides that the annual report is to specify the number of arrests made by law enforcement officers during the financial year concerned on the basis (wholly or partly) of information obtained by the use of a surveillance device under a surveillance device warrant or emergency authorisation issued in this jurisdiction and executed in a participating jurisdiction.

The Commission did not make any such arrests in 2014–2015.

7. Number of Prosecutions

Paragraph 45 (1) (b5) of the Act provides that the annual report is to specify the number of prosecutions that were commenced in this jurisdiction during the financial year concerned in which information obtained by the use of a surveillance device under a surveillance device warrant or emergency authorisation issued in this jurisdiction and executed in a participating jurisdiction was given in evidence, and the number of those prosecutions in which a person was found guilty.

To the best of the Commission's knowledge, no such prosecutions were commenced in 2014–2015.

8. Other Information

Paragraph 45 (1) (c) of the Act provides that the annual report is to specify any other information relating to the use of surveillance devices and the administration of the Act that the Attorney General considers appropriate.

The Commission did not receive any request for other information from the Attorney General that is considered appropriate in 2014–2015.

9. Warrants Issued and Emergency Authorisations Given by Device Type

Subsection 45 (2) of the Act requires that the information referred to in paragraphs 45 (1) (a)–(b3) of the Act must be presented in such a way as to identify the number of warrants issued and emergency authorisations given in respect of each different kind of surveillance device.

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This information has been presented in Table 1, Table 2, Table 3, Table 4 and Table 5 below.

Table 1. Number of devices authorised by warrant by device type

		Number of devices by device type				
Number of applications	Number of warrants issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination
36	76	362	360	230	34	464

Table 2. Number of devices authorized by an emergency approval by device type

		Number of devices by device type				
Number of applications	Number of authorisations issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination
0	0	0	0	0	0	0

Table 3. Number of devices authorized by a remote application issued in this jurisdiction and executed in a participating jurisdiction by device type

		Number of devices by device type				
Number of applications	Number of authorisations issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination
0	0	0	0	0	0	0

Table 4. Number of devices authorized by a warrant issued in this jurisdiction and executed in a participating jurisdiction that were refused by device type

		Number of devices by device type				
Number of applications	Number of authorisations issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination
0	0	0	0	0	0	0

Table 5. Number of applications for extensions of warrants issued in this jurisdiction and executed in a participating jurisdiction by device type

		Number of devices by device type				
Number of applications	Number of authorisations issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination
0	0	0	0	0	0	0



Peter Selby Hastings QC

Commissioner

8 September 2015

APPENDIX D: TERRORISM (POLICE POWERS) ACT REPORT



**New South Wales
Crime Commission**

Terrorism (Police Powers) Act 2002

Section 27ZB

**ANNUAL REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION**

1 July 2014 – 30 June 2015

Section 27ZB of the *Terrorism (Police Powers) Act 2002* ('the Act') requires the Commissioner for the New South Wales Crime Commission ('the Commission') to report annually on the exercise of powers under Part 3 of the Act by eligible staff members of the Commission. The report is to be provided within 4 months after each 30 June to the Police Minister and the Attorney General and is to be tabled in each House of Parliament as soon as practicable after it is received by the Attorney General.

1. Applications for Covert Search Warrants

Paragraph 27ZB (3) (a) of the Act provides that the report is to specify the number of applications for covert search warrants made under Part 3 of the Act and the number of those applications that were granted.

The Commission made no such applications under the Act in 2014–2015.

2. Applications for Telephone Warrants

Paragraph 27ZB (3) (b) of the Act provides that the report is to specify the number of applications for telephone warrants and the number of those applications that were granted.

The Commission made no such applications under the Act in 2014–2015.

3. Covert Search Warrants Executed

Paragraph 27ZB (3) (c) of the Act provides that the report is to specify the number of covert search warrants executed.

The Commission did not execute any covert search warrants under the Act in 2014–2015.

4. Seizures

Paragraph 27ZB (3) (d) of the Act provides that the report is to specify the number of covert search warrants under which any things were seized.

The Commission did not seize any things under a covert search warrant under the Act in 2014–2015.

5. Substitution of Things

Paragraph 27ZB (3) (e) of the Act provides that the report is to specify the number of covert search warrants under which any things were placed in substitution for seized things.

The Commission did not place any things in substitution for things seized under a covert search warrant in 2014–2015.

6. Return or Retrieval of Things

Paragraph 27ZB (3) (f) of the Act provides that the report is to specify the number of covert search warrants under which any things were returned or retrieved.

The Commission did not return or retrieve any things under a covert search warrant under the Act in 2014–2015.

7. Recording of Things

Paragraph 27ZB (3) (g) of the Act provides that the report is to specify the number of covert search warrants under which any things were copied, photographed or otherwise recorded.

The Commission did not copy, photograph or otherwise record any things under a covert search warrant under the Act in 2014–2015.

8. Use of Electronic Equipment

Paragraph 27ZB (3) (h) of the Act provides that the report is to specify the number of covert search warrants under which any electronic equipment was operated by eligible staff members of the Commission.

No eligible staff member of the Commission operated any electronic equipment under a covert search warrant under the Act in 2014–2015.

9. Things Tested

Paragraph 27ZB (3) (i) of the Act provides that the report is to specify the number of covert search warrants under which any things were tested.

The Commission did not test any things under a covert search warrant under the Act in 2014–2015.

10. Arrests

Paragraph 27ZB (3) (j) of the Act provides that the report is to specify the number of arrests made in connection with a terrorist act in respect of which a covert search warrant was executed and the number of those arrests that have led to the laying of charges in relation to the terrorist act.

The Commission made no such arrests, and made no arrests that have led to the laying of charges in relation to a terrorist act, in 2014–2015.

11. Complaints Relating to the Execution of a Covert Search Warrant

Paragraph 27ZB (3) (k) of the Act requires the Commission to specify the number of complaints that were made under any Act about conduct relating to the execution of a covert search warrant by an eligible staff member of the Commission and the number of those complaints that are, or have been, the subject of an investigation under any Act.

No such complaints were made, and no complaints are or have been the subject of an investigation under any Act, in 2014–2015.

12. Other Matters

Paragraph 27ZB (3) (l) of the Act requires the Commission to specify any other matters requested by the Police Minister or the Attorney General.

The Commission received no requests made under this provision in 2014–2015.



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Peter Selby Hastings QC
Commissioner
28 September 2015

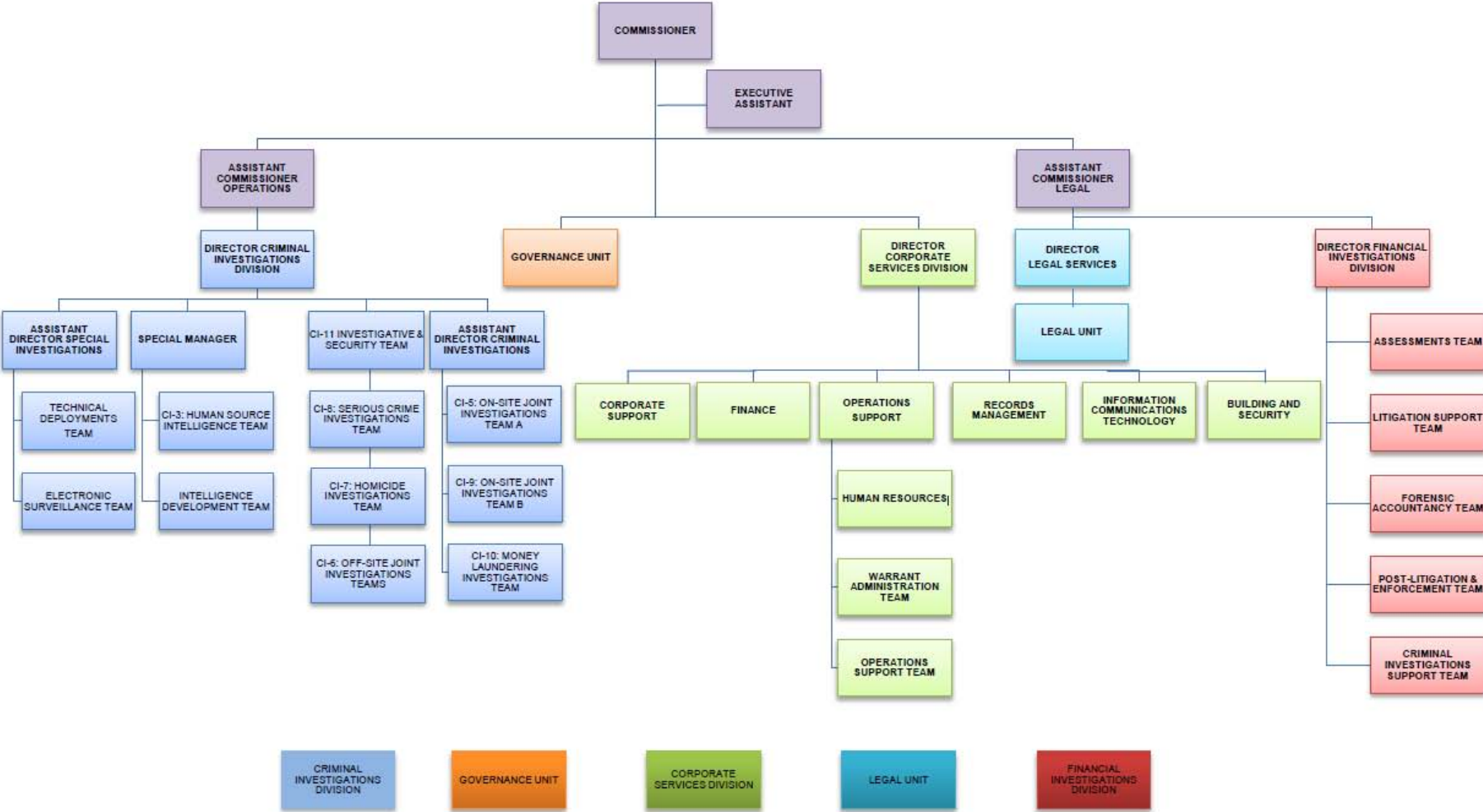


APPENDIX E: CORPORATE PLAN

Goals What do we want to achieve?	Strategies What we will do to achieve it?	Progress as at June 2015
Disruption of organised and other serious crime	1. Implement Organised Crime Disruption Strategy.	Strategy implementation in progress.
	2. Expand information and intelligence gathering.	Additional techniques and tools under review.
	3. Enhance intelligence analysis capabilities.	Enhancements in progress.
Maximised confiscation values	1. Broaden identification of confiscation matters.	Strategies currently being deployed.
	2. Evaluate and implement improved tools.	Completed.
	3. Implement new confiscation techniques.	Completed.
Effective collaboration with external stakeholders	1. Consolidate relationships with existing partners.	Forums and mechanisms have been deployed.
	2. Improve arrangements with central agencies.	Completed.
	3. Propose legislative change.	Strategies in progress.
Improved capability of our people	1. Enhance investigative expertise.	Techniques and training have been deployed.
	2. Develop and implement training strategy.	Completed.
	3. Undertake succession planning for key positions.	In progress.
Enhancement of corporate expertise	1. Embed Corporate Governance Framework.	In progress.
	2. Embed Corporate Services Framework.	In progress.
	3. Consolidate technical capability.	In progress.

APPENDIX F: ORGANISATIONAL CHART

NSW CRIME COMMISSION ORGANISATIONAL CHART



**APPENDIX G: DIGITAL INFORMATION
SECURITY SYSTEMS ATTESTATION**



**New South Wales
Crime Commission**

453-463 Kent Street, Sydney
PO Box Q566, QVB Post Office
Sydney NSW 1230, Australia
DX 13018 Market Street, Sydney
Tel +61 2 9269 3888 | Toll Free 1800 02 3143
Fax +61 2 9269 3809, +61 2 9269 9733 (Confiscation)
Eglenet 57022
Email crimecommission@crimecommission.nsw.gov.au

28 September 2015

To whom it may concern;

**Digital Information Security Annual Attestation Statement for the 2014-2015 Financial
Year for the NSW Crime Commission**

I, Peter Hastings, am of the opinion that the NSW Crime Commission had an Information Security Management System in place during the 2014-2015 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

The controls in place to mitigate identified risks to the digital information and digital information systems of the NSW Crime Commission are adequate.

- A. Risks to the digital information and digital information system of the NSW Crime Commission have been assessed with an independent ISMS *developed* in accordance with the *NSW Government Digital Information Security Policy*.
- B. The NSW Crime Commission is working towards the implementation of an ICT system that will provide ISO 27001 Information technology – Security techniques – Information security management systems and requirements.

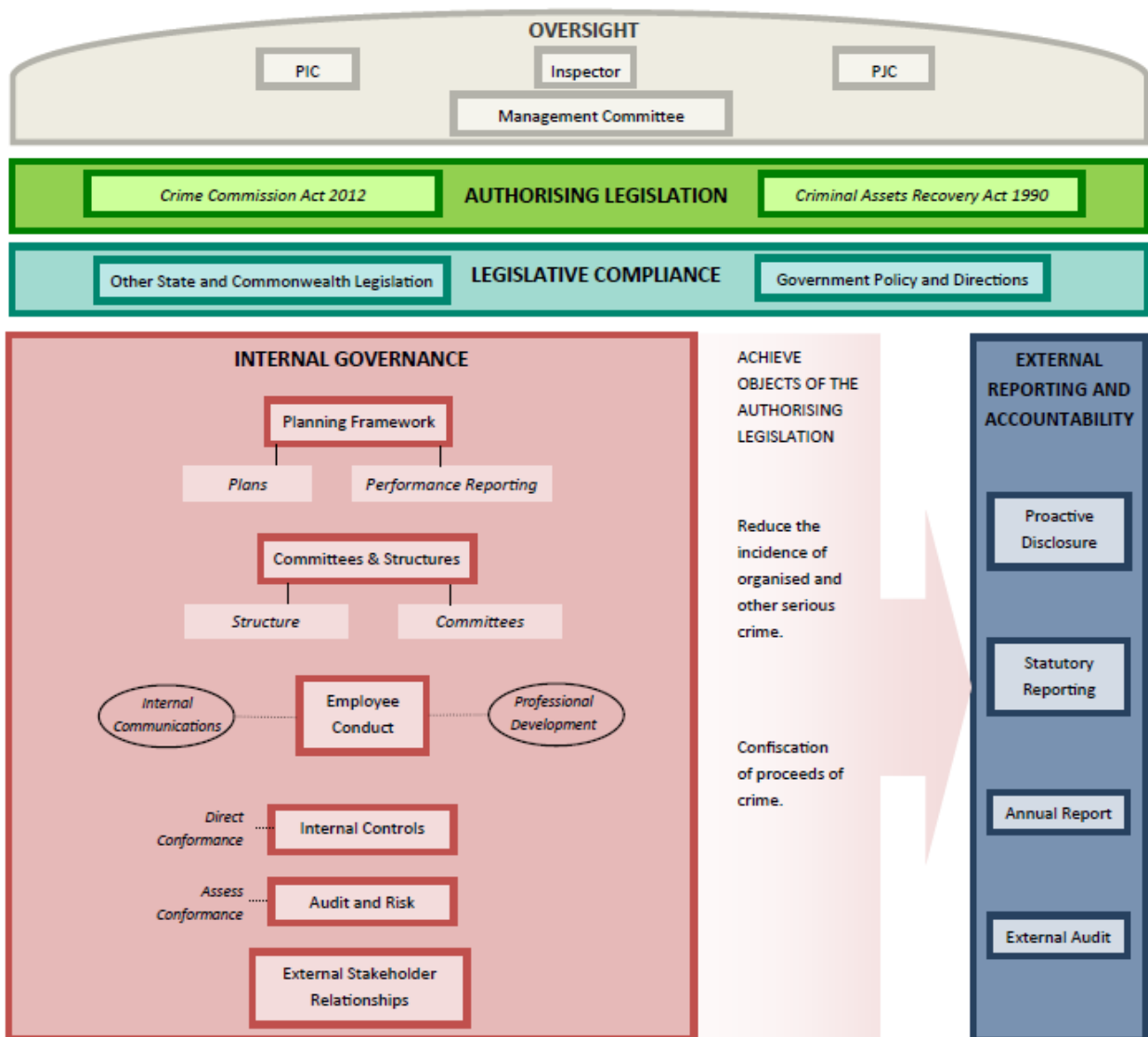
For further information about this matter please contact Mike Wilde on 02 9269 3888 or at mwilde@crimecommission.nsw.gov.au.

A handwritten signature in black ink, appearing to read 'Hastings'.

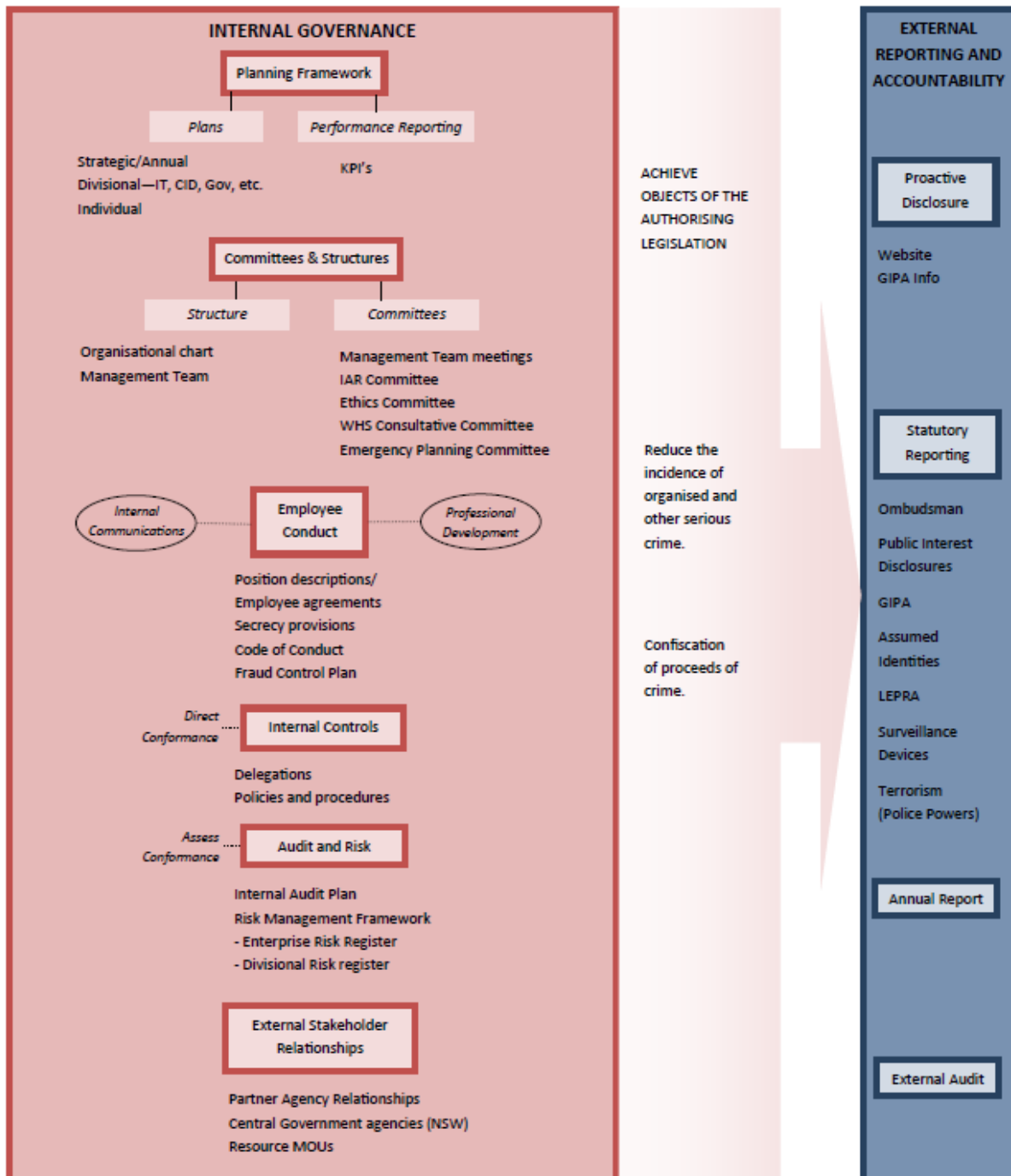
Peter Hastings QC
Commissioner
NSW Crime Commission

APPENDIX H: GOVERNANCE FRAMEWORK

Governance Framework



Governance Framework



APPENDIX I: INTERNAL AUDIT AND RISK MANAGEMENT ATTESTATION



New South Wales Crime Commission

Internal Audit and Risk Management Attestation for the 2014-2015 Financial Year for the New South Wales Crime Commission.

I, Peter Hastings, Commissioner for the New South Wales Crime Commission am of the opinion that the Commission has internal audit and risk management processes in place that are, in all material aspects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables senior management of the NSW Crime Commission to understand, manage and satisfactorily control risk exposure.

I am of the opinion that the Commission's Internal Audit and Risk Committee is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

The Chair and other Members of the Internal Audit and Risk Committee are:

Name	Position	Appointed	Expiry Date
Peter Lucas	Independent Chair	13 August 2013	12 August 2017
Peter Whitehead	Independent Member	1 July 2014	30 June 2015
Jonathan Spark – Director Financial Investigations NSWCC	Non-Independent Member	20 May 2013	20 May 2017

Dated: 1 July 2015

Peter Hastings QC
Commissioner

APPENDIX J: SECTION 31 *PUBLIC INTEREST DISCLOSURES ACT* REPORT

New South Wales
Crime Commission

Public Interest Disclosures Act 1994 (NSW)

Section 31

REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION

1 July 2014 – 30 June 2015

Section 31 of the *Public Interest Disclosures Act 1994* ('the Act') requires public authorities, including the New South Wales Crime Commission ('the Commission'), to report on certain matters arising under the Act within 4 months after the end of each reporting year. The report must provide the statistics and information prescribed by clause 4 (2) and clause 4 (2A) of the *Public Interest Disclosures Regulation 2011* and is to be submitted to the Minister responsible for the Commission, being the Minister for Justice and Police, and a copy of the report is to be provided to the Ombudsman. The required statistics and information are below.

Statistics

	Made by public officials in performing their day to day functions	Under a statutory or other legal obligation	All other public interest disclosures
The number of public officials who have made a public interest disclosure to the Commission	0	0	0
The number of public interest disclosures received by the Commission in total	0	0	0

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The number of public interest disclosures received by the Commission relating to corrupt conduct	0	0	0
The number of public interest disclosures received by the Commission relating to maladministration	0	0	0
The number of public interest disclosures received by the Commission relating to serious and substantial waste of public money	0	0	0
The number of public interest disclosures received by the Commission relating to government information contraventions	0	0	0
The number of public interest disclosures received by the Commission relating to local government pecuniary interest contraventions	0	0	0
The number of public interest disclosures finalised by the Commission	0	0	0

Further information

During the reporting period, did the Commission have a public interest disclosures policy in place?

The Commission had a public interest disclosures policy, titled 'Internal Reporting Policy', in place throughout the reporting period.

Pursuant to the *Government Information (Public Access) Act 2009* (NSW), the Commission's Internal Reporting Policy has been publicly available free of charge on the Commission's external website (www.crimecommission.nsw.gov.au) since 1 October 2011.

For staff of the Commission, the Internal Reporting Policy is also available on the Commission's Intranet.

During the reporting period, what actions has the Commissioner, as head of the Commission, taken to ensure that his staff awareness responsibilities under section 6E (1) (b) of the Act have been met?

The Commissioner's measures have included:

1. Since 2 June 2014, a poster issued by the Ombudsman was adopted and placed on noticeboards and in meal rooms throughout the Commission with the aim of promoting:
 - The key objectives of the Act;
 - The current Disclosure Officers of the Commission to whom disclosures can be made; and
 - Directing staff as to where the Commission's Internal Reporting Policy can be accessed.

2. In July 2014, the Commission launched its new Intranet where current Disclosure Officers and the Internal Reporting Policy were made more accessible and easier to find.



.....
Peter Selby Hastings QC

Commissioner

14 August 2015

APPENDIX K: SECTION 6CA PUBLIC INTEREST DISCLOSURES ACT REPORT



New South Wales
Crime Commission

Public Interest Disclosures Act 1994 (NSW)

Section 6CA

REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION

1 January 2015 – 30 June 2015

Section 6CA of the *Public Interest Disclosures Act 1994* ('the Act') requires public authorities, including the New South Wales Crime Commission ('the Commission'), to report on certain matters arising under the Act within 30 days after the end of each 6 month reporting period. The report must provide the statistics and information prescribed by clause 4 (2) and clause 4 (2A) of the *Public Interest Disclosures Regulation 2011* and is to be submitted to the Ombudsman. The required statistics and information are below.

Statistics

	Made by public officials in performing their day to day functions	Under a statutory or other legal obligation	All other public interest disclosures
The number of public officials who have made a public interest disclosure to the Commission	0	0	0
The number of public interest disclosures received by the Commission in total	0	0	0

UNCLASSIFIED

The number of public interest disclosures received by the Commission relating to corrupt conduct	0	0	0
The number of public interest disclosures received by the Commission relating to maladministration	0	0	0
The number of public interest disclosures received by the Commission relating to serious and substantial waste of public money	0	0	0
The number of public interest disclosures received by the Commission relating to government information contraventions	0	0	0
The number of public interest disclosures received by the Commission relating to local government pecuniary interest contraventions	0	0	0
The number of public interest disclosures finalised by the Commission	0	0	0

Further information

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UNCLASSIFIED

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1. Since 2 June 2014, a poster issued by the Ombudsman was adopted and placed on noticeboards and in meal rooms throughout the Commission with the aim of promoting:
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Peter Selby Hastings QC

Commissioner

14 August 2015

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APPENDIX L: GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT REPORT



New South Wales
Crime Commission

Government Information (Public Access) Act 2009

Section 125

**ANNUAL REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION****1 July 2014 – 30 June 2015**

Section 125 of the *Government Information (Public Access) Act 2009* ('the Act') requires the New South Wales Crime Commission ('the Commission') (being an agency within the meaning of the Act), within 4 months after the end of each reporting year, to prepare an annual report on its obligations under the Act. The report is to be submitted to the Minister and a copy is to be provided to the Information Commissioner. The *Government Information (Public Access) Regulation 2009* ('the Regulation') makes provision for the information to be included in the annual report and the form in which the annual report is to be prepared.

1. Subsection 7 (3) Review

Subclause 7 (a) of the Regulation requires the annual report to specify the details of the review carried out by the Commission under subsection 7 (3) of the Act during the reporting year and the details of any information made publicly available by the Commission as a result of the review.

Subsection 7 (3) of the Act provides that agencies must, at intervals of not more than 12 months, review its program for the release of government information ('the program') under section 7 of the Act to identify the kinds of government information held by the agency that should in the public interest be made publicly available and that can be made publicly available without imposing unreasonable additional costs on the agency.

The Commission's annual review of its program for the release of government information for the 2014–2015 reporting year was conducted on 4 August 2014. At that time, the process established as to how Commission policies are to be reviewed for release was reconsidered and amended. The review process commenced in June 2015 and is ongoing.

2. Number of Access Applications

Subclause 7 (b) of the Regulation provides that the annual report must include the total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications).

During the 2014–2015 reporting year, the total number of access applications received by the Commission was one.

3. Number of Applications Refused

Subclause 7 (c) of the Regulation provides that the annual report must include the total number of access applications received by the agency during the reporting year that the agency refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure).

During the 2014–2015 reporting year, the Commission received three applications that were refused, either wholly or partly, because they sought information that was within the categories referred to in Schedule 1, namely excluded information.

4. Statistical Information About Access Applications

Subclause 7 (d) of the Regulation requires an agency's annual report to set out information in the form required by Schedule 2 to the Regulation, relating to the access applications (if any) made to the agency during the reporting year.

Schedule 2 prescribes eight tables to be included in the annual report relating to statistical information about access applications. The eight tables on the following pages detail the statistical information of the Commission during the 2014–2015 reporting year.

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Table A: Number of applications by type of applicant and outcome*								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	1	2	0	1	0	0	0

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	1	0	1	0	0	0
Access applications that are partly personal information applications and partly other	0	1	1	0	0	0	0	0

*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

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Table C: Invalid applications	
Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	3
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	3
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act	
	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	3
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act	
	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Table F: Timeliness	
	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	4
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	4

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

Table H: Applications for review under Part 5 of the Act (by type of applicant)	
	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0



.....

Peter Selby Hastings QC

Commissioner

2 October 2015

GLOSSARY AND ABBREVIATIONS

Term	Definition
ACBPS	Australian Customs and Border Protection Service
ACC	Australian Crime Commission
AFO	Asset forfeiture order
AFP	Australian Federal Police
<i>Annual Reports Act</i>	<i>Annual Reports (Departments) Act 1985</i>
Annual Reports Regulation	<i>Annual Reports (Departments) Regulation 2010</i>
ASIO	Australian Security Intelligence Organisation
AUSTRAC	Australian Transaction Reports and Analysis Centre
<i>CAR Act</i>	<i>Criminal Assets Recovery Act 1990</i>
CDPP	Commonwealth Director of Public Prosecutions
CID	Criminal Investigation Division
CLR	<i>Commonwealth Law Reports</i>
<i>Crime Commission Act</i>	<i>Crime Commission Act 2012</i>
CSD	Corporate Services Division
Cth	Commonwealth
DPP	Director of Public Prosecutions (NSW)
EDRMS	Electronic document records management system
FID	Financial Investigation Division
<i>GIPA Act</i>	<i>Government Information (Public Access) Act 2009</i>
GPNSW	Government Property NSW
<i>GSE Act</i>	<i>Government Sector Employment Act 2013</i>
IARC	Internal Audit and Risk Committee
ICT	Information and communication technology
JACG	Joint Asian Crime Group
JCTT	NSW Joint Counter Terrorism Team
JOCG	Joint Organised Crime Group
<i>LECO Act</i>	<i>Law Enforcement (Controlled Operations) Act 1997</i>
<i>LEPR Act</i>	<i>Law Enforcement (Powers and Responsibilities) Act 2002</i>
MDMA	3,4-methylenedioxy- <i>N</i> -methylamphetamine (ecstasy)
NSW Police	NSW Police Force
OCS	NSW Police Force Organised Crime Squad
PAO	Proceeds assessment order
PIC	Police Integrity Commission

Term	Definition
<i>PIC Act</i>	<i>Police Integrity Commission Act 1996</i>
<i>PID Act</i>	<i>Public Interest Disclosures Act 1994</i>
PJC	Parliamentary Joint Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission
<i>PSE&M Act</i>	<i>Public Sector Employment and Management Act 2002</i>
reporting period	1 July 2014 to 30 June 2015
s.	section (of an Act of Parliament)
SCRA	Serious crime related activity
<i>SD Act</i>	<i>Surveillance Devices Act 2007</i>
The Commission	NSW Crime Commission
The Court	The Supreme Court of NSW
<i>TIA Act</i>	<i>Telecommunications (Interception and Access) Act 1979 (Cth)</i>
<i>TIA (NSW) Act</i>	<i>Telecommunications (Interception and Access) (New South Wales) Act 1987</i>
UWO	Unexplained wealth order
WH&S	Work health and safety

COMPLIANCE INDEX

The Commission is required to include in its Annual Report certain information specified in the *Annual Reports Act*, the Annual Reports Regulation, the *Crime Commission Act*, and Treasury circulars. The specified information categories, and the locations within this report where the information may be found, are as follows:

Requirement	Location/comment
Access	Back of front cover
Additional matters for inclusion in annual reports	6, 34
Agreements with Multicultural NSW	54
Aims and objectives	4
Application for extension of time	Not applicable
Applications to the Court under ss 33 (3) of the <i>Crime Commission Act</i> for review in respect of decisions of the Commission	36
Availability of this Annual Report in non-printed format	www.crimecommission.nsw.gov.au
Availability of this Annual Report on website	www.crimecommission.nsw.gov.au
Budgets	65-66, 68
Charter	4
Compliance with the <i>Privacy and Personal Information Protection Act 1998</i>	55
Consultants	55
Consumer response	51
Court proceedings involving the Commission	34
Credit card certification	58
Description of patterns or trends, and the nature and scope, of organised and other crime	18
Digital information and information systems security attestation	Appendix G
Disability Inclusion Action Plans	Not applicable
Disclosure of Controlled Entities	14
Disclosure of Subsidiaries	Not applicable
Economic or other factors	Not applicable
Exemptions	Not applicable
External costs incurred in production of this Annual Report	54
Financial statements	60-103

Requirement	Location/comment
Funds granted to non-government community organisations	58
<i>Government Information (Public Access) Act 2009</i>	Appendix L
Human resources	38-42
Identification of audited financial statements	60-103
Implementation of price determination	Not applicable
Inclusion of unaudited financial statements	Not applicable
Information furnished to investigative agencies	14
Internal audit and risk management attestation	Appendix I
Investment performance	Not applicable
Land disposal	58
Legal change	34-37
Letters of submission	i, iii
Liability management performance	Not applicable
Management and activities	1-58
Management and structure	Appendix F
Matters referred to the Commission for investigation	8
Multicultural Policies and Services Program	Not applicable
Numbers and remuneration of senior executives	Not applicable
Payment of accounts	55-57
Promotion	58
Prosecutions resulting from investigations	14-17
Public Interest Disclosures	53, Appendices J and K
Recommendations for changes in laws or for administrative action	37
Requirements arising from employment arrangements	Not applicable
Research and development	Disclosure would adversely affect business
Risk management and insurance activities	45-48, 58
Summary review of operations	1-3, 9-58
Time for payment of accounts	56-57
Warrants issued by the Commissioner under s 36 of the <i>Crime Commission Act</i>	11
Workforce diversity	Not applicable
Work health and safety	42

INDEX

App. refers to an appendix to this report.

A

abbreviations 136–137
access inside front cover
account payment performance 56–57
accountability 46–49
aims and objectives 4
annual report
 availability 46
 production costs 54
 requirements 37, 54
arrest warrants (*Crime Commission Act*) 11, 15
arrests 2, 14–17
assets (Commission) 58
assets forfeiture orders 21, 26, 28, 31
Assistant Commissioners 1, 4, 39
assumed identities 11–12, App. B
audit 45–51, 55, App. I
Audit Plan 45, 47–48
Austrac 32
Australian Crime Commission, X7 v 35–36

B

Barr, Graham 50–51
Bodor, Peter 1, 6, 38
breach of warranty 24, 31
building management 55, 58
bullying and harassment 42

C

case studies 18–20, 32–33
cash seizures 16, 19, 24, 32–33

charter 4–5
Code of Conduct 44
coercive powers see examinations; hearings; notices to produce; statutory powers
Commission
 constitution 4
 controlled entities 14
 functions, aims, objectives 4
 management of 7, 38, 43
 Management Committee 1, 4–5, 7–8, 37
 Management Team 38
 Minister 6
 performance 2–3, 43
 publications 55
 structure 38, 43, App. F
Commissioner 4, 6, 39
committees
 Ethics Committee 44–45
 Internal Audit and Risk Committee 45, 47–49, App. I
 Management Committee 1, 4–5, 7–8, 37
Community Relations Commission, see Multicultural NSW
complaints 51–52, Apps J, K
compliance index 138–139
confiscation 3, 5, 21–33
 assets forfeiture orders 21, 26, 28, 31
 breach of warranty 24, 31
 case study 32–33
 costs orders 30–31
 counsel, use of 30

examinations 22
 exclusion orders 28
 legal expenses 29–30
 litigation 26
 living expenses 29–30
 monitoring orders 31
 orders (*CAR Act*) 22, 23–24, 29, 31
 proceeds assessment orders 21–23, 26, 28–29, 31
 production orders (*CAR Act*) 31
 realisable value of orders 25–28
 referrals 21, 23, 26–27
 restraining orders 23–24
 search warrants 31–33
 settlement by negotiation 21, 25
 sharing proceeds of 32
 undisclosed interest in property 24
 unexplained wealth orders 21–23, 26, 28, 31
 value of orders 25–28, 31
 warranties 24
 constitution 4
 consultants 55
 controlled entities 14
 controlled operations 12
 Corporate Plan 38, 43, App. E
 Corporate Services Division 38, 40, App. F
 corruption and fraud control 44–45
 costs orders (*CAR Act* proceedings) 30–31
 counsel, use of (in *CAR Act* proceedings) 30
 credit card certification 58
 crime, *see* organised crime
Crime Commission Act 2012 1, 4, 11, 37, 54
Criminal Assets Recovery Act 1990 4–5, 22, 34 *see also* confiscation
 Criminal Investigations Division *see also* investigations
 investigation management 9
 joint investigations 9–10
 relationship with Financial Investigation Division 21
 results of investigations 14–17
 statutory powers, use of 11–13
 structure (of Commission) App. F
D
 description of patterns or trends, and nature and scope of organised crime 18–20
 digital information security 40, App. G
 Disruption Strategy, Organised Crime 2, 10, 46, 55, App. E
 dissemination 14–15
 drugs 9–10, 16–20, 32–33
E
 employee assistance program 42, 44
 employees *see* staff
 encryption (of mobile phones) 2, 20
 Ethics Committee 44–45
 ethics training 44
 examinations (*CAR Act* proceedings) 54 *see also* hearings
 exclusion orders (*CAR Act* proceedings) 28
 external oversight 46–47, 49–51
F
 Financial Investigations Division
 relationship with Criminal Investigation Division 21
 results 25
 statutory powers, use of 22–23

structure App. F
see also confiscation

financial management 41–42

financial statements 60–103

firearms (seizures of) 16

Florida (investigation) 49–50

fraud and corruption controls 44, 45

freedom of information see *Government Information (Public Access) Act 2009*

functions (of Commission) 4

G

glossary 136–137

governance 43–45, Apps F, H

Government Information (Public Access) Act 2009 46, 55–56, App. L

Government Property NSW 55

Government Sector Employment Act 2013 39, 42

grants to non-government community organisations 58

H

Hastings, Peter 4, 6

hearings 1–2, 11, 15, 34–37 see also examinations (*CAR Act* proceedings)

homicide 16–17

human resources see staff

I

independent auditor's report (NSW Crime Commission) 63–64

independent auditor's report (NSW Crime Commission Staff Agency) 91–92

information and communications technology 41, 58

information security 40, App. G

information sharing 14–15

Inkster, Robert 4, 6, 38

Inspector of the Commission 50–51

insurance activities 58

interception of telecommunications 2, 13, 34–35

internal audit 45, 47–49, Apps B, I

Internal Audit and Risk Committee 45, 47–49, App. I

interpreters 54

intranet 44

investigations 1–2, 9–11, 14–17, 41
joint 9–10, 32
management of 9
matters referred for investigation 8
results 14–17
seized items 16, 20
see also confiscation

J

Joint Asian Crime Group see Joint Organised Crime Group

Joint Counter Terrorism Team 10

joint investigations 9–10, 32

Joint Organised Crime Group 10, 18

L

land disposal 58

Law Enforcement and National Security (Assumed Identities) Act 2010 11–12, App. B

Law Enforcement (Controlled Operations) Act 1997 11–12

Law Enforcement (Powers and Responsibilities) Act 2002 12, App. A

Lee v The Queen 35–36

legal cases 1, 26, 35–36

legal expenses (*CAR Act* proceedings) 29–30
Legal Services Division 34, 36, 38, App. F
Legal Unit, *see* Legal Services Division
legislative change 1, 34–37
 recommendations for 37
legislative compliance 43
living expenses (*CAR Act* proceedings) 29–30

M

McCarthy v R 36
management (of Commission)
 financial management 41–42
 Management Committee 1, 4–5, 7–8, 37
 Management Team 38
map of organised crime 10
Mascot (investigation) 49–50
matters referred for investigation 8
Minister 6
money laundering 2–3, 9–10, 16–20, 33
Multicultural NSW 54

N

nature and scope of organised crime 18–20
notices to produce 11, 15, 22
NSW Crime Commission Staff Agency 39
NSW Police Force 1–2, 23, 49–50

O

Objectives of Commission 4–5
occupational health & safety *see* work
 health & safety
Ombudsman (Cth) 50
Ombudsman (NSW) 49–50
orders (*CAR Act* proceedings) 22, 23–24, 29,
 31

organisation chart App. F
organised crime
 disruption strategy 2, 10, 46, 55, App. E
 map of 10
 nature and scope 18–20
 Target Review and Intelligence
 Development Group 10
Organised Crime Disruption Strategy 2, 10,
 46, 55, App. E
Organised Crime Squad 9
Organised Crime (Targeting) Squad *see*
 Organised Crime Squad
overseas travel 58
oversight (of Commission) 46–47, 49–51

P

Parliamentary Joint Committee on Office of
 Ombudsman, Police Integrity Commission
 and Crime Commission 51
partner agencies 2, 9–10, 46
Patten Report 1
payment of accounts 56–57
performance measurement 14–15
personnel 39–40, 42, 44
Police Integrity Commission 49–50, 52–53
policies and procedures 45
precursors (for drug manufacture) 16, 19
*Privacy and Personal Information Protection
 Act 1998* 47, 55
Privacy Management Plan 55
procedures and policies 45
proceeds assessment orders 21–23, 26,
 28–29, 31
proceeds of crime *see* confiscation
production costs (of annual report) 54
projects (corporate) 40–41

prosecutions 15
Prospect (Ombudsman investigation) 49–50
public interest disclosures 53, Apps J, K
Public Interest Disclosures Act 1994 53,
Apps J, K
publications 46, 55

R

recommendations for changes in laws 37
records management 40
references (from Management Committee) 16
referrals (*CAR Act* proceedings) 21, 23,
26–27
remittance agencies, alternative 19–20
remuneration of statutory officers 39
requirements of annual report 37, 54
restraining orders (*CAR Act* proceedings)
23–24
results of investigations 14–17
risk management 45–47, App. I

S

search warrants 11–12, 15, 22–23, 31–33, 49
seized items 16, 20, 33
settlement by negotiation (*CAR Act*
proceedings) 21, 25
sharing of proceeds of crime 32
Singleton, Peter 1, 4, 6, 38
Special Commission of Inquiry into the NSW
Crime Commission 1
staff 39–40, 42, 44
statutory officers 6, 39
statutory powers 1–2, 11–13, 15, 22–23,
34–37, 54
structure (of Commission) 38, 43, App. F
subpoenas 36

surveillance devices 11–12, App. C
Surveillance Devices Act 2007 11–12, App. C

T

Target Review Intelligence Development
Group 10
task forces 9–10
telecommunications interception 2, 34–35
telecommunications metadata 34–35
*Telecommunications (Interception and Access)
Act 1979* (Cth) 11, 13, 34–35, 50
terrorism 13, 16–17, App. D
Terrorism (Police Powers) Act 2002 13,
App. D
training 44
travel 58
trends in organised crime 2, 18–20

U

undisclosed interest in property 24
unexplained wealth orders 21–23, 26, 28, 31

V

value of orders (*CAR Act* proceedings) 25–28,
31

W

warrants (s. 36 *Crime Commission Act*) 11, 15
warranties (*CAR Act* proceedings) 24
website 46
work health & safety 42
workers compensation 42

X

X7 v Australian Crime Commission 35