

prevent
detect
investigate

Police Integrity Commission
Annual Report 2015 – 2016



Police Integrity Commission
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www.pic.nsw.gov.au

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The Hon Don Harwin MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon Shelly Hancock MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Mr President and Madam Speaker

In accordance with section 12 of the *Annual Reports (Departments) Act 1985* and section 99 of the *Police Integrity Commission Act 1996*, the Commission hereby furnishes to you the Police Integrity Commission Annual Report for the year ended 30 June 2016.

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

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

Yours faithfully

M M O'Brien
Assistant Commissioner
October 2016

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1. ASSISTANT COMMISSIONER'S FOREWORD

This will be the last annual report published by the Police Integrity Commission. At the time of writing, a Bill to abolish the Police Integrity Commission (the Commission) and simultaneously create a new organisation with similar powers, the Law Enforcement Conduct Commission, was before the Parliament of NSW.

The model for the new organisation arose from a review undertaken at the Government's request in 2015 by Mr Andrew Tink AM, who recommended that the Office of the Inspector of the NSW Crime Commission and the Police Division of the NSW Ombudsman's Office be merged with the Commission to create a single civilian body responsible for the investigation and prevention of misconduct by law enforcement officers and for oversight of internal police investigations into complaints and critical incidents.

It is timely therefore that acknowledgement be made in this Foreword of the work undertaken by the staff of the Commission, not just in the last year, but in the twenty years since the Commission was established in 1996.

The Commission came into existence on the recommendation of the Royal Commission into the New South Wales Police Service. It was, and still is, the only independent anti-corruption body in Australia solely concerned with law enforcement integrity.

One of the first investigations conducted by the Commission involved the Special Branch of the New South Wales Police Service. The Special Branch had been operating since 1948 and had been the subject of revelations at the end of the Royal Commission in 1997. The Commission was given access to the Special Branch premises and it soon became apparent that the unsatisfactory practices identified by the Royal Commission were not isolated, and that there was an unacceptable overlap between the functions of information gathering and the provision of police escorts and close personal protection, with unnecessary information being collected in relation to the dignitaries and public figures who received the close personal protection, rather than those who posed a threat to them. The Commission published its findings in a report to Parliament and recommended that arrangements already in train to replace the Special Branch be enacted as a matter of priority. A VIP Security Unit was established as an interim measure. Close personal protection is now provided by the Anti-Terrorism & Security Group of NSWPF.

Much of the Commission's work did not involve the presentation of reports to Parliament or public hearings however the corruption and misconduct exposed in its hearings and reports represents a good cross section of the range of activity investigated by the Commission. This included:

- use of police informants to sell drugs for the personal benefit of police – Operation Abelia
- use of excessive force by police on persons in custody - Operation Whistler
- fabrication of search warrants for the purpose of stealing from drug dealers – Operation Cobalt
- failure to investigate a fatal police shooting with rigour and impartiality - Operation Calyx
- unauthorised release of confidential police information - Operations Jade and Oslo

A list of all Commission reports can be found in Appendix 9. Details of prosecutions arising out of Commission investigations in 2015-2016 are in Appendix 5 (and for previous years in the respective Annual Report for each year). All reports can be accessed at www.pic.nsw.gov.au

In July 2008 the Commission's jurisdiction was expanded to include oversight of the NSW Crime Commission. A complaint received in September 2008 led to a public hearing and a finding of misconduct against a Crime Commission financial investigator and a finding that the Crime Commission was operating outside the law in the conduct of confiscation matters pursuant to the *Criminal Assets Recovery Act 1990: Operation Winjana*.

The Commission's Operation Abelia investigated multiple instances of drug use by police officers across NSW and offered a range of prevention options. The Operation involved Commission investigators and prevention officers working cooperatively with officers from the NSW Police Force and the NSW Police Association. The framework for managing and preventing illegal drug use by the NSW Police arose from this interagency approach.

The prevention of serious officer misconduct has been another of the principal functions of the Commission since its inception. The Commission's focus has always been on strengthening or improving the systems of the NSWPF and NSWCC aimed at reducing or minimising misconduct within those agencies.

The Commission has published reports examining how well the NSWPF has managed misconduct risks:

- Arising in police work across the organisation: such as the execution of search warrants, the unauthorised release of confidential information, use of excessive force, secondary employment, the quality and effectiveness of internal investigations (particularly the management of conflicts of interest), the management of improper associations by officers and the use of covert human sources. The Commission's reports included recommendations for improvements to systems and processes;
- At the individual officer level: From early 2003 onwards the Commission openly supported and at times provided detailed advice regarding the development of an early intervention system in the NSWPF. Such systems, which focus on remedial interventions, are used to try to stop officers from progressing from relatively minor to more serious forms of misconduct. The Commission also provided detailed advice on managing so called high risk officers (eg officers with a history of sustained misconduct complaints), publishing a report on this topic in 2009.
- At command level: in 2006 the Commission published a report on the management of misconduct risks by the NSWPF's specialist counter terrorism command. This was followed by a major project examining corruption prevention planning in a large sample of specialist and local area commands throughout the NSWPF. Reports on Project Manta, as it was codenamed, were published in 2009 and 2011. A five-year follow up to Project Manta, was published in 2015. The NSWPF has acknowledged that the Commission's work in this area has served to reinvigorate its command level misconduct prevention work.

There have been four Commissioners over the Commission's 20 year existence: Judge Paul Urquhart QC (dec'd), Mr Terence Griffin, Mr John Pritchard and the Hon Bruce James QC. The five year term of Commissioner James will conclude on 31 December 2016. Due to ill health Commissioner James is not available to furnish this report. I extend my best wishes and those of the staff to him.

Finally, thanks must go to each member of staff of the Commission, past and present, for the contribution made to the success of the Commission. The expression 'multi-disciplinary team' is somewhat overused these days, but the bringing together at the Commission of analysts and accountants, academics and detectives, lawyers and locksmiths, to name but a few, really did represent a combining of many disciplines in a staff of not much more than 100, and all are due credit for their teamwork and their contribution to the achievements of the Commission.

Michelle O'Brien
Assistant Commissioner

2. OVERVIEW 2015 – 2016

WHAT WE DO

The Commission is a statutory corporation constituted under the *Police Integrity Commission Act 1996* ('the Act'). The Commission's work is to prevent, detect and investigate serious officer misconduct and manage or oversee other agencies in the detection and investigation of serious officer misconduct and other officer misconduct (s13 of the Act). Officer misconduct includes misconduct by police officers, corruption by administrative officers of the NSW Police Force and misconduct by Crime Commission officers. The Commission's vision is public confidence in the integrity of the NSW Police Force and the NSW Crime Commission.

The Commission receives and assesses complaints from members of the public, members of the NSW Police Force (NSWPF) and the NSW Crime Commission (NSWCC), as well as public officials, journalists and Members of Parliament. The Commission has extensive powers of investigation and may hold hearings in private or in public as part of an investigation into corruption or serious misconduct.

The Commission also works to prevent corruption in the NSWPF by providing informed advice and recommendations on improvements to systems and practices and on improvements to complaint investigations. The Commission has an extensive research program that seeks to identify and address areas of corruption risk that are common to both the NSWPF and the NSWCC. Research reports can be directed to the NSWPF, published on the Commission website or furnished to Parliament and made public.

The Commission is independent of the government, the NSWPF and the NSWCC. It is held accountable for its actions by the Inspector of the Police Integrity Commission and by the Parliamentary Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission.

DETECTING, INVESTIGATING AND EXPOSING SERIOUS OFFICER MISCONDUCT AND CORRUPTION

One of the Commission's primary functions is to detect, investigate and expose serious officer misconduct and corruption in the NSWPF and the NSWCC. During 2015-16 the Commission worked on 149 investigations including 81 preliminary investigations and 68 full investigations. Of these 62 were completed and 87 were ongoing as at June 30 2016.

Five investigations resulted in briefs of evidence being referred to the NSW Director of Public Prosecutions and the Commonwealth Director of Public Prosecutions for the consideration of prosecution action against 6 individuals. See Chapter 4 for further details.

During the year the Commission:

- assessed 1464 complaints of misconduct against sworn and unsworn NSWPF officers
- assessed 8 complaints containing 11 allegations of misconduct¹ against current and former NSWCC officers.

PREVENTING SERIOUS OFFICER MISCONDUCT BY SUPPORTING IMPROVEMENTS TO SYSTEMS AND PRACTICES

The Commission's other primary function is to prevent serious officer misconduct by supporting improvements to the NSWPF and NSWCC systems and practices. The Commission works to raise awareness of the risks of misconduct, and to minimise misconduct and corruption in the NSWPF and the NSWCC through research, policy recommendations and advice. In 2015-2016 the Commission continued to assess how effectively the NSWPF is managing specific misconduct risks as well as assisting to strengthen NSWPF's command level misconduct prevention efforts.

During the year the Commission:

- published Project Mobula, a review of the NSWPF strategies to identify, manage and communicate misconduct risks at the command level
- progressed a range of other research projects into NSWPF vetting and recruitment practices, misconduct risks associated with critical incidents, the management of human sources and identifying and managing officers at risk of engaging in misconduct.

In the period from 1 July to 28 October 2016 the Commission delivered two ethics seminars to officers of the NSW Crime Commission.

ACCOUNTABILITY FOR THE COMMISSION

The Commission is accountable to two external bodies: the Inspector of the Police Integrity Commission and the Parliamentary Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission. The Commission is also subject to inspections by the NSW Ombudsman in relation to its exercise of powers under the legislative schemes authorising telephone interception, covert surveillance and controlled operations.

¹ There may be more than one allegation contained in a single complaint.

The Commission attends meetings with the Inspector and hearings of the Parliament Committee and provides accurate and timely responses to requests for information from the Inspector and the Parliamentary Committee. The Commission also reports publicly on its work in the form of investigation reports and annual reports.

During the year the Commission:

- responded to all requests from the Inspector of the Police Integrity Commission, the Parliamentary Committee and the Ombudsman in a timely manner
- ensured all uses by the Commission of its statutory powers were legally compliant.

THE COMMISSION AS A PRODUCTIVE WORKPLACE

The Commission strives to be a productive workplace by providing an equitable, safe and satisfying workplace and promoting a culture of learning and development. This is supported by a strong internal governance framework. In 2015-2016 the Commission offered a wide range of training and development opportunities to staff. There was a continued uniform compliance with Workplace Health and Safety and recruitment policies.

During the year the Commission:

- finalised a review of its investigative information management system
- provided a wide range of training and development opportunities
- prepared for the transition to the Law Enforcement Conduct Commission.

KEY GOAL 1: TO DETECT, INVESTIGATE AND EXPOSE SERIOUS OFFICER MISCONDUCT IN THE NEW SOUTH WALES POLICE FORCE AND THE NEW SOUTH WALES CRIME COMMISSION

The Commission's objectives that underpin the achievement of this key goal are to detect, deter and expose serious officer misconduct.

DETECTING SERIOUS OFFICER MISCONDUCT

To detect serious officer misconduct, the Commission ensures that the public and other agencies are aware of ways to contact the Commission with information in relation to serious officer misconduct. The Commission also maintains effective complaints management and intelligence development capabilities to aid in detecting serious officer misconduct.

During the year the Commission:

- had 33201 visitors to its website
- held 4 private hearings in relation to 2 different investigations
- assessed 1464 complaints against sworn and administrative officers of the NSWPF.

In the period from 1 July 2016 to 28 October 2016, the Commission held 19 private hearings in relation to three investigations. Information regarding these investigations can be found in Chapter Four.

Table 1 Detecting Officer Misconduct

Indicator	2015-16	2014-15	2013-14
% of total NSWPF complaints that are non – referred	26.6	28.8	33.8
% of investigations ² commenced which arise from sources other than referred complaint	26	34	38

² Investigations includes Full Investigations and Preliminary Investigations.

Further information on the Commission's activities to implement effective strategies to detect serious officer misconduct can be found in Chapter 3 and Chapter 4 of this report.

DETECTING SERIOUS OFFICER MISCONDUCT

Effective investigations are the Commission's main way to deter serious officer misconduct. The Commission efficiently manages resources and processes to investigate serious officer misconduct and make recommendations for consideration of disciplinary action and prosecutions.

During the year the Commission:

- conducted 149 investigations, comprising 81 preliminary investigations and 68 full investigations
- finalised³ 62 investigations.

Table 2 Deterring Serious Officer Misconduct

Indicator	2015-16	2014 -15	2013-14
% of finalised investigations that resulted in material being communicated to NSW Police Force for consideration of further action	26	18	24
% of finalised full investigations that resulted in briefs being referred to the ODPP for consideration of prosecution	10	62	0
% of full investigations ⁴ that led to a public hearing	0	2.5	2

Further information on the Commission's activities to deter serious officer misconduct can be found in Chapter 4 of this report.

³ An investigation is considered finalised when the Operations Advisory Group has agreed to close it.

⁴ Full investigations mean those investigations that were active during the reporting period.

EXPOSING SERIOUS OFFICER MISCONDUCT

The Commission reports to Parliament following public hearings into serious officer misconduct and provides evidence for prosecutions arising from investigations as its main strategies to expose serious officer misconduct.

Table 3 Exposure of serious police misconduct

Indicator	2015-16	2014-15	2013-14
% growth in internet traffic to access the Commission website	-26	55	22
Number of public hearing days	0	5	8
Number of s96 Reports to Parliament	0	2 ⁵	1

Further information on the Commission's activities to expose serious misconduct can be found in Chapter 4.

KEY GOAL 2: PREVENT SERIOUS OFFICER MISCONDUCT BY SUPPORTING IMPROVEMENTS TO THE NSW POLICE FORCE AND THE NSW CRIME COMMISSION SYSTEMS AND PRACTICES

The Commission has two objectives which are the basis for achieving this key goal. They are to provide informed advice and recommendations on improvements to systems and practices of the NSWPF and the NSWCC, and to provide informed advice and recommendations on improvements to the quality of complaint investigations.

INFORMED ADVICE AND RECOMMENDATIONS ON IMPROVEMENTS TO SYSTEMS AND PRACTICES

The Commission uses a number of strategies to achieve this objective. It uses investigations and hearings to examine policies and practices that may have contributed to serious officer misconduct. It also undertakes research projects emphasising the

⁵ Operation Montecristo and Operation Protea.

prevention of serious officer misconduct. Finally the Commission works with senior officers to secure a commitment to implement Commission recommendations.

During 2015-16 the Commission:

- published Project Mobula which examines corruption resistance planning in NSWPF
- progressed Project Harlequin, which examines misconduct risks associated with critical incidents in NSWPF

Table 4 Informed advice to the NSWPF

Indicator	2015-16	2014-15	2013-14
% of investigations where corruption prevention themes were identified and explored	4.4	5	8
% of recommendations accepted	60	0 ⁶	100

Further information on the Commission's activities in providing informed advice to the NSWPF can be found in Chapters 5 and 6.

INFORMED ADVICE AND RECOMMENDATIONS ON IMPROVEMENTS TO THE QUALITY OF COMPLAINT INVESTIGATIONS

The Commission achieves this objective by oversighting selected NSWPF complaint investigations, drawing on the results of investigations and using research to recommend improvements where deficiencies are identified.

During 2015-16 the Commission:

- oversighted 25 NSWPF investigations into complaints against sworn and/or unsworn officers
- reviewed 48 NSWPF investigations containing an allegation of misconduct against a sworn or unsworn officer for purposes other than oversight.

⁶ No recommendations were made during the reporting period.

Table 5 Oversight of NSWPF complaints⁷

Indicator	2015-16	2014-15	2013-14
% of complaints assessed which are oversighted	1.7	2.1	3.5
% of complaints oversighted with a satisfactory outcome	100	96	90

Further information on the Commission's oversight of NSWPF complaint investigations can be found in Chapter 3.

KEY GOAL 3: CONTINUED ACCOUNTABILITY FOR THE COMMISSION

The Act confers substantial powers and discretion on the Commissioner and the staff of the Commission. Given these significant powers, it is important that a thorough accountability framework is adhered to so that the Commission's powers are used appropriately and to ensure that it meets its legislative requirements.

The Commission's objective for this key goal is the same as the goal itself. To achieve the goal the Commission provides accurate and timely responses to the requests for information from the Inspector, the Parliamentary Committee and the Ombudsman. The Commission also reports publicly on its activities in operation reports, research reports and Annual Reports. The Commission also checks each of its uses of statutory powers to ensure these are used in compliance with legislative obligations.

During 2015-16 the Commission:

- confirmed all its uses of statutory powers complied with relevant legislation
- was assessed as complying with statutory requirements in relation to Telecommunications Interception, Controlled Operations and Surveillance Device deployments following audit by the Ombudsman.

⁷ This table was previously called 'Consultation and Feedback'.

Table 6 Continued Accountability for the Commission

Indicator	2015-16	2014-15	2013-14
% of responses to requests finalised within an agreed timeframe	100	100	100
Number of Commission publications	1	2	3
Uses of statutory powers checked by Commission lawyers	100	100	100
Assessed as compliant in NSW Ombudsman audits of Telecommunications Interception, Controlled Operations and Surveillance Device deployments	All	All	All

KEY GOAL 4: THE COMMISSION AS A PRODUCTIVE WORKPLACE

The Commission understands that its greatest asset is its staff. One of the Commission's main objectives for achieving this key goal is to provide an equitable and satisfying workplace. The Commission also strives to promote a culture of learning and development across its different units. The Commission has in place a strong internal governance framework.

PROVIDE AN EQUITABLE, SAFE AND SATISFYING WORKPLACE

The Commission achieves this through using the strategy of developing and maintaining an organisational culture which promotes equity, diversity and safety.

The performance indicators for this objective include continued compliance with Work, Health and Safety legislation, the Disability Action Plan and the NSW Action Plan for Women. Details regarding the Commission's activities in these areas can be found in Appendix 1 of this report.

PROMOTE A CULTURE OF LEARNING AND DEVELOPMENT

The Commission promotes learning and development through ensuring constructive communications between units, primarily through middle management meetings. The Tasking and Coordination Group is a weekly meeting that allocates operational resources and assesses new complaints and other information relating to officer misconduct for further action. It is the main forum for Commission managers from a range of units to discuss the work of their unit in the context of the work of the Commission. See Chapter 4 for details of this process.

STRONG INTERNAL GOVERNANCE FRAMEWORK

The Commission promotes a strong internal governance framework by using the following strategies:

- embedding risk management in the planning framework
- maintaining and enhancing planning processes by aligning individual and business performance with the Corporate Plan
- maintaining effective records and financial management systems.

Performance in respect of each of these strategies is measured through the successful implementation and/or maintenance of a number of key organisational systems and processes. During 2015-16 the following was achieved:

- the Commission reviewed its Legislation Compliance Register
- a wide range of training and development opportunities were provided to staff
- there was uniform compliance with WH&S and recruitment policies.

Further information on the Commission's activities around organisational learning and development can be found throughout this report and, in particular, in Appendix 1.

3. ASSESSING NEW INFORMATION AND COMPLAINTS

Section 13 of the *Police Integrity Commission Act 1996* ('the Act') states that a principal function of the Commission is to detect officer misconduct. The Commission discharges this function through a number of processes including the assessment of information and complaints regarding misconduct. The Commission's assessment process is linked to its key goal.

Complaints come to the Commission in a variety of ways. Complaints may be:

- extracted from the NSWPF complaints management system (known as 'c@ts.i'), in the case of complaints against sworn NSWPF officers
- made directly to the Commission by a complainant or someone acting on their behalf, such as a legal representative, or a Member of Parliament
- initiated by the Commission as a result of its investigations or research intelligence and analysis
- referred to the Commission by other agencies, including the NSWPF.

IDENTIFYING COMPLAINTS OF SERIOUS MISCONDUCT FROM THE NSWPF COMPLAINTS MANAGEMENT SYSTEM (C@TS.I)

The Commission has a specialised role in dealing with officer misconduct. It is required by its legislation to focus its attention on the most serious forms of misconduct. This means its processes must be geared towards identifying the most serious complaints that are most likely to achieve an investigative outcome. Each year, the Commission's complaint assessment officers sift through large volumes of complaints in an attempt to identify matters warranting investigation. During 2015-16, the Commission assessed⁸ 1292 complaints against sworn NSWPF officers⁹, 6 of which went on to become full investigations.

The Commission's complaint assessment process is best thought of as a series of filters. Complaints are inducted into the process with successive filtration or assessment stages reducing the number of matters until only a very small number of complaints are considered for investigation. The Commission applies these assessment stages in a timely manner given that delays can, amongst other things, lead to the loss of investigative opportunities. There is also sufficient flexibility built into the process to allow complaints requiring urgent attention to be fast-tracked through the assessment stages. The following points summarise the process used by the Commission to assess complaints from the NSWPF complaints system ([c@ts.i](#)).

Stage 1: Scanning and preliminary assessment. The Commission scans the NSWPF complaints system, c@ts.i, for new complaints of serious police misconduct a number of times each week. As a guide to identifying those matters that may require the attention and resources of the Commission, a set of criteria is applied to all new c@ts.i complaints. Amongst other things, these criteria include serious offences commonly linked with acts of serious police misconduct.

⁸ The term 'assessed' is used within this chapter to refer to decisions made by the Commission that contain an evaluation of the content or allegations of a complaint.

⁹ In addition to 851 complaints extracted from c@ts.i, this number also includes complaints that have been referred directly to the Commission by a complainant or someone acting on their behalf, or from another agency, including the NSWPF. This number also includes those complaints that have been initiated by the Commission as a result of research intelligence and analysis.

Stage 2: Assessment. The criteria used to assess complaints in this stage of the process include: the relative seriousness of the misconduct; the credibility of the complainant or the source of information; whether or not the misconduct is likely to be indicative of a wider or systemic problem; and the extent to which the independence or the special powers and resources of the Commission are needed to resolve the allegations.

Stage 3: Referral. Complaints that rate highly against the assessment criteria in Stage 2 are referred to the Tasking and Coordination Group (T&CG), New Business Meeting. The T&CG, made up of members of the complaints assessment team and representatives of the Investigations Unit, jointly reviews these complaints and determines those that are to be the subject of preliminary investigations. The T&CG may also make recommendations to the Commissioner on whether to initiate a full investigation. In making these decisions and recommendations the T&CG considers the assessment criteria, such as the relative seriousness of the allegations, the availability of resources and the likelihood of obtaining evidence of police misconduct or other misconduct.

COMPLAINT OVERSIGHT

The Commission may oversight the handling of complaints against sworn and unsworn NSWPF officers. The Commission generally oversights complaints by reviewing a final NSWPF investigation report. However, the Commission can request regular status reports and review material available on the NSWPF complaints management system as the investigation progresses. Indications of questionable decision making or a poor standard of resourcing may provoke more regular review. The Commission's oversight may also include reviewing decisions made by the NSWPF not to investigate a complaint or to resolve a complaint by other means such as conciliation.

When the Commission reviews a final NSWPF investigation report it either accepts the recommendations or makes further inquiries. These inquiries may be satisfied with additional information, or may lead to further investigation, management or administrative action. Oversight is concluded when the Commission advises the NSWPF that it is satisfied with the investigation and/or the subsequent response to matters raised.

Additionally, the Commission also reviews a number of complaint investigation reports, independent of the oversight process, for a variety of reasons. For example, the Commission may have an interest in collecting data about specific types of misconduct, or commands or police officer duty types.

COMPLAINT PROFILE

During 2015-16, the Commission assessed **1464**¹⁰ complaints against current or former sworn and unsworn NSWPF officers. Of these, **30** were classified as public interest disclosures under the *Public Interest Disclosures Act 1994*. The Commission also received **654** telephone calls raising various complaint-related and administrative issues. Of the telephone calls received, **400** were assessed as containing allegations of misconduct. In 2015-16, **6** full investigations and **37** preliminary investigations were initiated on the basis of complaints, 30 of which were in relation to current or former sworn officers, one was against sworn officers and NSWCC officers.

In 2015-16 the Commission oversighted **25** NSWPF investigations. A further **48** final investigation reports were reviewed for other purposes. The remaining complaints were either referred to the NSWPF with oversight arrangements to be determined by the Ombudsman (in the case of complaints against sworn officers), a decision was deferred by the Commission or no further action was required. The following table provides further information on complaints against current sworn and unsworn NSWPF officers.

Of the **1292**¹¹ complaints assessed by the Commission in regard to current sworn NSWPF officers, **378** were made directly to the Commission, **868** were extracted from [c@ts.i](#), and **46** were otherwise referred by the NSWPF or the Ombudsman. Of the **101**¹² complaints assessed in regard to current unsworn NSWPF officers **7** were made directly to the Commission, **2** were extracted from [c@ts.i](#) and **92** were otherwise referred by NSWPF or the Ombudsman.

¹⁰ Made up of 1222 complaints which included one or more allegations against sworn officer(s), 91 complaints which included one or more allegations against unsworn officer(s), 79 complaints which included one or more allegations against former officer(s), 2 complaints which included one or more allegations against unsworn officer(s) and former officers, 6 complaints which included one or more allegations against both sworn and unsworn officers, 61 complaints against both sworn and former officers, 2 complaints which included one or more allegations against sworn, unsworn and former officers, 1 complaint which included one or more allegations against both sworn officers and former NSW Crime Commission officers, 4 complaints which included one or more allegations against a NSW Crime Commission officer and 3 complaints which included one or more allegations against former NSW Crime Commission officer(s).

¹¹ Made up of 1222 complaints which included one or more allegations against sworn officer(s), complaints which included one or more allegations against a former officer, 6 complaints which included one or more allegations against both sworn and unsworn officers, and 1 complaint which included one or more allegations against a NSW Crime Commission officer and a NSWPF officer.

¹² Made up of 68 complaints which included one or more allegations against an unsworn officer and 6 complaints which included one or more allegations against both sworn and unsworn officers.

Table 7 Comparison of key statistics in complaint management: 2013-14 to 2015-16

Action	2015-2016		2014-2015		2013-2014	
	Sworn	Unsworn	Sworn	Unsworn	Sworn	Unsworn
Complaints assessed	1292	101	1302	74	1235	76
Telephone calls: Calls received Calls assessed	621 429	4 2	704 451	9 1	590 415	1 1
Full investigations arising from complaints	7	0	7	0	12	0
Complaints oversights concluded	25		29		24	
Final reports reviewed (not oversighted)	48		80		109	

4. INVESTIGATING SERIOUS POLICE MISCONDUCT

A principal function of the Commission is to detect and investigate serious police misconduct. This chapter will provide an overview of the Commission's Operations Division. The end of the chapter contains a profile of some of the more significant Commission investigations open during the reporting period.

STRUCTURE OF THE OPERATIONS DIVISION

The Operations Division of the Commission consists of a number of multi-disciplinary Units. These include the Investigations Unit operating under the supervision of a manager and consists of Senior Investigators, Investigators and Financial Investigators. A Dedicated Source Handling Unit is also located within the Operations Division and reports to the Manager Investigations. The Division also includes the Intelligence Unit under the supervision of a manager and consists of Intelligence Analysts and Intelligence Support Officers. The Division also contains a significant covert capacity within the Covert Services Unit under the supervision of a manager. Managers of the Division report to the Director Operations.

A Tasking and Coordination Group (T&CG) which consists of all the senior operational staff is the principal management tool enabling the management, direction and advising of the operational elements within the Division. The T&CG considers, coordinates and tasks operations. It also reports information relating to current operations and resource allocation. The T&CG meets weekly and reports to the Operations Advisory Group (OAG) through the Director Operations each month. The OAG consists of the Commissioner, the Commission Solicitor, the Director Assessments & Prevention and the Director Operations. The OAG provides oversight of all the Commission's operations. A monthly OAG Report is provided to that group from the Operations Division. A copy of that report is also provided to the Inspector of the Commission.

The units of the Operations Division operate with and are supported by other units within other divisions and sections of the Commission including Legal Services Unit, Assessments and Prevention Unit, Electronic Collection Unit, Registry, Human Resources, Finance Management and Information Communication Technology.

ASSESSING ALLEGATIONS OF MISCONDUCT

Figure 1 shows a simplified flow chart of how the Commission deals with allegations of serious police misconduct. New allegations are received by the Commission, usually but not always, in the form of a complaint. A complaint may make very specific allegations against specific officer/staff, or it may contain a broader allegation against a number officers. On other occasions, the Commission may become aware of misconduct via another source. In either case, the Commission treats the information with the strictest of confidence and makes a formal assessment of the information. This assessment consists of two formal assessment (triage) stages:

- Stage one – The Initial Complaints Assessment which is conducted independently of the Operations Division and ensures that the allegations reach the threshold of misconduct appropriate for the Commission to consider.

- Stage Two – During the weekly T&CG meetings, complaints which have passed through the Initial Complaints Assessment are subjected to the Commission's Categorisation and Prioritisation Model in order to benchmark their relative seriousness and suitability for investigation by the Commission. This model provides a consistent approach to assessing new complaints.

Finally, the Commission may choose to make some further enquiries before any decision is made. This may include contacting the complainant (if one is identified) or another agency in order to seek further information and clarification.

This multi stage filtering process ensures that the Commission's limited resources are only allocated to those matters which reach the Commission's threshold for corruption and serious misconduct.

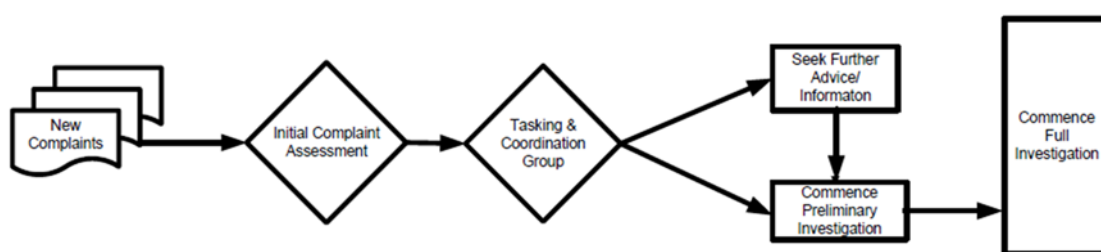


Figure 1 - Complaints Assessment Process

COMMISSION HEARINGS

The Commission may hold hearings as part of its investigation process. The decision to hold a hearing in private or public is made by the Commissioner, who must have regard to the relevant considerations under the *Police Integrity Commission Act 1996* ('the Act') when making this decision, particularly those factors set out in s 33(3A) regarding the public interest. The Commission can summons persons to appear at hearings and can compel witnesses to answer questions.

During 2015-2016 the Commission conducted four private hearings in relation to two operations, Linosa and Caprera¹³. For the period from 1 July 2016 to 28 October 2016 the Commission held 19 private hearings in relation to three investigations¹⁴. Details of these investigations can be found in the Significant Commission Investigations section of this chapter.

¹³ See Annual Report 2014-2015 for details on Operation Caprera.

¹⁴ Operations Aztec, Troy and Snowshoe.

PROFILE OF ACTIVE INVESTIGATIONS DURING 2015 - 16

During 2015-16 the Commission worked on 149 investigations, comprising 81 preliminary investigations and 68 full investigations. Of these, 62 investigations were completed and 87 were ongoing as at June 30 2016.

A description of the types of allegations investigated during the reporting year is presented in the following table.

Table 8 Profile of Investigations

Allegation	Investigations	Preliminary Investigations
Absence from place of duty	0	1
Adverse mention by the court	1	1
Attempting to pervert the course of justice	1	3
Breach of Code of Conduct (not specified elsewhere)	0	3
Bribery	6	4
Choke / headlock / pressure point technique	1	0
Convenience accesses - by officer about self or another party at that person's request	1	1
Covering up inappropriate conduct	6	0
Cultivation or manufacture	0	1
Curiosity accesses (involving breach of privacy)	0	1
Dealing or supply	4	5
Death / serious injury in custody (involving inappropriate conduct by police officer)	1	0
Fail to comply with operational procedures, standing orders or Commissioner's directives (not specified elsewhere)	1	2
Fail to comply with other statutory obligation	1	0
Fail to declare a conflict of interest	5	5
Failure to interview witnesses	2	0
Falsely claiming for duties not performed	0	1
Falsely reporting an offence	1	0

Falsifying official records	0	1
Giving favours / bias with no or little perceived personal benefit	1	0
Illicit drug use	3	7
Improper association	16	27
Improper interference in an investigation by another police officer	3	3
Improper use of discretion	1	0
Inadequate investigation / lack of impartiality	3	1
Lied during proceedings / in statement / on affidavit	3	0
Lying to investigator / supervisor conducting inquiries	4	1
Minor unprofessional conduct that can be appropriately dealt with and immediately finalised by workplace	0	1
Mislead the court	0	1
Misuse authority for personal benefit or the benefit of an associate (including obtaining sexual favours)	9	11
Misuse email / internet	1	0
Neglect of duty / duty of care	0	1
Of seized property	1	1
Offence punishable upon conviction by a max sentence of 5 years or more	12	4
Other summary offences	1	0
Performance issue arising from sick report	1	1
Perjury	1	0
Possession (not misappropriation of seized drugs)	1	1
Property missing after search	0	1
Protection of person(s) involved in drugs	8	15

Pushed to ground / slammed against a wall / punched / kicked / kneed / head butted / struck (hard empty hand)	4	2
Tampering with or destroying	2	1
Threats / intimidation (not assault, excessive force)	0	1
Trade accesses - accessing information for sale / personal gain	3	1
Unauthorised / improper disclosure of information	7	10
Unauthorised removal / use of	0	1
Unauthorised secondary employment	2	3
Unnecessary or improper use of arrest	1	0
Unnecessary speeding	1	0
Using authority in situation where conflict of interest exists	2	1

INVESTIGATION OUTCOMES

During 2015-2016 the Commission conducted 149 investigations which included 81 preliminary investigations and 68 full investigations. Of these 62 were completed and 87 were ongoing as at 30 June 2016.

The following tables report on the Commission's investigation outcomes for all investigations which were finalised during 2015-16.

Table 9 Finalised Full Investigation Outcomes

Investigation Outcome	Investigation	%
Full investigations referred to the ODPP for consideration of prosecution action	1	8%
Full investigations that resulted in a dissemination of information to the NSWPF	7	70%
Full investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	3	23%
No further action	3	23%

Table 10 Preliminary Investigation Outcomes

Preliminary Investigation Outcome	Preliminary Investigations	%
Preliminary investigations that progressed to become full investigations	9	17%
Research and development projects that progressed to become preliminary investigations	3	6%
Preliminary investigations that resulted in a dissemination of information to the NSWPF	18	35%
Preliminary investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	2	4%
Matter referred to current full investigation	1	2%
No further action	29	56%

The Commission made the following referrals from ongoing investigations during the reporting period.

Table 11: Referrals from on-going investigations

Investigation	Number of proposed charges	Number of individuals	Agency
Aracari	6	1	Office of The Director of Public Prosecutions
Astelia	10	2	Commonwealth Department of Public Prosecutions
Karijini	4	1	Commonwealth Department of Public Prosecutions
Malabon	5	2	Office of the Director of Public Prosecutions

The following investigations resulted in Court Attendance Notices or charges being served.

Table 12 Court Attendance Notices served 2015-2016

Operation	Number of CANs Served	Number of Individuals	Charges
Symi	3	2	7
Malabon	2	2	7
Astelia	1	1	7

SIGNIFICANT COMMISSION INVESTIGATIONS

OPERATION ARACARI

Operation Aracari commenced as a result of allegations that a NSWPF officer in regional NSW had used excessive force in the arrest of two members of the local indigenous community. The first arrest involved an allegation that the officer inappropriately discharged police issue OC spray to effect the arrest. The second arrest involved an allegation that the same officer inappropriately deployed his police issue taser to effect the arrest of another male.

It is further alleged that the subject officer gave false and misleading evidence to the court when giving his evidence in both matters.

As a result of the Commission investigation, a criminal brief of evidence was forwarded to the ODPP for assessment. Charges of Common Assault and Perjury under the *Crimes Act 1900* (NSW) were recommended against the subject officer by the ODPP and charges have been laid.

The officer has resigned from the NSWPF. The charges are listed for mention at Nowra on 14 November 2016.

OPERATION ASINARA

Operation Asinara commenced following allegations that two serving regional NSWPF officers were involved in serious police misconduct concerning the supply and sale of prohibited drugs. The allegations were received from an identified source and a number of anonymous complainants. It was also alleged that there were improper associations and misuse of authority in a situation of conflict of interest. An advisory is to be forwarded to the ODPP for consideration of charges.

OPERATION ASTELIA

Operation Astelia investigated allegations that a serving NSWPF officer had previously been involved in a corrupt relationship with a civilian.

Allegations against the officer included that:

- the officer provided information from the NSWPF COPS database
- the officer provided advice regarding the methodology of how a robbery against a police station could be successfully conducted, with the aim of acquiring NSWPF firearms
- the officer assisted in the stocktake, delivery and sale of steroids
- the officer was aware that the civilian handled illegal firearms and ammunition and did not take action.

The Commission's investigation confirmed various aspects of the allegations and identified further computer and internet offences. Private hearings involving police and civilian witnesses were also conducted.

The Commission referred a criminal brief of evidence to the ODPP for assessment. The ODPP subsequently recommended a number of charges under the *Crimes Act 1900 (NSW)* relating to unauthorised computer access with intent to commit an indictable offence and making a false entry in a public register. Charges of giving false or misleading evidence under the *Police Integrity Commission Act 1996* and charges of unauthorised access to or the modification of restricted data under the *Commonwealth Criminal Code Act (1995)* were also recommended by the ODPP.

The subject officer was subsequently charged with the above matters, pleading guilty to all charges. The officer is yet to be sentenced. The officer was suspended from duty from the NSWPF in March 2015 and resigned on 22 December 2015.

OPERATION BRUSNIK

Operation Brusnik is an ongoing investigation that was referred to the Commission from the NSW Ombudsman's office after potential issues were detected during an oversight of a NSWPF internal investigation. The Commission investigation is focused on digital CCTV imagery from within a NSWPF cell in which footage was missing during a critical period when an assault by a police officer is alleged to have been committed.

The investigation is ongoing.

OPERATION BINDA

Operation Binda investigated the involvement of a serving NSWPF officer and his associates in the commission of migration offences, the inappropriate use of the NSWPF confidential police information system and money laundering.

During this reporting year a number of convictions and sentences were handed down including the now former police officer receiving a minimum 12 month custodial sentence for several offences of giving false evidence to the Commission; his wife receiving a 2 year custodial sentence (served by ICO) for various offences; his brother receiving a 5 month custodial sentence (served by ICO) for giving false evidence to the Commission; and, another individual receiving a 12 month suspended sentence for one offence against the *Migration Act (Cth)*.

The former police officer has also pleaded guilty to two other offences against the *Migration Act*. He is due to be sentenced in early 2017 for those matters.

OPERATION CALYX

In previous Annual Reports the Commission reported on the prosecution and managerial action taken following Operation Calyx, a Commission investigation which concerned the critical incident investigation by the NSWPF into the fatal police shooting of Adam Salter on 18 November 2009. Charges were laid against three police officers for perjury at the inquest and for giving false evidence at the Commission and one charge was laid against another officer for giving false evidence at the Commission.

After a lengthy trial in the District Court of NSW, all four police officers were acquitted on 23 June 2016 of charges of giving false evidence to the Police Integrity Commission. As a result of this acquittal, the Director of Public Prosecution elected not to proceed with another trial for the offences of perjury.

OPERATION COLCHESTER

Operation Colchester is an investigation into the use of Facebook by a number of officers of the NSWPF to make personal attacks against a member of the NSW Parliament. One officer has been suspended pending the Commission's investigation. The investigation is focused on establishing whether offences have been committed. Witnesses have been interviewed and a brief of evidence has been furnished to the Commonwealth Director of Public Prosecutions for advice as to possible criminal charges.

OPERATION CORYMBIA

Operation Corymbia is an ongoing investigation into allegations of improper associations by two NSWPF officers with known criminal entities. Private hearings involving police and a number of civilian witnesses are anticipated prior to the end of 2016.

OPERATION ELBA

Operation Elba investigated a series of allegations that a serving NSWPF officer was involved in improper associations; unauthorised access to and the release of confidential information and conflicts of interest. Evidence also suggested that the subject officer was responsible for making a false statement and hindering an internal NSWPF investigation.

Private hearings were conducted in 2014 and the subject officer was suspended by the NSWPF following the dissemination of evidence to the NSWPF by the Commission.

The subject officer was prosecuted for three charges of giving false or misleading evidence before the Commission. The officer was found not guilty following a hearing in the Sydney Local Court in February 2016. The officer remains suspended from the NSWPF in relation to a number of pending departmental matters.

OPERATION GAZANIA

Operation Gazania was an investigation into the alleged misconduct of NSWPF officers at Griffith in not responding promptly to a domestic violence incident in West Wyalong which ended in the murder of a male person by his de-facto wife. The female was charged with murder and stood trial in March 2016. The jury reached a verdict of not guilty to murder but guilty of manslaughter.

The evidence adduced in this investigation did not support the consideration of criminal charges against any police officers or any findings of police misconduct. A dissemination of material to the NSWPF has occurred.

OPERATION GAHNIA

Operation Gahnia examined allegations of assault on a female civilian by a serving NSWPF officer and the subsequent evidence given by a number of NSWPF officers in civil court proceedings brought by the female.

An initial review of the judgement in the civil matter found that the Judge was critical of the evidence given by a number of the involved NSWPF officers, preferring the evidence of other civilian witnesses and ultimately making an award of damages to the civilian.

Following investigation by the Commission, it was determined that no referrals would be made to the ODPP. The investigation found that while a succession of instances of inadequate record keeping by a number of officers had created the impression of misconduct, no evidence of misconduct existed with regard to the alleged assault or the preparation and presentation of NSWPF officers' statements or evidence in the matter.

The material gathered by the Commission was subsequently disseminated to the NSWPF for its information and consideration of managerial issues identified.

OPERATION GRIFTON

Operation Grifton is a Commission investigation into allegations that a serving NSWPF officer is involved in the sale and supply of prohibited drugs. The Commission has deployed covert resources and obtained evidence of the subject officer meeting a member of an outlaw motorcycle gang (OMCG). The investigation is ongoing.

OPERATION KARIJINI

Operation Karijini investigated allegations that an officer stationed in the inner west of Sydney had been providing information to organised crime figures. The original allegations involving the officer were unable to be substantiated although an potential offence under the *Telecommunications (Interception and Access) Act 1979 (Commonwealth)* was identified.

The matter was referred to the Commonwealth Director of Public Prosecutions (CDPP) for advice. The CDPP subsequently advised the Commission that there was evidence of a prima-facie case however it was not in the public interest to prosecute. The subject officer was issued a warning letter by the CDPP and the matter was referred to the NSWPF.

OPERATION LINOSA

Operation Linosa was an investigation into a serving senior NSWPF officer who was alleged to have been maintaining improper associations with a number of people associated with the use and supply of prohibited drugs.

A number of private hearings were conducted and information obtained during the course of the investigation and the hearings was disseminated by the Commission to the NSWPF. The Commissioner of Police dismissed the senior officer from the NSWPF in September 2016.

Information pertaining to possible undisclosed income of an associate of the police officer has also been disseminated to the Australian Taxation Office.

OPERATION MALABON

Operation Malabon was a Commission investigation into allegations that a serving NSWPF officer was involved in the sale and supply of prohibited drugs. Evidence suggested that the involved officer was purchasing and using prohibited drugs on a regular basis.

The Commission deployed covert resources and obtained evidence of the subject officer meeting a male to purchase prohibited drugs. The Commission executed search warrants in July 2015 and seized a quantity of methylamphetamine. Officers of the NSWPF conducted a targeted drug test upon the officer and the officer was suspended by the NSWPF following a positive presumptive drug test result. The officer was dismissed from the NSWPF in April 2016.

The subject officer was prosecuted in relation to supply prohibited drug, two counts of possess prohibited drug, common assault and possess equipment for administration of a prohibited drug. A civilian was also prosecuted in relation to supply prohibited drug and possess prohibited drug. This matter was heard in Newcastle Local Court in August 2016 and the case has been adjourned to 1 December 2016 for a decision.

OPERATION ODERIN

Operation Oderin is an ongoing investigation into the activities of a NSWPF officer who was the subject of allegations relating to improper association, fraud and other matters. A number of private hearings have been conducted.

The officer has been suspended by the NSWPF. The Commission has disseminated information obtained during the course of its investigation to the NSWPF in order to assist with the management of the police officer.

OPERATION OSSA

Operation Ossa investigated allegations that an unsworn NSWPF officer had an improper association with a member of an OMCG and was involved in the use and supply of prohibited drugs. Private hearings were held in November and December 2014, with additional private hearings held in May 2015.

The Commission obtained evidence that substantiated the allegations and identified a second unsworn NSWPF officer as being involved in the use of prohibited drugs. The evidence obtained by the Commission was disseminated to the NSWPF for the management of the involved officers. The unsworn NSWPF officers were subsequently dismissed from the NSWPF in September 2015 and January 2016.

OPERATION SNOWSHOE

Operation Snowshoe commenced as an investigation into allegations of suspicious financial activities involving a serving officer of the NSWPF.

During the course of the investigation a number of other matters were identified including the alleged involvement of the subject officer in illegal brothels. The investigation has also established that substantial amounts of funds were physically carried into Australia by an associate and also electronically transferred from overseas to an account in the name of the subject officer.

Private hearings have commenced and are continuing.

OPERATION SYMI

Operation Symi is an investigation into the alleged misconduct of police involved in an incident with a female prisoner at Armidale Police Station. The victim had previously been awarded damages in a civil claim against the State of NSW for assault.

A former NSWPF officer was charged with assault occasioning actual bodily harm, common assault, two counts of fabricate false evidence with intent to mislead judicial tribunal and four counts of make false statement on oath amounting to perjury. Due to health issues, that former officer is yet to answer those charges.

A serving NSWPF officer was charged with fabricate false evidence with intent to mislead a judicial tribunal and make false statement on oath amounting to perjury. The matter concerning the serving NSWPF officer was heard at Armidale Local Court where the officer was found guilty on both charges in September 2016. An appeal against the conviction is to be heard in November 2016.

OPERATION TALISAY

Operation Talisay is an investigation into allegations that a serving NSWPF officer is engaged in misconduct and criminal activity including improper association, unauthorised access to and release of confidential police information to members of an OMCG.

The Commission is conducting extensive investigations including covert deployments into the allegations. This investigation is ongoing.

PRELIMINARY INVESTIGATION 29882

This preliminary investigation arose from an intelligence report alleging that a serving NSWPF officer was acting as a debt collector. The report further alleged improper associations involving the officer. The investigation is ongoing.

PRELIMINARY INVESTIGATION 30410

This preliminary investigation arose from a report that a police officer was engaged in an improper association with a member of an OMCG. The investigation is ongoing.

PRELIMINARY INVESTIGATION 30968

This is a preliminary investigation into a serving NSWPF officer who is alleged to have improperly altered records submitted to a Court. It is alleged that this resulted in the defendant receiving a reduced sentence.

The investigation is ongoing.

PRELIMINARY INVESTIGATION 31141

This preliminary investigation relates to allegations by a member of the judiciary of an assault and perjury by three serving NSWPF officers. The investigation is ongoing.

PRELIMINARY INVESTIGATION 27703

Preliminary investigation 27703 was an investigation into suspicious financial activity by the family of a serving NSW police officer. The Commission's investigation identified that these transactions originated from companies associated with the spouse of the police officer who had declared minimal personal income to the ATO.

Information from the Commission investigation was disseminated to the ATO resulting in a significant amendment to the taxable income of the spouse.

PRELIMINARY INVESTIGATION 31173

This is a preliminary investigation into allegations that a serving NSWPF officer is engaged in misconduct and criminal activity including improper association, unauthorised access to and releasing of confidential police information to members of an OMCG. This investigation is ongoing.

PRELIMINARY INVESTIGATION 32059

This is a preliminary investigation into allegations that a serving NSWPF officer made a number of suspicious financial transactions at various locations in a single day. This investigation is ongoing.

RESPONSES TO RECOMMENDATIONS FOR PROSECUTION OR DISCIPLINARY ACTION

OPERATION PROTEA

As reported in last year's Annual Report, the Commission presented a report to Parliament on Operation Protea in June 2015.

There were no recommendations for action against any individual NSWPF officer but the Commission did recommend that:

- a. The officers of the NSWPF should reconsider the practice of blind reporting;
- b. The officers of the NSWPF should seek to ensure that, in all cases of abuse from within the Catholic Church, steps are taken to ensure that the Church provides all available information to the NSWPF, including information identifying victims who have not themselves indicated a willingness to report the matter;
- c. The decision as to how to respond to such reports, including whether or not to investigate any particular case, should be made on the basis of the merits of the particular case and not by reference to any agreement or understanding.

In addition to the recommendations directed to the NSWPF, the Commission recommended that there was an urgent need for a reconsideration of blind reporting and of s 316 of the *Crimes Act 1900* including whether it should be repealed or substantially amended. The Commission has been informed that the recommendations are being considered by the Office of Police (formerly Ministry for Police and Emergency Services).

OPERATION ANAFI

As reported in last year's Annual Report, one NSWPF officer, Damian John Ralph, was found guilty in the Local Court of common assault by virtue of his use of capsicum spray against Roberto Laudisio Curti and ordered to be of good behaviour for a period of two years, pursuant to section 10(1)(b) of the *Crimes (Sentencing and Procedure) Act 1999*. Ralph appealed the finding and on 21 August 2015 Judge Scotting in the Sydney District Court upheld Ralph's appeal and dismissed the charge against him.

OPERATION ISCHIA

On 26 October 2015 an appeal was heard in the District Court against the conviction and sentence of Robert John Reid for three counts of giving false evidence before the Commission. The conviction on the first count was confirmed and Reid was re-sentenced to 13 months imprisonment to be served by an Intensive Corrections Order. In relation to counts two and three Reid was placed on a good behaviour bond for two years.

OPERATION CALYX

Charges against four NSWPF officers for giving false evidence before the Commission were heard by his Honour Judge Woods QC in a judge-alone trial which commenced on 24 May 2016. His Honour acquitted all accused of the charges on 23 June 2016. Thereafter the ODPP made a determination to not proceed with a separate trial for perjury charges against three of the officers. On 24 June 2016 all accused made an application for costs. Judgment is yet to be delivered on the costs application.

5. SERIOUS POLICE MISCONDUCT

Preventing serious officer misconduct has been one of the Commission's principal statutory functions. Unlike detecting and investigating officer misconduct which can only occur *after* an allegation of officer misconduct has been received, preventing misconduct requires determining how best to intervene *before* the misconduct occurs.

The Commission has endeavoured to perform its misconduct prevention function by providing informed advice and recommendations, where appropriate, as to how NSWPF systems and practices might be strengthened. For the most part, the advice and recommendations have been derived from the Commission's research and prevention projects which have sought to determine how and why serious officer misconduct could occur. The Commission's prevention work has focused on obtaining a better understanding of possible system weaknesses, attitudes to what is acceptable within the organisation, motivations and opportunities. Unlike investigation reports, the Commission research and prevention reports have not sought to examine the conduct of individual officers and hence they have not contained any adverse comments about any individual officer or about any other person.

Consultation has been a feature of the Commission's research and prevention work. These projects often involved interviews with NSWPF staff to better understand how police work is undertaken or how policies are understood and implemented. Consultation typically continued after the collection and analysis of the data were completed. This afforded the NSWPF an opportunity to comment on a range of matters such as: the accuracy of the data presented; the interpretation of findings and the strategies; and the Commission's draft recommendations. Importantly, this process enabled the Commission to strengthen its advice and findings prior to publication.

As with previous reporting periods, research and prevention projects undertaken during 2015-2016 considered misconduct prevention opportunities from different perspectives. Project Mobula, completed and published in August 2015, continued the Commission's focus on NSWPF strategies to identify, communicate and manage misconduct risks at the command level, referred to by the NSWPF as 'corruption resistance planning'. Two projects examined how systems within the NSWPF identified and managed misconduct risks presented by individual officers. Project Alecta focused on NSWPF vetting and recruitment practices, while another, Project Juda, was concerned with how the NSWPF identifies and manages officers who may, in some way, be vulnerable to engaging in misconduct. A fourth prevention project examined how effectively the NSWPF is managing the misconduct risks associated with 'critical incidents' such as incidents where a death or serious injury has occurred following from some interaction with the NSWPF (Project Harlequin).

Unlike previous years, however, the Commission decided that it would focus all its resources on one prevention project: Project Harlequin. The decision to make this project the priority for the PIC's prevention unit came into effect in November 2015. Amongst other reasons, it was concluded that this body of work would be of most value to the LECC, given the function of monitoring critical incident investigations – a function not performed before by an oversight body in NSW – would be undertaken by this organisation on its commencement in January 2017.

The effect of this was that in December 2015, Projects Alecta and Juda were suspended and no new projects were undertaken.

Updates for each misconduct prevention project are provided below.

EFFECTIVENESS OF NSWPF BACKGROUND VETTING PROCEDURES TO IDENTIFY POLICE APPLICANTS VULNERABLE TO ENGAGING IN MISCONDUCT (PROJECT ALECTA)

In October 2014 the Commission commenced a prevention project, codenamed Project Alecta, whose principal aims were to assess the effectiveness of current vetting and recruitment processes and systems used by the NSWPF to identify potential misconduct risks associated with prospective recruits and to identify strengths and opportunities for improvement in regard to these processes and systems.

This project was undertaken by the Commission as a result of media articles published in early 2014 that publicised that the NSWPF had been recruiting individuals who have been found guilty of serious offences prior to joining the NSWPF. Some of these offences included: break, enter and steal, malicious damage, assault occasioning actual bodily harm, self-administer prohibited drugs and dangerous driving causing death.

In its 2014-2015 Annual Report the Commission reported that it had completed background checks on approximately 1700 officers to identify any pre-employment information that could be considered to indicate that officers may be vulnerable to engaging in misconduct. Information collected from the NSWPF by the Commission identified a number of officers whose alleged pre-employment behaviour or activities may have increased their vulnerability to engaging in misconduct (eg alleged improper associations). The Commission requested complete recruitment documentation for these officers and conducted further research which was completed in mid-2015. The Commission commenced drafting a Research & Issues Paper during the reporting year.

This project was suspended in December 2015 to allow the Commission to focus on Project Harlequin, as indicated.

IDENTIFYING AND MANAGING OFFICERS AT RISK OF ENGAGING IN MISCONDUCT (PROJECT JUDA)

Early Intervention Systems (EIS) are risk management tools used by some law enforcement agencies to identify problematic employee behaviour which, if left unchecked, could potentially lead to serious misconduct. Since January 2003, when the development of an EIS in the NSWPF was first mooted, the Commission has publicly endorsed the idea and has provided advice and other forms of support to the NSWPF in an effort to help bring it to fruition.

In 2008, the Commission published a Research & Issues Paper examining the discrete elements that need to be considered in the development of an EIS. The Commission has continued to report in its annual reports both its own activities in support of the development of an EIS and the actions taken by the NSWPF in this regard. In January 2014, however, the NSWPF informed the Commission that it had decided it would no longer pursue the development of such a system due to the unavailability of funds.

The development of an EIS in the NSWPF has twice been endorsed by the Joint Parliamentary Committee on the Ombudsman, the Police Integrity Commission and the NSW Crime Commission. In December 2002, in its *Research Report on Trends in Police Corruption*, the Parliamentary Committee recommended that the Police Integrity Commission and the NSW Ombudsman consider assisting NSW Police in establishing the indicators for an EIS. In its March

2009 report on its inquiry into Early Intervention Systems in the NSWPF, the Parliamentary Committee made five recommendations:

- that the introduction of an EIS for the NSWPF be completed as soon as possible
- that the multi-agency approach to developing and implementing an EIS remain in place
- that the NSWPF conduct periodic reviews of the EIS, including the indicators, to ensure its ongoing effectiveness
- that the development and implementation of an EIS for the NSWPF be given budgetary priority
- that the EIS Steering Group and Project Team give full consideration, in the early stages of the development of an EIS, to ensuring that it is compliant with NSW legislation, including the *Privacy and Personal Information Protection Act 1998*.

In its 2013-14 Annual Report the Commission indicated that the decision by the NSWPF to take no further action towards the development of an EIS was significant and concerning. It noted that it was the Commission's understanding that this decision left the NSWPF in the position of having no centralised or structured means for identifying and managing officers showing first signs of problematic behaviour that could, potentially, lead to more serious forms of misconduct.

In August 2012 the Commission commenced Project Juda, which aims to examine how the NSWPF identifies and manages officers showing early signs of behaviour that may possibly result in more serious misconduct.

The last Annual Report highlighted that in the 2015-2016 reporting period that the Commission envisaged conducting research interviews with a sample of NSWPF supervisors. The aim of these research interviews was to find out if these supervisors had ever had concerns about an officer who, based on their behaviour, they suspected may be vulnerable to engaging in misconduct and, if so, learn if they had implemented any remedial management strategies to assist them.

The 2014-2015 Annual Report also explained that the Commission had been negotiating with the NSWPF to access information that would assist in analysing the complaint histories for a sample of officers who had been discharged from the NSWPF under section 181 D of the *Police Act 1990*. The purpose of requesting this information was to identify if these officers had a pattern of complaints or episodes of minor misconduct that could have potentially been managed through an intervention prior to the misconduct that resulted in their dismissal.

Negotiations between the Commission and the NSWPF to progress Project Juda continued into the 2015-16 reporting year. A number of actions were taken by the Commission in preparation of its field interviews: potential interview subjects were identified and interview questions prepared and tested. However, the NSWPF continued to express its concern for the project and the method by which the Commission sought to obtain information from officers in the field – that is through research interviews.

Negotiations with the NSWPF were still in train in November 2015 when the Commission decided to channel its prevention resources into Project Harlequin. Further work in relation to Project Juda was suspended.

It is relevant to note here that the method by which the Commission sought information from officers in the field was a method it had consistently used since Operation Abelia, the results of which were published in 2005.

MISCONDUCT RISKS ASSOCIATED WITH CRITICAL INCIDENTS IN NSW (PROJECT HARLEQUIN)

‘Critical incident’ is the term used to describe incidents such as deaths or serious injuries resulting from some interaction with the NSWPF where the incident, by its nature or circumstances, requires an independent investigation and review. In NSW, the management and investigation of critical incidents is undertaken by the NSWPF.

The *Review of Police Oversight* (the Review) conducted by Mr Andrew Tink AM, published on 31 August 2015, recommended that the NSWPF should retain responsibility for investigating critical incidents. The Review further recommended that:

- the NSWPF should be required to notify the new police oversight body replacing the PIC and the Police Division of the Ombudsman’s Office of all such incidents as soon as practicable
- the new oversight body, at its discretion, should be able to monitor in real time any incident.

At the time of writing, a draft Bill for the Law Enforcement Conduct Commission had been presented which would put this recommendation into effect. Both the PIC and the NSW Ombudsman’s Office have, in the course of performing their respective functions, examined aspects of NSWPF critical incident investigations. However, neither agency has had a standing role with regard to monitoring these investigations in the manner envisaged by the Review. The corollary of this is that corporate knowledge and experience as to the types of issues and risk areas that should be examined in the course of monitoring a critical incident investigation is limited.

It was for this reason that the Commission decided to focus its prevention resources on completing Project Harlequin. As noted elsewhere in this chapter, the Commission decided to suspend its other prevention projects in order to achieve this.

Project Harlequin examines how well the NSWPF has been managing the misconduct risks associated with critical incident investigations. A misconduct risk may be regarded as any *opportunity* for an officer involved in, or associated with, a critical incident investigation to make a decision, to act or fail to act such that the ethical integrity of the investigation may be undermined or weakened.

The conduct of NSWPF investigations into critical incidents is governed by the Critical Incident Investigation Guidelines, which have been subject to periodic review and amendment. The Guidelines acknowledge the importance of public confidence in critical incident investigations and set out a number of procedural steps designed to ensure the ethical integrity of these matters or, to put it another way, manage the misconduct risks that may arise.

Project Harlequin is using an audit methodology to examine 83 separate critical incident investigations conducted by the NSWPF over a 42 month period (from 2009 – mid-2012). The Commission’s project focuses on evaluating police documents from these investigations to

determine whether or not those parts of the Guidelines intended to manage misconduct risks were adhered to. In other words: based on the available documentation, to what extent did these investigations comply with aspects of the Guidelines intended to ensure their ethical integrity?

As anticipated in last year's Annual Report, analysis of information from the audit sample for Project Harlequin remained a focus for the 2015-16 reporting period.

MISCONDUCT RISKS ASSOCIATED WITH THE USE OF HUMAN SOURCES (PROJECT ONYX)

In previous annual reports the Commission has reported its endeavours to evaluate how effectively the NSWPF is managing some of the misconduct risks associated with the use of 'human sources', previously known as 'informants'. In September 2011, the Commission furnished a confidential report (codenamed Project Skadi) to the Commissioner of Police evaluating the NSWPF management of two key misconduct risks:

1. that the association between a human source and his or her police handler:
 - a. is improper (unbeknownst to the officer's managers) and that the officer is engaged in acts of corruption in conjunction with the source, or
 - b. may become improper, leading the officer to engage in acts of corruption in conjunction with the source
2. that confidential police information identifying the human source may be deliberately leaked by a police officer for corrupt motives.

As previously reported, the Commission considers the NSWPF response did not adequately address the risks raised in its report. The Commission decided to continue its research in this area and in mid-2012 commenced a further research project, codenamed Project Onyx.

Further work in relation to this project was suspended in November 2015. It will be a matter for the LECC as to whether it is resumed.

CORRUPTION PREVENTION & EDUCATION PROGRAMS

The Commission's misconduct prevention activities extend beyond its research and prevention projects discussed earlier in this chapter. To further support its misconduct prevention work, during 2015-16 the Commission:

- raised awareness of its functions by delivering presentations to the NSWPF
- promoted its prevention research by making its research widely available
- shared knowledge by participating in conferences and significant meetings.

Commission staff have continued to attend and participate in meetings of the Corruption Prevention Network (CPN) Council on an ex-officio basis. The CPN is a collective of practitioners and interested parties operating as a self-help group to share information and experiences in dealing with the challenges of corruption prevention. While initially the CPN was comprised of NSW state and local government fraud and corruption prevention practitioners, it now welcomes the participation of anybody who is interested in preventing fraud and corruption, regardless of the sector where they work or their geographical location. The CPN operates through a council of elected volunteer public officials and non-voting nominees from central and watchdog agencies.

Also during the 2015-16 reporting year:

- on 28 August 2015 the Commission's Principal Analyst participated as a panel member during a session focused on ethics in institutions at the Law Society of NSW conference 'Reflections on Corruption NSW & Beyond'
- on 11 December 2015 the Commission's Acting Director, Prevention & Information attended the Anti-corruption Compliance Asia Pacific Summit 2015 in Hong Kong as a keynote speaker and delivered a paper entitled: *What is the community entitled to expect from its anti-corruption agencies?*

For the period from 1 July 2016 to 28 October 2016 the Commission's Acting Director Prevention delivered two ethics seminars to staff of the NSWCC.

6. TRACKING THE COMMISSION'S RECOMMENDATIONS

Under s99(2)(c) of the *Police Integrity Commission Act 1996* ('the Act'), the Commission has been required to include in each Annual Report an evaluation of the responses by the Commissioner of Police, or senior police executives, to the Commission's conclusions and recommendations. This Chapter provides a description, and where appropriate an evaluation, of NSWPF responses to the Commission's misconduct prevention recommendations.

As has been noted in previous Annual Reports, misconduct prevention recommendations are the principal means by which the Commission seeks to improve systems and practices in the NSWPF, to reduce opportunities for misconduct, improve transparency and accountability and otherwise deter officers from engaging in acts of misconduct.

REVIEW OF NSWPF STRATEGIES TO IDENTIFY, MANAGE AND COMMUNICATE MISCONDUCT RISKS AT THE COMMAND LEVEL (PROJECT MOBULA)

The Commission published its report in relation to Project Mobula in August 2015. Project Mobula continued the Commission's focus on NSWPF strategies to identify, communicate and manage misconduct risks at the command level, referred to by the NSWPF as 'corruption resistance planning'. The Commission commenced Project Mobula to determine how well NSWPF command practices assist commands to (i) identify and manage their misconduct risks and (ii) provide practical advice to help their officers recognise the misconduct risks they may face and respond appropriately when they encounter such risks. It is a five-year follow-up to the Commission's Project Manta and, like Project Manta, it used an approach to preventing serious officer misconduct that is modelled on the way organisations go about preventing workplace deaths and injuries.

The Commission observed that the concept and practice of corruption resistance planning were widely accepted as part of NSWPF command practices at that time. Most local area commands had a corruption resistance plan and specialist commands commonly had a separate plan for each of their subordinate units. Although commands were producing corruption resistance plans, the practices that command representatives advised using at that time exposed their plans to vulnerabilities (such as failing to identify all of their significant misconduct risks or failing to develop effective strategies to manage their risks) which in turn may lead commands to maintain a false belief that what they had done was sufficient to manage their misconduct risks.

The results and observations in the Project Mobula report are based on a review of 55 sets of corruption resistance plans from a sample of 25 NSW Police Force commands, interviews with 25 command representatives in 2012, analysis of three versions of corporate guidelines, and information from the Professional Standards Command on how between 2012 and 2015 it proactively changed the ways it works with commands to assist them with their corruption resistance planning.

When considering possible recommendations to improve command corruption resistance planning, the Commission was aware that amending the Guidelines, in isolation, was unlikely to be effective since changes to previous guidelines had not appeared to have an effect on the ways officers advised that they undertook corruption resistance planning. It was also aware that the NSWPF was not alone in having problems encouraging employees to comply with corporate guidelines and that lessons could be drawn from the local and international efforts to address this problem. The Commission also sought to acknowledge and build upon the work that the

Professional Standards Command of the NSWPF had undertaken since information was collected for Project Mobula in 2012.

The Commission advised that improvements to corruption resistance planning at the command level should include:

- changing the focus of local (or command-level) corruption resistance planning to going beyond completing a document to producing practical advice for commands and for officers that is both useful and in fact used
- addressing the specific vulnerabilities in command corruption resistance planning practices that have been identified in Project Mobula
- informing staff of the misconduct risks specific to their work and location
- providing staff with practical advice as to how to either avoid these misconduct risks or respond appropriately when they encounter such risks.

The Commission has proposed five recommendations to improve practices to minimise future officer misconduct and has stated that it will retain an ongoing interest in the ways that the NSWPF and individual commands identify, communicate and manage their corruption and serious misconduct risks. These recommendations may be summarised as follows:

Recommendation 1. That the NSWPF develop standards for command corruption resistance planning that address each of a series of specific vulnerabilities identified within the report. Further, that these standards focus on the production of useful and practical advice for commands and for officers on where and how to intervene to minimise future officer misconduct.

Recommendation 2. That the NSWPF promotes and demonstrates to staff responsible for corruption resistance planning how the standards (developed in response to Recommendation 1) can help them prepare practical advice for their command and for their officers as output from their corruption resistance planning exercises.

Recommendation 3: That the NSWPF develop a review tool and review process to examine the compliance of command corruption resistance planning with the processes outlined in the standards developed in response to Recommendation 1. Further, that commands are reviewed by a central command to ensure adherence to these standards and provide practical advice and feedback.

Recommendation 4: That NSWPF meet six-monthly with PIC representatives to provide detailed advice on the results of NSWPF reviews of command corruption resistance plans and planning processes.

Recommendation 5: That the NSWPF explores how a Behavioural Insights approach can be applied to assist it more effectively communicate and support the work of commands in identifying, managing and communicating their significant misconduct risks and the advice that results from this work. Further that the NSWPF provide the PIC with its project plan for exploring the application of a Behavioural Insights approach.

In February 2016 the Commission received a response from the NSWPF to Project Mobula and its recommendations. This letter indicated that the Commission's work in this area had made a significant contribution in the NSWPF:

... the NSW Police Force would like to acknowledge that the earlier Project Manta and the consultation during Project Mobula has been a catalyst to reinvigorate our command level misconduct prevention work. You would be aware that during the course of this project a number of positive modifications have been made to the corruption resistance planning process, along with the development of misconduct prevention products and tools.

As to the recommendations, the NSWPF advised that it has implemented recommendations 1 and 2, that is, that it develop and promote standards for corruption resistance planning agency-wide, focusing on the provision of practical advice and resources, through the work of its Misconduct Prevention Unit (MPU). The NSWPF did not accept recommendations 3 and 4. It advised that the current work of the MPU satisfied the requirements of recommendation 3, but noted that the detailed requirements set out in the Commission's recommendation would not be implemented.

The NSWPF informed the Commission that it did not accept recommendation 4. Its approach, it advised, would be instead:

1. to examine the number of corruption resistance plans submitted
2. to add value to corruption resistance plans over the long term, whilst implementing the agreed recommendations of Project Mobula
3. for the MPU to identify and focus upon common issues
4. for the PSC Research Unit to inquire into the effectiveness of corruption resistance planning and to examine the Behavioural Insights approach.

As to recommendation 5, the NSWPF indicated that it would be exploring the Behavioural Insights approach to determine whether it is appropriate for the NSWPF needs. However, it advised that it would not be doing so in the terms set out in this recommendation.

MANAGING DECLARABLE ASSOCIATIONS

In May 2010 the Commission published a Research & Issues Paper that examined how well NSW police officers were complying with the requirement to advise the NSWPF of any 'declarable associations' that they may have.

The Commission's research showed, amongst other findings, that only a small number of police officers with known declarable associations complied with the policy requirement to provide written documentation regarding their association to the NSWPF. In addition, the Commission's research revealed that written declarable associations were stored locally in individual commands as the NSWPF did not have a central repository for their storage. In its 2010 report the Commission recommended that the NSWPF record information regarding improper associations at a corporate level rather than only at individual commands. The NSWPF accepted this recommendation.

Between 2013 and 2015 the NSWPF has advised the Commission that the implementation of this recommendation has been delayed because of technical problems and security implications associated with this database. As reported in the Commission's last Annual Report the NSWPF advised the Commission that the 'Declared Associations Management System' was being developed by an external vendor and once the draft detailed design had been completed, consultation with the field would take place prior to roll out and commencement.

Advice received from the NSWPF indicates that as at August 2016 work on this project has stopped due to 'developer shortages'. As far as the Commission is aware, the NSWPF continues to use a manual process for recording declarable associations.

MANAGEMENT OF MISCONDUCT RISKS ASSOCIATED WITH COUNTER-TERRORISM POLICING – REVIEW OF NSWPF INSPECTIONS & AUDITS

As has been reported previously, in 2006 the Commission issued an assessment of the nature of the work of officers undertaking counter-terrorism and dignitary protection policing and the management of the misconduct risks associated with this work. The unit undertaking this work has subsequently been renamed as the 'Anti-Terrorism & Security Group' (AT & SG).

As a result of the Commission's 2006 assessment, the NSWPF initiated a process of annual (or more frequent) formal inspections and audits of the practices and procedures of the AT & SG by its Deputy Commissioner, Specialist Operations. The NSWPF completed the first of these reviews in November 2007 and subsequently provided the Commission with a copy of the plan for that review and a copy of the review report.

In 2014-15 the NSWPF provided additional information to the Commission concerning the audits it had undertaken. In February 2016 the Acting Commissioner provided the PIC Commissioner with a copy of the NSWPF Anti-Terrorism & Security Group 2015 Review Report.

The 2015 Review, like the 2014 Review before it, focusses on verification of compliance with the NSW Police Force Command Management Framework, a self-audit tool conducted by commands. More specifically both the 2014 and 2015 reviews have focussed on compliance with areas including (but not limited to): Accountable Operational Books, Arms and Appointments, Computer Access Audits, Fleet Management, Portable Equipment, JIG Secondary Employment and Source Management.

Given the priority allocated to Project Harlequin during the reporting year, the Commission was unable to assign resources to conclude its analysis and write up of this planning document.

MISCONDUCT RISKS ASSOCIATED WITH THE EXECUTION OF SEARCH WARRANTS - (PROJECT OSTARA)

In May 2011, the Commission published a report examining how well the NSWPF was managing the misconduct risks associated with the execution of search warrants. The Commission suggested eight recommendations aimed at strengthening the NSWPF's management of misconduct risks associated with this policing activity, such as the planting of evidence and/or the theft of items of value.

As has been reported in the Commission's Annual Reports over the past four years, the NSWPF has advised the Commission that it would provide guidance to its officers as to their obligations regarding search warrants in an article to be published in the *Policing Issues & Practice Journal* (PIPJ). The PIPJ, in its August 2015 edition, published a 28-page article regarding search warrants. The Commission noted in previous Annual Reports that on publication of the PIPJ article, all recommendations from its 2011 report would be considered implemented.

The Commission considers that the NSWPF has completed its implementation of all approved recommendations.

MINIMISING MISCONDUCT RISKS ASSOCIATED WITH AUTHORISED SECONDARY EMPLOYMENT (PROJECT SANTURI)

In February 2014 the Commission published a Research & Issues Paper that examined the extent to which officers of the NSWPF who have authorised secondary employment approval are complying with those aspects of the *Secondary Employment Policy & Procedures* that are intended to manage misconduct risks associated with secondary employment.

In its report the Commission proposed eight recommendations aimed at strengthening the NSWPF's policies and procedures for managing authorised secondary employment. The NSWPF endorsed all eight recommendations and in April 2014 advised the Commission that all of these recommendations would be implemented after a review of the *Secondary Employment Policy & Procedures* has been completed and endorsed by the NSWPF. The NSWPF provided a copy of the *Secondary Employment Policy & Procedures* to the Commission for comment and feedback in August 2015.

The Commission advised the NSWPF that the draft *Secondary Employment Policy & Procedures* was a comprehensive, easy to follow document that incorporated 7 out of 8 recommendations made by the Commission in its Research and Issues Paper. Furthermore the Commission noted that the NSWPF had made a number of positive amendments to the policy, including:

1. amalgamating the *Secondary Employment Policy & Procedures* with the *Guidelines for Commanders and Managers*; *Definition of High Risk Industries* and *Risk and Probity Assessments*. This consolidation simplifies access to and understanding of secondary employment requirements for commanders/managers and officers who either have existing secondary employment approval or seek to engage in secondary employment
2. expanding the number of industries classified as 'high risk' to include body art tattooing, legal practitioners and other forensic services
3. including a new section on the requirements for employees using social and/or digital media to promote their secondary employment activities. This inclusion reflects recognition on the part of the NSWPF of generational/ technological changes that affect the NSWPF and its workforce
4. providing additional information for employees about work readiness responsibilities. This requirement is aimed at improving safety practices as it makes employees responsible for ensuring that they have sufficient rest between their secondary employment and their duties with the NSWPF

5. including a specific example of how employees working as an Escort Custodial Officer are required to provide their scheduled flight/shift details as a condition of approval
6. providing more detailed information of what activities are considered to be a 'hobby'
7. amending its review process of secondary employment approvals. Managers/ commanders are responsible for ensuring that all secondary employment within the branch/command is reviewed every March and September
8. providing further clarification as to when an employee's approval to undertake secondary employment is automatically suspended
9. improving guidance for commanders/managers when rescinding approval to undertake secondary employment.

However, the Commission noted that some of its recommendations had not been fully addressed. The draft *Secondary Employment Policy & Procedures* mentioned that 'a probity assessment template has been developed for use and is attached at appendix C'. Queries with the NSWPF indicated that this document was still under development. The Commission expressed its interest to the NSWPF in reviewing the probity assessment template upon completion.

Recommendation 8 of the Commission's report was to:

Develop and implement a centralised capacity to oversight compliance by commands across the agency with secondary employment policy and procedures.

The Commission was unable to find any indication within the draft *Secondary Employment Policy & Procedures* that this recommendation had been addressed and requested advice from the NSWPF as to the status of this recommendation.

7. THE NSW CRIME COMMISSION

Under s 99(2A) of the *Police Integrity Commission Act 1996* ('the Act') the Commission is required to separately report on NSW Crime Commission (NSWCC) matters in its Annual Report. The purpose of this section is to report on work undertaken by the Commission during 2015-16 to detect, prevent and investigate misconduct by NSWCC officers.

ASSESSING INFORMATION AND COMPLAINTS

COMPLAINT PROCESS

Information regarding the possible misconduct of NSWCC officers can come to the Commission in a variety of ways. Under section 75C of the Act, a complaint can be made by an individual member of the community. In addition, section 75D provides that it is the duty of the NSWCC Commissioner, the Commissioner of Police and principal officers of other NSW public authorities to report to the Commission any matter that on reasonable grounds is suspected to concern, or which may concern, misconduct of a NSWCC officer. The Commission may also receive information involving possible misconduct by NSWCC officers from other sources, including agencies from other jurisdictions.

COMPLAINT PROFILE

During 2015-16 the Commission assessed 8 complaints containing 11 allegations of misconduct¹⁵ against current and former NSWCC officers.

Of the 8 complaints it is not possible to distinguish any patterns in the allegations made. Allegations types which pertained to more than one of the complaints assessed were:

- unauthorised/improper disclosure of information
- attempting to pervert the course of justice
- fabrication of evidence
- fail to report offence
- fail to comply with other statutory obligation
- false accusation.

¹⁵ There may be more than one allegation contained in a single complaint.

INVESTIGATIONS

There was one preliminary investigation that progressed to a full investigation for 2015-16.

Table 13 NSWCC Preliminary Investigations

Indicator	2015-16	2014-15	2013-14
No Further Action	0	0	3
Investigations that progressed to become full investigations	1	0	1
Investigations that resulted in a dissemination of information to the NSWCC	0	0	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0	0
Total	1	0	4

Table 14 NSWCC Full Investigations

Indicator	2015-16	2014-15	2013 -14
No Further Action	0	1	1
Investigations that resulted in a dissemination of information to the NSWCC	0	1	0
Investigations that resulted in information being disseminated to other law enforcement agencies (LEA)	0	0	0
Investigations referred to the office of the Director of Public Prosecutions for considerations of prosecution action.	0	0	0
Total	0	2	1

OPERATION AZTEC

Operation Aztec is an investigation into complaints against a NSWCC officer regarding the unauthorised release of confidential information and conflict of interest in relation to handling of a NSWCC human source. A number of private hearings have been held and assessment of the evidence is ongoing.

8. LEGAL MATTERS

This chapter contains information about important statutory provisions and legal developments of significance to the Commission.

This chapter contains information about important statutory provisions and legal developments of significance to the Commission.

WITNESS PROTECTION

Persons assisting the Commission in its investigations, whether members of the general public or serving officers, are an important resource in the detection and investigation of serious officer misconduct.

To ensure this resource is protected, the Commission may make arrangements to ensure the safety of these persons from intimidation and harassment which might arise as a result of their assistance. This may range from the making of non-publication directions to, where necessary, consulting with specialist witness protection agencies to better ensure the safety and well-being of its witnesses and other persons who have been of assistance: section 51, *Police Integrity Commission Act 1996* ('the Act').

RESPONSE TO SUBPOENAS

From time to time, the Commission is served with subpoenas requiring the production in Court of documents, or divulging of information acquired in the exercise of its functions.

Officers of the Commission cannot be required to produce documents, or divulge or communicate any matter which they have obtained in the exercise of functions under the Act, subject to certain limited exceptions. Those exceptions are for the purposes of a prosecution, disciplinary proceedings or proceedings under Division 1A or 1C of Part 9 of the *Police Act 1990* arising out of an investigation conducted by the Commission in the exercise of its functions.

Where the Commission is served with a subpoena falling outside these limited exceptions, the issuing party is invited instead to make an application to the Commissioner to exercise his or her discretion to release information pursuant to s 56(4)(c) of the Act. Under that section, the Commissioner has a broad discretion to authorise the release of documents or information held by the Commission if satisfied that it is necessary to do so in the public interest.

SECTION 56(4) DISSEMINATIONS

The Act imposes strict obligations of secrecy upon officers of the Commission in relation to information acquired in the exercise of their functions under the Act.

Generally, the disclosure of information other than for the purposes of the Act, purposes connected with prosecution or disciplinary proceedings arising from a Commission investigation, or law enforcement and investigative purposes falls to be dealt with under s 56(4)(c) of the Act.

As stated above, the Commissioner may direct that confidential information held by the Commission can be released, but only if he or she certifies it to be necessary in the public interest to do so.

During 2015-16 the Commission disseminated information on 4 occasions under s 56(4)(c) of the Act.

The Commission has published comprehensive guidelines as part of its Practice Guidelines dealing with applications for the release of information under s 56(4)(c) amongst other things. The Practice Guidelines and an application form may be downloaded from the Commission's website.

JUDGMENTS OF SIGNIFICANCE

DAMIAN JOHN RALPH V R, 21 AUGUST 2015, SYDNEY DISTRICT COURT

Damian Ralph was one of four NSWPF officers involved in the pursuit and restraint of Brazilian national Roberto Laudisio Curti on 18 March 2012 on Pitt Street, Sydney. While being restrained by police, Mr Curti died.

All four officers participated in directed interviews, under objection, as part of the critical incident investigation launched by the NSWPF following Mr Curti's death. The officers also gave evidence at a later coronial inquiry, with the protection of a certificate under s 61 of the *Coroners Act 2009*.

The State Coroner delivered her findings on 14 November 2012. One of Her Honour's recommendations was that the actions of the police during the pursuit and restraint of Mr Curti be referred to the Commission.

As a result of this referral, the Commission commenced operation Anafi, which investigated the actions of the police officers involved in the pursuit and apprehension of Mr Curti. The Commission subsequently sent a brief of evidence to the ODPP seeking advice in respect of criminal charges against all officers involved. In December 2013, the Commission received advice from the ODPP that sufficient evidence existed for the laying of charges against Ralph and three other police officers. Ralph was charged with common assault.

Ralph and the other officers pleaded not guilty to the charges and briefs of evidence were ordered to be served on the accused in accordance with normal practice. Prior to the hearing of the charges, the accused applied to the Court to have the charges against them permanently stayed as an abuse of process. This application was unsuccessful.

The hearing of the charges commenced on 17 November 2014, before her Honour Magistrate Farnan of the Downing Centre Local Court. Her Honour ultimately found Ralph guilty of common assault and acquitted the other three officers of all charges. In sentencing, her Honour recorded no conviction against Ralph, instead ordering him to be of good behaviour for a period of two years, pursuant to section 10(1)(b) of the *Crimes (Sentencing and Procedure) Act 1999*.

Ralph subsequently appealed the finding of guilt against him. The appeal was heard by his Honour Judge Scotting of the Sydney District Court. On 21 August 2015, His Honour upheld Ralph's appeal and dismissed the charge against him.

R V AARON JOSEPH ABELA, SHERREE ANNE BISSETT, EMILY PATRICIA METCALFE & LEAH ANN WILSON, 13 MAY 2016, SYDNEY DISTRICT COURT

Aaron Joseph Abela, Sherree Anne Bissett, Emily Patricia Metcalfe and Leah Ann Wilson are NSWPF officers who attended the home of Adrian Salter on 18 November 2009 in response to a report made by him regarding his son, Adam Salter, inflicting self-harm. After the arrival of ambulance officers and the four police officers, Adam Salter inflicted further self-harm and was then fatally shot by Sergeant Sherree Anne Bissett.

Subsequently, all four police officers participated in either directed interviews or video recorded walkthroughs (some officers did both), under objection, as part of the critical incident investigation launched by the NSWPF following Adam Salter's death. The officers, with the exception of Bissett, also gave evidence at a subsequent coronial inquiry in 2011. Later, in 2012, all four officers gave evidence at public hearings held by the Commission.

Following the Commission's hearings an advisory brief of evidence was sent to the ODPP seeking advice in respect of criminal charges against the officers. In August 2014, the Commission received advice that sufficient evidence existed for the laying of charges against the four officers for various offences of perjury and/or giving false evidence before the Commission. Bissett was charged only with giving false evidence to the Commission. (She had not given evidence at the inquest).

All accused pleaded not guilty to the charges and the matters proceeded to trial in the NSW District Court. Prior to the hearing of the charges, the accused made applications to the Court, to have the charges against them permanently stayed on the basis of the principles enunciated in *Lee v R* [2014] HCA 20. In short, they argued that the use in the trial of the compelled testimony previously given by the various accused, being the directed interviews and video walkthroughs, would be a breach of the privilege against self-incrimination, giving the prosecution an unfair advantage, and resulting in an unfair trial.

On 13 May 2016, his Honour Judge Woods QC delivered judgment on the application, refusing to grant a permanent stay. His Honour found that the evidence to be given by certain eye-witnesses, namely Adrian Salter and one of the ambulance officers at the scene, did not disturb the balance of a fair trial in such a way as to merit the exclusion of their evidence, even though they had been exposed to other compelled testimony. However, his Honour did make a determination that the Commission's expert witness, who prepared his opinion and report after having access to some of the compelled evidence, had obtained an advantage in breach of the privilege against self-incrimination, and therefore should be excluded from giving evidence.

The judgment also ruled that the prosecution team conducting the trial, who had not accessed the compelled material, would be allowed to remain in the trial and that there was no need for a new legal team to be appointed to conduct the trial.

The hearing of the charges of giving false evidence before the Commission commenced on 24 May 2016 as a Judge-alone trial before his Honour Judge Woods QC. His Honour acquitted all accused of the charges on 23 June 2016. Thereafter the ODPP made a determination to not proceed with a separate trial for the perjury charges.

On 24 June 2016 the accused made an application seeking costs in the matter. Judgment is yet to be delivered in that application.

R V INDEPENDENT BROAD-BASED ANTI-CORRUPTION COMMISSIONER [2016] HCA 8

The Independent Broad-based Anti-Corruption Commission (IBAC) is the Victorian agency tasked with preventing, investigating and exposing public sector corruption and police misconduct. This case arose following an investigation by the IBAC into allegations of assault on a female in the cells of the Ballarat police station by officers of the Victoria Police. The IBAC issued summons to the police officers alleged to be involved in the incident, requiring them to give evidence in a public examination.

The officers applied to the Supreme Court of Victoria for orders preventing the IBAC examinations from going ahead, and this application was unsuccessful. An appeal was made to the Court of Appeal of the Supreme Court of Victoria which was also unsuccessful.

A further appeal was made to the High Court of Australia, where the officers argued that the companion principle, which provides that it is for the prosecution to prove the guilt of an accused person and that the accused person cannot be compelled to give evidence against himself or herself, extended to the situation where a person had not yet been charged but was reasonably believed to have committed a criminal offence and therefore might be charged sometime in the future. In other words, it was said that a person could not be compelled to give potentially self-incriminating evidence if the person was believed to have committed a criminal offence. This argument, if accepted, would have had the effect of preventing the IBAC from requiring the officers to give evidence for the purpose of the IBAC investigation.

The High Court rejected this argument for various reasons. First, to extend the principle as sought would take it beyond the original rationale behind the principle, which is to protect the forensic balance between the prosecution and the accused in the judicial process (and that process is not engaged until a person is charged with a criminal offence). Secondly, there was no precise formulation for the extension sought. Thirdly, if the principle was extended, it was unclear who the belief was to be held by, and any suspicion held could change as more information became available. Fourthly, it was stated that extending the companion principle in this way would “fetter the pursuit and exposure of a lack of probity within the police force, which is the object of the IBAC Act”.

In the result, the officers failed in their appeal and it was held that the IBAC had the power to examine the officers in public even if it was believed or suspected that they had committed a criminal offence, as they had not yet been criminally charged with that offence.

9. GOVERNANCE AND ACCOUNTABILITY

The Commission is accountable to a Parliamentary Committee and the Inspector of the Police Integrity Commission. It also maintains a number of internal governance committees to operate effectively.

THE INSPECTOR OF THE POLICE INTEGRITY COMMISSION

The Hon David Levine QC was appointed as the Inspector of the Police Integrity Commission (the Inspector) on 1 February 2012.

The principal functions of the Inspector¹⁶ are to:

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

The Inspector has met regularly with the Commissioner since his appointment. The Inspector continued to have independent access to all records of the Commission, other than a small quantity of certain material obtained by telecommunications interception.

Further information in relation to the Inspector can be found by accessing his website at <http://www.inspectorpic.nsw.gov.au/>

THE PARLIAMENTARY COMMITTEE

The functions of the Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission (the Committee), as they relate to the Commission, are set out in section 95 of the *Police Integrity Commission Act 1996*.

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

The Committee membership at 30 June 2016 was as follows:

- Chair: Mr Lee Evans MP (Lib)
- Deputy Chair: Ms Eleni Petinos MP (Lib)
- The Hon. Paul Lynch MP (ALP)

¹⁶ Section 89 (1) of the *Police Integrity Commission Act 1996*.

- Dr Hugh McDermott MP (ALP)
- The Hon. Trevor Khan MLC (Nat)
- The Hon. Adam Searle MLC (ALP)
- The Hon. Scott Farlow MLC (Lib).

INTERACTION BETWEEN THE COMMITTEE AND THE COMMISSION

The Parliamentary Committee took evidence from the Commissioner and the Executive at their General Meeting on Monday 29 February 2016.

INTERNAL GOVERNANCE

The Commission has a number of internal governance committees to monitor its day-to-day functions. The internal governance committees include:

EXECUTIVE GROUP

The Executive Group (EG) meets monthly to discuss matters concerning the management and functioning of the Commission.

Members of the EG include:

- The Hon Bruce James QC Commissioner (Chair)
- Gary Kirkpatrick, Director Operations
- Michelle O'Brien, Commission Solicitor
- Peter Barnett, Acting Director Prevention
- Digby Morrison, Acting Director Information Management
- Christina Anderson, Manager Finance
- Nick Athas, Manager Human Resources
- Pru Sheaves, Executive Officer.

OPERATIONS ADVISORY GROUP

The Operations Advisory Group (OAG) provides strategic direction to investigations, and prevention and research projects undertaken by the Commission. The group consists of the Commissioner, Director Operations, Acting Director Prevention, Acting Director Information and the Commission Solicitor. The OAG meets at least monthly.

TASKING AND COORDINATION GROUP

The Tasking and Coordination Group (T&CG) is a group of key operational level managers who meet on a weekly basis to make operational decisions, set priorities, allocate resources, review processes and provide advice to the Operations Advisory Group (OAG).

The T&CG also assesses investigation and intelligence project proposals, and matters referred to it in the complaints assessment process.

AUDIT AND RISK COMMITTEE

As required by NSW Treasury policy tpp 09-05 *Internal Audit and Risk Management Policy for the NSW Public Sector*, and with the independence and governance requirements of Treasury Circular TC 09/08, the Commission has an Audit and Risk Committee.

The Members of the Commission's Committee are:

- Carolyn Walsh - Independent Member to September 2014, Committee Chair December 2014
- Lyn Baker – Independent Member appointed December 2014
- Vacancy for an Independent Member

The Audit and Risk Committee is supported by the Commission's Executive Officer, Pru Sheaves, who was appointed Chief Audit Executive in December 2010. Support to the Committee was also provided by O'Connor Marsden.

The Commission's Internal Audit and Risk Committee met on four occasions during 2015-2016, and considered the implementation of the results of assurance reports and activities in relation to the Commission's financial systems and data base systems, as well as reviewing the Commission's financial statements.

10. APPENDICES

APPENDIX 1: PRESCRIBED ANNUAL REPORTING REQUIREMENTS

INDUSTRIAL RELATIONS

In 2015-16 reporting period the Police Integrity Commission Staff Agency continued to operate as a Separate Agency under Part 3 of Schedule 1 of the *Government Sector Employees Act 2013* (GSEA). Commission employees are employees of the Crown under the provisions of the GSEA. Non-executive staff of the Commission are employed as either ongoing or temporary employees under the provisions of the GSEA and section 52(1) determination no 1/2015. Terms and conditions of employment remained in accordance with determination 1/2015 and individual staff employment agreements throughout 2015-16. The Commission's Senior Executive roles transitioned to Public Sector Senior Executive roles in accordance with clause 7A of Schedule 4 of the GSEA from 1st August 2016. The transitioned Senior Executive roles were Commission Solicitor, Director Operations and Director Prevention & Information.

On 26th November 2015 the NSW Government announced plans to create the LECC to streamline and strengthen oversight of the NSW Police Force and the NSW Crime Commission. The LECC will become operational in January 2017 and will replace the Commission and the Police Division of the Office of the Ombudsman (PDOO). The NSW Department of Justice has put together a LECC transition team to oversee the transition process from the Commission and the PDOO to the LECC.

Throughout the period from January to June 2016 numerous meetings have been held between members of the LECC transition team and PIC management to facilitate a flow of information to support the transition process. A number of all-staff briefings have also been conducted to ensure that an appropriate consultation process is undertaken and that a flow of information relevant to the impact that the transition process is to have on PIC staff as it progresses is maintained. In the first half of the next reporting period PIC staff will be invited to express an interest in either being considered for a role in the LECC or for a voluntary redundancy in accordance with relevant NSW Government organisation restructure policies. Throughout this process the PIC has provided relevant training opportunities to staff designed to enhance their prospects of successfully navigating role assessment processes, time-off to attend union meetings and access to employee assistance programs.

Within the context of the matters outlined above and despite the air of uncertainty that these matters have created for PIC staff, the Commission's industrial relations (IR) environment remained relatively stable throughout 2015-16. There were no other IR issues of significance that impacted upon the Commission's operations.

Table 15: Number of officers and employees by category & comparison to prior three years

	2013	2014	2015	2016
Statutory appointments	1	1	1	1
Executive appointments	3	3	3	2
Female executive appointments	1	1	1	1
Operational staff	75.86	71.77	68.46	68.27
Support staff	20.80	21	18	18.10
Total	100.66	96.77	90.46	89.37

Table 16: Senior Executives–Remuneration Band determination, number of officers and gender breakdown comparison

	2013-14		2014-15		2015-16	
Band	Female	Male	Females	Males	Female	Male
Band 4 (Secretary)	0	0	0	0	0	0
Band 3 (Deputy Secretary)	0	0	0	0	0	0
Band 2 (Executive Director)	0	0	0	0	0	0
Band 1 (Director)	1	2	1	2	1	1

Table 17: Senior Executives–Remuneration range comparison

	Remuneration Range	Average Remuneration		
Band		2013-14	2014-15	2015-16
Band 4 (Secretary)	\$441,201pa to \$509,750pa	n/a	n/a	n/a
Band 3 (Deputy Secretary)	\$313,051pa to \$441,200pa	n/a	n/a	n/a
Band 2 (Executive Director)	\$248,851pa to \$313,050pa	n/a	n/a	n/a
Band 1 (Director)	\$174,500pa to \$248,850pa	\$235,140pa	\$238,858pa	\$244,829pa

7.81% of the Police Integrity Commission's employee related expenditure in 2015-16 was related to senior executives. One senior executive role remained vacant for the whole of the 2015-16 period.

STAFF MOVEMENT

Table 18: Staff movement 2015-16

Number of staff who commenced employment	Number of staff who ceased employment
4	4

EXCEPTIONAL MOVEMENTS IN WAGES AND SALARIES

There were no exceptional movements in wages and salaries during the 2015-16 year.

EXECUTIVE REMUNERATION

The Commissioner for the Police Integrity Commission is appointed by the Governor pursuant to section 7 of the *Police Integrity Commission Act 1996*, and, pursuant to clause 9 of Schedule 1 of the Act, is not subject to the *Public Sector Employment and Management Act 2002* or the *Government Sector Employment Act 2013*.

The Hon Bruce James QC was appointed as Commissioner effective from 1st January 2012. His remuneration is set annually by the Statutory and Other Officers Remuneration Tribunal. For this reporting period the Commissioner's remuneration was \$467,725pa.

As the holder of an independent public office, the Commissioner is not subject to an annual performance review, and is responsible to Parliament in the performance of the functions of the office.

During the reporting year two persons were employed by the Commission in Public Sector Senior Executive Service roles within Executive Band 1 of the *Government Sector Employment Act 2013*. One Public Sector Senior Executive role remained vacant for the whole of the reporting year. The decision to leave this role vacant was taken within the context of the uncertainty surrounding the future of the Police Integrity Commission following the commencement of the review into the police oversight function in NSW instigated by the Government.

The Commission Solicitor role was occupied by Michelle O'Brien throughout the reporting year. For this reporting year the Commission Solicitor's remuneration was \$244,829pa.

The Director Operations role was occupied by Gary Kirkpatrick throughout the reporting year. For this reporting year the Director Operations remuneration was \$244,829pa.

The Director Prevention & Information role remained vacant for the whole of the reporting year.

All members of the Commission's Executive team were employed under individual Public Sector Senior Executive employment contracts, the terms of which provide for regular performance assessment.

ASSISTANT COMMISSIONERS

Pursuant to section 8 of the Act the Commissioner continued the appointment of Ms Michelle O'Brien, Commission Solicitor, as an Assistant Commissioner throughout the 2015-16 reporting year.

Pursuant to Section 11 of the Act, Ms O'Brien has delegated to her all functions and powers of the Commission and the Commissioner in her capacity as an Assistant Commissioner such as is appropriate and desirable for the performance of her duty, including those functions referred to in sections 11(4) and 11(5) of the Act, and any other such functions as may be prescribed by the regulations for the purpose of section 9 of the Act. That appointment and associated delegation continues in order to assist the Commissioner with the discharge of the Commission's functions and exercise of powers.

PERSONNEL POLICIES

A total of nineteen human resources (HR) related policies were reviewed and updated throughout the latest reporting period. Reviewed HR policies included:

- Grievance Policy
- Misuse/Abuse of Alcohol Policy
- Discrimination, Harassment and Bullying Policy
- Workplace Health and Safety Policy

TRAINING AND DEVELOPMENT

The Commission provided a broad range of Training and Development opportunities to staff throughout the 2015-16 reporting period. Training covered specialist areas including:

- Enterprise Risk Management for Government
- Managing Unreasonable Complaint Conduct
- Assertiveness Training
- Corruption Prevention Network Forum
- Australian Public Sector Anti-Corruption Conference
- Defence, Police and Emergency Services Women's Leadership Summit
- Intelligence Professionals iFocus Conference
- Vital Issues for Government Lawyers
- Government Solicitors Conference
- Australian Cyber Security Conference
- Skills Tech Mode of Entry Course
- Advanced Smartphone Analysis Training
- Mobile Forensics Seminar

- Negotiation Skills Training
- Supervising Others Training
- Project Management Training
- Intelligence Professionals iFocus Conference
- IPAA NSW State Conference

Generic training opportunities provided to staff throughout 2015-16 included:

- Jobs Seeking Skills Training
- First Aid Recertification
- WHS Committee Member Training

Support for tertiary related study was provided to a total of five staff members continuing the Commission's commitment to enhancing performance through career development and the pursuit of higher academic qualifications. The Commission's commitment to providing quality career development opportunities to its staff was further highlighted by the fact that 21 staff members were provided with an opportunity to act in higher duties positions in 2015-16.

WORKPLACE HEALTH AND SAFETY

During the reporting period, there was only one workplace incident reported. This incident did not result in time-loss from work. In two other instances the Commission facilitated changes to individual's office workstations to assist in the alleviation of chronic pain issues reported by employees.

The Commission has effective procedures in place to ensure adherence to the requirements of workplace health and safety (WHS) legislation. The Commission Executive are informed of all relevant workplace health and safety matters through the receipt of a detailed report every six months. Management continues to work closely with the WHS Committee to ensure the health and safety of all staff and visitors in the workplace. There were no workplace health and safety related prosecutions under the *Work Health and Safety Act 2011* during this reporting period.

DISABILITY ACTION PLAN

Through its Disability Action Plan the Commission reinforces its commitment to the government's Disability Policy Framework. The Commission's physical environment ensures that clear and uninterrupted access to the premises is available to individuals with a disability. Formal communication policies and strategies ensure that people with a disability are not disadvantaged in having access to and accessing relevant information available through the Commission. Staff who deal directly with the public are familiar with alternative methods of information dissemination depending on the specific needs of individual persons with disabilities. Ongoing review of complaints procedures ensures that the procedures remain relevant when dealing with people with disabilities.

NSW ACTION PLAN FOR WOMEN

The NSW Government's Action Plan for Women is based on the principles of equity, access, rights and participation opportunities providing a framework within which women, particularly those with the least access to social and economic resources, may obtain appropriate

assistance. The main objective of the Action Plan is to provide the basis upon which women have the opportunity to achieve full economic and social participation in NSW society.

The Commission commits itself to this government initiative by promoting and implementing policies, procedures and practices within the workplace that provide women with equal access to opportunities which are able to enhance their economic and social status. During the review year the Commission facilitated the attendance of three of its female staff to the 2016 Defence, Police and Emergency Services Women's Leadership Summit and gave nine female employees the opportunity to act in higher duties roles.

Table 19: NSW Action Plan for Women

Objective	Results / Plans
An equitable and balanced workplace responsive to all aspects of women's lives	<p>A total of 27.91% of the Commission's female employees are currently employed on approved part-time and other special working arrangements as a means of balancing work and home life responsibilities. 20.93% of the Commission's female employees were granted extended periods of leave including leave without pay throughout the reporting period for various reasons relating to their personal circumstances.</p> <p>Well established policies and procedures are in place at the Commission to ensure that women who are seeking a better work/life balance are given the opportunity to do so by accessing a variety of flexible work practices. This applies to women returning from maternity related leave as well as those with other personal responsibilities and obligations.</p> <p>A total of 20.93% of the Commission's female staff accessed Family and Community Service Leave (FACS) leave entitlements on one or more occasions during the reporting period.</p>
Equitable access for women to educational and training development opportunities	<p>9 of a total of 21 higher duties, staff development opportunities across the organisation were filled by women during this reporting period.</p> <p>Of the Commission's expenditure on external training and development programs for staff during the reporting period, a total of 46.60% was spent on female staff.</p>
Promote the position of women	<p>Women currently make up a total of 44.79% of the Commission's workforce. A total of 25% of the Commission's management level positions are held by women and 88.37% of the Commission's female staff are remunerated above the equivalent of NSW Public Sector Administrative & Clerical Officers Grade 5.</p>

INFORMATION AND COMMUNICATIONS TECHNOLOGY MANAGEMENT

The evolution of the Electronic Document and Records Management System (EDRMS) has continued with the addition of a management interface to oversee the retention and disposal of electronic and physical records in compliance with legislative record keeping obligations. The Case Management System also received several enhancements related to warrant management and internal reporting procedures.

Major projects have been suspended in preparation for the transition to the LECC.

DIGITAL INFORMATION SECURITY POLICY

The Commission is required to annually attest to the adequacy of its digital information and information systems security. The attestation statement can be found below.

Digital Information Security Annual Attestation Statement for the 2015-2016 Financial Year for the Police Integrity Commission

I, Michelle O'Brien, am of the opinion that the Police Integrity Commission had an Information Security Management System in place during the 2015-2016 financial year that is consistent with the Core Requirements set out in the *NSW Government Digital Information Security Policy*.

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

There is not agency under the control of the Police Integrity Commission which is required to develop an independent ISMS in accordance with the *NSW Government Digital Information Security Policy*.

The Police Integrity Commission has maintained compliance with *ISO 27001 Information technology – Security techniques – Information security managements – Requirements* following an independent gap analysis conducted by the Internal Audit Bureau NSW during the 2013-2014 financial year.



Michelle O'Brien
Assistant Commission

DELIVERY OF ELECTRONIC SERVICES

During 2015-16, the Commission's website attracted 33201 visitors, an average of 90 visitors per day.

MAJOR WORKS

The Commission did not undertake any major works during the reporting period.

AUDITS

The Audit Office of NSW was engaged to carry out an audit of the 2015–16 Financial Statements of both the Police Integrity Commission and the Police Integrity Commission Staff Agency. Copies of the Independent Audit Reports appear with the Financial Statements in Appendix 7.

The Commission and Staff Agency Financial Statements for 2015–16 were prepared and submitted to the Audit Office of NSW within the required timeframe.

INSURANCE

The Commissions insurance coverage is provided by the NSW Treasury Managed Fund, a self-insurance scheme administered by GIO (covering property, public liability and motor vehicle) and by Allianz (covering workers compensation).

The fund manager sets the premiums paid by the Commission in direct relation to the number of claims made by the agency during the previous year. The workers compensation premium for 2015-16 did not change from the previous year, the general insurance premium decreased by \$6,820 representing a reduction of approximately 15%.

RISK MANAGEMENT AND INTERNAL CONTROL

The Internal Audit Committee is responsible for the management of risk and for auditing internal controls. For further information please refer to the “Internal Audit Committee” section in Chapter 10, Governance and Accountability.

INTERNAL AUDIT AND RISK MANAGEMENT STATEMENT

The Commission is required to attest compliance with NSW Treasury policy tpp 15-03 *Internal Audit and Risk Management Policy for the NSW Public Sector*, and, with the independence and governance requirements of Treasury Circular TC 09/08. On 12 July, 2016, Assistant Commissioner, Michelle O'Brien, formally attested that the Commission is compliant with the core requirements of both documents. A copy of the attestation follows.

**Internal Audit and Risk Management Attestation for the 2015-2016 Financial
Year for the Police Integrity Commission**

I, Michelle O'Brien, Assistant Commissioner, Police Integrity Commission am of the opinion that the Police Integrity Commission has internal audit and risk management processes in place that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 15/03 *Internal Audit and Risk Management Policy*. These processes provide a level of assurance that enables the senior management of the Police Integrity Commission to understand, manage and satisfactorily control risk exposures.

I, Michelle O'Brien, Assistant Commissioner, Police Integrity Commission am of the opinion that the Audit and Risk Committee for the Police Integrity Commission is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 15/03. The Chair and Members of the Audit and Risk Committee are:

- Carolyn Walsh – appointed Chair December 2014
- Lyn Baker, appointed Independent Member December 2014
- Vacant Independent Member



Michelle O'Brien
Assistant Commissioner

Date: 12/07/2016

32565/3

ACCOUNTS PAYABLE POLICY

The Commission has set a benchmark for paying 95% of all accounts received within creditors' trading terms. This benchmark was achieved in all quarters. The majority of delays in paying invoices outside our creditors' payment terms are as a result of invoicing for goods not yet delivered, or for incorrect goods in which case the Commission withholds payment until it is satisfied that the goods and/or services have been received as contracted.

The Commission was not required to pay interest to creditors due to late payment of accounts during the 2015–16 financial year.

Table 20 Aged analysis at the end of each quarter 2015–2016

Qtr.	Current (ie within due date)	Less than 30 days overdue	Between 30 and 60 days overdue	Between 61 and 90 days overdue	More than 90 days overdue
	\$'000	\$'000	\$'000	\$'000	\$'000
All Suppliers					
Sept	1,112	1	0	0	0
Dec	923	15	0	0	0
March	862	7	0	0	0
June	1,066	5	0	0	0
Small business suppliers					
Sept	16	0	0	0	0
Dec	22	0	0	0	0
March	27	0	0	0	0
June	26	0	0	0	0

Table 21 Accounts due or paid within each quarter 2015–2016

Measure	Sept	Dec	Mar	Jun
All suppliers				
Number of accounts due for payment	320	314	351	379
Number of accounts paid on time	319	307	344	376
Actual percentage of accounts paid on time (based on number of accounts)	100%	98%	98%	99%
Dollar amount of accounts due for payment	\$1,113,289	\$938,029	\$868,622	\$1,071,202
Dollar amount of accounts paid on time	\$1,112,623	\$920,524	\$862,060	\$1,065,866
Actual percentage of accounts paid on time (based on \$)	100%	98.1%	99.3%	99.5%
Number of payments for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid on overdue accounts	Nil	Nil	Nil	Nil
Measure	Sept	Dec	Mar	Jun
Small business suppliers				
Number of accounts due for payment to small businesses	16	22	27	26
Number of accounts due to small businesses paid on time	16	22	27	26
Actual percentage of small business accounts paid on time (based on number of accounts)	100%	100%	100%	100%
Dollar amount of accounts due for payment to small businesses	\$19,150	\$27,311	\$24,041	\$15,978
Dollar amount of accounts due to small businesses paid on time	\$19,150	\$27,311	\$24,041	\$15,978
Actual percentage of small business accounts paid on time (based on \$)	100%	100%	100%	100%
Number of payments to small business for interest on overdue accounts	Nil	Nil	Nil	Nil
Interest paid to small business on overdue accounts	Nil	Nil	Nil	Nil

Table 21 does not include direct salary payments to staff, but includes some employee related payments such as payments to superannuation funds and tax obligations.

LAND DISPOSAL

The Commission does not hold any real property.

CONSULTANTS

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

DISCLOSURE OF CONTROLLED ENTITIES

Enactment of the *Government Sector Employment Legislation Act 2013* Part 3 of schedule 1 resulted in the establishment of the Police Integrity Commission Staff Agency.

The Police Integrity Commission Staff Agency is a special purpose entity; its only function is to provide staff to the Commission.

CREDIT CARD CERTIFICATION

For operational requirements to be met efficiently eligible staff are issued with corporate credit cards allowing minor purchases and emergency travel when needed.

The Commission monitors the use of all cards issued. Staff are required to adhere to the Commission's policy which meets NSW Treasury guidelines, Premier's Memoranda and Treasurer's Directions. Card holders must supply documented evidence of all expenditure approved by a delegated officer.

It is certified that credit card usage by Commission officers has been in accordance with the appropriate government policies, Premier's Memoranda and Treasurer's Directions, and meets best practice guidelines. There were no known instances of misuse of credit cards during the year.

ENERGY MANAGEMENT PLAN

The Commission is committed to sustainable energy management principles. The Commission regularly reviews energy and water consumption and purchasing practices to minimise the impact of its operations on the environment.

Consistent with NSW Government requirements and procurement policies, the Commission has an ongoing contract with its energy supplier to provide a minimum of 6% green power.

Air-conditioning is a major component of the Commissions total energy use. Installation of a building management system (BMS) has allowed for real time monitoring and the ability to zone air-conditioning in areas of limited use such as the hearing and conference rooms. The BMS has resulted in sustained savings of approximately 20% per year.

The Commission has introduced a number of initiatives to reduce overall energy consumption including:

- Placing a high emphasis on energy ratings for all office and ICT equipment purchases and ensuring all office equipment where practicable has energy saving modes enabled

- Installing energy efficient lighting and timers in the main work areas and sensor lighting in those less frequently used

WASTE MANAGEMENT

In accordance with the government's resource efficiency policy the Commission continues to implement measures which enable increased use of recycled material and better management of waste reduction.

Measures currently in place include:

- White paper contains at least 80% recycled content
- All corporate printed paper products are sourced using recycled content
- Recycle bins have been placed on all floors and staff are encouraged to recycle all recyclable products accordingly including paper, plastic, glass as well as toner cartridges and mobile phones and batteries
- Redundant office furniture and equipment together with computer equipment is donated or recycled by an endorsed recycling centre.

MAJOR ASSETS

As part of the Commissions rolling IT strategy plan a total of \$132,190 was spent during the reporting period to upgrade or replace hardware and software.

The Commission has a policy of purchasing operational vehicles allowing greater flexibility in the management of the fleet. Two operational vehicles were replaced at a cost of \$57,623.

Purchases of other specialist equipment for the period totaled \$56,872.

OVERSEAS VISITS

The following Commission staff undertook overseas travel on official business during 2015–16.

Table 22 Overseas visits

Officer	Destination	Purpose	Cost
A/Director Prevention and Information	Hong Kong	Present at the Anti-Corruption Compliance Asia Pacific Summit. The cost of airfares and accommodation was met by the organising committee and as such the cost to the Commission was minimal.	\$550

PRIVACY MANAGEMENT

The information protection principles of the *Privacy and Personal Information Protection Act* 1998 (the PPIP Act) apply in connection with the exercise of the administrative and educative functions of the Commission only. The investigative and complaint handling functions of the Commission are exempt from the operation of the PPIP Act information protection principles.

During 2015-16 the Commission did not receive any applications under the PPIP Act.

PUBLIC INTEREST DISCLOSURES

Premier's Memorandum 2013-12 requires public authorities to separately report in their annual reports on:

- Public interest disclosures made by public officials in performing their day to day functions
- Public interest disclosures not covered by (1) that are made under a statutory or other legal obligation
- All other public interest disclosures.

The number of public interest disclosures that the Commission has received in its capacity as a public authority for the reporting period is 30¹⁷.

¹⁷ Chapter 3, p14

APPENDIX 2: *POLICE INTEGRITY COMMISSION ACT 1996* STATUTORY REPORTING COMPLIANCE CHECKLIST

Relevant Section of the <i>Police Integrity Commission Act 1996</i>	Section of 2013–14 Annual Report	Page Number
Section 99 (2) (a) description of the types of matters that were referred to the Commission	Chapter 3 – Assessing information and complaints Appendix 3 – Types of allegations assessed	Page 15 Page 72
Section 99 (2) (b) a description of the types of matters investigated by the Commission	Chapter 4 – Investigating serious police misconduct	Page 18
Section 99 (2) (c) an evaluation of the response of the Commissioner of Police, relevant members of the Police Service Senior Executive Service and other relevant authorities to the findings and recommendations of the Commission	Chapter 6 – Tracking the Commission's recommendations	Page 41
Section 99 (2) (d) any recommendations for changes in the laws of the State, or for administrative action, that the Commission considers should be made as a result of the exercise of its functions	Chapter 6 – Tracking the Commission's recommendations	Page 41
Section 99 (2) (e) the general nature and extent of any information furnished under this Act by the Commission during the year to a law enforcement agency	Chapter 4 – Investigating serious police misconduct	Page 18
Section 99 (2) (f) the extent to which its investigations have resulted in prosecutions or disciplinary action in that year	Chapter 4 – Investigating serious police misconduct Appendix 5 – prosecutions in 2013-14 arising from Commission investigations	Page 18 Page 77
Section 99 (2) (g) the number of search warrants issued by authorised justices and the Commissioner respectively under this Act in that year	Appendix 4 – Statistical Data on exercise of Commission powers	Page 75
Section 99 (2) (h) a description of its activities during that year in relation to its education and advising functions	Chapter 5 – Preventing serious police misconduct	Page 35
Section 99 (2A) Any such information that relates to investigations or other matters involving Crime Commission officers must be kept separate from other matters in the report	Chapter 7 – The NSW Crime Commission	Page 47

APPENDIX 3: TYPES OF ALLEGATIONS ASSESSED

Table 23 Allegations assessed in 1/07/15 to 30/06/16 against NSWPF Sworn Officers¹⁸

Allegation Type / (Complaint Against) ¹⁹	Number Assessed
Improper association	261
Misuse authority for personal benefit or the benefit of an associate (may include obtaining sexual favours)	240
Unauthorised / improper disclosure of information	232
Failure to investigate	149
Protection of person(s) involved in drugs	182
Attempting to pervert the course of justice	46
Improper interference in an investigation by another police officer	7
Offence punishable upon conviction by a max sentence of 5 years or more	83
Drug dealing or supply	41
Lied during proceedings / in statement / on affidavit	44
Bribery	46
False accusation	27
Inappropriate prosecution / misuse of prosecution power	54
Fabrication of evidence (other than perjury or verballing)	42
Tampering with or destroying property and exhibits	9
Sexual assault	15
Make false statement (verballing)	25

¹⁸ Allegations assessed against unidentified NSWPF officer(s) are included in this list with sworn NSWPF officer(s).

¹⁹ There may be a number of allegations contained in a single complaint.

Child sexual abuse or paedophilia	22
Theft / misappropriation (more than \$5000)	11
Mislead the court	11
Withholding or suppression of evidence	12
Homicide	2
Perjury	11
Cultivation or manufacture of drugs	4
Corrupted a witness	9
Collusion between police witnesses	7
Prevented a witness from providing a statement or giving evidence	5
Forced confessions	2
Other allegation ²⁰	2144
TOTAL	3743

²⁰ Allegations referred to as “Other”, relate to all remaining allegations assessed by the PIC during the reporting year against sworn, and former sworn NSWPF officers but which do not fall into the specific allegation types listed within this table. These allegations are varied and may include, but are not limited to: customer service and performance/conduct issues; unreasonable use of force (including assault); fail to declare a conflict of interest; illicit drug use; falsely claiming travel or other allowance.

Table 24 Allegations assessed in 1/07/15 to 30/06/16 against NSWPF Unsworn Officers

Allegation Type / (Complaint Against) ²¹	Number Assessed
Misuse authority for personal benefit or the benefit of an associate (may include obtaining sexual favours)	11
Unauthorised / improper disclosure of information	11
Improper association	6
Offence punishable upon conviction by a max sentence of 5 years or more	3
Misuse email / internet	5
Attempting to pervert the course of justice	2
Failure to investigate	0
Dealing or supply drugs	3
Cultivation or manufacture of drugs	0
Theft / misappropriation (more than \$5000)	0
Other allegation ²²	210
TOTAL	251

²¹ There may be a number of allegations contained in a single complaint.

²² Allegations referred to as "Other", relate to all remaining allegations assessed by the PIC during the reporting year against unsworn NSWPF officers but which do not fall into the specific allegation types listed within this table.

No allegations were identified against former unsworn NSWPF officers during the reporting year.

APPENDIX 4: STATISTICAL DATA ON EXERCISE OF COMMISSION POWERS

The following table indicates the frequency with which the Commission exercised its various powers in 2015-16, compared with the two previous reporting years.

Table 25 Exercise of Commission's Powers

Functions	2015-16	2014-15	2013-14	2012-13
Under <i>Police Integrity Commission Act 1996</i>				
s 17 – Establishment of task forces within the state	NIL	NIL	NIL	NIL
s 25 – Requiring public authority or public official to produce a statement of information	5	4	4	8
s 26 – Requiring a person to attend before an officer of the Commission and produce a specified document or other thing	218	182	166	209
s 29 – Commission may authorise an officer of the Commission to enter and inspect premises etc	1	NIL	NIL	NIL
s 32 and s 33 – Hearing days:				
• public	NIL	5	8	23
• private	4	59	37	22
s 38 – Commissioner may summon a person to appear before the Commission and give evidence or produce documents or other things	3	57	39	8
s 45(1) – Authorised justice may issue search warrant	6	2	3	4
s 45(2) – Commissioner may issue a search warrant	NIL	NIL	NIL	NIL
s 50 – Number of warrants obtained under <i>Surveillance Devices Act 2007</i>	7	6	3	4
Under <i>Law Enforcement (Controlled Operations) Act 1997</i>				
Applications granted by Commission for authority to conduct controlled operations	2	5	2	1
Applications granted by Commissioner for variation of authority to conduct controlled operations	NIL	NIL	NIL	NIL

Functions	2015-16	2014-15	2013-14	2012-13
Under <i>Law Enforcement and National Security (Assumed Identities) Act 2010</i>				
Approval granted by Commissioner for acquisition and use of an assumed identity	1	5	2	2
Applications granted for variation of assumed identity	1	1	8	1
Applications granted for cancellations of assumed identity	1	3	42	5
Under <i>Telecommunications (Interception & Access) Act 1979</i>				
Warrants issued for the Interception of communications	60	48	35	66
Warrants issued for access to stored communications	15	7	4	4

APPENDIX 5: PROSECUTIONS IN 2015-16 ARISING FROM COMMISSION INVESTIGATIONS

Table 26 Prosecution arising from Commission investigations

Name	Operation	Charge(s)	Status/Result
Aaron ABELA	Operation Calyx	<p>1 x s 327(1) <i>Crimes Act 1900</i> - Perjury</p> <p>2 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at a hearing before the Commission</p>	<p>22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16.</p> <p>13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16.</p> <p>13/05/16: Judgment delivered dismissing application for permanent stay on any basis, including adverse media. The perjury charges are to be tried separately from s 107 charges.</p> <p>20/05/16: Judgment delivered upholding application for a Judge alone trial.</p> <p>24/05/16: Trial commenced at Downing Centre District Court.</p> <p>23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application and orders regarding perjury charges.</p> <p>24/06/16: The DPP advised the court that the perjury charges would not proceed to trial. Costs application made by accused.</p> <p>11/08/16: Costs application resumed. Adjourned for judgment (date TBA).</p>
Sheree Anne BISSETT	Operation Calyx	<p>1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at hearing before the Commission</p>	<p>22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16.</p> <p>13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16.</p> <p>13/05/16: Judgment delivered dismissing application for permanent stay on any basis, including adverse media. The perjury charges are to be tried separately from s 107 charges.</p> <p>20/05/16: Judgment delivered upholding application for a Judge alone trial.</p> <p>24/05/16: Trial commenced at Downing Centre District Court.</p>

			<p>23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application and orders regarding perjury charges.</p> <p>24/06/16: The DPP advised the court that the perjury charges would not proceed to trial. Costs application made by accused.</p> <p>11/08/16: Costs application resumed. Adjourned for judgment (date TBA).</p>
Robert Leslie CAREY	Operation Malabon	<p>1 x s 10 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - possession of prohibited drugs</p> <p>1 x s 11 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - possession of equipment for administration of prohibited drugs</p> <p>2 x s 25 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - supply of prohibited drugs (traffickable quantity)</p> <p>s 61 <i>Crimes Act 1900</i> (NSW) - common assault</p>	<p>CANs served on 20/01/16.</p> <p>20/04/16: Mention at Newcastle Local Court. Brief served on CAREY. Orders for service of additional material made for 11/05/16. Adjourned to 25/05/16.</p> <p>25/05/16: Mention at Newcastle Local Court. Hearing date set for 9/08/16.</p> <p>9/08/16: Summary trial at Newcastle Local Court. Pleas of guilty entered to possession of a prohibited drug and possession of equipment for administering prohibited drugs. Sequence 3 supply charge withdrawn by the ODPP. CAREY pleaded not guilty to the sequence 4 supply charge and common assault. Adjourned to 17/08/16.</p> <p>17/08/16: Mention at Newcastle Local Court. Adjourned to 12/10/16. Adjourned to 1/12/16</p>
Hue Tran DANG	Operation Binda	<p>1 x s 11.5 <i>Criminal Code</i> and s 234(1)(b) <i>Migration Act 1958</i> (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official related to visa</p>	<p>28/08/14: Application for arrest warrant made.</p> <p>4/09/14: Arrest warrant issued.</p>
Ronald FOGARTY	Operation Elba	<p>3 x s 107 <i>Police Integrity Commission Act 1996</i> – Give false or misleading evidence at a hearing before the Commission.</p>	<p>8-10/02/16: Trial at Downing Centre District Court. Defence made a no case to answer application which was rejected. Adjourned for judgment to 12/02/16.</p> <p>12/02/16: FOGARTY found not guilty of all three charges. Costs application made by FOGARTY's counsel and rejected.</p>
Nigel Douglas KENTISH	Operation Symi	<p>1 x s 59(1) <i>Crimes Act 1900</i> (NSW) - Assault occasioning actual bodily harm</p> <p>1 x s 61 <i>Crimes Act 1900</i> (NSW) - Common assault</p>	<p>CAN served on 15/12/15 for assault charge.</p> <p>CAN served on 24/02/16 for PIC Act charge.</p> <p>29/08/16: Hearing adjourned to date to be allocated due to KENTISH's medical circumstances.</p>

		<p>2 x s 317(b) <i>Crimes Act 1900</i> (NSW) - Fabricate false evidence</p> <p>4 x s 327(1) <i>Crimes Act 1900</i> (NSW) - Perjury</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> – Give false/misleading evidence at a hearing before the Commission</p>	
Bich Tuyen KHA	Operation Binda	<p>2 x s 11.5 <i>Criminal Code</i> and 234(1)(b) <i>Migration Act 1958</i> (Cth) – Conspiracy to cause to be presented false or misleading statement to immigration official related to visa</p> <p>1 x s.136.1(1) <i>Criminal Code</i> - Knowingly by act/omission make false/misleading statement</p>	<p>30/06/15: Guilty plea entered for all charges. Committed to District Court on 24/07/15.</p> <p>12/11/15: Adjourned to 18/12/15 for sentencing before Judge who sentenced co-accused for reasons of parity.</p> <p>18/12/15: Mention at Parramatta District Court. Adjournment to obtain remarks of Judge on sentencing of co-accused LIEU and for the defence to obtain a psychological assessment. Adjourned to 4/03/16.</p> <p>4/03/16: Sentencing hearing at Downing Centre District Court. Adjourned to 22/03/16.</p> <p>1/04/16: Sentence of 2 years full time custody imposed and KHA referred for Intensive Correction Order assessment. Adjourned to 27/05/16.</p> <p>27/05/16: KHA sentenced to an aggregate term of imprisonment of 2 years to commence on 27 May 2016 and expiring on 26 May 2018, to be served by Intensive Corrections Order.</p>
Anthony John KIRK	Operation Symi	<p>1 x– s 317(b) <i>Crimes Act 1900</i> (NSW) - Fabricating false evidence</p> <p>1 x s 327 <i>Crimes Act 1900</i> (NSW) - Perjury</p>	<p>CAN served on 9/12/15.</p> <p>29/08/16-1/09/16: Hearing at Armidale Local Court. KIRK found guilty on both counts and sentenced as follows:</p> <p>Count 1 - Suspended sentence for 12 months conditional upon entering into a bond to be of good behaviour for the same period</p> <p>Count 2 - Suspended sentence for 12 months conditional upon entering into a bond to be of good behaviour for the same period</p> <p>to be served concurrently.</p> <p>6/09/16: Conviction appeal lodged; listed for hearing on 4/11/16.</p>
Hoang Thi LIEU	Operation Binda	<p>1 x s 11.5 <i>Criminal Code</i> and 234(1)(b) <i>Migration Act 1958</i> (Cth) – Conspiracy to cause to</p>	<p>14/04/15: CDDP sought adjournment for the matters of PHAM, KHA, NGUYEN and LIEU</p>

		be presented false or misleading statement to immigration official related to visa.	<p>after receiving representations for KHA. The matters were adjourned to 26/05/15.</p> <p>26/05/15: The matter was adjourned to 2/06/15 for arraignment in Downing Centre District Court.</p> <p>12/06/15: Mention in Downing Centre District Court. Sentence date was fixed for 18/09/15.</p> <p>18/09/15: LIEU sentenced under s 20(1)(b) <i>Crimes Act 1914</i> (Cth) to 12 months imprisonment, suspended, with a surety of \$5000 to be of good behaviour for two years.</p>
Kien Seng (David) LOW	Operation Malabon	<p>1 x s 25 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - Supply of prohibited drugs</p> <p>1 x s 10 <i>Drug Misuse and Trafficking Act 1985</i> (NSW) - Possession of prohibited drugs</p>	<p>CAN served on 21/01/16.</p> <p>25/05/16: Mention at Newcastle Local Court. Hearing date set for 9/08/16.</p> <p>9/08/16: Summary trial at Newcastle Local Court. Application made under s 32 <i>Mental Health (Forensic Provisions) Act 1990</i> which was not opposed by the ODPP - psychiatric reports are to be furnished to the court in 3 and 5 months' time.</p>
Emily METCALFE	Operation Calyx	<p>1 x s 327(1) <i>Crimes Act 1900</i> - Perjury</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at a hearing before the Commission</p>	<p>22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16.</p> <p>13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16.</p> <p>13/05/16: Judgment delivered dismissing application for permanent stay on any basis, including adverse media. The perjury charges are to be tried separately from s 107 charges.</p> <p>20/05/16: Judgment delivered upholding application for a Judge alone trial.</p> <p>24/05/16: Trial commenced at Downing Centre District Court.</p> <p>23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application and orders regarding perjury charges.</p> <p>24/06/16: The DPP advised the court that the perjury charges would not proceed to trial. Costs application made by accused.</p> <p>11/08/16: Costs application resumed. Adjourned for judgment (date TBA).</p>
Van Thanh NGUYEN	Operation Binda	1 x s 11.5 <i>Criminal Code</i> and 234(1)(b) <i>Migration Act 1958</i> (Cth) – Conspiracy to cause to	10/07/15: Matter listed for trial at Downing Centre District Court on 22/02/16.

		be presented false or misleading statement to immigration official	29/02/16: NGUYEN found not guilty,
Ljubomir NOVAKOVIC	Operation Winjana	2 x s 107(1) <i>Police Integrity Commission Act 1996</i> – Give false/misleading evidence at a hearing before the Commission	<p>14/04/14: Hearing at Downing Centre Local Court.</p> <p>17/06/14: Convicted on both counts. Pre-sentence report ordered. Adjourned to 4/09/14.</p> <p>4/09/14: Adjournment sought by defence in order to obtain a psychiatric report from NOVAKOVIC's psychiatrist. Pre-sentence report provided to the parties. Adjourned to 9/10/14.</p> <p>19/12/14: NOVAKOVIC sentenced to 300 hours of community service to commence on 7/01/15.</p> <p>19/12/14: Appeal lodged.</p> <p>28/07/15: Appeal heard over two days at Downing Centre District Court.</p> <p>4/08/15: Appeal upheld and conviction set aside.</p>
Chau Long PHAM	Operation Binda	1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false or misleading evidence at hearing before the Commission	<p>16/07/15: Mention at Downing Centre Local Court. Adjourned to 12/8/15. Brief to be served by 6/08/15.</p> <p>12/08/15: Adjourned for negotiations to 24/09/15.</p> <p>24/09/15: Matter adjourned until 15/10/15 due to need to brief new counsel.</p> <p>15/10/15: Accused failed to appear - matter adjourned to 29/10/15 for plea and sentence date to be set.</p> <p>29/10/15: Mention at Downing Centre Local Court. Adjourned to 5/11/15.</p> <p>5/11/15: Mention at Downing Centre Local Court. Plea of guilty entered and pre-sentence report ordered. Adjourned to 17/12/15.</p> <p>17/12/15: Submissions on sentence heard; adjourned to 21/12/15 for sentence.</p> <p>21/12/15: Sentenced at Downing Centre Local Court to a fixed term of imprisonment of 5 months, commencing 21/12/15 (concluding 20/05/16). Severity appeal lodged and bail application heard.</p> <p>9/03/16: Mention at Downing Centre District Court. Appeal set down for 23/05/16.</p>

			<p>23/05/16: Severity appeal against sentence heard at Downing Centre District Court. Adjourned part heard for Intensive Correction Order assessment to be conducted. Adjourned to 18/07/16.</p> <p>18/07/16: PHAM sentenced to 5 months imprisonment to be served by way of an ICO.</p>
Hoan Thien PHAM	Operation Binda	<p>7 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false or misleading evidence at hearing before the Commission</p>	<p>16/07/15: Mention at Downing Centre Local Court. Adjourned to 12/08/15. Brief to be served by 6/08/15.</p> <p>12/08/15: Adjourned for negotiations to 24/09/15.</p> <p>24/09/15: Matter adjourned until 15/10/15 due to need to brief new counsel.</p> <p>15/10/15: Accused failed to appear - matter adjourned to 29/10/15 for plea and sentence date to be set.</p> <p>29/10/15: Mention at Downing Centre Local Court. Adjourned to 5/11/15.</p> <p>5/11/15: Mention at Downing Centre Local Court. Plea of guilty entered and pre-sentence report ordered. Adjourned to 17/12/15.</p> <p>17/12/15: Submissions on sentence heard; adjourned to 21/12/15 for sentence.</p> <p>21/12/15: Sentenced at Downing Centre Local Court as follows:</p> <p>Count 1 s 107 - 2 years imprisonment commencing 21/12/15 with a non-parole period of 18 months.</p> <p>Count 2-7 - 5 months imprisonment for each matter, to be served concurrently with Count 1.</p> <p>Severity appeal lodged and listed for 10/03/16.</p> <p>26/05/16: Appeal heard at Downing Centre District Court. Judgment reserved to 14/06/16.</p> <p>14/06/16: Conviction appeal dismissed; severity appeal upheld and PHAM resentenced to a minimum period of 12 months non-parole for Count 1 and an additional 4 months for Counts 2-7 to be served concurrently.</p>
Hoan Thien PHAM	Operation Binda	<p>Commonwealth DPP:</p> <p>2 x s 11.5 <i>Criminal Code</i> and 234(1)(b) <i>Migration Act 1958</i> (Cth) – Conspiracy to cause to be presented false or</p>	<p>26/05/15: PHAM pleaded guilty to 2 x s 234(1)(b) <i>Migration Act 1958</i> (s 11.5 <i>Criminal Code</i>) offences. No pleas were entered for remaining offences. Adjourned to 9/06/15.</p> <p>9/06/15: Adjourned for plea negotiations.</p>

		<p>misleading statement to immigration official</p> <p>1 x s 142.2(1) <i>Criminal Code</i> – Abuse of public office</p> <p>1 x s 400.9(1A) <i>Criminal Code</i> (Cth) – Transact suspected proceeds, money/property <\$100,000</p>	<p>7/07/15: PHAM entered pleas of not guilty for ss 142.2(1) and 400.9(1A) offences. Committed for trial and listed for 17/07/15 in District Court.</p> <p>17/07/15: Mention at Downing Centre District Court. Trial set down for 29/02/16. Sequences 1 & 2, to which PHAM has pleaded guilty, were adjourned for mention on 29/02/16 and will follow the trial.</p> <p>6/11/15: DPP made successful application to vacate existing trial date. A new date of 25/07/16 was set for sequences 3 & 4.</p> <p>25/07/16: Defence indicated to the court that the matter would proceed as a plea. The matter was listed for sentence on 2/08/16.</p> <p>02/08/16: PHAM entered a plea of guilty to the two conspiracy charges with sequences 3 and 4 to be taken into account on the schedule. A presentence report was ordered and the matter was listed for sentence on 17/02/17.</p>
Damian RALPH	Operation Anafi	1 x s 61 <i>Crimes Act 1900</i> - Common assault	<p>16/12/14: RALPH found guilty of common assault. No conviction recorded, sentenced to a s 10(1)(b) good behaviour bond for 2 years.</p> <p>17/12/14: Appeal listed in District Court for 5/03/15.</p> <p>21/08/15: Appeal allowed; RALPH acquitted of charge.</p>
Robert REID	Operation Ischia	3 x s 107(1) <i>Police Integrity Commission Act 1996</i> – Give false/misleading evidence at a hearing before the Commission	<p>24/07/14: Convicted on all three counts. Pre-sentence report ordered. Adjourned for sentence to 15/09/14.</p> <p>15/09/14: Sentenced on three charges as follows:</p> <ul style="list-style-type: none"> - 1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at hearing before the Commission – on count 1, 13 months imprisonment with 7 months non-parole period - 1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at hearing before the Commission – on count 2, 13 months imprisonment with 7 months non-parole period - 1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at hearing before the Commission – on count 3, 12 months imprisonment with 3 months non-parole period

			<p>All sentences to be served concurrently.</p> <p>An appeal against conviction and severity of sentence was lodged same date.</p> <p>26/10/15: Appeal heard in Downing Centre District Court before Judge Lakatos. Listed for sentence on 28/10/15</p> <p>28/10/15: Conviction and original sentence of 13 months on Count 1 confirmed and REID referred for Intensive Corrections Order assessment.</p> <p>4/12/15: REID resented as follows:</p> <ul style="list-style-type: none"> - 1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at hearing before the Commission – on count 1, 13 months imprisonment to be served by ICO - 2 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at hearing before the Commission – on counts 2 and 3, appeal allowed, sentence quashed and REID placed on a good behaviour bond for two years.
Krystal Maree WARMAN	Operation Astelia	<p>1 x Misconduct in Public Office (common law)</p> <p>1 x s 308C <i>Crimes Act 1900</i> (NSW) - causing an unauthorised computer function with the intent to commit a serious indictable offence</p> <p>1 x s 336(2) <i>Crimes Act 1900</i> (NSW) - make a false entry into a public register for improper purpose</p> <p>4 x s 107 <i>Police Integrity Commission Act 1996</i> (NSW) - giving false/ misleading evidence at a hearing before the Commission</p>	<p>CANs served on 18/03/16.</p> <p>19/05/16: Pleas of guilty entered for the following offences: 1x s 308C <i>Crimes Act 1900</i> (NSW), 1x s 336(2) <i>Crimes Act 1900</i> (NSW) and 3x s 107 <i>Police Integrity Commission Act 1996</i> (NSW). Offences of misconduct in public office and 1x s 107 <i>Police Integrity Commission Act 1996</i> (NSW) were withdrawn. Pre-sentence report was requested and adjourned for sentence to 28/07/15.</p> <p>28/07/16: Sentencing adjourned to 8/09/16 for further discussion and submissions regarding dropping the sequence 6 107 charge.</p> <p>8/09/16: Sentencing hearing at Downing Centre Local Court. New facts were agreed encompassing only sequences 2,3,4 and 7. Adjourned part-heard until 30/09/16.</p> <p>30/09/16: Adjourned to 4/11/16 for Intensive Correction Order assessment.</p>
Leah WILSON	Operation Calyx	<p>2 x s 327(1) <i>Crimes Act 1900</i> - Perjury</p> <p>1 x s 107 <i>Police Integrity Commission Act 1996</i> - Give false/misleading evidence at a hearing before the Commission</p>	<p>22/05/15: Arraignment in Downing Centre District Court. Trial date set for 26/04/16.</p> <p>13/04/16: Application for temporary stay of proceedings on grounds of pre-trial publicity and <i>Lee v The Queen</i> issues. Adjourned to 18/04/16.</p> <p>13/05/16: Judgment delivered dismissing application for permanent stay on any basis,</p>

			<p>including adverse media. The perjury charges are to be tried separately from s 107 charges; application for separate trial for WILSON refused.</p> <p>20/05/16: Judgment delivered upholding application for a Judge alone trial.</p> <p>24/05/16: Trial commenced at Downing Centre District Court.</p> <p>23/06/16: All accused found not guilty of the s 107 offences. Adjourned until 24/06/16 for costs application and orders regarding perjury charges.</p> <p>24/06/16: The DPP advised the court that the perjury charges would not proceed to trial. Costs application made by accused.</p> <p>11/08/16: Costs application resumed. Adjourned for judgment (date TBA).</p>
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Table 27 Prosecutions by other agencies (evidence supplied in whole or in part by the Commission)

Name	Operation	Charge(s)	Status/Result
Phillip ST JAMES	Operation Starwood	36 x s134.2 <i>Criminal Code</i> - Obtaining a financial advantage by deception	<p>Prosecution by Australian Taxation Office.</p> <p>Set down for hearing on 10/11/14.</p> <p>Matter set for trial at District Court on 29/02/16.</p> <p>2/03/16: CDDP advised that ST JAMES has pleaded guilty to charges brought by the ATO and the matter will proceed to sentence. Adjourned to 30/6/16.</p> <p>30/06/16: Adjourned to 27/10/16 for sentence.</p>

APPENDIX 6: ANNUAL REPORT UNDER THE GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

THE GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

Under the *Government Information (Public Access) Act 2009* ('the GIPA Act') there are four ways that the Commission may make information available to the public:

1. the mandatory release of "Open Access Information"
2. the proactive release of information for which there is no overriding public interest against disclosure
3. the informal release of information in response to an informal request where there is no overriding public interest against the disclosure of that information; and
4. the formal release of information in response to an access application where there is no overriding public interest against disclosure.

Schedule 2 of the GIPA Act provides that information which relates to the Commission's "*corruption prevention, complaint handling, investigative and reporting functions*" is "*excluded information*" of the Commission and cannot be made the subject of an access application.

It is also conclusively presumed by Schedule 1 of the GIPA Act that there is an overriding public interest against disclosing information the disclosure of which would be prohibited by the PIC Act. Section 56(2) of the PIC Act provides that a person who is or was an officer of the Commission must not, except in connection with the person's functions under the Act, make a record of or divulge any information acquired in the exercise of the person's functions under the Act. Section 56(4)(c) provides that such information may be divulged if the Commissioner or Inspector certifies that it is necessary to do so in the public interest.

Information which falls within the above two categories is not publicly disclosed by the Commission except under limited circumstances.

The impact on the Commission of fulfilling its requirements under the GIPA Act during 2015–16 has been negligible. No major issues have arisen during 2015–16 in connection with the Commission's compliance with GIPA requirements.

PROACTIVE RELEASE PROGRAM

Under s 7 of the GIPA Act, the Commission is authorised to proactively release any government information that it holds, so long as there is no overriding public interest against disclosure of that information. Under s 7(3) of the GIPA Act the Commission must review its program for the release of government information to identify the kinds of information that can be made publicly available under s 7. This review must be undertaken at least once every 12 months.

The Commission's proactive release program involves the identification for release of information for which:

1. there exists a public interest in being made publicly available (noting the general public interest in favour of the disclosure of government information established by s 12 of the GIPA Act); and
2. there is no overriding public interest against disclosure (by virtue of the operation of Schedules 1 and/or 2 of the GIPA Act or otherwise.)

The following are some of the ways in which, under its proactive release program, the Commission identifies information which could be proactively released:

1. the Right to Information officer consults with managers of business units of the Commission to ascertain whether those units hold information which could be proactively released;
2. the Right to Information officer monitors the creation of new documents within the Commission of a kind which may be proactively released;
3. the Right to Information officer liaises with staff employed in areas of the Commission which deal with information of a kind which may be proactively released are aware of the Commission's proactive release program; and
4. the Right to Information officer monitors both informal and formal requests for information received by the Commission under the GIPA Act to identify any trends in the types of information sought and considers whether the Commission holds information relevant to those trends which could be proactively released.

During the reporting period the Commission conducted one review of its proactive release program.

In conducting this review the Commission's Right to Information officer consulted managers of the Commission's various business units to identify any information held within those units which may be able to be proactively released by the Commission. In identifying such information regard was had to categories of information held by those business units which was commonly sought by members of the public as well information which the Commission may wish to publicise or increase public awareness of.

The Commission did not release any government information as a result of this review.

ACCESS APPLICATIONS RECEIVED BY THE COMMISSION IN THE REPORTING PERIOD

During the reporting period, the Commission received three formal access applications (including withdrawn applications but not including invalid applications).

Two formal access applications were refused wholly or in part because the information requested was information referred to in Schedule 1 of the GIPA Act.

There were two internal reviews and one review by the Information Commissioner. There were no reviews by the New South Wales Civil and Administrative Tribunal in respect of formal access applications under the GIPA Act in this reporting period.

OBTAINING ACCESS TO AND SEEKING AMENDMENT OF THE COMMISSION'S RECORDS

In the first instance the contact person for obtaining access to documents is as follows:

Right to Information Officer
Police Integrity Commission
GPO Box 3880
SYDNEY NSW 2001

Facsimile: (02) 9321 6799

Telephone inquiries may be made between 8.30am and 4:30pm on (02) 9321 6700.

Further information is also able to be obtained from our website www.pic.nsw.gov.au under the "Right to Information" link.

Table A: Number of applications by type of applicant and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	-	-	-	-	-	-	-	-
Members of Parliament	-	-	-	-	-	-	-	-
Private sector business	-	-	-	-	-	-	-	-
Not for profit organisations or community groups	-	-	-	-	-	-	-	-
Members of the public (application by legal representative)	-	-	1	-	-	-	-	-
Members of the public (other)	-	-	1	1	-	-	-	-

Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications	-	-	-	-	-	-	-	-
Access applications (other than personal information applications)	-	-	2	1	-	-	-	-
Access applications that are partly personal information applications and partly other	-	-	-	-	-	-	-	-

Table C: Invalid applications	
Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	-
Application is for excluded information of the agency (section 43 of the Act)	2
Application contravenes restraint order (section 110 of the Act)	-
Total number of invalid applications received	2
Invalid applications that subsequently became valid applications	-

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

	Number of times consideration used*
Overriding secrecy laws	-
Cabinet information	-
Executive Council information	-
Contempt	-
Legal professional privilege	-
Excluded information	2
Documents affecting law enforcement and public safety	-
Transport safety	-
Adoption	-
Care and protection of children	-
Ministerial code of conduct	-
Aboriginal and environmental heritage	-

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful
Responsible and effective government	-
Law enforcement and security	1
Individual rights, judicial processes and natural justice	-
Business interests of agencies and other persons	-
Environment, culture, economy and general matters	-
Secrecy provisions	-
Exempt documents under interstate Freedom of Information legislation	-

Table F: Timeliness	
	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	3
Decided after 35 days (by agreement with applicant)	-
Not decided within time (deemed refusal)	-
Total	3

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	-	2	2
Review by Information Commissioner	-	-	1*
Internal review following recommendation under section 93 of Act	-	-	-
Review by NCAT	-	-	-
Total	-	-	3

Table H: Applications for review under Part 5 of the Act (by type of applicant)	
	Number of applications for review
Applications by access applicants	2
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	-

*this application for review was made outside the statutory time limit of 40 days from the date of the decision and therefore not accepted by the Information and Privacy Commission.

Table I: Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

	Number of applications transferred
Agency-initiated transfers	-
Applicant-initiated transfers	-

APPENDIX 7: FINANCIAL STATEMENTS



INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Police Integrity Commission (the Commission), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows, and summary of compliance with financial directives for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Commission and the consolidated entity. The consolidated entity comprises the Commission and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Commission and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Commission and the consolidated entity in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

The Commissioner's Responsibility for the Financial Statements

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

In preparing the financial statements, the Commissioner must assess the ability of the Commission and the consolidated entity to continue as a going concern unless operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

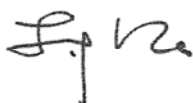
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Commission or the consolidated entity carried out their activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Weini Liao
Director, Financial Audit Services

16 September 2016
SYDNEY



Financial Statements 2015–16

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Police Integrity Commission

Statement by Commissioner

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I have formed the opinion that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2016 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*, the *Financial Reporting Code for NSW General Government Sector Entities*, and the *Treasurer's Directions*
- (b) the statements exhibit a true and fair view of the financial position and financial performance of the Commission, and
- (c) there are no circumstances that would render any particulars included in the consolidated financial statements to be misleading or inaccurate.



M M O'Brien
Assistant Commissioner
On behalf of the Commissioner

This page is not audited

Statements of comprehensive income for the year ended 30 June 2016

	Notes	Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
		Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
Expenses excluding losses						
Operating Expenses						
Employee related	2(a)	589	592	12,779	14,710	13,166
Other operating expenses	2(b)	3,166	3,661	3,166	4,204	3,662
Personnel services	2(c)	11,523	11,790	--	--	--
Depreciation and amortisation	2(d)	1,016	1,143	1,016	1,170	1,143
Total expenses excluding losses		16,294	17,186	16,961	20,084	17,971
Revenue						
Recurrent appropriation	3(a)	13,907	16,818	13,907	17,176	16,818
Capital appropriation	3(a)	228	552	228	1,200	552
Investment revenue	3(b)	--	55	--	--	55
Acceptance by the Crown Entity of employee benefits and other liabilities	3(c)	--	--	642	751	764
Other revenue	3(d)	1	2	26	--	22
Total revenue		14,136	17,427	14,803	19,127	18,211
Gain/(loss) on disposal	4	13	68	13	--	68
Net result	17	(2,145)	309	(2,145)	(957)	308
Other comprehensive income						
<i>Items that will not be reclassified to net result</i>						
Net increase/(decrease) in asset revaluation surplus		--	--	--	--	--
Total other comprehensive income		--	--	--	--	--
TOTAL COMPREHENSIVE INCOME		(2,145)	309	(2,145)	(957)	308

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of financial position as at 30 June 2016

		Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
	Notes	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	6	771	2,533	898	599	2,636
Receivables	7	358	481	358	414	481
Total Current Assets		1,129	3,014	1,256	1,013	3,117
Non-Current Assets						
Receivables	8	45	--	45	--	--
Plant and equipment	9	1,239	1,992	1,239	2,536	1,992
Intangible assets	10	45	67	45	196	67
Total Non-Current Assets		1,329	2,059	1,329	2,732	2,059
Total Assets		2,458	5,073	2,585	3,745	5,176
LIABILITIES						
Current Liabilities						
Payables	11	87	451	87	198	454
Provisions	12	1,208	1,139	1,292	1,195	1,200
Other	13	--	175	--	--	175
Total Current Liabilities		1,295	1,765	1,379	1,393	1,829
Non-Current Liabilities						
Provisions	12	482	495	525	480	534
Total Non-Current Liabilities		482	495	525	480	534
Total Liabilities		1,777	2,260	1,904	1,873	2,363
Net Assets		681	2,813	681	1,872	2,813
EQUITY						
Reserves		429	416	429	416	416
Accumulated funds		252	2,397	252	1,456	2,397
Total Equity		681	2,813	681	1,872	2,813

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of changes in equity for the year ended 30 June 2016

Notes	Parent Entity (Police Integrity Commission)			Economic Entity (Consolidated)		
	Accumulated Funds	Asset Revaluation Surplus	Total	Accumulated Funds	Asset Revaluation Surplus	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	2,397	416	2,813	2,397	416	2,813
Net result for the year	(2,145)	--	(2,145)	(2,145)	--	(2,145)
Other comprehensive income:						
Change in restoration liability	--	13	13	--	13	13
Total other comprehensive income	--	13	13	--	13	13
Total comprehensive income for the year	(2,145)	13	(2,132)	(2,145)	13	(2,132)
Balance at 30 June 2016	252	429	681	252	429	681
Balance at 1 July 2014	2,088	416	2,504	2,089	416	2,505
Net result for the year	309	--	309	308	--	308
Other comprehensive income:						
Change in restoration liability	--	--	--	--	--	--
Total other comprehensive income	--	--	--	--	--	--
Total comprehensive income for the year	309	--	309	308	--	308
Balance at 30 June 2015	2,397	416	2,813	2,397	416	2,813

The accompanying notes form part of these financial statements

Police Integrity Commission

Statements of cash flows for the year ended 30 June 2016

		Parent Entity (Police Integrity Commission)		Economic Entity (Consolidated)		
	Notes	Actual 2016 \$'000	Actual 2015 \$'000	Actual 2016 \$'000	Budget 2016 \$'000	Actual 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related		(589)	(592)	(12,394)	(14,281)	(12,732)
Other		(3,483)	(4,067)	(3,486)	(4,866)	(4,067)
Personnel services		(11,807)	(12,157)	--	--	--
Total Payments		(15,879)	(16,816)	(15,880)	(19,147)	(16,799)
Receipts						
Recurrent appropriation		13,732	16,840	13,732	17,176	16,840
Capital appropriation		228	552	228	1,200	552
Interest received		32	52	32	25	52
Other		372	550	397	583	570
Total Receipts		14,364	17,994	14,389	18,984	18,014
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	(1,515)	1,178	(1,491)	(163)	1,215
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of plant & equipment		(247)	(539)	(247)	(1,100)	(539)
Purchases of Intangible Assets		--	(13)	--	(100)	(13)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(247)	(552)	(247)	(1,200)	(552)
NET INCREASE / (DECREASE) IN CASH		(1,762)	626	(1,738)	(1,363)	663
Opening cash and cash equivalents		2,533	1,907	2,636	1,962	1,973
CLOSING CASH AND CASH EQUIVALENTS	6	771	2,533	898	599	2,636

The accompanying notes form part of these financial statements

Police Integrity Commission

Summary of Compliance with Financial Directives

	2016				2015			
	Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net claim on Consolidated Fund \$'000
ORIGINAL BUDGET APPROPRIATION/ EXPENDITURE • Appropriation Act	17,176	13,907	1,200	228	18,075	16,818	1,200	552
OTHER APPROPRIATIONS/ EXPENDITURE • Treasurer's Advance • Additional appropriations	17,176	13,907	1,200	228	18,075	16,818	1,200	552
	--	--	--	--	--	--	--	--
	--	--	--	--	--	--	--	--
Total Appropriations/ Expenditure/Net claim on Consolidated Fund	17,176	13,907	1,200	228	18,075	16,818	1,200	552
Amount drawn down against Appropriation		13,907		228		16,993		552
Liability to Consolidated Fund		--		--		175		--

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

The accompanying notes form part of these financial statements

Police Integrity Commission

**Summary of Compliance with Financial Directives
for the Year Ended 30 June 2016 (cont)****Recurrent Appropriation**

The Commission's recurrent appropriation of \$17.176 million was not fully drawn down due to the carrying of vacant positions and savings made on other operating expenses. The Commission drew down \$13.907 million of the approved recurrent appropriation.

Capital Appropriation

The Commission did not fully expend the approved capital appropriation of \$1.2 million. The Commission took the view that due to uncertainty around future requirements and needs of the proposed new oversight agency only essential non-current assets would be replaced during the reporting period and as such only \$228,000 of the approved capital appropriation was drawn down.

The accompanying notes form part of these financial statements

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

1. SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission (the Commission) is a statutory corporation established under the *Police Integrity Commission Act 1996*. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Commission, as a reporting entity, comprises all of the entities under its control, namely: Police Integrity Commission Staff Agency (the Agency).

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

These financial statements for the year ended 30 June 2016 have been authorised for issue by the Assistant Commissioner for the Police Integrity Commission on 16 September, 2016.

(b) *Basis of preparation*

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

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

Other than property, plant and equipment which is measured at fair value, the financial statements have been prepared in accordance with the historical cost convention.

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

All amounts are rounded to the nearest one thousand dollars (except if more appropriate to use whole dollars) and are expressed in Australian currency.

The Commission has only one program being Investigations, Research and Complaint Management and as such a service group statement is not included as figures would be the same as those disclosed in the statement of comprehensive income and financial position.

(c) *Statement of Compliance*

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

(d) *Insurance*

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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

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

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

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

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

(f) *Income recognition*

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

(i) *Parliamentary Appropriations and Contributions*

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

Unspent appropriations are recognised as liabilities rather than income, as the authority to spend the money lapses and the unspent amount must be repaid to the Consolidated Fund.

The liability if any 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.

(ii) *Sale of Goods*

Revenue from the sale of goods is recognised as revenue when the Commission transfers the significant risks and rewards of ownership of the assets.

(iii) *Rendering of Services*

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) *Investment Revenue*

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

(g) *Assets*

(i) *Acquisition of assets*

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

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

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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

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

(ii) *Capitalisation thresholds*

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

(iii) *Revaluation of plant and equipment*

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

The majority of Commission assets are non-specialised assets with short useful lives and are therefore measured at depreciated historical cost, as an approximation of fair value.

(iv) *Impairment of plant and equipment*

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

(v) *Assets not able to be reliably measured*

The Commission does not hold any assets that have not been recognised in the statement of financial position.

(vi) *Depreciation of plant and equipment*

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

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

Computer equipment	3 & 4 years
Intangible computer software	3 & 4 years
Plant and equipment	3, 4 & 7 years
Leasehold improvements	the initial period of the lease

(vii) *Restoration Costs*

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(viii) *Maintenance*

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

(ix) *Critical Accounting Estimates*

Make good provision – provision is made for the anticipated costs of future restoration of leased premises as required under the terms of agreement. The provision includes future cost estimates associated with dismantling and reinstatement of the leased premises to original condition. The

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

calculation is based on a square metre rate of \$150.00 (as per lease agreement) over the lease period discounted by 1.55% (Government bond rate 30/6/16) as required under AASB 137 *Provisions, Contingent Liabilities & Contingent Assets*.

(x) *Leased Assets*

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

The Commission's motor vehicle fleet and rental property are the only assets subject to an operating lease. Operating lease payments are recognised as an expense on a straight line basis over the lease term.

(xi) *Intangible Assets*

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

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

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

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

The Commission's intangible assets are amortised using the straight-line method over a period of 4 years.

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

(xii) *Loans and receivables*

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

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

(xiii) *De-recognition of financial assets and financial liabilities*

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the Commission transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where the Commission has not transferred substantially all the risks and rewards, if the entity has not retained control.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Where the Commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Commission's continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xiv) *Non-current assets (or disposal groups) held for sale*

The Commission has no non-current assets (or disposal groups) held for sale.

(xv) *Other Assets*

Other assets are recognised on a historic cost basis.

(h) *Liabilities*

(i) *Payables*

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

(ii) *Employee benefits and other provisions*

a. *Salaries and Wages, Annual Leave, Sick Leave and On-costs*

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 Employee Benefits. Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

b. *Long Service Leave and Superannuation*

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

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

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

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

c. Consequential on-costs

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.

(i) *Other Provisions*

Other provisions exist when the Commission has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an entity has a detailed formal plan and the entity has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

(j) *Equity and reserves*

(i) *Revaluation Surplus*

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Commission's policy on the revaluation of plant and equipment as discussed in note 1(g)(iii).

(ii) *Accumulated Funds*

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

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

(k) *Equity transfer*

The transfer of net assets between entities as a result of an administrative restructure and transfers of programs / functions and parts thereof between NSW public sector entities are designated or required by Australian Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

(l) *Budgeted Amounts*

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangements Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements are explained in Note 16.

(m) *Comparative information*

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

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

(i) *Issued but not yet effective*

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Commission is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2016.

- AASB 9, AASB 2014-7 -- Regarding financial instruments
- AASB 15, AASB 2014-5 & 2015-8 -- Regarding revenue from contracts with customers
- AASB 1057 AASB 2015-9 -- Regarding application of Australian Accounting Standards
- AASB 2014-4 -- Regarding acceptable methods of depreciation and amortisation
- AASB 2014-9 -- Regarding equity method in separate financial statements
- AASB 2015-1 -- Regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 -- Regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-7 -- Regarding amendments to Australian Accounting Standards – Fair value disclosure of Not-for-Profit Public Sector Entities

The following standards which have been issued but are not yet effective have the potential to impact on the financial statements and disclosure requirements of the Commission.

- AASB 16 -- Leases applies to financial reporting periods beginning on or after January 2019 requires a lessee to recognise on the balance sheet all leases (other than low value leases) covering a period of more than 12 months. The lessee is required to recognise the right of use asset representing its right to use the underlying leased asset and a leased liability representing its obligations to make lease payments. The Commission currently classifies all leases as operating leases and recognises lease payments as an expense on a straight line basis over the lease term.
- AASB 2015-6 -- applies to reporting periods beginning on or after 1 July 2016 and extends related party disclosures to Not-for-Profit Public Sector Entities. As a result, the Commission will be required to disclose related parties and related party transactions in its financial statements.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

2. EXPENSES EXCLUDING LOSSES

	Police Integrity Commission		Consolidated	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)*	502	506	10,389	10,673
Superannuation—defined benefit plans	--	--	73	77
Superannuation—defined contribution plans	4	2	961	914
Long service leave	--	--	565	683
Workers' compensation insurance	--	--	90	87
Payroll tax and fringe benefits tax	83	84	701	732
	589	592	12,779	13,166
* Salaries and wages shown under the Police Integrity Commission relate to the employment of the Commissioner.				
(b) Other operating expenses include the following:				
Administration charges	40	60	40	60
Books and periodicals	47	51	47	51
Auditor's remuneration—audit of the financial statements	42	41	42	41
Contractors	57	201	57	201
External legal counsel	7	232	7	232
Minor computer expenses	119	114	119	114
Maintenance *	458	486	458	486
Make good expense	1	15	1	15
Insurance	20	21	20	21
Rent and outgoing	1,631	1,678	1,631	1,678
Minor equipment	63	95	63	95
Motor vehicle costs (including leasing charges)	103	84	103	84
Advertising	--	35	--	35
Printing and stationery	18	29	18	29
Staff development	46	53	46	53
Travelling expenses	178	121	178	121
Telephones	65	59	65	59
Fees and searches	82	84	82	84
Other	189	202	189	203
	3,166	3,661	3,166	3,662
* Reconciliation - Total maintenance				
Maintenance expense - contracted labour and other (non-employee related), as above	458	486	458	486
Total maintenance expenses included in Note 2 (b)	458	486	458	486
(c) Personnel Services expenses				
Police Integrity Commission Staff Agency	11,523	11,790	--	--
(d) Depreciation and amortisation expense				
Depreciation				
Computer Equipment	418	454	418	454
Plant and Equipment	249	285	249	285
Amortisation				
Leasehold Improvements	316	322	316	322
Intangibles	33	82	33	82
	1,016	1,143	1,016	1,143

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

3. REVENUE

	Police Integrity Commission		Consolidated	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
(a) Appropriations				
Recurrent appropriations				
Total recurrent draw-downs from NSW Treasury (per Summary of Compliance)	13,907	16,993	13,907	16,993
Less: Liability to Consolidated Fund (per Summary of Compliance)	--	(175)	--	(175)
	13,907	16,818	13,907	16,818
Comprising:				
Recurrent appropriations (per Statement of Comprehensive Income)	13,907	16,818	13,907	16,818
	13,907	16,818	13,907	16,818
Capital appropriations				
Total capital draw-downs from NSW Treasury (per Summary of Compliance)	228	552	228	552
	228	552	228	552
Comprising:				
Capital appropriations (per Statement of Comprehensive Income)	228	552	228	552
	228	552	228	552
(b) Investment revenue				
Interest	--	55	--	55
	--	55	--	55
(c) Acceptance by the Crown Entity of employee benefits and other liabilities				
The following liabilities and/or expenses have been assumed by the Crown Entity:				
Superannuation – defined benefit	--	--	73	77
Long service leave	--	--	565	683
Payroll tax	--	--	4	4
	--	--	642	764
(d) Other Revenue				
Sale of minor equipment	1	2	1	2
TMF hindsight adjustment refund	--	--	25	20
	1	2	26	22

4. GAIN/(LOSS) ON DISPOSAL

Proceeds from disposal	19	70	19	70
Written down value of assets disposed	(6)	(2)	(6)	(2)
Gain / (loss) on disposal	13	68	13	68

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

5. SERVICE GROUP OF THE COMMISSION

Service Group 1: *Investigations, research and complaint management*

Objective: To prevent, detect and investigate serious and other misconduct by NSW Police Force and NSW Crime Commission officers.

6. CURRENT ASSETS—CASH AND CASH EQUIVALENTS

	Police Integrity Commission		Consolidated	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash at bank	759	2,521	886	2,624
Cash on hand	12	12	12	12
	<u>771</u>	<u>2,533</u>	<u>898</u>	<u>2,636</u>
For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash on hand and cash at bank.				
Cash and cash equivalent assets recognised in the Statement of Financial Position are reconciled at the end of the financial year to the Statement of Cash Flows as follows:				
Cash and cash equivalents (per Statement of Financial Position)	<u>771</u>	<u>2,533</u>	<u>898</u>	<u>2,636</u>
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	<u>771</u>	<u>2,533</u>	<u>898</u>	<u>2,636</u>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

7. CURRENT ASSETS—RECEIVABLES

Prepayments	323	400	323	400
Other debtors	35	81	35	81
	<u>358</u>	<u>481</u>	<u>358</u>	<u>481</u>

No allowance for impairment has been raised as all amounts are considered to be collectable.

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

8. NON-CURRENT ASSETS—RECEIVABLES

Prepayments	45	--	45	--
	<u>45</u>	<u>--</u>	<u>45</u>	<u>--</u>

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

9. NON-CURRENT ASSETS—PLANT AND EQUIPMENT

Police Integrity Commission and consolidated figures are shown together as the Police Integrity Commission Staff Agency does not hold assets.

	Leasehold improvements \$'000	Plant & Equipment \$'000s	Computer Equipment \$'000	Total \$'000
At 1 July 2015 - fair value				
Gross carrying amount	2,241	3,238	3,474	8,953
Accumulated depreciation and impairment	(1,902)	(2,510)	(2,549)	(6,961)
Net Carrying Amount	<u>339</u>	<u>728</u>	<u>925</u>	<u>1,992</u>
At 30 June 2016— fair value				
Gross carrying amount	2,241	3,269	3,140	8,650
Accumulated depreciation and impairment	(2,218)	(2,667)	(2,526)	(7,411)
Net Carrying Amount	<u>23</u>	<u>602</u>	<u>614</u>	<u>1,239</u>

Reconciliation

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

	Leasehold Improvements \$'000	Plant & Equipment \$'000s	Computer Equipment \$'000	Total \$'000
Year ended 30 June 2016				
Net carrying amount at start of year	339	728	925	1,992
- Additions	--	129	107	236
- Disposals	--	(6)	--	(6)
- Depreciation Expense	(316)	(249)	(418)	(983)
Net carrying amount at end of year	<u>23</u>	<u>602</u>	<u>614</u>	<u>1,239</u>

	Leasehold Improvements \$'000	Plant & Equipment \$'000s	Computer Equipment \$'000	Total \$'000
At 1 July 2014 - fair value				
Gross carrying amount	2,237	3,484	3,174	8,895
Accumulated depreciation and impairment	(1,695)	(2,510)	(2,174)	(6,379)
Net Carrying Amount	<u>542</u>	<u>974</u>	<u>1,000</u>	<u>2,516</u>
At 30 June 2015 – fair value				
Gross carrying amount	2,241	3,238	3,474	8,953
Accumulated depreciation and impairment	(1,902)	(2,510)	(2,549)	(6,961)
Net Carrying Amount	<u>339</u>	<u>728</u>	<u>925</u>	<u>1,992</u>

Reconciliation

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

	Leasehold Improvements \$'000	Plant & Equipment \$'000s	Computer Equipment \$'000	Total \$'000
Year ended 30 June 2015				
Net carrying amount at start of year	542	974	1,000	2,516
- Additions	44	116	379	539
- Transfers	75	(75)	--	--
- Disposals	--	(2)	--	(2)
- Depreciation Expense	(322)	(285)	(454)	(1,061)
Net carrying amount at end of year	<u>339</u>	<u>728</u>	<u>925</u>	<u>1,992</u>

There has been no revaluation of physical non-current assets during the reporting period. The Commission considers that the written down value of assets approximates the fair value of these assets.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

All of the Commissions non-current assets are considered to be non-specialised assets with short useful lives measured using the depreciated historical cost as an approximation of fair value and as such do not require fair value hierarchy disclosures under AASB 13. The exception to this is the asset held for make good which was revalued in 2013 on lease renewal, the current written down value of this asset is deemed appropriate as the asset has a short useful life which is in line with the expected close of the PIC.

10. NON-CURRENT INTANGIBLE ASSETS – SOFTWARE

Police Integrity Commission and consolidated figures are shown together as the Police Integrity Commission Staff Agency does not hold assets.

	Consolidated \$'000
At 1 July 2015	
Cost (gross carrying amount)	3,367
Accumulated amortisation and impairment	(3,300)
Net Carrying Amount	<u>67</u>
At 30 June 2016	
Cost (gross carrying amount)	3,361
Accumulated amortisation and impairment	(3,316)
Net Carrying Amount	<u>45</u>
Year ended 30 June 2016	
Net carrying amount at start of year	67
Additions	11
Disposal	--
Amortisation (recognised in "depreciation and amortisation")	(33)
Net carrying amount at end of year	<u>45</u>
At 1 July 2014	
Cost (gross carrying amount)	3,354
Accumulated amortisation and impairment	(3,218)
Net Carrying Amount	<u>136</u>
At 30 June 2015	
Cost (gross carrying amount)	3,367
Accumulated amortisation and impairment	(3,300)
Net Carrying Amount	<u>67</u>
Year ended 30 June 2015	
Net carrying amount at start of year	136
Additions	13
Disposal	--
Amortisation (recognised in "depreciation and amortisation")	(82)
Net carrying amount at end of year	<u>67</u>

Computer software that is not an integral part of the related hardware is classified as an intangible asset to conform with AASB 138 *Intangible Assets*.

Intangible assets include a gross value of \$2.8m Police Oversight Data Store (PODS) Project of the Police Complaints Case Management System (PCCM) funded by way of grant from the then NSW Premier's Department.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

11. CURRENT LIABILITIES—PAYABLES

	Police Integrity Commission		Consolidated	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Accrued salaries, wages and on-costs	--	--	--	353
Personnel services payable	--	353	--	--
Creditors	87	98	87	101
	<u>87</u>	<u>451</u>	<u>87</u>	<u>454</u>

Refer Note 18 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

12. CURRENT / NON-CURRENT LIABILITIES—PROVISIONS

Employee benefits and related on-costs

Annual leave including on-costs	56	59	754	716
Long service leave on-costs	--	--	543	487
Payroll tax and FBT provision	--	3	38	36
	<u>56</u>	<u>62</u>	<u>1,335</u>	<u>1,239</u>

Other provisions

Provision for personnel services	1,152	1,077	--	--
Restoration costs	482	495	482	495
Total Provisions	<u>1,690</u>	<u>1,634</u>	<u>1,817</u>	<u>1,734</u>

Aggregate employee benefits and related on-costs

Provisions – current	--	--	1,292	1,200
Provisions – non-current	--	--	43	39
Provisions – personnel services	1,152	1,077	--	--
Accrued salaries, wages and on-costs (Note 11)	--	--	--	353
Personnel services payable	--	353	--	--
	<u>1,152</u>	<u>1,430</u>	<u>1,335</u>	<u>1,592</u>

Restoration costs - the Commission is required to reinstate the leased premises to the condition they were in as at the date the premises was first leased.

Movements in provisions (other than employee benefits)

	2016 \$'000	2015 \$'000
Restoration costs		
Carrying amount at beginning of financial year	495	480
Decrease in provisions recognised	(14)	--
Unwinding / change in the discount rate	1	15
Carrying amount at end of financial year	<u>482</u>	<u>495</u>

13. CURRENT LIABILITIES – OTHER

	Police Integrity Commission		Consolidated	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Liability to the Consolidated Fund	--	175	--	175
	<u>--</u>	<u>175</u>	<u>--</u>	<u>175</u>

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

14. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of computer software and hardware, office equipment and leasehold improvements, contracted for at balance date and not provided for:

Not later than one year	17	24	17	24
Total (including GST)	<u>17</u>	<u>24</u>	<u>17</u>	<u>24</u>

(b) Operating Lease Commitments

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

Not later than one year	1,550	1,560	1,550	1,560
Later than one year and not later than five years	3,124	77	3,124	77
Later than five years	--	--	--	--
Total (including GST)	<u>4,674</u>	<u>1,637</u>	<u>4,674</u>	<u>1,637</u>

These operating lease commitments relate to the Commission's rental of property and motor vehicle fleet, and are not recognised in the financial statements as liabilities. The total commitments for 2016 include input tax credits of \$426,487 (2015 \$151,088) that are expected to be recoverable from the Australian Taxation Office.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Commission is not aware of any contingent liabilities or assets that will materially affect its financial position (2015: contingent liabilities Nil, contingent asset Nil).

16. BUDGET REVIEW

Net result

The actual net result was lower than budget by \$1.19m, primarily due to:

Employee related expenses have been effected by the uncertainty surrounding the future of the PIC this has resulted in a lower level of recruitment to fill vacant positions or back fill positions in which staff are currently on leave without pay or working reduced hours in positions which have been fully budgeted for. Other operating expenses have seen a decrease across a number of line items but most notably in witness expenses, legal fees and consulting.

Recurrent appropriation revenue is below budget due to the Commission not requiring the full approved appropriation together with changes to the Treasury cash management policy effectively reducing the level of surplus cash agencies are allowed to hold. Capital funding is below budget as the Commission did not require the level of funding approved. During the year the Commission sold some minor equipment resulting in a gain not previously budgeted for.

Assets and liabilities

Cash assets held at year end are slightly above budget due to reduced expenses resulting in less cash used. Non-current assets are lower than budget due to the disposal of redundant plant and equipment and the Commission not expending its full capital allocation on replacement assets. Liabilities are close to budget with a slight increase in provisions due to present value calculations.

Cash flows

Both payments and receipts are lower than budget reflecting lower expenses and funding levels required to meet expenses.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

17. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

	Police Integrity Commission		Consolidated	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Net cash used on operating activities	(1,515)	1,178	(1,491)	1,215
Depreciation and amortisation	(1,016)	(1,143)	(1,016)	(1,143)
Decrease/(increase) in provisions	(56)	152	(83)	115
Increase/(decrease) in prepayments and other assets	(78)	(61)	(78)	(62)
Decrease/(increase) in creditors	539	185	542	185
Change in asset revaluation reserve not in P&L	(13)	--	(13)	--
Written down value of assets disposed	(6)	(2)	(6)	(2)
Net result	(2,145)	309	(2,145)	308

18. FINANCIAL INSTRUMENTS

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

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

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

Financial instrument categories

Parent

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2016	2015
			\$'000	\$'000
Cash and cash equivalents	6	N/A	771	2,533
Receivables ¹	7	Loans and receivables (at amortised cost)	--	32

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	10	Financial liabilities measured at amortised cost	87	451

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Consolidated

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2016	2015
			\$'000	\$'000
Cash and cash equivalents	6	N/A	898	2,636
Receivables ¹	7	Loans and receivables (at amortised cost)	--	32
Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:				
Payables ²	10	Financial liabilities measured at amortised cost	87	433

Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(ii) Credit Risk

Credit risk arises when there is a possibility of the Commission's debtors defaulting on their contractual obligations, resulting in a financial loss to the Commission. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Commission, including cash and receivables. No collateral is held by the Commission. The Commission has not granted any financial guarantees.

Credit risk associated with the Commission's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Cash

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

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016 nil; 2015 \$31,884) and less than 3 months past due (2016 nil, 2015 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

(iii) Liquidity risk

Liquidity risk is the risk that the Commission will be unable to meet its payment obligations when they fall due. The Commission continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Commission does not have a bank overdraft facility.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Commission's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Commissioner (or person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest was applied during the year.

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

Maturity analysis and interest rate exposure of financial liabilities

		\$'000						
		Interest Rate Exposure			Maturity Dates			
	Weighted average effective int. rate	Nominal amount	Fixed interest rate	Variable interest rate	Non-interest bearing	< 1 year	1 to 5 years	>5 years
Parent								
2016								
Personnel services payable		--	--	--	--	--	--	--
Creditors		87	--	--	87	87	--	--
		87	--	--	87	87	--	--
2015								
Personnel services payable		353	--	--	353	353	--	--
Creditors		98	--	--	98	98	--	--
		451	--	--	451	451	--	--
Consolidated								
2016								
Accrued salaries, wages and on-costs		--	--	--	--	--	--	--
Creditors		87	--	--	87	87	--	--
		87	--	--	87	87	--	--
2015								
Accrued salaries, wages and on-costs		353	--	--	353	353	--	--
Creditors		101	--	--	101	101	--	--
		454	--	--	454	454	--	--

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities, therefore the amounts disclosed above may not reconcile to the statement of financial position.

(iv) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Commission operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

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

	Carrying Amount \$'000	Interest rate risk			
		-1%	-1%	+1%	+1%
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Parent					
2016					
Financial assets					
Cash and cash equivalents	771	(8)	(8)	8	8
2015					
Financial assets					
Cash and cash equivalents	2,533	(25)	(25)	25	25
Consolidated					
2016					
Financial assets					
Cash and cash equivalents	898	(9)	(9)	9	9
2015					
Financial assets					
Cash and cash equivalents	2,636	(26)	(26)	26	26

Police Integrity Commission

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

(v) Fair value measurement

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

19. EVENTS AFTER THE REPORTING PERIOD

In September 2016 the NSW Government introduced a Bill to establish the Law Enforcement Conduct Commission (LECC), which will replace the Police Integrity Commission (PIC) as the agency responsible for oversight of the NSW Police Force and NSW Crime Commission. It is expected that the LECC will commence operations in early 2017 at which time the PIC will cease. The LECC will operate out of the premises currently occupied by PIC and it is intended that relevant PIC assets and liabilities will be transferred to the LECC once established.

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

End of audited financial statement



INDEPENDENT AUDITOR'S REPORT

Police Integrity Commission Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Police Integrity Commission Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 45E of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Agency in accordance with the auditor independence requirements of:

- Australian Auditing Standards
- ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (the Code).

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services.

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

The Commissioner's Responsibility for the Financial Statements

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

In preparing the financial statements, the Commissioner must assess the Agency's ability to continue as a going concern unless the Agency's operations will cease as a result of an administrative restructure. The assessment must include, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting'.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

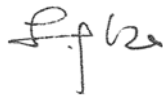
- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A further description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Agency carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented.



Weini Liao
Director, Financial Audit Services

16 September 2016
SYDNEY

Police Integrity Commission Staff Agency

Financial Statements 2015–16

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Police Integrity Commission Staff Agency

Statement by Commissioner

Pursuant to Section 45F of the *Public Finance and Audit Act 1983*, I have formed the opinion that:

- (a) the accompanying financial statements in respect of the year ended 30 June 2016 have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*, and the *Treasurer's Directions*
- (b) the statements exhibit a true and fair view of the financial position and financial performance of the Agency, and
- (c) there are no circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



M M O'Brien
Assistant Commissioner
On behalf of the Commissioner

Police Integrity Commission Staff Agency

Statement of comprehensive income for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Expenses excluding losses			
Operating Expenses			
Employee related	2	12,190	12,574
Total expenses excluding losses		12,190	12,574
 Funded by			
Personnel services		11,523	11,790
Acceptance by the Crown Entity of employee benefits and other liabilities	3	642	764
Other revenue	3	25	20
Total Revenue		12,190	12,574
 Net Result	10	--	--
 Other comprehensive income for the year		--	--
 TOTAL COMPREHENSIVE INCOME		--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of financial position as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	127	103
Receivables	5	1,152	1,430
Total Current Assets		<u>1,279</u>	<u>1,533</u>
Total Assets		<u>1,279</u>	<u>1,533</u>
LIABILITIES			
Current Liabilities			
Payables	6	--	356
Provisions	7	1,236	1,138
Total Current Liabilities		<u>1,236</u>	<u>1,494</u>
Non-Current Liabilities			
Provisions	7	43	39
Total Non-Current Liabilities		<u>43</u>	<u>39</u>
Total Liabilities		<u>1,279</u>	<u>1,533</u>
Net Assets		<u>--</u>	<u>--</u>
EQUITY			
Accumulated funds		--	--
Total equity		<u>--</u>	<u>--</u>

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of changes in equity for the year ended 30 June 2016

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2015	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2016	--	--
Balance at 1 July 2014	--	--
Net result for the year	--	--
Other comprehensive income	--	--
Total comprehensive income for the year	--	--
Balance at 30 June 2015	--	--

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Statement of cash flows for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee related		(11,802)	(12,135)
Total Payments		(11,802)	(12,135)
Receipts			
Personnel services		11,826	12,172
Total Receipts		11,826	12,172
NET CASH FLOWS FROM OPERATING ACTIVITIES		24	37
NET INCREASE / (DECREASE) IN CASH	10	24	37
Opening cash and cash equivalents	4	103	66
CLOSING CASH AND CASH EQUIVALENTS	4	127	103

The accompanying notes form part of these financial statements

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The Police Integrity Commission Staff Agency (the Agency) is an Agency of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Government Sector Employment Act 2013*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at 111 Elizabeth Street Sydney NSW 2000.

The Agency is a controlled entity of the Police Integrity Commission as such these statements form part of the consolidated accounts of the Police Integrity Commission.

Police Integrity Commission Staff Agency's objective is to provide personnel services to the Police Integrity Commission.

The financial statements for the year ended 30 June 2016 have been authorised for issue by the Assistant Commissioner for the Police Integrity Commission Staff Agency on 16 September, 2016.

(b) *Basis of preparation*

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions issued by the Treasurer.

Financial items are prepared in accordance with the historical cost convention.

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

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

(c) *Statement of Compliance*

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

(d) *Income recognition*

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

(i) *Rendering of services*

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

(e) *Assets*

(i) *Loans and receivables*

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

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

(f) *Liabilities*

(i) *Payables*

Payables include accrued wages, salaries, and related on costs (such as payroll tax, tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) *Employee benefits and other provisions*

a. *Salaries and Wages, Annual Leave, Sick Leave and On-costs*

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. Actuarial advice obtained by Treasury has confirmed that the use of a nominal approach plus the annual leave on annual leave liability (using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Agency has assessed the actuarial advice based on the Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave.

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

b. *Long Service Leave and Superannuation*

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

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSW TC 15/09) to employees with five or more years of service, using current rates of

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

pay. These factors were determined based on an actuarial review to approximate present value.

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

c. *Consequential on-costs*

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.

(g) *Other Provisions*

Other provisions exist when the Agency has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Any provisions for restructuring are recognised only when an agency has a detailed formal plan and the agency has raised a valid expectation in those affected by the restructuring that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected.

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

(i) *Issued but not yet effective*

NSW public sector entities are not permitted to early adopt new Accounting Standards, unless Treasury determines otherwise. The Agency is of the opinion that the following new Australian Accounting Standards issued but not effective would not have significant impact on its financial statements. The standards apply to annual reporting periods beginning on or after 1 July 2016.

- AASB 9, AASB 2014-7 -- Regarding financial instruments
- AASB 15, AASB 2014-5 & 2015-8 -- Regarding revenue from contracts with customers
- AASB 1057 AASB 2015-9 -- Regarding application of Australian Accounting Standards
- AASB 2014-4 -- Regarding acceptable methods of depreciation and amortisation
- AASB 2014-9 -- Regarding equity method in separate financial statements
- AASB 2015-1 -- Regarding annual improvements to Australian Accounting Standards 2012-2014 cycle
- AASB 2015-2 -- Regarding amendments to AASB 101 disclosure initiatives
- AASB 2015-7 -- Regarding amendments to Australian Accounting Standards – Fair value disclosure of Not-for-Profit Public Sector Entities

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

2. EXPENSES EXCLUDING LOSSES

	2016 \$'000	2015 \$'000
Employee related expenses		
Salaries and wages (including recreation leave)	9,887	9,665
Redundancies	--	513
Superannuation—defined benefit plans	73	77
Superannuation—defined contribution plans	957	912
Long Service Leave	565	683
Workers' compensation insurance	90	87
Payroll tax	618	637
	12,190	12,574

For the 2015/16 financial year the audit fee for auditing the Agency is included in the PIC audit fee.

3. REVENUE

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:

Superannuation—defined benefit plans	73	77
Long Service Leave	565	683
Payroll tax on superannuation	4	4
	642	764

The movement in long service leave includes leave taken and paid out on termination together with the yearend adjustment to the accrual reflecting the movement in the bond rate and present value calculation.

Other revenue – insurance hindsight adjustment refund	25	20
	25	20

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

Cash at bank	127	103
	127	103

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. CURRENT ASSETS – RECEIVABLES

Personnel services	1,152	1,430
	1,152	1,430

Refer Note 11 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

6. CURRENT LIABILITIES –PAYABLES

	2016 \$'000	2015 \$'000
Employee benefits and related on-costs		
Accrued salaries and wages	--	353
Redundancies	--	--
Other – Paid parental leave	--	3
	<u>--</u>	<u>356</u>

7. CURRENT/NON-CURRENT LIABILITIES –PROVISIONS

Employee benefits and related on-costs		
Annual leave including on-costs	701	657
Long service leave on-cost	543	487
Payroll tax	35	33
	<u>1,279</u>	<u>1,177</u>
Aggregate employee benefits and related on-costs		
Expected to be settled within 12 months	1,236	1,138
Expected to be settled after 12 months	43	39
	<u>1,279</u>	<u>1,177</u>

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at the reporting date, the Agency is not aware of any contingent liabilities and contingent assets that will materially affect its financial position (2015: nil).

9. COMMITMENTS FOR EXPENDITURE

As at the reporting date, the Agency does not have any commitments (2015: nil).

10. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET RESULT

Net cash used in operating activities	24	37
Decrease/(increase) in provisions	(104)	125
Increase/(decrease) in prepayments and other assets	(276)	(362)
Decrease/(increase) in creditors	356	200
Net result	<u>--</u>	<u>--</u>

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

11. FINANCIAL INSTRUMENTS

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

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

The Commissioner has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Agency, to set risk limits and controls and to monitor risk. Compliance with policies is reviewed by the Commission's Audit and Risk Committee.

(i) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
Class:			2016	2015
			\$'000	\$'000
Cash and cash equivalents	4	N/A	127	103
Receivables	5	Loans and receivables (at amortised cost)	1,152	1,430

Financial Liabilities	Note	Category	Carrying Amount	Carrying Amount
Class:			2016	2015
			\$'000	\$'000
Payables ²	6	Financial liabilities Measured at amortised cost	--	332

Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7)

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB7)

(ii) Credit Risk

Credit risk arises when there is a possibility of the Agency's debtors defaulting on their contractual obligations, resulting in a financial loss to the Agency. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Agency, including cash and receivables. No collateral is held by the Agency. The Agency has not granted any financial guarantees.

Credit risk associated with the Agency's financial assets, other than receivables is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Cash

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

Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. No interest is earned on trade debtors. Sales are made on 14 day terms.

The Agency is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2016 nil, 2015 nil) and less than 3 months past due (2016 nil, 2015 nil) are not considered impaired and together these represent 100% of total trade debtors. No provision for doubtful debts has been made as all amounts are considered to be collectable.

(iii) Liquidity risk

Liquidity risk is the risk that the Agency will be unable to meet its payment obligations when they fall due. The Agency continuously manages risk through monitoring future cash flows and planning to ensure adequate holdings of liquid assets. The Agency does not have a bank overdraft facility.

During the current and prior years, there were no defaults of loans payable. No assets have been pledged as collateral. The Agency's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (that are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Commissioner (or a person appointed by the Commissioner) may automatically pay the supplier simple interest. No interest was applied during the year.

The table below summaries the maturity profile of the Agency's financial liabilities, together with the interest rate exposure.

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

Maturity analysis and interest rate exposure of financial liabilities

	Weighted average effective int. rate	Nominal amount	\$'000 Interest Rate Exposure			Maturity Dates		
			Fixed interest rate	Variable interest rate	Non- interest bearing	< 1 year	1 to 5 years	>5 years
2016								
Accrued salaries, wages and on-costs		--	--	--	--	--	--	--
		--	--	--	--	--	--	--
2015								
Accrued salaries, wages and on-costs		356	--	--	356	356	--	--
		356	--	--	356	356	--	--

(iv) Market Risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Agency operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

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

Police Integrity Commission Staff Agency

Notes to and forming part of the Financial Statements for the year ended 30 June 2016

	Carrying Amount \$'000	Interest rate risk			
		-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2016					
Financial assets					
Cash and cash equivalents	127	(1)	(1)	1	1
2015					
Financial assets					
Cash and cash equivalents	103	(1)	(1)	1	1

(v) Fair value measurement

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

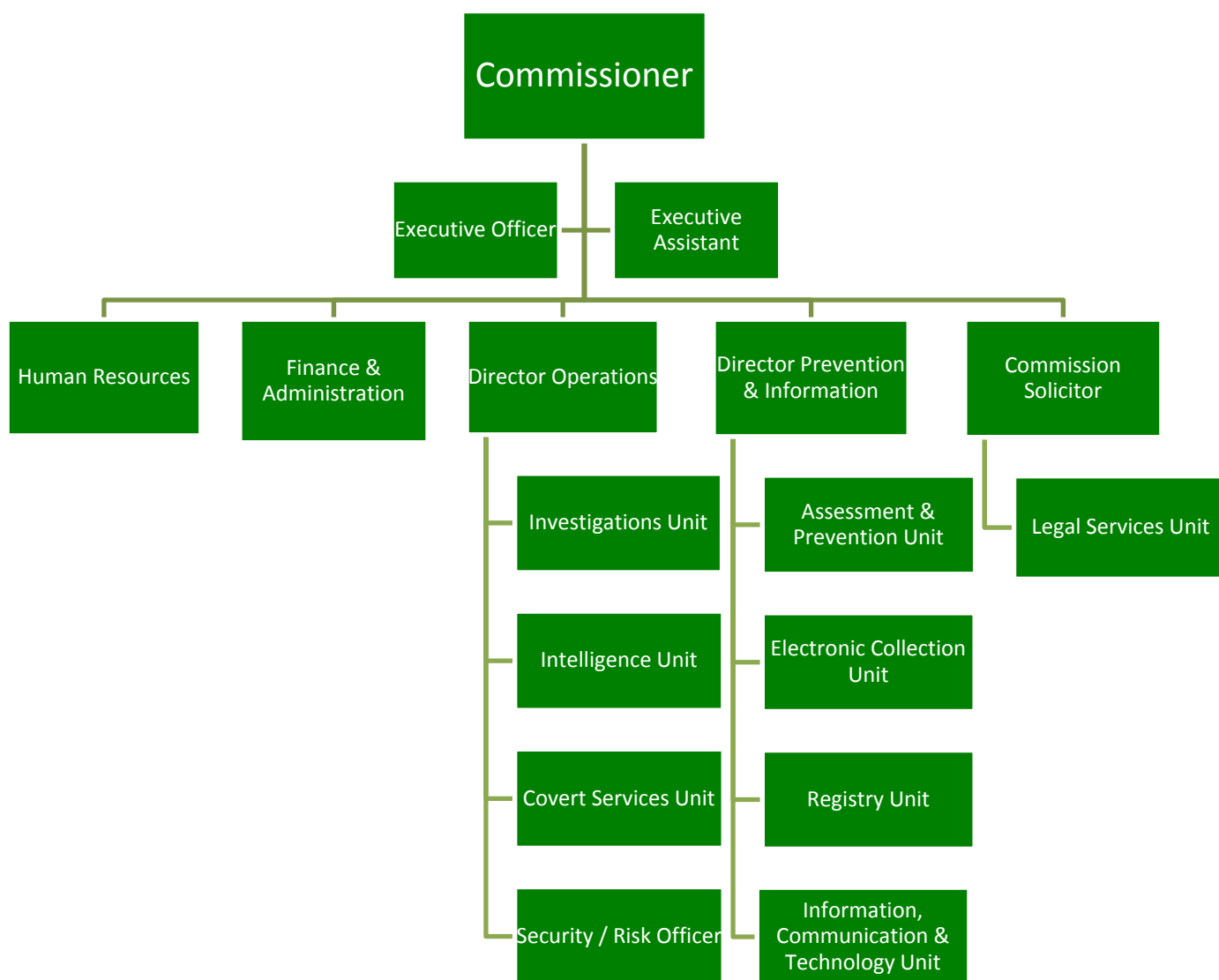
12. EVENTS AFTER THE REPORTING PERIOD

The NSW Government has announced a new oversight agency the Law Enforcement Conduct Commission (LECC) which will replace the Police Integrity Commission (PIC) as the agency responsible for oversight of the NSW Police Force and NSW Crime Commission. LECC is due to commence operations early 2017 at which time the PIC and PIC Staff Agency will cease.

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

End of audited financial statement

Appendix 8: Organisational Structure



APPENDIX 9: POLICE INTEGRITY COMMISSION PUBLICATIONS

Investigation Report	Overview
Report to Parliament Regarding the Former Special Branch of New South Wales Police Service June 1998	This Report to Parliament reported on the audit by the Police Integrity Commission of the records of NSW Special Branch.
Operation Jade October 1998	Operation Jade investigated the unauthorised release of information by a member of the former Task Force Box of the New South Wales Police Service to a convicted heroin dealer.
Operation Jade – Supplementary Report April 1999	Operation Jade – Supplementary Report clarifies certain issues in the Operation Jade Report of October 1998.
Operation Warsaw February 1999	Operation Warsaw investigated the involvement of police personnel in the supply of security related goods and services to the New South Wales Police Service, particularly the Sydney 2000 Olympic Games.
Operation Algiers June 2000	Operation Algiers investigated the involvement of a Superintendent of the New South Wales Police Service in the operation of various business and financial interests.
Operations Copper, Triton and Nickel June 2000	Operations Copper, Triton and Nickel all involved allegations of police officers falsifying court documents, in particular forging signatures.
Operation Belfast October 2000	Operation Belfast examined the police investigation of the murder of Leigh Leigh and on the police involvement in court proceedings in relation to the murder.
Operation Glacier November 2000	Operation Glacier investigated the unauthorised release of information by a member of the New South Wales Police Service to a member of the public.
Operation Oslo June 2001	Operation Oslo identified current and former members of the New South Wales Police Service who are or were involved in improper and/or illegal conduct with Kostas Kontorinakis or any of his current or former associates and to investigate whether Roger Rogerson has knowledge of any police misconduct and to

	investigate whether there has been any police misconduct by any member of the New South Wales Police Service associated with Roger Rogerson or any of his associates and, if so, the nature and extent thereof.
Operation Saigon June 2001	Operation Saigon investigated the alleged use and supply of prohibited drugs by members of the New South Wales Police Service and also the police investigation of the shooting of Roni Levi.
Operation Pelican August 2001	Operation Pelican investigated whether there was any police misconduct in the investigation into the death of Philip Dilworth in 1986; whether there was any police misconduct in the investigation into the shooting of Gary Mitchell in 1986; and whether there was any police misconduct in the investigation of the shooting death of Gary Mitchell in 1996.
Operation Malta February 2003	Operation Malta investigated allegations made by four members of the NSW Police Service Crime Management Support Unit (CMSU) that senior police were obstructing the reform of the Service.
Operation Jetz February 2003	Operation Jetz investigated whether or not certain members of the New South Wales Police Service have been, or are currently, involved in misconduct with respect to the New South Wales Police Service promotional system.
Operation Ibis September 2003	Operation Ibis determined whether the matters referred to in papers provided to the Commission The Hon Charlie Lynn MLC on 28 May 2003 disclosed conduct by police that might be made the subject of a more complete investigation.
Operation Tower April 2004	Operation Tower investigated complaints made about NSW Police by Mr John Robert Marsden.
Operation Florida June 2004 Two volumes	Operation Florida investigated a broad range of police misconduct including soliciting and receiving bribes from drug dealers, organising or 'greenlighting' drug trafficking, stealing cash and property, reducing charges in return for payment, perverting the course of justice, assaulting suspects, 'verballing' suspects, 'loading' suspects and organising or 'greenlighting' break and enter offences.
Operation Vail June 2005	Operation Vail investigated whether there had been any breaches of the <i>Telecommunications (Interception) Act 1979</i> or any other misconduct by persons who participated in a meeting at NSW Police Executive Offices commencing 9.15am on 5 April 2004.
Operation Abelia September 2005 Four volumes	Illegal drug use by police officers is a concern in many jurisdictions. Project Abelia combined research and investigations to develop a better understanding of the nature of the problem of illegal drug use by some NSW police officers and what can be done to minimise such illegal drug use.

	<p>Volume 1 is a Summary Report which provides an outline of how Operation Abelia was undertaken and describes a selection of findings and observations made. It also provides an overview of the nine-part strategy developed from the Commission's 64 recommendations for strengthening the NSW Police Force's approach to minimising illegal drug use by its officers.</p> <p>Volume 2 includes a brief Executive Summary in addition to providing a context in which to consider the problem of illegal drug use by some NSW police officers (Chapters 1, 2 and 3), an examination of the allegations of misconduct by individual NSW police officers (Chapter 4) and a summary of what the Commission has learnt about the nature of the problem of illegal drug use by NSW police officers (Chapter 5).</p> <p>Volume 3 includes a detailed examination of relevant NSW Police Force policies and the Commission's recommendations for improvement in relation to the Drug and Alcohol Policy; self-reporting illegal drug use; various forms of drug testing; code of conduct and ethics; recruitment; education, training and communication; officer supervision and managing officers found to have used illegal drugs. It also describes how individual recommendations combine to form a nine-part integrated strategy and provides a bibliography of material reviewed.</p> <p>The appendices in Volume 4 provide additional information concerning each of the research components of Operation Abelia: Commander interviews, private research hearings, focus groups with officers and students, case study analysis, policies and practices of other Australian policing agencies, policies and practices of overseas policing agencies as well as policies and practices of other Australian organisations regarding illegal drug use by personnel. The appendices also provide additional information on workplace drug testing, community approaches to recreational drug use and criteria for recruitment into the NSW Police Force.</p>
<p>Operation Whistler December 2005 See also Alford Report December 2009 Whistler notation – re Briggs and Ors April 2012</p>	<p>Operation Whistler investigated the circumstances relating to the apprehension and detention of Allan Frederick Hathaway on 6 February 2003 and the subsequent prosecution; and to investigate incidents where it is alleged that there has been improper or excessive use of force by police attached to the Southern Region of New South Wales Police.</p>
<p>Operation Cobalt December 2005</p>	<p>Operation Cobalt investigated whether Sergeant Christopher John Laycock or any other person associated with him, is currently or has been involved in criminal activity or serious police misconduct.</p>

Operation Sandvalley February 2006	Operation Sandvalley investigated whether Senior Constable Daniel Francis Ryan or any currently serving or former police officer or any other person associated with him is currently or has been involved in criminal activity or serious police misconduct.
Operation Banff December 2006	An investigation into the events arising from a motor vehicle accident involving Mr Jeffrey Shaw QC on 13 October 2004, at Louisa Road Birchgrove. The preparation of this Report was delayed as a result of proceedings commenced in the Supreme Court of New South Wales in December 2004. Those proceedings, brought on behalf of Mr Shaw, sought to limit the matters in respect of which the Commission could report to Parliament. The proceedings were resolved in the New South Wales Court of Appeal in July 2006.
Operation Rani December 2007 Rani notation – re Hosemans and Young October 2010 Rani notation - re Jacob and Sim October 2011	Operation Rani investigated the circumstances surround the disappearance of Ms Janine Mary Vaughan from Bathurst on 7 December 2001 and the conduct of NSW Police involved in the subsequent investigation of her disappearance.
Operation Mallard December 2007 Mallard notation - re Brazel April 2009 Mallard notation – re Roberts February 2011 Mallard notation – re NSWPA TI February 2011	Operation Mallard investigated whether any current or former police officer or any other person has been involved in serious police misconduct or criminal activity in connection with the investigation of the allegation of sexual assault made to Waverley Police on 20 November 2004 and whether Superintendent Adam Purcell has been involved in serious police misconduct or criminal activity in relation to the release of confidential police information.
Operations Pegasus and Luno December 2008	Operation Pegasus examined whether any current or former police officer, or any other person, has engaged in serious police misconduct or criminal activity in connection with the breath testing of David John Webb at Moree on 24 September 2007. Operation Luno examined whether any current or former police officer, or any other person, has engaged in serious police misconduct or criminal activity in connection with the breath testing of Adam James Clunes at Orange on 21 December 2007.
Operation Lantana October 2009	Operation Lantana involved allegations that two NSW Police Force officers had been involved in a 'drug rip', where they seized drugs and sold them for their own financial benefit. The Commission held a public hearing in February 2009 as a part of this investigation.

Special Report to Parliament October 2011	In September 2011 the Commission presented a report to Parliament regarding publication of complaint reports by the Inspector of the Police Integrity Commission. That report was tabled in the Parliament on 11 October 2011 and made public.
Operation Winjana November 2012	Operation Winjana examined: 1. whether a member of staff of the New South Wales Crime Commission and others associated with him were involved in criminal activity or serious misconduct, and 2. the practices and procedures of the New South Wales Crime Commission in the conduct of actions under the Criminal Assets Recovery Act 1990.
Operation Binda June 2013	Operation Binda examined whether Senior Constable Hoan Thien Pham, a serving NSW Police Officer, or any other police officer or person associated with him had been or were currently involved in serious police misconduct or criminal activity.
Operation Calyx June 2013	Operation Calyx investigated whether there was any police misconduct in the investigation by the NSW Police Force into the police shooting of Adam Salter at his home on 18 November 2009.
Operation Montecristo Volumes 1 and 2 November 2014	Operation Montecristo investigated whether Detective Senior Constable Anthony Paul Williams, or Senior Constable Marc James Smith, or any other member of the NSW Police Force or person associated with either of them, is or has been involved in serious police misconduct or criminal activity.
Operation Protea June 2015 Public Statement re Operation Protea June 2015	Operation Protea examined: 1. Whether there was any police misconduct involved in the participation of any New South Wales Police Force officer in the Catholic Church Professional Standards Resource Group between 1998 and 2005 2. Whether there was any police misconduct involved in the participation by the NSWPF in any agreement, protocol or memorandum of understanding, whether or not formally entered into, between the NSWPF and the Catholic Church concerning the handling of complaints of abuse committed by Catholic Church personnel or employees.

Project Report	Overview
Project Dresden May 2000	Project Dresden is a Special Report to Parliament on an audit of the quality of New South Wales Police Service investigations.
Project Oracle August 2000	Project Oracle is a Special Report to Parliament on a review of assault complaints involving officers of the New South Wales Police Service.
Management of Misconduct Risks by the NSW Police Counter Terrorist Coordination Command September 2006	This assessment focuses on the nature of the work undertaken by the NSW Police Counter Terrorist Coordination Command (the CTCC) and on the management of any misconduct risks associated with this work. It does not examine the conduct of individual officers. The Police Integrity Commission undertook this assessment to consider what, if any, special oversight or monitoring arrangements are needed to adequately manage the misconduct risks that result from the nature of the work undertaken by officers in the CTCC. A summary of the rationale, methodology, legislative changes in counter-terrorism policing, key research findings and suggested way forward can be found on pp. v-ix.
Unauthorised Disclosure of Confidential Information by NSW Police Officers October 2008	The unauthorised disclosure of confidential information by New South Wales (NSW) police officers is a form of misconduct that can have serious consequences for the police officers involved and the community. Data sourced from complaints was used in this study to describe patterns in the characteristics of unauthorised disclosures of confidential information by NSW police officers.
Developing an Early Intervention System for Police Misconduct in a Law Enforcement Agency October 2008	<p>The purpose of an Early Intervention System (EIS) is to identify police officers at risk of engaging in corruption or misconduct and to treat their problematic behaviour through remedial interventions.</p> <p>This paper outlines the fundamental issues that need to be considered when developing an EIS to prevent police misconduct within a law enforcement agency.</p>
Project Odin – Identifying and Managing High Risk Officers in the NSW Police Force September 2009	Project Odin was undertaken by the Commission to develop a better understanding of how NSW Police Force commands identify and manage high risk officers. During this research project the Commission worked closely with the NSW Police Force to gather information on the identification and management of high risk officers and to develop a number of reform recommendations.
Project Marrella October 2009	<p>The Police Integrity Commission has released a Research and Issues Paper titled Project Marrella: Is misconduct by NSW police officers affected by the number of students in a training intake at the NSW Police College?</p> <p>Complaints were used as a proxy for misconduct and police officers' first two years of service were examined. The results showed that police officers who were trained in large intakes were not more likely to be the subject of complaints in their first two years of service than those trained in smaller intakes.</p>

	<p>The perception that students trained in large intakes are more likely to engage in misconduct once they become police officers than those trained in smaller intakes is therefore not valid for NSW police officers when complaints are used as a proxy for misconduct.</p>
<p>Project Manta Report 1: Identification and Communication of Command Misconduct Risks</p> <p>November 2009</p>	<p>The Police Integrity Commission has released the first of two reports arising from its Project Manta research project.</p> <p>Project Manta focuses on preventing corruption and other forms of serious police misconduct before it occurs, rather than waiting to deal with it after it has occurred.</p> <p>Project Manta seeks to better understand 'command misconduct risks'. These are the risks arising from vulnerabilities associated with the types of work police undertake, staffing profiles and other aspects of the policing environment which may increase the likelihood of officers engaging in corruption or some other form of serious misconduct.</p>
<p>Characteristics of complaints about misconduct by off duty NSW police officers</p> <p>March 2010</p>	<p>The Police Integrity Commission has released a Research and Issues Paper (number 4 in the Commission's online research paper series) entitled 'Characteristics of complaints about misconduct by off duty NSW police officers'.</p> <p>The results described in the Commission's research paper provide a snapshot of the characteristics of off duty misconduct by NSW police force officers.</p>
<p>Improper Associations in the NSW Police Force: A review of compliance with policies and guidelines</p> <p>May 2010</p>	<p>Research and Issues Paper no. 5 describes a research study conducted by the Police Integrity Commission which aimed to determine the extent to which NSW police officers are complying with the NSW Police Force's Conflicts of Interest (Improper Associations) Policy and Guidelines. The results described in the paper showed a poor level of compliance with the requirements of the policy in relation to making written declarations of improper associations.</p> <p>The paper contains recommendations for improving compliance with the policy through increasing awareness, providing additional guidance to officers and improving record-keeping practices.</p>
<p>Project Manta Report 2: Managing Command Misconduct Risks</p> <p>April 2011</p>	<p>This report, the second of two arising from Project Manta, focuses on how NSW Police Force commands manage their corruption risks. Project Manta focuses on preventing corruption and other forms of serious police misconduct before it occurs rather than waiting to deal with it after it has occurred. In Project Manta, the Commission draws an analogy between Occupational Health and Safety (OHS) which seeks to prevent workplace accidents and corruption prevention which seeks to minimise corrupt conduct and other forms of serious misconduct. A summary of the rationale, methodology, key research findings, implications and suggested way forward can be found on pp. vii-xi. A</p>

	more detailed assessment of the processes that NSW Police Force use to manage their misconduct risks and 12 recommendations for improvement can be found in Chapter 6.
Minimising officer illegal drug use: The impact of Operation Abelia in the 5 years since publication April 2011	Illegal drug use by police officers is a concern in many jurisdictions. It is more than five years since the Police integrity Commission published its Operation Abelia report which sought to develop a better understanding of the nature of the problem of illegal drug use by some NSW police officers and what can be done to minimise such illegal drug use. This Research & Issues Paper provides a brief outline of Operation Abelia and then describes the key outcomes arising from some of the Operation Abelia 64 recommendations and the related changes in NSW Police Force policies and practices that have occurred following Operation Abelia. It also outlines future challenges for the NSW Police Force in this area. It does not contain any formal recommendations.
Preventing Corruption: Lessons from Occupational Health and safety June 2011	Unlike detecting and investigating corruption, preventing corruption requires intervening before the corrupt conduct occurs. However, the best ways to intervene are not always clear. This Research and Issues Paper illustrates practical ways of intervening to prevent or minimise corrupt conduct before it occurs by considering the similarities between the task of minimising corruption and the task of minimising workplace accidents. It identifies ten lessons from Occupational Health and Safety strategies for those who wish to prevent corruption and other forms of serious misconduct. While not a panacea, comparing corruption prevention strategies with Occupational Health and Safety strategies provides a useful way of both thinking about and communicating how to prevent corrupt conduct. This Research and Issues Paper does not contain any formal recommendations.
Prevention Prompts Number 1: Identifying and understanding workplace integrity hazards July 2011	This is the first in a series of three resources based on applying OHS strategies to the task of minimising corruption. It provides two sets of prompts to help: (1) not overlook any of significant integrity hazards in a police workplace and (2) develop a clear understanding and description of the types of corruption risks associated with an integrity hazard. While the first of these two sets of prompts has been developed for identifying the integrity hazards within individual NSW Police Force commands, these prompts can be adapted for use in different law enforcement agencies and other types of workplaces. This resource should be used in conjunction with Prevention Prompts No. 2, which provides prompts to help select and clearly describe the most appropriate treatment strategies to minimise corruption risks and Prevention Prompts No. 3, which focuses on helping employees to recognise and respond appropriately to the integrity hazards that they may face.
Prevention Prompts Number 2: Determining how best to manage workplace integrity hazards July 2011	This is the second in a series of three resources based on applying OHS strategies to the task of minimising corruption. It provides five sets of prompts to help select the most appropriate treatment strategies, clearly describe these treatment strategies, and monitor and review these strategies with a view to improving them based on experience.

	<p>This set of prompts should be used in conjunction with Prevention Prompts No. 1, which provides prompts to help identify and understand workplace integrity hazards and associated corruption risks and Prevention Prompts No. 3, which focuses on helping employees to recognise and respond appropriately to the integrity hazards that they may face.</p>
<p>Prevention Prompts Number 3: Equipping employees to recognise and manage their integrity hazards</p> <p>July 2011</p>	<p>This is the third in a series of three resources based on applying OHS strategies to the task of minimising corruption. It provides prompts to help prepare employees to recognise the integrity hazards and associated corruption risks that they are likely to face as part of their work and to know how to respond appropriately when they find themselves in a position where their integrity could be compromised.</p> <p>This set of prompts should be used in conjunction with Prevention Prompts No. 1, which provides prompts to help identify and understand workplace integrity hazards and associated corruption risks and Prevention Prompts No. 2, which provides prompts to help select and clearly describe the most appropriate treatment strategies to minimise corruption risks.</p>
<p>Misconduct Risks Associated With Secondary Employment</p> <p>February 2014</p>	<p>Research and Issues Paper no. 9 examines the extent to which officers of the NSW Police Force are complying with those aspects of the policy that are intended to manage conflicts of interest and misconduct risks associated with secondary employment.</p> <p>The review examined a sample of 578 secondary employment applications.</p>
<p>Project Cyril</p> <p>March 2014</p>	<p>In addition to providing a mechanism for determining whether or not there is evidence an individual officer has engaged in misconduct or criminal offences, the effective investigation and analysis of complaints can enable police agencies to identify systemic or organisational factors which may have contributed to the conduct under investigation. Research & Issues Paper no. 10 looks at how the NSW Police Force (NSWPF) complaints system is used to identify system problems and develop solutions so as to prevent future misconduct. Such solutions include improving policies, procedures, training, and communication and management practices.</p>
<p>Project Mobula: A review of NSW Police strategies to identify and manage misconduct risks</p> <p>August 2015</p>	<p>Project Mobula, a five-year follow-up to the Commission's Project Manta, examines command practices to determine how well these practices assisted commands to (i) identify and manage their misconduct risks and (ii) provide practical advice to help their officers recognise the misconduct risks they may face and respond appropriately when they encounter such risks.</p>

APPENDIX 10: DIRECTORY, PUBLICATIONS AND PRINTING REQUIREMENTS

Directory

Address	Postal Address	Website
Level 3, 111 Elizabeth Street SYDNEY NSW 2000	GPO Box 3880 SYDNEY NSW 2001	www.pic.nsw.gov.au
Telephone inquiries:	Office Hours:	
Telephone: (61 2) 9321 6700 Freecall: 1800 657 079 Facsimile: (61 2) 9321 6799	8.30am – 4.30pm	

Publications

The Commission's publications fall into the following categories:

- Reports to Parliament following an investigation which involved public hearings (section 96(2) of the *Police Integrity Commission Act 1996*)
- Special reports to Parliament on any administrative or general policy matter relating to the functions of the Commission (section 98)
- Annual Reports
- Research and Issues Papers
- Brochures concerning the making of a complaint in regard to serious police misconduct.

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

The following publication was released by the Commission during 2015–16:

Publication Name	Publication Date
Project Mobula: A review of NSW Police strategies to identify and manage misconduct risks	August 2015

Annual Report Costs

Total External Costs: \$0 (including design and printing costs)

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