

NSW Crime Commission
453 Kent Street
SYDNEY 2000

16 November 2000

The Hon P F P Whelan, MP
Minister for Police
Parliament House
SYDNEY 2000

Dear Minister,

I am pleased to submit to you the Commission's Annual Report and Financial Statements for the year ended 30 June 2000 for tabling in Parliament. The Report and Financial Statements have been prepared in accordance with the provisions of the *New South Wales Crime Commission Act 1985*, the *Annual Reports (Departments) Act 1985* and the *Public Finance and Audit Act 1983*. Its contents comply with the requirements of those Acts and Government policy.

Yours sincerely,

.....
P A Bradley
Commissioner

**COMMENT ON THE 1999/00 ANNUAL REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION
MANAGEMENT COMMITTEE**

The Committee notes that the fourteenth full year of operation of the Crime Commission has been marked by continued growth in output, especially in the area of confiscation of assets, while maintaining very low levels of consumption of public resources. The level of investment in capital resources during the course of the year is an indication of the continuing commitment to the Commission's future, particularly in the area of technology-based investigations.

The impact of the Commission's work on organised crime has been substantial, both through criminal investigations and confiscation.

.....
P F P Whelan

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P J Ryan

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G Crooke QC

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P A Bradley

Table of Contents

FORWARD TO MINISTER	1	- Reference "Jesmond II"	16
		- Reference "Kingsvale II"	17
COMMENT ON ANNUAL REPORT	2	- Reference "Leura"	17
		- Reference "Mascot"	17
TABLE OF CONTENTS	3	- Reference "Nowra"	17
		- Reference "Oberon"	17
LIST OF ABBREVIATIONS	5	- Reference "Oberon II"	17
		- Reference "Putney"	17
COMMISSION MEMBERSHIP	6	- Reference "Quaama"	18
		- Reference "Raby"	18
SENIOR STAFF DURING 1999/00	6	- Reference "Stanmore"	18
PROGRAM OBJECTIVES AND DESCRIPTION	6	INVESTIGATIVE TOOLS	
		- NSW Crime Commission Act	18
		- Listening Devices	18
OVERVIEW OF 1999/00	7	- Telecommunications (Interception)	18
		- Controlled Operations	18
		- Search Warrants	19
		- Arrest Warrants	19
		- Assumed Identities	19
<u>CHAPTER ONE:</u>			
<u>ESTABLISHMENT & FUNCTIONS</u>			
ESTABLISHMENT	11	DISSEMINATION	19
LEGISLATION GOVERNING THE COMMISSION	11	PROSECUTIONS	19
CHARTER	11	COURT PROCEEDINGS AND APPLICATIONS	20
FUNCTIONS AND OBJECTIVES	11	ROLE OF THE ABCI	20
MEETINGS OF THE COMMISSION	11	NATURE AND EXTENT OF ORGANISED CRIME	21
RESPONSIBLE MINISTER	11		
MANAGEMENT COMMITTEE	11		
<u>CHAPTER TWO:</u>		<u>CHAPTER THREE:</u>	
<u>INVESTIGATIONS</u>		<u>LEGAL CHANGE</u>	
FUNCTIONS AND POWERS	13	CRIME COMMISSION LEGISLATION	26
MANAGEMENT OF INVESTIGATIONS	13	OTHER LEGISLATION	26
MATTERS REFERRED TO THE COMMISSION	14	MONEY LAUNDERING	26
ACTIVE REFERENCES:		<u>CHAPTER FOUR:</u>	
- Reference "Azure III"	14	<u>CONFISCATION</u>	
- Reference "Bianco III"	14	BACKGROUND	27
- Reference "Gecko II"	14	RESTRAINING ORDERS	27
- Reference "Vacy II"	15	ASSET FORFEITURE ORDERS	28
- Reference "Waratah II"	15	PRODUCTION ORDERS	30
- Reference "Zetland II"	15		
- Reference "Coogee"	16		
- Reference "Eden II"	16		
- Reference "GyMEA II"	16		

Table of Contents

SEARCH WARRANTS	30	CONSULTANTS	36
MONITORING ORDERS	30	SERVICES AND COMPLAINTS	36
DPP OFFICES	30	FREEDOM OF INFORMATION PUBLICATIONS	36
COPOC ACT	31	PRIVACY	36
AUSTRALIAN TAXATION OFFICE	31	DISABILITY PLAN	37
FINANCIAL INSTITUTIONS	31	ETHNIC AFFAIRS REPORT	37
INTERNATIONAL AND INTERSTATE INQUIRIES	31	FINANCIAL STATEMENTS	37
SUPREME COURT AND DISTRICT COURT	31	ACCOUNT PAYMENT PERFORMANCE	37
NSW POLICE SERVICE AND OTHER POLICE	32	STORES AND EQUIPMENT	37
PUBLIC TRUSTEE	32	VALUE OF STAFF LEAVE	38
CONFISCATED PROCEEDS ACCOUNT	32	MAJOR ASSETS PURCHASED	38
TRAINING	32	REAL ESTATE	38
		INSURANCE	38
		GRANTS TO COMMUNITY ORGANISATIONS	38
<u>CHAPTER FIVE:</u>		CONTRACTING & MARKET TESTING	38
<u>GENERAL MANAGEMENT</u>		RISK MANAGEMENT	38
INTRODUCTION	33	COST OF ANNUAL REPORT	39
ADMINISTRATIVE OFFICE	33		
STAFFING	33	<u>APPENDIX A: FINANCIAL STATEMENTS</u>	40
SES POSITIONS	33		
EEO	33	<u>APPENDIX B: 2000/01 BUDGET</u>	62
STAFF TRAINING	34		
CODE OF CONDUCT / ETHICS	34	<u>APPENDIX C: PERFORMANCE STATEMENTS FOR COMMISSIONER & SENIOR STAFF</u>	63
OVERSEAS VISITS	35		
OH&S	35	<u>APPENDIX D: ORGANISATION CHART</u>	66
THE ENVIRONMENT	35		
INFORMATION MANAGEMENT	35	<u>INDEX</u>	67
YEAR 2000 PROJECT	36		
RESEARCH & DEVELOPMENT	36		

LIST OF ABBREVIATIONS

ABCI	Australian Bureau of Criminal Intelligence
ACS	Australian Customs Service
AFP	Australian Federal Police
ATO	Australian Taxation Office
ATS	Amphetamine-type stimulants
ATSI	Aboriginal or Torres Strait Islander
AUSTRAC	Australian Transaction Reports and Analysis Centre
CAR Act	Criminal Assets Recovery Act 1990
COPOC	Confiscation of Proceeds of Crime
DPP	Director of Public Prosecutions
EEO	Equal Employment Opportunity
FTRA	Financial Transactions Records Act (C'th)
FOI	Freedom of Information
ICAC	Independent Commission Against Corruption
IT	Information Technology
JACG	Joint Asian Crime Group
LLB	Bachelor of Laws
MOU	Memorandum of Understanding
MP	Member of Parliament
NCA	National Crime Authority
NCIS	National Criminal Intelligence Service (UK)
NRMA	National Roads and Motorists Association
NSWCC	New South Wales Crime Commission
NSWPS	New South Wales Police Service
OMCG	Outlaw Motorcycle Gang
OSCA	Office of Strategic Criminal Assessment
PIC	Police Integrity Commission
QPM	Queen's Police Medal
REMG	People from a racial, ethnic or ethno-religious minority
SCOCCI	Standing Committee on Organised Crime and Criminal Intelligence
SES	Senior Executive Service

COMMISSION MEMBERSHIP

Section 5 of the NSW Crime Commission Act provides for one Commissioner and, if necessary, one or more Assistant Commissioners.

During 1999/00 Mr Phillip Bradley was the Commissioner of the New South Wales Crime Commission.

There were no Assistant Commissioners appointed during the reporting period.

Mr John Giorgiutti, Director and Solicitor to the Commission was appointed as Acting Commissioner on the following dates, during periods of absence of the Commissioner:

5 – 9 July 1999

26 September to 3 October 1999

22 – 30 January 2000

25 – 26 May 2000

SENIOR STAFF DURING 1999/00

Director and Solicitor to the Commission

John Giorgiutti (June 1990)

Assistant Director, Financial Investigations

Michael Lulan ACA (June 1986)

Assistant Director, Investigations

Tim O'Connor (June 1999)

Assistant Director, Investigations

Mark Standen (March 1996)

Assistant Director, Technical

Nick Dowling (July 1997) – until 30 June 2000

Assistant Director, Operations Support

Alison Brook (October 1993)

NEW SOUTH WALES CRIME COMMISSION 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 and intelligence; and investigatory, technological and analytical expertise.

Restraining and confiscating property under the Criminal Assets Recovery Act 1990.

OVERVIEW OF 1999/00

The Commission is limited by legislation as to what it can say about specific matters. These limitations and the impact on performance reporting are referred to in the 1998/99 report.

Some of the fundamental issues which are of interest to the stakeholders are listed below:

Overall cost to Government	\$10,669,000
Cash allocated	\$9,038,000
Capital cost	\$1,454,000

Capital cost peaked last year due to a refit of the Information Technology and Telecommunications area. This expenditure is likely to remain fairly high relative to historical levels referred to in the tables on the following pages, due to the changes in technology which must be embraced and the short working life of many computer items.

Annual recurrent expenditure remains stable at \$10,309,000 due to the Commission's deliberate policy of restricting growth and concentrating small numbers of specialised resources on particular activities. The biggest component was employee costs with a total payroll of 95 persons at an average cost of \$70,210 including on-costs. The average salary was \$58,831.

Outputs against these costs continued at a high level.

During the year the Commission received five new References to investigate relevant criminal activity. The nature of investigations has changed somewhat in recent years. Resources deployed under other References, such as *Azure*, *Gecko* and *Eden*, are being used increasingly to investigate crimes of violence - particularly murders. References such as *Bianco* have had fewer resources assigned to them throughout the year.

The Commission will expand its work on murders, firearms and car rebirthing during the coming year.

Some objective measures of outputs are set out below:

- . 327 summonses under s16 of the NSW Crime Commission Act;
- . 1,125 notices under s17 of the NSW Crime Commission Act;
- . 398 warrants under the Listening Devices Act; and

- . 267 warrants under the Telecommunications (Interception) Act.

In the confiscation area, the Commission is continuing to work towards the reduction of matters before the Supreme Court by bringing litigation to an early conclusion. At the close of the year the total number of current matters in the Supreme Court was 95 compared with a peak of 245 in 1998. The Commission intends to further reduce this figure in 2000/01 while maintaining revenue levels.

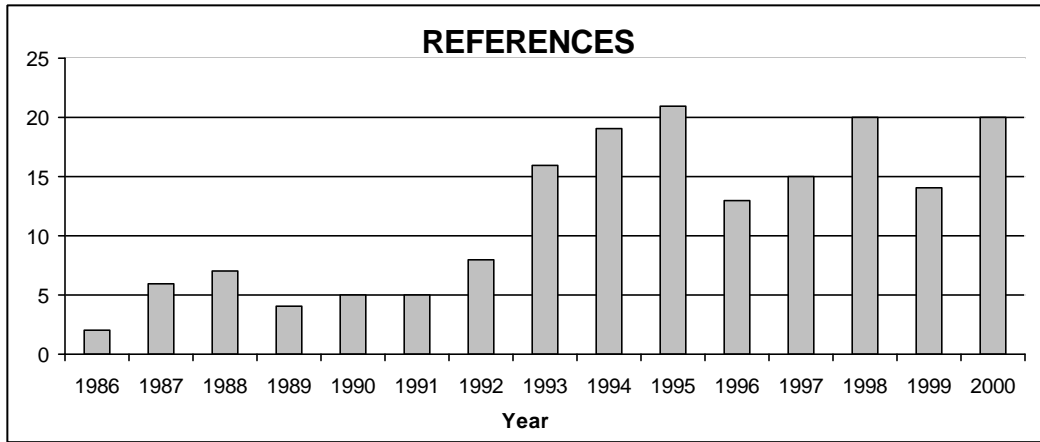
Confiscation outputs included:

- . 156 restraining orders obtained;
- . 115 confiscation orders obtained;
- . \$12,046,483 recovered, including:
- . \$1,031,184 legal costs.

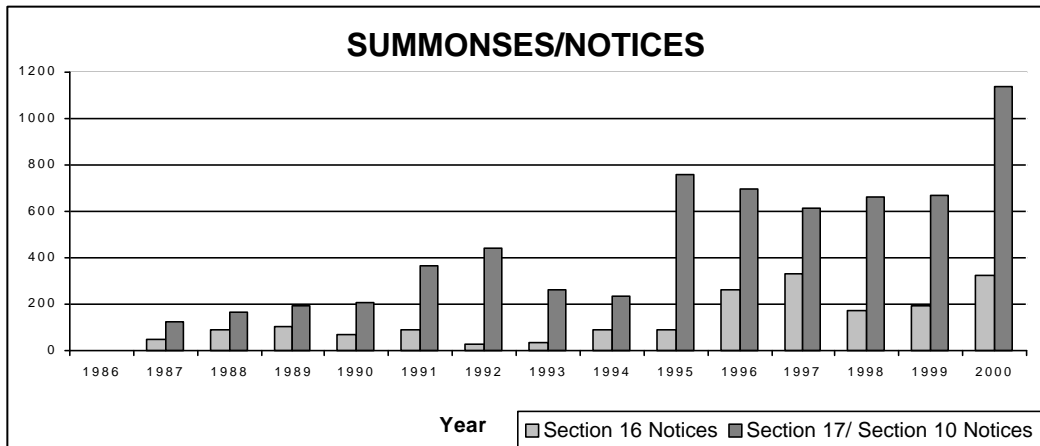
Historical Data

It is appropriate in the year 2000 to reflect on the performance of the Commission since its inception. The following tables record some of the available objective data.

1. Numbers of Active References

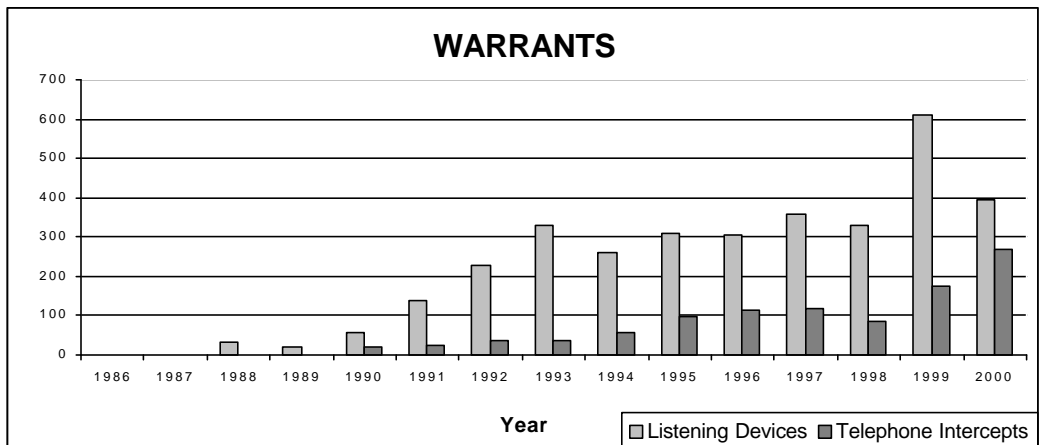


2. Numbers of Notices and Summonses Issued



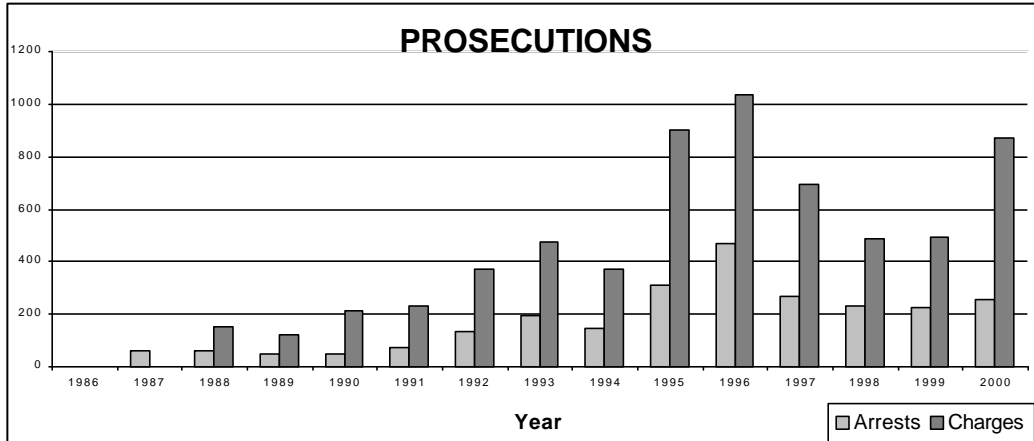
Note: Section 10 and 17 Notices require production of documents and Section 16 Summonses require persons to attend the Commission to give evidence in hearings.

3. Numbers of Listening Device and Telecommunications Interception Warrants issued



Note: The Commission commenced operations under the Telecommunications (Interception) Act (Cth) in 1989.

4. Prosecutions



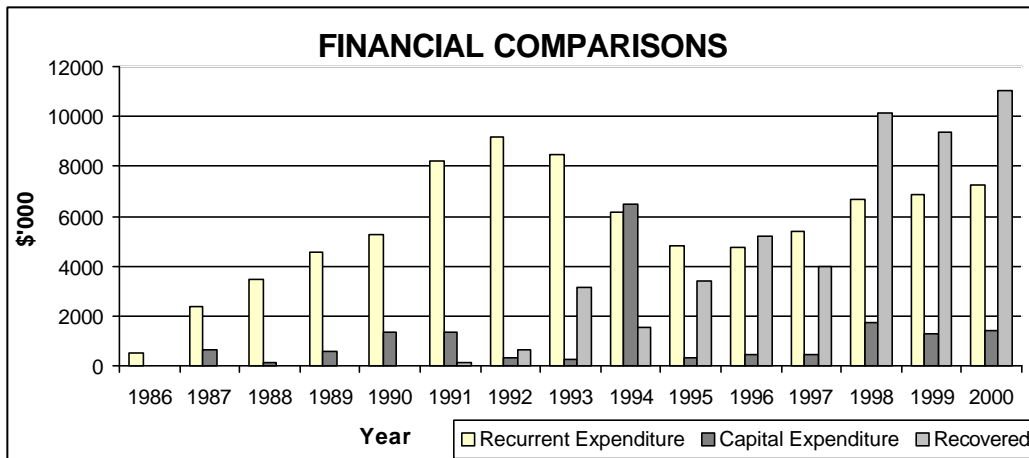
Note: The number of arrests has decreased since 1996 reflecting a change in direction by the Commission to longer term operations that have to date culminated in the disruption of whole criminal networks, more significant charges and greater assets recovery.

5. Numbers of Restraining Orders



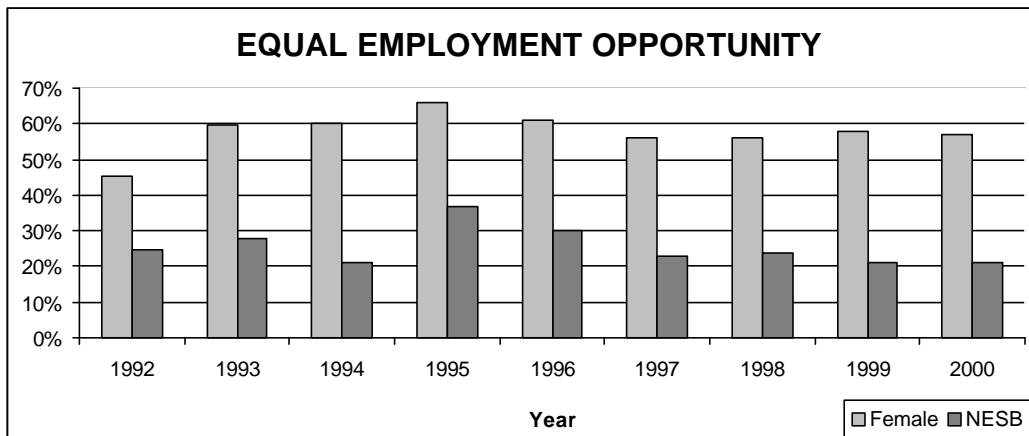
Note: The Commission was given responsibility for the Drug Trafficking (Civil Proceedings) Act (now known as the Criminal Assets Recovery Act) in 1990

6. Financial Comparisons



Note: The Commission purchased its Kent Street Premises in 1994 from budgetary savings. Capital and recurrent expenditure are provided for in the Government's budget. Amounts recovered under the Criminal Assets Recovery Act are paid into the Confiscated Proceeds Account, operated by the NSW Treasurer.

7. Equal Employment Opportunity



Note: This table represents the percentage of Commission staff who are female or from non-English speaking backgrounds.

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) which provides for a Commissioner and one or more Assistant Commissioners. As at the end of the reporting period, the Commission was constituted by one full-time Commissioner, who has “special legal qualifications” and is appointed by the Governor, as set out in the Act.
- 1.3 On 3 August 1990 the Drug Trafficking (Civil Proceedings) Act 1990 was proclaimed. The legislation was amended in 1997, and was renamed the Criminal Assets Recovery Act 1990. It 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 this legislation.

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 to:
- . 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; and
- . make applications for the restraint and confiscation of property under the Criminal Assets Recovery Act 1990.

MEETINGS OF THE COMMISSION

- 1.7 Prior to 6 December 1996, when there was more than one Commissioner, the Commission met formally to decide policy matters and transact significant business. All meetings were minuted.
- 1.8 As noted above the Commission now consists of a sole Commissioner. Commission meetings have now been replaced by meetings between the Commissioner, the Director and Assistant Directors, who comprise the Management Team. Those meetings are minuted and are usually held weekly.

RESPONSIBLE MINISTER

- 1.9 The Minister for Police has responsibility for the administration of the New South Wales Crime Commission Act and the Criminal Assets Recovery Act and is Chairman of the Commission’s Management Committee.

MANAGEMENT COMMITTEE

- 1.10 During 1999/00 the Management Committee comprised the Minister for Police, the Hon P F P Whelan LLB MP (Chairman); the Commissioner of Police, Mr P J Ryan, QPM, the Chairman of the National Crime Authority, Mr J H Broome (until 17 September 1999) then Mr G Crooke QC (from 18 September 1999); and Mr P A Bradley, the Commissioner of the Commission.
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- 1.11 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; and
 - . coordinate (by giving approvals) the operations of the Commission with other bodies.
- 1.12 The Management Committee met on ten occasions during the year.
- 1.13 The meetings are minuted in accordance with the Commission's Act.
- 1.14 The Commissioner reports to the Committee in terms of its functions at each meeting.
- 1.15 Between meetings, on an *ad hoc* basis, the Commissioner informs the Minister and members of significant events.
- 1.16 The Commission reports on its operations annually in accordance with section 31 of the NSW Crime Commission 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 as to 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.
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CHAPTER TWO

INVESTIGATIONS

FUNCTIONS AND POWERS OF THE COMMISSION

- 2.1 Under section 6 of the New South Wales Crime Commission Act 1985 ('the Act'), the Commission is required to investigate matters relating to relevant criminal activity referred to the Commission 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 Criminal Assets Recovery Act 1990.
- 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; or
 - . 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. These powers include:
- . 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; and
- . 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. Personnel from other State or Commonwealth agencies often join the Commission in operations, bringing additional powers and skills to the process.

MANAGEMENT OF INVESTIGATIONS

- 2.7 Investigation of matters referred to the Commission is usually conducted by teams consisting of members of the NSW Police Service and Commission staff. Other agencies often contribute staff and resources to task forces. These include the NCA, the AFP and the ACS.
- 2.8 During 1999/00, much of the Commission's investigative work related to drug trafficking, under several ongoing References. This work was carried out by task forces of NSW Police officers and Commission staff. A number of other task forces were established to deal with *ad-hoc* References on subjects such as murder, fraud and corruption.
- 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 weekly operations meetings. Police in task forces report through, and are supervised within, the NSW Police Service command structure.
- 2.10 With few exceptions, the results of criminal investigations work is the outcome of joint operations with other agencies, mainly the NSW Police Service. The Commission's contribution to these operations varies from case to case.
- 2.11 The arrangements with Police are embodied in the Directions and Guidelines issued by the Management Committee. These arrangements are between the Management
-

Committee and the Police Commissioner under section 27A of the Act.

- 2.12 The Commissioner, as a member of the Crime Agencies Management Committee, is able to monitor the application of police resources to matters of interest to the Commission. Some dedicated task forces formed outside the Crime Agencies Command have continued to work on Commission References.
- 2.13 Central to the arrangement is the maintenance of the command structure within the Police Service. Section 27(A)(2) 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.

MATTERS REFERRED TO THE COMMISSION

- 2.14 During the year under review, the Commission was granted 5 new References, and a number of existing References were revised and reissued.
- 2.15 Arrests resulting from Commission investigations during the year are summarised in this chapter.
- 2.16 The Management Committee is provided with detailed monthly reports on the progress being made in each Reference.
- 2.17 However, for reasons of security and the requirements of the Act that individuals not be named, details of operational activities are not provided in this report. The following information relates to investigations conducted under References which were current in 1999/00.
- 2.18 Some of the longer standing References, such as *Bianco*, have been given less attention during the year. Other References, such as *Eden* and *Azure*, have assumed greater prominence than in previous years. As in 1998/99, the Commission has devoted significant resources to References such as *Gynea* and *Mascot*.

ACTIVE REFERENCES

Reference "*Azure III*", referred on 30 November 1998

- 2.19 On 7 December 1987 the Management Committee referred the *Azure* Reference to the Commission to investigate drug trafficking by persons in the Australian / Lebanese community. On 10 September 1992, the *Azure* Reference was superseded by the *Azure II* Reference, to investigate drug trafficking and associated offences involving violence or money laundering by members of the Australian/Lebanese community in NSW.
- 2.20 On 30 November 1998, the *Azure II* Reference was superseded by the *Azure III* Reference. The Reference was revised to enable the Commission to investigate serious drug offences, money laundering and offences involving violence, including serious assault, robbery and murder committed by members of the Australian/Lebanese community in NSW. A number of *Azure III* targets also fall under the *Eden II* Reference and are covered in that report.

2.21 Statistical Data for 1999/00

Arrests	5
Charges Laid	22

Reference "*Bianco III*", referred on 30 November 1998

- 2.22 The *Bianco* Reference, in which the Commission investigated drug trafficking by persons in the Australian/Romanian communities, was superseded on 10 September 1992 by the granting of the *Bianco II* Reference. In addition to drug trafficking, the new Reference allowed the Commission to investigate larceny, money laundering, corruption and associated violence in the Australian/Romanian community. *Bianco II* was superseded on 30 November 1998 by the *Bianco III* Reference.
- 2.23 During the reporting year no arrests were made, nor drugs seized, under the *Bianco* Reference due to diversion of resources onto other matters.

Reference “*Gecko IP*”, referred on 1 December 1998

2.24 On 3 May 1991, the Management Committee referred the *Gecko* Reference to the Commission to investigate drug trafficking, money laundering and other relevant criminal activity within Australian/South East Asian communities. On 1 December 1998, the *Gecko* Reference was revised and superseded by the *Gecko II* Reference.

2.25 The Commission worked closely with Crime Agencies, Organised Crime (South East Asian), NSW Police Service and the Joint Asian Crime Group (JACG).

2.26 The Commission, along with the NSW Police Service, the Australian Federal Police, Australian Customs Service and the National Crime Authority, established the JACG in August 1997. The collaborative arrangement continues to be successful and has resulted in a 300% increase in the quantity of heroin seized over the last financial year.

2.27 Statistical Data for 1999/00 (including JACG)

Arrests	88
Charges Laid	161
Drugs and Weapons Seized	
. Heroin	472,742g
. Cocaine	300g
. Firearms	25
Cash Seized	\$721,750

Reference “*Vacy IP*”, referred on 30 November 1998

2.28 The Management Committee granted the *Vacy* Reference to the Commission on 2 November 1993. This was superseded by the *Vacy II* Reference which was granted on 30 November 1998.

2.29 The *Vacy II* Reference relates to the manufacture and supply of amphetamines and psychotropic drugs, and associated money laundering offences.

2.30 The Commission works with officers from Crime Agencies, the NCA and other law enforcement bodies in these investigations.

2.31 Statistical Data for 1999/00

Arrests	20
Charges Laid	59
Drugs Seized	
. Amphetamine	1,700g
. Methylamphetamine	450g
. Ecstasy	647 tablets
. Cannabis	1.4g
. Methcathinone	1,920g
. Sudafed	26,985 tablets

Reference “*Waratah IP*”, referred on 30 November 1998

2.32 The Management Committee granted the *Waratah* Reference to the Commission on 2 November 1993. The Reference was revised and the *Waratah II* Reference was granted on 30 November 1998.

2.33 This Reference was established to investigate the supply of prohibited drugs, particularly cocaine. Under this Reference the Commission also investigates money laundering associated with the trafficking of cocaine.

2.34 Statistical Data for 1999/00

Arrests	17
Charges Laid	62
Drugs and Weapons Seized	
. Cocaine	130.6g
. Heroin	2.5g
. Compressed Cannabis Resin	1,000g
. Methylamphetamine	11.26g
. Handgun	1
Cash Seized	\$70,000
False Drivers Licences Seized	7

Reference “*Zetland IP*”, referred on 30 November 1998

2.35 The *Zetland* Reference was granted to the Commission on 27 September 1994 to investigate the illegal activities of outlaw motorcycle gangs (OMCG's). The Reference was amended, and the *Zetland II* Reference was granted on 30 November 1998.

2.36 The Commission continues to work with officers from the NSW Police Service Crime Agencies and other law enforcement agencies.

2.37 Statistical Data for 1999/00

Arrests	35
Charges Laid	195
Drugs and Weapons Seized	
. Amphetamine	3,400g
. Methylamphetamine	2,100g
. Methylamphetamine Oil	3 litres
. Ecstasy	23 tablets
. Cannabis	2,300g
	50 plants
. Cocaine	70g
. Sudafed	49,134 tablets
. Pseudoephedrine	6.2g
. Rohipnol	7.7g

number of *Eden II* targets also fall under the *Azure III* Reference.

Reference “Coogee”, referred on 11 September 1995

- 2.38 This Reference concerns an investigation conducted jointly with the NSW Police Service into the circumstances surrounding the death of John Newman MP, former State Member for the seat of Cabramatta.
- 2.39 Mr Newman died as a result of gunshot wounds to his chest from a .32 calibre weapon outside his house on 5 September 1994.
- 2.40 A coronial inquest into the murder of Mr Newman commenced on 2 February 1998. At the conclusion of the inquest advice was received from the DPP which led to charges being laid against three persons.
- 2.41 On 8 August 1999 one of the men charged with the murder agreed to give evidence, which subsequently led to the arrest of another man for the murder of Mr Newman. A first trial of two of the defendants resulted in a hung jury.
- 2.42 On 30 May 2000 further charges were laid. The three defendants will all be tried together in early 2001.

Reference “Eden IP”, referred on 30 November 1998

- 2.43 On 21 March 1996 the Commission's Management Committee granted Reference *Eden* for the investigation of criminal activity centred on Kings Cross. On 1 December 1998, the Reference was superseded by the *Eden II* Reference. A

Chapter Two: Investigations

2.44 The Reference was established to investigate the supply and/or manufacture of prohibited drugs and prohibited plants, theft, fraud, obtaining financial benefit by vice engaged in by others, extortion, violence, bribery, corruption and money laundering.

2.45 Statistical Data for 1999/00

Arrests	23
Charges Laid	127
Cash Seized	\$95,500
Drugs Seized	
. MDMA	2,934 tablets
. Cocaine	118.5g
. Amphetamine	3g
. Heroin	587g

Reference “*Gymea II*”, referred on 30 November 1998

2.46 The *Gymea* Reference was granted to the Commission on 12 September 1996 to investigate organised crime; drug importation, manufacture and distribution; theft; fraud; gaming; and associated money laundering of nominated criminals in groups operating in and around Sydney. The Reference was amended, and the *Gymea II* Reference was granted on 30 November 1998.

2.47 Statistical Data for 1999/00

Arrests	10
Charges Laid	22
Cash Seized	\$441,955
Drugs Seized	
. Cannabis leaf	4,100g
. Cannabis resin	760,000g
. Methylamphetamine	40g

Reference “*Jesmond II*” referred on 10 November 1997

2.48 The *Jesmond* Reference was granted to the Commission on 10 November 1997 to investigate paedophile activity committed by serial offenders, networks of paedophiles or persons who produce child pornography. *Jesmond II* was granted on 8 June 1999, expanding the offences specified in the original Reference.

2.49 The Commission works with the Child Protection Enforcement Agency in relation to matters specifically identified as needing special powers of investigation.

2.50 Statistical Data for 1999/00

Arrests	1
Charges Laid	29

Reference “*Kingsvale II*”, referred on 16 June 2000

2.51 On 16 March 1998 the Management Committee referred the *Kingsvale* Reference to the Commission for investigation of persons who are engaged in money laundering activities which involve the commission of the offence created by section 73 of the Confiscation of Proceeds of Crime Act 1989. This Reference was granted in response to the Commission’s observations that many of its targets are becoming more sophisticated in the way they protect the proceeds of their criminal activities. During the year the Reference was reviewed and the *Kingsvale II* Reference was granted on 16 June 2000.

2.52 There have been a number of matters investigated under the Reference, and the value of assets seized has been significant.

2.53 Statistical Data for 1999/00

Value of Assets Seized	\$4,890,586
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Reference “*Leura*” referred on 14 December 1998

2.54 The *Leura* Reference was granted to the Commission on 14 December 1998 to investigate the murder of Pauline Gillard and a conspiracy to murder Maria Gioia.

2.55 There have been no arrests in relation to the offences.

Reference “*Mascot*” referred on 9 February 1999

2.56 The *Mascot* Reference was granted to the Commission on 9 February 1999 to investigate serious drug offences, money

laundering and conspiracies to pervert the course of justice committed by nominated persons.

- 2.57 There have been no arrests of the targeted suspects.

Reference “Nowra” referred on 8 June 1999

- 2.58 The Nowra Reference was granted to the Commission on 8 June 1999 to investigate alleged child sex offences against certain children, and the abduction and murder of Samantha Knight.

- 2.59 No charges have been laid directly relating to the disappearance of Samantha Knight.

- 2.60 Investigations are continuing.

- 2.61 Statistical Data for 1999/00

Arrests	1
Charges Laid	13

Reference “Oberon” referred on 9 August 1999

- 2.62 The *Oberon* Reference was granted on 9 August 1999, in order that the Commission could investigate murders between 1 January 1970 and 30 June 1999 which remained unsolved. Some of the 315 unsolved murders are under current investigation.

Reference “Oberon II”, referred on 12 August 1999

- 2.63 The *Oberon II* Reference was granted on 12 August 1999 to investigate the murder and conspiracy to murder a number of specified persons.

- 2.64 Statistical Data for 1999/00

Arrests	3
Charges Laid	19
Drugs Seized	
. Methamphetamine	29.75g
. Cannabis leaf	560.8g

Reference “Putney”, referred on 3 August 1999

- 2.65 On 3 August 1999 the Management Committee granted the *Putney* Reference. The Reference was established to investigate firearms offences, including the fraudulent access to firearms and firearms licences, the illegal manufacture, sale or supply of firearms, and the illegal discharge of firearms at people or buildings.

- 2.66 The Commission is working under this Reference in conjunction with a NSW Police Firearms Trafficking group within Crime Agencies.

Arrests	7
Charges Laid	50
Cash Seized	2,400
Drugs Seized	
. Ecstasy tablets	80
Weapons Seized	517 handguns and longarms

Reference “Quaama”, referred on 27 March 2000

- 2.67 Reference *Quaama* was granted on 27 March 2000 to investigate criminal activities including murder, conspiracy to murder, supply and manufacture of prohibited drugs, robbery and money laundering offences allegedly committed by a number of suspects.

- 2.68 The Commission is working with a Crime Agencies task force in these investigations.

- 2.69 There have been no arrests or charges to date.

Reference “Raby”, referred on 16 June 2000

- 2.70 The *Raby* Reference was granted to the Commission on 16 June 2000 to investigate a triple homicide in the Deniliquin area in March 2000.

- 2.71 The Commission is presently working with a NSW Police task force on this matter.

- 2.72 There have been no arrests or charges to date.

Reference “Stanmore”, referred on 16 June 2000

2.73 The *Stanmore* References was granted to the Commission on 16 June 2000 to investigate the murder of a person in Leumeah on 3 March 2000.

2.74 The Commission is working with a NSW Police task force on this matter.

2.75 There have been no arrests or charges to date.

2.80 **Law Enforcement (Controlled Operations) Act 1987**

A total of 48 controlled operations were approved during the reporting year.

INVESTIGATIVE TOOLS

2.76 The Commission has a number of investigative tools at its disposal. In particular special powers are available under the *New South Wales Crime Commission Act 1985* and powers under the *Criminal Assets Recovery Act 1990*, 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.

2.77 **New South Wales Crime Commission Act 1985**

	Total
Section 16 – Summons to Appear	327
Section 17 – Notices to Produce	1,125
Section 10 – Notices to Produce to Government Agencies	11

2.78 **Listening Devices Act 1984 (includes renewals of warrants - max 21 days)**

393 warrants, including renewals (maximum 21 days) were granted during the year.

2.79 **Telecommunications (Interception) Act 1979 (includes renewals of warrants - max 90 days)**

267 warrants were granted to the Commission during the 1999/00 reporting year, resulting in 158 arrests.

2.81 Search Warrants

ABCI, Centrelink, and the Australian Taxation Office.

No search warrants were issued under the NSW Crime Commission Act.

143 search warrants were issued under s45 of the Criminal Assets Recovery Act.

A large number of warrants issued under the Search Warrants Act were executed by Police working on Crime Commission References.

2.82 Arrest Warrants under section 18AA of the NSWCC Act

No warrants were issued during the reporting year.

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

The Commission approved the establishment of 28 assumed identities during the year, of which 11 were revoked.

The Commission's assumed identity files were audited during the period.

DISSEMINATION

2.84 In addition to normal exchange of information between agencies working with the Commission, information is formally passed to other law enforcement agencies and relevant bodies. During 1999/00 the Commission, with the approval of the Management Committee, disseminated material to other organisations on 135 occasions relating to suspected criminal activity, revenue evasion and misconduct.

2.85 Organisations receiving disseminated material included the NSW Police Service, SA Police, WA Police, NT Police, Hong Kong Police, Department of Immigration and Multicultural Affairs, Crown Solicitor's Office, Casino Control Authority, Australian Federal Police, AUSTRAC, Queensland Crime Commission, National Crime Authority, Australian Customs Service, NSW Department of Housing, Westpac Bank, USA District Court, Commonwealth Ombudsman's Office,

PROSECUTIONS

- 2.86 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.
- 2.87 During the year, Police assigned to Commission References arrested 210 persons and laid 759 charges. These figures can be compared with 222 arrests and 495 charges in 1998/99.
- 2.88 Charges laid in 1999/00 and previous years of the Commission's operations are at various stages in the prosecution process.
- 2.89 The following table summarises arrests made and charges laid in connection with Commission References in 1999/00*.

REF	TOTAL ARRESTS	CHARGES
Azure III	5	22
Bianco III	0	0
Gecko II	88	161
Vacy II	20	59
Waratah II	17	62
Zetland II	35	195
Eden II	23	127
Gynea II	10	22
Jesmond	1	29
Leura	0	0
Mascot	0	0
Nowra	1	13
Oberon	3	19
Putney	7	50
Quaama	0	0
Raby	0	0
Stanmore	0	0
TOTAL	210	759

* Numbers of prosecutions are not necessarily indicative of productivity as some lengthy investigations into high level criminal targets may consume large quantities of resources but result in only a small number of (important) arrests.

COURT PROCEEDINGS AND APPLICATIONS

Dorrigo Reference

- 2.90 This investigation related to the alleged fraudulent evasion of fees due to the State under Business Franchise Licences (Tobacco) Act. As part of this investigation a number of search warrants were executed in 1996 and a number of persons were arrested.
- 2.91 In August 1997 the High Court held that the Act which imposed the franchise fees was invalid which led to the charges being withdrawn.
- 2.92 In July 1997 litigation was commenced by two persons seeking declarations in relation to the validity of the Commission's References, the validity of the search warrants and damages and costs. The matter was concluded in October 1999.
- 2.93 By consent, three of the search warrants were declared to be invalid. No damages or costs were awarded against the Commission. In addition, the terms of the orders released all persons involved in the issue and execution of the search warrants and arrests from all claims at law including damages.

Review of Restraining Orders

- 2.94 On 12 December 1996 the Commission obtained a restraining order against a person pursuant to the *Criminal Assets Recovery Act 1990*. On 18 September 1998 the person filed a Notice of Motion seeking a review of the restraining order by a single judge, and that the restraining order be set aside.
- 2.95 On 3 December 1999 the matter came before Justice Adams of the Supreme Court, who held that a single Judge of the Supreme Court had power to review a restraining order.
- 2.96 The Commission appealed to the Court of Appeal. On 23 August 2000 the Court of Appeal allowed the appeal, and ordered that the judgement and orders of Justice Adams be set aside. Proceedings under the *Criminal Assets Recovery Act* against the person are continuing.
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Examination Questions

- 2.97 On 22 November 1999 the Commission obtained an order pursuant to section 12 of the *Criminal Assets Recovery Act 1990* that a person be examined on oath before a Registrar concerning her own affairs and the affairs of another person.
- 2.98 On 15 March 2000 that person was examined before a Registrar of the Supreme Court. During the examination, counsel objected to certain questions asked of the person. The registrar overruled the objection, whereupon counsel sought, and was granted, an adjournment to enable that ruling to be tested.
- 2.99 The matter was referred to a Judge of the Supreme Court. The person argued that pursuant to section 12 of the *Criminal Assets Recovery Act 1990* the only questions that could be asked of her were those relevant to financial affairs, to identify the owner of property or an interest in property and the nature and location of property.
- 2.100 The Court dismissed the person's application, and ruled that an examination may elicit information of such activities relevant to establish the existence of serious crime related or illegal activities as might be relevant to the making of orders under the *Criminal Assets Recovery Act 1990*, as well as those matters which might go to ascertain, identify and locate property.

ROLE OF THE ABCI

- 2.101 Each year in this Report the Commission makes reference to the Australian Bureau of Criminal Intelligence. This is not just because the ABCI is the principal repository of criminal intelligence gathered by the Commission, but also because this Commission takes the view such a body is necessary to ensure an appropriate pooling of knowledge by the various law enforcement agencies in order to provide better advice on the criminal environment and the allocation of resources in key areas.
- 2.102 These things have been said before. They are repeated in the interests of improving the prospect that the ABCI will continue to progress towards its full potential.
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NATURE AND EXTENT OF ORGANISED AND OTHER CRIME

- 2.103 Under section 31(2)(b) of its Act, the Commission is required to provide a description of any patterns or trends, and the nature and scope of drug trafficking and organised and other crime that have come to the attention of the Commission during the year.
- 2.104 The following is a general overview of patterns and trends in relation to the Commission's main areas of interest referred to in 2.2 to 2.5. More detailed advice in these subjects is provided to the Management Committee on a monthly basis.
- 2.105 The Commission regularly reviews its References to take into consideration the changing crime environment so that it can make the appropriate adjustments in light of limited investigative resources. A review of a number of long-term References was undertaken on 4 September 2000 by the Management Committee. This led to the issue of a number of References in relation to existing areas of interest.
- 2.106 The dominant criminal activity of the identified groups and other organised criminals is drug trafficking but some groups are diversifying into lower risk high-profit activities such as excise fraud and car rebirthing. This is a trend that is noted by Europol (the law enforcement intelligence network for the European Union), the British National Criminal Intelligence Service (NCIS) and the Criminal Intelligence Service of Canada.
- 2.107 International comparisons are included in this report because organised crime is an increasingly global phenomenon and the Australian criminal environment is affected by world changes in drug flows and production. Also, a number of the organised crime trends identified by the Commission during the year have, or are, appearing in foreign jurisdictions. Accordingly there is benefit in comparing the methodologies employed by other countries to combat organised crime.
- 2.108 Fluctuations in the global market in terms of the dominance of a particular group or commodity may in part be influenced by the interdiction strategies and priorities of the various jurisdictions. For example, the popularity of offshore money laundering schemes in Australia is due to the relatively inhospitable environment in Australia brought about by the Financial Transaction Reports Act (FTRA), specific money laundering legislation and a range of confiscation legislation. Overseas vessels carrying cocaine are increasingly travelling to Australia via Fiji rather than the previously popular New Zealand route. This may be due to increased interdiction efforts in New Zealand or criminals seeking to exploit political unrest in Fiji. Because of these global factors, the United Nations is currently working on protocols for a Convention Against Transnational Organised Crime, and Australia is an active participant in this process.
- 2.109 NCIS notes the involvement of organised crime in 'legitimate' business, corruption, money laundering and the use of violence. It says these are underlying or 'generic criminal activities' that form the infrastructure enabling organised criminals to conduct their primary profit producing crime of drug trafficking. This analysis is applicable to NSW.
- 2.110 Like the UK, Australia has seen a significant level of organised crime involvement in private security firms and club ownership, with clubs often acting as drug distribution points.
- 2.111 As reported last year, an expanding area of criminal activity is organised car rebirthing. Police and insurance sources indicate that car rebirthing activities are being dominated by members of Lebanese gangs in a structured and organised manner and that activities include theft, stripping, auction purchases, VIN transfers, repairs, rebuilding, sales and false insurance claims. The Commission has also noted significant proceeds of crime being generated from these activities.
- 2.112 There are a number of gangs in the south-western suburbs of Sydney with total membership comprising more than 100 youths aged between 15 and 25. The gangs are defined by territorial boundaries and

- members are often associated by family ties.
- 2.113 There has been a 17% increase in car theft in the past seven years. Australia is recorded as having among the highest number of vehicle thefts per capita in the world at an annual cost of \$750 million to the insurance industry. It is estimated that one family-based group has generated \$6 million to date from car rebirthing though corresponding assets have not been identified in the jurisdiction. This suggests that the proceeds are being laundered, possibly by transfer of funds to Lebanon.
- 2.114 Gangs have been known to use violent standover tactics to ensure their prosperity in all areas of crime. In one case, it is suspected a person was shot for outbidding a competitor at a car auction. Reborned cars are also being used during the commission of other crimes.
- 2.115 NCIS reports a similar problem with organised vehicle crime. The UK Government has introduced strategies to reduce vehicle crime by 30% over the next five years. The Commission has commenced discussions with the NSW Police Crime Agencies and the insurance industry with a view to obtaining a Reference into this area of crime.
- 2.116 A large number of shootings occurred in the Bankstown area in January and February 2000. It appears that one of the major motives for the shootings is the enforcement of drug territory. Poor interaction with police and authorities remains commonplace and extends beyond suspects to include witnesses. This has been a significant hindrance in the investigation of the murder of Edward Lee (17 October 1998) and a number of other crimes.
- 2.117 South East Asian organised crime, the subject of the *Gecko* Reference, mainly involves drug trafficking and money laundering but there is an increasing incidence of violence and murders, particularly within the Vietnamese community. These types of crime are usually attributable to disputes among rival groups for control of criminal enterprises, usually drug trafficking, gambling and prostitution.
- 2.118 Home invasions are also commonplace and not all of these are reported. The Commission has noted an increase in the incidence of offenders resorting to serious assault using firearms including pistols and more recently, fully automatic weapons which are readily available at low cost. Witnesses and victims have been reluctant to cooperate with police investigators.
- 2.119 The Australian Police Ministers Council sought amendment to the *Customs (Prohibited Import) Regulations* so that handguns would be treated in the same way as Category C firearms. This was largely due to concerns about the level at which semi-automatic handguns were appearing in the commission of crimes and in illicit trade.
- 2.120 At the time of writing, the *Regulations* had been amended so that all imported handguns, apart from those imported for official purposes, will be held by Customs until the importer can show a sale to an approved end user. There has also been a general review of the *Firearms Act* by the Ministry for Police and more changes are anticipated in the coming year at State and Commonwealth levels.
- 2.121 The Commission has given less attention to the activities of outlaw motorcycle gangs during the course of the year due to allocation of resources to other activities. However, OMCG's continue to appear incidentally in investigations involving amphetamines trafficking and manufacture as well as crimes of violence.
- 2.122 There appears to be increasing willingness on the part of OMCG's to engage in criminal activity with non-OMCG members. The ABCI suggests that this may be occurring as a means of gaining greater access to illicit goods, finance and specialist skills. The ABCI also suggests that increasing cultural diversity of members is improving the opportunities and resources available to OMCG's. Project Wingclipping indicates that OMCG's are broadening their traditional ethnic base with the establishment of support clubs for the Bandidos in both Thailand and Japan.
- 2.123 In other countries, such as Canada, special legislation has been introduced to meet the
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- OMCG problem. In Australia, the Australian Police Ministers Council members are examining legislative options among others.
- 2.124 The *GyMEA* targets known as 'East Coast Criminals' have long-established links with the waterfront and widespread crime is occurring within this industry through companies and individuals. Fraud in the form of evasion of customs and excise duty as well as drug importation are facilitated by waterfront connections. This is mainly a Commonwealth responsibility. The Commission is working with the AFP in relation to some of these targets.
- 2.125 The Financial Action Task Force indicates that the main source of illegal proceeds are fraud (principally revenue fraud) and drug trafficking with both crimes on the rise and involving organised criminals with international connections. Prosecutions for money laundering remain low despite estimates that over \$3.5 billion are laundered in Australia annually. The low level of prosecutions is largely due to agencies preferring to prosecute for other offences such as drug trafficking, or taking confiscation action. The amount confiscated by the Commission is a very small proportion of the total estimated proceeds of crime. The Commission has used its money laundering Reference (*Kingsvale*) to investigate a number of attempts to remit illicit cash overseas.
- 2.126 Through operations targeting funds rather than the predicate offence, the Commission has discovered South East Asian drug traffickers recruiting persons without criminal records to transmit funds to overseas accounts, usually in Hong Kong. These accounts are quickly cleared and the money trail ends at the offshore account.
- 2.127 Working with the NCA, the Commission commenced confiscation proceedings in ten cases based on the suspicion that the persons had been engaged in money laundering. As a result, over \$2 million has been forfeited to the State. In nearly all of the cases, the persons presenting the cash to the banks have told the Commission that they were acting as intermediaries and were not the owners of the money.
- 2.128 There are current discussions with other law enforcement agencies, AUSTRAC and the Casino Control Authority to limit the opportunities for this type of activity and legislative options are being considered. It is common for persons who are found with cash to claim that the cash is the proceeds of gaming, usually at a casino, in the case of South East Asian criminals. The Commission, along with a number of other agencies, has contributed to the inquiry by Mr P McClellan QC who published an interim report on 31 August 2000.
- 2.129 Telegraphic transfer of funds remains the most detected method of remittance. Commission hearings have disclosed the relative ease with which money can move across international borders to avoid tax and money laundering constraints. However, it is also apparent that large amounts of Australian bank notes find their way overseas at a level which is inconsistent with lawful business or tourist activity. Intelligence suggests that illegal trade is conducted in South East Asia using Australian currency – rather than local currency - because of the volume of Australian currency which is available. This may reflect concerns on the part of the holders of that cash that attempts to remit it or exchange it will draw attention to their activity.

Drug Trends

- 2.130 The US Department of State describes Australia as a consumer, rather than a producer, of illicit drugs. This is true in an international sense, with Australia importing, rather than exporting, drug types such as heroin and cocaine. However, there is a significant production in NSW of cannabis and synthetic drugs for domestic consumption.
- 2.131 Some crimes, such as heroin importation, are dominated by particular groups due to geography, culture and experience. Australia has a problem with heroin due largely to its proximity to the source. It has not had an equivalent problem with cocaine which has plagued the United States due to its location. Geography also helps to explain why there is a problem with South East Asian organised crime in Australia and
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- not in the United Kingdom or Western Europe.
- 2.132 It should be emphasised that heroin is still perceived as the most significant drug problem in NSW. Apart from some minor contributions from the Middle East and South America, South East Asia is overwhelmingly the main source of heroin imported to Australia. The importations are controlled by South East Asian organised criminals mainly located in Sydney. Even where importations occur in other States, the domestic controllers of the importation and distribution are usually based in Sydney.
- 2.133 Heroin is mainly obtained from Cabramatta, Kings Cross, Redfern, Marrickville and Chinatown at wholesale and street levels. Many heroin dealers in regional areas regularly travel to Cabramatta to purchase supplies whilst others arrange for it to be delivered from Sydney.
- 2.134 Generally, drug prices across the State for all drug types were stable in 1999. A correlation exists between price and proximity to major distribution locations. The closer to a major distribution point, the lower the reported price. At the lower end of the scale, heroin sold for \$20 per street deal.
- 2.135 There has been an increasing diversity of people involved in heroin importations. Non-Asian persons have been used to a greater extent, though not at the highest levels. The stages of the process have become more discrete. Specialists such as safe house minders and money launderers are only aware of their role in the organisation so that if one part of the operation is apprehended the syndicate as a whole will not be adversely affected.
- 2.136 Figures reported in the NCIS Threat Assessment from a British Crime Survey indicate that 1% of 16 – 29 year olds had tried heroin, by comparison with an Australian Institute of Health and Welfare report that 6.2% of men aged between 20 and 29 used heroin in 1998.
- 2.137 The National Drug Strategy Household Survey carried out in 1998 showed that amphetamines were the second most frequently used illicit drug in Australia after cannabis, and that their use was increasing.
- 2.138 Previously, illicit drug laboratories producing amphetamine type stimulants (ATS) in NSW used a variety of sources for precursor chemicals. The introduction of the Chemical and Allied Scientific Industry Code of Conduct has resulted in a shift in sourcing pseudoephedrine from chemical diversion to pharmaceutical tablets. With this shift, investigators have begun to discover an increasing number of 'extraction houses'.
- 2.139 In the past 17 months, NSW Police have uncovered 36 extraction houses used to convert the therapeutic tablets into pseudoephedrine hcl. The usual practice is that the product of a number of extraction houses is pooled to carry out a single, larger methylamphetamine 'cook'. In 1995 the standard 'cook' was 20 litres about every three months. Today it is five litres every few weeks. In addition, new methods have faster reaction times. This makes the task of detection more difficult for police as the manufacturing process requires less time to organise and complete. The smaller quantity of product also makes detection less likely. Although the process yields lower purity product than other manufacturing methods, profit margins are still high enough to motivate organised crime involvement.
- 2.140 The extraction process does not require a great deal of expertise and instructions are readily available.
- 2.141 Manufacturers of ATS have acted to prevent extraction of precursor drugs from their products with limited success. Various pharmaceuticals have been rescheduled to make them available by prescription only, whilst others must be kept behind the counter. Some products have been withdrawn from sale. Notwithstanding these measures unethical pharmacists have been known to sell tablets in bulk to 'bastard' illicit manufacturers.
- 2.142 Despite the above measure, large quantities of pseudoephedrine are still available to organised criminals. Targets investigated under the *Gymea* Reference had thirty 25kg drums of pseudoephedrine in their possession in 1999. The black market value of these exceeds \$9 million.
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- 2.143 Globally, demand for ATS has begun to increase in Asia. There is evidence that some traditional heroin producers in South East Asia have diversified into amphetamine production so they are not tied to the uncertain success of opium poppy crops. In Burma, seizures of ATS laboratories tripled in 1998.
- 2.144 Precursor controls are generally weak in Asian countries, and there is also a large regional black market emerging in Chinese ephedrine, which is a precursor for many forms of ATS. Consequently, the purity levels of ATS produced in Asia are likely to be higher than those produced in Australia, where precursor legislation is strong. As the Asian region currently supplies Australia with most of its heroin, the infrastructure and networks necessary to supply ATS to Australia are already in place. OSCA predicts these higher quality imported ATS may challenge the domestically-produced product in future.
- 2.145 This trend may result in an increasing involvement of Asian organised crime groups in ATS trafficking. Law enforcement agencies have already noticed a level of collaboration between some OMCG's and Asian drug traffickers. In NSW, OMCG's were involved in 50% of the ATS laboratories discovered by police over the previous year.
- 2.146 Sophisticated methods are being used to chemically disguise cocaine by manufacturers to avoid detection when it is being imported. In Australia in recent months Customs have reported their first seizure of 'black cocaine'. This is cocaine which has had its chemical composition changed so that it becomes a thick black liquid. NSW Police have also detected cocaine that has been imported into Australia in the form of sheets of plastic. Again, the chemical composition of the cocaine was changed to avoid detection. Once imported, a solvent was to be used to extract the cocaine from the sheeting.
- 2.147 AFP intelligence indicates that principals in drug cartels frequently select individuals from poor economic communities in South America, and pay for their passage and relocation to Australia. As a result of pressure applied by cartel members, these individuals become involved in criminal activities, act as hosts to criminals from South America, set up safe houses and post bail for associates. A large percentage of relocated persons become illegal immigrants who find employment working in the cleaning and hospitality trades.
- 2.148 Whilst trafficking in cocaine was previously dominated by South Americans, intelligence from a number of agencies has identified a range of ethnicities who are now involved in the importation of cocaine. The *Gymea* Reference has also noted a shift towards cocaine trafficking among East Coast criminals.
- 2.149 Generally, there has been a convergence of drug markets with many groups dealing in multiple commodities.
- 2.150 Investigations under the *Gymea* Reference indicate the activities of the typical gangs are not as structured or static as they were in the 1980's. There is a degree of fluidity with some individuals floating between groups. However, international connections are still highly valued and shared on a limited basis. The crossovers between groups has occurred together with an expansion in the range of products dealt. The move from an activity such as large scale cannabis importation to cocaine or ecstasy has meant new contacts and outlets are required. It is noteworthy that the above perceptions are not unique to NSW or Australia.
- 2.151 To meet global trends, the Director-General of NCIS suggests "an international, multi-agency approach that focuses on intelligence-led policing [as] the only means by which law enforcement is effectively going to eradicate organised crime at the level at which it is now operating. Analysis, in its proactive approach, is one of the most important tools."
- 2.152 Europol suggests that to combat organised crime, law enforcement needs to build up a comprehensive strategic picture and action plan. In line with this thinking the ABCI will produce a major Organised Crime Assessment next year. The Crime Commission is a contributor to that process.
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CHAPTER THREE

LEGAL CHANGE

CRIME COMMISSION LEGISLATION

- 3.1 There were no changes to the *Criminal Assets Recovery Act* 1990, or to the *NSW Crime Commission Act* 1985 during the course of the year. The Commission proposes minor amendments to both Acts. A review of the *Criminal Assets Recovery Act* will occur as a consequence of resolutions of the *Drug Summit* taken in May 1999.

OTHER LEGISLATION

- 3.2 During the year there have been amendments to the *Controlled Operations Act* and the *Listening Devices Act* reflecting advice of the Commonwealth and State law enforcement agencies. There have also been amendments to the *Telecommunications (Interception) Act*.
- 3.3 It is hoped that there will be more comprehensive amendment of the electronic surveillance legislation and the *Search Warrants Act*.

MONEY LAUNDERING

- 3.4 Following last year's Report (paragraph 3.4) the Commission continues to make representations to, and liaise with, other agencies with a view to more effective action to counter money laundering. Legislative change is proposed at State and Commonwealth levels.
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CHAPTER FOUR

CONFISCATION

BACKGROUND

4.1 The Commission administers the Criminal Assets Recovery Act 1990 (“the CAR Act”).

4.2 The principal objects of the CAR Act are:

- . 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; and
- . to enable law enforcement authorities to effectively identify and recover property.

4.3 A serious crime related activity is a serious drug trafficking offence under the Drug Misuse and Trafficking Act 1985, offences punishable by imprisonment for five years or more and which involve 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, and offences of attempting to commit or of conspiracy or incitement to commit, the above offences.

4.4 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.

- . asset 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; and

- . 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.

4.5 Asset forfeiture orders and proceeds assessment orders can only be obtained where 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.

RESTRAINING ORDERS

4.6 During 1999/00, 156 restraining orders were obtained by the Commission under the CAR Act. Of those, some orders were obtained on the basis that the persons, who in some instances included corporate entities, were reasonably suspected of having property that was derived from the serious criminal activities of another person, and the balance were obtained on the basis that the persons whose properties were restrained were reasonably suspected of having engaged in a serious crime-related activity. 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 forty-eight hour period provided in section 10(9) of the CAR Act.

4.7 The number of restraining orders obtained under the CAR Act since 3 August 1990 was 920, made up as follows:

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
TOTAL	920

4.8 Potential targets 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, are having to work harder to identify and restrain property and to allocate an increasing proportion of resources to pre-litigation investigation work.

4.9 The restraining orders obtained during 1999/00 followed referrals from the sources set out below:

Agency	Orders	Estimated Value
NSWPS	88	9,190,844
NCA	12	1,923,773
NCA/NSWPS Joint Task Force	4	268,238
JACG (AFP/NSWPS/ACS/NCA/NSWCC)	11	1,459,862
AUSTRAC/NCA/NSWCC	11	1,818,312
AFP	8	*13,914,956
NCA/NSWCC	3	7,682,553
NSWPS/NSWCC (Gymea)	14	1,875,855
WAPOL/NCA	5	228,963
Total	156	\$38,363,356

- This figure includes one matter involving \$11,900,249 which will be returned to victims if the matter is successfully litigated.

ASSET FORFEITURE ORDERS AND PROCEEDS ASSESSMENT ORDERS

1999/00	84	31	115
TOTAL	498	177	675

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

4.11 During 1999/00, 84 applications for assets forfeiture orders were completed by the Commission usually by way of negotiated settlement without proceeding to a hearing. Orders were obtained that property having an approximate value of \$8,934,853 be forfeited to the Crown. The property forfeited included motor vehicles, jewellery, real property, cash and funds held in bank accounts. This includes a motor vehicle valued at \$18,000 which is unlikely to be recovered.

4.12 During 1999/00, 31 applications for proceeds assessment orders were completed by way of negotiated settlement, resulting in orders that \$2,325,646 be paid to the Treasurer. Of this amount it is estimated that only \$2,098,446 will be recoverable.

4.13 The following tables enable a comparison between the results quoted above to those quoted in the last nine 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

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
Total	\$35,632,288	\$12,806,877	\$48,439,165

4.14 It is useful to compare the results from the commencement of the Act on 3 August 1990 to date with the cost to Government of the confiscation litigation function.

4.15 The following table makes 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
TOTAL	\$51,105,693	\$19,296,186

4.16 The source of referrals for the total amount of realisable confiscation orders, including legal costs recovered for the 99/00 year, being \$12,046,483, is as follows:

Agency	Number of Confiscation and Cost Orders	Amount
NSWPS	81	5,363,516
NCA	18	1,927,702
AFP	8	1,029,649
Joint Task Forces:		
NCA/NSWCC		
AUSTRAC	9	1,577,283
NCA/NSWPS	5	600,833
NCA/NSWCC	1	123,500
NSWPS/ NSWCC	9	900,000
JACG	2	524,000
TOTAL	133	\$12,046,483

4.17 Of the total amount of realisable confiscation orders and costs recovered, 69% related to matters involving drug offences and the balance related to offences as follows:

Offence	Amount	Percentage
Money Laundering	2,871,329	23.8
Larceny, Armed Robbery and Receiving Stolen Property	749,651	6.2
Fraud	129,190	1.0
Violence (Assault)	12,000	-
TOTAL	\$3,762,170	31.0

4.18 During the year eight exclusion orders were made which reduced the amount of asset forfeiture orders of previous years as follows:

Year	Number of Orders	Value
1997/98	4	383,374
1998/99	4	151,889
Total	8	\$535,263

4.19 13 applications to exclude property from Asset Forfeiture Orders are outstanding. They were lodged in respect of property valued at approximately \$2.07 million. \$843,563 of this relates to Asset Forfeiture Orders made during the current year and the remainder relates to prior years.

4.20 Potential exists as at 30 June 2000 in respect of three Asset Forfeiture Orders for application to be made within six months of the date that the Asset Forfeiture Orders

were made. The value of assets in respect
of these three Asset Forfeiture Orders is in
the vicinity of \$684,500.

- 4.21 The cost of the confiscation litigation function includes all capital costs and employee-related expenses, but does not include general overheads borne by the Commission prior to the introduction of the confiscation function.
- 4.22 There was a 2% decrease in the cost of the confiscation litigation function in 1999/00 over 1998/99. The budget for confiscation litigation for 2000/01 is \$2,389,000 with the monetary value of confiscation orders projected to be not less than \$12,000,000.
- 4.23 The confiscation litigation function has been revenue positive since July 1994 and is expected to remain revenue positive.

PRODUCTION ORDERS

- 4.24 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.
- 4.25 Production orders are the means by which the majority of 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 1999/00 the Commission applied for and obtained 96 production orders. (934 Notices to Produce pursuant to section 17 of the NSWCC Act were also issued in respect of confiscation matters that fell within a Commission Reference.)

SEARCH WARRANTS

- 4.26 An authorised officer of the Commission which includes a member of the New South Wales Police Service (NSWPS) 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 which is subject to a restraining order. In 1999/00 one search warrant was issued pursuant to these provisions.

- 4.27 Pursuant to sections 44 and 45 of the CAR Act, an authorised officer of the Commission which includes a member of the NSWPS may apply to the Supreme Court for a warrant authorising the search of premises for property-tracking documents.
- 4.28 During the 1999/00 year, the Commission successfully applied for the issue of 143 warrants under these provisions.

MONITORING ORDERS

- 4.29 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.
- 4.30 In 1999/00 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

- 4.31 The Offices of the State and Commonwealth Directors of Public Prosecution 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), the Customs Act 1901 (Cth) and the Proceeds of Crime Act 1987 (Cth).

4.32 The Commission has continued its links with both agencies and liaises with them in respect of operational and policy matters.

THE COPOC ACT

- 4.33 On 22 March 1993, a regulation pursuant to the COPOC Act was gazetted which empowered the Commission to take proceedings for restraint and forfeiture of tainted property in indictable drug matters under the Drug Misuse and Trafficking Act 1985. This regulation was made in order to minimise overlap in functions between the NSW DPP and the Commission in respect of the forfeiture of the property of persons involved in drug crime.
- 4.34 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.
- 4.35 During 1999/00 no restraining orders were obtained under the COPOC Act.

THE AUSTRALIAN TAXATION OFFICE

- 4.36 During 1995/96 the Commission and the ATO entered into a Memorandum of Understanding which set guidelines for dealing in matters of conflict. The Commission maintains good working relations with the ATO.
- 4.37 During 1999/00 ten matters were referred to the ATO as a result of investigations conducted by the Commission. Income Tax Assessments totalling approximately \$2.8 million have been, or will be, raised in respect of these matters. In addition, there will be continuing benefits to the Commonwealth from the referral of these matters through increased compliance by the persons involved and the monitoring by the ATO to ensure future income is reflected in their tax returns.

FINANCIAL INSTITUTIONS

- 4.38 As a result of the large numbers of production orders obtained under the CAR Act and notices issued under section 17 of the Commission's Act, the Commission has established close liaison with the State's major banks and building societies.
- 4.39 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.”

- 4.40 The Commission has obtained information on numerous occasions pursuant to section 51.
- 4.41 The assistance provided by both banking and other financial institutions has been essential to the confiscation function.

INTERNATIONAL AND INTERSTATE INQUIRIES

- 4.42 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 little is achieved and long delays are involved, however liaison is ongoing with the Commonwealth Attorney-General's Department.
- 4.43 The Commission's continuing experience of the difficulties associated with detecting assets of offenders in Australia, suggests that law enforcement agencies generally will need to concentrate more of their efforts on the tracing of assets into foreign jurisdictions.

SUPREME COURT AND DISTRICT COURT

- 4.44 The work generated by the confiscation function continued to place further demands upon the resources of the Supreme Court and 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.
- 4.45 The Commission attempted to reduce the number of matters before the Supreme Court. At the end of the year, the number was down to 95 from a peak of 245 in 1998.

NSW POLICE SERVICE CRIME AGENCIES AND OTHER POLICE

- 4.46 The contribution of the NSW Police Service and the National Crime Authority to the litigation commenced by the Commission has been substantial.
- 4.47 During 1999/00 a total of 650 matters were referred to the Commission for assessment of confiscation action under the CAR Act and/or COPOC Act.
- 4.48 The following table sets out the number of matters referred to the Commission 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

- 4.49 The number of restraining orders obtained (relative to the large number of matters referred to the Commission) is due partly to the fact that police arrest large numbers of persons who habitually deal in indictable quantities of illicit drugs without acquiring substantial assets which are discoverable by the Commission.

THE PUBLIC TRUSTEE

- 4.50 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 promptly recovered.

THE CONFISCATED PROCEEDS ACCOUNT

- 4.51 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 Act, victim's compensation, law enforcement, drug rehabilitation or drug education.

TRAINING

- 4.52 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 over the last eight years. Those skills need to be acquired by the wider law enforcement community. Seminars conducted by the Commission and other agencies, an appearance on Police TV and advertisements placed in the Police Weekly are having their impact but more needs to be done to inform persons involved in criminal investigations.

CHAPTER FIVE

GENERAL MANAGEMENT

- 5.1 Mr Phillip Bradley is the Commissioner and the sole Member of the Commission. He is also the Chief Executive Officer.
- 5.2 Mr John Giorgiutti is the Director of the Commission as well as Solicitor to the Commission.
- 5.3 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 function is also headed by an Assistant Director.
- 5.4 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.
- 5.5 An organisation chart current at the end of the year is shown at Appendix D.

ADMINISTRATIVE OFFICE

- 5.6 The address, telephone, facsimile and DX numbers, as well as the business hours of the Commission's head office are shown on the inside front cover of this report.

STAFFING

- 5.7 In 1999/00 the establishment comprised positions under the Public Sector Management Act, and staff employed directly by the Commission pursuant to section 32 of the NSW Crime Commission Act.
- 5.8 At the end of the reporting year, the number of permanent staff employed by the Commission was 91 (86.4 equivalent full-time). The categories of staff comprising the establishment are tabulated below. A comparison with the staffing levels of the previous three years is included.

	99/00	98/99	97/98	96/97
Statutory Officers	1	1	1	1
SES	0	0	0	0
PSM Act	16	16	20	23
Direct Employees	74	76	71	62
TOTAL	*91	93	92	86

*86.4 Equivalent Full-Time

SES POSITIONS

- 5.9 During the reporting year there were no officers employed as Senior Executives under the Public Sector Management Act.
- 5.10 Included in the Management Team are:
- Director and Solicitor to the Commission
Assistant Director, Investigations (2 positions)
Assistant Director, Financial Investigations
Assistant Director, Operations Support
- 5.11 Names of incumbents and dates of their appointment are shown in the first section of this report.
- 5.12 Each of these officers is employed pursuant to a contract of employment with the Commission which provides for review on an annual basis. These contracts do not provide for levels as occurs in SES contracts. The terms of the contracts are expressly confidential. In those cases where performance review was tied to salary, each officer's performance was assessed to be satisfactory and incremental adjustment to remuneration was made. Performance reports can be found in Appendix C.
- 5.13 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 office holder, he is not subject to formal performance appraisal. His remuneration package was set by the Tribunal in October 1999 at \$258,630.

EQUAL EMPLOYMENT OPPORTUNITY

- 5.14 The Commission's Equal Employment Opportunity (EEO) statistics for 1999/00 have been completed and submitted to the Director of Equal Opportunity in Public Employment.
- 5.15 The Commission works with the Office of the Director of Equal Opportunity in Public Employment 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, particularly for an agency working in the area of law enforcement.
- 5.16 In the reporting period, 4 new members of staff were recruited. Of these, 1 was a woman (25%) and 2 were people from a racial, ethnic or ethno-religious minority (REMG) (50%).
- 5.17 The following tables contain EEO statistics for 1999/00. Comparative data from past years can be found in previous annual reports of the Commission.
- 5.18 **Representation and Recruitment of Target Groups (Aboriginal or Torres Strait Islanders (ATSI), people with physical disability, people from a racial, ethnic or ethno-religious minority (REMG), and women)**

1999/00	All	ATSI	Disab	REMG	Women
Total	91	1	4	19	52
Staff		(1%)	(4%)	(21%)	(57%)
Recruited	4	0	0	2	1
1999/00				(50%)	(25%)

- 5.19 **Representation of EEO Target Groups by Level 1999/00**

Grade	Total Staff	Women	REMG
Above Grade 12	16	2 (12%)	2 (12%)
Grades 10 - 12	9	0	2 (22%)
Grades 6 - 9	24	18 (75%)	6 (25%)
Grades 3 - 5	27	18 (75%)	6 (25%)
Grades 1 - 2	4	4 (100%)	1 (22%)
CO 1 - Grade 1	11	8 (72%)	2 (18%)
Below CO 1	0	0	0
TOTAL	91	52 (57%)	19 (21%)

STAFF TRAINING

- 5.20 The Commission continued its very successful program of information seminars for staff during the year. The sessions are available for 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.
- 5.21 Through this system the Commission provided 663 hours of highly relevant training at a very low cost.
- 5.22 The Commission is participating in the development of a range of post graduate courses in Intelligence to be offered by Charles Sturt University.
- 5.23 Additionally, in November the Commission held a full day's workshop for all staff, covering a number of development issues, including sessions on ethics, team building and communication.
- 5.24 During the year two Commission analysts spent at least six months at the British NCIS on exchange. The Commission also hosted a six month visit of an analyst from NCIS. Such exchanges have been found to be beneficial, and may become an ongoing element of staff development at the Commission.

CODE OF CONDUCT / ETHICS

- 5.25 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.
- 5.26 The full text of the general Code of Conduct was published in full in the 1997/98 Annual Report.
- 5.27 During the year two information sessions were held for staff on ethics – one was conducted by a former Auditor-General of the NSW and the other by the Commissioner of the Commission.
- 5.28 A staff ethics committee has also been formed during the year. All staff were

surveyed about attitudes to various ethical vignettes and the results of these will be compiled and presented in the next year. This will be followed by further ethics-related discussions.

- 5.29 Additionally, staff are reminded through the medium of the internal newsletter and the staff handbook about their rights and responsibilities under the Protected Disclosures Act.

OVERSEAS VISITS

- 5.30 There were no overseas visits made during 1999/00 by staff of the Commission.
- 5.31 However, in 1999 the Commission entered into an arrangement with the NCIS in the UK whereby an analyst from one agency could be placed in the other for a period of six months.
- 5.32 During the reporting year, two Commission analysts spent several months with the NCIS. The Commission also hosted one analyst from NCIS at its Sydney office.
- 5.33 Aside from the ongoing payment of salaries, there were no other costs associated with the exchanges.
- 5.34 The Commission has found that the experience and information brought to the Commission from these exchanges is beneficial to the organisation.

OCCUPATIONAL HEALTH AND SAFETY

- 5.35 The Commission is concerned to ensure the safety and well being of all its staff.
- 5.36 The Commission made 7 claims during the year for workers compensation. One claim relates to a major traffic accident in 1997. This matter will ultimately be treated as a third-party insurance matter, which will result in a reimbursement to the GIO.
- 5.37 The other matters all related to minor accidents sustained during the course of duty. They resulted in a total (across six claims) of 12 days' lost work plus physiotherapy costs and costs of other medical practitioners.

THE ENVIRONMENT

- 5.38 The Commission continues to employ conservation methods such as water conserving shower heads, infra-red flushing systems and dual flush cisterns. There are energy saving devices on all new office machines and timers on air conditioning units, basement carpark lights, hot water urns and water coolers. Signs are posted on

all light switches reminding staff to conserve electricity.

- 5.39 Plans are in place to upgrade airconditioning temperature controls which will assist in reducing energy consumption.
- 5.40 The Commission has an ongoing contract with Energy Australia in which it has elected to purchase 100% greenpower. The NSW Government requirement is that agencies purchase at least 6%.
- 5.41 Photocopy paper used at the Commission is made from recycled paper waste. The Commission uses rechargeable batteries and recycles used toner cartridges, paper, cardboard, glass and aluminium.
- 5.42 Additionally, the Commission reuses stationery such as lever arch files and other binders.
- 5.43 During the year the Commission replaced all fluorescent lighting tubes with triphosphor tubes. This had the effect of doubling the lifespan of the tubes. It also increased the lighting output without requiring additional electricity.

INFORMATION MANAGEMENT

- 5.44 The Commission's strategy of using commercial off-the-shelf products has continued this year. Some technical problems requiring Novell, Microsoft NT and complex Visual Basic programming solutions have been developed in-house. Some joint development work has been conducted with other agencies.
- 5.45 During 1999/2000 work on the Commission's network included completion of a 100Mb switch to desktop network. The Commission has introduced web technologies including a webserver, exchange server and a web-based help-desk system.
- 5.46 The Commission also replaced proprietary systems and upgraded with existing off-the-shelf components resulting in a significant decrease in maintenance costs. The Commission's systems have expanded in capacity, are more reliable and parts are readily available locally.

- 5.47 The Commission's IT Strategic Plan and new email policy will be finalised in the coming year.

YEAR 2000 PROJECT

- 5.48 The Year 2000 rectification project was completed on 14 October 1999, in accordance with the requirements established by NSW Premier's Memorandum 98-14. An independent final assessment of the work was undertaken by the NSW Audit Office, who concluded that the Commission managed and executed the project in a reasonable manner.
- 5.49 Total expenditure on the project was \$273,000.
- 5.50 The Commission did not experience any technical problems caused by the millenium bug.

RESEARCH AND DEVELOPMENT

- 5.51 No research and development work (as defined by Australian Accounting Standard AA513) was carried out by the Commission during the year.

CONSULTANTS

- 5.52 No consultants were retained during the reporting year.

SERVICES TO THE PUBLIC

- 5.53 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 call the Commission direct to provide information. Investigations are sometimes launched on the basis of such information.
- 5.54 As a consequence 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 Annual Reports legislation. For the same reasons, the Commission has not developed 'standard times' for providing services with the exception of payment of accounts.

- 5.55 The Commission has a formal system for registering and dealing with complaints.

FREEDOM OF INFORMATION

- 5.56 The Commission received one request under the Freedom of Information Act during the year.
- 5.57 Requests under the FOI Act for access to documents in the possession of the Commission should be directed in writing to:

The Commissioner
New South Wales Crime Commission
PO Box Q566
QVB Post Office
SYDNEY 1230

- 5.58 Inquiries concerning fees and procedures for inspecting or obtaining Commission documents, including Statements of Affairs, should be made at the Commission's office at the address shown below between the hours of 9.00am and 5.00pm:

Assistant Director, Operations Support
453-463 Kent Street
SYDNEY NSW 2000
(02) 9269-3888
Email: NSWCC@bigpond.com.au

PUBLICATIONS

- 5.59 Commission publications available to the general public are:
- . Annual Reports 1985/86 to 1999/00 inclusive; and
 - . Freedom of Information Statements of Affairs

PRIVACY

- 5.60 Section 33 of the *Privacy and Personal Information Act* requires the Commission

to report on action taken to comply with the Act and on any internal reviews conducted by the Commission throughout the year.

- 5.61 During the reporting period the Commission established procedures for dealing with internal reviews through its Privacy Management Plan.
- 5.62 The Commission has alerted staff to the Act and the Commission's responsibilities under the Act. A publicity and education program has been established and will be implemented in the coming year.
- 5.63 No complaints have been made to the Commission under the Privacy Act during the year, and no internal reviews have been conducted by the Crime Commission, the Privacy Commission or the Administrative Decisions Tribunal and its Appeal Panel about complaints.

DISABILITY PLAN

- 5.64 The Commission's Disability Action Plan was submitted to the NSW Ageing and Disability Department in December 1999 following consultation with internal and external stakeholders.
- 5.65 The Commission is presently drafting complaints procedures specific to people with disabilities, and it is anticipated the procedures will be finalised shortly.
- 5.66 In all other respects, the Commission's progress is on schedule, as projected in the Disability Action Plan.

ETHNIC AFFAIRS PRIORITIES REPORT

- 5.67 During 1996/97 the Commission developed its Ethnic Affairs Priorities Statement, which remains unchanged from previous years.
- 5.68 The Commission does not discriminate against any group or individual on the basis of race, gender, culture, religion, language or ethnic origin.
- 5.69 The Commission maintained its commitment to equal employment principles.

FINANCIAL STATEMENTS

- 5.70 Audited financial statements can be found in Appendix A of this report.

ACCOUNT PAYMENT PERFORMANCE

- 5.71 The total value of accounts paid during 1999/00 was \$11,104,022. Of this amount 93.83% was paid on time (91.52% in 1998/99). There were no instances where the Commission was forced to pay penalty interest for late payment during 1999/00.
- 5.72 As at 30 June 2000, \$127,044.91 was outstanding in accounts payable to creditors. All of this amount was current.

	Qtr Ended 30 Sep 99	Qtr Ended 31 Dec 99
Value of Accounts Paid	\$3,544,730	\$2,045,516
Value of Accounts Paid on Time	\$3,368,059	\$1,869,969
% of Accounts Paid on Time	95.02	91.42
Value of Accounts Payable	\$143,855	\$116,349

	Qtr Ended 31 Mar 00	Qtr Ended 30 Jun 00
Value of Accounts Paid	\$2,471,254	\$3,042,519
Value of Accounts Paid on Time	\$2,378,776	\$2,802,080
% of Accounts Paid on Time	96.26	92.10
Value of Accounts Payable	\$155,106	\$127,044

STORES AND EQUIPMENT

- 5.73 The following table shows expenditure on general stores, IT equipment, furniture and office equipment by month for the 1999/00 financial year.

Month	Expenditure
July	\$9,015
August	32,870

September	42,456
October	64,105
November	28,577
December	22,719
January	27,884
February	24,695
March	25,788
April	21,482
May	57,119
June	149,624
Total	\$506,334

VALUE OF LONG SERVICE LEAVE AND RECREATION LEAVE

- 5.74 The value of accrued annual leave, including applicable leave loadings, and extended leave at 30 June 2000 was \$546,265.07 and \$912,458.05 respectively. Both of these amounts were calculated in accordance with AAS30 "Accounting for Employee Leave Entitlements" with the nominal method used for extended leave.

MAJOR ASSETS PURCHASED IN 1999/00

- 5.75 Assets acquired by the Commission during 1999/00 were:

Motor Vehicles	\$20,000
Photocopiers	\$33,602
Airconditioning Units	\$22,012
Building Renovations	\$25,589
Security Camera System	\$29,990
PC's and Printers	\$218,499
Servers	\$96,217
Software	\$104,836
Hubs and Switches	\$120,821
Other Equipment	\$687,501
Total	\$1,359,067

REAL ESTATE

- 5.76 In 1993/94 the Commission acquired its main capital asset, being its premises at 453 Kent Street, Sydney for \$5.7 million. During 1997/98 the Commission revalued this to \$7,125,000.

INSURANCE

- 5.77 The Commission insures against a range of risks, including worker's compensation, motor vehicles, property damage and public liability through the New South Wales Treasury Managed Funds. In 1999/00 the Commission made 8 claims (10 in 1998/99). Of these claims, 7 related to workers compensation (5 in 1998/99) and 1 related to motor vehicles (5 in 1998/99).

GRANTS TO COMMUNITY ORGANISATIONS

- 5.78 The Commission did not provide any grants to community organisations in 1999/00.

CONTRACTING AND MARKET TESTING

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

RISK MANAGEMENT

- 5.80 The Commission takes the view that risk management should occur at all levels, though the primary responsibility for it rests with management. Communication of risk is fundamental to developing a consciousness among all staff. This is achieved through a Risk Management Statement, which is communicated to all staff and advertised in prominent places throughout the workplace. It identifies most of the obvious things such as insurable risk and risk of loss or injury. It is in the nature of such statements that they are, or through reputation become, platitudinous. The Commission endeavours to be active in monitoring risk through regular weekly contact between all staff and the CEO, in formal and informal meetings.
- 5.81 The Commission differs from most other public sector agencies in that there are many in the community who would hope that the Commission does not meet its goals and achieve its statutory objects. This represents a risk or threat to the Commission. The Commission is therefore careful not to publicise its areas of possible vulnerability. In the well-known areas of risk, the Commission's performance is at a high level based on empirical data. Insurable risks are adequately covered and premiums paid on a performance basis. Physical security, which is at a high level, has not been breached, which is also the case with information security, so far as is known.

- 5.82 Financial performance is audited by the Audit Office, which also conducts an extended audit to test specific subjects. The Management Committee has decided that,

due to its size, the Commission should not have an Internal Audit Committee.

5.83 In 1999/00, as in previous years, the Commission engaged the services of the Audit Office to perform an extended audit in substitution for an internal audit.

5.84 The Commission has received a report from the Audit Office for 1999/00 which found no significant areas of concern.

COST OF ANNUAL REPORT

5.85 500 copies of the 1999/00 Annual Report have been printed at a cost of \$3,550, or \$7.10 per copy (inclusive of GST). This can be compared with a total cost of \$3,400 or \$6.80 for 500 copies of the 1998/99 Annual Report.

**NEW SOUTH WALES
CRIME COMMISSION**

**FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2000**

New South Wales Crime Commission

**Financial Statements for the
Year Ended 30 June 2000**

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 Dependant Agencies, the Public Finance and Audit (General) Regulation 1995, 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 2000 and transactions of the Commission for the year then ended; and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

P A Bradley
Commissioner

L Giles
Accountant

Dated:

NEW SOUTH WALES CRIME COMMISSION
Operating Statement for the Year Ended 30 June 2000

	Notes	Actual 2000 \$'000	Budget 2000 \$'000	Actual 1999 \$'000
Expenses				
Operating expenses				
Employee Related	2(a)	6,670	6,200	6,137
Other Operating Expenses	2(b)	2,466	2,142	2,266
Maintenance	2(c)	64	120	98
Depreciation	2(d)	1,109	1,331	931
Other Expenses		0	18	0
Total Expenses		10,309	9,811	9,432
Less:				
Retained Revenue				
Investment Income	3(a)	55	50	64
Other Revenue	3(b)&6	1,031	515	1,079
Total Retained Revenue		1,086	565	1,143
(Gain)/Loss on sale of Non-Current Assets	4	8	-	2
NET COST OF SERVICES		9,215	9,246	8,291
Government Contributions				
Recurrent Appropriation		7,270	7,285	6,890
Capital Appropriation	5	1,398	1,500	1,263
Acceptance by the Crown Entity of employee entitlements and other liabilities	7	598	639	616
Total Government Contributions		9,266	9,424	8,769
SURPLUS/(DEFICIT) FOR THE YEAR		51	178	478

The accompanying notes form part of these statements.

Statement of Financial Position as at 30 June 2000

	Notes	Actual 2000 \$'000	Budget 2000 \$'000	Actual 1999 \$'000
ASSETS				
Current Assets				
Cash	22	1,123	1,800	1,457
Receivables	9	683	97	320
Total Current Assets		1,806	1,897	1,777
Non-Current Assets				
Land and Buildings	10	6,875	6,875	7,000
Plant and Equipment	10	2,802	2,427	2,571
Total Non-Current Assets		9,677	9,302	9,571
Total Assets		11,483	11,199	11,348
LIABILITIES				
Current Liabilities				
Accounts Payable	11	246	259	304
Employee Entitlements	12	663	405	523
Other	13	2	0	0
Total Liabilities	21(a)	911	664	827
Net Assets		10,572	10,535	10,521
EQUITY				
Reserves	14	2,183	2,183	2,183
Accumulated Funds	14	8,389	8,352	8,338
TOTAL EQUITY		10,572	10,535	10,521

The accompanying notes form part of these statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of Cash Flows for the Year Ended 30 June 2000

	Notes	Actual 2000 \$'000	Budget 2000 \$'000	Actual 1999 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee Related		(6,351)	(5,822)	(5,789)
Other		(2,523)	(2,280)	(2,286)
Total Payments		<u>(8,874)</u>	<u>(8,102)</u>	<u>(8,075)</u>
Receipts				
Interest		59	50	56
Other		745	515	840
Total Receipts		<u>804</u>	<u>565</u>	<u>896</u>
Cash Flows From Government				
Recurrent Appropriation		7,270	7,285	6,890
Capital Appropriation		1,456	1,500	1,263
Cash Transfers to Consolidated Fund		(56)	0	0
Cash reimbursements from the Crown Entity		368	261	298
Net Cash Flows From Government		<u>9,038</u>	<u>9,046</u>	<u>8,451</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	21(b) & 23	<u>968</u>	<u>1,509</u>	<u>1,272</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from the sale of plant and equipment		152	0	72
Purchase of plant and equipment		(1,454)	(1,500)	(1,205)
NET CASH FLOWS FROM INVESTING ACTIVITIES	21(c)	<u>(1,302)</u>	<u>(1,500)</u>	<u>(1,133)</u>
NET INCREASE/(DECREASE) IN CASH		(334)	9	139
Opening Cash and cash equivalents		1,457	1,791	1,318
CLOSING CASH AND CASH EQUIVALENTS	22	<u>1,123</u>	<u>1,800</u>	<u>1,457</u>

The accompanying notes form part of these statements.

Summary of Compliance with Financial Directives for the Year Ended 30 June 2000

	2000			
	Recurrent Appropriation \$000	Expenditure \$000	Capital Appropriation \$000	Expenditure \$000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE				
* Appropriation Act	7,270	7,270	1,500	1,454
	7,270	7,270	1,500	1,454
OTHER APPROPRIATIONS/ EXPENDITURES				
	0	0	0	0
Total Appropriations /Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	7,270	7,270	1,500	1,454
Amount drawn down against Appropriation		7,270		1,456
Liability to Consolidated Fund		0		0

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

Note 1(c)(I) concerns the changed accounting policy in respect of the recognition of revenue received from parliamentary appropriations. As this is the first year that this change applies comparatives for 1999 are not required.

For the year ended 30 June 2000

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The New South Wales Crime Commission is a reporting entity comprising all the activities under the control of the Commission.

(b) Basis of Accounting

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

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

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

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS6 "Accounting Policies" is considered.

Except for land and buildings which are recorded at valuation, the financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year except for revenue recognition which is discussed in Note 1(c)(i).

(c) Revenue Recognition

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

(i) Parliamentary Appropriations and Contributions from Other Bodies

From this financial year there is a change in accounting policy for the recognition of parliamentary appropriations. Parliamentary appropriations are generally recognised as revenues when the Commission 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 Consolidated Fund in the following financial year. As a result, unspent appropriations are now accounted for as liabilities rather than revenue.

The effect of this change for the year ending 30 June 2000 is that \$2,000 which is the amount owing to the Consolidated Fund (excluding any liability in respect of transfer payments), is accounted for as a current liability and not as revenue as previously. The liability is disclosed in Note 13 as part of “other current liabilities”. The amount will be repaid to and the liability will be extinguished next financial year.

It is impracticable to generate comparatives for this change in accounting policy, as the Commission was not required to determine any final amount owed to the Consolidated Fund for the year ending 30 June 1999.

(ii) Professional Costs Recovered

Control of a right to recover the costs is achieved when the court makes the order.

(iii) Investment Income

Interest revenue is recognised as it accrues.

(d) Employee Entitlements

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

Liabilities for wages and salaries, annual leave and vesting sick leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees’ services up to that date.

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 entitlements 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 employee entitlements to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

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

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

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

(e) Insurance

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

(f) Acquisition of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

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

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

(g) Plant and Equipment

Plant and equipment costing \$5000 and above individually are capitalised.

(h) Revaluation of Physical Non-Current Assets

Buildings and improvements (excluding land) are valued at market value using the capitalisation of the expected net rental returns that the property would achieve. Land is valued on an existing use basis.

Due to the size and nature of the Commission's assets, revaluation is conducted every 5 years. The last such revaluation was completed on 30 June 1998.

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.

Conversely, where assets are revalued to market value, and not by reference to current prices for assets newer than those being revalued, 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 increased or decreased by the revaluation increments or decrements.

The recoverable amount test has not been applied, as the Commission is a not-for-profit entity whose service potential is not related to the ability to generate net cash inflows.

(i) Depreciation of Non Current Physical Assets

Depreciation is provided for on a straight line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity. 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 1998/99.

Depreciation Asset Category	Rate %
Computer equipment and software	33.30
Office Equipment: Mechanical/Electronic	10.00
Office Equipment: Furniture/Fittings	7.50
Motor Vehicles	15.00
Building	3.33

(j) Leased Assets

Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.

NOTE 2: EXPENSES

(a) Employee Related Expenses

	2000	1999
	\$'000	\$'000
Salaries and Wages (including recreation leave)	5,589	5,033
Superannuation	392	368
Long service leave	182	223
Workers compensation Insurance	32	30
Payroll tax and fringe benefits tax	400	388
Other	75	95
	6,670	6,137

(b) Other Operating Expenses

	2000	1999
	\$'000	\$'000
Auditor's remuneration*	20	17
Bad and doubtful debts	6	66
Insurance	26	25
Office Utilities	126	144
Office supplies	877	847
Computer Services	585	396
Travel Expenses	36	30
Motor Vehicle Expenses	(1)	(4)
Service Fees	545	601
Other	246	144
	2,466	2,266
*Includes Internal Audit Fee	2	2

(c) Maintenance

	2000	1999
	\$'000	\$'000
Repairs and routine maintenance	64	98
	64	98

(d) Depreciation

2000	1999
\$'000	\$'000

Appendix A: Financial Statements

Building	125	125
Plant and Equipment	66	58
Computer Equipment	902	711
Motor Vehicles	16	37
	<u>1,109</u>	<u>931</u>

NOTE 3: REVENUES**(a) Investment Income**

	2000 \$'000	1999 \$'000
Interest	55	64
	<u>55</u>	<u>64</u>

(b) Other Revenue

	2000 \$'000	1999 \$'000
Rental of office space	0	25
Professional costs recovered	1,025	1,051
Miscellaneous	6	3
	<u>1,031</u>	<u>1,079</u>

NOTE 4: GAIN/(LOSS) ON SALE OF NON-CURRENT ASSETS

	2000 \$'000	1999 \$'000
Proceeds from sale	152	54
Written Down Value of assets sold	(144)	(56)
Net gain/(loss) on disposal of non-current assets	<u>8</u>	<u>(2)</u>

NOTE 5: APPROPRIATIONS

	2000 \$'000	1999 \$'000
<u>Recurrent Appropriations</u>		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	7,270	6,890
Less: Liability to Consolidated Fund (per Summary of Compliance)	0	0
Total	7,270	6,890
Comprising:		
Recurrent appropriations (as per Operating Statement)	7,270	6,890
Transfer payments	0	0
Total	7,270	6,890
<u>Capital Appropriations</u>		
Total capital drawdowns from Treasury (per Summary of Compliance)	1,456	1,263
Less: Liability to Consolidated Fund (per Summary of Compliance)	2	0
Less: Transferred to Consolidated Fund	56	0
Total	1,398	1,263
Comprising:		
Capital appropriations (as per Operating Statement)	1,398	1,263
Transfer payments	0	0
Total	1,398	1,263

NOTE 6: ABNORMAL ITEMS

	2000 \$'000	1999 \$'000
Other Revenue	0	372
Total Abnormal Items	0	372

Other Revenue was considered to be abnormally high in the 1998/99 financial year due to recognition of professional costs recovered that were awarded in previous financial years.

1997/98 was the first financial year in which the Commission retained professional costs to any significant level. Accordingly there was no history to allow for any

informed decision to be made concerning the likelihood of collecting awards made by the Courts to the Commission for professional costs. For this reason it was determined to account for costs only when they were received.

It is now evident that the majority of professional costs awarded to the Commission are actually paid. A better method of accounting for these costs is to recognise them at the time they are awarded by the Court rather than when the Commission receives them.

This resulted in the recognition of professional costs in 1998/99 of \$10,000 which related to 1995/96, \$10,000 relating to 1996/97 and \$352,000 relating to 1997/98.

NOTE 7: ACCEPTANCE BY THE CROWN TRANSACTIONS ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

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

	2000	1999
	\$'000	\$'000
Superannuation	391	368
Long Service Leave	182	223
Payroll Tax	25	25
	598	616

NOTE 8: PROGRAMS/ ACTIVITIES OF THE COMMISSION

The program number of the New South Wales Crime Commission is 63.1.1. The Commission comprises only one program.

Program Objective(s): To combat illegal drug trafficking and organised crime in New South Wales.

Program Description: The targeting of high level drug traffickers and persons involved in organised crime, the obtaining of evidence for prosecution of those persons and/or civil forfeiture of their assets, the furnishing of reports relating to illegal drug trafficking and organised crime and the dissemination of intelligence, and investigatory, technological and analytical expertise.

All the details of the one program are shown in the Operating Statement, Statement of Financial Position and the Cash Flow Statement.

NOTE 9: CURRENT ASSETS-RECEIVABLES

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

	2000 \$'000	1999 \$'000
Interest receivable	28	32
Operational expenses to be recouped	112	7
Professional costs recovered	501	233
Prepayments	49	41
Other Debtors	33	65
Less: Provision for doubtful debts	(40)	(58)
	683	320

NOTE 10: NON CURRENT ASSETS- PROPERTY, PLANT AND EQUIPMENT

	Computer Equipment (1) \$'000	General Equipment (1) \$'000	Motor Vehicles (1) \$'000	Building (2) \$'000	Land (2) \$'000	Total 2000 \$'000	Total 1999 \$'000
At Cost or Valuation:							
Balance at 1 July 1999	3,703	722	262	3,750	3,375	11,812	10,709
Additions	1,221	118	20	0	0	1,359	1,276
Disposals	(53)	(0)	(199)	(0)	(0)	(252)	(173)
Balance at 30 June 2000	4,871	840	83	3,750	3,375	12,919	11,812
Accumulated Depreciation:							
Balance at 1 July 1999	1,810	240	66	125	0	2,241	1,427
Depreciation for Year	902	66	16	125	0	1,109	931
Write Back on Disposal	(53)	(0)	(55)	(0)	(0)	(108)	(117)
Balance at 30 June 2000	2,659	306	27	250	0	3,242	2,241
Written Down Value:							
As at 1 July 1999	1,893	482	196	3,625	3,375	9,571	9,282
As at 30 June 2000	2,212	534	56	3,500	3,375	9,677	9,571

(1) Assets at cost

(2) Assets at valuation

The Commission continues to derive service potential and economic benefit from \$953,466 worth of assets that have been fully depreciated. The majority of these assets are computer equipment with an original cost of \$947,766.

NOTE 11: CURRENT LIABILITIES - ACCOUNTS PAYABLE

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. No such payments were made during 1999/00.

	2000 \$'000	1999 \$'000
Creditors	127	150
Accrued other operating expenses	119	127
Accrued capital expenses	0	27
	246	304

NOTE 12: CURRENT LIABILITIES - EMPLOYEE ENTITLEMENTS

	2000 \$'000	1999 \$'000
Recreation leave	546	446
Accrued salaries and wages	117	77
	663	523

NOTE 13: CURRENT LIABILITIES - OTHER

	2000 \$'000	1999 \$'000
Liability to Consolidated Fund	2	0
	2	0

NOTE 14: CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation		Total Equity	
	2000	1999	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the financial year	8,338	7,860	2,183	2,183	10,521	10,043
Surplus/(deficit) for the year	51	478	0	0	51	478
Balance at the end of the financial year:	8,389	8,338	2,183	2,183	10,572	10,521

NOTE 15: MONIES HELD IN EXCESS OF TWO YEARS

No unclaimed amounts have been held in the accounts of the NSW Crime Commission for a period in excess of two years. All amounts unclaimed are forwarded to the NSW Treasury. Any such unclaimed amounts are available for refund for a period of twenty years.

NOTE 16: COMMITMENTS FOR EXPENDITURE**16.1 Capital Commitments**

	2000	1999
	\$'000	\$'000
Aggregate other expenditure contracted for at balance date and not provided for:		
Less than 1 year	33	23
Total (including GST)	33	23

16.2 Other Expenditure Commitments

	2000	1999
	\$'000	\$'000
Aggregate other expenditure contracted for at balance date and not provided for:		
Less than 1 year	100	68
Between 1-2 years	0	0
Total (including GST)	100	68

16.3 Operating Lease Commitments

	2000	1999
	\$'000	\$'000
Aggregate other expenditure contracted for at balance date and not provided for:		
Less than 1 year	10	17
Between 1-2 years	2	4
Total (including GST)	12	21

These operating lease commitments are not recognised in the financial statements as liabilities.

NOTE 17: CONTINGENT LIABILITIES

A claim totalling \$192,812 has been forwarded to the Commission by the former Property Services Group in respect of a make-good payment on Crown Lease, Level 3, Stage 2, 175 Liverpool Street, Sydney (the site of the Commission's previous premises). The Commission disputes this claim.

The Commission also received one other claim during the year. It is not anticipated that any payments will be made as a result of that claim.

NOTE 18: CONTINGENT ASSET

The total capital, other operating and operating lease commitments in Note 16 includes input tax credits of \$13,182 that are expected to be recovered from the ATO.

NOTE 19: BAD DEBTS WRITTEN OFF

An amount of \$25,211 was written off in 1999/00 as bad debts. These amounts were predominantly in the area of professional costs where generally the assets of the person involved were insufficient to meet all of the costs required. (1998/99 \$7,463)

NOTE 20: MATERIAL ASSISTANCE PROVIDED BY OTHER PARTIES

No material assistance was received by the NSW Crime Commission free of charge during 1999/00 from any other organisation.

NOTE 21: BUDGET REVIEW

(a) Current Liabilities

The level of current liabilities was \$245,000 higher than the budgeted amount at 30 June 2000. This was caused by increases in the level of the annual leave provision held for employees leave entitlements and in accrued expenditure.

The increase in the annual leave provision of \$100,000 resulted from increases in salaries received by staff during the year and in the level of unused recreation leave balances held by staff at 30/6/00 compared to 30/6/99.

The increase in the level of accrued expenditure was primarily due to an increase in the number of days that were required to be accrued for unpaid salaries at year end.

(b) Net cash flows from operating activities

The actual net cash flow from operating activities was lower than the budget by \$541,000. This was due to increased payments in the area of employee related and other operating expenses, particularly IT support and interpreters.

(c) Net cash flows from investing activities

The actual net cash flow from investing activities was lower than the budget by \$198,000. This was due primarily to the Commission receiving unbudgeted amounts totalling \$152,000 from the proceeds of the sale of motor vehicles during 1999/2000.

NOTE 22: CASH AND CASH EQUIVALENTS

For the purpose of the Cash Flow Statement “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. The weighted average interest rate received by the Commission on its daily bank balances for 1999/00 was 4.25%.

Cash at the end of the reporting period, as shown in the Cash Flow Statement, is reconciled to the related items in the Statement of Financial Position as follows:

		2000 \$'000	1999 \$'000
Cash on Hand		22	22
Cash at the Bank		1,101	1,435
Closing Cash and Cash Equivalents (per Cash Flow Statement)		1,123	1,457

NOTE 23: RECONCILIATION OF NET CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2000	1999
	\$'000	\$'000
Net Cash From Operating Activities	968	1,272
Depreciation	(1,109)	(931)
Decrease/(Increase) in provisions	(100)	(61)
Acceptance by the Crown Entity of employee entitlements and other liabilities	(598)	(616)
Increase/(Decrease) in prepayments and other assets	363	251
(Increase)/decrease in Accounts payable	(77)	(51)
Recurrent appropriation	(7,270)	(6,890)
Capital appropriation	(1,400)	(1,263)
Net gain/(loss) on sale of plant and equipment	8	(2)
Net cost of services	(9,215)	(8,291)

NOTE 24: ADMINISTERED ASSETS AND LIABILITIES

The Commission had no administered assets or liabilities as at 30 June 2000 (30/6/99-Nil)

END OF AUDITED STATEMENTS

**NEW SOUTH WALES CRIME COMMISSION
OUTLINE OF 2000/2001 BUDGET**

The proposed operating budget for the NSW Crime Commission for the 1999/2000 financial year is:

	\$'000	\$'000
<u>Expenses</u>		
Employee-related expenses	6,948	
Other operating expenses	2,234	
Maintenance	123	
Depreciation	1,412	
Other Services	18	10,735
<u>Revenue</u>		
User charges revenue	530	
Other departmental revenue	51	(581)
(Loss) on sale of non current assets		0
<u>Net Cost of Services</u>		\$10,154

The proposed capital budget for the Commission for the 2000/2001 financial year is:

Acquisition of property, plant and equipment:	<u>\$1,290,000</u>
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Appendix C: Performance Statement for the Commissioner and Senior Staff

The performance statement for the year ended 30 June 2000 was signed by the NSW Minister for Police, The Hon P Whelan MP in the following terms:

Mr Phillip A Bradley
Commissioner
Appointed on 23 May 1993

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.

However, it is appropriate that I record my satisfaction with the Commissioner's performance against the specific criteria mentioned in previous reports, and I do so.

(Signed)
Paul Whelan LLB MP
Minister for Police

Performance statement for the year ended 30 June 2000

Mr John M Giorgiutti
Solicitor to the Commission/Director,
Operations
Appointed on 1 October 1996

Mr Giorgiutti generally has oversight of all Commission business and reports to the Commissioner.

Significant achievements in 1999-2000 included:

- Overall reduction of litigation lists in Supreme Court.
 - Increase in throughput of confiscation cases.
 - Changed structural approach to litigation.
 - Provision of advice on corporate and strategic planning
 - Provision of legal advice in connection with the Commission's investigation and confiscation functions.
 - Appearance as counsel in Commission and court hearings.
 - Acted as Commissioner during period of absences of the Commissioner.
-

Appendix C: Performance Statement for the Commissioner and Senior Staff

Performance statement for the year ended 30 June 2000

Mr Michael Lulan
Assistant Director, Financial Investigations
Appointed on 9 February 1995

Mr Lulan is the Assistant Director, Financial Investigations and is in charge of the Financial Investigation Team in the management of the Commission's confiscation functions, with the Commission obtaining positive results. Key achievements in 1999/2000 were:

- Negotiating settlement of major litigation in which the Commission was involved as plaintiff.
- Implement new efficiencies in structural approach to litigation.
- Provision of advice as a member of the management team on investigation strategies.
- Leadership of multifunction team in relation to the gathering of evidence, the identification of the proceeds of crime and conduct of litigation.
- Oversight of development of Investigation/Litigation manual and key documentation.
- Development of relationship with main clients.
- Sponsorship of anti-money laundering initiative with external agencies.
- Commission's representative at national and international forums on money laundering and confiscation.

Performance statement for the year ended 30 June 2000

Mr Mark Standen
Assistant Director, Investigations
Appointed on 1 October 1997

Mr Standen is the Assistant Director, Investigations in charge of the overall direction of criminal investigations in respect of several Commission *References*. Key achievements in 1999/2000 were:

- Provision of advice as a member of the management team on investigation strategies.
 - Oversight of multifunction team in relation to the gathering of evidence and the identification of the proceeds of crime.
 - Review of police investigations and development of strategies for corruption investigations.
 - Development of interface with confiscation functions within the Commission and with several external agencies, especially the Special Crime and Internal Affairs Branch of the NSW Police Service.
 - Conduct of key hearings as counsel assisting the Commission.
 - Negotiation of Memoranda of Understanding with key agencies.
-

Performance statement for the year ended 30 June 2000

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

Mr O'Connor is the Assistant Director, Investigations in charge of the overall direction of criminal investigations in respect of several Commission *References*. Key achievements in 1999/2000 were:

- Provision of advice as a member of the management team on investigation strategies.
- Oversight of multifunction team in relation to the gathering of evidence and the identification of the proceeds of crime.
- Development of interface with confiscation functions within the Commission and with several external agencies.
- Conduct of key hearings as counsel assisting the Commission.
- Negotiating settlement of major litigation in which the Commission was involved as plaintiff.
- Production of intelligence handling strategy for analysts.

Performance statement for the year ended 30 June 2000

Ms Alison Brook
Assistant Director, Operations Support
Appointed on 2 December 1996

Ms Brook generally has oversight of the Commission's generic corporate services as well as manage the human resources function herself. She also manages support functions which are specific to a law enforcement environment. These include oversight of the informant management system, management of firearms, development of other covert investigative tools.

Operationally, Ms Brook has continued to develop an intelligence gathering project during the year.

Ms Brook also participates on the management committee of the Special Purpose Centre at Long Bay Jail.

Other significant achievements in 1999-2000 included:

- Provision of advice on corporate and strategic planning
 - Provision of advice as a member of the management team on support service issues.
 - Provision of support to the Commission's Management Committee
 - Production of the Annual Report to Parliament
 - Development of key protocols on informant management, email systems
 - Oversight of the implementation of the new records management system
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ORGANISATION CHART PAGE

INDEX

Abbreviations	5	Jesmond	66
ABCI	5, 20, 21, 23, 26	Kingsvale Reference	18, 21
Account Payment	38		18, 24
AFP	5, 14, 24, 26, 29, 30	Legal Change	27
Arrests	9, 15-21	Leura Reference	18
Asset Forfeiture Orders	28-30	Liaison	32, 33
AUSTRAC	5, 20, 24, 29, 30	Listening Devices	7, 19, 20, 27
Australian Taxation Office	5, 20, 32	Litigation	29-31, 33, 64-66
Azure Reference	7, 15, 17, 21	Major Assets	39
Australian Customs Service	5, 14, 16, 20, 29	Management Committee	2, 11, 13-20, 22, 39, 66
Bianco Reference	7, 15, 21	Mascot Reference	15, 18, 21
Budget	31, 60, 61, 63	Memorandum of Understanding	5, 32
CAR Act	5, 6, 9, 11, 14, 19-21, 27, 27	Minister	1, 11, 13, 23, 24, 64
Charter	11	Money Laundering	15-19, 22, 23, 27, 28, 30, 65
Confiscation	2, 6, 7, 11, 18, 22, 24, 28-33, 64-66	Monitoring Orders	28, 31
Consultants	37	National Crime Authority	5, 11, 16, 29, 30, 33
Controlled Operations	19, 20, 27	NSW Crime Commission Act	7, 13, 20, 27, 34
Coogee Reference	17	Notices to Produce	19, 31
Court Proceedings	21	Nowra Reference	18, 21
Crime Agencies	15, 16, 19, 23, 33	Oberon Reference	18, 19, 21
Director of Public Prosecutions	5, 17, 31, 32	Organisation Chart	34, 67
Dissemination	20, 56	Organised Crime	2, 6, 11, 14, 17, 22, 23, 25, 26, 56
Drug Trafficking	6, 11, 14-16, 22-24, 28, 56	Overseas Visits	36
Eden Reference	7, 15, 17, 21	Performance Statements	34, 64-66
Environment	36	Proceeds Assessment Orders	28-30, 33
Equal Employment Opportunity	5, 34, 35	Production Orders	28, 31, 32
Ethnic Affairs	38	Prosecutions	9, 20, 21, 24
Financial Statements	1, 38, 41, 42, 48, 60	Public Trustee	33
Fraud	14, 17, 19, 22, 24, 28, 30	Publications	37
Freedom of Information	5, 37	Putney Reference	19, 21
Gecko Reference	7, 15, 16, 21, 23	Quaama Reference	19, 21
Grants	39	Raby Reference	19, 21
Gymea Reference	15, 17, 21, 24-26, 29	Real Estate	39
Hearings	8, 14, 24, 64-66	Recruitment	35
Intelligence	6, 21, 22, 24, 26, 35, 56, 66	Research and Development	37
Internal Audit	39, 53	Restraining Orders	7, 9, 21, 28, 29, 32, 33
Investigations	2, 7, 13-16, 19-21, 23, 26, 32, 33, 37, 65,	Risk Management	39
		Search Warrants	14, 19, 20, 27, 28, 31
		Senior Staff	6
		Staff	10, 34, 35, 36, 37, 39
		Stanmore Reference	19, 21
		Telecommunications Interception	8, 20
		Training	33, 35
		Vacy Reference	16, 21

Waratah Reference	16, 21
Zetland Reference	16, 21