



**New South Wales
Crime Commission**

Annual Report

2005/06

New South Wales Crime Commission

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Forward to the Management Committee

31 October 2006

To the Management Committee of the
New South Wales Crime Commission

I am pleased to submit to you the Commission's annual report and financial statements for the year ended 30 June 2006 for tabling in Parliament. It complies with the provisions of the *New South Wales Crime Commission Act 1985*, the *Annual Reports (Departments) Act 1985*, the *Public Finance and Audit Act 1983* and Government policy.

Yours sincerely,

.....
PA Bradley
Commissioner

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ABBREVIATIONS

ACC	Australian Crime Commission
ACS	Australian Customs Service
AFP	Australian Federal Police
ASIO	Australian Security Intelligence Organisation
ATO	Australian Taxation Office
ATS	Amphetamine-type substances
AUSTRAC	Australian Transaction Reports and Analysis Centre
CAR Act	<i>Criminal Assets Recovery Act 1990</i>
COPOC Act	<i>Confiscation of Proceeds of Crime Act 1989</i>
DPP	Director of Public Prosecutions
ICAC	Independent Commission Against Corruption
ICTF	Identity Crime Task Force
JACG	Joint Asian Crime Group
NCA	National Crime Authority
NSWCC	New South Wales Crime Commission
NSWP	New South Wales Police
PIC	Police Integrity Commission
SES	Senior Executive Service

PROGRAM OBJECTIVES AND DESCRIPTION

Program objective

To combat illegal drug trafficking, and organised and other crime, in New South Wales.

Program description

Targeting high-level drug traffickers and persons involved in organised crime.

Obtaining evidence for the prosecution of those persons and/or the confiscation of their assets.

Furnishing reports relating to illegal drug trafficking and organised crime.

Disseminating information, intelligence, and investigatory, technological and analytical expertise.

Restraining and confiscating property under the *Criminal Assets Recovery Act 1990 (CAR Act)*.

COMMISSION MEMBERSHIP

Section 5 of the *New South Wales Crime Commission Act 1985* provides for one Commissioner and, if necessary, one or more Assistant Commissioners. During 2005/06, Mr Phillip Bradley was the Commissioner of the NSW Crime Commission.

There were no Assistant Commissioners during the reporting period.

Mr John Giorgiutti was appointed Acting Commissioner between 8 June 2006 and 12 June 2006 (inclusive).

SENIOR STAFF DURING 2005/06

Director and Solicitor to the Commission

John Giorgiutti (June 1990)

Assistant Director, Financial Investigations

(until October 2005)

Michael Lulan, ACA (June 1986)

(from January 2006)

Jonathan Spark, BEc, CPA (September 1997)

Assistant Director, Investigations

Tim O'Connor (June 1999)

Assistant Director, Investigations

Mark Standen (March 1996)

Assistant Director, Operations Support

Alison Brook, MMgt (October 1993)

OVERVIEW OF 2005/06

During the reporting year the Commission maintained a level of output in its investigation and confiscation operations consistent with recent years.

Under the *CAR Act* some 155 new matters were commenced in the Supreme Court, and orders were made in favour of the Commission as plaintiff totalling \$15,893,022 (including costs). The confiscation orders result in payment into a statutory account administered by the Treasurer. The funds in that account may be applied to purposes including assistance for victims of crime, law enforcement and crime prevention programs, safer communities programs and drug rehabilitation and education. A growing proportion of confiscated assets goes directly to victims.

In the criminal investigation area, the Commission received five new references relating to illicit drugs and drug trafficking, murders, money laundering and other organised crime. The Commission also had twenty of its references reviewed and reissued,

covering a range of organised and serious criminal activities.

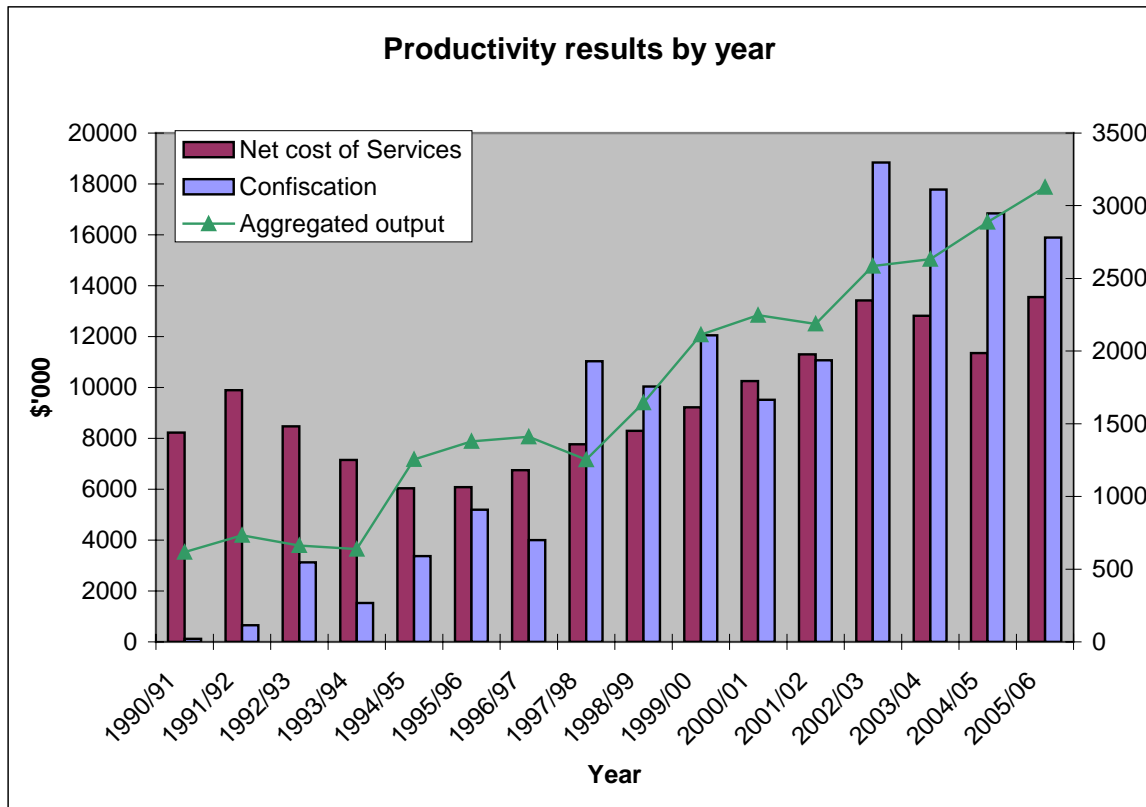
The chart below indicates the level of activity rather than performance or outcomes. The cost to the Government of this work may be summarised as follows:

Cash spent (incl capital)	\$13,149,000
Other costs to Government	\$361,000
Total	\$13,510,000
Capital spent	\$1,586,000

Other costs contributed to these results. In particular, the work which the Commission does with its partner agencies involves a significant cost, which is largely borne by those agencies, particularly police. In the areas of organised crime, counter-terrorism and much of money laundering and confiscation, the collaborative approach is the most effective. The Commission continues to work to maintain and forge new alliances and new ways of working effectively with others.

The following chart sets out the Commission's net cost of services, realisable confiscation orders and aggregated output for each year since 1990/91. Aggregated output refers to the incidence of use of the Commission's powers.

Note that the confiscation figures shown for 2005/06 does not include \$14 million returned to a victim.



CHAPTER ONE

ESTABLISHMENT AND FUNCTIONS

ESTABLISHMENT

- 1.1 The Commission was established in January 1986 as a statutory corporation.

LEGISLATION GOVERNING THE COMMISSION

- 1.2 The Commission is constituted under the *New South Wales Crime Commission Act 1985* (as amended) (the Act), which provides for a Commissioner and one or more Assistant Commissioners. During the reporting period, the Commission was constituted by one full-time Commissioner, who has 'special legal qualifications' and is appointed by the Governor.
- 1.3 The CAR Act provides for the confiscation of the assets of those involved in serious crime related activity through civil proceedings in the Supreme Court. The Commission has primary responsibility for the administration of the CAR Act.

CHARTER

- 1.4 The Commission's charter is to combat illegal drug trafficking, and organised and other crime, in New South Wales.

FUNCTIONS AND OBJECTIVES

- 1.5 The principal objective of the Commission is to reduce the incidence of illegal drug trafficking. A second objective is to reduce the incidence of organised and other crime.
- 1.6 The principal functions of the Commission are as follows:
- . investigate matters relating to 'relevant criminal activity'
 - . assemble admissible evidence for submission to the Director of Public Prosecutions
 - . review police inquiries
 - . furnish reports relating to illegal drug trafficking and organised crime
 - . disseminate investigatory, technological and analytical expertise
 - . make applications for the restraint and confiscation of property under the CAR Act.

RESPONSIBLE MINISTER

- 1.7 The Minister for Police has responsibility for the Act and the CAR Act, and is the Presiding Member of the Commission's Management Committee.

MANAGEMENT COMMITTEE

- 1.8 During 2005/06, the Management Committee comprised the Minister for Police, the Hon C Scully, MP as Presiding Member; the Commissioner of Police, Mr K Moroney, APM; the Chairman of the Board of the Australian Crime Commission, Mr M Keelty, APM; and Mr PA Bradley, as the Commissioner of the Commission.
- 1.9 The principal functions of the Management Committee are to:
- . refer (by written notice) relevant criminal activities to the Commission for investigation
 - . refer (by written notice) to the Commission, for review, police inquiries into matters relating to any criminal activities
 - . arrange for police task forces to assist the Commission to carry out investigations into matters relating to relevant criminal activities
 - . give directions and furnish guidelines for the purpose of coordinating any such investigations
 - . review and monitor generally the work of the Commission
 - . coordinate (by giving approvals) the operations of the Commission with other bodies.
- 1.10 The Management Committee met on six occasions during the year.
- 1.11 The meetings were minuted in accordance with the Act.
- 1.12 The Commissioner reports to the Committee in terms of its functions at each meeting.
- 1.13 Between meetings, on an ad hoc basis, the Commissioner informs the Minister and members of significant events.
- 1.14 The Commission reports on its operations annually in accordance with section 31 of the Act. That report is incorporated in this annual report and is transmitted through the Committee to the Minister. Under section 31, the Minister may give directions regarding the manner and time of preparation, but not

the content of the report. The Minister is required to lay a copy of the report before each House of Parliament.

MEETINGS OF THE COMMISSION

- 1.15 The Commission convenes meetings with the Director and the Assistant Directors, who together form the Management Team. These meetings contribute to the coordinated management of the operational and support areas of the Commission. They are usually held weekly.
- 1.16 There are various other meetings held within the Commission for operational and administrative purposes. These include fortnightly meetings with operational agencies, fortnightly meetings with members of joint task forces, weekly meetings with each of the operational teams, fortnightly meetings with staff from the Information and Communications Technology Team and regular and *ad hoc* meetings with other groups within and outside the organisation.

CHAPTER TWO INVESTIGATIONS

Personnel from other state or Commonwealth agencies often join the Commission in operations, bringing additional powers and skills to the process.

FUNCTIONS AND POWERS OF THE COMMISSION

- 2.1 Section 6 of the Act requires the Commission to investigate matters relating to relevant criminal activity referred to it by the Management Committee, to assemble admissible evidence of relevant offences and to furnish that evidence to the Director of Public Prosecutions.
- 2.2 The Commission may also review a police inquiry pursuant to a Management Committee Reference and may exercise functions under the CAR Act.
- 2.3 As defined in section 3 of the Act, 'relevant criminal activity' means 'any circumstances implying, or any allegations, that a relevant offence may have been, or may be being, or may be about to be, committed.'
- 2.4 'Relevant offence' is also defined in section 3 of the Act. It includes:
- . a serious drug offence
 - . a serious offence that involves a serious fraud
 - . any other offence for which the Management Committee is satisfied that the use of the Commission's functions to investigate the offence is in the public interest, and the use of the Commission's functions may be necessary for the investigation.
- 2.5 To perform its function of investigating serious organised crime, the Commission has been given powers that are greater than normal policing powers, including the following:
- . the power to conduct hearings *in camera* at which witnesses may be compelled to give evidence and produce documents
 - . the power to compel the production of documents and things relevant to an investigation by the Commission
 - . the power to apply for special search warrants.
- 2.6 The services of NSW Police task forces are made available to assist the Commission, pursuant to section 27A of the Act. Members of these task forces have the usual police powers and remain under the command and control of the Commissioner of Police.

MANAGEMENT OF INVESTIGATIONS

- 2.7 Investigations of matters referred to the Commission are usually conducted by teams comprising members of the NSW Police and Commission staff. Frequently staff of agencies such as ACC, AUSTRAC, AFP, ACS, ASIO and others are involved.
- 2.8 As in previous years, during 2005/06 much of the Commission's investigative work related to drug trafficking, under several ongoing References. This work was undertaken mainly by NSW Police task forces and Commission staff. Other task forces were established to deal with *ad hoc* References on subjects such as murder.
- 2.9 The teams of task force police officers and Commission staff have day-to-day carriage of investigations and report to the Commission through operations meetings. Police in task forces report through, and are supervised within, the NSW Police command structure.
- 2.10 With few exceptions, the results of criminal investigation work are the outcome of joint operations with other agencies, mainly the NSW Police. The Commission's contribution to these operations varies from case to case. The Commission deliberately limits its involvement to matters where it can make the greatest contribution, having regard to its resources and special powers.
- 2.11 The arrangements with police are embodied in 'Directions and Guidelines' issued by the Management Committee. These arrangements are between the Management Committee and the Police Commissioner in accordance with section 27A of the Act.
- 2.12 Central to the arrangement is the maintenance of the command structure within the NSW Police. Section 27(A) specifically provides that the police task forces are 'under the direction and control of the Commissioner of Police' and subject to the 'Directions and guidelines' of the Management Committee. The Commission seeks to preserve command and control arrangements within each of the agencies with which it acts jointly. Such agencies include the NSW Police, AFP, ACC, ICAC, PIC and ASIO.

Chapter Two: Investigations

MATTERS REFERRED TO THE COMMISSION

- 2.13 During the year, the Commission was referred five new References. Twenty existing References were revised and reissued.
- 2.14 Arrests resulting from Commission investigations during the year are summarised in this chapter.
- 2.15 The Management Committee is provided with reports on the progress being made in each Reference at each meeting.
- 2.16 For public interest reasons and because of the requirements of the Act that individuals not be named, full details of operational activities are not provided in this report. The following information relates to investigations conducted under References that were active in 2005/06.

ACTIVE REFERENCES

Note: Statistical data relating to investigations conducted during the year are set out in tables in Appendix F. Numbers of arrests and charges relating to each Reference are also set out at the end of each of the following paragraphs.

- 2.17 In almost all of the matters referred to it, the Commission worked with NSW Police task forces established under the Act.

Reference Azure VII, referred on 14 February 2005

- 2.18 The Commission has been investigating drug trafficking and other crimes by persons in the Australian/Lebanese community for many years, under the *Azure* Reference. The Reference has been reissued on several occasions and the range of offences has been widened. Most recently, *Azure VII* was referred on 14 February 2005. [26 arrests, 257 charges]

Reference Carinda, referred on 26 July 2004

- 2.19 On 26 July 2004, the Management Committee referred the *Carinda* Reference to the Commission to investigate offences relating to identity fraud and identity theft.
- 2.20 The Commission works primarily with officers from the Identity Crime Task Force (ICTF), which includes the AFP, NSW Police, ACS, and the ACC. [26 arrests, 375 charges]

Reference Dalgety IV, referred on 21 November 2005

- 2.21 On 10 December 2001, the Management Committee referred the *Dalgety* Reference to

the Commission to investigate serious drug offences involving heroin, associated money laundering and violent crime. The Reference was reviewed twice during the reporting year with the most recent *Dalgety IV* Reference referred on 21 November 2005. [22 arrests, 100 charges]

Reference Davidson, referred on 26 August 2004

- 2.22 On 26 August 2004, the Management Committee referred the *Davidson* Reference to the Commission to investigate the murder of a William Raymond Allen on 24 July 2002. [1 arrest, 1 charge]

Reference Ebenezer IV referred on 21 November 2005

- 2.23 On 10 December 2001, the Management Committee referred the *Ebenezer* Reference to the Commission to investigate computer related crime. The Reference was reviewed twice during the reporting year with the most recent *Ebenezer IV* Reference referred on 21 November 2005.

- 2.24 The Commission works with the NSW Police in a joint task force in relation to computer crime matters. [10 arrests, 67 charges]

Reference Fletcher, referred on 1 November 2004

- 2.25 On 1 November 2004, the Management Committee referred the *Fletcher* Reference to the Commission to investigate the murder of Steven, Helen and Christopher Gilham on 28 August 1993. [1 arrest, 1 charge]

Reference Garland, referred on 14 February 2005

- 2.26 On 14 February 2005, the Management Committee granted the *Garland* Reference to the Commission to investigate a robbery at a service station, and the murder of Goa Jin, the service station attendant, on 20 December 1993. [4 arrests, 8 charges]

Reference Gecko VI, referred on 21 November 2005

- 2.27 The Commission has been investigating drug trafficking and other crimes by persons in the Australian/South-East Asian communities for many years, under the *Gecko* Reference. The Reference has been reissued on several occasions. Most recently, *Gecko VI* was referred on 21 November 2005.

- 2.28 A large number of arrests and prosecutions have occurred as a consequence of investigations under this Reference.

Chapter Two: Investigations

- 2.29 The Commission continues to work closely with officers from the NSW Police and the Joint Asian Crime Group (JACG) on investigations under this Reference. [54 arrests, 197 charges (including JACG statistics)]

Reference Gladesville IV, referred on 21 November 2005

- 2.30 On 14 October 2002, the Management Committee referred the *Gladesville* Reference to the Commission to investigate the cultivation of cannabis in NSW. The Reference has been reviewed on a number of occasions and on 21 November 2005 the *Gladesville IV* Reference was referred. [29 arrests, 83 charges]

Reference GyMEA VI, referred on 21 November 2005

- 2.31 On 12 September 1996, the *GyMEA* Reference was referred to the Commission to investigate organised crime; drug importation, manufacture and distribution; theft; fraud; gaming; and associated money laundering carried out by nominated criminal groups operating in and around Sydney. The *GyMEA* Reference has been reissued on a number of occasions. Most recently, the *GyMEA VI* Reference was referred on 21 November 2005.
- 2.32 Investigations under this Reference have produced a number of significant arrests and large drug seizures through operations conducted in a joint task force. [19 arrests, 34 charges]

Reference Homebush II, referred on 21 November 2005

- 2.33 On 21 March 2005, the Management Committee referred the *Homebush* Reference to the Commission to investigate offences associated with the avoidance of luxury car tax and stamp duty. The Reference was reviewed and on 21 November 2005 the *Homebush II* Reference was referred. [0 arrests, 0 charges]

Reference Homebush Bay, referred on 7 April 2005

- 2.34 On 7 April 2005, the Management Committee referred the *Homebush Bay* Reference to the Commission to investigate the murder of Bob Ljubic in 2005. [7 arrests, 20 charges]

Reference Huntley VI, referred on 21 November 2005

- 2.35 On 23 December 2002, the Management Committee referred the *Huntley* Reference to the Commission to investigate matters associated with terrorist acts relating to NSW. The Reference has been reissued on a number of occasions. Most recently *Huntley VI* was issued on 21 November 2005.

- 2.36 The Commission works closely with the NSW Police in respect of this matter. Investigations under this Reference depend on close cooperation with other agencies, particularly Commonwealth agencies. [15 arrests, 39 charges]

Reference Ingleside II, referred on 21 November 2005

- 2.37 On 24 October 2005, the Management Committee referred the *Ingleside* Reference to the Commission to investigate the large-scale cultivation of cannabis. The Reference was reviewed on 21 November 2005 and the *Ingleside II* Reference was referred. [1 arrest, 9 charges]

Reference Jannali, referred on 24 October 2005

- 2.38 On 24 October 2005, the Management Committee referred the *Jannali* Reference to the Commission to investigate the murder of Naser Ghaderi and Keivan Ighani on 16 April 2005. [0 arrests, 0 charges]

Reference Kareela II, referred on 21 November 2005

- 2.39 On 3 March 2003, the Management Committee referred the *Kareela* Reference to the Commission to investigate serious armed robbery offences, as well as offences that may be committed during, or in association with, armed robberies. The Reference was reviewed on 21 November 2005, and the *Kareela II* Reference was granted. [12 arrests, 49 charges]

Reference Kempsey II, referred on 19 June 2006

- 2.40 On 21 November 2005, the Management Committee referred the *Kempsey* Reference to the Commission to investigate criminal activity by persons in the Australian/Assyrian community. The Reference was reviewed on 19 June 2006, and the *Kempsey II* Reference was referred. [19 arrests, 43 charges]

Chapter Two: Investigations

Reference *Kingsvale VI*, referred on 21 November 2005

- 2.41 On 16 March 1998, the Management Committee referred the *Kingsvale* Reference to the Commission to investigate money laundering. The Reference has been reissued on a number of occasions. Most recently, *Kingsvale VI* was referred on 21 November 2005.
- 2.42 Most other References involving drug trafficking also authorise the Commission to investigate money laundering in relation to the drug trafficking specified in the Reference.
- 2.43 Investigations under this Reference often lead to action under the CAR Act. The value of assets seized arising from investigations under the *Kingsvale V* Reference in the reporting year was more than \$900,000. In addition, one investigation yielded more than \$14 million in forfeited assets which were returned to the victim. [2 arrests, 2 charges]

Reference *Limerick*, referred on 21 November 2005

- 2.44 On 21 November 2005, the Management Committee referred the *Limerick* Reference to the Commission to investigate money laundering and trafficking of drugs by a number of named persons and organisations. The Commission has provided substantial intelligence to the AFP and the ACC in relation to the suspects in this matter. [0 arrests, 0 charges]

Reference *Manilla*, referred on 20 February 2006

- 2.45 On 20 February 2006, the Management Committee referred the *Manilla* Reference to the Commission to investigate the disappearance and possible murder of Wei Hung Guo on or about 5 April 2001. [0 arrests, 0 charges]

Reference *Milton*, referred on 28 April 2003

- 2.46 On 28 April 2003, the Management Committee referred the *Milton* Reference to the Commission to investigate the murder of Antonio Romeo and the shooting of Rocco Barbaro in July 2002. [0 arrests, 0 charges]

Reference *Putney IV*, referred on 15 June 2004

- 2.47 On 9 August 1999, the Management Committee referred the *Putney* Reference to the Commission to investigate firearm-related crime. The Reference has been reissued on a number of occasions. Most

recently, *Putney IV* was referred on 15 June 2004. [4 arrests, 10 charges]

Reference *Strathfield III*, referred on 21 November 2005

- 2.48 On 30 July 2003, the Management Committee referred the *Strathfield* Reference to the Commission to investigate large-scale outdoor cannabis cultivation by identities associated with Italian/Australian organised crime. The Reference has been reissued twice, and *Strathfield III* was referred on 21 November 2005. [2 arrests, 9 charges]

Reference *Tenterfield*, referred on 1 September 2003

- 2.49 On 1 September 2003, the Management Committee referred the *Tenterfield* Reference to the Commission to investigate the attempted murder of William Metlej on or about 28 November 2002. [0 arrests, 0 charges]

Reference *Ulong*, referred on 4 June 2001

- 2.50 On 4 June 2001, the Management Committee referred the *Ulong* Reference to the Commission to investigate the murder of Gurkan Moustafa at Gladesville on 15 February 2001. [1 arrest, 1 charge]

Reference *Ultimo II*, referred on 15 June 2004

- 2.51 The *Ultimo* Reference was referred to the Commission on 20 October 2003 to investigate serious criminal activity conducted by members of the Australian / Middle-Eastern community within an area in south-western Sydney. *Ultimo II* was referred on 15 June 2004. [15 arrests, 59 charges]

Reference *Vacy VII*, referred on 21 November 2005

- 2.52 The Commission has been investigating the manufacture and supply of amphetamines and psychotropic drugs and associated money laundering offences for many years under the *Vacy* Reference, first referred by the Management Committee on 2 November 1993. The Reference has been reissued on several occasions. Most recently, *Vacy VII* was referred on 21 November 2005. [88 arrests, 404 charges]

Reference *Valentine*, referred on 14 November 2003

- 2.53 On 14 November 2003, the Management Committee referred the *Valentine* Reference to the Commission to investigate 'ram-raids' - break and enter offences on commercial premises using stolen high-performance vehicles. [33 arrests, 227 charges]

Reference *Waratah VII*, referred on 21 November 2005

- 2.54 The Commission has been investigating the supply of cocaine under the *Waratah* Reference. The Reference has been reissued on several occasions. Most recently, *Waratah VII* was referred on 21 November 2005. [4 arrests, 19 charges]

Reference *Wollar II*, referred on 22 March 2004

- 2.55 On 2 December 2003, the Management Committee referred the *Wollar* Reference to the Commission to investigate the murder of Ludwig Gertsch in 1990. The Reference was reviewed on 22 March 2004 and the *Wollar II* Reference was referred. [0 arrests, 0 charges]

Reference *Zeehan IV*, referred on 21 November 2005

- 2.56 On 3 September 2001, the Management Committee referred the *Zeehan* Reference to the Commission to investigate organised motor vehicle rebirthing and offences involving motor vehicle theft. The Reference has been reissued on a number of occasions. Most recently, *Zeehan IV* was referred on 21 November 2005. [9 arrests, 34 charges]

Reference *Zetland VII*, referred on 21 November 2005

- 2.57 The Commission has been investigating the illegal activities of outlaw motorcycle gangs under the *Zetland* Reference, which was issued on 27 September 1994. The Reference has been reissued on several occasions. Most recently, *Zetland VII* was referred on 21 November 2005. [27 arrests, 131 charges]

INVESTIGATIVE TOOLS

- 2.58 The Commission has various investigative tools at its disposal. In particular, special powers to interrogate persons and obtain documents are available under the Act, as well as powers under the CAR Act, the *Listening Devices Act 1984*, the *Search Warrants Act 1985*, the *Telecommunications (Interception) Act 1979*, the *Law Enforcement (Controlled Operations) Act 1998* and the *Law Enforcement and National Security (Assumed Identities) Act 1998*. Some statistical details are listed below.

New South Wales Crime Commission Act 1985

2.59		Total
	Section 16 summons to appear	139
	Section 17 notices to produce	1830
	Section 10 notices to government agencies to produce	243

Listening Devices Act 1984

- 2.60 During 2005/06, 83 warrants, including renewals (maximum 21 days), were granted to the Commission. These figures do not include warrants sought by police working in task forces related to the References.

Telecommunications (Interception) Act 1979

- 2.61 During 2005/06, the Commission made 835 applications under the *Telecommunications (Interception) Act 1979* and the *Telecommunications (Interception and Access) Act 1979* (See paragraph 2.105 for further details). Two applications were refused by Administrative Appeals Tribunal members. A total of 833 warrants were issued, comprising 696 original warrants and 137 renewals. During the year 307 arrests arising out of telecommunications interception were made.

Law Enforcement (Controlled Operations) Act 1987

- 2.62 During 2005/06, twelve controlled operations were approved.

Search warrants

- 2.63 During 2005/06, two search warrants were issued under the Act.
- 2.64 Seventy property tracking warrants were issued under section 45 of the CAR Act.
- 2.65 No search warrants were issued under section 38(1) of the CAR Act.

- 2.66 One search warrant under the *Search Warrants Act* was issued to the Commission. Additional warrants were issued under the *Search Warrants Act* to police working on Commission References.

Arrest warrants under section 18AA (non-appearance) of the NSW Crime Commission Act 1985

- 2.67 No warrants were issued during 2005/06.

Assumed identities under the Law Enforcement and National Security (Assumed Identities) Act 1998

- 2.68 The Commission did not approve the establishment of any assumed identities during 2005/06. No assumed identities were revoked.

DISSEMINATION OF INFORMATION

- 2.69 In addition to the normal exchange of information between agencies working with the Commission, information is formally disseminated to other law enforcement agencies and relevant bodies. During 2005/06, the Commission disseminated material relating to a range of suspected criminal activities to other organisations on 271 occasions. The Management Committee approved these disseminations.
- 2.70 Organisations receiving disseminated material included NSW Police, AFP, ASIO, Australian Crime Commission, Police Integrity Commission, Australian Taxation Office, Queensland Police, Australian Customs Service, Department of Corrective Services, Queensland Crime and Misconduct Commission, Victoria Police, US Consulate, the Joint Asian Crime Group, NSW DPP, Attorney-General's Department, ICAC, NSW Department of Education and Training, Commonwealth DPP, Crown Solicitor's Office, Insolvency and Trustee Service Australia, Centrelink, Department of Immigration and Multicultural and Indigenous Affairs, Australian Hi-Tech Crime Centre, and a number of private organisations.

PROSECUTIONS

- 2.71 Pursuant to section 31(2)(e) of its Act, the Commission is required to report the extent to which its investigations have resulted in the prosecution of persons for offences. The report must not identify persons suspected of having committed offences or persons who have committed offences, unless those persons have been convicted.

- 2.72 During 2005/06, police assigned to Commission References arrested 425 persons and laid 2,168 charges. These figures can be compared with 405 arrests and 1,913 charges in 2004/05.

- 2.73 The numbers of arrests and charges are a quantitative indication only. Some matters that may involve the commitment of large amounts of resources may result in a single charge against a significant offender. Other matters involving multiple offenders/charges may proceed to arrest with relatively little commitment of resources.

- 2.74 Charges laid in 2005/06 and previous years of the Commission's operations are at various stages in the prosecution process.

- 2.75 A table summarising arrests made and charges laid in connection with Commission References in 2005/06 can be found in Appendix F.

DRUG TRAFFICKING AND ORGANISED CRIME

- 2.76 The Commission is required to report on patterns and trends in the nature and scope of drug trafficking and other organised crimes that have come to its attention.

- 2.77 The Commission's opportunity to observe trends is limited to those matters which it investigates pursuant to a Reference and other matters of which it becomes aware through some of its broader operations, including action taken under the CAR Act. Interaction with specialist squads at the State Crime Command and other agencies also gives the Commission an opportunity to observe trends.

- 2.78 In some areas of criminal activity the Commission deploys a limited amount of time and resources due to the fact that the great bulk of the work is carried out by others, in particular, police task forces. The main resources that the Commission brings to the investigation of these matters are its coercive powers (to compel people to answer questions and produce documents), electronic surveillance, financial investigation and intelligence analysis. The contribution of these resources varies according to the nature of the matter and does not usually involve any fieldwork on the part of Commission personnel. The majority of the results recorded in this report and the observations the Commission makes about crime types and trends, flow from the work undertaken in conjunction with partner agencies.

- 2.79 There is a wide range of crimes which have been the subject of References to the Commission. These are referred to in

- paragraphs 2.17 to 2.59. They include crimes relating to drugs, money laundering, murders, computer crimes, fraud, robbery and terrorism.
- 2.80 Some of these are the subject of statistical reports from the Bureau of Crime Statistics and Research. Statistics do not tell the full story. Some of these crimes are 'hidden' crimes which do not readily present in a measurable form.
- 2.81 In assessing trends, the Commission has the benefit of intelligence work conducted by other agencies, including the NSW, the ACC, the AFP, AUSTRAC and the ACS. The ACC has produced a number of relevant reports during the reporting period which touch upon the work of the Commission and draw on contributions made by the Commission to the ACC's data holdings. The value of these reports depends on the quality of the data from which they draw.
- 2.82 The Commission, along with some other agencies, has still not reached an optimal level of contribution to the centralised data holdings such as the Australian Criminal Intelligence Database, the Australian Law Enforcement Intelligence Network and the Australian Identity Protection Register. When those databases reach their potential, they will significantly add to the consolidated knowledge of law enforcement agencies and thereby improve the efficiency and effectiveness of resources deployed on organised crime.
- 2.83 Through shared knowledge and working co-operatively, often in joint task forces, the Commission improves its corporate impact and sometimes that of its partners. In joint task force arrangements the Commission commits personnel at varying levels depending upon the nature of the work and the contribution that can be made. The Commission has personnel outposted to other Agencies in relation to three joint task forces and has significant numbers of NSW Police contributing to task forces conducted on Commission premises. The advantage of shared resources, avoidance of duplication of effort and the sharing of knowledge and methodology through these arrangements has been very significant.
- 2.84 It has also been an advantage to the Commission to combine the criminal investigation and confiscation functions within one organisation. In organised crime, which is motivated by profit, the availability of financial investigation resources has been significant in solving serious crime, as well as forcing the disgorgement of the proceeds of crime by the perpetrators. Forensic accounting personnel are now active in almost all of the Commission's work. Even in cases where profit is not a motive the finances of victims and suspects can be important factors in establishing motive.
- 2.85 Financial investigation is significant in money laundering investigations. These may commence as criminal investigations into crimes such as drug trafficking or as financial investigations based on a suspicion of money laundering with a view to identifying the criminal source of the funds. The latter work is usually initiated by intelligence, and in many cases this comes from AUSTRAC. Suspicious transactions identified by AUSTRAC have led to criminal investigations and significant confiscation proceedings.
- 2.86 Money laundering remains one of the biggest challenges in terms of its prevalence and the capacity of law enforcement to reduce it. It has been estimated that money laundering crime accounts for some \$10 billion in illegal transactions annually. Most of this is based on revenue fraud, but a significant amount is the proceeds of other crime which may be a combination of Commonwealth and State crimes. In such cases a combination of State and Commonwealth law enforcement agencies is the most effective way of detecting the full range of crime. As an example: The primary or predicate offence may be trafficking in drugs (a State offence) which were imported into Australia in breach of the *Commonwealth Criminal Code*. The proceeds of the trafficking may be handed to a remittance dealer (State money laundering) who transmits the funds overseas in breach of the *Financial Transactions Reports Act* (Cth). The funds might be structured into a bank account (Cth offence) and remitted to foreign accounts by an international funds transfer (IFT). Finally the funds may be repatriated to Australia in the form of an incoming IFT as a loan or otherwise disguised. Alternatively the funds may return in the form of illegal drugs and the cycle continues. No Commonwealth tax will be paid.
- 2.87 In this process a number of other crimes may be committed in one or more jurisdictions. Identity crimes are usually a feature of money laundering, as it is often important to disguise the identity of the beneficiary of the funds. Also a range of service providers may be involved. These include professionals who may or may not be knowingly involved and commercial establishments, including banks and currency exchanges which may or may not have corrupt employees facilitating the crime.
- 2.88 *Back-to-back* methods of international money laundering remains popular because the funds do not physically move across international borders and detection is therefore less likely. However, the

- Commission believes that the net outflow of funds to foreign jurisdictions is not fully understood, having regard to intelligence indicating the amounts being remitted, the accumulation of assets overseas and the inwards currency flows. The Commission continues to work with AUSTRAC to improve its understanding of this aspect of money laundering.
- 2.89 The Commission has become aware of very large “transfers” of funds overseas which are not explained by detected fund movements and appear to be inconsistent with the capacity of local markets to absorb such quantities of cash through reciprocal *hawala* arrangements. Apart from specific intelligence on funds movement, the physical in-flow of drugs to Australia is measured in tonnes and the very substantial amounts needed to pay for these drugs leave Australia largely undetected.
- 2.90 The in-flows of large volumes of cocaine from South America and MDMA (methylenedioxymethamphetamine) from The Netherlands and Belgium is now well documented. There is no correlative documentation of the export of funds used to pay for these drugs or reflecting the sales.
- 2.91 It is known that Australia continues to be targeted as a market for these drugs because of the higher prices paid here relative to other traditional markets. The successful penetration of the market is reflected in the ready availability of these drugs, the high level of consumption and the movement away from heroin, which is no longer explained by the heroin ‘drought’. The market is significantly affected by supply, and there is evidence that principals deliberately control supply to maintain price levels.
- 2.92 As reported in previous years, ATS remain a serious problem. The sophistication of the supply chain, the marketing, money laundering and high profitability are all factors. Very large laboratories are established in Europe to provide large quantities on demand in various forms including powder, pills and liquid. There have been detections of liquid amphetamines during the year. The preference for this form is due to its high level of concentration and ease of concealment. European pill imports continue to adopt distinctive logos and other methods to promote their product, provide assurance of quality and maximise profit.
- 2.93 There are also examples of large-scale laboratories established in NSW. In the past year two laboratories were discovered in NSW which were built on an industrial scale. Whereas the typical clandestine laboratory uses readily available glass vessels at no more than 20 litre capacity, these laboratories had stainless steel vessels of 700 to 1,000 litres capacity with integrated electricity and plumbing.
- 2.94 There have also been detections of large importations of amphetamine precursors from overseas, including 400 kgs of ephedrine detected by AFP and ACS arriving from Vietnam. These quantities would fuel the large-scale production facilities in NSW.
- 2.95 In addition there have been notable importations of ephedrine and ‘ice’ (crystal methamphetamine) to Australia from China and pseudo-ephedrine from Indonesia.
- 2.96 Ice is of particular concern because of the take-up rate among addicts, the purity, the significant health impact and the high incidence of addiction as reported by the National Drug and Alcohol Research Centre. Ice appears to have taken over from heroin as a drug of first choice by many addicts. It has a similar cost structure to heroin.
- 2.97 Small ATS laboratories using lower capacity vessels and smaller pressing machines continue to proliferate. While most of the ice is currently imported, it is likely that local production will increase as local criminals acquire the necessary expertise.
- 2.98 MDMA known as ‘ecstasy’ is mainly sourced from The Netherlands and Belgium, and more recently from China, but production expertise is developing in Australia. New precursors are being developed which will make detection more difficult.
- 2.99 There has also been a proliferation of smaller indoor hydroponic cannabis plantations. These have mainly been detected amongst members of the Australian/Vietnamese community and some other ethnically-based groups. This is similar to the experience in Canada in recent years. The enterprises are relatively small in scale compared to the outdoor plantations but they have the advantage of year-round harvest, high yield, high potency, high profit and lower risk of detection. It is clear that the principals of these enterprises have taken steps to limit their exposure to apprehension and to financial loss by the use of subordinates as the ‘house sitters’ or ‘crop sitters’. They also perceive that the penalties for these types of drug crimes are far less than those applicable to powder drugs, with equivalent profits to be made.
- 2.100 Concerted police action against some organised crime behaviour appears to have had a significant impact. If detection levels are an indication, there would appear to have been a reduction in large-scale cannabis

- plantations, firearms trafficking, mortgage frauds and car re-birthing. Other factors may account for this, such as the 'cooling' of the property market in the case of mortgage fraud. The Commission continues to work with police in some of the more resistant crime types such as ATM robberies, often including *ram raids*.
- 2.101 The detection of importation and trafficking of drugs and the exportation and laundering of money associated with those crimes remains difficult and demand for drugs remains high, though supply appears to be the more significant market factor. Recent initiatives to improve port security through the Airport Security and Policing review conducted by Sir John Wheeler and the continuing intelligence operations of the ACC, combined with a greater police presence at the ports, will have an impact on the flow of drugs and money. During the year, the Commission conducted investigations jointly with the NSW and the AFP and other agencies into cocaine trafficking by an established criminal group. This led to the exposure of importation networks which were long regarded by the principals as 'foolproof' and depended for their success on corrupt practices of persons employed at Sydney International Airport. The principals also had established connections at the sea ports. The opportunities for this type of crime have been significantly reduced as a consequence of the investigation and the reforms which followed. In the context of crime and security, there needs to be a continued level of activity to provide assurance that access to port facilities is given only to those who do not present an unacceptable level of risk. In that regard it is noted that the Commonwealth has introduced new Maritime and Aviation Security Identification Cards.
- 2.104 The Commonwealth has proposed amendments to its anti-money laundering and terrorist financing legislation. The Commission has made submissions on the exposure draft of the bill to record the Commission's concerns that the proposed changes contain provisions which will not provide sufficient protection, particularly through identity crime and financial services provided outside mainstream banking.
- 2.105 At a state level, there have been amendments to various legislation, including the insertion in the *Crimes Act 1900* of new money laundering provisions, amendments to the Commission's primary legislation as a result of the NSW Government's response to the Commonwealth Work Choices legislation, amendments to the *Controlled Operations Act* (not yet commenced) and amendments to the *Confiscation of Proceeds of Crime Act* and the *Drug Misuse and Trafficking Act 1985* (some of which are not in force).
- 2.106 The Commission has also continued to seek amendment to the Act.
- 2.107 The Commission continues to contribute to legislative and administrative reforms in areas such as fraud and identity crime, at the State and Commonwealth levels.

LEGAL CHANGE

- 2.102 There have been changes to legislation relevant to the functions of the Commission, at both state and federal levels during the reporting year.
- 2.103 At a federal level, there has been significant amendment to the *Telecommunications (Interception) Act 1979* (now the *Telecommunications (Interception and Access) Act 1979*) by virtue of the *Telecommunications (Interception) Amendment Act 2006* (assented to on 3 May 2006, and having various commencement dates). The amendments include the addition of a regime for access to stored communications, and the addition of provisions to allow for the interception of B-party services and telecommunications devices.

CHAPTER THREE

CONFISCATION

BACKGROUND

3.1 The Commission administers the CAR Act.

3.2 There are three principal objects of the CAR Act:

- . to provide for the confiscation, without requiring a conviction, of property of a person if the Supreme Court finds it to be more probable than not that the person has engaged in serious crime related activities
- . to enable the proceeds of serious crime related activities to be recovered as a debt due to the Crown
- . to enable law enforcement authorities to effectively identify and recover property.

3.3 A serious crime related activity is:

- (i) a serious drug trafficking offence under the *Drug Misuse and Trafficking Act 1985*
- (ii) an offence punishable by imprisonment for five years or more and involving theft, fraud, obtaining financial benefit from the crime of another, money laundering, extortion, violence, bribery, corruption, harbouring criminals, blackmail, obtaining or offering a secret commission, perverting the course of justice, tax or revenue evasion, illegal gambling, forgery or homicide
- (iii) a firearm offence under section 51B of the *Firearms Act 1996*
- (iv) a drug premises offence
- (v) an offence of attempting to commit, or of conspiracy or incitement to commit, an offence referred to above.

3.4 The CAR Act provides for the Commission to make application to the Supreme Court for:

- . restraining orders preventing dealings with the property of persons reasonably suspected of having engaged in serious crime related activity or of persons whose interests in property are reasonably suspected of being property derived from serious crime related activity

- . assets forfeiture orders for the forfeiture of property subject to a restraining order

- . proceeds assessment orders assessing the value of proceeds derived by a person from illegal activities

- . search warrants, production orders and monitoring orders to allow property, documents and information to be obtained, so that property and the sources of that property can be located and identified.

3.5 Assets forfeiture orders and proceeds assessment orders can only be obtained if the Commission can establish, upon the civil onus of proof, that the person whose suspected serious criminal activity was the basis of the restraining order did, in fact, engage in a serious criminal activity within a six-year period prior to the making of the Commission's application.

3.6 The *Criminal Assets Amendment Act 2005* was proclaimed on 27 July 2005 and commenced on 1 August 2005. Major amendments to the Act included:

- (i) additional serious criminal offences, as follows:
 - . further serious firearms offences under the *Firearms Act 1996*;
 - . sexual servitude, child prostitution and pornography offences;
 - . dishonestly destroying or damaging property (of value of more than \$500);
 - . an offence under the laws of the Commonwealth or a place outside New South Wales (including outside Australia) which, if the offence had been committed in the State, would be a serious criminal offence;
 - . aiding and abetting a serious criminal offence; and
 - . possession of precursors for the manufacture or production of prohibited drugs.
- (ii) a property acquired subject to a mortgage which is later repaid (wholly or partly) with proceeds of serious crime-related activity or serious crime-derived property is to be treated as serious crime-derived property.

- (iii) property held in a false name and acquired using false identity documents or the identity documents of another person to be subject to confiscation.
- (iv) application for restraining orders can be made by telephone if necessary to prevent funds in a financial institution from being withdrawn or transferred to a place outside New South Wales.
- (v) proceeds assessment orders can be made against third parties if the third parties have derived proceeds from an illegal activity or activities of another person; and
- (vi) forfeiture of property may occur if a person, against whom an asset forfeiture order or proceeds assessment order is made, fails to disclose the property in evidence, a warranty or representation given or made in proceedings.

RESTRAINING ORDERS

3.7 During 2005/06, the Commission obtained 155 restraining orders under the CAR Act, compared with 171 for the previous year. In all cases in which the Commission obtained restraining orders, the Commission filed a summons seeking either an assets forfeiture order or a proceeds assessment order, or both, within the two working day period provided in section 10(9) of the CAR Act.

3.8 1757 restraining orders have been obtained under the CAR Act since 3 August 1990 as indicated below:

Year	Restraining orders
1990/91	57
1991/92	59
1992/93	24
1993/94	44
1994/95	73
1995/96	95
1996/97	145
1997/98	166
1998/99	101
1999/00	156
2000/01	118
2001/02	159
2002/03	105
2003/04	129
2004/05	171
2005/06	155
Total	1757

3.9 Potential subjects of confiscation proceedings are now well aware of the impact of the CAR Act and other proceeds of crime legislation and are devoting greater

effort and resources to the laundering of crime proceeds and the concealment of their assets. Commonly, aliases or the names of other persons are used to conceal the identity of the beneficial owner of assets. All law enforcement agencies, including the Commission, have to work harder to identify and restrain property and have allocated an increasing proportion of resources to pre-litigation investigation work.

3.10 The restraining orders obtained during 2005/06 followed referrals from the sources set out below:

Referring agency	Orders	Estimated value
NSWP	107	37,084,626
NSWCC	13	1,395,260
NSWP/NSWCC	12	6,234,395
Public	7	5,000,000
NSWP/AFP/NSWCC	6	2,367,103
ACC	5	2,622,460
ICAC	2	1,256,000
JACG (AFP/NSWP/ACS/ACC/NSWCC)	2	139,287
ICTF (NSWCC/AFP)	1	700,000
Total	155	\$56,799,131

ASSETS FORFEITURE ORDERS AND PROCEEDS ASSESSMENT ORDERS

3.11 A proceeds assessment order is directed at recovering monies that can be shown to have been generated by illegal activity, whereas an assets forfeiture order attaches to as much of a person's property as cannot be shown to have been lawfully acquired.

3.12 During 2005/06, the Commission completed 64 applications for assets forfeiture orders, usually by way of negotiated settlement without proceeding to a trial of issues. The Commission obtained orders that property having an approximate total value of \$5,472,793 be forfeited to the Crown. The property forfeited included motor vehicles, jewellery, real property, cash and funds held in bank accounts.

3.13 During 2005/06, the Commission completed 59 applications for proceeds assessment orders, usually by negotiated settlement, resulting in orders that a total amount of \$8,455,932 be paid to the Treasurer. Of this amount, the Commission is of the view that \$803,198 is irrecoverable.

3.14 The following tables enable a comparison to be made between the results detailed above and those presented in the last fifteen annual reports.

Year	Assets forfeiture orders	Proceeds assessment orders	Total confiscation orders
1990/91	4	1	5
1991/92	18	1	19
1992/93	26	10	36
1993/94	16	2	18
1994/95	33	5	38
1995/96	57	24	81
1996/97	50	17	67
1997/98	128	46	174
1998/99	82	40	122
1999/00	84	31	115
2000/01	70	18	88
2001/02	50	26	76
2002/03	80	44	124
2003/04	64	42	106
2004/05	39	67	106
2005/06	64	59	123
Total	865	433	1298

Year	Assets forfeiture orders (realisable amount)	Proceeds assessment orders (realisable amount)	Total realisable Confiscation orders
90/91	118,515	Nil	118,515
91/92	650,000	500	650,500
92/93	2,673,528	450,000	3,123,528
93/94	1,298,000	230,000	1,528,000
94/95	3,031,739	344,900	3,376,639
95/96	3,567,890	1,537,118	5,105,008
96/97	3,193,943	789,402	3,983,345
97/98	7,500,712	2,651,580	10,152,292
98/99	4,681,108	4,704,931	9,386,039
99/00	8,916,853	2,098,446	11,015,299
00/01	7,937,925	807,000	8,744,925
01/02	6,895,958	2,516,009	9,411,967
02/03	12,961,349	3,730,787	16,692,136
03/04	10,015,578	5,189,116	15,204,694
04/05	3,950,146	10,118,597	14,068,743
05/06	5,472,793	7,652,734	13,125,527
Total	\$82,866,037	\$42,821,120	\$125,687,157

3.15 It is useful to compare the results since the commencement of the CAR Act on 3 August 1990 with the cost to government of the confiscation litigation function.

3.16 The following table illustrates the comparison:

Year	Realisable confiscation orders (including legal costs recovered)	Cost of confiscation litigation function
1990/91	118,515	1,630,000
1991/92	650,500	2,320,000
1992/93	3,123,528	2,694,000
1993/94	1,528,000	2,081,000
1994/95	3,376,639	1,641,404
1995/96	5,196,108	1,697,727
1996/97	4,000,345	1,175,802
1997/98	11,025,605	1,613,330
1998/99	10,039,970	2,243,000
1999/00	12,046,483	2,199,923
2000/01	9,515,138	2,141,737
2001/02	11,071,060	2,073,817
2002/03	18,846,681	2,519,706
2003/04	17,770,223	2,945,999
2004/05	16,845,100	2,761,766
2005/06	15,893,022	2,899,694
Total	\$141,046,917	\$34,638,905

3.17 The sources of referrals for the total amount of realisable confiscation orders, including legal costs recovered for the 2005/06 year, being \$15,893,022, are as follows:

Referring agency	Confiscation and cost orders	Amount
NSWP	87	6,891,632
NSWCC	23	2,206,553
NSWP/NSWCC	10	1,645,807
NSWCC/NSWP/AFP	9	2,736,785
NSW Govt	6	1,623,000
NSWP/ACC	2	192,000
NSWP/AFP	2	110,634
ACC	1	296,611
ICAC	1	190,000
Total	141	\$15,893,022

3.18 Of the total amount of realisable confiscation orders and costs recovered, 76.7% related to matters involving drug offences and the balance related to offences as follows:

Offence	Amount	%
Theft/Receiving	2,299,130	14.5
Fraud	718,412	4.5
Pervert Course of Justice	465,000	2.9
Homicide	217,269	1.4
Total	\$3,699,811	23.3

3.19 Of the total amount of \$15,893,022 an amount of \$260,000 was recovered for the compensation of a victim of theft. A further amount of \$14,547,800 was recovered for victims, which is in addition to the total confiscation and cost orders.

Chapter Three: Confiscation

- 3.20 Total recovery for victims and buy money recovery of \$14,807,800 was made up as follows:

Victims recovery:

Members of the public - Victims of fraud	\$14,203,657
Members of public – Victims of theft	470,445
Australian Tax Office	133,698

Total **\$14,807,800**

- 3.21 There were seven separate proceedings in which assets were returned to victims. However, one of these proceedings involving fraud resulted in the recovery of \$14,153,974.
- 3.22 During the year, two exclusion orders reduced the amount of assets forfeiture orders of the 2004/05 year by \$95,000.
- 3.23 Eight applications to exclude property from an assets forfeiture order are outstanding. The applications were lodged in respect of property valued at approximately \$1,724,714. These applications relate to asset forfeiture orders made this year.

PRODUCTION ORDERS

- 3.24 Section 33(1) of the CAR Act provides that an authorised officer who has reasonable grounds for suspecting that a person has possession or control of property-tracking documents may apply, *ex parte*, to the Supreme Court for an order against that person requiring that person to produce to the Commission such documents as are in that person's possession or control, or, in the case of bankers' books, to produce all relevant documents for inspection by the Commission.
- 3.25 Production orders are the means by which documents relevant to proceedings commenced by the Commission are obtained, unless the person against whom proceedings have been commenced also falls within the terms of a Commission Reference. During 2005/06, the Commission applied for and obtained 56 production orders. 1,296 notices to produce pursuant to section 17 of the NSW Crime Commission Act were also issued in respect of confiscation matters that fell within a Commission Reference.

SEARCH WARRANTS

- 3.26 An authorised officer of the Commission, which includes a member of the NSW Police, may apply, in certain circumstances, to an authorised justice for the issue of a warrant pursuant to section 38 of the CAR Act, to search premises for serious crime derived property, illegally acquired property, evidence of a serious crime related activity, evidence of illegal activity of a person reasonably suspected of having been engaged in serious crime related activities and property that is subject to a restraining order.
- 3.27 In 2005/06, no search warrants were issued pursuant to these provisions.
- 3.28 Pursuant to sections 44 and 45 of the CAR Act, an authorised officer of the Commission, which includes a member of the NSW Police, may apply to the Supreme Court for a warrant authorising the search of premises for property-tracking documents.
- 3.29 During 2005/06, the Commission successfully applied for the issue of 70 warrants under these provisions.

MONITORING ORDERS

- 3.30 Section 48 of the CAR Act provides that an authorised officer may make an *ex parte* application to the Supreme Court for a monitoring order. Such orders direct financial institutions to give the Commission financial information obtained by the institution about transactions conducted by a particular person with the institution.
- 3.31 In 2005/06, no monitoring orders were applied for pursuant to these provisions. The fact that no monitoring orders were sought by the Commission is due, in part, to the fact that the Commission made extensive use of section 51 of the CAR Act, which enables financial institutions to provide information to the Commission upon request.

THE DPP OFFICES

- 3.32 The offices of the state and Commonwealth Directors of Public Prosecutions each have a statutory role to play in the area of forfeiture of criminal assets through the *Confiscation of Proceeds of Crime Act 1989* (NSW) (COPOC Act), the *Customs Act 1901* (Cth) and the *Proceeds of Crime Act 2002* (Cth).
- 3.33 The Commission has maintained its links with both offices and liaises with them in respect of operational and policy matters.

- 3.34 Amendments to the relevant State and Commonwealth confiscation legislation will require close cooperation.

THE COPOC ACT

- 3.35 A regulation pursuant to the COPOC Act empowers the Commission to take proceedings for restraint and forfeiture of tainted property in indictable drug matters under the *Drug Misuse and Trafficking Act*. The purpose of this regulation is to minimise overlap in functions of the NSW Director of Public Prosecutions and the Commission in respect of the forfeiture of the property of persons involved in drug crime.
- 3.36 Each matter referred to the Commission for assessment of confiscation action under the CAR Act is also assessed for confiscation action under the COPOC Act.
- 3.37 During 2005/06, no restraining orders were obtained under the COPOC Act.

AUSTRALIAN TAXATION OFFICE

- 3.38 During 1995/96, the Commission and the ATO entered into a memorandum of understanding that set guidelines for dealing in matters of mutual interest. The Commission maintains good working relations with the ATO.

FINANCIAL INSTITUTIONS

- 3.39 As a result of the large numbers of production orders obtained under the CAR Act and notices issued under section 17 of the NSW Crime Commission Act, the Commission has established close liaison with the state's major banks and building societies.

- 3.40 Section 51 of the CAR Act provides:

(1) If a financial institution has reasonable grounds for believing that information it has about a transaction with the institution:

- (a) might be relevant to an investigation of a serious criminal activity or the making of a confiscation order, or

- (b) might otherwise be of assistance in the enforcement of this Act or the regulations,

the institution may give the information to the Commission.

- 3.41 The Commission has obtained information pursuant to section 51 on numerous occasions.

- 3.42 The assistance provided by both banking and other financial institutions has been essential to the confiscation function.

INTERNATIONAL INQUIRIES

- 3.43 In an increasing number of matters investigated by the Commission, there has been evidence to suggest the removal of funds offshore and the acquisition of property in foreign jurisdictions. In such cases, the Commission has made requests through the Commonwealth Attorney-General's Department for documents relevant to the Commission's investigations to be obtained from foreign jurisdictions. The Commission's experience of such inquiries has been that long delays are involved. However, liaison with the Commonwealth Attorney-General's Department is ongoing.

- 3.44 The Commission is continuing to detect offshore assets of offenders and is concentrating more effort in the tracing of assets in foreign jurisdictions.

SUPREME COURT AND DISTRICT COURT

- 3.45 The work generated by the confiscation function continued to place demands upon the resources of the Supreme Court, in particular upon the Criminal Registry and Common Law listing staff. The assistance provided by those staff has facilitated the operations of the Commission, as has the assistance given by the District Court Criminal Registry, which provides access to files and certificates of conviction.

- 3.46 At the end of the year, the number of matters before the Supreme Court was 109.

NSW POLICE STATE CRIME COMMAND AND OTHER POLICE

- 3.47 The contribution of the NSW Police to the litigation commenced by the Commission has been substantial.

- 3.48 During 2005/06, 296 matters were referred to the Commission for assessment of confiscation action under the CAR Act and/or the COPOC Act.

- 3.49 The following table sets out the number of matters referred to the Commission each year since 3 August 1990:

Year	Number
1990/91	346
1991/92	637
1992/93	828
1993/94	898
1994/95	832
1995/96	674
1996/97	432
1997/98	381
1998/99	566
1999/00	650
2000/01	531
2001/02	361
2002/03	212
2003/04	76
2004/05	141
2005/06	296
Total	7861

- 3.50 Referrals from NSW Police reflect the additional resources applied in the current year to the NSW Police Asset Confiscation Branch and a healthy relationship between that branch and the Commission.

PUBLIC TRUSTEE

- 3.51 The Public Trustee has two significant roles under the CAR Act: the first is the management of property placed in its control pursuant to orders obtained under sections 10 and 12; the second is the realisation of property subject to forfeiture or proceeds assessment orders under the CAR Act. Close liaison with the Public Trustee has been established to ensure that, in those matters where property has been placed in the Trustee's control, property forfeited is recovered.

CONFISCATED PROCEEDS ACCOUNT

- 3.52 Monies realised from the sale of property forfeited under the CAR Act and monies received by the Treasurer pursuant to proceeds assessment orders are credited to an account administered by the Treasurer called the Confiscated Proceeds Account. The proceeds of that account may be applied to administering the CAR Act, victims' compensation, law enforcement, drug rehabilitation and drug education.
- 3.53 A Recovered Assets Pool was created in 2004/05 by direction of the NSW Treasurer, in consultation with the Minister. Sufficient funds are drawn on the Confiscated Proceeds Account to ensure that up to \$2 million is available each year to be allocated to assist in the funding of selected police criminal investigations.

TRAINING

- 3.54 There is a continuing need for law enforcement to improve its ability to identify, locate and recover laundered proceeds of crime and assets in both local and foreign jurisdictions. The Commission has gained significant experience and skills in those areas since the commencement of the CAR Act.
- 3.55 During the year officers from the Financial Investigations Team gave presentations to NSW Police and other law enforcement agencies and participated in seminars conducted in-house.

CHAPTER FOUR

GENERAL MANAGEMENT

- 4.1 Mr Phillip Bradley is the Commissioner and the sole Member of the Commission. He is also the Chief Executive Officer.
- 4.2 Mr John Giorgiutti is the Director of the Commission and Solicitor to the Commission.
- 4.3 The Commission is divided into two Divisions: Operations and Operations Support. The Operations Division comprises several operational teams, each headed by an Assistant Director. The Operations Support Division is also headed by an Assistant Director.
- 4.4 The Commissioner, Director and Assistant Directors constitute the Management Team, which is responsible for the Commission's strategic planning and for the achievement of its aims and objectives.
- 4.5 The structure of the organisation can be found in Appendix E.

ADMINISTRATIVE OFFICE

- 4.6 The Commission's address, telephone number, facsimile number and DX address, web site and business hours of its office are recorded on the inside front cover of this report.

STAFFING

- 4.7 In July 2005, the establishment comprised positions under the *Public Sector Employment and Management Act 2002* and staff employed directly by the Commission pursuant to section 32 of the NSW Crime Commission Act. These latter arrangements changed on 17 March 2006 as part of the NSW Government response to the new Commonwealth industrial relations reforms. The new structural arrangements are reflected in paragraph 4.75, and in the Commission's audited financial statements at Appendices A, B and C.
- 4.8 At the end of the reporting year, the number of permanent staff employed by the Commission was 105. The categories of staff comprising the establishment are tabulated below. Staffing levels of the previous three years is included for comparison.

	05/06	04/05	03/04	02/03
Statutory officers	1	1	1	1
SES	0	0	0	0
PSM Act	7	8	9	10
Direct employees	97	98	105	97
Total	105	107	115	108

Additionally, the Commission employs a fluctuating number of casual staff.

SENIOR EXECUTIVE SERVICE POSITIONS

- 4.9 During the reporting year, there were no officers employed as Senior Executives under the Public Sector Management Act.
- 4.10 The Management Team includes the following:
- . Director and Solicitor to the Commission
 - . Assistant Director, Investigations (two positions)
 - . Assistant Director, Financial Investigations
 - . Assistant Director, Operations Support.
- 4.11 Each of these officers is employed pursuant to a contract of employment that provides for review on an annual basis. These contracts do not provide for levels, as SES contracts do. The terms of the contracts are expressly confidential. In those cases where performance review was tied to salary, each officer's performance was assessed and incremental adjustment to remuneration was made.
- 4.12 A summary of responsibilities can be found in Appendix D.
- 4.13 The Commissioner is not part of the Chief Executive Service. His appointment is pursuant to the NSW Crime Commission Act and his remuneration is set by the Statutory and Other Offices Remuneration Tribunal. As an independent statutory officeholder, he is not subject to formal performance appraisal. His remuneration package was set by the tribunal in October 2005 at \$354,340.

EQUAL EMPLOYMENT OPPORTUNITY

- 4.14 The Commission's Equal Employment Opportunity (EEO) statistics for 2005/06 have been completed in the context of the NSW Premier's Department's annual workforce survey.
- 4.15 The Commission works with the NSW Premiers Department's Public Employment Office to develop strategies to enhance

employment equity. The Commission takes the view that its EEO profile, as reflected in the following statistics, demonstrates that its strategies have been successful.

- 4.16 In particular, 53% of Commission staff are women. This year, of the ten staff recruited to join the Commission, 70% were women and 20% were from an ethnic or religious minority.
- 4.17 During the year the Commission recruited three trainees. A total of twenty one trainees have been recruited over the past five years under the government's trainee scheme. This program has been very successful and the Commission plans to recruit more trainee officers in 2006/07.
- 4.18 The following tables contain EEO statistics for 2005/06. Comparative data from past years can be found in previous annual reports of the Commission.
- 4.19 Representation and recruitment of EEO target groups (Aboriginal or Torres Strait Islanders (ATSI), people with a physical disability, people from a racial, ethnic or religious minority (REMG), and women):

Target group	Total staff 2005/06	Recruited 2005/06
All	105	10
ATSI	0 (0%)	0
Disabled	4 (4%)	0
REMG	34 (32%)	2 (20%)
Women	56 (53%)	7 (70%)

- 4.20 Representation of EEO target groups by level in 2005/06 (for the purpose of this table, staff are given public service equivalent grades depending upon salary):

Grade	Total staff	Women	REMG
Above Grade 12	17	3 (18%)	5 (29%)
Grades 10 – 12	13	6 (46%)	3 (23%)
Grades 6 – 9	25	17 (68%)	5 (42%)
Grades 3 – 5	31	18 (58%)	13 (42%)
Grades 1 – 2	5	3 (60%)	3 (60%)
CO1 – Grade 1	8	5 (63%)	3 (38%)
Below CO1	6	4 (67%)	2 (33%)
Total	105	56 (53%)	34 (32%)

STAFF TRAINING

- 4.21 The Commission continued its successful program of information seminars for staff during the year. The sessions are available to all staff on a voluntary basis and cover a wide variety of topics related to law enforcement. The sessions were attended by a large proportion of staff.
- 4.22 Several staff attended external courses for a range of purposes during the year.

- 4.23 Many staff undertake tertiary courses relevant to their work, out of normal office hours, and take advantage of the Commission's study leave provisions throughout each academic year.

NSW GOVERNMENT ACTION PLAN FOR WOMEN

- 4.24 The NSW Government policy adopts principles of access, equity, rights and participation of women in the life and business of the state.
- 4.25 The Commission recognises the role it plays in the promotion of the policy. 53% of the Commission's staff is female, and there is female representation at the senior executive level.
- 4.26 As an agency working in the area of criminal justice, the Commission acknowledges and is committed to its responsibilities in respect of women's access to justice and equality before the law.

INTERNAL AUDIT

- 4.27 The Commission has an Internal Audit Committee with an independent Chair. It undertakes a range of audits and performance reviews on specified subject areas throughout the year. The committee reports to the Commission's Management Committee regularly.

CODE OF CONDUCT / ETHICS

- 4.28 The Commission has a code of conduct for all staff and an additional code for senior officers. All staff have signed undertakings to comply with all aspects of the code.
- 4.29 The full text of the general code of conduct can be found on the Commission's web site.
- 4.30 The Commission reviewed its code for staff during the year, and held an ethics awareness seminar for staff.

OVERSEAS VISITS

- 4.31 There was no official overseas travel in 2005/06.

OCCUPATIONAL HEALTH AND SAFETY

- 4.32 The Commission is concerned to ensure the safety and wellbeing of all staff. During the year the Commission conducted a staff health survey, and conducted a health awareness seminar. Subsequent to that,

about 40% of Commission staff participated in walking programs, through the 10,000 Steps Program and other events. Anecdotal feedback suggests that some staff have enjoyed a noticeable improvement in health and fitness.

- 4.33 During the year, the Commission's staff representative and its OH&S officer jointly conducted OH&S audits. Any matters identified as posing safety risks were rectified.
- 4.34 During 2005/06, the Commission made three new claims for workers' compensation resulting in a loss of 0 working days.

THE ENVIRONMENT

- 4.35 The Commission is conscious of the impact of its operations on the environment and regularly reviews its waste and recycling policies, energy and water consumption and purchasing practices.
- 4.36 The Commission continued its practice of purchasing 100 percent of its electricity from 'green power', although that figure was under review at the end of the reporting period due to an increase in cost.
- 4.37 Recycling remains high on the Commission's environment priorities, and an awareness campaign has been in place during the year.

ELECTRONIC INFORMATION MANAGEMENT

- 4.38 The Commission has a substantial investment in information and communication technology (ICT). This includes internal information processing, access to external databases on-line, and delivery systems for electronic surveillance. The total investment in ICT is in excess of \$10 million, with new acquisitions and upgrades occurring each year to maintain a modern system. Most ICT equipment has a limited useful life and depreciation rates are high. The Commission now has nine staff dedicated to the ICT function and has formed alliances with other agencies for the economic gathering and delivery of telephone interception product.
- 4.39 During the course of the year the Commission commenced a major upgrade to its telephone interception system. Completion is expected by early 2007.
- 4.40 The Commission has also adopted the NSW Government Agreement on Microsoft software which will realise significant savings to the Commission in the acquisition of software and upgrades.

RESEARCH AND DEVELOPMENT

- 4.41 The Commission did not conduct any research and development work (as defined by Australian Accounting Standard AAS513) during 2005/06.

CONSULTANTS

- 4.42 Eight consultants were retained during 2005/06 to provide advice to the Commission's IT staff, finance staff and records management staff on software upgrades. The total cost of the consultancies was \$38,422.

SERVICES TO THE PUBLIC

- 4.43 By reason of its statutory aims, objectives, functions and operational activities, the Commission does not provide services direct to the public, although members of the public often contact the Commission directly to provide information. Investigations are sometimes launched on the basis of such information.
- 4.44 Consequently, the Commission does not usually receive complaints or consumer suggestions. It is not possible, therefore, for the Commission to report on services improved or changed as a result of such complaints or suggestions, as required by the legislation. For the same reasons, the Commission has not developed standard times for providing services, with the exception of payment of accounts.
- 4.45 The Commission has a formal system for registering and dealing with complaints.

FREEDOM OF INFORMATION

- 4.46 The Commission did not receive any requests under the *Freedom of Information Act 1989* (NSW) during 2005/06.
- 4.47 The Commission has an exemption under the Act in respect of investigative and reporting functions.
- 4.48 Requests under the Freedom of Information Act for access to documents (other than those relating to its investigative and reporting functions) in the possession of the Commission should be directed in writing to the Commissioner.
- 4.49 Inquiries concerning fees and procedures for inspecting or obtaining Commission documents, including 'Statements of Affairs', should be made to the Assistant Director, Operations Support, between the hours of 9.00 am and 5.00 pm, Monday to Friday.

PUBLICATIONS

- 4.50 Commission annual reports are available to the public after tabling in Parliament. The Commission has copies of annual reports for the years 1985/86 to 2005/06 inclusive. Reports of the years 1993/94 to 2005/06 are available electronically on the Commission's website.

PRIVACY

- 4.51 The Commission continues to comply with the 'Privacy Management Plan' implemented in 1999/2000.
- 4.52 The Commission is unaware of any breaches or alleged breaches of that plan or the *Privacy and Personal Information Act 1998* (NSW).
- 4.53 Complaints and internal reviews under the Act:

Complaints made against the Commission	0
Internal reviews conducted by the Commission	0
Internal reviews conducted by the Privacy Commission	0
Internal reviews conducted by the Administrative Decisions Tribunal and its appeal panel	0

ETHNIC AFFAIRS PRIORITIES REPORT

- 4.54 The Commission endorses the principles set out in the Ethnic Affairs Priorities Statement, and is committed to their implementation within its workplace and operational activities.
- 4.55 Most commonly, the Commission provides interpreters whenever they are required during its interaction with people from non-English speaking backgrounds. That service is available in the course of formal and informal interaction between the Commission and people assisting it.
- 4.56 During 2005/06 the Commission recruited a number of linguists and cultural experts.

ACCOUNT PAYMENT PERFORMANCE

Qtr	Current	<30 days overdue	30-60 days overdue	60-90 days overdue	>90 days overdue
Sep 05	\$312,204	\$676	\$0	\$0	\$193
Dec 05	\$599,044	\$0	\$0	\$0	\$0
Mar 06	\$561,386	\$164	\$0	\$0	\$0
Jun 06	\$436,800	\$0	\$0	\$30	\$0

Qtr	Total accounts paid on time		Total paid	
	Target %	Actual %	\$	\$
Sep 05	85.0	99.20	2,575,815	2,596,494
Dec 05	85.0	100.00	3,025,677	3,025,677
Mar 06	85.0	99.32	2,855,440	2,875,122
Jun 06	85.0	99.29	3,253,370	3,276,653

STORES AND EQUIPMENT

- 4.58 The following table shows expenditure on stores and stationery, information technology equipment, furniture and office equipment.

	Expenditure
Stores and Stationery	\$98,514
Office equipment	8,086
Office furniture	30,844
Info technology equipment	71,522
Total	\$208,966

VALUE OF STAFF LEAVE

- 4.59 The values of accrued annual leave, including applicable leave loading and oncosts, and extended leave at 30 June 2006 were \$701,026 and \$1,863,041 respectively. The Crown has assumed \$1,793,110 of the extended leave liability on behalf of the Commission.
- 4.60 Both of these amounts were calculated in accordance with AAS30 'Accounting for employee leave entitlements', using the present value method for extended leave.

MAJOR ASSETS PURCHASED

- 4.61 The Commission acquired the following assets during 2005/06:

Asset	Value
Building refurbishment	\$422,120
PCs/Printers/Servers	743,648
Computer software	45,373
Uninterrupted power	32,320
Surveillance equipment	21,735
Other IT equipment	154,833
Compaq Module San Array	65,790
Superloader/tabletop drive	21,849
Reflex Disknet	24,340
Catalyst 3560	11,849
Plant and equipment	44,331
Total	\$1,588,188

REAL PROPERTY

- 4.62 The Commission's real estate represents its main capital asset. This real estate is subject to regular valuation for accounting purposes.
- 4.63 The valuation review in 2005/06 indicates a fair market value as at 30 June 2006 of \$13.75 million.
- 4.64 Cost of refurbishments in 2005/06 totalled \$422,120.

INSURANCE

- 4.65 The Commission insures against a range of risks, including workers' compensation, damage caused by and to motor vehicles, property damage and public liability, through the New South Wales Treasury Managed Fund. In 2005/06, the Commission made sixteen claims (compared to twelve in 2004/05). Of these claims, six related to motor vehicles (eleven in 2004/05), seven related to property claims (nil in 2004/05) and three related to workers' compensation (one in 2004/05).

RISK MANAGEMENT

- 4.66 The Commission endeavours to maintain consciousness of its risk management policies at all times. The Commission's Risk Management Policy is communicated to all staff and advertised in prominent places throughout the workplace. The policy is reviewed from time to time and risk is monitored in the forum of weekly meetings of the Management Team, and between the members of the Management Team and other staff.

- 4.67 The Commission's Risk Management Policy covers areas of risk such as physical and psychological injury to staff, insurable losses, leaking of information, loss of information and exhibits, corruption, misconduct, loss or theft of money, loss of credibility and loss of key personnel.

GRANTS TO COMMUNITY ORGANISATIONS

- 4.68 The Commission did not provide any grants to community organisations in 2005/06.

CONTRACTING AND MARKET TESTING

- 4.69 The Commission has formed the view that the functions it market-tested in previous years could be performed more efficiently and cost-effectively by Commission staff. A significant factor in these decisions is the need to preserve security.

CREDIT CARDS

- 4.70 The Commission has two corporate credit cards with Westpac, each with an approved credit limit. In accordance with Treasury Best Practice Guidelines, the Commission has a credit card policy, governing use of the cards.
- 4.71 Quarterly credit card compliance surveys are submitted to NSW Treasury documenting frequency and amounts of transactions, lost or stolen cards, fraud and misuse and details of any cash advances.
- 4.72 In accordance with the Commission's internal policy, no cash advances were made during the year from the credit card account.

COST OF ANNUAL REPORT

- 4.73 There were no consultants retained for any aspect of the preparation of the Commission's Annual Report. Printing costs totalled \$2,914, including GST. Each year's report is published on the Commission's website.

FINANCIAL STATEMENTS

- 4.74 On 17 March 2006, amendments were introduced to the *NSW Public Sector Employment and Management Act 2002*, which had the effect of separating employment services from the main functions of a number of Government agencies, including the Commission.
- 4.75 The new Office of the NSW Crime Commission is a division of the Government

Service, established pursuant to Part 1 of Schedule 1 of the *Public Sector Employment and Management Act 2002*. The Office of the NSW Crime Commission is responsible for personnel services relating to public service staff working at the Commission.

- 4.76 The new NSW Crime Commission Division is a division of the Government Service, established pursuant to Part 3 of Schedule 1 of the *Public Sector Employment and Management Act 2002*. The NSW Crime Commission Division is responsible for personnel services relating to other Crown employees working at the Commission.
- 4.77 Each entity is required to provide a full set of financial statements for audit. In the Commission's case, there are three sets of financial statements:
- . The NSW Crime Commission (consolidated report and statutory authority);
 - . The Office of the NSW Crime Commission (to cover the employment of public service staff); and
 - . The NSW Crime Commission Division (to cover the employment of other Crown employees working at the Commission).
- 4.78 Financial statements, and the audit reports relating to each, follow at Appendices A, B and C.

**NEW SOUTH WALES CRIME COMMISSION
CONSOLIDATED
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006**

New South Wales Crime Commission

**Financial Report for the
year ended 30 June 2006**

STATEMENT BY COMMISSIONER

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, the Public Finance and Audit Regulation 2005, the *Treasurer's Directions* and applicable Australian Accounting Standards.
- (b) The statements present a true and fair view of the financial position as at 30 June 2006 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.

PA Bradley
Commissioner

Katie Bourne
Chief Financial Officer

Dated: 10 October 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

New South Wales Crime Commission

To Members of the New South Wales Parliament

Audit Opinion

In my opinion the financial report of the New South Wales Crime Commission (Commission):

- presents fairly the Commission's and the consolidated entity's (defined below) financial position as at 30 June 2006 and their performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Commissioner's Responsibility

The financial report comprises the operating statements, statement of changes in equity, balance sheets, cash flow statements, summary of compliance with financial directives and accompanying notes to the financial statements for the Commission and consolidated entity for the year ended 30 June 2006. The consolidated entity comprises the Commission and the entities it controlled during the financial year.

The Commissioner of the New South Wales Crime Commission is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

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

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

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

My opinion does *not* provide assurance:

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

Audit Independence

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

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



M T Spriggins
Director, Financial Audit Services

SYDNEY
10 October 2006

NEW SOUTH WALES CRIME COMMISSION
Operating Statements for the Year Ended 30 June 2006

		<u>Consolidated</u>		<u>Statutory Corporation</u>	
	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2006 \$'000	Actual 2005 \$'000
Expenses excluding losses					
Operating expenses					
Employee related	2(a)	10,682	11,118	6,578	10,159
Other operating expenses	2(b)	3,901	4,162	3,901	3,742
Personnel services expenses	2(c)	-	-	3,841	-
Depreciation and amortisation	2(d)	1,812	1,648	1,812	1,635
Finance costs	2(e)	-	-	-	16
Other expenses	2(f)	77	19	77	-
Total expenses excluding losses		16,472	16,947	16,209	15,552
Less:					
Revenue					
Investment revenue	3(a)	31	55	31	11
Other revenue	3(b)	2,897	3,191	2,897	4,200
Total revenue		2,928	3,246	2,928	4,211
Loss on disposal of non-current assets	4	(3)	-	(3)	(13)
Net cost of services	22	13,547	13,701	13,284	11,354
Government contributions					
Recurrent appropriation	5	11,563	11,489	11,563	10,564
Capital appropriation	5	1,586	2,586	1,586	1,611
Acceptance by the Crown Entity of employee benefits and other liabilities	6	361	387	98	908
Total government contributions		13,510	14,462	13,247	13,083
SURPLUS / (DEFICIT) FOR THE YEAR		(37)	761	(37)	1,729

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 2006

	<u>Consolidated</u>		<u>Statutory Corporation</u>
	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2006 \$'000 Actual 2005 \$'000
Net increase/decrease in property, plant and equipment asset revaluation reserve	-	-	- 1,240
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	-	-	- 1,240
Surplus/(Deficit) for the year	(37)	761	(37) 1,729
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	(37)	761	(37) 2,969

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Balance Sheets as at 30 June 2006

		<u>Consolidated</u>		<u>Statutory Corporation</u>	
		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>2006</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
ASSETS					
Current Assets					
Cash and cash equivalents	8	537	557	537	524
Receivables	9	2,273	1,845	2,010	2,137
Total Current Assets		<u>2,810</u>	<u>2,402</u>	<u>2,547</u>	<u>2,661</u>
Non-Current Assets					
Receivables	10	57	299	-	299
Property, plant and equipment	11				
- Land and Buildings		13,491	13,496	13,491	13,750
- Plant & Equipment		3,713	5,032	3,713	3,488
Intangible assets	12	254	-	254	352
Total Non-Current Assets		<u>17,515</u>	<u>18,827</u>	<u>17,458</u>	<u>17,889</u>
Total Assets		<u>20,325</u>	<u>21,229</u>	<u>20,005</u>	<u>20,550</u>
LIABILITIES					
Current Liabilities					
Payables	13	615	593	594	657
Borrowings	14	263	413	-	413
Provisions	15	856	558	885	770
Total Current Liabilities		<u>1,734</u>	<u>1,564</u>	<u>1,479</u>	<u>1,840</u>
Non-Current Liabilities					
Provisions	16	8	202	-	8
Borrowings	17	57	139	-	139
Total Non-Current Liabilities		<u>65</u>	<u>341</u>	<u>-</u>	<u>147</u>
Total Liabilities		<u>1,799</u>	<u>1,905</u>	<u>1,479</u>	<u>1,987</u>
Net Assets		<u>18,526</u>	<u>19,324</u>	<u>18,526</u>	<u>18,563</u>
EQUITY					
Reserves	18	7,313	7,313	7,313	7,313
Accumulated funds		11,213	12,011	11,213	11,250
Total Equity		<u>18,526</u>	<u>19,324</u>	<u>18,526</u>	<u>18,563</u>

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Cash Flow Statements for the Year Ended 30 June 2006

		<u>Consolidated</u>		<u>Statutory Corporation</u>	
		<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
		<u>2006</u>	<u>2006</u>	<u>2006</u>	<u>2005</u>
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee related		(10,299)	(10,832)	(10,299)	(10,013)
Finance costs		(7)	-	(7)	(35)
Other		(4605)	(4,574)	(4605)	(4,064)
Total Payments		<u>(14,911)</u>	<u>(15,406)</u>	<u>(14,911)</u>	<u>(14,112)</u>
Receipts					
Sale of goods and services		46	5	46	-
Interest received		21	55	21	11
Other		3,392	3,890	3,392	3,365
Total Receipts		<u>3,459</u>	<u>3,950</u>	<u>3,459</u>	<u>3,376</u>
Cash Flows From Government					
Recurrent appropriation		11,563	11,489	11,563	10,564
Capital appropriation		1,586	2,586	1,586	1,611
Cash reimbursements from the Crown Entity		-	-	-	589
Cash transfers to Consolidated Fund		-	-	-	-
Net Cash Flows From Government		<u>13,149</u>	<u>14,075</u>	<u>13,149</u>	<u>12,764</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	22	<u>1,697</u>	<u>2,619</u>	<u>1,697</u>	<u>2,028</u>
NET CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		-	-	-	83
Purchases of land and buildings and plant and equipment		(1,427)	(2,586)	(1,427)	(1,613)
Other		(25)	-	(25)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(1,452)</u>	<u>(2,586)</u>	<u>(1,452)</u>	<u>(1,530)</u>
NET CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of borrowings and advances		(232)	-	(232)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>(232)</u>	<u>-</u>	<u>(232)</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH		13	33	13	498
Opening cash and cash equivalents		524	134	524	26
CLOSING CASH AND CASH EQUIVALENTS	8	<u>537</u>	<u>167</u>	<u>537</u>	<u>524</u>

The accompanying notes form part of these statements.

Appendix A: NSW Crime Commission Financial Report

NEW SOUTH WALES CRIME COMMISSION
Summary of Compliance with Financial Directives

	2006				2005			
	RECURRENT APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	CAPITAL APP'N \$'000	EXPENDITURE / NET CLAIM ON CONFUND \$'000	RECURRENT APP'N \$'000	EXPENDITURE \$'000	CAPITAL APP'N \$'000	EXPENDITURE \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
• Appropriation Act	11,489	11,489	2,586	1,586	9,053	9,053	1,611	1,611
• Additional Appropriations	-	-	-	-	1,511	1,511	-	-
• s 21a PF&AA – special appropriation	-	-	-	-	-	-	-	-
• s 24 PF&AA – transfers of functions between departments	-	-	-	-	-	-	-	-
• s 26 PF&AA – Commonwealth specific purpose payments	-	-	-	-	-	-	-	-
	<u>11,489</u>	<u>11,489</u>	<u>2,586</u>	<u>1,586</u>	<u>10,564</u>	<u>10,564</u>	<u>1,611</u>	<u>1,611</u>
OTHER APPROPRIATIONS / EXPENDITURE								
• Treasurer's Advance	100	74	-	-	-	-	-	-
• Section 22 – expenditure for certain works and services	-	-	-	-	-	-	-	-
• Transfers to / from another agency (s28of the Appropriation Act)	-	-	-	-	-	-	-	-
	<u>100</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total appropriations / Expenditure / Net claim on Consolidated Fund (includes transfer payments)	11,589	11,563	2,586	1,586	10,564	10,564	1,611	1,611
<u>Amount drawn down against appropriation</u>		11,563	-	1,586	-	10,564	-	1,611
<u>Liability to Consolidated Fund*</u>	-	-	-	-	-	-	-	-

* The 'Liability to Consolidated Fund' represents the difference between the 'Amount drawn down against appropriation' and the 'Total expenditure/ Net claim on Consolidated Fund'

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The New South Wales Crime Commission, as a reporting entity, comprises all the entities under its control, namely: The Office of the New South Wales Crime Commission and the New South Wales Crime Commission Division. The Office of the New South Wales Crime Commission and the New South Wales Crime Commission Division were created on 17 March 2006. As such, no consolidated comparative information exists.

The New South Wales Crime Commission has 100% controlling interest in The Office of the New South Wales Crime Commission and the New South Wales Crime Commission Division.

In the process of preparing the consolidated financial report for the economic entity consisting of the controlled entities, all inter-entity transactions and balances have been eliminated.

The New South Wales Crime Commission is a NSW government department. 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.

This consolidated financial report for the year ended 30 June 2006 has been authorised for issue by the Commissioner on 10 October 2006.

(b) Basis of preparation

The Commission's financial report is a general-purpose financial report which has been prepared in accordance with:

- * applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS).
- * the requirements of the *Public Finance and Audit Act* and Regulations; and
- * the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment, assets held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

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

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

(c) Statement of compliance

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

This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly, unless otherwise permitted.

In accordance with AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* and Treasury Mandates, the date of transition to AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* has been deferred to 1 July 2005. As a result, comparative information for these two standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005.

The basis used to prepare the 2004/05 comparative information for financial instruments under previous Australian Accounting Standards is discussed in note 1 (w) below. The financial instrument accounting policies for the 2005/06 are specified in notes 1 (q-t) below.

Reconciliations of AEIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 25. This note also includes separate disclosures of the 1 July 2005 equity adjustments arising from the adoption of AASB 132 and AASB 139

(d) Income recognition

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

(i) Parliamentary appropriations and contributions

Parliamentary appropriations and contributions (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions are normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the

Appendix A: NSW Crime Commission Financial Report

Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

- (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 income
Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.
- (e) *Employee benefits*
- As a result of the amendments to the Public Sector Employment and Management Act 2002, the New South Wales Crime Commission Division and the Office of the New South Wales Crime Commission commenced operations on 17 March 2006 when they assumed responsibility for the employees and employee-related liabilities of the New South Wales Crime Commission. The assumed liabilities were recognised on 17 March 2006.
- (i) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

The Commission measures long-term annual leave at nominal value, rather than at present value as the financial impact of discounting on the portion of the long-term leave is not material.

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

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.
 - (ii) Long service leave and superannuation

The agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'. Prior to 2005/06 the Crown Entity also assumed the defined contribution superannuation liability.

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 06/09) 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.

Long service leave on-costs are not assumed by the Crown Entity and are the responsibility of the Commission except for the related on-costs and annual leave accruing while on long service leave.

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.
- (f) *Borrowing costs*
Borrowing costs are recognised as expenses in the period in which they are incurred in accordance with Treasury's mandate to general government sector agencies.
- (g) *Insurance*
The agency's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.
- (h) *Accounting for the Goods and Services Tax (GST)*
Revenues, expenses and assets are recognised net of the amount of GST, except where:
- * the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
 - * receivables and payables are stated with the amount of GST included.

(i) *Acquisitions of assets*

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. 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 acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

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

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(j) *Capitalisation Thresholds*

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

(k) *Revaluation of Property, Plant and Equipment*

Physical non-current assets are valued in accordance with the 'Guidelines for the Valuation of Physical Non-Current Assets at Fair Value' (TPP 05-03). This policy adopts fair value in accordance with AASB 116 *Property, Plant & Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant & equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Commission revalues each class of property, plant and equipment at least every 5 years or 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. The last revaluation was completed on 30 June 2006 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

For other assets, any balances of accumulated depreciation existing 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 the asset revaluation reserve, 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 surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

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

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.

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

(l) *Impairment of Property, Plant & Equipment*

As a not-for-profit entity with no cash generating units, the Commission is effectively exempted from AASB 136 *Impairment of Assets and impairment testing*. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(m) *Depreciation of property, plant & 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 entity.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

Land is not a depreciable asset. The rates of depreciation applied to relevant categories of assets are set out in the following table and are consistent with those used in 2004/05.

Depreciation asset category	Rate (%)
Building	3.33
Computer equipment	33.30
Motor vehicles	15.00
Office equipment: furniture/fitings	7.50
Office equipment: mechanical/electronic	10.00

(n) *Maintenance and repairs*

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

(o) *Leased assets*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

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

(p) *Intangible Assets*

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the agency 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 at the date of acquisition.

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

Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency'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 years (for computer software).

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the agency is effectively exempted from impairment testing (refer Note 1(l)).

(q) *Loans and Receivables – Year ended 30 June 2006*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The 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 accounted for in the Operating Statement 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. Bad debts are written off as incurred.

(r) *Other Assets*

Other assets are recognised on a cost basis.

(s) *Payables – Year ended 30 June 2006*

These amounts represent liabilities for goods and services provided to the agency 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.

(t) *Borrowings – Year ended 30 June 2006*

The finance lease liability is determined in accordance with AAS 17 “Leases”.

(u) *Budgeted amounts*

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts, i.e. per the audited financial statements (rather than carried forward estimates).

(v) *Comparative Information*

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A. The transition to AEIFRS for financial instruments information was 1 July 2005. The impact of adopting AASB 132/139 is further discussed in Note 26.

(w) *Financial Instruments accounting policy for 2004/05 comparative period*

Receivables

Receivables are recognised and carried at cost, based on the original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Payables

These amounts represent liabilities for goods and services provided to the Commission and any other amounts, including interest. Interest is accrued over the period it becomes due.

Interest bearing liabilities

All loans are valued at current capital value.

(x) *New Australian Accounting Standards issued but not yet effective*

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

- AASB 119 (December 2004) *Employee Benefits*
- AASB 2004-3 amendments to AASB 119 *Employee Benefits*
- AASB 7 *Financial Instruments: Disclosures*;
- AASB 2005-10 amendments to AASB 7 *Financial Instruments: Disclosures*.

The impact of these standards in the period of initial application is uncertain.

2. EXPENSES EXCLUDING LOSSES

	<u>Consolidated</u>	<u>Statutory Corporation</u>	
	2006 \$'000	2006 \$'000	2005 \$'000
(a) Employee related expenses			
Salaries and wages (including recreation leave)	8,877	5,270	8,544
Superannuation – defined benefit plans	93	93	109
Superannuation – defined contribution plans	612	607	593
Long service leave	263	(164)	168
Workers' compensation insurance	85	85	68
Payroll tax and fringe benefit tax	574	574	595
Other	178	113	82
	<u>10,682</u>	<u>6,578</u>	<u>10,159</u>
(b) Other operating expenses			
Auditor's remuneration			
– audit or review of the financial reports	24	24	27
Bad and doubtful debts	83	83	133
Insurance	49	49	51
Office utilities	319	319	290
Office supplies	1,867	1,867	1,834
Computer services	298	298	295
Travel expenses	49	49	44
Motor vehicle expenses	1	1	20
Service fees	853	853	742
Maintenance	128	128	135
Other	230	230	171
	<u>3,901</u>	<u>3,901</u>	<u>3,742</u>
(c) Personnel services expenses			
NSW Crime Commission Division	-	3,362	-
Office of the NSW Crime Commission	-	479	-
	<u>-</u>	<u>3,841</u>	<u>-</u>
(d) Depreciation and amortisation expense			
Depreciation			
- Building	259	259	272
- Plant & equipment	274	274	251
- Computer equipment	1,121	1,121	1,076
- Motor vehicles	14	14	6
Amortisation – Software	144	144	30
	<u>1,812</u>	<u>1,812</u>	<u>1,635</u>
(e) Finance costs			
Interest	-	-	16
	<u>-</u>	<u>-</u>	<u>16</u>
(f) Other expenses			
Witness protection	77	77	-
	<u>77</u>	<u>77</u>	<u>-</u>

3. REVENUES

	<u>Consolidated</u> <u>2006</u> <u>\$'000</u>	<u>Statutory Corporation</u> <u>2006</u> <u>\$'000</u>	<u>2005</u> <u>\$'000</u>
(a) Investment income			
Interest	31	31	11
	<u>31</u>	<u>31</u>	<u>11</u>
(b) Other revenue			
Professional costs recovered	2,804	2,804	2,767
Miscellaneous	93	93	33
Treasury advances forgiven	-	-	1,400
	<u>2,897</u>	<u>2,897</u>	<u>4,200</u>

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

Proceeds from disposal	-	-	83
Written down value of assets sold/scrapped	(3)	(3)	(96)
	<u>(3)</u>	<u>(3)</u>	<u>(13)</u>

5. APPROPRIATIONS

Recurrent appropriations

Total recurrent drawdowns from Treasury (per Summary of Compliance)	11,563	11,563	10,564
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-	-
	<u>11,563</u>	<u>11,563</u>	<u>10,564</u>

Comprising:

Recurrent appropriations (per Operating Statement)	11,563	11,563	10,564
Transfer payments	-	-	-
	<u>11,563</u>	<u>11,563</u>	<u>10,564</u>

Capital appropriations

Total capital drawdowns from Treasury (per Summary of Compliance)	1,586	1,586	1,611
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-	-
	<u>1,586</u>	<u>1,586</u>	<u>1,611</u>

Comprising:

Capital appropriations (per Operating Statement)	1,586	1,586	1,611
Transfer payments	-	-	-
	<u>1,586</u>	<u>1,586</u>	<u>1,611</u>

6. 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 government agencies:

	<u>Consolidated</u>	<u>Statutory Corporation</u>	
	2006	2006	2005
	\$'000	\$'000	\$'000
Superannuation	93	93	698
Long service leave	263	-	168
Payroll tax	5	5	42
	<u>361</u>	<u>98</u>	<u>908</u>

7. PROGRAMS / ACTIVITIES OF THE AGENCY

53.1.1 Combating Crime

Objective: To combat illegal drug trafficking and organised crime in New South Wales

The Commission comprises only one program. All details of this program are shown in the 'Statement of Financial Performance', 'Statement of Financial Position' and the 'Statement of Cash Flows'.

8. CURRENT ASSETS – CASH & CASH EQUIVALENTS

Cash at bank and on hand	537	537	524
	<u>537</u>	<u>537</u>	<u>524</u>

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and cash at bank.

The Commission has 2 corporate credit cards with Westpac Bank with a combined limit of \$10,000. The credit cards are paid in full at the end of each month via direct debit from the operating account.

9. CURRENT ASSETS – RECEIVABLES

Interest receivable	10	10	-
Operational expenses to be recouped	93	93	46
Professional costs recovered	1,598	1,598	1,539
Employee debtors	263	-	413
Other debtors	107	107	42
Less: Allowance for impairment *	(77)	(77)	(44)
Prepayments	279	279	141
	<u>2,273</u>	<u>2,010</u>	<u>2,137</u>

* Allowance for impairment is related to professional costs recovered.

10. NON-CURRENT ASSETS – RECEIVABLES

Employee Debtors	57	-	139
Professional costs recovered	-	-	160
	<u>57</u>	<u>-</u>	<u>299</u>

11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Consolidated			Statutory Corporation		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2005						
Gross Carrying amount	13,750	12,162	25,912	13,750	12,162	25,912
Accumulated depreciation	-	(8,674)	(8,674)	-	(8,674)	(8,674)
Net carrying amount *	13,750	3,488	17,238	13,750	3,488	17,238
At 30 June 2006						
Gross Carrying amount	13,750	13,581	27,331	13,750	13,581	27,331
Accumulated depreciation	(259)	(9,868)	(10,127)	(259)	(9,868)	(10,127)
Net carrying amount *	13,491	3,713	17,204	13,491	3,713	17,204

* This equates to fair value.

Reconciliation

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

	Consolidated			Statutory Corporation		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2006						
Net carrying amount at start of year	13,750	3,488	17,238	13,750	3,488	17,238
Additions	-	1,637	1,637	-	1,637	1,637
Disposals	-	(3)	(3)	-	(3)	(3)
Depreciation expense	(259)	(1,409)	(1,668)	(259)	(1,409)	(1,668)
Net carrying amount at end of year	13,491	3,713	17,204	13,491	3,713	17,204

	Statutory Corporation		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2004			
Gross Carrying Amount	13,005	12,179	25,184
Accumulated depreciation	(247)	(8,498)	(8,745)
Net carrying amount *	12,758	3,681	16,439
At 30 June 2005			
At Fair Value	13,750	12,162	25,912
Accumulated depreciation	-	(8,674)	(8,674)
Net carrying amount*	13,750	3,488	17,238

* This equates to fair value.

Appendix A: NSW Crime Commission Financial Report

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.

	Statutory Corporation		
	Land and buildings	Plant and equipment	Total
		\$'000	\$'000
Year ended 30 June 2005			
Net carrying amount at start of year	12,758	3,681	16,439
Additions	5	1,255	1,260
Disposals	-	(96)	(96)
Transfers	19	(19)	-
Net revaluation increment less revaluation decrements	1,240	-	1,240
Depreciation expense	(272)	(1,333)	(1,605)
Net carrying amount at end of year	<u>13,750</u>	<u>3,488</u>	<u>17,238</u>

12. INTANGIBLE ASSETS

	<u>Consolidated</u>	<u>Statutory Corp.</u>
	2006	2006
	\$'000	\$'000
Software		
As at 1 July 2006		
Cost (gross carrying amount)	796	796
Accumulated amortisation	<u>(542)</u>	<u>(542)</u>
Net carrying amount	<u>254</u>	<u>254</u>
Year ended 30 June 2006		
Net carrying amount at start of year	352	352
Additions (from internal development or acquired separately)	46	46
Amortisation (recognised in "depreciation and amortisation")	<u>(144)</u>	<u>(144)</u>
Net carrying amount at end of year	<u>254</u>	<u>254</u>
As at 1 July 2004		
Cost (gross carrying amount)	375	375
Accumulated amortisation	<u>(346)</u>	<u>(346)</u>
Net carrying amount at end of year	<u>29</u>	<u>29</u>
As at 30 June 2005		
Cost (gross carrying amount)	750	750
Accumulated amortisation	<u>(398)</u>	<u>(398)</u>
Net carrying amount at end of year	<u>352</u>	<u>352</u>
Year ended 30 June 2005		
Net carrying amount at start of year	29	29
Additions (from internal development or acquired separately)	375	375
Amortisation (recognised in "depreciation and amortisation")	<u>(52)</u>	<u>(52)</u>
Net carrying amount at end of year	<u>352</u>	<u>352</u>

13. CURRENT LIABILITIES – PAYABLES

	<u>Consolidated</u>	<u>Statutory Corporation</u>	
	2006	2006	2005
	\$'000	\$'000	\$'000
Accrued salaries, wages and on-costs	21	-	-
Creditors	436	436	359
Employee salary packages	-	-	85
Accrued other operating expenses	158	158	213
	<u>615</u>	<u>594</u>	<u>657</u>

14. CURRENT LIABILITIES - BORROWINGS

Unsecured

Finance leases	263	-	413
	<u>263</u>	<u>-</u>	<u>413</u>

15. CURRENT LIABILITIES – PROVISIONS

Employee benefits and related on-costs

Provision for personnel services	-	885	-
Recreation leave	701	-	615
LSL on-costs	155	-	155
Total provisions	<u>856</u>	<u>885</u>	<u>770</u>

It is expected that recreation leave to the value of approximately \$102,000 (\$55,000 in 2005) will be taken later than twelve months.

16. NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits and related on-costs

Recreation Leave	-	-	-
LSL on-costs	8	-	8
Total provisions	<u>8</u>	<u>-</u>	<u>8</u>

Aggregate employee benefits and related on-costs

Provisions – current	856	-	770
Provisions – non-current	8	-	8
Accrued salaries, wages and on-costs (Note 13)	21	-	-
	<u>885</u>	<u>-</u>	<u>778</u>

17. NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

Unsecured

Finance leases	57	-	139
	<u>57</u>	<u>-</u>	<u>139</u>

18. CHANGES IN EQUITY

	Accumulated funds		Asset revaluation reserve		Total equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance at the beginning of the financial year	11,250	9,521	7,313	6,073	18,563	15,594
<u>Changes in equity – other than transactions with owners as owners</u>						
Surplus / (deficit) for the year	(37)	1,729	-	--	(37)	1,729
Increment on revaluation of:						
* Land and buildings	-	-	-	1,240	-	1,240
Total	(37)	1,729	7,313	1,240	(37)	2,969
Balance at the end of the financial year	11,213	11,250	7,313	7,313	18,526	18,563

19. COMMITMENTS FOR EXPENDITURE

The Commission has a master finance lease with the Commonwealth Bank of Australia 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. This lease has been disclosed to Treasury. The Commission proposes to seek 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>	
	2006 \$'000	2006 \$'000	2005 \$'000
Finance Lease Commitments			
Not later than one year	263	263	413
Later than one year and not later than five years	57	57	139
Minimum lease payments	320	320	552
Less: future finance charges	(16)	(16)	(31)
Present value of minimum lease payments	304	304	521

The present value of finance lease commitments is as follows:

Not later than one year	263	263	413
Later than one year and not later than five years	57	57	139
Classified as:			
Current (Note 14)	263	263	413
Non current (Note 17)	57	57	139

There are no other capital or operating commitments for 2005/06.

20. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent assets

As at 30 June 2006 the Commission had 109 litigation cases (123 in 2005) in progress and had incurred costs on these cases during 2005-06. The Commission expects to recover costs in the following year as the litigation proceedings are finalised.

21. BUDGET REVIEW

Net cost of services

The actual net cost of services (NCOS) was less than budget by \$154,000. Total expenses were less than budget by \$475,000, however total revenue was also less than budget by \$318,000.

Assets and liabilities

Total assets were slightly less than budget by \$904,000, largely due to lower levels of plant and equipment acquisition. The Commission was allocated additional capital during 2005/06 for expenditure on data interception technology and equipment. Due to varying factors, the Commission did not draw down on \$1 million of its capital allocation. This allocation has been reallocated next year.

Cash flows

The actual net cash flows from operating activities is \$922,000 less than budget. This is primarily due to the Commission not drawing down its full capital allocation. Payments from operating activities and total receipts are both under budget as well.

22 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	<u>Consolidated</u>	<u>Statutory Corporation</u>	
	2006	2006	2005
	\$'000	\$'000	\$'000
Net cash used on operating activities	1,697	1,697	2,028
Cash flows from government / appropriations	(13,149)	(13,149)	(12,175)
Acceptance by the Crown Entity of employee benefits and other liabilities	(361)	(361)	(908)
Other revenue – debts forgiven	-	-	1,400
Depreciation & amortisation	(1,812)	(1,812)	(1,635)
Provision for doubtful debts increase	(33)	(33)	(4)
Decrease / (increase) in provisions	(86)	(86)	(78)
Increase / (decrease) in receivables and other assets	(74)	(74)	(214)
Increase / (decrease) in creditors	274	274	245
Net (loss) / gain on sale of plant and equipment	(3)	(3)	(13)
Net cost of services	(13,547)	(13,547)	(11,354)

23. ADMINISTERED ASSETS AND LIABILITIES

Administered Assets

During the course of its operations in criminal investigations and confiscation action, funds come into the hands of 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 balance of the Escrow Account was \$1,878,346.73 as at 30 June 2006 (\$3,889,673.71 as at 30 June 2005).

24. FINANCIAL INSTRUMENTS

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

Cash

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

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all

amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates net fair value.

Bank Overdraft

The Department does not have any bank overdraft facility.

Trade creditors and accruals

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 Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

25. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Commission has determined the key areas where changes in accounting policies impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it has mandated for the NSW Public Sector.

There are no material impacts on equity, surplus/deficit and cash flows as a result of adopting AASB 132 and AASB139. The adoption of AASB 138 has resulted in certain reclassifications from property, plant and equipment to intangible assets (eg computer software). However, this will not affect the equity, surplus/deficit or cashflows.

End of audited financial report

**NEW SOUTH WALES CRIME COMMISSION DIVISION
(Special Purpose Service Entity)
FINANCIAL REPORT
FOR THE PERIOD ENDED 30 JUNE 2006**

New South Wales Crime Commission Division

**Financial Statements for the
period ended 30 June 2006**

STATEMENT BY COMMISSIONER

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (d) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005, the *Treasurer's Directions* and applicable Australian Accounting Standards.
- (e) The statements present a true and fair view of the financial position as at 30 June 2006 and transactions of the Commission for the period then ended.
- (f) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.

PA Bradley
Commissioner

Katie Bourne
Chief Financial Officer

Dated: 10 October 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

New South Wales Crime Commission Division

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the New South Wales Crime Commission Division (the Division):

- presents fairly the Division's financial position as at 30 June 2006 and its performance for the period ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Commissioner for the New South Wales Crime Commission's (the Commissioner) Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Division for the period ended 30 June 2006

The Commissioner is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

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

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

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

My opinion does *not* provide assurance:

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

Audit Independence

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

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



M T Spriggins
Director, Financial Audit Services

SYDNEY
10 October 2006

NEW SOUTH WALES CRIME COMMISSION DIVISION
Operating Statement for the Period 17 March 2006 to 30 June 2006

	Notes	Actual 17/03/06 to 30/06/06 \$'000
Expenses excluding losses		
Operating expenses		
Employee related	2	3,611
Total expenses excluding losses		<u>3,611</u>
Less:		
Revenue		
Personnel services – NSW Crime Commission	3	3,348
Total revenue		<u>3,348</u>
Net cost of services		<u>263</u>
Government contributions		
Acceptance by the Crown Entity of employee benefits and other liabilities - LSL	4	263
Total government contributions		<u>263</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u>-</u>

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION DIVISION
Statement of Changes in Equity for the Period 17 March 2006 to 30 June 2006

	Notes	Actual 17/03/06 – 30/06/06 \$'000
Net increase/decrease in property, plant and equipment asset revaluation reserve		-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-
Surplus/(Deficit) for the year		-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		-

NEW SOUTH WALES CRIME COMMISSION DIVISION
Balance Sheet as at 30 June 2006

	Notes	Actual 2006 \$'000
ASSETS		
Current Assets		
Receivables	5	1,076
Total Current Assets		<u>1,076</u>
Non-Current Assets		
Receivables	6	57
Total Non-Current Assets		<u>57</u>
Total Assets		<u>1,133</u>
LIABILITIES		
Current Liabilities		
Payables	7	20
Borrowings	8	263
Provisions	9	786
Total Current Liabilities		<u>1,069</u>
Total Non-Current Liabilities		
Provisions	10	7
Borrowings	11	57
Total Non-Current Liabilities		<u>64</u>
Total Liabilities		<u>1,133</u>
Net Assets		<u>-</u>
EQUITY		
Accumulated funds		-
Total Equity		<u>-</u>

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION DIVISION
Cash Flow Statement for the Period Ended 30 June 2006

	Actual 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee related	3,611
Total Payments	<u>3,611</u>
Receipts	
Other	3,611
Total Receipts	<u>3,611</u>
Cash Flows From Government	
Recurrent appropriation	-
Capital appropriation	-
Cash reimbursements from the Crown Entity	-
Cash transfers to Consolidated Fund	-
Net Cash Flows From Government	<u>-</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>-</u>
NET INCREASE/(DECREASE) IN CASH	-
Opening cash and cash equivalents	-
CLOSING CASH AND CASH EQUIVALENTS	<u>-</u>

The accompanying notes form part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The New South Wales Crime Commission Division is a division of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 453-463 Kent St, Sydney.

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

The New South Wales Crime Commission Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the New South Wales Crime Commission. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by the Commissioner on 10 October 2006.

(b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of the Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See notes 9 and 10.

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

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

(c) Comparative Information

As this is the Division's first financial report, there are no comparative figures.

(d) Income

Income is measured at the fair value of the consideration 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

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year-end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to become irrecoverable. Any other gain or loss arising when a receivable is derecognised is also recognised in the income statement.

(f) *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.

A payable is recognised when a present obligation arises under the contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

(g) *Employee benefit provisions and expenses*

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave is measured at nominal value, rather than at present value as the financial impact of discounting on the portion of the long-term leave is not material.

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of the estimated future payments.

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the income statement for superannuation and long service leave is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation and long service leave provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

(h) *Leased assets*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

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

(i) *New Australian Accounting Standards issued but not yet effective*

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

- AASB 119 (December 2004) *Employee Benefits*
- AASB 2004-3 amendments to AASB 119 *Employee Benefits*
- AASB 7 *Financial Instruments: Disclosures*;
- AASB 2005-10 amendments to AASB 7 *Financial Instruments: Disclosures*.

The impact of these standards in the period of initial application is uncertain.

	2006 \$'000
2. EXPENSES EXCLUDING LOSSES	
Employee related expenses	3,611
	<u>3,611</u>
3. REVENUES	
Other revenue Personnel Services – NSW Crime Commission	3,348
	<u>3,348</u>
4. 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 government agencies:	
Long service leave	263
	<u>263</u>
5. CURRENT ASSETS – RECEIVABLES	
Employee Debtors	263
NSW Crime Commission	813
	<u>1,076</u>
6. NON-CURRENT ASSETS – RECEIVABLES	
Employee Debtors	57
	<u>57</u>
7. CURRENT LIABILITIES – PAYABLES	
Accrued salaries, wages and on-costs	20
	<u>20</u>
8. CURRENT LIABILITIES - BORROWINGS	
Unsecured	
Finance leases	263
	<u>263</u>
9. CURRENT LIABILITIES – PROVISIONS	
Employee benefits and related on-costs	
Recreation leave	647
LSL on-costs	139
Total provisions	<u>786</u>

10. NON-CURRENT LIABILITIES – PROVISIONS

Employee benefits and related on-costs

LSL on-costs

7
<u>7</u>

11. NON-CURRENT LIABILITIES – BORROWINGS

Unsecured

Finance leases

57
<u>57</u>

12. COMMITMENTS FOR EXPENDITURE

The Commission has a master finance lease with the Commonwealth Bank of Australia 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. This lease has been disclosed to Treasury. The Commission proposes to seek approval under the Public Authorities (Financial Arrangements) Act, 1987.

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

Finance Lease Commitments

Not later than one year

263

Later than one year and not later than five years

57

Minimum lease payments

320

Less: future finance charges

(16)

Present value of minimum lease payments

304

The present value of finance lease commitments is as follows:

Not later than one year

263

Later than one year and not later than five years

57

Classified as:

Current (Note 8)

263

Non current (Note 11)

57

There are no other capital or operating commitments for 2005/06.

13. FINANCIAL INSTRUMENTS

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

Receivables

All receivables are from the NSW Crime Commission. As such, there is no credit risk or interest risk in relation to these balances. The carrying amount approximates net fair value.

End of audited financial report.

**OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
(Special Purpose Service Entity)

FINANCIAL REPORT
FOR THE PERIOD 30 JUNE 2006**

Office of the New South Wales Crime Commission

**Financial Statements for the
period 30 June 2006**

STATEMENT BY COMMISSIONER

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (g) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005, the *Treasurer's Directions* and applicable Australian Accounting Standards.
- (h) The statements present a true and fair view of the financial position as at 30 June 2006 and transactions of the Commission for the year then ended.
- (i) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.

PA Bradley
Commissioner

Katie Bourne
Chief Financial Officer

Dated: 10 October 2006



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDIT REPORT

Office of the New South Wales Crime Commission

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Office of the New South Wales Crime Commission (Office):

- presents fairly the Office's financial position as at 30 June 2006 and its performance for the period ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- complies with section 41B of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and the Commissioner for the New South Wales Crime Commission's (Commissioner) Responsibility

The financial report comprises the balance sheet, income statement, statement of changes in equity, cash flow statement and accompanying notes to the financial statements for the Office for the period ended 30 June 2006

The Commissioner is responsible for the preparation and true and fair presentation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order to express an opinion on the financial report. My audit provides *reasonable assurance* to Members of the New South Wales Parliament that the financial report is free of *material* misstatement.

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

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

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

My opinion does *not* provide assurance:

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

Audit Independence

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

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



M T Spriggins
Director, Financial Audit Services

SYDNEY
10 October 2006

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Operating Statement for the Period 17 March 2006 to 30 June 2006

	Notes	Actual 17/03/06 – 30/06/06 \$'000
Expenses excluding losses		
Operating expenses		
Employee related	2	479
Total expenses excluding losses		<u>479</u>
Less:		
Revenue		
Personnel services – NSW Crime Commission	3	479
Total revenue		<u>479</u>
SURPLUS / (DEFICIT) FOR THE YEAR		<u><u>-</u></u>

The accompanying notes form part of these financial statements.

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Statement of Changes in Equity for the Period 17 March 2006 to 30 June 2006

	Notes	Actual 17/03/06 – 30/06/06 \$'000
Net increase/decrease in property, plant and equipment asset revaluation reserve		-
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-
Surplus/(Deficit) for the year		-
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR		-

The accompanying notes form part of these financial statements

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Balance Sheet as at 30 June 2006

	Notes	Actual 2006 \$'000
ASSETS		
Current Assets		
Receivables	4	73
Total Current Assets		<u>73</u>
Total Assets		<u><u>73</u></u>
LIABILITIES		
Current Liabilities		
Payables	5	1
Provisions	6	71
Total Current Liabilities		<u>72</u>
Total Non-Current Liabilities		
Provisions	7	1
Total Non-Current Liabilities		<u>1</u>
Total Liabilities		<u><u>73</u></u>
Net Assets		<u><u>-</u></u>
EQUITY		
Accumulated funds		-
Total Equity		<u><u>-</u></u>

The accompanying notes form part of these financial statements.

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Cash Flow Statement for the Period Ended 30 June 2006

	Actual 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee related	479
Total Payments	<u>479</u>
Receipts	
Other	479
Total Receipts	<u>479</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>-</u>
NET INCREASE/(DECREASE) IN CASH	-
Opening cash and cash equivalents	-
CLOSING CASH AND CASH EQUIVALENTS	<u>-</u>

The accompanying notes form part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Office of the New South Wales Crime Commission is a division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 453-463 Kent St, Sydney.

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

The Office of the New South Wales Crime Commission commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the New South Wales Crime Commission. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by the Commissioner on 10 October 2006.

(b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of the Australian Accounting Standards, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See notes 6 and 7.

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

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

(c) Comparative Information

As this is the Department's first financial report, there are no comparative figures.

(d) Income

Income is measured at the fair value of the consideration 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

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year-end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to become irrecoverable. Any other gain or loss arising when a receivable is derecognised is also recognised in the income statement.

(f) *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.

A payable is recognised when a present obligation arises under the contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

(g) *Employee benefit provisions and expenses*

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Superannuation and leave liabilities are recognised as expenses and provisions when the obligations arise, which is usually through the rendering of service by employees.

Long-term annual leave is measured at nominal value, rather than at present value as the financial impact of discounting on the portion of the long-term leave is not material.

Superannuation and long service leave provisions are actuarially assessed prior to each reporting date and are measured at the present value of the estimated future payments.

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The amount recognised for superannuation and long service leave provisions is the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any plan assets out of which the obligations are to be settled directly.

The amount recognised in the income statement for superannuation and long service leave is the net total of current service cost, interest cost, the expected return on any plan assets, and actuarial gains and losses. Actuarial gains or losses are recognised as income or expense in the year they occur.

The actuarial assessment of superannuation and long service leave provisions uses the Projected Unit Credit Method and reflects estimated future salary increases and the benefits set out in the terms of the plan. The liabilities are discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions are unbiased and mutually compatible and financial assumptions are based on market expectations for the period over which the obligations are to be settled.

(h) *New Australian Accounting Standards issued but not yet effective*

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

- AASB 119 (December 2004) *Employee Benefits*
- AASB 2004-3 amendments to AASB 119 *Employee Benefits*
- AASB 7 *Financial Instruments: Disclosures*;
- AASB 2005-10 amendments to AASB 7 *Financial Instruments: Disclosures*.

The impact of these standards in the period of initial application is uncertain.

Appendix C: Office of the NSW Crime Commission Financial Report

2. EXPENSES EXCLUDING LOSSES	2006 \$'000
Employee related expenses	479
	<u>479</u>
3. REVENUES	
Other revenue Personnel Services – NSW Crime Commission	479
	<u>479</u>
4. CURRENT ASSETS – RECEIVABLES	
NSW Crime Commission	73
	<u>73</u>
5. CURRENT LIABILITIES – PAYABLES	
Accrued salaries, wages and on-costs	1
	<u>1</u>
6. CURRENT LIABILITIES – PROVISIONS	
Employee benefits and related on-costs	
Recreation leave	54
LSL on-costs	17
Total provisions	<u>71</u>
7. NON-CURRENT LIABILITIES – PROVISIONS	
Employee benefits and related on-costs	
LSL on-costs	1
	<u>1</u>
8. FINANCIAL INSTRUMENTS	

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

Receivables

All receivables are from the NSW Crime Commission. As such, there is no credit risk or interest risk in relation to these balances. The carrying amount approximates net fair value.

End of audited financial report

Appendix D: Performance Statements for Commissioner and senior staff

Performance statements for the year ended 30 June 2006

Mr Phillip A Bradley
Commissioner
Appointed on 17 July 1989

The Annual Reports (Departments) Act 1985 requires that officers at or above the level of SES 5 be the subject of a performance statement.

The Commissioner of the NSW Crime Commission is not part of the CES and has accountability and responsibilities that differ from most other chief executive officers.

Mr John M Giorgiutti
Solicitor to the Commission and Director
Appointed on 2 July 1990

Mr Giorgiutti is the Solicitor to the Commission, and has oversight of all legal issues affecting the Commission, and reports to the Commissioner. He also takes a leading role in respect of IT issues. Mr Giorgiutti is a member of the Commission's Management Team.

Mr Jon Spark
Assistant Director, Financial Investigations
Appointed on 16 June 1986

Mr Spark has been the Assistant Director, Financial Investigations since January 2006 (although he has been employed by the Commission in another capacity since September 1997), and is in charge of the Financial Investigation Team in the management of the Commission's confiscation functions. Mr Spark is also a member of the Commission's Management Team.

Mr Mark Standen
Assistant Director, Investigations
Appointed on 4 March 1996

Mr Standen is the Assistant Director, Investigations, in charge of the overall direction of criminal investigations in respect of a number of Commission References, and particularly the *Gymea* Reference. He is also a member of the Commission's Management Team.

Mr Tim O'Connor
Assistant Director, Investigations
Appointed firstly on 1 October 1997 and recommenced in that role on 21 June 1999 after a short period of absence.

Mr O'Connor is the Assistant Director, Investigations, in charge of the overall direction of criminal investigations in respect of several Commission References. Mr O'Connor is a member of the Commission's Management Team.

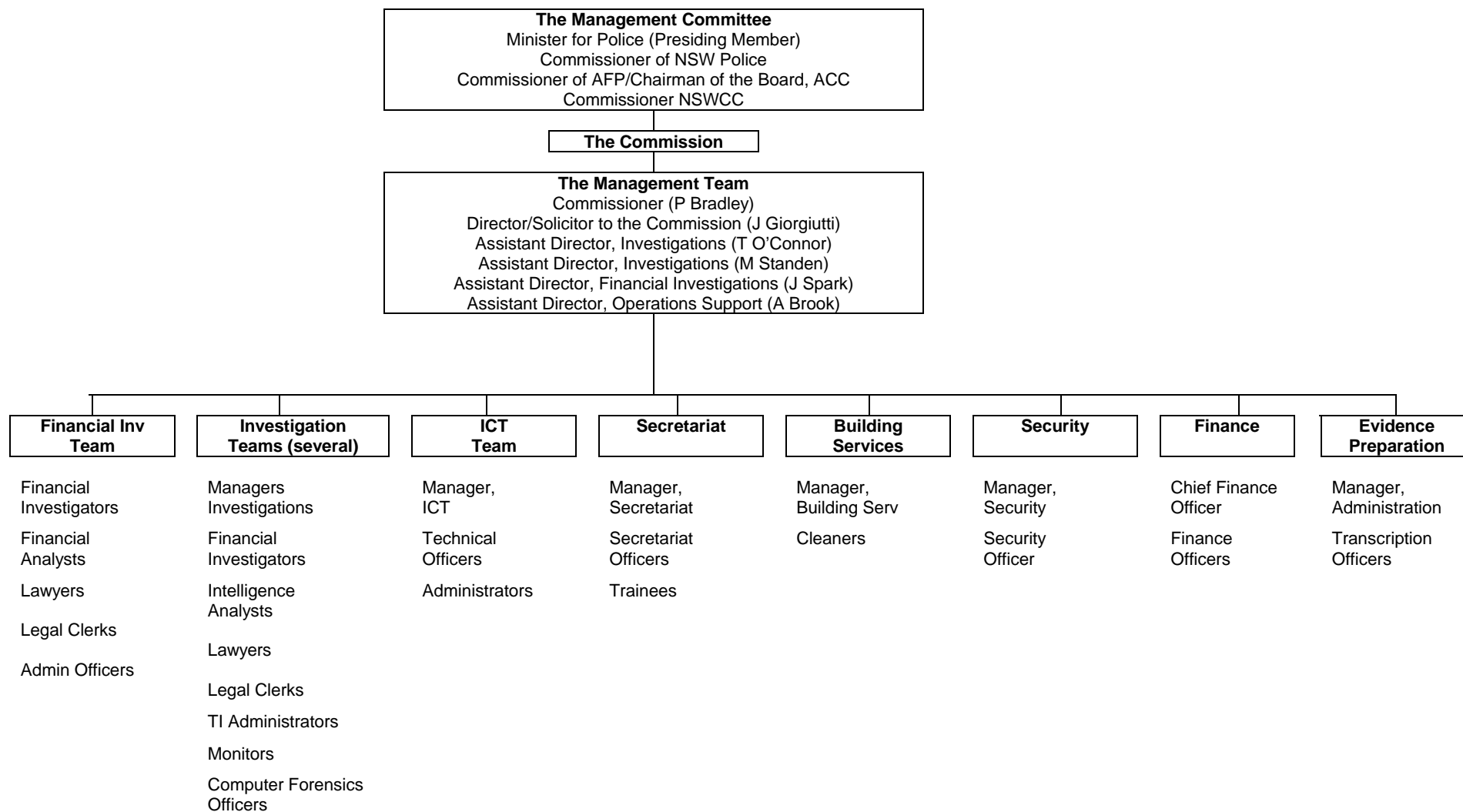
Ms Alison Brook
Assistant Director, Operations Support
Appointed on 26 October 1993

Ms Brook has oversight of the Commission's corporate services. She also manages support functions that are specific to a law enforcement environment. She manages the Commission's response in respect of one Reference. Ms Brook is also involved in the development of policies on some emerging crime issues. She is a member of the Commission's Management Team.

The performance of each of the above officers in their respective roles during 2005/06 has been deemed by the Commissioner to be satisfactory.

Appendix E: Organisation chart

Organisation Chart as at 30 June 2006



Appendix F: Investigation statistics 2005/06

Arrests and charges

Reference	Arrests	Charges
<i>Azure VII</i>	26	257
<i>Bianco IV*</i>	1	1
<i>Carinda</i>	26	375
<i>Dalgety IV</i>	22	100
<i>Davidson</i>	1	1
<i>Ebenezer IV</i>	10	67
<i>Fletcher</i>	1	1
<i>Garland</i>	4	8
<i>Gecko VI</i>	54	197
<i>Gladesville IV</i>	29	83
<i>Gymea VI</i>	19	34
<i>Homebush II</i>	0	0
<i>Homebush Bay</i>	7	20
<i>Huntley VI</i>	15	39
<i>Ingleside II</i>	1	9
<i>Jannali</i>	0	0
<i>Kareela II</i>	12	49
<i>Kempsey II</i>	19	43
<i>Kingsvale VI</i>	2	2
<i>Limerick</i>	0	0
<i>Manilla</i>	0	0
<i>Milton</i>	0	0
<i>Putney IV</i>	4	10
<i>Strathfield III</i>	2	9
<i>Tenterfield</i>	0	0
<i>Ulong</i>	1	1
<i>Ultimo II</i>	15	59
<i>Vacy VII</i>	88	404
<i>Valentine</i>	33	227
<i>Waratah VII</i>	4	19
<i>Wollar II</i>	0	0
<i>Zeehan IV</i>	9	34
<i>Zetland VII</i>	27	131
Total	432	2,180

* Investigations under this Reference have now been suspended.

• Cash Seized

Reference	Cash Seized
<i>Azure VII</i>	\$32,090
<i>Carinda</i>	527,405
<i>Dalgety IV</i>	312,500
<i>Gecko VI</i>	473,501
<i>Gladesville IV</i>	202,910
<i>Gymea VI</i>	359,561
<i>Ingleside II</i>	6,000
<i>Kempsey II</i>	64,190
<i>Strathfield III</i>	30,132
<i>Ultimo II</i>	1,200
<i>Vacy VII</i>	341,801
<i>Valentine</i>	44,000
<i>Waratah VII</i>	2,060
<i>Zetland VII</i>	17,873
Total	\$2,415,223

Note: US\$5,259 was also seized under Carinda.

Appendix F: Investigation statistics 2005/06

Seizures

	<i>Azure VII</i>	<i>Dalgety IV</i>	<i>Ebenzer IV</i>	<i>Gecko V</i>	<i>Gladesville IV</i>	<i>Gymea VI</i>	<i>Inglesi de</i>	<i>Kemps ey</i>	<i>Strathfield III</i>	<i>Ultimo II</i>	<i>Vacy VII</i>	<i>Waratah VII</i>	<i>Zetland VII</i>	TOTAL
Amphetamine				37g	43g	3,121g			50g			150g	73g	3,474g
Amphetamine – ice	2g		100g	11,128g				30g			708g			11,968g
Cannabis plants				126	687		126		33		10			982
Cannabis leaf	186g		51g	8,463g		218g	21,000g	6g		125g	25,920	124g	5g	56,098g
Cannabis head									3,500g					3,500g
Cannabis resin					198g		500g							698g
Cocaine		31g		660g	8g	1,153g					1,539g	161g		3,552g
Ecstasy powder				6,255g		12,234g					64,600g			83,089g
Ecstasy tablets		300		1,405	2,906	43,810		13,951			46,509	35	2,020	110,936
Ecstasy liquid						45,000ml								45,000ml
Heroin		1,018g		40,327g	1,000						31g	10g		42,386g
Methylamphetamine Powder	9g						500g	5,000g			2,578g			8,087
Methylamphetamine Tablets				145							136			281
GBL											4,000ml			4,000ml

Note: Drug seizures do not appear for References under which small quantities were seized.

Large quantities of precursor chemicals for the production of amphetamine-type-substances were seized during the year under a number of References.

A large number of false identity documents (licences, passports, birth certificates, Medicare cards, false banking documents and blank documents were seized during the year under the *Carinda* and other References.

A large number of firearms and other weapons, quantities of ammunition, and material used in the production of explosive devices were seized under various References.

Other stolen goods were seized, such as \$1.5 million cigarettes, \$500,000 loose tobacco, \$150,000 power tools, stolen motor vehicles, pill presses, and mobile phones.

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