

NSW Crime Commission
453 Kent Street
SYDNEY NSW 2000

31 October 2003

The Hon J Watkins MP
Minister for Police
Parliament House
SYDNEY NSW 2000

Dear Minister,

I am pleased to submit to you the Commission's annual report and financial statements for the year ended 30 June 2003 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,

.....
PA Bradley
Commissioner

COMMENT ON THE 2002/2003 ANNUAL REPORT BY THE
NEW SOUTH WALES CRIME COMMISSION
MANAGEMENT COMMITTEE

The Committee wishes to record its satisfaction with the performance of the Commission, which has again achieved record levels of output while maintaining a relatively low level of cost.

The Commission continues to carry out its functions at a high standard with substantial benefit to the community through its impact on organised crime.

.....
The Hon J Watkins MP
NSW Minister for Police

.....
K Moroney, APM
Commissioner, NSW Police

.....
PA Bradley
Commissioner, NSW Crime Commission,
and Acting Chairperson, National Crime
Authority, from 18 September 2002 until
30 December 2002

Contents

FORWARD TO MINISTER	1	- Reference <i>Mascot II</i>	12
COMMENT ON ANNUAL REPORT	2	- Reference <i>Milton</i>	12
CONTENTS	3	- Reference <i>Nundle</i>	12
ABBREVIATIONS	5	- Reference <i>Oberon II</i>	12
COMMISSION MEMBERSHIP	5	- Reference <i>Oxley</i>	12
SENIOR STAFF DURING 2002/03	5	- Reference <i>Putney II</i>	12
PROGRAM OBJECTIVES AND DESCRIPTION	5	- Reference <i>Quaama II</i>	12
OVERVIEW OF 2002/03	6	- Reference <i>Ulong</i>	13
CHAPTER ONE ESTABLISHMENT & FUNCTIONS		- Reference <i>Vacy IV</i>	13
ESTABLISHMENT	7	- Reference <i>Waratah IV</i>	13
LEGISLATION GOVERNING THE COMMISSION	7	- Reference <i>Zeehan</i>	13
CHARTER	7	- Reference <i>Zetland IV</i>	13
FUNCTIONS AND OBJECTIVES	7	INVESTIGATIVE TOOLS	
MEETINGS OF THE COMMISSION	7	- NSW Crime Commission Act	13
RESPONSIBLE MINISTER	7	- Listening Devices Act	13
MANAGEMENT COMMITTEE	7	- Telecommunications (Interception) Act	13
		- Law Enforcement (Controlled Operations) Act	14
		- Search warrants	14
		- Arrest warrants	14
		- Assumed identities	14
		DISSEMINATION	14
		PROSECUTIONS	14
		DRUG TRAFFICKING AND ORGANISED CRIME	14
		LEGAL CHANGE	18
CHAPTER TWO INVESTIGATIONS		CHAPTER THREE CONFISCATION	
FUNCTIONS AND POWERS	9	BACKGROUND	19
MANAGEMENT OF INVESTIGATIONS	9	RESTRAINING ORDERS	19
MATTERS REFERRED TO THE COMMISSION	10	ASSETS FORFEITURE ORDERS AND PROCEEDS ASSESSMENT ORDERS	20
ACTIVE REFERENCES		PRODUCTION ORDERS	21
- Reference <i>Awaba</i>	10	SEARCH WARRANTS	22
- Reference <i>Azure V</i>	10	MONITORING ORDERS	22
- Reference <i>Bianco IV</i>	10	DPP OFFICES	22
- Reference <i>Busby</i>	10	COPOC ACT	22
- Reference <i>Dalgety</i>	10	AUSTRALIAN TAXATION OFFICE	22
- Reference <i>Ebenezer II</i>	10	FINANCIAL INSTITUTIONS	22
- Reference <i>Eden V</i>	10	INTERNATIONAL INQUIRIES	23
- Reference <i>Fifield</i>	11	SUPREME COURT AND DISTRICT COURT	23
- Reference <i>Gecko IV</i>	11	NSW POLICE CRIME AGENCIES AND OTHER POLICE	23
- Reference <i>Gladesville II</i>	11		
- Reference <i>Gymea III</i>	11		
- Reference <i>Huntley</i>	11		
- Reference <i>Isabella</i>	11		
- Reference <i>Jesmond III</i>	11		
- Reference <i>Jurien</i>	11		
- Reference <i>Kareela</i>	11		
- Reference <i>Kingsvale III</i>	12		
- Reference <i>Leura</i>	12		
- Reference <i>Lewisham</i>	12		

Contents

PUBLIC TRUSTEE	23	REAL PROPERTY	28
CONFISCATED PROCEEDS ACCOUNT	23	INSURANCE	28
TRAINING	23	GRANTS TO COMMUNITY ORGANISATIONS	28
CHAPTER FOUR		CONTRACTING & MARKET TESTING	28
GENERAL MANAGEMENT		COST OF ANNUAL REPORT	28
GENERAL MANAGEMENT	24	APPENDIX A	
ADMINISTRATIVE OFFICE	24	FINANCIAL STATEMENTS	29
STAFFING	24	APPENDIX B	
SENIOR EXECUTIVE SERVICE POSITIONS	24	OUTLINE OF 2003/2004 BUDGET	47
EEO	24	APPENDIX C	
STAFF TRAINING	25	PERFORMANCE STATEMENTS FOR COMMISSIONER & SENIOR STAFF	48
NSW GOVERNMENT ACTION PLAN FOR WOMEN	25	APPENDIX D	
INTERNAL AUDIT	25	ORGANISATION CHART	50
CODE OF CONDUCT / ETHICS	25	APPENDIX E	
OVERSEAS VISITS	25	INVESTIGATION STATISTICS	51
OH&S	25	INDEX	53
THE ENVIRONMENT	26		
ELECTRONIC INFORMATION MANAGEMENT	26		
RESEARCH & DEVELOPMENT	26		
CONSULTANTS	26		
SERVICES TO THE PUBLIC	26		
FREEDOM OF INFORMATION	26		
PUBLICATIONS	26		
PRIVACY	26		
DISABILITY PLAN	27		
ETHNIC AFFAIRS PRIORITIES REPORT	27		
FINANCIAL STATEMENTS	27		
ACCOUNT PAYMENT PERFORMANCE	27		
STORES AND EQUIPMENT	27		
VALUE OF STAFF LEAVE	27		
MAJOR ASSETS PURCHASED	28		

ABBREVIATIONS

ACC	Australian Crime Commission
ACS	Australian Customs Service
AFP	Australian Federal Police
APM	Australian Police Medal
ATO	Australian Taxation Office
ATS	Amphetamine-type substances
AUSTRAC	Australian Transaction Reports and Analysis Centre
CAR Act	<i>Criminal Assets Recovery Act 1990</i>
COPOC Act	<i>Confiscation of Proceeds of Crime Act 1989</i>
DPP	Director of Public Prosecutions
JACG	Joint Asian Crime Group
NCA	National Crime Authority
NSWCC	New South Wales Crime Commission
NSWP	New South Wales Police
SES	Senior Executive Service

COMMISSION MEMBERSHIP

Section 5 of the *New South Wales Crime Commission Act 1985* provides for one Commissioner and, if necessary, one or more Assistant Commissioners.

During 2002/03, Mr Phillip Bradley was the Commissioner of the NSW Crime Commission. During the period 18 September 2002 to 28 February 2003, Mr Bradley concurrently held the position of Acting Chair of the National Crime Authority. With the establishment of the Australian Crime Commission on 1 January 2003, Mr Bradley acted as Chief Executive Officer until 28 February 2003.

Judge Paul Flannery (retired) was appointed as Assistant Commissioner on a part-time basis from 18 September 2002 to 31 December 2002, and from 9 January 2003 until 28 February 2003.

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

15 to 22 July 2002
1 to 8 January 2003

SENIOR STAFF DURING 2002/03

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, Operations Support
Alison Brook (October 1993)

PROGRAM OBJECTIVES AND DESCRIPTION

Program objective

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

Program description

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

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

Furnishing reports relating to illegal drug trafficking and organised crime.

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

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

OVERVIEW OF 2002/03

During the year the Commission had more operations than in any previous year. In its criminal investigations area it had a record number of active References and in the conduct of confiscation proceedings it recovered a record amount of assets under the *Criminal Assets Recovery Act 1990* (CAR Act).

The Commission also had record levels of expenditure, with recurrent expenditure increasing by 9%, mainly to meet employee related expenses and other operating expenses such as communications costs associated with an expanded electronic surveillance capacity. In capital expenditure the Commission reached a new high with the acquisition of additional premises, at a cost of nearly \$3 million, to meet the expanded level of activity, which required the accommodation of staff many of whom are from external agencies.

Other capital expenditure was lower than in previous years but remains at a relatively high level due to the ongoing need for upgrades of electronic equipment.

The net equity of the Commission has therefore increased substantially through real property acquisition. Electronic equipment will depreciate rapidly. Costs may be summarised as follows:

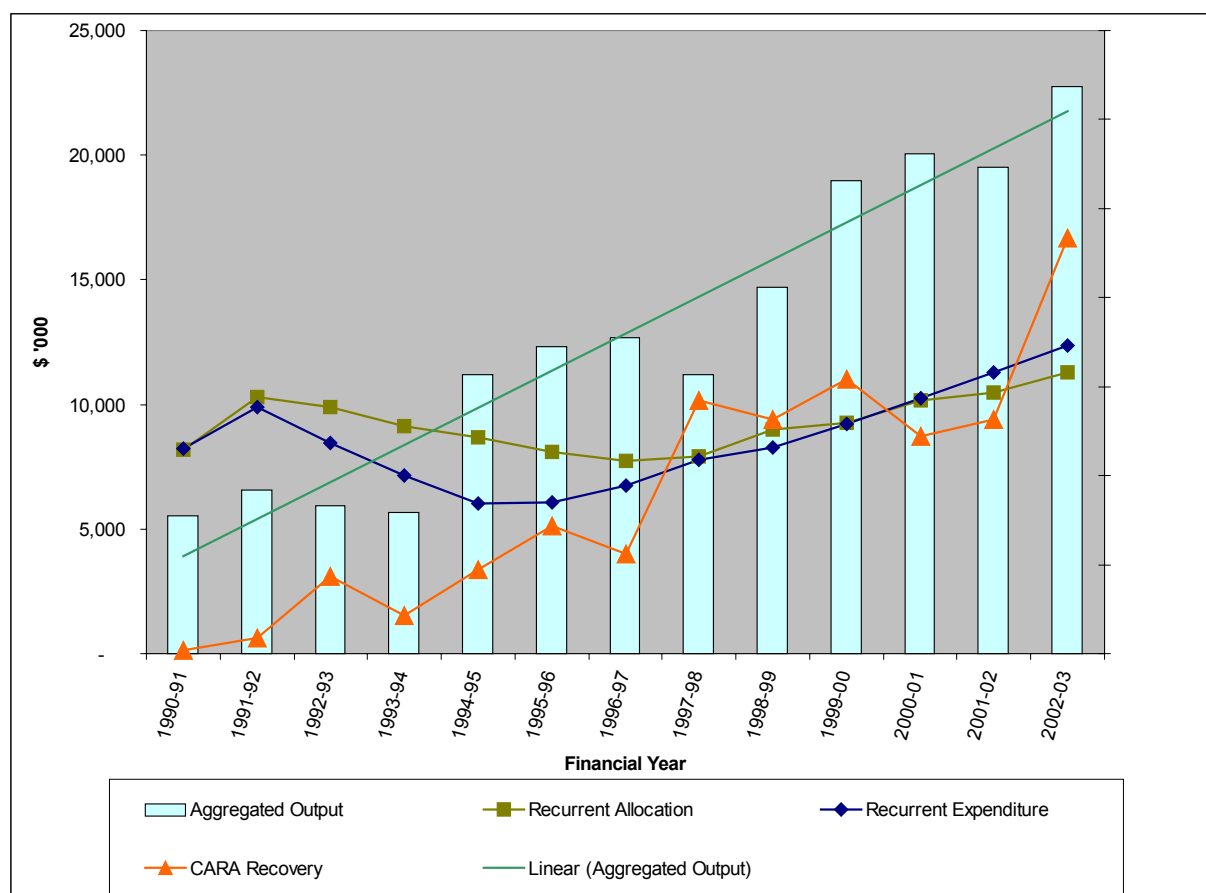
. Cash allocated	\$12 828 000
. Other costs borne by government	\$792 000
Total	\$13 620 000
. Capital	\$3 975 000

The most significant component of operating costs was employee related expenditure, at \$8 339 000 (60% of total expenditure). The figure represents salary and on-costs for approximately 120 staff.

While it is difficult to measure performance in terms of the quality and quantity of product, the Commission does record some measurable items as a basis for indicating activity levels. The following chart gives an indication of this.

The body of the report contains more detailed information about finances and other relevant matters. There are significant restrictions on what the Commission can say in its report, partly because of an express prohibition in its Act and partly because the public interest would not be served by revealing details of operational activity.

Note: In the chart below, 'aggregated output' refers to the total number of section 16 summonses, section 17 and section 10 notices to produce, listening device warrants and telecommunications interception warrants issued during the year.



CHAPTER ONE

ESTABLISHMENT AND FUNCTIONS

ESTABLISHMENT

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

LEGISLATION GOVERNING THE COMMISSION

- 1.2 The Commission is constituted under the *New South Wales Crime Commission Act 1985* (as amended) (the Act), which provides for a Commissioner and one or more Assistant Commissioners. During the reporting period, the Commission was constituted by one full-time Commissioner, who has 'special legal qualifications' and is appointed by the Governor, as set out in the Act.
- 1.3 *The Criminal Assets Recovery Act 1990* (CAR Act) provides for the confiscation of the assets of those involved in serious crime related activity through civil proceedings in the Supreme Court. The Commission has primary responsibility for the administration of the CAR Act.

CHARTER

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

FUNCTIONS AND OBJECTIVES

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

. make applications for the restraint and confiscation of property under the CAR Act.

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 comprises a sole Commissioner. Commission meetings have now been replaced by meetings between the Commissioner, the Director and the Assistant Directors, who together form the Management Team. Those meetings are minuted and are usually held weekly.
- 1.9 During the period 18 September 2002 to 28 February 2003 there were again two members of the Commission, and during this period five Commission meetings were held, each of which was minuted.

RESPONSIBLE MINISTER

- 1.10 The Minister for Police has responsibility for the Act and the CAR Act and is the Presiding Member of the Commission's Management Committee. There was a change of Minister during the second half of the reporting year.

MANAGEMENT COMMITTEE

- 1.11 During 2002/03, the Management Committee comprised the Minister for Police, the Hon. M Costa, MLC, until 2 April 2003, followed by the Hon. J Watkins, MP (as Presiding Member); the Commissioner of Police, Mr K Moroney, APM; the Chairman of the National Crime Authority, Mr G Crooke, QC, until 17 September 2002, then Mr PA Bradley, in his capacity as Acting Chairman of the NCA from 18 September 2002 until its abolition on 31 December 2002 and as the Commissioner of the Commission.
- 1.12 In accordance with section 24(1) of the Act membership of the Management Committee includes the Chairman or another member of the National Crime Authority. On 1 January 2003 that office ceased to exist and the Management Committee therefore comprised three members, which is sufficient for a quorum, as set out in Schedule 3 of the Act. On 30 June 2003 the composition of the Management Committee was changed by amendment to the Act. The Chair of the Australian Crime Commission Board has replaced the Chair of the National Crime

Authority as a member of the Management Committee.

1.13 The principal functions of the Management Committee are to:

- . refer (by written notice) relevant criminal activities to the Commission for investigation
- . refer (by written notice) to the Commission, for review, police inquiries into matters relating to any criminal activities
- . arrange for police task forces to assist the Commission to carry out investigations into matters relating to relevant criminal activities
- . give directions and furnish guidelines for the purpose of coordinating any such investigations
- . review and monitor generally the work of the Commission
- . coordinate (by giving approvals) the operations of the Commission with other bodies.

1.14 The Management Committee met on seven occasions during the year.

1.15 The meetings were minuted in accordance with the Act.

1.16 The Commissioner reports to the Committee in terms of its functions at each meeting.

1.17 Between meetings, on an ad hoc basis, the Commissioner informs the Minister and members of significant events.

1.18 The Commission reports on its operations annually in accordance with section 31 of the Act. That report is incorporated in this annual report and is transmitted through the Committee to the Minister. Under section 31, the Minister may give directions regarding the manner and time of preparation, but not the content of the report. The Minister is required to lay a copy of the report before each House of Parliament.

CHAPTER TWO

INVESTIGATIONS

FUNCTIONS AND POWERS OF THE COMMISSION

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

- 2.6 The services of NSW Police task forces are made available to assist the Commission, pursuant to section 27A of the Act. Members of these task forces have the usual police powers and remain under the command and control of the Commissioner of Police. 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 Investigations of matters referred to the Commission are usually conducted by teams comprising members of the NSW Police and Commission staff. Frequently staff of other agencies such as the ACC, AFP, ACS and others are involved.
- 2.8 During 2002/03, much of the Commission's investigative work related to drug trafficking, under several ongoing References. This work was carried out mainly by NSW Police task forces and Commission staff. Other task forces were established to deal with ad hoc References on subjects such as murder 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 command structure.
- 2.10 With few exceptions, the results of criminal investigation work are the outcome of joint operations with other agencies, mainly the NSW Police. The Commission's contribution to these operations varies from case to case.
- 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 in accordance with section 27A of the Act.
- 2.12 Central to the arrangement is the maintenance of the command structure within the NSW Police. Section 27(A) of the Act 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.

Chapter Two: Investigations

MATTERS REFERRED TO THE COMMISSION

- 2.13 During the year, the Commission was referred nine new References. Four existing References were revised and reissued.
- 2.14 Arrests resulting from Commission investigations during the year are summarised in this chapter.
- 2.15 The Management Committee is provided with detailed reports on the progress being made in each Reference at each meeting.
- 2.16 For public interest reasons and because of the requirements of the Act that individuals not be named, details of operational activities are not provided in this report. The following information relates to investigations conducted under References that were active in 2002/03.

ACTIVE REFERENCES

Note: Statistical data relating to investigations conducted during the year is set out in tables in Appendix E.

Reference *Awaba*, referred on 9 October 2001

- 2.17 On 9 October 2001, the Management Committee referred the *Awaba* Reference to the Commission to investigate the murders of two people at Carrington on or about 11 May 2000.
- 2.18 The Commission has worked with the NSW Police on this investigation. The DPP is presently considering whether there is sufficient evidence to charge a known person with the murders.

Reference *Azure V*, referred on 7 May 2001

- 2.19 The Commission has been investigating drug trafficking and other crimes by persons in the Australian/Lebanese community for many years, under the *Azure* Reference. The Reference has been reissued on several occasions and the range of offences has been widened. Most recently, *Azure V* was referred on 7 May 2001.
- 2.20 A large number of arrests and prosecutions have occurred as a consequence of investigations under this Reference.

Reference *Bianco IV*, referred on 3 September 2001

- 2.21 The Commission has been investigating drug trafficking and other crimes by persons in the Australian/Romanian community for many years, under the *Bianco* Reference. The Reference has been reissued on several

occasions and the range of offences has been widened. Most recently, *Bianco IV* was referred on 3 September 2001.

- 2.22 Investigations under this Reference have been less active in recent years due to the priority assigned to other groups.

Reference *Busby*, referred on 10 December 2001

- 2.23 On 10 December 2001, the Management Committee referred the *Busby* Reference to the Commission to investigate the murder of a person in Paddington on or about 17 June 2001.
- 2.24 The matter has now been referred to the NSW Coroner.

Reference *Dalgety*, referred on 10 December 2001

- 2.25 On 10 December 2001, the Management Committee referred the *Dalgety* Reference to the Commission to investigate serious drug offences involving heroin and associated money laundering and violent crime.
- 2.26 Several operations have been conducted by the Commission, working with the NSW Police and the AFP, under this Reference in 2002/03.

Reference *Ebenezer II*, referred on 23 December 2002

- 2.27 On 10 December 2001, the Management Committee referred the *Ebenezer* Reference to the Commission to investigate computer related crime. The Reference was reviewed on 23 December 2002, and the *Ebenezer II* Reference was referred.
- 2.28 The Commission works with the NSW Police, the AFP and the ACC in a joint task force in relation to computer crime matters.

Reference *Eden V*, referred on 23 December 2002

- 2.29 The Commission has been investigating drug trafficking and other crimes in Kings Cross for many years, under the *Eden* Reference. The Reference has been reissued on several occasions. Most recently, *Eden V* was referred on 23 December 2002.
- 2.30 A large number of arrests and prosecutions have occurred as a consequence of investigations under this Reference.

Chapter Two: Investigations

Reference *Fifield*, referred on 12 June 2002

- 2.31 On 12 June 2002, the Management Committee referred the *Fifield* Reference to the Commission to investigate the murder of a person in 2001.
- 2.32 Investigations are continuing.

Reference *Gecko IV*, referred on 3 September 2001

- 2.33 The Commission has been investigating drug trafficking and other crimes by persons in the Australian/South-East Asian communities for many years, under the *Gecko* Reference. The Reference has been reissued on several occasions. Most recently, *Gecko IV* was referred on 3 September 2001.
- 2.34 A large number of arrests and prosecutions have occurred as a consequence of investigations under this Reference.
- 2.35 The Commission worked closely with officers from the NSW Police and the Joint Asian Crime Group (JACG) on investigations under this Reference.

Reference *Gladesville II*, referred on 23 December 2002

- 2.36 On 14 October 2002, the Management Committee referred the *Gladesville* Reference to the Commission to investigate the cultivation of cannabis in NSW. The Reference was reviewed on 23 December 2002 and the *Gladesville II* Reference was referred.
- 2.37 Investigations are continuing.

Reference *Gymea III*, referred on 9 November 2000

- 2.38 On 12 September 1996, the *Gymea* Reference was referred to the Commission to investigate organised crime; drug importation, manufacture and distribution; theft; fraud; gaming; and associated money laundering carried out by nominated criminal groups operating in and around Sydney. The *Gymea* Reference has been reissued twice. Most recently, the *Gymea III* Reference was referred on 9 November 2000.
- 2.39 Investigations under this Reference have resulted in record seizures of ATS through operations conducted in a joint task force with the NSW Police and the AFP.

Reference *Huntley*, referred on 23 December 2002

- 2.40 On 23 December 2002, the Management Committee referred the *Huntley* Reference to the Commission to investigate matters associated with terrorist acts committed in relation to NSW.
- 2.41 Work under this Reference relies on developing arrangements with other agencies.

Reference *Isabella*, referred on 23 December 2002

- 2.42 On 23 December 2002 the Management Committee referred the *Isabella* Reference to the Commission to investigate the murder of a person in 1989.
- 2.43 Investigations are continuing.

Reference *Jesmond III*, referred on 22 January 2003

- 2.44 On 10 November 1997, the Management Committee referred the *Jesmond* Reference to the Commission to investigate paedophile activity carried out by serial offenders, networks of paedophiles or persons who produce child pornography. The Reference has been reissued twice. Most recently, the *Jesmond III* Reference was referred on 22 January 2003.
- 2.45 Work under this Reference is carried out with the Child Protection Squad on a needs basis. There have been a limited number of investigations under this Reference.

Reference *Jurien*, referred on 22 January 2003

- 2.46 On 22 January 2003, the Management Committee referred the *Jurien* Reference to the Commission to investigate the murder of a person in 2002.
- 2.47 Investigations are continuing.

Reference *Kareela*, referred on 3 March 2003

- 2.48 On 3 March 2003, the Management Committee referred the *Kareela* Reference to the Commission to investigate serious armed robbery offences.
- 2.49 Investigations are continuing.

Chapter Two: Investigations

Reference *Kingsvale III*, referred on 3 September 2001

- 2.50 On 16 March 1998, the Management Committee referred the *Kingsvale* Reference to the Commission to investigate money laundering. It was referred in response to the Commission's observation that concealment of the proceeds of crime is becoming more sophisticated. The Reference has been reissued twice. Most recently, *Kingsvale III* was referred on 3 September 2001. Investigations under this Reference often lead to action under the CAR Act.

Reference *Leura*, referred on 14 December 1998

- 2.51 On 14 December 1998, the Management Committee referred the *Leura* Reference to the Commission to investigate the murder of Pauline Gillard on 18 September 1997 and a conspiracy to murder Maria Gioia.
- 2.52 The matter is before the Coroner.

Reference *Lewisham*, referred on 3 March 2003

- 2.53 On 3 March 2003, the Management Committee referred the *Lewisham* Reference to the Commission to investigate a murder committed in 1997.
- 2.54 Investigations are continuing.

Reference *Mascot II*, referred on 9 November 2000

- 2.55 On 9 February 1999, the Management Committee referred the *Mascot* Reference to the Commission to investigate serious drug offences, money laundering and conspiracies to pervert the course of justice committed by nominated persons, including police officers. The *Mascot II* Reference, which has a greater emphasis on corruption, was referred on 9 November 2000.
- 2.56 Work on this Reference will be completed by October 2003.

Reference *Milton*, referred on 28 April 2003

- 2.57 On 28 April 2003, the Management Committee referred the *Milton* Reference to the Commission to investigate the murder of a person in Griffith on 1 July 2002.
- 2.58 Investigations are continuing.

Reference *Nundle*, referred on 28 April 2003

- 2.59 On 28 April 2003, the Management Committee referred the *Nundle* Reference to the Commission to investigate the murder of a person in 1985.
- 2.60 Investigations are continuing.

Reference *Oberon II*, referred on 12 August 1999

- 2.61 On 9 August 1999, the Management Committee referred the *Oberon* Reference to the Commission to investigate murders committed between 1 January 1970 and 30 June 1999 that remained unsolved. Some of these 315 unsolved murders are under current investigation. *Oberon II* was referred on 12 August 1999. Since then, several References relating to specific murders have been referred.

Reference *Oxley*, referred on 17 April 2003

- 2.62 On 17 April 2003, the Management Committee referred the *Oxley* Reference to the Commission to investigate the murder of a person in 2002.
- 2.63 Investigations are continuing.

Reference *Putney II*, referred on 3 September 2001

- 2.64 On 9 August 1999, the Management Committee referred the *Putney* Reference to the Commission 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. The *Putney II* Reference was referred on 3 September 2001.
- 2.65 The Commission currently works with the NSW Police and the ACC, which also has a *determination* requiring it to investigate this subject.

Reference *Quaama II*, referred on 2 April 2001

- 2.66 On 27 March 2000, the Management Committee referred the *Quaama* Reference to the Commission to investigate criminal activities, including murder, conspiracy to murder, supply and manufacture of prohibited drugs, robbery and money laundering offences allegedly committed by specified persons. The *Quaama II* Reference was referred on 2 April 2001.
- 2.67 Prosecutions are current in relation to the specified persons.

Chapter Two: Investigations

Reference *Ulong*, referred on 4 June 2001

- 2.68 On 4 June 2001, the Management Committee referred the *Ulong* Reference to the Commission to investigate the murder of a person in Gladesville on 15 February 2001.
- 2.69 One person was charged with the murder in 2001. The first trial was aborted and the date for a new trial is yet to be set.

Reference *Vacy IV*, referred on 28 February 2002

- 2.70 The Commission has been investigating the manufacture and supply of amphetamines and psychotropic drugs and associated money laundering offences for many years, under the *Vacy* Reference. The Reference has been reissued on several occasions. Most recently, *Vacy IV* was referred on 28 February 2002.
- 2.71 A large number of arrests and prosecutions have occurred as a consequence of investigations under this Reference.

Reference *Waratah IV*, referred on 10 December 2001

- 2.72 The Commission has been investigating the supply of prohibited drugs, particularly cocaine, for many years, under the *Waratah* Reference. The Reference has been reissued on several occasions. Most recently, *Waratah IV* was referred on 10 December 2001. The Commission also investigates money laundering associated with the trafficking of cocaine.
- 2.73 A large number of arrests and prosecutions have occurred as a consequence of investigations under this Reference.

Reference *Zeehan*, referred on 3 September 2001

- 2.74 On 3 September 2001, the Management Committee referred the *Zeehan* Reference to the Commission to investigate organised motor vehicle rebirthing and offences involving larceny and motor vehicle theft.
- 2.75 The Commission has worked with officers from the NSW Police, ACS, AFP and NCA on operations arising out of this investigation, with significant impact on the motor vehicle rebirthing industry.

Reference *Zetland IV*, referred on 10 December 2001

- 2.76 The Commission has been investigating the illegal activities of outlaw motorcycle gangs for many years, under the *Zetland* Reference. The Reference has been reissued on several occasions. Most recently, *Zetland IV* was referred on 10 December 2001.
- 2.77 A large number of arrests and prosecutions have occurred as a consequence of investigations under this Reference.

INVESTIGATIVE TOOLS

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

New South Wales Crime Commission Act 1985

2.79		Total
	Section 16 summons to appear	185
	Section 17 notices to produce	1538
	Section 10 notices to government agencies to produce	35

Listening Devices Act 1984

- 2.80 During 2002/03, 24 warrants, including renewals (maximum 21 days), were granted. Most listening device warrants are sought by police working in task forces related to the References.

Telecommunications (Interception) Act 1979

- 2.81 During 2002/03, the Commission made 803 applications under the TI Act. Four applications were refused by Administrative Appeals Tribunal members and one was withdrawn by the Commission. A total of 798 warrants were issued, comprising 620 original warrants and 178 renewals. During the year 399 arrests arising out of information recorded on lawfully obtained telephone intercepts were made.

Law Enforcement (Controlled Operations) Act 1987

- 2.82 During 2002/03, 24 controlled operations were approved. Several of these were conducted in conjunction with the NCA/ACC.

Search warrants

- 2.83 During 2002/03, 2 search warrants were issued under the NSW Crime Commission Act.
- 2.84 Ninety-eight warrants were issued under section 45 of the CAR Act.
- 2.85 No search warrants were issued under section 38(1) of the CAR Act.
- 2.86 Additional warrants were issued under the Search Warrants Act to police working on Commission References.

Arrest warrants under section 18AA of the NSW Crime Commission Act 1985

- 2.87 No warrants were issued during 2002/03.

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

- 2.88 The Commission did not approve the establishment of any assumed identities during 2002/03. No assumed identities were revoked.

DISSEMINATION OF INFORMATION

- 2.89 In addition to the normal exchange of information between agencies working with the Commission, information is formally disseminated to other law enforcement agencies and relevant bodies. During 2002/03, with the approval of the Management Committee, the Commission disseminated material relating to a range of suspected criminal activities to other organisations on 195 occasions.
- 2.90 Organisations receiving disseminated material included the ACC, ACS, AFP, ATO, Australian Securities and Investment Commission, Australian Security Intelligence Organisation, Centrelink, Crown Solicitor's Office, DPP, Independent Commission Against Corruption, National Australia Bank Fraud Investigations Unit, Northern Territory Police, NSW Corrective Services, NSW Police, Police Integrity Commission, Queensland Crime and Misconduct Commission, Queensland Police Service, Victoria Police, WA Police, WA Royal Commission.

PROSECUTIONS

- 2.91 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.
- 2.92 During 2002/03, police assigned to Commission References arrested 435 persons and laid 1815 charges. These figures can be compared with 465 arrests and 2868 charges in 2001/02.
- 2.93 Numbers of arrests and charges is a quantitative indication only. Some matters that may involve the commitment of large amounts of resources may result in a single charge against a significant offender. Other matters involving multiple offenders may proceed to arrest with relatively little commitment of resources.
- 2.94 Charges laid in 2002/03 and previous years of the Commission's operations are at various stages in the prosecution process.
- 2.95 A table summarising arrests made and charges laid in connection with Commission References in 2002/03 can be found in Appendix E.

DRUG TRAFFICKING AND ORGANISED CRIME

- 2.96 In addition to the description of matters referred to the Commission, section 31 of the Act requires the Commission to report on patterns or trends or the nature and scope of drug trafficking and organised and other crime that have come to the attention of the Commission during the year.
- 2.97 The Commission regularly reports on particular areas of concern in its annual report. Some matters that deserve particular mention this year are set out below.

Money laundering

- 2.98 The annual value of money laundering globally is estimated to be as much as US\$2 trillion, while estimates for Australia range up to A\$9.5 billion. The majority of laundered funds in Australia is the proceeds of revenue evasion, but a substantial amount is the proceeds of criminal activities, mainly drug trafficking.
- 2.99 Criminal groups use a variety of methods to launder the proceeds of crime. Offshore remittances continue to be a popular method. Likewise, complex legitimate business arrangements, particularly cash businesses,

- continue to be used to absorb and legitimise proceeds of crime or to conceal the diversion of funds towards criminal activity. These methods remain popular due to the difficulties in detection and prosecution. Usually money launderers use third parties who are removed from the criminal activity. Criminal groups may also use third parties to register assets in an attempt to avoid confiscation.
- 2.100 There is also a need to repatriate funds to offshore suppliers of drugs and other illicit commodities. During an investigation under the *Gymea* Reference, the Commission detected millions of dollars being sent offshore in payment for prohibited drugs imported from the Netherlands.
- 2.101 Identity crime is a significant element in money laundering activity. False identities are used particularly to introduce funds into the legitimate banking system in an unverifiable and untraceable way. False identities may also be used to accumulate assets and funds in a way that is difficult to identify and detect by law enforcement agencies. For these reasons investigations of money laundering and identity crime are interrelated.
- 2.102 A current concern is the identification of the diversion of funds from both legitimate and criminal sources, to terrorist groups. The Commission's *Huntley* Reference arose from the need to identify terrorist groups and activity. Investigation of the flow of finances has assisted in this regard. The Commission's partnership with AUSTRAC has been important to these investigations. The Commission continues to work closely with AUSTRAC to identify money laundering and criminal activity in general under the *Kingsvale* and other References with a financial element.
- 2.103 The global effort against money laundering and terrorism financing continues to strengthen. Further memoranda of understanding are being established between AUSTRAC and overseas jurisdictions to assist in the exchange of financial information. Australia has adopted the recommendations of the Financial Action Task Force of the OECD to reduce secretive banking and tax evasion.
- 2.104 Unfortunately there has been only limited law enforcement action in relation to the offence of money laundering. Prosecutions are rare, largely due to the difficulty of making a connection between the illicit proceeds and the predicate offence. New Commonwealth legislative initiatives attempt to address this. The most effective money laundering investigative work being undertaken by law enforcement agencies involves confiscation of assets under civil legislation. Such legislation has been enacted in some states and more recently by the Commonwealth. As is reported elsewhere, during the last financial year the Commission confiscated almost \$19 million from criminals through action under the CAR Act.
- 2.105 The Commission continues to seek new ways of investigating the laundering of funds by criminals. It has worked on joint agency projects with state and Commonwealth bodies and is working to develop relationships with financial institutions with a view improving its effectiveness in detecting proceeds of crime.
- Computer crime
- 2.106 Computer based crime covers a broad area of criminal activity and includes the use of computers in the commission of other offences (e.g. fraud, money laundering and the creation of false identities) and the commission of crimes against computer systems (e.g. hacking, and virus creation and distribution).
- 2.107 According to the *2003 Australian Computer Crime Survey*, conducted jointly by the AFP, Queensland Police Service, South Australia Police, Western Australia and AusCERT, despite overall lower levels of incidents reported, the total estimated losses for 2003 were more than double those for last year (about \$12 million, compared to \$6 million in 2002).
- 2.108 Financial fraud and infections caused by viruses, worms and trojans were among the commonest sources of computer crime losses reported. Financial losses as a result of computer virus infections were reported by 57% of respondents to the survey.
- 2.109 In December 2002 the Commission was referred the *Ebenezer II* Reference to continue investigation of computer based crime. It broadened the range of offences covered by the Reference Notice.
- 2.110 The joint task force established last year expanded in early 2003 and now includes staff from the new ACC, the AFP, NSW Police and the Commission.
- 2.111 The Australian Hi-Tech Crime Centre, hosted by the AFP, was established during the year, and has committed to assist with any state based investigations that have a national or international component.

Identity crime

- 2.112 The use of false identities to mask criminal activities is not new, but with increased use of the internet to transact business, the low-cost availability of sophisticated computer and desktop publishing equipment and information available on how to obtain and use false documents, it has become a key part of many criminal enterprises. Law enforcement officers in all jurisdictions, investigating all types of criminal matters, report a high, and increasing, incidence of the use of false identities.
- 2.113 In 2001, in response to concern expressed by banks about the prevalence of false documents being used to reach the 100-point proof of identity, a pilot national identity fraud register was established through the Australian Bureau of Criminal Intelligence (now the ACC). The register recorded those identities that have proven to be false in order that other institutions and law enforcement agencies would have a source of data to cross-check, should those identities be presented for other purposes. Following the pilot, it was agreed that the project had ongoing merit, and the register has continued to operate under the ACC.
- 2.114 In early 2003, the Commission joined a number of other law enforcement agencies in a joint task force established to combat identity fraud. Other agencies included the ACC, ACS, AFP, ATO, Attorney-General's Department, AUSTRAC Australia Post, Centrelink, Department of Immigration and Multicultural and Indigenous Affairs, Independent Commission Against Corruption, Passport Office, Registry of Births, Deaths and Marriages, and Roads and Traffic Authority.
- 2.115 The task force focuses on networks of criminals involved in the provision of false identity documents, with particular reference to organised frauds against banks involving the use of false identities.
- 2.116 Jurisdictions are addressing legislative options to deal with identity crime, and peak bodies are considering a review of the current identification processes.

Motor vehicle rebirthing

- 2.117 The first major investigation by NSW Police State Crime Command and the Commission conducted under the *Zeehan* Reference commenced in May 2002. The investigation identified two family groups involved in extensive motor vehicle theft and rebirthing and subsequent export of those vehicles to the Middle East. The investigation also uncovered widespread insurance fraud

involving staged accidents and duplicate insurance claims.

- 2.118 Links were identified between these groups and people working in many parts of the motor vehicle industry: smash repairers, damaged vehicle auction houses, authorised vehicle inspection stations (blue slip issuers), motor vehicle dealers and spare parts suppliers. Some of these people had been recruited for their specialist knowledge. Others were actively involved in seeking out vehicles to be stolen, stripping stolen vehicles, forging compliance plates to conceal the identity of stolen motor vehicles, staging accidents, providing inflated quotes for insurance claims, fraudulently issuing blue and pink slips and other conduct associated with these offences.
- 2.119 The *Zeehan/Worth* investigation involved a large NSW Police task force combined with other state and Commonwealth agencies. In addition to apprehending offenders, it highlighted limitations of current legislation in dealing with motor vehicle rebirthing. Rebirthing is a highly profitable enterprise that is very costly to the community but attracts relatively low penalties.
- 2.120 A committee was formed with representatives of the Commission, Attorney-General's Department, Department of Fair Trading, insurance industry, motor industry associations, NSW Police, and Police Ministry to examine current legislation and make recommendations for change. The Committee has finalised its work, recommending legislative changes in three areas, which focus mainly on the creation of specific offences.

Firearms

- 2.121 During the 1990s, the Commission and other Australian law enforcement agencies observed an increase in the use of handguns by criminals. Organised crime groups, such as Middle Eastern gangs, Asian gangs and outlaw motorcycle gangs, were detected using and trafficking in high calibre handguns, mainly low-cost imported copies of semi-automatic pistols. Many serious shooting incidents occurred across Sydney and New South Wales, including murders, knecappings and drive-by shootings. Law enforcement agencies had not previously specifically targeted firearms related crime, but in the face of the growing problem, a coordinated and targeted response was initiated.
- 2.122 In 1999, the *Putney* Reference was referred to allow the Commission to investigate firearms offences and related crime. The Commission works in collaboration with the NSW Police on several investigations into

- firearms trafficking and is active in advising the government on reform of firearm legislation.
- 2.123 In New South Wales the *Firearms Amendment (Trafficking) Act 2001*, which focuses on firearms trafficking, was enacted. That Act provides for increased maximum penalties for some firearms trafficking offences; in some cases, penalties of up to twenty years' imprisonment now apply. The Customs (Prohibited Import) Regulations have also been amended to make the conditions for importing firearms more stringent, in order to reduce the number of weapons being stockpiled and then diverted onto the black market. Additionally, the Commonwealth has enacted the Crime Legislation Amendment (People Smuggling, Firearms Trafficking and Other Measures) Bill 2002, which includes provisions addressing cross-border trafficking in firearms.
- 2.124 Law enforcement agencies in New South Wales and across Australia have adopted a coordinated approach to firearms trafficking, cooperating and sharing intelligence. When the ACC commenced operations in January 2003, it inherited the investigation of firearms trafficking, which was the subject of the last Reference to the NCA in 2002. The role of the ACC is to facilitate and assist other law enforcement agencies in investigating interstate and large-scale trafficking of firearms. The Commission is working with the ACC on this issue.
- 2.125 Intelligence indicates the opportunistic nature of firearms supply. Those who supply firearms do so for a variety of reasons but principally for financial gain. Often offenders who illegally obtain and utilise firearms are engaged in other criminal activities, including drug supply, vehicle theft and offences of violence.
- 2.126 It is the Commission's view that, through concerted reform and unified enforcement practices, firearms trafficking can be reduced to a manageable level. A significant proportion of illegal weapons has been supplied to a relatively small number of individuals, in some cases licensed dealers operating illegally. Focusing on these suppliers will have a significant impact on the flow of illicit firearms.
- 2.127 The reforms have already had an impact on firearms trafficking. Initially, illicit firearms were being supplied by firearms diverted from the licit market. Since the focus of law enforcement and changes to legislation, there has been an increase in the theft of firearms from private residences, gun clubs, firearms dealers and security firms.
- 2.128 Law enforcement agencies have also seized weapons that have never been part of the licit firearms market in Australia and are therefore likely to have been illegally imported. These areas are now also being targeted by law enforcement.
- 2.129 Further reform at the federal and state levels is being considered.
- Availability of heroin
- 2.130 In December 2000, Australia experienced a drop in heroin availability and purity, with a corresponding fall in the number of arrests for heroin related offences. During 2002/03 the availability of heroin increased marginally in major city centres and became more available sporadically in regional areas.
- 2.131 The ACS believes the current reduction in the availability of heroin appears to be related to changes in the groups involved in heroin importation and the methodologies they employ. There is intelligence that heroin importations are less likely to be facilitated by Chinese organised crime groups using large sea cargo consignments, as in the past, and are now increasingly facilitated by Cambodian and Vietnamese entrepreneurs, using methods such as body packing and other forms of concealment. Such practices have been notable in 2003. There have been several large-scale border seizures recently.
- 2.132 The JACG has reported that the decline in heroin in the Australian market since 2000 can be partly explained by increased seizures by the authorities and an increase in Australian demand for ATS (*ice* and MDMA).
- 2.133 In September 2002, the Office of Strategic Crime Assessments predicted that transnational criminal intent and capacity to target Australia is likely to increase gradually from its present level, as global heroin production increases and factors such as new detection avoidance methods have an impact. It also reported that some Australian criminals are trying to fill the market gap in heroin supply.
- 2.134 In 2003 the ACC reported several factors that could, with little notice, rapidly increase the levels of heroin availability within Australia in the coming years. These factors include changes in regional markets in heroin source countries, the evolution of the international heroin market and the possible introduction of new participants to the Australian market.

Importation of amphetamines

- 2.135 Investigations into the domestic manufacture of psychoactive substances conducted under the Commission's *Vacy* and *Zetland* References have since 1998 tended towards smaller-scale illicit drug laboratories primarily involving manufacture of methylamphetamine. The reduced scale of illicit drug laboratories in New South Wales has largely been due to a series of successful programs aimed at reducing the diversion of bulk quantities of pseudoephedrine HCl onto the black market. These programs have focused significant attention on increasing awareness of corrupt practices by some staff within the chemical, pharmaceutical and security industries.
- 2.136 The proliferation of small-scale laboratories has caused a transfer of knowledge of manufacturing techniques to sections of the criminal milieu previously unfamiliar with chemistry and the production of such drugs. The capacity of smaller-scale laboratories to produce illicit drugs is, however, still considerable with the proliferation of highly portable *box labs*. The very significant demand for methylamphetamine, sold as *ecstasy*, drives the domestic production and foreign importations.
- 2.137 While much of the demand is centred on city clubs, there is also a significant incidence in suburban and regional areas.
- 2.138 Investigations conducted by the Commission under the *Gymea* Reference have particularly focused on Australia-based organised crime structures and networks. Many of these have become actively involved in the importation and distribution of MDMA from Europe, in particular Holland. In December 2002, these investigations resulted in the seizure of more than 1 million (235 kg) MDMA tablets. The tablets, manufactured in Holland, were imported to Sydney by an organised crime group comprising both Australian and overseas criminals.
- 2.139 Reducing the supply of illicit drugs requires targeting of serious and organised crime structures and networks involved in their ongoing supply. These are recognised as comprising both new and well-established international organised crime structures and networks. There is particular concern about the increased interaction between new and well-established transnational organised crime networks in the manufacture and trafficking of psychoactive substances.

Priorities

- 2.140 For the Commission, the main headings under which organised crime will be addressed are:
- . targeting of organised groups/gangs
 - . money laundering
 - . organised fraud
 - . identity crime
 - . drug trafficking, especially ATS
 - . motor vehicle rebirthing
 - . firearms
 - . electronic crime.

LEGAL CHANGE

- 2.141 As noted above, there have been significant amendments to legislation in relation to firearms at the state and Commonwealth levels and the law relating to money laundering offences has also been addressed.
- 2.142 The Commission has also sought amendments to its primary legislation. Amendments to other legislation under which the Commission operates, particularly those dealing with electronic surveillance and search warrants, are receiving active attention.

CHAPTER THREE

CONFISCATION

BACKGROUND

3.1 The Commission administers the *Criminal Assets Recovery Act 1990* (the CAR Act).

3.2 There are three principal objects of the CAR Act:

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

3.3 A serious crime related activity is:

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

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

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

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

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

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

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

RESTRAINING ORDERS

3.6 During 2002/03, the Commission obtained 105 restraining orders under the CAR Act, compared with 159 for the previous year. One reason for the lower number of restraining orders obtained during 2002/03 is that the Commission received fewer referrals from the NSW Police and others during the year. Of those orders obtained, some 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.

3.7 The 1302 restraining orders obtained under the CAR Act since 3 August 1990 are 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
2000/01	118
2001/02	159
2002/03	105
Total	1302

3.8 Potential subjects of confiscation proceedings are now well aware of the impact of the CAR Act and other proceeds of crime legislation and are devoting greater effort and resources to the laundering of crime proceeds and the concealment of their assets. Commonly, aliases or the names of other persons are used to conceal the identity of the beneficial owner of assets. All law enforcement agencies, including the Commission, have to work harder to identify and restrain property and have allocated an increasing proportion of resources to pre-litigation investigation work.

3.9 The restraining orders obtained during 2002/03 followed referrals from the sources set out below:

Referring agency	Orders	Estimated value
NSWP	63	10 982 412
NSWCC	25	11 950 466
ACC	5	606 972
NSWP/NSWCC	5	470 222
AFP	3	365 225
NSWCC/AFP/NSWP	2	1 521 790
Financial institution	1	93 000
JACG (AFP/NSWP/ACS/ACC/NSWCC)	1	306 000
Total	105	\$26 296 087

ASSETS FORFEITURE ORDERS AND PROCEEDS ASSESSMENT ORDERS

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

3.11 During 2002/03, the Commission completed 80 applications for assets forfeiture orders, usually by way of negotiated settlement

without proceeding to a hearing. The Commission obtained orders that property having an approximate total value of \$12 961 349 be forfeited to the Crown. The property forfeited included motor vehicles, jewellery, real property, cash and funds held in bank accounts.

3.12 During 2002/03, the Commission completed 44 applications for proceeds assessment orders by way of negotiated settlement, resulting in orders that a total amount of \$4 730 787 be paid to the Treasurer. Of this amount, the Commission is of the view that \$1 000 000 is unrecoverable.

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

Year	Assets forfeiture orders	Proceeds assessment orders	Total confiscation orders
1990/91	4	1	5
1991/92	18	1	19
1992/93	26	10	36
1993/94	16	2	18
1994/95	33	5	38
1995/96	57	24	81
1996/97	50	17	67
1997/98	128	46	174
1998/99	82	40	122
1999/00	84	31	115
2000/01	70	18	88
2001/02	50	26	76
2002/03	80	44	124
Total	698	265	963

Year	Assets forfeiture orders (realisable amount)	Proceeds assessment orders (realisable amount)	Total realisable confiscation orders
90/91	118 515	Nil	118 515
91/92	650 000	500	650 500
92/93	2 673 528	450 000	3 123 528
93/94	1 298 000	230 000	1 528 000
94/95	3 031 739	344 900	3 376 639
95/96	3 567 890	1 537 118	5 105 008
96/97	3 193 943	789 402	3 983 345
97/98	7 500 712	2 651 580	10 152 292
98/99	4 681 108	4 704 931	9 386 039
99/00	8 916 853	2 098 446	11 015 299
00/01	7 937 925	807 000	8 744 925
01/02	6 895 958	2 516 009	9 411 967
02/03	12 961 349	3 730 787	16 692 136
Total	\$63 427 520	\$19 860 673	\$83 288 193

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

Chapter Three: Confiscation

3.15 The following table illustrates the comparison:

Year	Realisable confiscation orders (including legal costs recovered)	Cost of confiscation litigation function
1990/91	118 515	1 630 000
1991/92	650 500	2 320 000
1992/93	3 123 528	2 694 000
1993/94	1 528 000	2 081 000
1994/95	3 376 639	1 641 404
1995/96	5 196 108	1 697 727
1996/97	4 000 345	1 175 802
1997/98	11 025 605	1 613 330
1998/99	10 039 970	2 243 000
1999/00	12 046 483	2 199 923
2000/01	9 515 138	2 141 737
2001/02	11 071 060	2 073 817
2002/03	18 846 681	2 519 706
Total	\$90 538 572	\$26 031 446

3.16 The sources of referrals for the total amount of realisable confiscation orders, including legal costs recovered for the 2002/03 year, being \$18 846 681, are as follows:

Referring agency	Confiscation and cost orders	Amount
NSWP	77	5 105 667
NSWCC	20	5 220 052
AFP	9	1 070 038
ACC	8	561 345
NSWCC/ NSWP	8	834 851
AFP/ATO		
Excise	5	2 609 450
JACG	4	626 207
NSWCC/ AFP/NSWP	1	2 761 071
Financial institution	1	58 000
Total	133	\$18 846 681

3.17 Of the total amount of realisable confiscation orders and costs recovered, 77.5% related to matters involving drug offences and the balance related to offences as follows:

Offence	Amount	%
Theft, receiving, fraud	4 150 749	22.1
Bribery	46 250	0.2
Firearms	36 000	0.2
Total	\$4 232 999	22.5

3.18 During the year, 5 exclusion orders, which reduced the amount of assets forfeiture orders of previous years, were made:

Year	Orders	Value
2000/01	4	484 006
2001/02	1	5 000
Total	5	489 006

3.19 Four applications to exclude property from assets forfeiture orders, or to set aside confiscation orders, are outstanding. They were lodged in respect of property valued at approximately \$402 677. All of these applications relate to assets forfeiture orders made within the last three years.

3.20 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 commencement of the confiscation function.

3.21 There was a 21.5% increase in the cost of the confiscation litigation function in 2002/03 over 2001/02. The increase comprised \$244 489 in employee related costs with the remainder being other operating costs. The budget for the cost of confiscation litigation for 2003/04 is \$2 713 524, with the monetary value of confiscation orders projected to be not less than \$12 000 000.

3.22 The confiscation litigation function has been revenue positive since July 1994 and is expected to remain revenue positive.

PRODUCTION ORDERS

3.23 Section 33(1) of the CAR Act provides that an authorised officer who has reasonable grounds for suspecting that a person has possession or control of property-tracking documents may apply, *ex parte*, to the Supreme Court for an order against that person requiring that person to produce to the Commission such documents as are in that person's possession or control, or, in the case of bankers' books, to produce all relevant documents for inspection by the Commission.

3.24 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 2002/03, the Commission applied for and obtained 50 production orders (1043 notices to produce pursuant to section 17 of the NSW Crime Commission Act were also issued in respect of confiscation matters that fell within a Commission Reference).

SEARCH WARRANTS

- 3.25 An authorised officer of the Commission, which includes a member of the NSW Police, may apply, in certain circumstances, to an authorised justice for the issue of a warrant pursuant to section 38 of the CAR Act, to search premises for serious crime derived property, illegally acquired property, evidence of a serious crime related activity, evidence of illegal activity of a person reasonably suspected of having been engaged in serious crime related activities and property that is subject to a restraining order. In 2002/03, no search warrants were issued pursuant to these provisions.
- 3.26 Pursuant to sections 44 and 45 of the CAR Act, an authorised officer of the Commission, which includes a member of the NSW Police, may apply to the Supreme Court for a warrant authorising the search of premises for property-tracking documents.
- 3.27 During 2002/03, the Commission successfully applied for the issue of 80 warrants under these provisions.

MONITORING ORDERS

- 3.28 Section 48 of the CAR Act provides that an authorised officer may make an *ex parte* application to the Supreme Court for a monitoring order. Such orders direct financial institutions to give the Commission financial information obtained by the institution about transactions conducted by a particular person with the institution.
- 3.29 In 2002/03, no monitoring orders were applied for pursuant to these provisions. The fact that no monitoring orders were sought by the Commission is due, in part, to the fact that the Commission made extensive use of section 51 of the CAR Act, which enables financial institutions to provide information to the Commission upon request.

THE DPP OFFICES

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

THE COPOC ACT

- 3.32 On 22 March 1993, a regulation pursuant to the COPOC Act empowering the Commission to take proceedings for restraint and forfeiture of tainted property in indictable drug matters under the Drug Misuse and Trafficking Act was gazetted. The purpose of this regulation is to minimise overlap in functions of the NSW Director of Public Prosecutions and the Commission in respect of the forfeiture of the property of persons involved in drug crime.
- 3.33 Each matter referred to the Commission for assessment of confiscation action under the CAR Act is also assessed for confiscation action under the COPOC Act.
- 3.34 During 2002/03, no restraining orders were obtained under the COPOC Act.

AUSTRALIAN TAXATION OFFICE

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

FINANCIAL INSTITUTIONS

- 3.36 As a result of the large numbers of production orders obtained under the CAR Act and notices issued under section 17 of the NSW Crime Commission Act, the Commission has established close liaison with the state's major banks and building societies.
- 3.37 Section 51 of the CAR Act provides:
- (1) If a financial institution has reasonable grounds for believing that information it has about a transaction with the institution:
- (a) might be relevant to an investigation of a serious criminal activity or the making of a confiscation order, or
- (b) might otherwise be of assistance in the enforcement of this Act or the regulations,
- the institution may give the information to the Commission.
- 3.38 The Commission has obtained information pursuant to section 51 on numerous occasions.

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

INTERNATIONAL INQUIRIES

- 3.40 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 with the Commonwealth Attorney-General's Department is ongoing.
- 3.41 The Commission is continuing to detect offshore assets of offenders and is concentrating more effort in the tracing of assets in foreign jurisdictions.

SUPREME COURT AND DISTRICT COURT

- 3.42 The work generated by the confiscation function continued to place further demands upon the resources of the Supreme Court, in particular upon the Criminal Registry and Common Law listing staff. The assistance provided by those staff has facilitated the operations of the Commission, as has the assistance given by the District Court Criminal Registry, which provides access to files and certificates of conviction.
- 3.43 At the end of the year, the number of matters before the Supreme Court was 104.

NSW POLICE CRIME AGENCIES AND OTHER POLICE

- 3.44 The contribution of the NSW Police to the litigation commenced by the Commission has been substantial.
- 3.45 During 2002/03, 212 matters were referred to the Commission for assessment of confiscation action under the CAR Act and/or the COPOC Act.
- 3.46 The following table sets out the number of matters referred to the Commission each year since 3 August 1990:

Year	Number
1990/91	346
1991/92	637
1992/93	828
1993/94	898
1994/95	832
1995/96	674
1996/97	432
1997/98	381
1998/99	566
1999/00	650
2000/01	531
2001/02	361
2002/03	212
Total	7348

PUBLIC TRUSTEE

- 3.47 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.

CONFISCATED PROCEEDS ACCOUNT

- 3.48 Monies realised from the sale of property forfeited under the CAR Act and monies received by the Treasurer pursuant to proceeds assessment orders are credited to an account administered by the Treasurer called the Confiscated Proceeds Account. The proceeds of that account may be applied to administering the CAR Act, victims' compensation, law enforcement, drug rehabilitation and drug education.

TRAINING

- 3.49 There is a continuing need for law enforcement to improve its ability to identify, locate and recover laundered proceeds of crime and assets in both local and foreign jurisdictions. The Commission has gained significant experience and skills in those areas since the commencement of the CAR Act.
- 3.50 During the year officers from the Financial Investigations Team gave a number of presentations to NSW Police, including at its Detective Training Course.

CHAPTER FOUR

GENERAL MANAGEMENT

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

ADMINISTRATIVE OFFICE

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

STAFFING

- 4.7 In 2002/03, the establishment comprised positions under the *Public Sector Management Act 1988* and staff employed directly by the Commission pursuant to section 32 of the NSW Crime Commission Act.
- 4.8 At the end of the reporting year, the number of permanent staff employed by the Commission was 108. The categories of staff comprising the establishment are tabulated below. Staffing levels of the previous three years is included for comparison.

	02/03	01/02	00/01	99/00
Statutory officers	1	1	1	1
SES	0	0	0	0
PSM Act	10	15	15	16
Direct employees	97	87	72	74
Total	108	103	88	91

SENIOR EXECUTIVE SERVICE POSITIONS

- 4.9 During the reporting year, there were no officers employed as Senior Executives under the Public Sector Management Act.
- 4.10 The Management Team includes the following:
- . Director and Solicitor to the Commission
 - . Assistant Director, Investigations (two positions)
 - . Assistant Director, Financial Investigations
 - . Assistant Director, Operations Support.
- 4.11 Names of the incumbents and the dates of their appointment are shown in the first section of this report.
- 4.12 Each of these officers is employed pursuant to a contract of employment with the Commission that provides for review on an annual basis. These contracts do not provide for levels, as SES contracts do. The terms of the contracts are expressly confidential. In those cases where performance review was tied to salary, each officer's performance was assessed to be satisfactory and incremental adjustment to remuneration was made. Performance reports can be found in Appendix C.
- 4.13 The Commissioner is not part of the Chief Executive Service. His appointment is pursuant to the NSW Crime Commission Act and his remuneration is set by the Statutory and Other Offices Remuneration Tribunal. As an independent statutory officeholder, he is not subject to formal performance appraisal. His remuneration package was set by the tribunal in October 2002 at \$312 900.

EQUAL EMPLOYMENT OPPORTUNITY

- 4.14 The Commission's Equal Employment Opportunity (EEO) statistics for 2002/03 have been completed in the context of the NSW Premier's Department's annual workforce survey.
- 4.15 The Commission works with the Office of the Director of Equal Opportunity in Public Employment (ODEOPE) to develop strategies to enhance employment equity. The Commission takes the view that its EEO profile, as reflected in the following statistics, demonstrates that its strategies have been successful.
- 4.16 In particular, 56% of Commission staff are women. This year, of the 15 staff recruited to join the Commission, 47% were women and 21% were from an ethnic or religious minority.

Chapter Four: General management

4.17 During the year the Commission recruited 5 trainees. A total of 9 trainees have been recruited over the past three years under the government's trainee scheme. This program has been very successful and the Commission plans to recruit more trainee officers in 2003/04.

4.18 The Commission has commenced discussions about the establishment of an Aboriginal Cadetship in 2003/04 with an officer from ODEOPE.

4.19 The following tables contain EEO statistics for 2002/03. Comparative data from past years can be found in previous annual reports of the Commission.

4.20 Representation and recruitment of EEO target groups (Aboriginal or Torres Strait Islanders (ATSI), people with a physical disability, people from a racial, ethnic or religious minority (REMG), and women):

Target group	Total staff 2002/03	Recruited 2002/03
All	108	15
ATSI	1 (1%)	0
Disabled	1 (1%)	0
REMG	23 (21%)	3 (21%)
Women	60 (56%)	7 (47%)

4.21 Representation of EEO target groups by level in 2002/03:

Grade	Total staff	Women	REMG
Above Grade 12	16	2 (13%)	3 (19%)
Grades 10 – 12	17	8 (47%)	5 (29%)
Grades 6 – 9	23	16 (70%)	4 (17%)
Grades 3 – 5	27	18 (67%)	8 (30%)
Grades 1 – 2	8	5 (63%)	2 (25%)
CO1 – Grade 1	9	5 (56%)	0
Below CO1	8	6 (75%)	1 (13%)
Total	108	60 (56%)	23 (21%)

STAFF TRAINING

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

4.23 Several staff attended external courses for a range of purposes during the year.

4.24 Many staff undertake approved tertiary courses out of hours, and take advantage of the Commission's study leave provisions throughout each academic year.

NSW GOVERNMENT ACTION PLAN FOR WOMEN

4.25 The NSW Government is committed to the principles of access, equity, rights and participation of women in the life and business of the state.

4.26 The Commission recognises the role it plays in the promotion of the policy. Fifty-six per cent of the Commission's staff is female, and there is female representation at the senior executive level.

4.27 As an agency working in the area of criminal justice, the Commission acknowledges and is committed to its responsibilities in respect of women's access to justice and equality before the law.

INTERNAL AUDIT

4.28 The Commission has an Internal Audit Committee that undertakes a range of audits and performance reviews on specified subject areas throughout the year. The committee reports to the Commission's Management Committee regularly.

CODE OF CONDUCT / ETHICS

4.29 The Commission has a code of conduct for all staff and an additional code for senior officers. All staff have signed undertakings to comply with all aspects of the code.

4.30 The full text of the general code of conduct is included in the Commission's annual report for 1997/98, a copy of which can be found on the Commission's web site.

OVERSEAS VISITS

4.31 There were no overseas trips taken by members of staff during the year.

OCCUPATIONAL HEALTH AND SAFETY

4.32 The Commission is concerned to ensure the safety and well-being of all staff.

4.33 During the year, the Commission's staff representative and its OH&S officer jointly conducted OH&S audits throughout the Commission's premises. Those matters identified as posing safety risks were rectified.

4.34 During 2002/03, the Commission made three claims for workers' compensation. One of these resulted in a loss of five working days, and no time was lost in the other two cases.

Chapter Four: General management

THE ENVIRONMENT

- 4.35 The Commission is conscious of the impact of its operations on the environment and regularly reviews its waste and recycling policies, energy and water consumption and purchasing practices.
- 4.36 The Commission continues its long-standing policy of purchasing 100 percent of its electricity from 'green power'.

ELECTRONIC INFORMATION MANAGEMENT

- 4.37 Several years ago the Commission made a policy decision to use commercial off-the-shelf hardware and software, wherever possible, for its information technology and telecommunications solutions. The Commission's equipment is generally sourced from major manufacturers, with minimal modification.
- 4.38 Integration of products and systems is conducted in-house, with some computer programming outsourced. In the latter case, the Commission maintains ownership of the source code.
- 4.39 All product recorded is based on Internet standards. This assists in the development of viewing and playing systems.
- 4.40 The Commission has been involved in some joint development work with other organisations, and has exchanged source code with Australian and international law enforcement agencies.
- 4.41 The Commission has a large capacity for recording and processing electronic multi-media intelligence. Development work is continuing to create a central multi-media monitoring system.

RESEARCH AND DEVELOPMENT

- 4.42 The Commission did not conduct any research and development work (as defined by Australian Accounting Standard AAS513) during 2002/03.

CONSULTANTS

- 4.43 No consultants were retained during 2002/03.

SERVICES TO THE PUBLIC

- 4.44 By reason of its statutory aims, objectives, functions and operational activities, the Commission does not provide services direct

to the public, although members of the public often contact the Commission directly to provide information. Investigations are sometimes launched on the basis of such information.

- 4.45 Consequently, the Commission does not usually receive complaints or consumer suggestions. It is not possible, therefore, for the Commission to report on services improved or changed as a result of such complaints or suggestions, as required by the legislation. For the same reasons, the Commission has not developed standard times for providing services, with the exception of payment of accounts.

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

FREEDOM OF INFORMATION

- 4.47 The Commission received three requests under the *Freedom of Information Act 1989* (NSW) during 2002/03.
- 4.48 Requests under the Freedom of Information Act for access to documents in the possession of the Commission should be directed in writing to the Commissioner.
- 4.49 Inquiries concerning fees and procedures for inspecting or obtaining Commission documents, including 'Statements of Affairs', should be made to the Assistant Director, Operations Support, between the hours of 9.00 am and 5.00 pm, Monday to Friday.

PUBLICATIONS

- 4.50 Two Commission publications are available to the public:
- . annual reports for the years 1985/86 to 2002/03 inclusive
 - . Freedom of Information 'Statements of Affairs'.

PRIVACY

- 4.51 The Commission continues to comply with the 'Privacy Management Plan' previously implemented (see the annual report for 1999/2000).
- 4.52 The Commission is unaware of any breaches or alleged breaches of that plan or the *Privacy and Personal Information Act 1998* (NSW).

Chapter Four: General management

4.53 Complaints and internal reviews under the Act:

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

Qtr	Total accounts paid on time			Total paid
	Target %	Actual %	\$	\$
Sep 02	85.0	94.78	3 166 830	3 341 244
Dec 02	85.0	86.20	1 814 152	2 104 585
Mar 03	85.0	91.72	2 732 170	2 978 208
Jun 03	85.0	95.35	5 595 870	5 868 768

DISABILITY PLAN

4.54 The Commission's triennial 'Disability Action Plan' was submitted to the NSW Ageing and Disability Department in December 1999, following consultation with internal and external stakeholders.

4.55 Given the plan's expiration, the Commission is presently reviewing its policies.

ETHNIC AFFAIRS PRIORITIES REPORT

4.56 The Commission endorses the principles set out in the Ethnic Affairs Priorities Statement, and is committed to their implementation within its workplace and operational activities.

4.57 Most commonly, the Commission provides interpreters whenever they are required during its interaction with people from non-English speaking backgrounds. That service is available in the course of formal and informal interaction between the Commission and people assisting it.

FINANCIAL STATEMENTS

4.58 Audited financial statements can be found in Appendix A.

ACCOUNT PAYMENT PERFORMANCE

Qtr	Current	<30 days overdue	30-60 days overdue	60-90 days overdue	>90 days overdue
Sep 02	\$388 665	\$0	\$0	\$0	\$0
Dec 02	\$607 369	\$35 781	\$0	\$0	\$0
Mar 03	\$298 971	\$18 236	\$0	\$0	\$0
Jun 03	\$425 475	\$0	\$0	\$0	\$0

STORES AND EQUIPMENT

4.59 The following table shows monthly expenditure on general stores, information technology equipment, furniture and office equipment.

Month	Expenditure \$
July	55 816
August	68 918
September	61 444
October	77 969
November	91 428
December	2 346
January	68 462
February	10 534
March	117 793
April	72 105
May	210 951
June	114 603
Total	\$952 369

VALUE OF STAFF LEAVE

4.60 The values of accrued annual leave, including applicable leave loading, and extended leave at 30 June 2003 were \$424 499 and \$1 214 166 respectively.

4.61 Both of these amounts were calculated in accordance with AAS30 'Accounting for employee leave entitlements', using the nominal method for extended leave.

Chapter Four: General management

MAJOR ASSETS PURCHASED

- 4.62 The Commission acquired the following assets during 2002/03:

Asset	Value
Office accommodation	2 605 248
Refit accommodation	390 312
PCs/printers/servers	294 183
Storage Area Network	141 438
Cisco switches	137 858
Generator	107 980
Interception equipment	102 594
IT intrusion detection	46 554
Uninterrupted power supply	37 625
Workstations	33 298
Communications link	22 799
Motor vehicles	21 672
Database software	12 700
Operational equipment	9 500
Other equipment	11 995
Total	\$3 975 756

REAL PROPERTY

- 4.63 In 1993/94, the Commission acquired its main capital asset, its premises at 453 Kent Street, Sydney, for \$5.7 million. During 2002/03, the Commission revalued this asset at \$10.4 million. This amount represents the fair market value as at 30 June 2003.
- 4.64 The Commission also acquired additional office space in central Sydney during 2002/03 at a cost of \$2.6 million. That accommodation was subsequently refitted at a cost of approximately \$400 000.

INSURANCE

- 4.65 The Commission insures against a range of risks, including workers' compensation, damage caused by and to motor vehicles, property damage and public liability, through the New South Wales Treasury Managed Funds. In 2002/03, the Commission made 10 claims (compared to 3 in 2001/02). Of these claims, 3 related to workers' compensation (2 in 2001/02) and 7 related to motor vehicles (1 in 2001/02).

GRANTS TO COMMUNITY ORGANISATIONS

- 4.66 The Commission did not provide any grants to community organisations in 2002/03.

CONTRACTING AND MARKET TESTING

- 4.67 The Commission has formed the view that the functions it market-tested in previous years could be performed more efficiently and cost-effectively by Commission staff. A

significant factor in these decisions was the need to preserve security.

COST OF ANNUAL REPORT

- 4.68 Two hundred copies of the *Annual Report 2002/03* have been printed at a cost of \$2300 (including GST), or \$11.50 per copy. The same number of copies was printed in 2001/02 at the same cost. The report will also be published on the Commission's web site.

NEW SOUTH WALES CRIME COMMISSION

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2003**

New South Wales Crime Commission

**Financial Statements for the
year ended 30 June 2003**

STATEMENT BY COMMISSIONER

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

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, the Public Finance and Audit Regulation 2000, 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 2003 and transactions of the Commission for the year then ended.
- (c) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.

PA Bradley
Commissioner

NJ Gray
Accountant

Dated: November 2003

NEW SOUTH WALES CRIME COMMISSION
Statement of Financial Performance for the Year Ended 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
Expenses				
Operating expenses				
Employee related	2(a)	8,187	7,308	7,479
Other operating expenses	2(b)	4,480	2,919	3,556
Maintenance		110	102	96
Depreciation and amortisation	2(c)	1,937	1,576	1,755
Other expenses	2(d)	36	18	101
Total expenses		14,750	11,923	12,987
Less:				
Retained revenue				
Investment income	3(a)	30	51	51
Other revenue	3(b)	2,334	575	1,645
Total retained revenue		2,364	626	1,696
Gain / (loss) on disposal of non-current assets	4	2	-	(5)
Net cost of services	18	12,384	11,297	11,296
Government contributions				
Recurrent appropriation	5	8,853	8,662	8,856
Capital appropriation	5	3,775	1,175	2,502
(Asset sale proceeds transferred to the Crown Entity)				
Acceptance by the Crown Entity of employee benefits and other liabilities	6	792	789	716
Total government contributions		13,420	10,626	12,074
SURPLUS / (DEFICIT) FOR THE YEAR		1,036	(671)	778
NON-OWNER TRANSACTION CHANGES IN EQUITY				
Net increase / (decrease) in asset revaluation reserve		3,890	-	-
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		3,890	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	14	4,926	(671)	778

The accompanying notes form part of these statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of Financial Position as at 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
ASSETS				
Current assets				
Cash	8	285	797	1,067
Receivables	9	1,337	1,239	1,239
Total current assets		<u>1,622</u>	<u>2,036</u>	<u>2,306</u>
Non-current assets				
Property, plant and equipment	10			
- Land and buildings		13,005	6,648	6,635
- Plant and equipment		3,221	3,567	3,981
Total non-current assets		<u>16,226</u>	<u>10,215</u>	<u>10,616</u>
Total assets		<u>17,848</u>	<u>12,251</u>	<u>12,922</u>
LIABILITIES				
Current liabilities				
Payables	11	891	833	833
Provisions	12	456	434	434
Other	13	200	280	280
Total liabilities		<u>1,547</u>	<u>1,547</u>	<u>1,547</u>
Net assets		<u>16,301</u>	<u>10,704</u>	<u>11,375</u>
EQUITY				
Reserves	14	6,073	2,183	2,183
Accumulated funds		10,228	8,521	9,192
Total equity		<u>16,301</u>	<u>10,704</u>	<u>11,375</u>

The accompanying notes form part of these statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of Cash Flows for the Year Ended 30 June 2003

	Notes	Actual 2003 \$'000	Budget 2003 \$'000	Actual 2002 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(7,769)	(6,932)	(7,189)
Other		(5,104)	(3,444)	(4,146)
Total payments		<u>(12,873)</u>	<u>(10,376)</u>	<u>(11,335)</u>
Receipts				
Interest received		45	51	57
Other		2,811	980	1,508
Total receipts		<u>2,856</u>	<u>1,031</u>	<u>1,565</u>
Cash flows from government				
Recurrent appropriation		8,853	8,662	8,856
Capital appropriation		3,975	1,175	2,782
Cash reimbursements from the Crown Entity		437	413	336
Cash transfers to Consolidated Fund		(280)	-	-
Net cash flows from government		<u>12,985</u>	<u>10,250</u>	<u>11,974</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	18	<u>2,968</u>	<u>905</u>	<u>2,204</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment		27	-	85
Purchases of land and buildings and plant and equipment		(3,777)	(1,175)	(2,501)
NET CASH FLOWS FROM INVESTING ACTIVITIES		<u>(3,750)</u>	<u>(1,175)</u>	<u>(2,416)</u>
NET INCREASE / (DECREASE) IN CASH		<u>(782)</u>	<u>(270)</u>	<u>(212)</u>
Opening cash and cash equivalents		1,067	1,067	1,279
CLOSING CASH AND CASH EQUIVALENTS	8	<u>285</u>	<u>797</u>	<u>1,067</u>

The accompanying notes form part of these statements.

NEW SOUTH WALES CRIME COMMISSION
Summary of Compliance with Financial Directives

	2003				2002			
	RECURRENT APP'N \$'000	EXPENDITURE / NET CLAIM ON CONSOLIDATED FUND \$'000	CAPITAL APP'N \$'000	EXPENDITURE / NET CLAIM ON CONFUND \$'000	RECURRENT APP'N \$'000	EXPENDITURE \$'000	CAPITAL APP'N \$'000	EXPENDITURE \$'000
ORIGINAL BUDGET APPROPRIATION / EXPENDITURE								
• Appropriation Act	8,662	8,662	1,175	1,175	8,206	8,206	982	982
• Additional Appropriations	-	-	-	-	-	-	-	-
• s 21a PF&AA – special appropriation	-	-	-	-	-	-	-	-
• s 24 PF&AA – transfers of functions between departments	-	-	-	-	-	-	-	-
• s 26 PF&AA – Commonwealth specific purpose payments	-	-	-	-	-	-	-	-
	<u>8,662</u>	<u>8,662</u>	<u>1,175</u>	<u>1,175</u>	<u>8,206</u>	<u>8,206</u>	<u>982</u>	<u>982</u>
OTHER APPROPRIATIONS / EXPENDITURE								
• Treasurer's Advance	-	-	-	-	650	650	1,815	1,520
• Section 22 – expenditure for certain works and services	-	-	2,800	2,600	-	-	-	-
• Transfers to / from another agency (s25 of the Appropriation Act)	191	191	-	-	-	-	-	-
	<u>191</u>	<u>191</u>	<u>2,800</u>	<u>2,600</u>	<u>650</u>	<u>650</u>	<u>1,815</u>	<u>1,520</u>
Total appropriations / Expenditure / Net claim on Consolidated Fund (includes transfer payments)	8,853	8,853	3,975	3,775	8,856	8,856	2,797	2,502
<u>Amount drawn down against appropriation</u>		8,853		3,975		8,856		2,782
<u>Liability to Consolidated Fund*</u>		-		200		-		280

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The New South Wales Crime Commission, as a reporting entity, comprises all the activities under its control.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

(b) *Basis of accounting*

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

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

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

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

Except for certain investments and land and building and plant and equipment, 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.

(c) *Administered activities*

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

Transactions and balances relating to the administered activities are not recognised as the agency's revenues, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered Revenues', 'Administered Expenses', 'Administered Assets' and 'Administered Liabilities'.

The accrual basis of accounting and all applicable accounting standards have been adopted for the reporting of the administered activities.

(d) *Revenue recognition*

Revenue is recognised when the agency has control of the good or right to receive, it is probable that the economic benefits will flow to the agency 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

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

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

The liability is disclosed in Note 13 as part of 'Current liabilities - Other'. The amount will be repaid and the liability will be extinguished next financial year. Any liability in respect of transfer payments is disclosed in Note 19 'Administered assets and liabilities'.

(ii) Professional costs recovered

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

(iii) Investment income

Interest revenue is recognised as it accrues.

Appendix A: Financial statements

(e) *Employee benefits and other provisions*

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

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

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

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

(ii) Accrued salaries and wages – reclassification

As a result of the adoption of Accounting Standard AASB 1044 'Provisions, Contingent Liabilities and Contingent Assets', accrued salaries and wages and on-costs has been reclassified to 'payables' instead of 'provisions' in the Statement of Financial Position and the related note disclosures, for the current and comparative period. On the face of the Statement of Financial Position and in the notes, reference is now made to 'provisions' in place of 'employee entitlements and other provisions'. Total employee benefits (including accrued salaries and wages) are reconciled in Note 12 'Provisions'.

(iii) Long service leave and superannuation

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

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

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

(iv) Other provisions

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

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

(f) *Borrowing costs*

Borrowing costs are recognised as expenses in the period in which they are incurred (except where they are included in the costs of qualifying assets).

(g) *Insurance*

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

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

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

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

(i) *Acquisitions of assets*

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at

Appendix A: Financial statements

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.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the acquisition date. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained.

(j) *Plant and equipment*

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

(k) *Revaluation of physical non-current assets*

Physical non-current assets are valued in accordance with the 'Guidelines for the Valuation of Physical Non-Current Assets at Fair Value' (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002. There is no substantive difference between the fair value valuation methodology and the previous valuation methodology adopted in the NSW public sector.

Where available, fair value is determined having regard to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price, i.e. the replacement cost of the asset's remaining future economic benefits. The agency is a not for profit entity with no cash-generating operations.

Each class of physical non-current assets is revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2003 and was based on an independent assessment.

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

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

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

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

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

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

(l) *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.

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

Land is not a depreciable asset. The rates of depreciation applied to relevant categories of assets are set out in the following table and are consistent with those used in 2001/02.

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

Appendix A: Financial statements

(m) *Maintenance and repairs*

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

(n) *Leased assets*

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

(o) *Receivables*

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

(p) *Payables*

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

(q) *Budgeted amounts*

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

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

2. EXPENSES

	2003 \$'000	2002 \$'000
(a) Employee related expenses		
Salaries and wages (including recreation leave)	6,849	6,275
Superannuation	554	476
Long service leave	206	210
Workers' compensation insurance	72	34
Payroll tax and fringe benefit tax	446	399
Other	60	85
	<u>8,187</u>	<u>7,479</u>
(b) Other operating expenses		
Auditor's remuneration		
– audit or review of the financial reports	19	15
Bad and doubtful debts	-	16
Insurance	43	42
Office utilities	175	135
Office supplies	1,624	1,371
Computer services	958	785
Travel expenses	36	31
Motor vehicle expenses	72	10
Service fees	1,176	895
Other	377	256
	<u>4,480</u>	<u>3,556</u>
(c) Depreciation and amortisation expense		
Depreciation		
- Building	125	115
- Plant and equipment	117	92
- Computer equipment	1,688	1,538
- Motor vehicles	7	10
	<u>1,937</u>	<u>1,755</u>
Amortisation	-	-

Appendix A: Financial statements

	2003 \$'000	2002 \$'000
(d) Other expenses		
Witness protection	36	101
	<u>36</u>	<u>101</u>
3. REVENUES		
	2003 \$'000	2002 \$'000
(a) Investment income		
Interest	30	51
	<u>30</u>	<u>51</u>
(b) Other revenue		
Professional costs recovered	2,315	1,638
Miscellaneous	19	7
	<u>2,334</u>	<u>1,645</u>
4. GAIN / (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
	2003 \$'000	2002 \$'000
Proceeds from disposal	27	85
Written down value of assets sold	(25)	(90)
	<u>2</u>	<u>(5)</u>
5. APPROPRIATIONS		
	2003 \$'000	2002 \$'000
Recurrent appropriations		
Total recurrent drawdowns from Treasury (per Summary of Compliance)	8,853	8,856
Less: Liability to Consolidated Fund (per Summary of Compliance)	-	-
	<u>8,853</u>	<u>8,856</u>
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	8,853	8,856
Transfer payments	-	-
	<u>8,853</u>	<u>8,856</u>
Capital appropriations		
Total capital drawdowns from Treasury (per Summary of Compliance)	3,975	2,782
Less: Liability to Consolidated Fund (per Summary of Compliance)	(200)	(280)
	<u>3,775</u>	<u>2,502</u>
Comprising:		
Capital appropriations (per Statement of Financial Performance)	3,775	2,502
Transfer payments	-	-
	<u>3,775</u>	<u>2,502</u>

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

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

	2003	2002
	\$'000	\$'000
Superannuation	554	476
Long service leave	206	210
Payroll tax	32	30
	<u>792</u>	<u>716</u>

7. PROGRAMS / ACTIVITIES OF THE AGENCY

63.1.1 Combating Crime

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

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

8. CURRENT ASSETS – CASH

	2003	2002
	\$'000	\$'000
Cash at bank and on hand ¹	285	1,067
	<u>285</u>	<u>1,067</u>

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

Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:

Cash (per Statement of Financial Position)	285	1,067
Closing cash and cash equivalents (per Statement of Cash Flows)	<u>285</u>	<u>1,067</u>

9. CURRENT ASSETS – RECEIVABLES

	2003	2002
	\$'000	\$'000
Interest receivable	9	24
Operational expenses to be recouped	41	71
Professional costs recovered	837	889
Prepayments	73	94
Other debtors	417	201
Less: Provision for doubtful debts	(40)	(40)
	<u>1,337</u>	<u>1,239</u>

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

	2003	2002
	\$'000	\$'000
Land and buildings		
At fair value	13,005	7,125
Less accumulated depreciation	-	(490)
	<u>13,005</u>	<u>6,635</u>

¹ Included in cash is \$200,000 repayable to the Crown Entity. This cash cannot be used by the Commission in its day-to-day activities.

Appendix A: Financial statements

	2003 \$'000	2002 \$'000
Plant and equipment		
At fair value	1,634	1,285
Less accumulated depreciation	(590)	(474)
	<u>1,044</u>	<u>811</u>
Computer equipment		
At fair value	8,725	8,019
Less accumulated depreciation	(6,594)	(4,905)
	<u>2,131</u>	<u>3,114</u>
Motor Vehicles		
At fair value	67	71
Less accumulated depreciation	(21)	(15)
	<u>46</u>	<u>56</u>
Total property, plant and equipment at net book value	<u>16,226</u>	<u>10,616</u>

Reconciliations

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

	Land and buildings \$'000	Plant and equipment \$'000	Computer equipment \$'000	Motor vehicles \$'000	Total \$'000
2003					
Carrying amount at start of year	6,635	811	3,114	56	10,616
Additions	2,605	350	705	22	3,682
Disposals	-	-	-	25	25
Net revaluation increment less revaluation decrements	3,890	-	-	-	3,890
Depreciation expense	125	117	1,688	7	1,937
Carrying amount at end of year	<u>13,005</u>	<u>1,044</u>	<u>2,131</u>	<u>46</u>	<u>16,226</u>

11. CURRENT LIABILITIES – PAYABLES

	2003 \$'000	2002 \$'000
Accrued salaries, wages and on-costs	181	135
Creditors	436	113
Accrued capital expenditure	185	280
Accrued other operating expenses	89	305
	<u>891</u>	<u>833</u>

Appendix A: Financial statements

12. CURRENT LIABILITIES – PROVISIONS

	2003 \$'000	2002 \$'000
Employee benefits and related on-costs		
Recreation leave	456	434
Total provisions	<u>456</u>	<u>434</u>
 Aggregate employee benefits and related on-costs		
Provisions – current	456	434
Accrued salaries, wages and on-costs (Note 11)	181	135
	<u>637</u>	<u>569</u>

13. CURRENT LIABILITIES – OTHER

	2003 \$'000	2002 \$'000
Liability to Consolidated Fund	200	280
	<u>200</u>	<u>280</u>

14. CHANGES IN EQUITY

	Accumulated funds		Asset revaluation reserve		Total equity	
	2003	2002	2003	2002	2003	2002
Balance at the beginning of the financial year	9,192	8,414	2,183	2,183	11,375	10,597
<u>Changes in equity – other than transactions with owners as owners</u>						
Surplus / (deficit) for the year	1,036	778	-	-	1,036	778
Increment on revaluation of:						
* Land and buildings	-	-	3,890	-	3,890	-
<u>Total</u>	<u>1,036</u>	<u>778</u>	<u>3,890</u>	<u>-</u>	<u>4,926</u>	<u>778</u>
Balance at the end of the financial year	<u>10,228</u>	<u>9,192</u>	<u>6,073</u>	<u>2,183</u>	<u>16,301</u>	<u>11,375</u>

15. COMMITMENTS FOR EXPENDITURE

	2003 \$'000	2002 \$'000
(a) Capital commitments		
Aggregate capital expenditure for the acquisition of technical equipment contracted for at balance date and not provided for:		
Not later than one year	64	39
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	<u>64</u>	<u>39</u>
 (b) Other expenditure commitments		
Aggregate other expenditure for the acquisition of office supplies, office equipment and technical equipment contracted for at balance date and not provided for:		
Not later than one year	70	63
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	<u>70</u>	<u>63</u>

16. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	2003 \$'000	2002 \$'000
(a) Contingent liabilities		
Property Services Group	193	193
	<u>193</u>	<u>193</u>
(b) Contingent assets		
Input tax credits	12	10
	<u>12</u>	<u>10</u>

17. BUDGET REVIEW

Net cost of services

The actual net cost of services was higher than budget by \$1,087,000. This was primarily due to additional employee and other operating related expenses as a result of the acquisition of additional office accommodation.

Assets and liabilities

During the year, the Commission sought supplementation to its capital allocation for the acquisition of additional office accommodation. The Treasurer approved provision of \$2.8 million for this purpose.

Cash flows

Net cash flows from operating activities was higher than budget by \$2,063,000. This is primarily due to additional capital appropriation to acquire additional office accommodation. A similar amount of \$2,575,000 is also reflected in additional cash flows to investing activities.

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

	2003 \$'000	2002 \$'000
Net cash used on operating activities	2,968	2,204
Cash flows from government / appropriations	(12,628)	(11,638)
Acceptance by the Crown Entity of employee benefits and other liabilities	(792)	(716)
Depreciation	(1,937)	(1,755)
Provision for doubtful debts	-	-
Decrease / (increase) in provisions	(22)	72
Increase / (decrease) in prepayments and other assets	99	762
Increase / (decrease) in creditors	(74)	(220)
Net loss / (gain) on sale of plant and equipment	2	(5)
Net cost of services	<u>(12,384)</u>	<u>(11,296)</u>

19. ADMINISTERED ASSETS AND LIABILITIES

	2003 \$'000	2002 \$'000
Administered assets		
Receivables	-	199
	<u>-</u>	<u>199</u>
Administered liabilities		
Liability to the Public Trustee	-	199
	<u>-</u>	<u>199</u>

20. FINANCIAL INSTRUMENTS

Cash

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

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

Bank overdraft

The Commission does not have any bank overdraft facility.

Trade creditors and accruals

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

End of audited financial statements

**NEW SOUTH WALES CRIME COMMISSION
OUTLINE OF 2003/04 BUDGET**

The proposed operating budget for the NSW Crime Commission for the 2003-04 financial year is as follows:

	2003-04 Budget \$'000
Expenses -	
Operating expenses -	
Employee related	8,144
Other operating expenses	3,457
Maintenance	105
Depreciation and amortisation	1,296
Other expenses	18
Total expenses	13,020
Less:	
Retained revenue -	
Sales of goods and services	5
Investment income	52
Other revenue	1,162
Total retained revenue	1,219
NET COST OF SERVICES	11,801

The proposed capital budget for the Commission for the 2003/04 financial year is as follows:

Acquisition of property, plant and equipment:	\$2,567,000
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Appendix C: Performance statements for Commissioner and senior staff

Performance statements for the year ended 30 June 2003

Mr Phillip A Bradley
Commissioner
Appointed on 17 July 1989

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

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

Mr John M Giorgiutti
Solicitor to the Commission/Director, Operations
Appointed on 2 July 1990

Mr Giorgiutti generally has oversight of all Commission business and reports to the Commissioner. Key achievements in 2002/03 were as follows:

- . maintenance of reduced Supreme Court list and high throughput of matters
- . provision of high level advice on corporate and strategic planning and on legal matters
- . personal conduct of major confiscation and criminal investigation matters
- . appearance before the Commission and the Supreme Court
- . acting as Commissioner during absence of Commissioner
- . introduction of new technology in the field of electronic surveillance
- . management of major acquisitions and projects.

Mr Michael Lulan
Assistant Director, Financial Investigations
Appointed on 16 June 1986

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 2002/03 were as follows:

- . negotiation of settlement of major litigation in which the Commission was involved as plaintiff

- . implementation of 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
- . representation at national and international forums on money laundering and confiscation.

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

Mr Standen is the Assistant Director, Investigations, in charge of the overall direction of criminal investigations in respect of several Commission References. Key achievements in 2002/03 were as follows:

- . provision of advice on investigation strategies as a member of the Management Team
- . 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 and the AFP
- . conduct of key hearings, appearing on behalf of the Commission
- . negotiation of memoranda of understanding with key agencies.

Appendix C: Performance statements for Commissioner and senior staff

Mr Tim O'Connor

Assistant Director, Investigations

Appointed firstly on 1 October 1997 and recommenced in that role on 21 June 1999.

- . production of the annual report to Parliament
- . initiation of a number of major investigations arising out of informant management.

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 2002/03 were as follows

- . provision of advice on investigation strategies as a member of the Management Team
- . 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, appearing on behalf of the Commission
- . negotiation settlement of major litigation in which the Commission was involved as plaintiff
- . production of intelligence-handling strategy for analysts
- . oversight of increased productivity in criminal investigations.

Ms Alison Brook

Assistant Director, Operations Support

Appointed on 26 October 1993

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

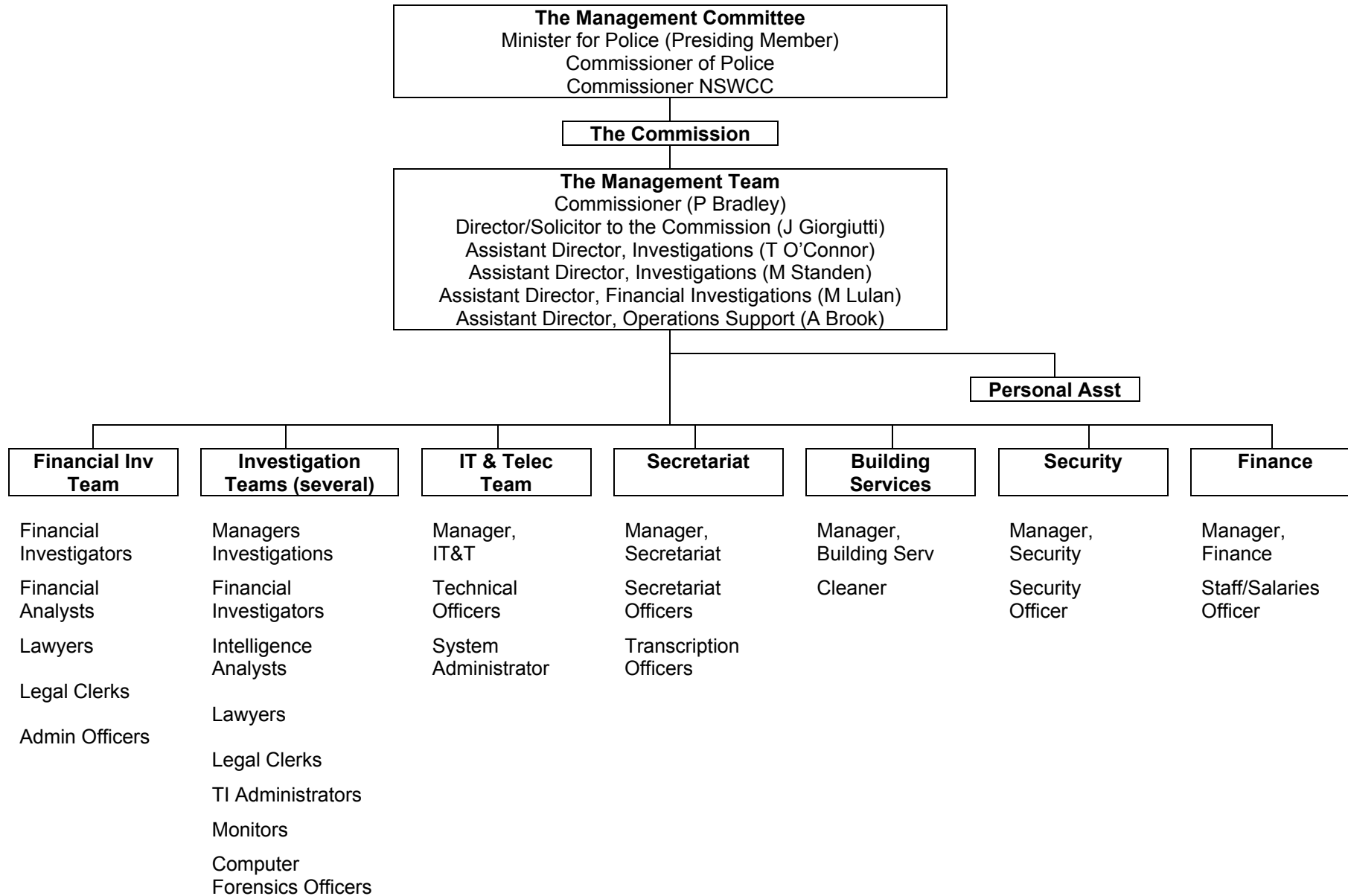
Operationally, Ms Brook has continued to develop an intelligence-gathering project during the year, and she has had oversight of the Commission's contribution to investigations conducted under the *Ebenezer* Reference.

Other achievements in 2002/03 included:

- . provision of advice on corporate and strategic planning
- . provision of advice on support service issues as a member of the Management Team
- . provision of support to the Commission's Management Committee

Appendix D: Organisation chart

Organisation Chart as at 30 June 2003



Arrests and charges

Reference	Arrests	Charges
<i>Azure V</i>	69	230
<i>Dalgety</i>	29	74
<i>Ebenezer II</i>	4	17
<i>Eden V</i>	3	12
<i>Gecko IV</i>	91	285
<i>Gladesville II</i>	31	68
<i>Gymea III</i>	16	39
<i>Jurien</i>	2	4
<i>Putney II</i>	30	313
<i>Quaama II</i>	3	17
<i>Vacy IV</i>	79	475
<i>Waratah IV</i>	16	73
<i>Zeehan</i>	22	34
<i>Zetland IV</i>	40	174
Total	435	1815

Stolen vehicles seized

Stolen vehicles seized	Zeehan
Motor vehicles	59
Vehicle engines	20
Motorcycles	7
Forklifts	2
Bobcats	2
Boats	1

Weapons seized

Weapons seized	<i>Azure V</i>	<i>Dalgety</i>	<i>Gecko IV</i>	<i>Gladesville II</i>	<i>Nundle</i>	<i>Putney II</i>	<i>Quaama II</i>	<i>Vacy IV</i>	<i>Zeehan</i>	<i>Zetland IV</i>	TOTAL
Rifles			3	4		188	1		1	18	215
Air rifles	1		5							2	8
Pistols	2	2	4	5	1	169	2	7		18	210
Machine guns						2				1	3
Silencers			2			4					6
Bullet-proof vest								1			1
Crossbow				1				1		1	3
Tazer stun gun								1		2	3
Sword								3		1	4
Extendable baton			1							1	2
Knuckle-dusters										1	1
Self-defence spray										2	2

Appendix E: Investigation statistics 2002/03

Drugs and cash seized

	<i>Azure V</i>	<i>Dalgety</i>	<i>Eden V</i>	<i>Gecko IV</i>	<i>Gladesville II</i>	<i>Gymea III</i>	<i>Putney II</i>	<i>Vacy IV</i>	<i>Waratah IV</i>	<i>Zetland IV</i>	TOTAL
Drugs											
Amphetamine			5 g	1 386 g		5 g	2 395 g			3 106 g	6 897 g
Amphetamine - <i>ice</i>				93 685 g				75 g		12 g	93 772 g
Cannabis plants	18			391	59 387		1	56		2 257	62 110
Cannabis leaf	1 354 g			4 034 g	339 300 g	13 000 g	1 020 g	343 g	8 g	36 343 g	395 402 g
Cannabis seed								60 g			60 g
Cannabis resin										23 232 g	23 232 g
Cocaine	4g					8 g	201 g		1 g	251 g	465 g
Ecstasy powder	7 989 g	1 380 g		611 g		470 000 g		1 469 g	612 g		482 061 g
Ecstasy tablets			1	86			130	9 431		3 442	3 658
Heroin		142 g		1 540 g			19 g		7 g		1 682 g
Methadone		18 bottles									18 bottles
Methylamphetamine liquid								400 ml			400 ml
Methylamphetamine powder	5 638 g		16 g					2 776 g			8 430 g
Methylamphetamine tablets								2			2
Pseudoephedrine powder								31 000 g			31 000 g
Pseudoephedrine tablets								26 414		800	27 234
Steroids		49 g									19 g
Pill press							1				1
Cash	\$50 620	\$63 650	\$60 000	\$1 014 130	\$85 667	\$842 945	\$239 060	\$165 850	\$78 653	\$99 530	\$2 700 105

INDEX

abbreviations	5
ACC	9, 10, 12, 14, 15, 16, 17, 20
account payment	27
ACS	9, 13, 16, 17, 20, 26
AFP	9, 10, 11, 15, 16, 20
amphetamine type substances	11
amphetamines	13, 17, 18
armed robbery	11
arrests	10, 11, 13, 14
Asian criminals	11, 16, 17
Asian gangs	16
assets, Commission	6, 28
assets, seizure of, <i>see</i> confiscation	
assets forfeiture orders	19, 20, 23
assumed identities	13, 14
ATO	16, 22
ATS	17, 18
AUSTRAC	15
Australian Bureau of Criminal Intelligence	16
Australian Crime Commission	9, 10, 12, 14, 15, 16, 17, 20
Australian Customs Service	9, 13, 16, 17, 20, 26
Australian Federal Police	9, 10, 11, 15, 16, 20
Australian Hi-Tech Crime Centre	15
Australian Taxation Office	16, 22
<i>Awaba</i> , Reference	10
<i>Azure V</i> , Reference	10
<i>Bianco IV</i> , Reference	10
<i>Busby</i> , Reference	10
cannabis	11
CAR Act	6
charter	7
child pornography	11
Child Protection Squad	11
child sexual abuse	11
cocaine	13
code of conduct	25
Commission	
charter	7
establishment	7
expenditure	6, 27
functions	7, 9
legislation governing	7
Management Committee	7-8
Management Team	24
meetings	7
membership	5
objectives	7
performance	6
powers	9
program	5
publications	26
responsible minister	7
senior staff	5, 24
staff	24
complaints	26, 27
computer crime	10, 15, 18
Confiscated Proceeds Account	23
confiscation	6, 7, 15, 19-23
of overseas assets	23
Confiscation of Proceeds of Crime Act	22
conspiracy to pervert course of justice	12
consultants	26
contracting	28
controlled operations	13, 14
COPOC Act	22

Index

corruption	12, 18, 19
cost of annual report	28
Crime Agencies (NSW Police)	23
crime trends	14-18
Criminal Assets Recovery Act	5, 7, 9, 12, 13, 14, 15, 19-23
criminal gangs	18
<i>see also</i> Outlaw motorcycle gangs	
Customs	9, 13, 16, 17, 20, 26
<i>Dalgety</i> , Reference	10
Director of Public Prosecutions	7, 9, 22
Disability action plan	27
dissemination	14
District Court	23
drugs	12, 17, 21
education & rehabilitation	23
manufacture of	11, 12, 13, 18
trafficking of	9, 10, 11, 14, 18, 19
<i>see also</i> amphetamine type substances, amphetamines, cannabis, cocaine, ecstasy, heroin	
<i>Ebenezer II</i> , Reference	10, 15
ecstasy	18
<i>Eden V</i> , Reference	10
environment	26
equal employment opportunity	24-25
Ethnic Affairs priorities statement	27
<i>Fifield</i> , Reference	11
financial institutions	20, 22
firearms	12, 16-17, 18, 19, 21
fraud	11, 15, 16, 18, 19, 21
freedom of information	26
gaming	11
<i>Gecko IV</i> , Reference	11
<i>Gladesville II</i> , Reference	11
grants	28
<i>Gymea III</i> , Reference	11, 15, 18
hearings	9, 13
heroin	10, 17
homicide	10, 11, 12, 13
<i>Huntley</i> , Reference	11, 15
identity crime	15, 16, 18
identity fraud register	15
information management	26
information technology	26, 27
insurance	28
internal audit	25
investigations	6, 9, 10-14
<i>Isabella</i> , Reference	11
<i>Jesmond IIL</i> , Reference	11
Joint Asian Crime Group	11, 17, 20
<i>Jurien</i> , Reference	11
<i>Kareela</i> , Reference	11
<i>Kingsvale III</i> , Reference	12, 15
Kings Cross	10
leave (staff)	27
legal change	15, 16, 17, 18
<i>Leura</i> , Reference	12
<i>Lewisham</i> , Reference	12
listening devices	13
Management Committee	7-8
market testing	28
<i>Mascot II</i> , Reference	12
Middle Eastern criminals	16
<i>Milton</i> , Reference	12
money laundering	10, 11, 12, 13, 14-15, 18, 19, 20
monitoring orders	19, 22
motor vehicle rebirthing	13, 16, 18
murder	10, 11, 12, 13
National Crime Authority	13, 14, 17
NCA	13, 14, 17
NSW Crime Commission Act	5, 7, 8, 9, 13, 14, 18

Index

notices to produce	9, 13, 22
<i>Nundle</i> , Reference	12
<i>Oberon II</i> , Reference	12
occupational health and safety	25
Office of Strategic Crime Assessments	17
organised crime	7, 14-18
OSCA	17
outlaw motorcycle gangs	13, 16
overseas visits	25
<i>Oxley</i> , Reference	12
paedophilia	11
Police, NSW	
assistance to Commission	9, 10, 11, 12, 13, 15, 16
contribution to confiscation	20, 23
Crime Agencies	23
State Crime Command	16
police inquiries, review of	7
pornography	11
privacy	26
proceeds assessment orders	19, 20, 23
production orders	19, 21, 22
prosecutions	14, 15
Public Trustee	23
publications	26
<i>Putney II</i> , Reference	12, 16
<i>Quaama II</i> , Reference	12
real property (of Commission)	28
rebirthing (motor vehicles)	13, 16, 18
recruitment	24-25
References	
<i>Awaba</i>	10
<i>Azure V</i>	10
<i>Bianco IV</i>	10
<i>Busby</i>	10
<i>Dalgety</i>	10
<i>Ebenezer II</i>	10, 15
<i>Eden V</i>	10
<i>Fifield</i>	11
<i>Gecko IV</i>	11
<i>Gladesville II</i>	11
<i>Gymea III</i>	11, 15, 18
<i>Huntley</i>	11, 15
<i>Isabella</i>	11
<i>Jesmond III</i>	11
<i>Jurien</i>	11
<i>Kareela</i>	11
<i>Kingsvale III</i>	12, 15
<i>Leura</i>	12
<i>Lewisham</i>	12
<i>Mascot II</i>	12
<i>Milton</i>	12
<i>Nundle</i>	12
<i>Oberon II</i>	12
<i>Oxley</i>	12
<i>Putney II</i>	12, 16
<i>Quaama II</i>	12
<i>Ulong</i>	13
<i>Vacy IV</i>	13, 18
<i>Waratah IV</i>	13
<i>Zeehan</i>	13
<i>Zetland IV</i>	13, 18
research and development	26
restraining orders	19-20
robbery	11, 12
Romanian criminals	10
search warrants	13, 14, 18, 19, 22
seizure	
assets, <i>see</i> confiscation	
senior staff	5, 24
South-East Asian criminals	11

Index

staff	24
Supreme Court	23
telecommunications, interception of	13, 26
terrorism	11
theft	11, 19, 21
motor vehicle	13, 17
trainees	25
training	23, 25
<i>Ulong</i> , Reference	13
<i>Vacy IV</i> , Reference	13
victim compensation	23
violence	10, 17, 19
<i>Waratah IV</i> , Reference	13
waste	26
Women, NSW Government Action Plan for	25
workers' compensation	25
<i>Zeehan</i> , Reference	13
<i>Zetland IV</i> , Reference	13