

Annual Report

2016-2017



New South Wales
Crime Commission



New South Wales Crime Commission

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17 October 2017

The Hon Troy Grant MP,
Minister for Justice,
Level 20,
52 Martin Place,
SYDNEY. NSW. 2000.

Dear Minister:

RE: ANNUAL REPORT 2016-2017

At its meeting today the Management Committee received and noted the Annual Report of the Commission 2016-2017. Pursuant to s 82 of the *Crime Commission Act* the Report is transmitted to you with this letter.

The Committee resolved that your attention be drawn to the first section of the Report headed Commissioner's Year in Review and to his comment as to the impact of "Efficiency Dividends" upon the Commission's operations.

Yours faithfully,

David Patten,
Chairman – Management Committee.

11 October 2017

The New South Wales Crime Commission
Management Committee

Dear Committee Members,

RE: ANNUAL REPORT FOR 2016-2017

On behalf of the Commission, and in accordance with s 82 of the *Crime Commission Act 2012*, I furnish you the Commission's Annual Report for the year ending 30 June 2017. Section 82 provides for you to transmit the Report to the Minister with such comments on the Report as you see fit.

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

Yours faithfully,



Peter Hastings QC,
Commissioner.

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COMMISSIONER'S YEAR IN REVIEW

This is the final Annual Report during my term as Commissioner of the NSW Crime Commission, and its content is a matter of great satisfaction to me. My appointment in 2012 coincided with the enactment of the *Crime Commission Act 2012* which incorporated a number of the recommendations in the Report of David Patten following his Special Commission of Inquiry into the NSW Crime Commission. Nearly all of the remaining recommendations have been implemented administratively. As a result there has been a substantial enhancement in the professionalism of criminal investigations and in the quality of corporate services within the Commission, which is reflected in this report.

The landscape of organised crime in New South Wales has changed significantly in the past five years. Organised crime remains largely based on the illicit drug trade. Five years ago a significant drug importation was measured in tens of kilograms but currently is in hundreds of kilograms or even tonnes. Commensurate with the increase in volume of drugs being supplied, the quantities of cash to be laundered have increased proportionately. There has been a greater awareness in law enforcement of the fact that cash is the platform upon which illicit drug businesses are based, and that the disruption of money laundering networks has a direct impact on the drug trafficking activity from which the funds have been derived, and the Commission has been directly involved in achieving that aim.

In that context, the function of the Crime Commission of conducting proceedings pursuant to the *Criminal Asset Recovery Act 1990* for the confiscation of proceeds of crime is a valuable adjunct to the criminal investigations of the Commission directed at disrupting drug trafficking and money laundering networks. The value of the confiscation orders obtained by the Commission during the reporting period was in excess of \$30 million. The five year average value of confiscation orders now exceeds \$27 million and represents a substantial blow to the profitability of organised crime networks. The value of the orders obtained last year exceeds the budget allocated to the Commission.

The investigations of the Commission also made a valuable contribution to the resolution of homicide investigations. The Commission has focused upon organised crime related homicides and during the reporting period 16 arrests were made in investigations in which the Commission was involved. They also made a significant contribution to the disruption of organised crime in this State.

What has been pleasing is the level of co-operation between State and Federal law enforcement agencies in co-ordinating the attack on organised crime. The totality of resources will never be sufficient to eradicate organised crime but collaboration and sharing intelligence has gone a long way to reducing duplication and enhancing the efficient use of the resources available.

It is unfortunate that at a time when the demand for resources within the Commission is increasing due to the magnitude of the task of disrupting organised crime and overcoming the use of technology by sophisticated criminals, the Commission has been subjected to annual reductions in its budget due to so-called Efficiency Dividends.

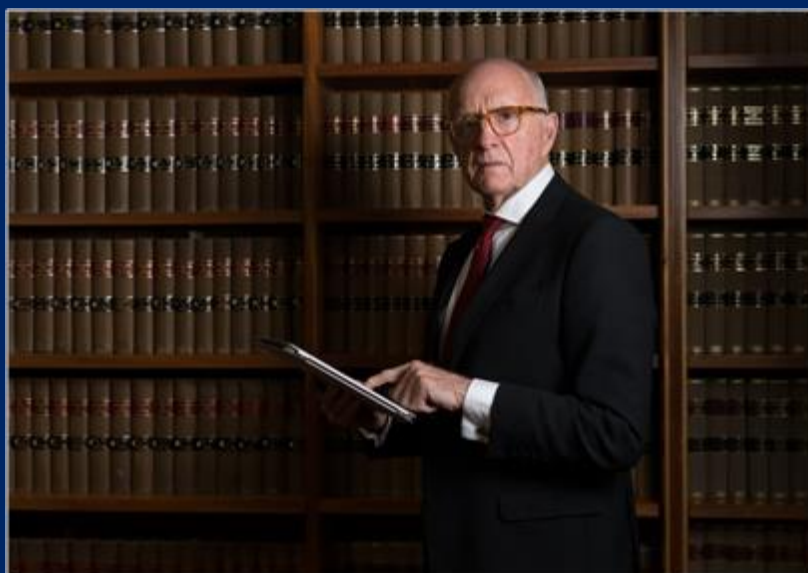
Until the end of the last reporting period it has endeavoured to absorb the reductions wherever possible but the point has been reached at which it will now be required to make significant reductions in its staff levels in order to stay within the reduced budget. This will have a direct impact upon its efficacy in disrupting organised crime, and more importantly, in the revenue derived from confiscation orders obtained.

The end of the reporting period marked the abolition of the Office of Inspector to the Commission which was established by the *Crime Commission Act 2012*. The position was occupied by the Honourable Graham Barr QC who carried out a number of audits of various functions of the Commission. At all times his role was performed with courtesy and efficiency and made a positive contribution to the enhancement of the integrity of the Commission.

During the 2017-2018 reporting period the term of David Patten as Chairman of the Management Committee of the Commission will also conclude. Mr Patten has made a valuable contribution to the integrity and productivity of the Commission due to the high level of diligence and professionalism with which he discharged his role as Chairman.



Peter Hastings QC
Commissioner



Achievements and Highlights 2016-2017



84 Arrests
and
525 Charges



Confiscation of \$30,095,309
under the Criminal Assets
Recovery Act



Dissemination of 849
intelligence and information
reports under the Crime
Commission Act



103 summonses
issued for
coercive hearings



637 individuals
on the NSWCC
Organised Crime
Target List



New South Wales
Crime Commission

PART I – THE NSW CRIME COMMISSION

The Commission is constituted as a corporation under the *Crime Commission Act 2012*. Mr Peter Hastings QC is the Commissioner. Mr Peter Bodor QC and Mr Peter Dein were the Assistant Commissioners during the reporting period.

The Commission has functions under the *Crime Commission Act* and the *Criminal Assets Recovery Act* ('the *CAR Act*'). During the period Mr Hastings, Mr Bodor, Mr Dein and delegated staff members exercised the functions of the Commission under the *Crime Commission Act* and the *CAR Act*.

Functions, aims and objectives of the Commission

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

The principal functions of the Commission are:

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

State or Territory (including any task force and any member of a task force) as the Commission considers appropriate.

The Commission may:

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

The principal objects of the *CAR Act* are:

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

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

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

Responsible Minister

Administration of the *Crime Commission Act* and the *CAR Act* was, throughout the reporting period, assigned to the Hon. Troy Grant MP, Minister for Police and Minister for Emergency Services.

The Commissioner and Assistant Commissioners

Mr Peter Hastings QC

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

Mr Peter Bodor QC

Peter Bodor was admitted as a barrister in 1976 and appointed as Queen's Counsel in 1988. Mr Bodor's career at the NSW Bar, as Crown Prosecutor and defender, focused on criminal law in all jurisdictions from the High Court to Local Courts in various Australian states and territories, and internationally. He also practised extensively in commissions of inquiry, coronial inquiries and at the Independent Commission Against Corruption. Mr Bodor frequently advised and appeared as leading counsel briefed to act on behalf of the NSW Police Force in inquiries, complex contested cases and appeals. Since Mr Bodor's appointment to the NSW Crime Commission as Assistant Commissioner (Legal) on 1 July 2015, he has acted as Commissioner on occasions as required.

Mr Peter Dein APM

Assistant Commissioner (Operations) Peter Dein was Assistant Commissioner in charge of the NSW Police Counter Terrorism & Special Tactics Command until his retirement in July 2014. He has over 41 years' policing experience, with over three decades in serious and organised crime and high-risk national security commands. His academic qualifications include a Graduate Certificate in Management and a Bachelor of Laws degree, and he was admitted to the NSW Supreme Court as Barrister. He is a graduate of the International Leadership in Counter Terrorism Program and has given expert presentations at international counter terrorism and national security conferences. Mr Dein was appointed Assistant Commissioner (Operations) on 1 February 2016.



Mr. Peter Bodor QC, Mr. Peter Hastings QC, Mr. Peter Dein APM

Management Committee

Functions of the Management Committee

The functions of the Management Committee are:

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

- to make decisions on when the Commission should co-operate and consult with other bodies and persons.

The Management Committee may also:

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

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

Conditions for references

The Management Committee is not to refer a matter to the Commission for investigation unless it is satisfied that:

- The use of the Commission's powers appear to be necessary to fully investigate the matter.
- The investigation of the matter by the Commission is in the public interest.
- The matter is sufficiently serious or prevalent to warrant its investigation by the Commission.

Membership of the Management Committee

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

- independent Chairperson, Mr David Patten
- Commissioner of the NSW Crime Commission, Mr Peter Hastings QC
- Commissioner of NSW Police, Mr Andrew Scipione AO APM (1 July 2016 to 14 March 2017)
- Commissioner of NSW Police, Mr Michael Fuller APM (18 April 2017 to 30 June 2017)
- Chair of the Board of the Australian Criminal Intelligence Commission ('ACIC'), Mr Andrew Colvin
- Deputy Secretary, Justice, Strategy and Policy, Department of Justice, Mr Brendan Thomas (1 July 2016 to 14 March 2017)
- Secretary, Department of Justice, Mr Andrew Cappie-Wood (18 April 2017 to 30 June 2017).

Management Committee activities in 2016-2017

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

The Management Committee referred seven new matters to the Commission for investigation, being 6 homicide cases and 1 match fixing investigation. The Fintel Alliance task force was also authorised.

The Management Committee authorised the renewal of 31 existing references and discontinued 4 references.

PART II - CRIMINAL INVESTIGATIONS DIVISION

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

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

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

Officers from other agencies, including the Australian Federal Police ('AFP'), the Australian Border Force ('ABF'), the ACIC and the Australian Transaction Reports and Analysis Centre ('AUSTRAC'), often participated in Commission investigations, contributing their additional skills, resources and powers to each operation. As in other years, ABF officers worked onsite at the Commission and made an invaluable contribution to the success of Commission investigations. In recognition of the importance of co-location, the Commission also has staff located at AFP premises.

Participation in joint task forces

During 2016-2017, the Commission participated in four multi-agency task forces.

Fintel Alliance

Fintel Alliance is a public-private partnership between 19 agencies, including law enforcement, intelligence and financial institutions, which is led by AUSTRAC to investigate terrorism financing and money laundering. The Commission provides the task force with criminal and financial analytical services, operational support and access to the Commission's statutory powers.

Organised Crime Squad

During the reporting period, the Commission and the Organised Crime Squad continued to jointly investigate high-level organised crime in NSW.

The Commission has provided three CID teams to work with the OCS, including two specialist drug/organised crime teams and one specialist money laundering team. In addition to providing the OCS with access to the Commission's criminal analytical services, the Commission also provides the OCS with financial analysis, technical and linguistic support, operational support, and access to the Commission's statutory powers.

Joint Organised Crime Group

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

The Commission has participated in the JOCG since its inception as the Joint Asian Crime Group ('JACG') in 1997. The JOCG replaced JACG in July 2009. The JOCG is one of the longest continually running multi-agency task forces in NSW. Its terms of reference includes the investigation of organised crime groups involved in serious drug trafficking and money laundering. The primary focus of the JOCG is on organised crime groups involved in drug importation and distribution, and inter-state drug trafficking.

The Commission provides the JOCG with onsite analytical, financial, technical, and linguistic services, operational support, and access to the Commission's statutory powers.

Joint Counter Terrorism Team

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

Analytical software

In 2014, the Commission received funding for new analytical software that strengthens the intelligence capability of operational staff in undertaking investigations and analysis. This capability continues to be enhanced with data integration initiatives to support the Commission in meeting its investigative objectives. Staff expertise in using the software is maturing as the Commission continues to consult with partner agencies and expand the capabilities of the software.

Organised crime disruption strategy

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

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

At the end of 2016-2017, the Commission's organised crime map covered 637 persons, up from 607 at the start of the reporting period. The Commission added 32 persons of interest to the map over the course of the year and removed 2 persons (who had died). At the end of the reporting period, 113 persons of interest included in the Commission's map of organised crime were the subject of active investigation, 20 were the subject of intelligence development work, 129 had been arrested, and the Commission was monitoring the activities of the remaining persons.

Use of statutory powers and authority

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

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

Aside from the *Crime Commission Act*, the principal statutes that the Commission uses for investigative purposes are as follows:

- the *Law Enforcement (Controlled Operations) Act 1997* (NSW) ('the *LECO Act*'), which provides for authorisation of controlled operations involving what would otherwise be unlawful conduct
- the *Law Enforcement (Powers and Responsibilities) Act 2002* (NSW) ('the *LEPRA Act*'), which grants the Commission the authority to apply for covert search warrants

- the *Law Enforcement and National Security (Assumed Identities) Act 2010* (NSW) ('the *LENSAI Act*'), which provides for the creation and use of assumed identities
- the *Surveillance Devices Act 2007* (NSW) ('the *SD Act*'), which provides for the use of surveillance devices (listening, optical, data and tracking devices) pursuant to warrant.
- the *Telecommunications (Interception and Access) Act 1979* (Cth) ('the *TIA Act*'), which provides for the interception (pursuant to warrant) of certain telecommunications (e.g., telephone calls), for access (pursuant to warrant) to certain stored communications (e.g., short message service [SMS] messages) and for access (pursuant to authorisation) to certain telecommunications data.

The figures in Table 1 relate to the CID and FID aspects of the Commission's work. Tables 2 to 6 set out how often the Commission exercised or used its statutory powers and authorities under other legislation. Statistics on applications made by the Commission pursuant to the provisions of the *CAR Act* can be found in Table 12 in Part III of the report.

Crime Commission Act 2012

Table 1

Use of the legislation (and section of Act)	Total
Applications for search warrants (s 17)	0
Summonses to appear at hearings (s 24)	103
Notices to State public agencies (s 28)	54
Notices to produce (s 29)	1138
Arrest warrants (s 36)	2

Law Enforcement (Controlled Operations Act) 1997

Table 2

Use of the legislation	Total
Applications for authorities made	0
Authorities granted	0

Law Enforcement (Powers and Responsibilities) Act 2002

Table 3

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

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

Law Enforcement and National Security (Assumed Identities) Act 2010

Table 4

Use of the legislation*	Total
Applications to acquire and use an assumed identity	1
Applications granted	1
Authorities cancelled	2

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

Surveillance Devices Act 2007

Table 5

Use of the legislation*	Total
Applications made	43
Warrants sought in those applications	125
Warrants granted	125
Warrants refused	0
Emergency authorisations sought	0
Emergency authorisations approved	0

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

Telecommunications (Interception and Access) Act 1979 (Cth)

Table 6

Applications, warrants etc. (and section of Act)	Total
Applications for A-party service warrants (s 46(1)(d)(i))	62
Applications for A-party service warrants withdrawn	0
A-party service warrants refused	0
A-party service warrants issued	62

Applications, warrants etc. (and section of Act)	Total
Applications for B-party service warrants (s 46(1)(d)(ii))	1
Applications for B-party warrants withdrawn	0
B-party warrants issued	1
Applications for named person warrants (s 46A)	87
Applications for named person warrants withdrawn	0
Named person warrants issued	87
Applications for stored communications warrants (s 116)	2
Applications for stored communications warrants withdrawn	0
Stored communications warrants issued	2
Applications for entry warrants (s 48)	0
Applications for entry warrants withdrawn	0
Entry warrants issued	0
Total warrants issued	152

Existing data authorisations (s 178)	2322
Prospective data authorisations (s 180)	796
Destructions of intercepted material	0
Destructions of stored communications (s 150)	0

Controlled entities

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

Dissemination of intelligence and information

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

Dissemination is not required in circumstances where the information or intelligence is being communicated from one staff member to another and, given

that the Commission conducts much of its work pursuant to task force arrangements in which police and others are made members of the staff of the Commission, the Commission's dissemination figures do not include a significant amount of intelligence passed to police and others.

In this reporting period disseminations were sent to the following entities:

The Administrative Appeals Tribunal, Australian Criminal Intelligence Commission , ASIO, Attorney General's Department (Commonwealth), AUSTRAC, Australian Commission for Law Enforcement Integrity, Australian Federal Police, Australian Taxation Office , Corrective Services NSW, Department of Immigration & Border Protection, Department of Public Prosecutions (NSW), Joint Counter Terrorism Team, NSW Police, Office of the Director of Public Prosecutions (NSW), Police Integrity Commission, Queensland Police, State Parole Authority, Victoria Police.

Information was also disseminated internationally to Drug Enforcement Administration (USA), Federal Bureau of Investigation (USA), Glendale Police (USA), Homeland Security (USA), Internal Revenue Service (USA), National Crime Authority (UK), New Zealand Police, and the Royal Canadian Mounted Police.

The number and types of disseminations are set out below.

Disseminations

Table 7

Statutory provisions	Disseminations
<i>Crime Commission Act (s 13)</i>	791
<i>TIA Act (s 68)</i>	42
<i>TIA Act (s 139)</i>	0
<i>SD Act (s 40(4)(c))</i>	16
<i>SD Act (s 40(5))</i>	0
Total	849

Results of investigations

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

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

The Commission has previously noted the difficulties associated with measuring the performance of its operations. Some of the measures the Commission uses are listed in Table 8 below. These include arrests and charges, the number of summonses and notices to produce issued by the Commission, the number of search warrants, and the number of disseminations made by the Commission.

The Commission acknowledges that these measures are limited in how they reflect the performance of the Commission's CID. Factors beyond the control of the Commission and its partner agencies often distort performance. For example, an investigation may run for several years before a single arrest is made in the matter; however, the lack of arrests does not reflect the performance of the investigation. Instead, it may mean that in one year, the number of arrests and charges appears to be smaller, but in the next year it may appear that there has been a significant improvement in performance. In addition, the basic numbers associated with the arrests and charges reflect neither the significance of the nature of the offences involved nor the standing of charged persons in criminal groups.

Performance measures of the Commission

Table 8

Measure	2012-13	2013-14	2014-15	2015-16	2016-17
Arrests	169	175	140	137	84
Charges	684	684	520	529	525
Summonses	163	162	170	144	103
Search warrants	0	0	0	0	0
Notices to government agencies*	58	34	42	56	54
Other notices*	1615	1408	1539	1498	1138
Arrest warrants	3	0	1	0	2
Disseminations	794	739	768	508	849

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

The information in Table 8 reflects a reduction in the exercise of the statutory powers of the Commission to summons witnesses and to issue notices for the production of information. This is due to a number of factors which include:

- (a) the reduction in the Commission's resources due to budget cuts;
- (b) the Commission's focus on more challenging investigations into drug trafficking and money laundering networks; and
- (c) the use of counter surveillance by organised crime groups, which has made preparation for hearings more resource intensive.

Table 9 below reports results according to the Commission references, or approvals to work in co-operation with a task force, under which the relevant investigations took place. There are occasions on which an investigation is pursued under more than one reference or approval. In such cases, the statistics have not been duplicated; rather, the information has been assigned to the dominant reference or approval.

The table reports figures for all references that led to arrests in the reporting period or for the purposes of which the Commission exercised its statutory powers. It may be noted that some investigative steps occur after a person is arrested. Other arrests may also occur in the future under the same reference, and those figures would be reported in future annual reports. It is also important to note that not all arrests are for charges of the predominant type of offence being investigated under the particular reference.

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

Arrests and charges by Commission reference

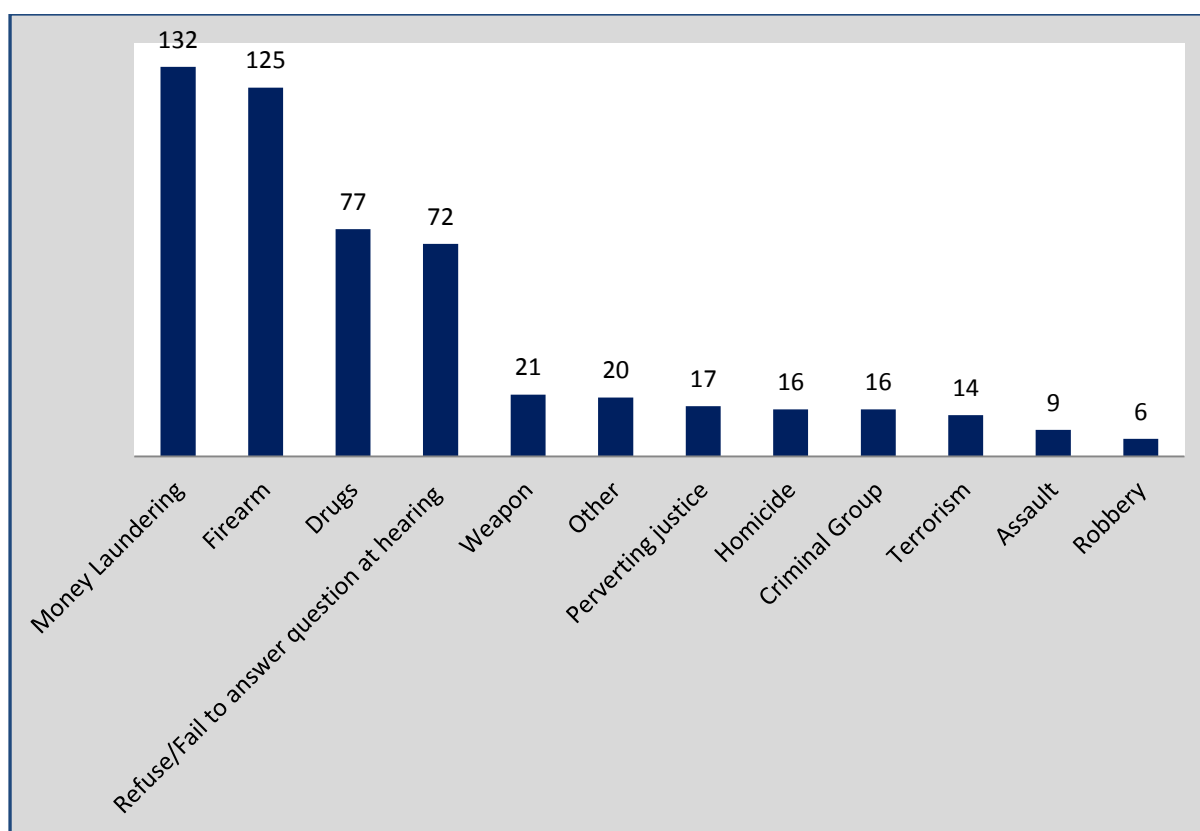
Table 9

Reference or task force	Type	Arrests	Charges
Bagnoo	Homicide	1	3
Casuarina	Homicide	1	1
Dalmeny	Money laundering	8	55
Gravesend	Drugs	11	155
Henley	Drugs	21	80
Hollisdale	Drugs	1	1
JCTT	Terrorism	25	97
Jilliby	Homicide	3	6
JOCG	Drugs	2	3
Kaputar	Drugs	1	5
Marlee	Drugs	2	74
Minnesota	Money laundering	1	5

Reference or task force	Type	Arrests	Charges
OCS	Drugs	3	36
Rosedale	Homicide	1	1
Valla	Homicide	3	3
Total		84	525

Charges by offence type

Chart 1



Analysis of arrests and charges

Both the number of arrests and charges has reduced since the last reporting period. In 2015-2016, the arrests totalled 137 and charges totalled 529.

This is the second year that money laundering charges have overtaken drug charges in number. These results reflect the investment by the Commission into targeting money laundering activities of criminal syndicates. A specialist money laundering team has worked jointly with OCS since 2014.

The number of firearm related charges has significantly increased to a total of 125 compared to the last reporting period's figure of 20. Over 15 per cent of the 77

drug charges laid related to large-scale and commercial supply of prohibited drugs and the importation of commercial quantities of border controlled drugs. Consistent with the increased involvement of the Commission in money laundering investigations, there has been a drop of approximately 30 per cent in the number of drug charges since the last reporting period.

The NSW Police refer homicide investigations when they believe the Commission's statutory powers and/or experience are necessary to progress their investigation. As a result of joint investigations, 16 charges relating to murder were laid. This is an increase from last year's figure of 7.

During 2016-2017, 1 charge was laid for commit a terrorist act, 5 charges for act in preparation/planning for terrorist attack, 3 charges for giving money/goods in support of foreign hostile acts, 1 charge relating to membership of a terrorist organisation, 1 charge for entering a foreign state intending hostile activity, and 1 charge relating collecting/making document connected terrorism. The risk of terrorism is likely to grow in the near future, and the Commission is able to contribute to the disruption of those activities by the use of its coercive powers.

For the purpose of assessing the Commission's performance as it related to the investigation of organised and other serious crime, the Commission considered the criminal calibre of persons arrested and the nature and seriousness of the charges preferred against them. Significance was given to the arrested persons who were then listed on the organised crime map. Similarly importance was given to the charges that resonated with the business of the Commission, that is those involving organised crime related homicides, commercial drug offences, membership of criminal gangs and dealing with large amounts of criminal proceeds. High ratings were applied to those statistics because the relevant arrests and charges by their nature alone were believed to have disrupted the business as usual activities of an individual or group which had a positive impact on the reduction of organised and other serious crime in New South Wales. The analysis found that in the calendar years 2015 and 2016 the vast majority of arrests and charges were rated in the highest category and therefore it was safe to say that there was tangible evidence of satisfactory performance the Criminal Investigation Division. It was evidence that the Commission had applied its tradecraft, in partnership with the NSW Police, with significant results.

PATTERNS AND TRENDS IN THE NATURE AND SCOPE OF ORGANISED CRIME

Section 82 of the *Crime Commission Act* requires the Commission's Annual Report to include a description of patterns and trends in the nature and scope of organised crime and other crime that the Commission has encountered during its investigations and over the course of the year.

The Commission has devoted most of its investigative resources in the last 12 months to investigating various aspects of organised criminal activity in New South Wales and has principally focused in the areas of:

- organised crime related murders
- organised crime involvement in drug importations and the subsequent distribution of narcotics in NSW
- money laundering.

Whilst the Commission acknowledges that organised crime is involved in many other types of criminal activities, including cybercrime, identity fraud and investment and superannuation fraud, the Commission's intelligence suggests that the importation and distribution of illicit drugs still continues to be the main income for organised crime, although the gap is narrowing.

As in previous years, law enforcement across Australia has conducted many successful operations resulting in the seizure of large quantities of prohibited drugs, in particular, methylamphetamine, or ice, and cocaine. Towards the end of the reporting period, NSW Police and the AFP conducted an operation where over 1 tonne of ephedrine was seized, suggesting that some groups are still involved in the domestic production of methylamphetamine despite its high availability and low cost from offshore suppliers.

The price of illicit drugs has stabilized in the current period, with minor fluctuations occurring but, in particular, ice has not achieved the price it commanded just three years ago. This suggests that the availability of the drug is still high which is reflected in the intelligence received by the Commission.

As in previous years, many expatriate Australians residing offshore are responsible for a large number of drug importations into Australia. At the time of writing, a large scale drug investigation involving both Australians domestic and offshore was coming to a conclusion. It is likely that the investigation will result in the arrest of principals and the drug supplier offshore and this will be amongst the most significant investigations conducted by Australian law enforcement in the past 12 months. In particular, Australian law enforcement will have received co-operation and assistance from law enforcement communities in the United Arab Emirates which has been a haven to New South Wales organised crime figures in recent years.

It will be alleged that the drugs were supplied out of The Netherlands and have been arranged by an expatriate Australian national with strong links to the

Comanchero Outlaw Motorcycle Club. The importance of such successful transnational investigations cannot be underestimated and the efforts of the Australian Federal Police and the NSW Police Organised Crime Squad are to be commended.

As previously reported, the use of encrypted communications by organised crime groups continues unabated. Because of the success of such devices, the Commission has noted new suppliers entering the market which was once dominated by Phantom secure Blackberrys. The use of such devices has hampered but not halted investigations into many matters. The Commission is currently engaged in approximately 30 unsolved organised crime related homicides where approximately half of the victims or suspects are operating on encrypted communications and there are several instances where it is suspected that the devices have been used to lure the victims to locations where they were murdered.

In one recent organised crime related investigation where ten persons were arrested in relation to one organised crime related murder and associated offences, during the execution of search warrants police seized approximately 70 encrypted Blackberry devices. As reported previously, the use of such devices is exclusively the domain of organised criminals.

As predicted in last year's Report and also predicted by several other agencies is the increased activity by organised crime in the importation and distribution of illegal tobacco. Organised crime has increased its involvement in the previous 12 months in the importation of illegal tobacco, which is viewed as a low-risk activity with high profits. The Commission is aware of at least one investigation where the profits from tobacco importations have been funnelled back to fund importations of illicit drugs.

The illegal tobacco market consists of three main forms:

- loose tobacco or "chop chop"
- counterfeit products.
- contraband cigarettes produced and imported but with no duty paid.

During one of the Commission's money laundering investigations, the Commission observed several large cash transactions (cash drops) where several hundred thousand dollars was transferred. Electronic surveillance has revealed that the cash was the proceeds of illegal tobacco sales and was destined for transfer back to individuals in China, which is a source country for the manufacture of both legitimate and illegitimate tobacco products.

It should be noted that the money laundering group under investigation by the Commission was also dealing with groups transporting the proceeds from successful and undetected drug importations and the method by which the cash was handled and transferred was identical to the way in which the proceeds from the tobacco sales were handled.

The Commission, along with many other Australian law enforcement agencies, has continued to “follow the money” in the last 12 months, which has resulted in significant cash seizures and arrests. In several cases the detection of cash transfers led to the arrests of persons for drug-related offences and the seizure of prohibited drugs, however, unfortunately, in most cases the drugs and/or illegal commodities had already been successfully imported and sold, and law enforcement is left to interdict the proceeds. In many cases both law enforcement and those arrested with the cash are unaware of the origin of the cash and although highly suspicious on most occasions it is difficult if not impossible to prove the cash is the proceeds of a particular type of crime, let alone a specific crime.

Amendments to section 193C of the *Crimes Act* last year have enabled the Commission and the NSW Police to be more active in the area of cash interdiction and confiscation where previously the burden of proof that the cash was actual proceeds of crime was mostly insurmountable. During the period the Commission was involved in investigating a particular money laundering syndicate which is just one of many syndicates operating in Sydney at present. The resources of the entire Commission could have been devoted full-time to investigating these networks, but that would have been to the detriment of other investigations such as the Commission’s involvement in counter-terrorism, and the investigation of organised crime related murders and drug trafficking. From 1 January 2017 until 30 June 2017 the Commission, in conjunction with the NSW Police Organised Crime Squad, interdicted multiple syndicate members and seized over \$8 million in cash. During the same period the Commission was aware of the same syndicate successfully transferring over \$100 million in cash. Both the resources of the Commission and the NSW Police are finite but money laundering is a crime that has developed and flourished on the back of organised criminal activity in New South Wales over the past five years.

In September 2015 Pakistani national Altaf Khanani was arrested by US authorities in the United States and charged in relation to allegations of money laundering. Khanani had previously been arrested in Pakistan in 2009 but that arrest did not result in a conviction and he moved his operations to Dubai, where he continued to operate until his arrest in September 2015. It is alleged that Khanani operated an international money laundering network for organised crime figures and terrorists around the world. The Commission has identified links between Australian organised crime groups and the Khanani group. This highlights the need for law enforcement authorities both within and outside of Australia to be co-operating and exchanging intelligence at every opportunity. It also demonstrates the small separation between organised crime and terrorism and the common methodology employed for both activities.

It is likely that the void created by the arrest of Khanani has already been filled and it is for this reason that Australian law enforcement does not resile from identifying, investigating and sharing intelligence in relation to these so-called super facilitators. As a result of following the money, both the Commission and

Australian law enforcement have learnt much about the ways in which those involved in organised crime launder the proceeds of crime. It is evident that the laundering is increasingly carried out with the assistance of professional advisers and groups specialising in international money laundering.

The groups are truly international in nature, with the Commission receiving intelligence from a partner agency about a Vietnamese national within the jurisdiction who was collecting proceeds from a successfully imported and undetected Mexican cartel cocaine importation. The Organised Crime Squad and the Commission observed 12 different individuals dropping cash to this person over a period of time and these individuals included the following:

- a Lebanese born Australian
- an Australian of Assyrian heritage
- a Vietnamese/Canadian national
- a Colombian national
- a Hong Kong Chinese born Australian
- a Vietnamese born Australian
- an Australian connected with outlaw motorcycle gangs in New South Wales.

Organised crime groups involved in international drug trafficking are diversifying their activities to the extent that it is not uncommon to see several different drug commodities within the same shipment. The co-operation amongst organised crime groups is flourishing with traditional animosities between such members or associates as the Hells Angels Motorcycle Club, the Comanchero Motorcycle Club and the Lone Wolf Motorcycle Club diminishing, to enable the undertaking of significant criminal enterprises together.

Law enforcement is hampered in its efforts to interdict such enterprises as much of the organisation is co-ordinated offshore. In the past 12 months the Commission is aware of one investigation where the participants were active in Dubai, The Netherlands and Thailand. Such investigations cannot occur without co-operation and assistance from the AFP and international law enforcement agencies.

The Vestigo Task Force, which is being coordinated by the ACIC, is an investigation into the problem of offshore entities impacting on domestic organised crime. This initiative is to be commended and hopefully will lead to further investigations and prosecutions of offshore organised crime identities affecting Australia.

Organised crime affects the Australian community in many ways and impacts upon both Government resources and private commercial activity. The cost to Government of investigating, prosecuting and incarcerating organised crime participants is measured in the hundreds of millions of dollars. The cost to the public purse associated with treating persons for illnesses, addiction or injuries associated with the use and abuse of prohibited drugs is increasing. As yet, the NSW Police do not test all offenders for methylamphetamine (ice) use but

anecdotally there is evidence indicating that persons involved in many acts of serious violence and even motor vehicle incidents are affected by the consumption of ice. This statistic is hidden but it is suspected that the use of the drug is a significant contributing factor in many crimes where it is not recorded. The cost of the ice epidemic, as it is sometimes referred to, is likely to be much higher than is currently perceived.

The harm caused by organised crime to the domestic economy is harder to calculate but also cannot be underestimated. In recent years the Commission has received both intelligence and evidence indicating that proceeds of organised criminal activity is being channelled into legitimate business enterprises as a means of laundering proceeds of crime.

The co-handling or intermingling of crime proceeds poses a significant problem for agencies involved in the confiscation of criminal proceeds, as business records can be manipulated to conceal the introduction of criminal proceeds.

The Commission is aware of criminal proceeds being injected into the following types of businesses:

- restaurants
- construction companies, both large and small
- logistics and transport firms
- earthmoving businesses
- crane hire firms
- labour hire firms
- gyms
- landscaping material suppliers
- panel beater repair businesses
- scaffolding companies
- mining companies.

Businesses in receipt of illegal proceeds have a competitive advantage against other businesses trying to sustain lawful enterprises. In many cases the injection of criminal proceeds is simply a vehicle to launder the criminal proceeds and the need for the recipient business to maintain a profit is negligible. Recent information received by the Commission indicates that a particular business in Western Sydney is producing goods and services below cost price and is driving competition into financial hardship.

The Commission has also observed that organised crime figures are not shy in implementing other tactics to give a substantial advantage over other legitimate businesses, including the payment of under-award wages, cash payments to employees without PAYG deductions, non-payment of payroll tax, and

characterising criminal profits repatriated to Australia as business loans, thereby reducing their tax payment by claiming interest on the loans as a tax deduction.

The methodology of phoenixing schemes has also been detected. In one investigation the Commission observed an organised crime figure involved in a medium level unit development. A company was created and undertook the development, and this company made regular BAS claims from the ATO throughout the development. At the conclusion of the construction the units were sold but no GST was remitted to the ATO with the firm being wound up after having been stripped of all assets. The likelihood is that this was not an isolated incident. The integration of organised crime into legitimate businesses also provides opportunities to further their criminal exploits by setting up companies to assist their primary criminal enterprises such as drug importation. There is both intelligence and evidence indicating that companies associated with transport and overseas logistics have been penetrated by organised crime.

As the Commission administers the *CAR Act*, there have been several investigations in the last 12 months where proceeds have been channelled primarily into real estate but disguised through complex company structures and trusts. What is apparent is that in all cases the organised crime groups have sought and received high-level specialist advice enabling them to conceal their assets from cursory examination. More recently, the Commonwealth has investigated the prospects of introducing a beneficial interest register, a proposal the Commission supports. Further, the registration of trusts connected with the ownership of real property in New South Wales should be considered, to deter the concealment of ownership of real property. The Commission intends to provide a further report to the Government on this matter for its consideration.

The Commission noted the introduction of the Anti-Money Laundering and Counter Terrorism Financing (Commonwealth) Amendment Bill in August of this year. The Bill provides for measures dealing with digital currency exchange providers. Under the proposed legislation, Bitcoin exchanges in similar businesses will have to register with AUSTRAC. In a recent Commission investigation, a syndicate subject to investigation by the Commission and the Organised Crime Squad were observed in a meeting where a large quantity of cash was delivered to one of the parties. The transaction was conducted in a public area and was subject to some counter-surveillance by the parties prior to the transaction. Police officers observed the participants displaying their smartphones to each other prior to a large amount of cash being handed to one of the persons. That person was detained and he told investigators that he advertises as a seller of Bitcoin and had just conducted a transaction. This was the first ever transaction observed by Commission and OCS staff relating to Bitcoin and organised crime. It is unlikely to be the last.

PART III – FINANCIAL INVESTIGATIONS DIVISION

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

The primary purpose of the Commission's financial investigators is to support the discharge of the Commission's functions under the *CAR Act*, which is discussed below. However, financial inquiries are an invaluable aid in criminal investigations. Financial investigations are sometimes deployed as the leading investigative strategy, as organised criminal groups are primarily motivated by money. The FID's Criminal Investigation Support Team is co-located with the CID and provides forensic accounting contributions to the CID's work. As authorised by s 11 of the *Crime Commission Act*, the CID gathers intelligence and evidence in the course of its investigations under the Act for the FID to use in its confiscation action.

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

The confiscation process

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

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

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

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

Once the Court has made orders in the matter, the Commission takes the actions necessary to give effect to the orders. In the case of an asset forfeiture order ('AFO'), the NSW Trustee and Guardian sell the assets and remits the proceeds to the NSW Treasury. In the case of a proceeds assessment order ('PAO') and unexplained wealth order ('UWO'), the Commission has a role in obtaining payment. In most cases, the debt due to the Crown is secured by real estate or other collateral, and interest accrues.

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

Use of statutory information gathering powers

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

The powers available to the Commission pursuant to the *Crime Commission Act*, and statistics on their use, are given in Table 8 in this report. The statistics for FID's use of these powers (being a subset of the figure in Table 8 are shown in Table 10).

Use of statutory powers by FID

Table 10

Summons and Notices issued	No. issued
Summons (s 24)	0
Notice to produce (s 28)	21
Notice to produce (s 29)	848
Total summonses and notices	869

The combined total number of notices issued under these provisions (869) during the reporting period was 338 less than the previous year (1207). This figure represents a significant reduction on the previous year's figure and several years prior.

It has been stated in previous annual reports that the numbers of such notices represents one measure of the amount of investigative work put in the confiscation matters during the reporting period. The drop in the number of notices issued is of some concern, but is most likely a symptom of the absence of several senior staff in FID for a variety of reasons. Budgetary and other reasons have made it difficult to replace those staff, which has had an impact on productivity, although this is not reflected in the confiscation outcomes for the reporting period which, as is described below, were among the best ever achieved

by the Commission. It remains to be seen whether the drop in numbers for such notices will have a flow on effect to confiscation outcomes in the next reporting period.

The *CAR Act* also provides for the Commission to apply to the NSW Supreme Court for the issuing of certain orders and warrants to gather evidence in confiscation proceedings. These include orders for the compulsory examination of persons under oath in the Court, orders for the defendant to provide a sworn statement of financial particulars, orders to produce documents and search warrants. The use of those provisions during the reporting period are shown in Table 11.

Use of CAR Act provisions

Table 11

Orders	No. sought	No. granted
Examination orders (s 12)	80	80
Examination orders (s 31D)	0	0
Statement of affairs orders (s 12)	73	73
Statement of affairs orders (s 31D)	0	0
Production orders (s 33)	10	10
Search warrants (s 38)	0	0
Search warrants (ss 44 and 45)	22	22
Monitoring orders (s 48)	0	0

Referrals

The Commission receives referrals for consideration of confiscation proceedings from a variety of sources, including other parts of the Commission and partner agencies. This year, 524 people were the subject of referrals and assessments compared to 499 people last year.

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

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

The Commission's analysis of referrals indicates that the Commission receives the majority of confiscation referrals from NSW Police Local Area Commands

following the arrest and charging of a person with a relevant offence. These arrests are often the result of short-term investigations focused on a particular criminal activity with little reference to the potential recovery of proceeds of crime. These referrals form the bulk of referrals assessed by the FID but are the least likely to result in the start of confiscation proceedings.

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

Confiscation and restraining orders

As is noted above, FID has faced significant resource pressures during the reporting period due to the departure of several senior staff with a limited ability to replace them. Despite this, the number of cases commenced has not declined greatly over the previous reporting period and is still significantly greater than the period before last.

Confiscation cases

Table 12

	2014-15	2015-16	2016-17
Cases commenced	70	82	78
Number of defendants	71	102	92

Applications for confiscation orders were made against 92 defendants during the reporting period, and of these 3 were made without a concurrent application for a restraining order. There are two main circumstances in which the Commission will seek a confiscation order without an associated restraining order:

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

During the reporting period the Supreme Court made 89 restraining orders on the application of the Commission. The Commission did not make any unsuccessful applications. Three applications were made with the consent of the defendants as part of the settlement of the proceedings against them. All the other 86 restraining orders were made on an *ex parte* basis.

When the Court grants a restraining order, the Court requires the Commission, on behalf of the State, to give an undertaking as to damages. The Commission has not been sued on any such undertaking during this, or any other, reporting period.

As far as applications made for confiscation, as opposed to restraining, orders are concerned, the Commission made 110 applications for confiscation orders, consisting of 80 applications for UWOs, 23 applications for AFOs and 7 applications for PAOs.

The reason that 18 more confiscation orders were applied for than the number of defendants against whom proceedings were commenced is because in respect of 18 defendants the Commission made applications for more than one type of confiscation order.

It was reported in last year's annual report that amendments had been made to the *CAR Act* that provide for the forfeiture of interests in property:

- (a) used in commission of offences
- (b) if the person used another person's property in the commission of an offence, other property owned by the person in substitution for the property used in the commission of the offence.

Most of the 23 applications for AFOs during the reporting period were applications of these types and were either applications for the forfeiture of real estate used in, or substituted for real estate used in, the cultivation of cannabis and for the forfeiture of large sums of cash seized in connection with the attempted money laundering of that cash.

Warranties

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

During the reporting period there were no orders made in respect of a breach of warranty.

Analysis of confiscations

The estimated realisable value of confiscation orders that were made during the reporting period was \$30,095,309.

Although this figure was very close to \$3m less than the preceding year, it was the third highest recorded by the Commission and is significantly higher than the average for the preceding five years (\$24,399,858). It should also be remembered that, unlike this year, in each of two years in which this figure was exceeded the total was affected by a single confiscation order of a very significant amount. Those years were the figure for last year, which included a single confiscation order of \$8.5m (included in the total for the year of approximately \$33m), and the figure for the year ended 30 June 2010, which included a confiscation order of approximately \$19.6m out of a total of almost \$45m.

Statistics for the reporting period in relation to these various confiscation outcomes are shown in Table 13.

Performance measures

Table 13

Outcome	By consent	Contested hearing	Total
AFOs made	37	1	38
PAOs made	24	1	25
UWOs made	5	2	7
Order for breach of warranty	0	0	0
Proceedings finalised by confiscation order application(s) being dismissed or proceedings discontinued	17	0	17

During the reporting period proceedings against 83 defendants were finalised. The total number of these disposals differs from the total number of applications because some of the disposals related to applications made in the previous reporting period, and some will not be finalised until the next reporting period. In addition to this, there are several matters in which more than one confiscation order was made against the defendant when the proceedings were finalised. For example, in some cases a defendant will consent to an AFO in respect of certain interests in property and also agree to pay a monetary amount to the Crown by way of a PAO or an UWO.

It can be seen from the above table that 4 confiscation orders were obtained as a result of contested hearings. These confiscation orders were obtained against three separate defendants in three unrelated proceedings.

It was reported in last year's annual report that one matter had proceeded to final hearing during that reporting period, being a hearing to assess the value of a PAO made in a prior reporting period and the defendant's application to exclude interests in property that been forfeited pursuant to an AFO that had been made at the same time as the PAO. At the time of writing last year's annual report it was reported that the hearing had concluded in March 2016 and that judgment was reserved. Judgment was delivered by Justice Hall on 6 October 2016 (see *New South Wales Crime Commission v Subakti* [2016] NSWSC 1421) with the defendant's application for exclusion being dismissed and a PAO being quantified against him in the amount of \$899,783.

Two other contested hearings left defendants in a similar position (*New South Wales Crime Commission v Elskaf* [2017] NSWSC 681 and *New South Wales Crime Commission v Ayik* [2016] NSWSC 1183), with each having significant debts to the NSW Treasurer well in excess of property available to satisfy them.

Each year a number of proceedings are finalised, usually by consent, with no confiscation order being made against the defendant. The most common reason for this is usually that the Commission will have commenced proceedings against two related defendants in one set of proceedings (for example, a person charged with drug offences and their spouse) and will ultimately resolve those proceedings with a confiscation order being made against one and the application against the other being dismissed.

While there was several of this type, the number of proceedings against defendants that were finalised without a confiscation order being made in this reporting period (17) was significantly higher than in the previous reporting period (9).

One case, involving 8 defendants, accounts for this increase. In this case the proceedings were commenced by applying for UWOs and successfully applying for restraining orders based on a suspicion that funds deposited to various bank accounts in the names of the defendants were the proceeds of money laundering. However, further investigations conducted after the funds in those bank accounts were restrained revealed that the defendants had transferred legitimately acquired funds to Australia using foreign remittance agents that used a *hawala* type of money transfer service.

Put simply, under a *hawala* money transfer arrangement a person outside Australia (Person A) who wishes to transfer funds into Australia will provide a sum of cash to a remittance agent in their own country who will give that cash to a person associated with a customer in Australia (Person B) who wishes to transfer funds out of Australia. Person B will then, through the remittance agent, deposit funds to Person A's bank account in Australia.

Hawala can be an effective way to launder funds because there is no actual transmission of funds in or out of Australia and is therefore less visible to law enforcement and regulatory authorities.

In the case in question, however, it became apparent that while the cash that had been deposited to the defendants' bank accounts was likely sourced from illegal activity the Commission was satisfied that it was an activity that the defendants neither had knowledge of nor involvement in.

The number of confiscation orders, and their estimated realisable values, with reference to the agencies that referred the matters to the Commission for assessment and possible proceedings are shown in Table 14.

Estimated realisable value by referral

Table 14

Source of referral	Number of Orders	Value \$
NSW Police	60	23,703,438
Commission-NSW Police joint investigation	7	3,948,015
Commission, NSW Police, AFP & ABF	1	999,920
NSW Police & AFP	1	785,000
Commission	2	658,936
Total	71	30,095,309

By reference to the type of order, the estimated realisable values of the various confiscation orders are shown in Table 15.

Estimated realisable value by order

Table 15

Type of order	No. of orders	Estimated realisable value \$
AFO	38	17,234,389
PAO	25	8,901,900
UWO	7	3,228,119
Breach of warranty	0	0
Order to compensate victims	1	730,901
Total	71	30,095,309

In each year since the *CAR Act* was amended to include UWOs it has been reported that although many proceedings are commenced by seeking a UWO they are often ultimately resolved by the proceedings being settled with the defendant

consenting to the UWO being dismissed and one of the other confiscation orders being made instead.

This year is no different in this regard. It can be seen from Table 15 above that 7 UWOs were made, with an estimated realisable value of \$3,228,119. However in addition to this a further 18 confiscation orders, with an estimated realisable value of \$8,854,081, were made in conjunction with the original application for an UWO being dismissed.

In Table 15 it is reported that one matter was finalised against a defendant by an order being made that provided compensation to the victims of the defendant's crime. On occasion, when it is in the public interest to do so, the Commission will take proceedings against defendants whose crimes have an identified victim who has suffered a financial loss.

One such matter was resolved during the reporting period that involved crimes against several identified victims who had been defrauded of substantial sums of money. The personal circumstances of the victims were such that it would have been highly unlikely, but for the actions of the Commission, that they would have recovered any of their losses, even though the defendant had been arrested and charged by police. Ultimately, it was determined that the appropriate way to resolve the proceedings was by the defendant agreeing to an order that provided for the defendant's property being used to compensate each victim for a portion of their loss.

Under the heading "Confiscation and restraining orders" above the number of matters commenced that rely, at least in part, on the amendments to the *CAR Act* to provide for the forfeiture of property used in the commission of offences is noted. It should be further noted that the impact of these amendments is already being seen on matters finalised during the period as 4 AFOs were made that substantially relied on these provisions and which had a combined estimated realisable value of \$1,061,392.

Estimated realisable value of confiscation orders

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

As discussed in previous annual reports and detailed on the Commission's website, the Commission believes that using the estimated value of interests in property which are subject to restraining orders or, alternatively, the nominal value of confiscation orders to assess results of confiscation proceedings is problematic. Both figures can overestimate the amount that could be paid to the State and result in an inflated impression of the Commission's success in this area. The difference in the estimates is again highlighted in Table 16.

Comparison with previous years

Table 16

	2014-15 \$	2015-16 \$	2016-17 \$
Estimated value of property subject of proceedings	46,500,000	66,611,000	60,712,000
Estimated value of realisable confiscation orders	26,513,577	33,092,706	30,095,309

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

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

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

When measured by their gross, rather than realisable, value the value of all confiscation orders made during the reporting period was \$38,120,916 and the difference of \$8,025,607 between this figure and the estimated *realisable* value of confiscation orders is explained entirely by the unrealisable component of the 3 matters that were taken to contested hearing.

Exclusion orders

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

This most commonly occurs when the Commission has applied for an AFO and the defendant has been convicted of a serious crime related activity. In such cases, the

making of an AFO cannot be defended, but the defendant may consider that they can prove that some, or all, of the forfeited interest in property was acquired from legitimate sources. In such circumstances, the defendant may consent to the making of the order but retain their statutory right to seek to have some or all of the forfeited interest in property excluded from the order on the grounds that the interest was not illegally acquired.

There are no current matters in which an application for an exclusion order has been made.

Summary judgments and appeals

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

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

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

Living and legal expenses

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

Applications pursuant to s 10B(3) were made and determined as shown in Table 17.

Applications under s 10 B (3)

Table 17

Result type	Living expenses	Legal expenses
Orders made by consent*	4	42
Application for order dismissed by consent	0	0
Application for order granted after contested hearing	0	0
Application for order dismissed after contested hearing	0	0
Total	4	42

* 20 of the 42 legal expenses orders and 1 of the living expenses orders were made by consent as part of the finalisation of the confiscation proceedings by negotiated settlement.

Costs

A consequence of the Commission's resolving almost all proceedings by negotiated settlement is that it is rare that an order is made that the Commission pay the defendant's costs for the proceedings or that the defendant pay the Commission's costs for the proceedings.

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

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

There were two orders made for the defendants to pay the legal costs of the Commission. The Commission does not expect to recover these costs (and therefore has not had them assessed) as each of the proceedings left the defendants owing confiscation orders of a value significantly exceeding the value of their interests in property. Table 18 reports issues relating to legal costs.

Legal costs

Table 18

Number of costs orders in favour of the Commission	2
Estimated realisable value of those costs orders	Yet to be assessed
Number of costs orders in favour of the defendant	0
Amount paid in respect of that costs order	N/A
Total cost of briefing outside counsel in the reporting period	\$129,362
Total cost of briefing outside counsel as percentage of realisable orders*	0.43%

* The Commission bears the full cost of counsel fees. The full amount realised from confiscation orders goes to the Treasury. This figure, being the costs incurred in briefing outside counsel in proceedings that had been commenced, as a percentage of the total estimated realised value of all confiscation orders, is less than the figure for 2015-2016 (which was 0.54%).

Comparisons with previous two years

Table 19 sets out figures for the reporting period and the previous two years in respect of several key measures.

Comparison of performance measures

Table 19

Measure	2014-15	2015-16	2016-17
CAR Act restraining orders	54	91	89
Confiscation orders sought without a restraining order	18	11	3
AFOs made	42	27	38
Estimated realisable value of AFOs	\$18,197,309	\$11,356,403	\$17,234,389
PAOs made	35	25	25
Estimated realisable value of PAOs	\$7,914,500	\$16,244,303	\$8,901,900
UWOs made	3	8	7
Estimated realisable value of UWOs	\$730,000	5,492,000	\$3,228,119
Orders for breach of warranty ('BOWs')	0	0	0
Estimated realisable value of BOWs	N/A	N/A	N/A
Orders for compensation of victims ('COVs')	0	0	1
Estimated realisable value of COVs	0	0	730,901

Measure	2014-15	2015-16	2016-17
Total no. of confiscation orders and COVs	80	60	71
Total estimated realisable value of confiscation orders and COVs	\$26,519,577	\$33,092,706	\$30,095,309
Production orders (<i>CAR Act</i>)	0	1	10
Search warrants (<i>CAR Act</i>)	27	31	22
Monitoring orders (<i>CAR Act</i>)	0	01	0

Sharing with other jurisdictions

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

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

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

PART IV - LEGAL SERVICES DIVISION

The Legal Services Division ('LSD') provides both legal advice and legal services to the Commissioner, the Assistant Commissioners and to the Commission.

A key part of the LSD's operations is the provision of legal advice and legal services in support of the Criminal Investigation Division (CID). This year the LSD restructured this operation so that a senior Commission lawyer was assigned direct responsibility for supporting each key section of the CID operation. The aim was to provide a more client-responsive legal support service, managed by a senior lawyer with a more intimate knowledge of the relevant CID section and its operations. The services provided by the LSD through this structure have included the provision of ongoing legal advice at all stages of an investigation as needed, the facilitation of legal authorities, including warrants under the *Telecommunication (Interception and Access) Act 1979* (Cth) and the *Surveillance Devices Act 2007* (NSW), and the conduct, as counsel assisting, of coercive examinations pursuant to the *Crime Commission Act 2012* (NSW).

Since the introduction of s 35A of the *Crime Commission Act* the LSD has made a number of successful applications to the Supreme Court for leave to take evidence from particular witnesses facing a current charge. The LSD has represented the Commission in civil litigation arising out of applications for leave pursuant to s 35A that have been challenged in the Supreme Court (see D151, D 152, D 154 v NSW Crime Commission [2017] NSWCA 143 – discussed below). Finally, after the conclusion of an investigation, the LSD provides advice on issues of disclosure, manages the Commission's response to subpoenas, and deals with applications made to courts pursuant to subsection 45 (4) and subsection 45 (5) of the *Crime Commission Act* for access to the product of Commission hearings.

The LSD provides legal services in support of the Commission's Financial Investigation Division (FID) and manages the Commission's representation in the NSW Supreme Court in proceedings conducted pursuant to the *CAR Act*. This legal service commences with the provision of legal advice to FID's financial analysts even before the commencement of any proceedings. The LSD oversees the preparation of documentation used to commence proceedings under the *CAR Act*. It represents the Commission as these proceedings are progressed through the NSW Supreme Court, attending to all emerging interlocutory issues. LSD staff conduct examinations of relevant witnesses as required under the *CAR Act*. They instruct counsel and prepare matters for final hearings.

The LSD also provides legal advice and services in support of the corporate operations of the Commission. In this respect, it provides legal advice and representation for the Commission in dealings with oversight agencies including the NSW Ombudsman, the PIC and the Law Enforcement Conduct Commission ('LECC'). It represents the Commission in civil proceedings impacting on the Commission. LSD lawyers advise the Commission in relation to the development of agreements, including Memoranda of Understanding, with relevant external agencies. LSD lawyers deal with referrals from Commonwealth agencies under the

Freedom of Information Act 1982 (Cth) and act as appropriate officers under the *Government Information (Public Access) Act 2009*.

Significant judicial cases impacting on the Commission

Previous annual reports have canvassed how the appellate courts impacted on the use of the coercive powers of the Commission and the introduction of amendments to the *Crime Commission Act* in November 2014 which were intended to overcome the perceived limitations of the use of the powers. In this reporting year the operation of the new legislation was directly challenged in the NSW Supreme Court of Appeal in D151, D 152, D 154 v NSW Crime Commission [2017] NSWCA 143. These proceedings arose as a result of successful applications made on behalf of the Commission under the new legislative provisions. These persons challenged the orders for leave, and ultimately the requirement under the *Crime Commission Act* that they undergo examination, initially in the NSW Supreme Court before the matter was moved to the Court of Appeal.

The Court of Appeal held in favour of the Commission, finding that, having regard to the construction of the *Crime Commission Act*, the reference in s 35A to “a person who is the subject of a current charge for an offence” includes a person who is subject to a charge arising under federal law, and that the State Parliament had the power to pass s 35A, in accordance with this construction. The section did not contravene the Constitution.

The issues arising from *X7 v Australian Crime Commission* (2013) 248 CLR 92 and *Lee v NSW Crime Commission* (2013) 251 CLR 196 continue to be litigated in other States. While these States have not introduced similar clarifying legislation to that passed with respect to operation of this Commission, these decisions need to be closely monitored

Legislative changes impacting on the Commission

There were no legislative changes introduced during the reporting period that significantly impacted on the operations of the Commission.

PART V –CORPORATE SERVICES DIVISION

Executive Team

The Commission's Executive Team consists of the Commissioner, two Assistant Commissioners, three Executive Directors and two Directors. These officers are responsible for the management of the Commission.

During the reporting period, the Executive Team consisted of Mr Hastings (Commissioner), Mr Bodor (Assistant Commissioner (Legal)) Mr Dein (Assistant Commissioner (Operations)), the Executive Director (Criminal Investigations), the Executive Director (Financial Investigations), the Executive Director (Corporate Services), the Director (Legal Services) and the Director (Governance). The Executive Team met monthly throughout the year.

Following the implementation of the Senior Executive Implementation Plan on 30 November 2016 a number of changes to the senior executive were established. This included the transition of senior executives at the Commission to Public Service Senior Executive roles and designations.

The Commission has also established a leadership team which includes the Executive Team and four additional director level positions.

Corporate Plan

In July 2014, the Commission developed and published the 2014-2016 Corporate Plan, which included clear tactical goals with detailed strategies as to how these will be achieved. An updated Corporate Plan 2017 was published in January 2017.

The corporate plan is routinely monitored, reviewed and revised by the Executive Team noting progress made towards achieving the agreed goals and strategies. The Commission has progressed in all the specified goals areas and completed the majority of the activities during the reporting period. Revised divisional and enterprise plans and objectives were reviewed during 2017 and are linked to the performance development plans of staff.

The published 2017 Corporate Plan has been updated to reflect this progress. It can be reviewed at Appendix E of this report.

Organisational structure

The previous Director Legal Services retired on 15 April 2016. A new Director Legal Services was appointed to join the Executive Team in the 2016-2017 reporting period. He has extensive experience as a lawyer in law enforcement and is a welcome addition to the Executive Team.

During the reporting period the Commission, as part of the *GSE Act* reform, transitioned its senior executives as part of a senior executive implementation plan, to equivalent executive level staff under the Public Service Senior Executive

(PSSE). The implementation plan was developed in consultation with the Public Service Commission and approved by the Public Service Commissioner on 27 May 2016. The implementation modified the composition of the management and leadership teams (senior executive) of the Commission. The plan was fully implemented by the agreed transition date of 30 November 2016.

A chart illustrating the Commission's organisational structure as at 30 June 2016 can be found at Appendix F. A chart illustrating the Commission's PSSE structure as agreed with the Public Service Commissioner can be found at Appendix G.

Commission personnel

Under the *Crime Commission Act*, a significant number of officers and members of other law enforcement agencies (most numerous, officers of the NSW Police) are deemed to be members of staff of the Commission in order to facilitate effective investigations.

A smaller number of people are employed to enable the Commission to discharge its functions. These persons are remunerated from the Commission's budget and are considered to be employees of the Commission. Following the introduction of the *GSE Act*, the Commission's employees are now part of the Public Service, employed by the NSW Crime Commission Staff Agency (a separate Public Service agency).

As at 30 June 2017, the NSW Crime Commission Staff Agency employed 135 staff members. As at the last pay fortnight in 2016-2017, adjusting to take into account part-time working arrangements, the Commission had 122.04 full-time equivalent employees, six of whom were on parental leave.

The Commission had three statutory officers at 30 June 2017, being the Commissioner and two Assistant Commissioners. In its special determination dated 15 July 2016, which was effective from 1 July 2016, the Statutory and Other Offices Remuneration Tribunal set the remuneration of the Commissioner at \$484,590 per annum on a salary packaging basis and the Assistant Commissioner at \$438,470 per annum.

During the financial year the Commission implemented the Public Service Senior Executive Plan and now employs a total of nine public service senior executives. On 9 November 2016 the Statutory and Other Officers Remuneration Tribunal issued a Special Determination which relates to two of these positions, being the Executive Director, Criminal Investigations and the Executive Director, Financial Investigations. The tribunal has set the remuneration packages for these positions.

Table 20 provides the average remuneration packages (inclusive of salaries, superannuation and allowances) for the senior Executive Team including the statutory officers and public service senior executives for the 2016-2017 financial year.

Remuneration packages

Table 20

Band Level	Average Remuneration Package \$	Male	Female	Total
SOORT	468,571	3		3
PSSE Band 3	0	0	0	0
PSSE Band 2	341,302	3		3
PSSE Band 1	210,766	4	2	6

Prior to the senior executive implementation plan on 30 November 2016 the Commission did not have officers classified as senior executives.

The percentage of total remuneration packages for those officers classified as senior executives of the total employee related expenditure for the Commission was 13%, for Statutory Officers the percentage of total remuneration packages of the total employee related expenditure for the Commission was 8%.

Personnel numbers as at 30 June 2017, and as at 30 June in the three preceding years are shown in Table 21.

Personnel

Table 21

Personnel category	2013-14	2014-15	2015-16	2016-17
Statutory officers	3	2	3	3
Senior Executive Service	0	0	0	9
GSE Act (ongoing)	139	133	132	119
GSE Act (temporary)	0	6	2	1
GSE Act (casual)	2	5	6	3

It is to be noted that of its 135 staff the Commission employs 79 females and 57 males.

The majority of the personnel of the Commission mainly or exclusively performed operational tasks. Examples include intelligence analysts, intelligence managers, forensic accountants, financial analysts, telecommunications interception administrators, electronic surveillance officers, staff of the Technical Operations Team, staff preparing transcripts, staff of the Information and Communication Technology ('ICT') Team, staff working on specialist investigative systems, and those involved in human source management.

Some personnel had a more even division of operational and managerial responsibilities (e.g. the Commissioner and Assistant Commissioners, Executive

Directors, Directors and some managers). Other Commission staff were mainly or exclusively involved in administrative roles. Examples include the Executive Director (Corporate Services); the Operations Support Manager; the staff of the Finance, Security and Building, Security Vetting and Information Management Teams; those ICT staff who provided corporate ICT support services; and the staff of the Governance Unit.

Training

The Commission supports a culture of continuous learning for all Commission staff. Performance Development Plans record the learning and training needs of staff to ensure that they are able to achieve their objectives. Learning opportunities include experiential learning, on the job training, secondment opportunities and access to formal internal and external training courses. A training budget has been established for each division to provide funding for prioritised external training courses. The focus is to provide opportunities to enhance existing skill sets, provide networking opportunities and keep staff abreast of current practices.

The Commission also provides opportunities for continued professional development and facilitates a study support scheme, including access to study leave and flexible working arrangements.

During the reporting period, regular educational seminars (including expert guest speakers from academia and partner agencies) were held to update staff on operational and technical matters.

Employee Assistance Program

The Commission's external Employee Assistance Provider operated during the reporting period and is actively promoted to staff. The Commission has supported internal initiatives to promote staff wellbeing and resilience.

People Matter Employee Survey

During the reporting period, the Commission participated in the sector wide 2017 People Matter Employee Survey. The Commission's participation rate has dropped from 83% in 2016 to 58% in 2017; however there was an improvement in 43 of the questions and a decline in only 20. The results indicate that the areas of concern for staff include limited opportunities for career/professional development and the need for a further focus on leadership and strategic development. In response to the 2016 survey results, an internal Committee comprised of staff was formed to analyse and make recommendations in relation to addressing any issues of concern. The recommendations of the Committee were considered in late 2016 and implemented in the new year. Actions arising included improving communication channels across the Commission as well as making modifications to the Performance Management Framework and supporting templates.

CORPORATE PROJECTS

The Corporate Services Division has continued the development and implementation of enterprise level projects during the reporting period. These projects targeted and addressed the most significant enterprise wide issues of ICT performance, compliance and support requirements. The successful completion of these projects has substantially remediated areas of significant risk to the Commission and created a platform of stability, value for money, effectiveness and efficiency.

Major projects undertaken include the following

Data Centre Migration Project business case

A significant project submitted via a business case in the previous year of 2015-2016 was successfully approved by government in late 2016. The Commission sought additional funding and approval of a business case to transform its ICT infrastructure, data centre, ICT environment and systems following an extensive review of the Commission ICT eco-system. The review concluded that the core ICT infrastructure and systems were failing. The Commission had no disaster recovery and insufficient backup of critical ICT systems. The approved funding enabled the Commission to progress to finalisation of a request for proposal through the GovDC marketplace and to contract with an approved government supplier.

Data Centre Migration Request for Proposal and Contract

The Commission undertook a complex procurement activity approaching approved GovDC marketplace providers to develop a response for the transformation of the Commission's ICT data centre, infrastructure and core systems. The procurement and contract development was supported by other key agency partners including the Department of Finance, Innovation and Services and the Department of Justice. A contract was approved for the Commission to engage a strategic partner to deliver Platform as a Service to the Commission.

Data Centre Migration Project

Following the approval of a business case and contract the Commission commenced the implementation of its most comprehensive project to date. The project was established and delivered the transformation of its data centre, ICT infrastructure, systems and environments to a Platform as a Service engagement with an approved GovDC supplier into the GovDC data centres.

The project was a complex project and technical migration of all systems and data was completed by 30 May 2017, with a further period of transitional adjustments during the month of June 2017. The project was delivered under the approved budget and ahead of schedule and delivered all its key outcomes including:

- meeting the requirements of the NSW Government policy to transition to GovDC;

- transformation of the Commission's data centre into a Platform as a Service
- implementation of system redundancy, disaster recovery and backup
- implementation of enhanced ICT security including encryption deployment

One of the core outcomes of the data centre migration is to enhance the Commission's digital information and security. Building on previous projects including implementation of the electronic document records management system and other related systems for auditing, managing and monitoring information the Commission has continued to improve and enhance its information management and security. The new Platform as a Service environment will provide a foundation towards attaining ISO27001 accreditation, in addition to enhanced ICT and information security as part of the services provided to the Commission. The Commission's Digital Information and Security Policy Attestation can be found at Appendix H.

Financial Management, budget and reporting

The Commission has during the financial year implemented a number of projects which have enhanced budget and financial management reporting, systems and processes. The focus of financial projects has been to enhance process and system compliance, financial and budget forecasting, cost centre management and costs analysis, which has supported the delivery of efficiencies and savings in all core budget and financial areas of the Commission including meeting efficiency dividends and other related government savings programs.

Human Resources Capability Framework implementation

The Commission has continued its implementation of the NSW Government HR Capability Framework as part of the introduction of the *GSE Act*. The Commission has embedded the capability framework requirements, best practices and approaches. This has involved the development or transition of many of the Commission's policies, procedures and processes. The final key component for the Commission is the development of a Workforce Management Strategy and plan.

ICT Team restructure

The Commission, as part of its data centre migration project, also undertook a project which reviewed the services, resources and personnel required for the future ICT environment of the Commission. The project developed a new structure for the Commission's ICT services and team and resulted in significant changes to roles and personnel within ICT. The final structure of the team was implemented at the end of the data centre migration project.

PART VI - CORPORATE GOVERNANCE

The Governance Unit commenced operations in late 2012 and has made a substantial contribution to improving the governance arrangements at the Commission during the last four years. The work now mainly turns to refining and revising existing policies and procedures as well as creating a small number of new documents. The Corporate Governance Framework continued to guide the work of the unit in maturing governance arrangements.

Internal governance

Planning framework

The Performance Management Framework was reviewed during the reporting period following feedback received from staff resulting in a simpler document as the foundation for plans. Individual plans continue to be linked to the Divisional Plans which are in turn linked to the Corporate Plan 2017. As per the Framework, a mid-cycle review is held between the staff member and supervisor as well as regular informal meetings held throughout the year.

Performance reporting

During the reporting period, research was undertaken to develop additional operational performance indicators in relation to the work of the Commission, in addition to those already reported via the annual reporting process. This research included indicators relating to reducing the incidence of organised and other serious crime. An approach and proposed methodology is currently under consideration at the executive level. Existing management reports continue to be produced for the various forums and meetings of the Commission which assist to inform decision making and resource allocation.

Committees and structures

The existing suite of key committees and meetings that forms the basis of the Commission governance arrangements continued to operate during the reporting period. From time to time working groups were formed with members drawn from across the Commission to consider and resolve specific policy issues affecting Commission operations.

Legislative Working Group

The Legislative Working Group established during the previous reporting period continued to operate. The Group is composed of the Commissioner, as Chair, the Assistant Commissioner (Legal), the Assistant Commissioner (Operations), the Executive Director (Financial Investigations), the Executive Director Criminal Investigations and the Director Legal Services, with support from the Director Governance. The purpose of the Legislative Working Group is to provide a structured approach to legislative review and the drafting of amendments, to consider the legislative change proposals submitted by members of staff, to participate in statutory reviews and to prepare for legislative change that may

impact the Commission. The Group considered a number of minor amendments as well as discussing more substantial amendments that could be considered in future.

Business process improvement

During the reporting period, three electronic workflows were developed, implemented and deployed, one of which was key to improving the flow of activities performed by Intelligence Analysts in the Criminal Investigations Division. The workflow also reduced the time taken to make applications and gain approvals for telecommunication requests as well as strengthening compliance and reporting arrangements.

Further research was undertaken to identify additional opportunities for process improvements specifically through the use of electronic workflows. These will be prioritised and deployed with a focus on supporting Commission operations.

NSW Crime Commission website

In early 2017, an internal project commenced to design, implement and host externally a new website for the Commission. The design work was undertaken by an external provider in consultation with a small team of staff at the Commission with the new website being deployed in early September 2017.

Employee conduct

Internal communications

The Commission's intranet, *OurSource*, provides up-to-date information for staff on a range of topics, and is the communications portal for all-staff announcements and alerts.

A3 posters in lift lobbies inform staff about upcoming events and the release of new policies. A quarterly newsletter is produced for Commission staff providing further information about current issues and topics affecting employees.

In addition, the Commissioner continues to deliver a half yearly staff update for the purpose of providing an overview of current issues and matters impacting the work of the Commission and the staff.

Conduct

The Commission's Code of Conduct is reviewed periodically to ensure it remains current. During the reporting period, the Code was revised in late 2016 to reference the Code of Ethics and Conduct for NSW Government Sector Employees. Commission employees are asked to attest on an annual basis that they have and will continue to comply with the Code of Conduct and underpinning policies. This process was once again undertaken during the reporting period. The Code of Conduct is available on the Commission's website.

Ethics Committee

The Commission's Ethics Committee meets on a quarterly basis to discuss ethical issues that may be faced, or have been reported by Commission staff, and aims to provide guidance to staff on these issues. Representatives from across the Commission comprise the members of the Ethics Committee.

Fraud and corruption control

The inaugural Fraud and Corruption Control Plan for the Commission was produced in June 2014. That plan was revised in December 2016 to take into account several publications produced by the NSW Audit Office including a November 2016 report regarding fraud across the sector.

The 2016 plan also reflects the maturing approach that the Commission has had in mitigating fraud and corruption risks in recent years. The plan also proposes a number of possible additional strategies that could be deployed in the out years to further mitigate risks.

Internal controls

Internal audit

The Commission's internal audit function remained compliant with the provisions of Treasury Guidelines and Policy Paper TPP 15-13 *Internal Audit and Risk Management Policy for the NSW Public Sector*, which superseded TPP 09-05.

The Commission used a co-sourced model to undertake internal audits, that is, the in-house internal audit resources were augmented as necessary with the resources of an external service provider. A range of operational, administrative and compliance audits were carried out.

All audit reports were tabled at the quarterly meetings of the Commission's Audit and Risk Committee ('ARC'). The committee ensured the accountability of the internal audit function by overseeing the development and execution of the 2016-2017 internal audit program and also overseeing progress of management actions being implemented in response to audit recommendations.

Delegations

The Commission continues to maintain update and periodically review financial, operational and administrative delegations, which are made available to staff.

Policies and procedures

During the reporting period the Governance Unit continued to maintain and enhance the series of corporate and operational policies that had been produced in recent years. These policies standardise the approach to a range of situations, document the policy position of the Commission and provide consistency and equity for staff.

Risk management

The Commission's Risk Management Framework also remained compliant with the provisions of TPP 15-03. Organisational risks registers were maintained at both the Executive and Divisional levels. In recognition of the importance of integrity to the Commission's operations, a separate fraud and corruption risk register was also maintained.

Risk registers continued to be reviewed and updated periodically to provide assurance regarding the effective ongoing management of risks. A number of ad hoc risks were identified and included in risk registers during the year.

Operational Risk and Threat Assessment Tools are in place within the Commission so that Commission staff can better manage operational situations that have an inherent risk of injury.

The Commission's annual internal audit plan was also risk-based.

External stakeholder relationships

The Stakeholder Management Plan developed in 2016 continued to operate. In its initial state the plan is designed to document existing relationships, so that strategies to improve relationships with key stakeholders can be developed.

External reporting

Proactive disclosure

Due to the nature of the Commission's business, the Commission has published limited information on its website. The published information remains comparatively static. Information available on the website includes the current Corporate Plan, the Organised Crime Disruption Strategy, Confiscations Factsheet and the Code of Conduct. The website includes links to relevant websites.

Statutory reporting

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

Annual report

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

External audit

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

- give a true and fair view of the financial position, financial performance and cash flows of the Commission in accordance with Australian Accounting Standards
- are in accordance with s 45F of the *Public Finance and Audit Act 1983* and the Public Finance and Audit Regulation 2015.

Accountability and scrutiny of the commission

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

The Commission is subject to the supervision of its Management Committee, the Department of Attorney General and Justice, the Ministry for Police and Emergency Services, and the Treasury. It is also subject to, or implements where applicable, policies and other measures emanating from those bodies, as well as the Department of Premier and Cabinet and others. Scrutiny is also undertaken by the Parliament through its Budget Estimates Committee and the Parliamentary Joint Committee ('PJC'). In addition to these generic measures, during the reporting period the Commission is subject to the scrutiny of its Inspector and, along with the NSW Police, the scrutiny of the PIC.

Internal audit and risk management

The Director Governance is the Commission's Chief Audit Executive and Chief Risk Officer. She is supported by the Commission's Senior Internal Auditor, who has responsibilities relating to internal audit, compliance audit, and risk management.

The 2016-2017 internal audit plan was developed using the three-year audit plan as a guide and also taking into account the Commission's risk profile and audit history. The audits undertaken covered both operational and administrative topics. Some scheduled audits were not completed prior to year's end and will be completed during 2017-2018.

An Internal Audit Manual and key performance indicators (KPIs) for the Internal Audit function were introduced during the reporting period. These KPIs will be monitored during 2017-18 and beyond.

The Commission's Executive Team received and reviewed all internal audit reports issued during the year. These reports were also tabled and discussed at the ARC meetings. The Governance Unit followed up on the implementation of management responses to agreed recommendations, reporting to the next ARC meeting on progress.

The Commission's approved Risk Management Policy was in compliance with TPP15-03 and operated throughout the year. It is augmented by a separate policy and procedures document, updated during the year, which supports the Commission's Operational Risk Assessment and Threat Assessment Tools. These tools are used in operational situations where there exists a heightened potential for injury. Both policies will be periodically reviewed to ensure they remain current.

The Commission's risk registers are maintained by the Governance Unit. Risks rated as critical or high are formally reviewed at least annually by the Commission's Executive Team. Risks rated as medium and low are also reviewed at least annually by the relevant risk owners. The Fraud and Corruption Risk Register was comprehensively updated and revamped during the year.

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

Audit and Risk Committee

The Commission's ARC operated throughout the reporting period. The Commission continued to have an appointed Chief Audit Executive and Chief Risk Officer and maintained an internal audit function and risk management function as required by TPP 15-03.

Functions and membership of the Audit and Risk Committee

TPP 15-03 tasks the Audit and Risk Committee with the responsibility to oversee and provide advice to the Commission regarding the design and operation of the internal audit function, risk management function, compliance activities, external audit and statutory annual reporting activities. Although the ARC reports to the Commissioner, its role at the Commission is strictly advisory.

The Commission's ARC consisted of an independent chair, Mr Peter Lucas, and independent members Mr Tim Holden, and Mr Paul Crombie. The members declare their pecuniary interests annually and conflicts of interests are routinely dealt with at each ARC meeting. The ARC met every quarter to discharge its obligations under its Charter. In addition, the ARC held a special specific focus meeting on 24 July 2017 to review the annual statutory financial statements for the year ended 30 June 2017. The ARC met on the dates shown in Table 22, which also shows member attendance.

Audit and Risk Committee dates

Table 22

Meeting Date	Peter Lucas	Paul Crombie	Tim Holden
12 September 2016	✓	✓	-
7 December 2016	✓	✓	✓
20 March 2017	✓	✓	✓
19 June 2017	✓	✓	-

A number of permanent invitees also attended the ARC meetings during the reporting period. These included the Commissioner, the Director Governance (in the capacity of Chief Audit Executive), the Senior Internal Auditor, the Executive Director Corporate Services, the Inspector of the Commission and representatives from the NSW Audit Office.

Achievements of the Audit and Risk Committee

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

- reviewed the Charters for the ARC and for internal audit
- reviewed the adequacy of the budget allocated to the audit and risk activities
- reviewed the methodology set out in the Commission's Internal Audit Manual
- reviewed and endorsed the 2016-17 Internal Audit Plan
- monitored the progress of executing the 2016-2017 Internal Audit Plan
- reviewed internal audit reports addressing the audits undertaken during the year, covering a broad range of compliance, administrative, financial, and operational topics
- tracked the implementation status of internal audit recommendations
- reviewed the annual assessment of the internal audit function's conformance with the International Professional Practices Framework of the Institute of Internal Auditors
- monitored and reviewed the Commission's risk management framework
- monitored and reviewed risk management activities undertaken during the year, which included a routine update of the Enterprise Risk Registers, a major revision of the Fraud and Corruption Risk Register, and the ad hoc escalation of risks throughout the year
- reviewed the Commission's Internal Control Framework and Fraud Control Plan
- monitored the maturing governance arrangements at the Commission, which are aligned to the Commission's Corporate Governance Framework
- monitored strategies deployed to improve the Commission's administration and corporate services, including the migration of ICT services to the Government Data Centre
- reviewed the progress of key corporate projects and the management of associated project risks
- reviewed on a quarterly basis the Financial Management Reports of the Commission

- monitored activities designed to achieve the Commission's compliance with laws, government policies and directives
- liaised with the external auditor and monitored the NSW Audit Office Client Services Plan for 2016-17 and the procedures around early close and year-end
- reviewed and endorsed for signature by the Commissioner the 2015-16 annual statutory financial statements together with the supporting CFO certification of Internal Controls and the Management Representation Letter. (The 2016-17 annual statutory financial statements and associated documents were considered at the September 2017 meeting)

Overall assessments by the Audit & Risk Committee

The ARC has assessed, in the 2016-17 financial year, the agency's risk, control and compliance framework as being adequate for an agency of its size. During the year the Commission identified its Information Technology as an emerging risk and put in place appropriate responses to mitigate that risk.

The ARC has assessed the performance of the Commission's internal audit, in the 2016-17 financial year, as being adequate for an agency of its size.

Internal and external audit findings and recommendations

Table 23 gives a summary of the Commission's progress in addressing the findings and recommendations made in internal and external audit reports as at 30 June 2016 and 30 June 2017.

Findings and recommendations progress

Table 23

	As at 30 June 2016	Items added as a result of reports during the year	Items completed or closed by management during the year	As at 30 June 2017
All Items	53	38	50	41
Split by agreed risk rating of recommendation				
Critical risk	0	0	0	0
High risk	14	9	11	12
Medium risk	24	20	26	18
Low risk	15	9	13	11
	53	38	50	41

External oversight of the Commission

NSW Ombudsman

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

- s 11(1) of the *TIA (NSW) Act*
- Part 5 of the *LEPR Act* (annual reports are publicly available through the NSW Ombudsman's website, although no inspections regarding the Commission occurred during the reporting period because no applications for covert search warrants were made)
- s 49(1) of the *SD Act* (bi-annual reports are publicly available through the NSW Ombudsman's website)
- Part 4 of the *LECO Act* (annual reports are publicly available through the Ombudsman's website, although no inspections regarding the Commission occurred during the reporting period because no controlled operations were authorised under LECO).

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

Commonwealth Ombudsman

The Commonwealth Ombudsman audits the Commission's compliance with requirements contained in the *TIA Act*.

The 2016-2017 audit of stored communications occurred on 18 September 2017.

The 2016-2017 audit of telecommunications data occurred on 16 October 2017.

The report for the 2015-16 period was released by the Commonwealth Ombudsman in March 2017. This report details the results of the inspections for stored communications and telecommunications data.

Inspector of the Commission

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

The Inspector of the Commission has responsibility for:

- auditing the operations of the Commission for the purpose of monitoring compliance with NSW laws
- dealing with complaints of abuse of power, impropriety and other forms of misconduct on the part of the Commission or officers of the Commission
- dealing with conduct amounting to maladministration including, but not limited to, delays in the conduct of investigations and unreasonable invasions of privacy by the Commission or officers of the Commission

- assessing the effectiveness and appropriateness of the procedures of the Commission relating to the legality or propriety of its activities.

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

The Inspector of the Commission:

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

The Commission values the role of the Inspector in maintaining the integrity of the conduct of the Commission and its staff. During the reporting period, the Commission collaborated with the Inspector in identifying areas of the operations of the Commission that are most sensitive and susceptible to risk. The Commission has kept the Inspector informed of any complaints of misconduct against the staff of the Commission by providing copies of any notifications to the PIC pursuant to s 75D of the *Police Integrity Commission Act 1996* ('PIC Act').

Parliamentary Joint Committee

Since the commencement of the *Crime Commission Act*, the Commission has fallen under the oversight of the PJC on the Office of the Ombudsman, the PIC and the Crime Commission.

In accordance with s 71 of the *Crime Commission Act*, the functions of the PJC are as follows:

- to monitor and review the Commission, the Management Committee and the Inspector's exercise of their functions

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

Police Integrity Commission

The PIC had the function of investigating allegations of misconduct against current and former officers of the Commission. The *PIC Act* provides that any person may make a complaint to the PIC about a matter that involves or may involve misconduct of a Commission officer and the PIC may investigate any such complaint or decide that the complaint need not be investigated. During the reporting period, the Commissioner was under a duty to notify the PIC of any possible misconduct by an officer of the Commission.

Complaint handling

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

Internal complaints

During the reporting period, the Commission maintained its Complaints Handling Policy and Procedures, including both internal and external complaint procedures. The Commission also has a work-related Grievance Handling Policy and an Internal Reporting Policy.

The Commission is committed to properly addressing complaints and encourages staff to raise problems or complaints with their supervisors and the Executive Team if required. The Commission's Executive Team meets regularly and all complaints are discussed. The Commission endeavours to deal with each problem or complaint effectively and efficiently.

During the reporting period, the Commission received one internal complaint about Commission staff.

Complaints about the Commission

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

Details of how to make a complaint are on the Commission's website.

During the reporting period the Commission received four complaints in relation to either current or former staff of the Commission. These were dealt with in accordance with the relevant policy and procedures.

Reporting to the PIC

The Commission has an obligation under s 75D of the *PIC Act* to report allegations of potential corruption and/or misconduct by NSW Police, or current or former Commission members or staff to the PIC, regardless of how the Commission became aware of the issue. During the reporting period, the Commission referred two such matters to the PIC that related to current or former Commission employees including those referred to above.

Public Interest Disclosures

The Commission has an Internal Reporting Policy that has been communicated to staff and is accessible on the intranet.

Pursuant to the *PID Act*, the Commission has nominated both male and female Disclosure Officers, a Disclosures Co-ordinator, and Disclosures Support Persons.

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

The Commission's Annual Report under s 31 of the *PID Act* is reproduced at Appendix J.

PART VII - OTHER REPORTING REQUIREMENTS

2016-2017 Annual Report

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

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

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

This report was prepared and has been furnished in accordance with s 82 of the *Crime Commission Act*; the *Annual Reports Act*; the *Annual Reports (Departments) Regulation 2010* ('the *Annual Reports Regulation*'); the *GIPA Act*; NSW Government *Digital Information Security Policy 2.0* April 2015; the *PID Act*; Treasury Circulars 11/21, 14/31, 15/05, 15/07 and 15/18; Premier's Circular 00-68; Premier's Memoranda 2000-15, 2006-02, 1991-34 2002-07, 2004-05, 2009-01, 2011-22, 2013-09 and 2013-13; Public Service Commission Circular 2014-09, 2015-07, 2016-05; Treasurer's direction 205.01, and Treasury policy TPP 15-03.

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

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

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

Agreement with Multicultural NSW

In September 2006, the Commission entered into a Memorandum of Understanding with the Community Relations Commission (now Multicultural NSW) to ensure that persons appearing at the Supreme Court in respect of proceedings under the *CAR Act* are not disadvantaged as a result of language difficulties.

The agreement provides that Multicultural NSW will provide professional interpreting services on a fee-exempt basis to any person whose first language is not English and who may experience difficulty in comprehending or fully participating in proceedings under the *CAR Act*.

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

Building management

The Commission is located on Kent Street Sydney. Overall management of the Commission's premises during the reporting period is undertaken by Property NSW (PNSW). In July 2016, JLL (Jones Lang LaSalle) were introduced to the Commission as part of a government-wide facilities management contract.

The Commission works with JLL to undertake routine preventative and reactive maintenance programs of work to maintain service and upgrade the building to address key environmental conditions of the building. However, due to recent events and inspections of the southern façade following further inspections it has been identified possible remedial works might need to be undertaken due to water damage and drummy façade render from a broken and blocked pipe on the roof.

JLL and PNSW within the program of works to maintain and upgrade the Commission's premises are dealing with aged and often beyond end of life building infrastructure. This is evidenced with constant maintenance, repairs and upgrades of key environmental systems such as air conditioning units. This has resulted in some improvements in environmental conditions but other areas of the building still suffer from inconsistent air conditioning service.

Some of the building and financial responsibilities are still falling to the Commission, particularly with regard to fit out of the building and enhanced security facility provision.

During the reporting period PNSW continued discussions and an assessment of the building for potential disposal of it and relocation of the Commission.

The Commission during the reporting period has commenced a project and development of a business case with PNSW and New South Wales Police to settle options for the future accommodation of the Commission. This work is expected to continue into the 2017-2018 reporting period.

Commission publications

The Commission's previous annual reports, the 2017 Corporate Plan, the Organised Crime Disruption Strategy and the Code of Conduct are available on the Commission's website.

Consultants

The Commission engaged one consultant at a cost of \$14,525 for media and public relations services during the 2016-2017 reporting period.

Privacy

The Commission continues to maintain a Privacy Management Plan. The Commission has an appointed privacy officer, who has a dedicated email address to receive complaints – privacyofficer@crimecommission.nsw.gov.au. There were no complaints or reviews under the PPIP Act during 2016-2017.

Public access to government information

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

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

Government Information Officer
NSW Crime Commission
PO Box Q566
QVB Post Office
SYDNEY NSW 1230
Email:
governmentinformationofficer@crimecommission.nsw.gov.au

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

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

Disability Inclusion Action Plan

The Commission has in place a Disability Inclusion Action Plan 2015-2019 which was developed in accordance with the provisions of relevant legislation, including the *Disability Discrimination Act 1992* (Cth), the *Anti-Discrimination Act 1977* (NSW) and the *Disability Inclusion Act 2014* (NSW).

The Commission is committed to ensuring its services are accessible and providing the necessary resources to treat staff, visitors and members of the public in an equitable, professional and compassionate manner, having regard to any disabilities they may have.

The Commission's Disability Inclusion Action Plan is monitored annually, with a review of activity against the Plan's stated outcomes. A report is then prepared for the Commissioner. The Commission will review its Disability Inclusion Action Plan before the end of every four-year period.

Equal Employment Opportunity Management Plan, Workforce Diversity Policy and Multicultural Plan

The Commission is committed to delivering a stronger New South Wales in social, cultural and economic prosperity through cultural diversity. The Commissioner is committed to enabling an equitable access to services and programs for all staff. Whilst not a direct customer or citizen facing agency, the Commission seeks to engage as appropriate with all section of our society and to breakdown any barriers to participation.

In line with the NSW Public Sector, the Commission is committed to the development of a culture that is supportive of workforce diversity principles and has developed strategies to enhance employment equity.

The Commission has in place an Equal Employment Opportunity Management Plan 2013-2017, which has been prepared in accordance with Part 9A of the *Anti-Discrimination Act 1977*. The Plan aims to facilitate the identification and removal of systemic barriers to the participation and promotion in employment of workforce diversity groups. The Commission will review its Equal Employment Opportunity Management Plan 2013-2017 before the end of every four year period.

The Commission also has in place a Workforce Diversity Policy, developed in April 2016, which is intended to convey the legislated requirements of implementing workforce diversity into workforce planning and, in recruiting for the Commission workforce, not unlawfully discriminating against any person who can perform the inherent requirements of the job. This policy is to be reviewed in March 2019.

The Commission has also developed a Multicultural Plan for the period 2017 to 2021 based on the key focus areas and outcomes for a multicultural New South Wales. An annual report is prepared to highlight activities and outcomes for the preceding period at the Commission in promoting a diverse multicultural society

Table 24 contains the Commission's workforce diversity statistics taken from Workforce Profile reports, based on full-time and part-time Commission personnel (excluding casual staff) for the period 2014 to 2017. Comparative data from past years can be found in the Commission's previous annual reports.

Workforce diversity

Table 24

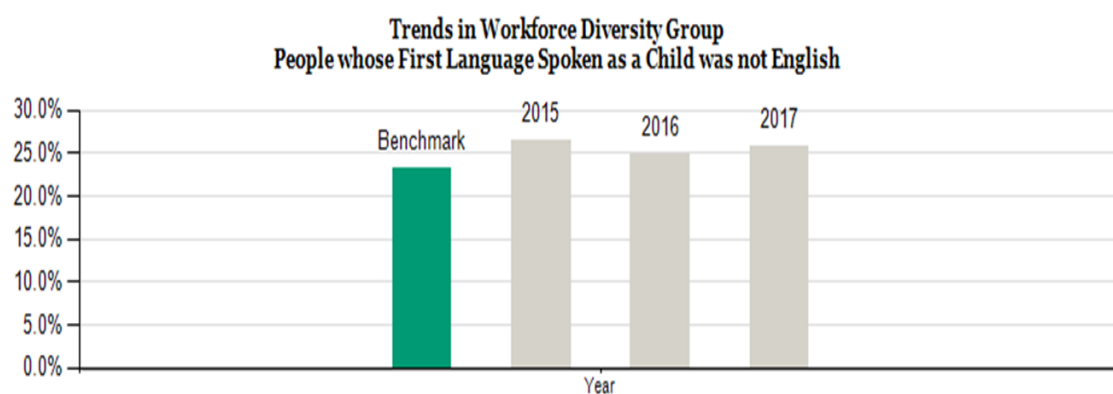
Workforce diversity group	Benchmark %	2015 %	2016 %	2017 %
Women	50	58.2	58.2	58.3
Aboriginal and/or Torres Strait Islander people	3.3	0.0	0.0	0.0
People whose first language spoken as a child was not English	23.2	26.4	24.8	25.8
People with a disability	N/A	2.9	2.8	3.0
People with a disability requiring work-related adjustment	N/A	0.0	0.0	0.0

Table 25 provides a summary of the number of persons employed at the Commission whose first language spoken as a child was not English.

First language spoken not English

Table 25

Workforce diversity group	Benchmark %	2015 %	2016 %	2017 %
People whose first language spoken as a child was not English	23.2	26.4	24.8	25.8



Waste management

The Commission regularly reviews its waste and recycling policies, energy and water consumption and purchasing practices, and implements measures which enable increased use of recycled material and better management of waste reduction.

The Commission in the past year has made some significant progress in waste management and specifically in widening its recycling of waste and materials. In May 2016 the Commission, following a competitive request for quotation with government suppliers, introduced a comprehensive waste recycling system. This introduction has resulted in changes throughout the Commission through the deployment of recycling bins and targeted recycling. The approach has also provided a substantial saving in annual waste management costs during the same period. Previously all waste was classified as general waste and minimal recycling was undertaken.

Since the commencement of the new contract, the Commission has processed the following amount of waste for the 2016-2017 period:

Waste

Table 26

Category	Waste processed
Cardboard recycled	12 tonnes
Comingle recycled	4 tonnes
Waste general	65.1 tonnes

Additional measures adopted by the Commission include:

- improving waste avoidance and increasing recycling
- re-using office equipment and other resources wherever possible
- only using 100% recycled paper
- recycling all waste paper, cardboard and empty toner cartridges
- encouraging staff to adopt energy efficient practices
- encouraging staff to recycle clothing and other items through donations to charities
- reducing energy consumption including lighting and air conditioning
- purchasing energy efficient equipment
- disposing of obsolete electrical and computer equipment (e-waste) through approved recycling providers.

The Commission's premises have been notified that it has a Nabers 1.5 star rating, which is recognised as a low rating. This reflects the age and condition of the Commission's premises. The Commission's Security and Building Services Team is

working with key suppliers and the Commission's landlord to continue reviews to reduce energy and resources consumption.

In the past twelve months the Commission has reduced electricity consumption through better energy management practices.

Financial matters

Account payment performance

The Commission's policy on accounts payable is that, where practicable, claims for payments are processed within the supplier's terms or, if no terms are stated, within thirty days of receipt of the invoice. The Commission's performance in paying its bills in a timely manner is shown in Tables 27 to 30.

Table 27

Aged analysis at the end of each quarter – All suppliers (\$'000)					
Quarter	Current (within due date)	Less than 30 days overdue	31 to 60 days overdue	60 to 90 days overdue	More than 90 overdue
Sep-16	2,968	85	3	0	0
Dec-16	3,089	43	1	137	26
Mar-17	2,713	9	0	0	0
Jun-17	4,210	36	0	0	0

Table 28

Aged analysis at the end of each quarter – Small business suppliers (\$'000)					
Quarter	Current (within due date)	Less than 30 days overdue	31 to 60 days overdue	60 to 90 days overdue	More than 90 overdue
Sep-16	273	8	1	0	0
Dec-16	44	20	0	0	0
Mar-17	178	7	0	0	0
Jun-17	168	1	0	0	0

Table 29

Total accounts paid on time				
Quarter	Target %	Actual %	Total paid \$	Total due \$
Sep-16	85	97	2,968,288	3,056,085
Dec-16	85	94	3,089,027	3,295,419
Mar-17	85	100	2,712,955	2,722,413
Jun-17	85	99	4,210,489	4,246,604

Table 30

Accounts due or paid within each quarter				
Measure	September 2016	December 2016	March 2017	June 2017
All suppliers				
Number of accounts due for payment	404	404	417	434
Number of accounts paid on time	396	389	405	426
Actual percentage of account paid on time (based on number of accounts)	98%	96%	97%	98%
Dollar amount of accounts due for payment*	3,056,085	3,295,419	2,722,413	4,246,604
Dollar amount of accounts paid on time*	2,968,288	3,089,027	2,712,955	4,210,489
Actual percentage of accounts paid on time (based on amount)	97%	94%	100%	99%
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0
Small business suppliers				
Number of accounts due for payment	86	85	123	139

Accounts due or paid within each quarter				
Measure	September 2016	December 2016	March 2017	June 2017
Number of accounts paid on time	84	81	122	138
Actual percentage of account paid on time (based on number of accounts)	98	95	99	99
Dollar amount of accounts due for payment*	282,575	164,231	184,854	169,011
Dollar amount of accounts paid on time*	273,455	143,900	177,748	168,127
Actual percentage of accounts paid on time (based on amount)	97	88	96	99
Number of payments for interest on overdue accounts	0	0	0	0
Interest paid on overdue accounts	0	0	0	0

* Dollar amounts are inclusive of GST

Credit card certification

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

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

Grants to non-government community organisations

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

Insurance activities

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

In 2016-2017, the Commission made 4 insurance claims, compared to 5 claims made in 2015-2016. These claims related to property, motor vehicles and workers' compensation.

Land disposal

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

Overseas travel

During 2016-2017, two Commission officers travelled overseas;

- a) One senior member attended the Leadership in Counter Terrorism Program Conference, USA (flights covered by the Commission with accommodation and most subsistence costs met by the program organisers)
- b) One officer attended joint investigation operations as part of an ongoing investigation with other Australian law enforcement agencies, USA (all costs met by the Commission)

Purchase of major assets

The Commission's purchasing of major assets during the reporting period is shown in Table 31.

Table 31

Asset	Cost \$
Building refurbishment	178,481
ICT hardware	34,054
Computer software	17,885
Motor vehicles	62,045
ICT Software	7,597
Other plant and equipment	29,512
Total	329,574

GLOSSARY AND ABBREVIATIONS

Term	Definition
ABF	Australian Border Force
ACIC	Australian Criminal Intelligence Commission (previously ACC)
AFO	Asset forfeiture order
AFP	Australian Federal Police
<i>Annual Reports Act</i>	<i>Annual Reports (Departments) Act 1985</i>
<i>Annual Reports Regulation</i>	<i>Annual Reports (Departments) Regulation 2010</i>
ARC	Audit and Risk Committee
ASIO	Australian Security Intelligence Organisation
ATO	Australian Taxation Office
AUSTRAC	Australian Transaction Reports and Analysis Centre
<i>CAR Act</i>	<i>Criminal Assets Recovery Act 1990</i>
CDPP	Commonwealth Director of Public Prosecutions
CID	Criminal Investigation Division
CLR	<i>Commonwealth Law Reports</i>
COV	<i>Compensation of victims</i>
<i>Crime Commission Act</i>	<i>Crime Commission Act 2012</i>
CSD	Corporate Services Division
Cth	Commonwealth
DPP	Director of Public Prosecutions (NSW)
FID	Financial Investigation Division
<i>GIPA Act</i>	<i>Government Information (Public Access) Act 2009</i>
GovDC	Government Data Centre Consolidation program
<i>GSE Act</i>	<i>Government Sector Employment Act 2013</i>
ICT	Information and communication technology
JACG	Joint Asian Crime Group
JCTT	NSW Joint Counter Terrorism Team
JLL	Jones Lang La Salle
JOCG	Joint Organised Crime Group
LECC	Law Enforcement Conduct Commission
<i>LECO Act</i>	<i>Law Enforcement (Controlled Operations) Act 1997</i>
<i>LEPR Act</i>	<i>Law Enforcement (Powers and Responsibilities) Act 2002</i>
LSD	Legal Services Division
NSW Police	NSW Police Force

Term	Definition
OCS	NSW Police Force Organised Crime Squad
PAO	Proceeds assessment order
PIC	Police Integrity Commission
<i>PIC Act</i>	<i>Police Integrity Commission Act 1996</i>
<i>PID Act</i>	<i>Public Interest Disclosures Act 1994</i>
PJC	Parliamentary Joint Committee on the Office of the Ombudsman, the Police Integrity Commission and the Crime Commission
PNSW	Property NSW
PSSE	Public Service Senior Executive
reporting period	1 July 2016 to 30 June 2017
s	section (of an Act of Parliament)
SCRA	Serious crime related activity
<i>SD Act</i>	<i>Surveillance Devices Act 2007</i>
The Commission	NSW Crime Commission
The Court	The Supreme Court of NSW
<i>TIA Act</i>	<i>Telecommunications (Interception and Access) Act 1979 (Cth)</i>
<i>TIA (NSW) Act</i>	<i>Telecommunications (Interception and Access) (New South Wales) Act 1987</i>
UWO	Unexplained wealth order

COMPLIANCE INDEX

The Commission is required to include in its Annual Report certain information specified in the *Annual Reports Act*, the Annual Reports Regulation, the *Crime Commission Act*, and Treasury circulars. The specified information categories, and the locations within this report where the information may be found, are as follows:

Requirement	Location/comment
Access	Back of front cover
Additional matters for inclusion in annual reports	61
Agreements with Multicultural NSW	61
Aims and objectives	4
Application for extension of time	Not applicable
Budgets	48
Charter	4
Compliance with the <i>Privacy and Personal Information Protection Act 1998</i>	63
Consultants	63
Consumer response	Not applicable
Court proceedings involving the Commission	41
Credit card certification	70
Description of patterns or trends, and the nature and scope, of organised and other crime	21
Digital information and information systems security attestation	Appendix H
Disability Inclusion Action Plans	63
Disclosure of controlled entities	15
Disclosure of subsidiaries	Not applicable
Economic or other factors	Not applicable
Exemptions	Not applicable
Financial statements	75
Funds granted to non-government community organisations	70
<i>Government Information (Public Access) Act 2009</i>	Appendix D
Human resources	43-46
Identification of audited financial statements	75
Implementation of price determination	Not applicable

Requirement	Location/comment
Inclusion of unaudited financial statements	Not applicable
Information furnished to investigative agencies	15
Internal audit and risk management attestation	Appendix I
Investment performance	Not applicable
Land disposal	70
Legal change	42
Letters of submission	i, ii
Liability management performance	Not applicable
Management and activities	1-60
Management and structure	Appendix F and G
Matters referred to the Commission for investigation	7
Multicultural Policies and Services Program	64
Numbers and remuneration of senior executives	43-44
Payment of accounts	67
Printing and distribution requirements	61
Promotion	Not applicable
Prosecutions resulting from investigations	16-19
Public availability of annual report	www.crimecommission.nsw.gov.au
Public Interest Disclosures	Appendix J
Recommendations for changes in laws or for administrative action	Not applicable
Requirements arising from employment arrangements	Not applicable
Research and development	Disclosure would adversely affect business
Risk management and insurance activities	51-56, 70
Summary review of operations	1-3, 10-40
Time for payment of accounts	67
Warrants issued by the Commissioner under s 36 of the <i>Crime Commission Act</i>	13
Workforce diversity	64
Work health and safety	Not applicable

AUDITED FINANCIAL STATEMENTS



**NEW SOUTH WALES CRIME COMMISSION
CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

New South Wales Crime Commission

**Financial Statements for the
year ended 30 June 2017**

STATEMENT BY COMMISSIONER

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

- (a) The accompanying financial statements and notes 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 Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.
- (b) The statements present a true and fair view of the financial position as at 30 June 2017 and financial performance of the Commission for the year then ended.
- (c) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.



Peter Hastings
Commissioner

Dated: 18 September 2017



INDEPENDENT AUDITOR'S REPORT

New South Wales Crime Commission

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of New South Wales Crime Commission (the Commission), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 2017, 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 the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Commission in accordance with the requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that 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 except where the Commission will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of 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 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Commission or the consolidated entity carried out its 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
- about any other information which may have been hyperlinked to/from the financial statements.



Nathan Carter
Director, Financial Audit Services

25 September 2017
SYDNEY

Start of audited financial statements

NEW SOUTH WALES CRIME COMMISSION
Statement of comprehensive income for the year ended 30 June 2017

	Notes	Consolidated		Statutory Corporation		
		Actual	Budget	Actual	Actual	Actual
		2017	2017	2016	2017	2016
		\$'000	\$'000	\$'000	\$'000	\$'000
Expenses excluding losses						
Operating expenses						
Employee related	2(a)	17,732	17,791	16,933	-	-
Other operating expenses	2(b)	7,374	6,068	5,424	7,374	5,424
Personnel services	2(c)	-	-	-	16,986	16,079
Depreciation and amortisation	2(d)	1,649	1,280	1,666	1,649	1,666
Total Expenses excluding losses		26,755	25,139	24,023	26,009	23,169
Revenue						
Grants and contributions	3(a)	24,846	24,116	21,635	24,846	21,635
Acceptance by the Crown Entity of employee benefits and other liabilities	3(b)	746	602	854	-	-
Other revenue		27	53	82	27	82
Total Revenue		25,619	24,771	22,571	24,873	21,717
Gain/(loss) on disposal	4	15	-	9	15	9
Net result	17	(1,121)	(368)	(1,443)	(1,121)	(1,443)
Other comprehensive income		-	-	-	-	-
TOTAL COMPREHENSIVE INCOME		(1,121)	(368)	(1,443)	(1,121)	(1,443)

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of financial position as at 30 June 2017

	Notes	<u>Consolidated</u>		<u>Statutory Corporation</u>	
		Actual	Budget	Actual	Actual
		2017	2017	2016	2016
		\$'000	\$'000	\$'000	\$'000
ASSETS					
Current Assets					
Cash and cash equivalents	5	900	493	606	900
Receivables	6	718	502	678	718
Total Current Assets		1,618	995	1,284	1,618
Non-Current Assets					
Receivables	7	18	44	43	18
Property, plant and equipment	8				
- Land and buildings		111	111	111	111
- Plant and equipment		1,863	2,457	2,140	1,863
Intangible assets	9	3,066	4,313	4,110	3,066
Total Non-Current Assets		5,058	6,925	6,404	5,058
Total Assets		6,676	7,920	7,688	6,676
LIABILITIES					
Current Liabilities					
Payables	10	426	772	275	363
Borrowings at amortised cost	11	-	-	12	-
Provisions	12	1,687	2,070	1,716	1,796
Total Current Liabilities		2,113	2,842	2,003	2,159
Non-Current Liabilities					
Provisions	13	46	62	47	-
Total Non-Current Liabilities		46	62	47	-
Total Liabilities		2,159	2,904	2,050	2,159
Net Assets		4,517	5,016	5,638	5,638
EQUITY					
Accumulated funds		4,517	5,016	5,638	4,517
Total Equity		4,517	5,016	5,638	5,638

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of changes in equity for the year ended 30 June 2017

	Accumulated Funds \$'000	Total \$'000
Balance at 1 July 2016	5,638	5,638
Net result for the year	(1,121)	(1,121)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,121)</u>	<u>(1,121)</u>
Balance at 30 June 2017	<u><u>4,517</u></u>	<u><u>4,517</u></u>
Balance at 1 July 2015	7,081	7,081
Net result for the year	(1,443)	(1,443)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(1,443)</u>	<u>(1,443)</u>
Balance at 30 June 2016	<u><u>5,638</u></u>	<u><u>5,638</u></u>

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

NEW SOUTH WALES CRIME COMMISSION
Statement of cash flows for the year ended 30 June 2017

	Notes	<u>Consolidated</u>		<u>Statutory Corporation</u>	
		Actual	Budget	Actual	Actual
		2017	2017	2016	2016
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
Employee related		(16,955)	(17,109)	(16,503)	(16,558)
Other		(8,120)	(6,749)	(5,907)	(5,907)
Total Payments		(25,075)	(23,858)	(22,410)	(25,087)
Receipts					
Sales of goods and services		19	53	-	19
Interest received		-	-	34	34
Grants and contributions		24,846	24,116	21,635	21,635
Other		829	612	961	961
Total Receipts		25,694	24,781	22,630	25,694
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	619	923	220	607
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		16	-	55	16
Purchases of property, plant and equipment		(322)	(782)	(770)	(770)
Purchase of intangibles		(7)	(1,000)	(820)	(7)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(313)	(1,782)	(1,535)	(313)
CASH FLOWS FROM FINANCE ACTIVITIES					
Repayments of borrowings and advances		(12)	(12)	(55)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		(12)	(12)	(55)	-
NET INCREASE / (DECREASE) IN CASH		294	(871)	(1,370)	294
Opening cash and cash equivalents		606	1,364	1,976	606
CLOSING CASH AND CASH EQUIVALENTS	5	900	493	606	900

The accompanying notes form part of these financial statements.

1. Summary of Significant Accounting Policies

(a) Reporting entity

The New South Wales Crime Commission (the Commission), is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

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

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

The consolidated financial statements for the year ended 30 June 2017 have been authorised for issue by the Commissioner on 18 September 2017.

(b) Basis of consolidation and preparation

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

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

- applicable Australian Accounting Standards (AAS) (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 mandated by the Treasurer.

Property, plant and equipment is measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

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

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

(c) Statement of compliance

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

(d) Administered activities

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

Transactions and balances relating to the administered activities are not recognised as the Commission's income, expenses, assets and liabilities, but are disclosed in the accompanying schedules as 'Administered Assets'.

The accrual basis of accounting and applicable accounting standards have been adopted.

(e) Borrowing costs

Borrowing costs consist of interest and other costs incurred in connection with the borrowing funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with Treasury's Mandate to not-for-profit NSW GGS entities.

(f) Insurance

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

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

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

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

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

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

(h) **Income recognition**

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

(i) **Grants and contributions**

Income from grants (other than contributions by owners) is recognised when the Commission obtains control over the contribution. The Commission is deemed to have assumed control when the grant is received.

Contributions are recognised at their fair value. Contributions of services are recognised when and only when a fair value of those services can be reliably determined and the services would be purchased if not donated.

(ii) **Professional legal costs recovered**

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

(i) **Property, plant and equipment**

(i) **Acquisition of property, plant and equipment**

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. 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 AAS.

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

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

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

(ii) **Capitalisation thresholds**

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

(iii) **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.

(iv) **Depreciation of property, plant and equipment**

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

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

Depreciation asset category	Rate (%)
Computer Equipment	10 - 33
Plant and Equipment	8 - 33
Motor Vehicles	15

(v) **Revaluation of property, plant and equipment**

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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

1. Summary of Significant Accounting Policies (continued)

The Commission assesses each class of property, plant and equipment with sufficient regularity to ensure that the carrying amount at each asset in the class does not differ materially from its fair value at the reporting date. The Commission has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

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

Revaluation increments are recognised in other comprehensive income and credited to revaluation surplus in equity. However, to the extent that an increment reverses a revaluation decrement in respect of the same class of asset previously recognised as a loss in the net result, the increment is recognised immediately as a gain in the net result.

Revaluation decrements are recognised immediately as a loss in the net result, except to the extent that it offsets an existing revaluation surplus on the same class of assets, in which case, the decrement is debited directly to the revaluation surplus.

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

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated. Where the income approach or market approach is used, accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(vi) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in 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.

The Commission assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Commission estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(j) Leases

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

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

(k) 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. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the Commission's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

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

1. Summary of Significant Accounting Policies (continued)

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

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

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.

(I) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. The Commission did not hold any of these types of assets as at 30 June 2017 or 2016. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The Commission determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

All 'regular way' purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

- **Financial assets at fair value through profit or loss**

The Commission subsequently measures financial assets classified as 'held-for-trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Gains or losses on these assets are recognised in the net result for the year.

- **Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. 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 unless the effect of discounting is material.

- **Impairment of financial assets**

All financial assets, except those at fair value through profit and loss, are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade receivables, the Commission first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

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

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

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

(ii) Financial liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held-for-trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held-for-trading are recognised in the net result.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in the net result.

- **Financial liabilities at amortised cost (including borrowings and trade payables)**

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the Commission and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Borrowings are financial liabilities at amortised cost. Gains or losses are recognised in the net result for the year on de-recognition of borrowings.

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

(iii) Derecognition 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

Where the Commission has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Commission's continuing involvement in the asset. In that case, the Commission also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Commission has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Commission could be required to repay.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the net result.

(iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1. Summary of Significant Accounting Policies (continued)

(m) Employee benefits

(i) Salaries and wages, annual leave and sick leave

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 9.29% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Commission has assessed the actuarial advice based on the Commission's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Commission does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

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.

(ii) 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 the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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.

(iii) Consequential on-costs

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

(n) Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

The Commission recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Refer Note 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

1. Summary of Significant Accounting Policies (continued)

(o) 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 financial statements are explained in Note 16.

(p) Comparative information

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

(q) Changes in accounting policies, including new or revised AAS

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2016-17. The impact of these Standards in the period of initial application is immaterial, with the exception of AASB 2015-6 *Amendments to Australian Accounting Standards - Extended Related Party Disclosures to Not-for-Profit Public Sector Entities*. The Commission applied AASB 124 *Related Party Disclosures* for the first time in 2016-17.

- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*
- AASB 2015-6 *Amendments to Australian Accounting Standards - Extended Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*

(ii) Issued but not yet effective

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

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

- AASB 9 *Financial Instruments*
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income of Not-for-profit Entities*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

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

2. Expenses Excluding Losses

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
(a) Employee related expenses				
Salaries and wages (including recreation leave)	14,644	13,854	-	-
Superannuation - defined benefit plans	102	135	-	-
Superannuation - defined contribution plans	1,233	1,170	-	-
Long service leave	632	738	-	-
Workers' compensation insurance	73	74	-	-
Payroll tax and fringe benefit tax	938	869	-	-
Other	110	93	-	-
	<u>17,732</u>	<u>16,933</u>	<u>-</u>	<u>-</u>
(b) Other operating expenses include the following:				
Auditor's remuneration				
- audit of the financial statements	47	46	47	46
Operating lease rental expense				
- minimum lease payments	2,034	1,888	2,034	1,888
Maintenance*	19	35	19	35
Insurance	20	18	20	18
Office utilities	226	226	226	226
Office supplies	204	266	204	266
Computer services	1,761	330	1,761	330
Travel expenses	67	48	67	48
Motor vehicle expenses	4	79	4	79
Service and legal fees	1,270	912	1,270	912
Telecommunications	661	562	661	562
Maintenance agreements	973	848	973	848
Other	88	166	88	166
	<u>7,374</u>	<u>5,424</u>	<u>7,374</u>	<u>5,424</u>
* Reconciliation - Total Maintenance				
Maintenance expense - contracted labour and other (non-employee related), as above	19	35	19	35
Personnel services maintenance expense included in Note 2(a)	50	49	-	-
Total maintenance expenses included in Note 2(a) and 2(b)	<u>69</u>	<u>84</u>	<u>19</u>	<u>35</u>
(c) Personnel services				
NSW Crime Commission Staff Agency	-	-	16,986	16,079
	<u>-</u>	<u>-</u>	<u>16,986</u>	<u>16,079</u>
(d) Depreciation and amortisation expense				
Depreciation				
- Plant and equipment	171	154	171	154
- Computer equipment	401	498	401	498
- Motor vehicles	26	25	26	25
	<u>598</u>	<u>677</u>	<u>598</u>	<u>677</u>
Amortisation	<u>1,051</u>	<u>989</u>	<u>1,051</u>	<u>989</u>
Total Depreciation and amortisation	<u>1,649</u>	<u>1,666</u>	<u>1,649</u>	<u>1,666</u>

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
3. Revenues				
(a) Grants and contributions				
Recurrent grants	24,514	19,745	24,514	19,745
Capital grants	332	1,890	332	1,890
	<u>24,846</u>	<u>21,635</u>	<u>24,846</u>	<u>21,635</u>

- (b) Acceptance by the Crown Entity of employee benefits and other liabilities

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

Superannuation - defined benefit	98	125	-	-
Long service leave	643	723	-	-
Payroll tax	5	6	-	-
	<u>746</u>	<u>854</u>	<u>-</u>	<u>-</u>

4. Gain / (Loss) on Disposal

Written down value of assets sold/scrapped	(1)	(46)	(1)	(46)
Proceeds from disposal	16	55	16	55
	<u>15</u>	<u>9</u>	<u>15</u>	<u>9</u>

5. Current Assets - Cash and Cash Equivalents

Cash at bank and on hand	900	606	900	606
	<u>900</u>	<u>606</u>	<u>900</u>	<u>606</u>

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

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

Cash and cash equivalents (per statement of financial position)	900	606	900	606
Closing cash and cash equivalents (per statement of cash flows)	<u>900</u>	<u>606</u>	<u>900</u>	<u>606</u>

Refer Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6. Current Assets - Receivables

Professional costs to be recovered	-	1	-	1
Operational expenses to be recouped	55	46	55	46
Employee debtors	-	12	-	-
Other debtors	143	175	143	175
Prepayments	520	444	520	444
	<u>718</u>	<u>678</u>	<u>718</u>	<u>666</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either due or impaired, are disclosed in Note 19.

7. Non-Current Assets - Receivables

Professional Costs to be recovered	18	43	18	43
	<u>18</u>	<u>43</u>	<u>18</u>	<u>43</u>

Details regarding credit risk, liquidity risk and market risk including financial assets that are either due or impaired, are disclosed in Note 19.

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

	<u>Consolidated</u>			<u>Statutory Corporation</u>		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2016						
Gross carrying amount	111	8,303	8,414	111	8,303	8,414
Accumulated depreciation	-	(6,163)	(6,163)	-	(6,163)	(6,163)
Net carrying amount	111	2,140	2,251	111	2,140	2,251

At 30 June 2017						
Gross carrying amount	111	8,508	8,619	111	8,508	8,619
Accumulated depreciation	-	(6,645)	(6,645)	-	(6,645)	(6,645)
Net carrying amount	111	1,863	1,974	111	1,863	1,974

Reconciliation

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

	<u>Consolidated</u>			<u>Statutory Corporation</u>		
	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2017						
Net carrying amount at start of year	111	2,140	2,251	111	2,140	2,251
Additions	-	322	322	-	322	322
Disposals	-	(1)	(1)	-	(1)	(1)
Depreciation expense	-	(598)	(598)	-	(598)	(598)
Net carrying amount at end of year	111	1,863	1,974	111	1,863	1,974

	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
At 1 July 2015						
Gross carrying amount	111	8,042	8,153	111	8,042	8,153
Accumulated depreciation	-	(5,949)	(5,949)	-	(5,949)	(5,949)
Net carrying amount	111	2,093	2,204	111	2,093	2,204

At 30 June 2016						
Gross carrying amount	111	8,303	8,414	111	8,303	8,414
Accumulated depreciation	-	(6,163)	(6,163)	-	(6,163)	(6,163)
Net carrying amount	111	2,140	2,251	111	2,140	2,251

Reconciliation

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

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

	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000	Land and buildings \$'000	Plant and equipment \$'000	Total \$'000
Year ended 30 June 2016						
Net carrying amount at start of year	111	2,093	2,204	111	2,093	2,204
Additions	-	770	770	-	770	770
Disposals	-	(46)	(46)	-	(46)	(46)
Depreciation expense	-	(677)	(677)	-	(677)	(677)
Net carrying amount at end of year	111	2,140	2,251	111	2,140	2,251

9. Intangible Assets

	Consolidated Total \$'000	Statutory Corporation Total \$'000
At 1 July 2016		
Cost (gross carrying amount)	7,792	7,792
Accumulated amortisation and impairment	(3,682)	(3,682)
Net carrying amount	4,110	4,110
At 30 June 2017		
Cost (gross carrying amount)	7,799	7,799
Accumulated amortisation and impairment	(4,733)	(4,733)
Net carrying amount	3,066	3,066
Year ended 30 June 2017		
Net carrying amount at start of year	4,110	4,110
Additions	7	7
Disposals	-	-
Amortisation (recognised in "depreciation and amortisation")	(1,051)	(1,051)
Net carrying amount at end of year	3,066	3,066
At 1 July 2015		
Cost (gross carrying amount)	7,011	7,011
Accumulated amortisation and impairment	(2,732)	(2,732)
Net carrying amount	4,279	4,279
At 30 June 2016		
Cost (gross carrying amount)	7,792	7,792
Accumulated amortisation and impairment	(3,682)	(3,682)
Net carrying amount	4,110	4,110
Year ended 30 June 2016		
Net carrying amount at start of year	4,279	4,279
Additions	820	820
Disposals	-	-
Amortisation (recognised in "depreciation and amortisation")	(989)	(989)
Net carrying amount at end of year	4,110	4,110

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

10. Current Liabilities - Payables

	Consolidated		Statutory Corporation	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Accrued salaries, wages and on-costs	63	-	-	-
Creditors	86	123	86	123
Accrued other operating expenses	277	152	277	152
	<u>426</u>	<u>275</u>	<u>363</u>	<u>275</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 19.

11. Current Liabilities - Borrowings

Unsecured

Finance leases (see Note 14(c))	-	12	-	-
	<u>-</u>	<u>12</u>	<u>-</u>	<u>-</u>

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 19.

12. Current Liabilities - Provisions

Employee benefits and related on-costs

Provision for personnel services	-	-	1,796	1,763
Annual leave	1,155	1,175	-	-
Long service leave on-costs	532	541	-	-
Total provisions	<u>1,687</u>	<u>1,716</u>	<u>1,796</u>	<u>1,763</u>

Aggregate employee benefits and related on-costs

Expected to be settled within 12 months	1,050	1,064	-	-
Expected to be settled after 12 months	637	652	-	-
	<u>1,687</u>	<u>1,716</u>	<u>-</u>	<u>-</u>

13. Non-Current Liabilities - Provisions

Employee benefits and related on-costs

Long service leave on-costs	46	47	-	-
Total provisions	<u>46</u>	<u>47</u>	<u>-</u>	<u>-</u>

Aggregate employee benefits and related on-costs

Provisions - current	1,687	1,716	-	-
Provisions - non-current	46	47	-	-
Accrued salaries, wages and on-costs (Note 10)	63	-	-	-
	<u>1,796</u>	<u>1,763</u>	<u>-</u>	<u>-</u>

14. Commitments for Expenditure

(a) Capital Commitments

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

Within one year	-	156	-	156
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	<u>-</u>	<u>156</u>	<u>-</u>	<u>156</u>

14. Commitments for Expenditure (continued)

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
(b) Operating Lease Commitments				
Future non-cancellable operating lease rentals not provided for and payable:				
Within one year	2,379	2,148	2,379	2,148
Later than one year and not later than five years	9,515	8,590	9,515	8,590
Later than five years	4,757	6,443	4,757	6,443
Total (including GST)	16,651	17,181	16,651	17,181

Note:

- (i) 453 Kent Street was leased back from Government Property NSW to the Commission 1 July 2009.
- (ii) The above operating lease commitments included the GST amount of \$1,514k (\$1,562k as at 30 June 2016) which would be recoverable from the Australian Taxation Office.

(c) Finance Lease Commitments

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

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

Within one year	-	12	-	-
Minimum lease payments	-	12	-	-
Less: future finance charges	-	(1)	-	-
Present value of minimum lease payments	-	11	-	-

The present value of finance lease commitments is as follows:

Not later than one year	-	12	-	-
	-	12	-	-

Classified as:

Current (Note 11)	-	12	-	-
	-	12	-	-

(d) Other Expenditure Commitments

Future other expenditure commitments contracted as at 30 June are as follows:

Within one year	1,954	-	1,954	-
Later than one year and not later than five years	7,862	-	7,862	-
Later than five years	-	-	-	-
Total (including GST)	9,816	-	9,816	-

The NSW Crime Commission has entered into a Platform as a Service arrangement with an external vendor to provide ICT infrastructure and certain ICT support services for the Commission.

15. *Contingent Liabilities and Contingent Assets*

Contingent Liabilities

The Commission commenced the financial year with two contingent liabilities. The Commission has settled one. Due to legal restrictions, the details of the remaining contingent liability cannot be disclosed, but is covered by the Commission's insurance policy.

Contingent Assets

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

16. *Budget Review*

Net result

The actual net result for the year led to an unfavourable outturn of \$753k to the budgeted net result. The major variations to budgets are:

Total expenses were \$1,616k unfavourable to the budget. This additional expense included (as agreed with Treasury and the Justice Cluster) expenditure related to an approved business case for the Data Centre Migration Project, which was not funded at the commencement of the financial year. In addition, the Commission's depreciation and amortisation costs also exceeded the budget by \$369k (an adjustment to the budget control limits was approved during the year by NSW Treasury to assist with this increased cost).

Total revenue was \$848k favourable to the budget. The Commission drew down under arrangement with Treasury and the Justice Cluster a total of \$1,880k to fund the Data Centre Migration Project business case. The Commission also reduced its drawdown of capital funding reflecting a reduced requirement for the current financial year resulting in a carry forward. This offset the additional grant drawdown for the year.

Assets and liabilities

The total net assets for the year of \$4,517k led to an unfavourable outturn of \$499k.

Current assets exceeded the budget by \$623k. This is a result of an increased cash balance and higher than anticipated prepayments.

Non-current assets are lower than the budget by \$1,867k. This is due to the Commission not expending its full capital allocation on replacement assets and increased depreciation and amortisation costs.

Total liabilities were lower than the budget amount by \$745k. This is a result of lower than anticipated payables at year end and a decrease in employee provisions.

Cash Flows

The cash flows from operating activities were lower than the budget by \$304k. Both payments and receipts were higher than the budgeted amount due to the implementation of the Data Centre Migration Project.

The cash flows from investing activities were lower than the budgeted amount by \$1,469k as a result of the Commission not expending the full capital grant, a conversion of \$800k from capital expenditure to other operating expenditure, and the minor proceeds of sale of plant and equipment.

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

	<u>Consolidated</u>		<u>Statutory Corporation</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Net cash used on operating activities	619	220	607	165
Depreciation & amortisation	(1,649)	(1,666)	(1,649)	(1,666)
Adjustment for salary packaged vehicle lease	(12)	(55)	-	-
Decrease / (increase) in provisions	30	(67)	(33)	65
Increase / (decrease) in receivables and other assets	15	(423)	27	(9)
Decrease / (increase) in borrowings	12	55	-	-
Decrease / (increase) in creditors	(151)	484	(88)	(7)
Net gain / (loss) on sale of plant and equipment	15	9	15	9
Net result	(1,121)	(1,443)	(1,121)	(1,443)

18. Administered Assets

The Commission as part of a previous operational practice during the course of criminal investigations seized funds under various legislative powers, which were not a result of confiscations under the *Criminal Assets Recovery Act 1990*. These funds were received following activities such as search warrants, notices to produce and other activities. In some cases this included funds with no clear position as to its title or disposition. The funds were paid into an escrow account pending determination of such issues. The account is interest bearing and it is reconciled as to principal and interest on a regular basis. The balance is not treated as an asset of the Commission. These funds are administered by the NSW Trustee and Guardian. An amount of \$86k was being held on behalf of the Commission as at 30 June 2017 (\$84k as at 30 June 2016).

19. Financial Instruments

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	
			2017	2016
Class:			\$'000	\$'000
Cash and cash equivalents	5	N/A	900	606
Receivables ¹	6 & 7	Loans and receivables at amortised cost	73	102
Financial Liabilities	Note	Category	Carrying Amount	
			2017	2016
Class:			\$'000	\$'000
Payables ²	10	Financial liabilities measured at amortised cost	424	218
Borrowings	11	Financial liabilities measured at amortised cost	-	12

Notes:

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

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

(b) Credit risk

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

19. Financial Instruments (continued)

Cash

Cash comprises of cash on hand and bank balances within the NSW Treasury Banking System.

Receivables - trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Commission will not be able to collect all amounts due. This evidence includes past experience, and current expected changes in economic conditions and debtor credit ratings. Minimal interest is earned on professional fees. Sales are made on 30 day terms.

The Commission is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2017: \$32k; 2016: \$93k) and less than 3 months past due (2017: \$23k; 2016: \$4k) are not considered impaired. Together, these represent 75% (2016: 68%) of the total trade debtors. No provision for doubtful debts have been made as all amounts are considered to be collectable.

	\$'000		
	Total ^{1,2}	Past due but not impaired ^{1,2}	Considered impaired ^{1,2}
2017			
< 3 months overdue	23	23	-
3 - 6 months overdue	-	-	-
> 6 months overdue	18	18	-
2016			
< 3 months overdue	4	4	-
3 - 6 months overdue	2	2	-
> 6 months overdue	43	43	-

Notes:

1. Each column in the table reports "gross receivables"

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

(c) Liquidity risk

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

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

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

19. Financial Instruments (continued)

Maturity analysis and interest rate exposure of financial liabilities

		\$'000						
		Nominal Amount	Interest Rate Exposure			Maturity Dates		
	Weighted Average Effective Int. Rate		Fixed Interest Rate	Variable Interest Rate	Non-interest Bearing	<1 yr	1-5 yrs	>5 yrs
2017								
Payables ¹		424	-	-	424	424	-	-
Borrowings								
Finance leases	4%	-	-	-	-	-	-	-
		424	-	-	424	424	-	-
2016								
Payables ¹		218	-	-	218	218	-	-
Borrowings								
Finance leases	4%	12	-	-	12	12	-	-
		230	-	-	230	230	-	-

Notes:

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

(d) Market risk

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

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for the interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the entity operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the statement of financial position date. The analysis is performed on the same basis as for 2016. The analysis assumes that all other variables remain constant.

Interest rate risk

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

19. Financial Instruments (continued)

\$'000					
	Carrying Amount	-1% Profit	Equity	1% Profit	Equity
2017					
<i>Financial Assets</i>					
Cash and cash equivalents	900	(9)	(9)	9	9
Receivables	73	(1)	(1)	1	1
<i>Financial liabilities</i>					
Payables	424	(4)	(4)	4	4
Borrowings	-	-	-	-	-
2016					
<i>Financial Assets</i>					
Cash and cash equivalents	606	(6)	(6)	6	6
Receivables	102	(1)	(1)	1	1
<i>Financial liabilities</i>					
Payables	218	(2)	(2)	2	2
Borrowings	12	-	-	-	-

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. 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.

20. Related Party Disclosures

The entity's key management personnel compensation are as follows:

	Consolidated 2017 \$'000
Short-term employee benefits	2,298
Total Remuneration	2,298

The Statutory Corporation received \$2.3 million in respect of key management personnel services provided by the NSW Crime Commission Staff Agency.

During the year, the Commission did not enter into any transactions including any on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Commission entered into transactions with other entities that are controlled/ jointly controlled/ significantly influenced by NSW Government. These transactions are a significant portion of the entity's rendering of services.

Income	
NSW Department of Justice	24,514
Expenditure	
Legal Aid NSW	200
Property NSW	2,035

21. Events after the Reporting Period

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

End of audited financial statements

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
(Special Purpose Service Entity)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

New South Wales Crime Commission Staff Agency

**Financial Statements for the
year ended 30 June 2017**

STATEMENT BY COMMISSIONER

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

- (a) The accompanying financial statements and notes 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*.
- (b) The statements present a true and fair view of the financial position as at 30 June 2017 and financial performance of the New South Wales Crime Commission Staff Agency for the year then ended.
- (c) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.



Peter Hastings
Commissioner

Dated: 18 September 2017



INDEPENDENT AUDITOR'S REPORT

New South Wales Crime Commission Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of New South Wales Crime Commission Staff Agency (the Staff Agency), which comprise the statement of financial position as at 30 June 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Staff Agency as at 30 June 2017, 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 41E 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 the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Staff Agency in accordance with the requirements of the:

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

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament 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
- precluding the Auditor-General from providing 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 the preparation and fair presentation of the financial statements 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 and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioner must assess the Staff Agency's ability to continue as a going concern except where the Commission will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of 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 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 description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Staff 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
- about any other information which may have been hyperlinked to/from the financial statements.



Nathan Carter
Director, Financial Audit Services

25 September 2017
SYDNEY

Start of audited financial statements

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of comprehensive income for the year ended 30 June 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
Expenses excluding losses			
Employee related	2	17,732	16,933
Total Expenses excluding losses		17,732	16,933
Revenue			
Personnel Services - NSW Crime Commission		16,986	16,079
Acceptance by the Crown Entity of employee benefits and other liabilities		746	854
Total revenue		17,732	16,933
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		-	-

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of financial position as at 30 June 2017

	Notes	Actual 2017 \$'000	Actual 2016 \$'000
ASSETS			
Current Assets			
Receivables	3	1,796	1,775
Total Current Assets		1,796	1,775
Total Assets		1,796	1,775
LIABILITIES			
Current Liabilities			
Payables	4	63	-
Borrowings	5	-	12
Provisions	6	1,687	1,716
Total Current Liabilities		1,750	1,728
Non-Current Liabilities			
Provisions	7	46	47
Total Non-Current Liabilities		46	47
Total Liabilities		1,796	1,775
Net Assets		-	-
EQUITY			
Accumulated funds		-	-
Total Equity		-	-

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of changes in equity for the year ended 30 June 2017

	Actual 2017 \$'000	Actual 2016 \$'000
Balance at 1 July 2016	-	-
Net result for the year	-	-
Other comprehensive income:	-	-
Total other comprehensive income	-	-
Total comprehensive income for the year ending 30 June 2017	-	-

Balance at 1 July 2015	-	-
Net result for the year	-	-
Other comprehensive income:	-	-
Total other comprehensive income	-	-
Total comprehensive income for the year ending 30 June 2016	-	-

NEW SOUTH WALES CRIME COMMISSION STAFF AGENCY
Statement of cash flows for the year ended 30 June 2017

	Actual 2017 \$'000	Actual 2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee related	17,732	16,933
Total Payments	17,732	16,933
Receipts		
Cash reimbursements from the Crown Entity	746	854
Other	16,986	16,079
Total Receipts	17,732	16,933
NET CASH FLOWS FROM OPERATING ACTIVITIES	-	-
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH	-	-
Opening cash and cash equivalents	-	-
CLOSING CASH AND CASH EQUIVALENTS	-	-

The accompanying notes form part of these financial statements.

1. Summary of Significant Accounting Policies

(a) Reporting entity

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

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

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

The financial statements for the year ending 30 June 2017 was authorised for issue by the Commissioner on 18 September 2017.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (AAS) (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 mandated by the Treasurer.

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

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

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

(c) Statement of compliance

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

(d) Income recognition

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

(e) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. The Staff Agency did not hold any of these types of assets as at 30 June 2017 or 2016. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in net result.

The Staff Agency determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

• Loans and receivables

Receivables and loans that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

1. Summary of Significant Accounting Policies (continued)

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

(ii) Financial liabilities

Financial liabilities are classified as either 'at fair value through profit or loss' or 'at amortised cost'.

- **Financial liabilities at amortised cost (including borrowings and trade payables)**

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the Staff Agency and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

Borrowings are financial liabilities at amortised cost. Gains or losses are recognised in the net result for the year on de-recognition of borrowings.

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

(f) Employee benefits

(i) Salaries and wages, annual leave and sick leave

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

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits* (although short-cut methods are permitted).

Actuarial advice obtained by Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 9.29% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The Staff Agency has assessed the actuarial advice based on the Staff Agency's circumstances and has determined that the effect of discounting is immaterial to annual leave. All annual leave is classified as a current liability even where the Commission does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

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.

(ii) Long service leave and superannuation

The Staff Agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The Staff 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 at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

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.

(iii) Consequential on-costs

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

1. Summary of Significant Accounting Policies (continued)

(g) Comparative information

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

(h) Changes in accounting policies, including new or revised AAS

(i) Effective for the first time in 2016-17

The accounting policies applied in 2016-17 are consistent with those of the previous financial year except as a result of the following new or revised AAS that have been applied for the first time in 2016-17. The impact of these Standards in the period of initial application is immaterial, with the exception of AASB 2015-6 *Amendments to Australian Accounting Standards - Extended Related Party Disclosures to Not-for-Profit Public Sector Entities* (Note 12). The Commission applied AASB 124 *Related Party Disclosures* for the first time in 2016-17.

- AASB 1057 *Application of Australian Accounting Standards*
- AASB 2014-4 *Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation*
- AASB 2015-1 *Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle*
- AASB 2015-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101*
- AASB 2015-6 *Amendments to Australian Accounting Standards - Extended Related Party Disclosures to Not-for-Profit Public Sector Entities*
- AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*

(ii) Issued but not yet effective

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

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

- AASB 9 *Financial Instruments*
- AASB 15, AASB 2014-5, AASB 2015-8 and 2016-3 regarding *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 1058 *Income of Not-for-profit Entities*
- AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107*
- AASB 2016-4 *Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*
- AASB 2016-7 *Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not-for-Profit Entities*
- AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
- AASB 2017-2 *Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle*

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

	2017 \$'000	2016 \$'000
2. Expenses		
Employee related expenses		
Salaries and wages	14,644	13,854
Superannuation - defined benefit plans	102	135
Superannuation - defined contribution plans	1,233	1,170
Long service leave	632	738
Workers' compensation insurance	73	74
Payroll tax and fringe benefit tax	938	869
Other	110	93
	<u>17,732</u>	<u>16,933</u>
3. Current Assets - Receivables		
Employee Debtors	-	12
NSW Crime Commission	1,796	1,763
	<u>1,796</u>	<u>1,775</u>
Details regarding credit risk, liquidity risk and market risk including financial assets that are either due or impaired are disclosed in Note 11.		
4. Current Liabilities - Payables		
Accrued salaries, wages and on-costs	63	-
	<u>63</u>	<u>-</u>
Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above payables are disclosed in Note 11.		
5. Current Liabilities - Borrowings		
Unsecured		
Finance leases	-	12
	<u>-</u>	<u>12</u>
Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 11.		
6. Current Liabilities - Provisions		
Employee benefits and related on-costs		
Annual leave	1,155	1,175
Long service leave on-costs	532	541
	<u>1,687</u>	<u>1,716</u>
Aggregate employee benefits and related on-costs		
Expected to be settled within 12 months	1,050	1,064
Expected to be settled after 12 months	637	652
	<u>1,687</u>	<u>1,716</u>
7. Non-Current Liabilities - Provisions		
Employee benefits and related on-costs		
Long service leave on-costs	46	47
	<u>46</u>	<u>47</u>

	2017 \$'000	2016 \$'000
7. Non-Current Liabilities - Provisions (continued)		
Aggregate employee benefits and related on-costs		
Provisions - current	1,687	1,716
Provisions - non-current	46	47
Accrued salaries, wages and on-costs (Note 4)	63	-
	<u>1,796</u>	<u>1,763</u>

8. Commitments for Expenditure

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

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

Finance Lease Commitments

Not later than one year	-	12
Minimum lease payments	-	12
Less: future finance charges	-	(1)
Present value of minimum lease payments	<u>-</u>	<u>11</u>

The present value of finance lease commitments is as follows:

Not later than one year	-	12
	-	12
Classified as:		
Current (Note 5)	-	12
	-	12

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

9. Contingent Liabilities

The Staff Agency is not aware of any contingent liabilities that will materially affect its financial position as at the reporting date (2016: nil).

10. Contingent Assets

The Staff Agency is not aware of any contingent assets that will materially affect its financial position as at the reporting date (2016: nil).

11. Financial Instruments

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

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

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

(a) Financial instrument categories

Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2017	2016
Class:			\$'000	\$'000
Receivables ¹	3	Loans and receivables at amortised cost	1,796	1,775
Financial Assets	Note	Category	Carrying Amount	Carrying Amount
			2017	2016
Class:			\$'000	\$'000
Payables ²	4	Financial liabilities measured at amortised cost	63	-
Borrowings	5	Financial liabilities measured at amortised cost	-	12

Notes

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

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

(b) Credit risk

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

Receivables - trade debtors

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

(c) Liquidity risk

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

11. Financial Instruments (continued)

(d) Market risk

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

Interest rate risk

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

(e) Fair value compared to carrying amount

Financial instruments are generally recognised at cost. 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. Related Party Disclosures

The Staff Agency's key management personnel compensation are as follows:

	2017
	\$'000
Short-term employee benefits	2,298
Total Remuneration	<u>2,298</u>

During the year, the Staff Agency did not enter into any transactions including any on arm's length terms and conditions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Staff Agency entered into transactions with other entities that are controlled/ jointly controlled/ significantly influenced by NSW Government. These transactions in aggregate are a significant portion of the entity's rendering of services.

13. Events after the Reporting Period

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

End of audited financial statements

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Law Enforcement (Powers and Responsibilities) Act 2002

Section 242A

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

1 July 2016 – 30 June 2017

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

1. Applications for Covert Search Warrants

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

The Commission made no such applications in 2016–2017.

2. Applications for Telephone Covert Search Warrants

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

The Commission made no such applications in 2016–2017.

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3. Covert Search Warrants Executed

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

The Commission did not execute any covert search warrants under the Act in 2016–2017.

4. Seizures

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

The Commission did not seize any things under a covert search warrant under the Act in 2016–2017.

5. Substitution of Things

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

The Commission did not place any things in substitution for things seized under a covert search warrant under the Act in 2016–2017.

6. Return or Retrieval of Things

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

The Commission did not return or retrieve any things under a covert search warrant under the Act in 2016–2017.

7. Sections 75A and 75B Powers

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

The Commission did not exercise the powers mentioned in sections 75A and 75B under a covert search warrant under the Act in 2016–2017.

8. Things Tested

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

The Commission did not test any things under a covert search warrant under the Act in 2016–2017.

9. Arrests

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

The Commission made no such arrests, and made no arrests that have led to the laying of charges in relation to searchable offences, in 2016–2017.

10. Complaints

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

No such complaints were made, and no complaints are or have been the subject of an investigation under any Act, in 2016–2017.

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11. Other Matters

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

The Commission has received no requests made under this provision in 2016–2017.



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Peter Selby Hastings QC

Commissioner

5 September 2017

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Law Enforcement and National Security (Assumed Identities) Act 2010

Section 35

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

1 July 2016 to 30 June 2017

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

1. Authorities Granted and Authorities Cancelled

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

The Commission granted one authority and cancelled two authorities under the Act in 2016-2017.

2. Description of Activities Undertaken

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

The general nature of the activities undertaken by the Commission's assumed identities is to support the covert activities of the Commission in relation to its criminal investigations. This includes the operation of covert bank accounts and covert vehicles.

3. Applications Refused

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

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The Commission refused no applications under the Act in 2016-2017.

4. Fraud or Unlawful Activity

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

Under section 37 of the Act the Commission's Senior Internal Auditor conducted an audit of the Commission's use of assumed identities during 2016-2017. This audit did not identify any instances of fraud or unlawful activity.

5. Other Information

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

The Commission has no other information to report pursuant to this provision in 2016-2017.

A handwritten signature in black ink, appearing to read 'P. Selby Hastings', written over a horizontal dotted line.

Peter Selby Hastings QC
Commissioner
7 September 2016

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New South Wales
Crime Commission

Surveillance Devices Act 2007

Subsection 45 (3)

ANNUAL REPORT BY THE NEW SOUTH WALES CRIME COMMISSION

1 July 2016 – 30 June 2017

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

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

1. Applications for Warrants

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

The Commission made **43** applications seeking the issue of **125** warrants to law enforcement officers under the Act in 2016-2017, all of which were granted. This information has been presented in Table 1 below.

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2. Applications for Emergency Authorisations

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

The Commission did not make any emergency authorisation applications in 2016-2017. This information has been presented in Table 2 below.

3. Remote Applications

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

The Commission did not make any such remote applications in 2016-2017. This information has been presented in Table 3 below.

4. Refused Applications

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

The Commission did not make any such applications in 2016-2017 and as such no applications were refused, so there are no reasons for refusal to particularise. This information has been presented in Table 4 below.

5. Applications for Extensions

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

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The Commission did not make any such applications in 2016–2017 and as such no applications were granted or refused, so there are no reasons for the granting or refusal to particularise. This information has been presented in Table 5 below.

6. Number of Arrests

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

The Commission did not make any such arrests in 2016–2017.

7. Number of Prosecutions

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

To the best of the Commission's knowledge, no such prosecutions were commenced in 2016–2017.

8. Other Information

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

The Commission did not receive any request for other information from the Attorney General that is considered appropriate to specify in 2016–2017.

9. Warrants Issued and Emergency Authorisations Given by Device Type

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

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

Table 1. Devices authorised by warrant, by device type

		Number of devices by device type					
Number of applications	Number of warrants issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination listening / tracking devices	Combination listening / optical surveillance devices
43	125	528	439	281	48	222	267

Table 2. Devices authorised by an emergency approval, by device type

		Number of devices by device type					
Number of applications	Number of warrants issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination listening / tracking devices	Combination listening / optical surveillance devices
0	0	0	0	0	0	0	0

Table 3. Devices authorised by remote applications for warrants to be issued in this jurisdiction and executed in a participating jurisdiction, by device type

		Number of devices by device type					
Number of applications	Number of warrants issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination listening / tracking devices	Combination listening / optical surveillance devices
0	0	0	0	0	0	0	0

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Table 4. Refusals of applications for warrants to be issued in this jurisdiction and executed in a participating jurisdiction, by device type

		Number of devices by device type					
Number of applications	Number of warrants issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination listening / tracking devices	Combination listening / optical surveillance devices
0	0	0	0	0	0	0	0

Table 5. Refusals of applications for extensions of warrants to be issued in this jurisdiction and executed in a participating jurisdiction, by device type

		Number of devices by device type					
Number of applications	Number of warrants issued	Listening devices	Optical surveillance devices	Tracking devices	Data surveillance devices	Combination listening / tracking devices	Combination listening / optical surveillance devices
0	0	0	0	0	0	0	0



Peter Selby Hastings QC
Commissioner
1 September 2017

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**New South Wales
Crime Commission**

Government Information (Public Access) Act 2009

Section 125

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

1 July 2016 – 30 June 2017

Section 125 of the *Government Information (Public Access) Act 2009* ('the Act') requires the New South Wales Crime Commission ('the Commission') (being an agency within the meaning of the Act), within 4 months after the end of each reporting year, to prepare an annual report on its obligations under the Act. The report is to be submitted to the Minister and a copy is to be provided to the Information Commissioner. The Commission's reporting data as required under section 125 of the Act was submitted to the Information and Privacy Commission ('IPC') on 21 August 2016 through the IPC online 'GIPA Tool' reporting application.

The *Government Information (Public Access) Regulation 2009* ('the Regulation') makes provision for the information to be included in the annual report and the form in which the annual report is to be prepared.

1. Subsection 7 (3) Review

Subclause 7 (a) of the Regulation requires the annual report to specify the details of the review carried out by the Commission under subsection 7 (3) of the Act during the reporting year and the details of any information made publicly available by the Commission as a result of the review.

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Subsection 7 (3) of the Act provides that agencies must, at intervals of not more than 12 months, review its program for the release of government information ('the program') under section 7 of the Act to identify the kinds of government information held by the agency that should in the public interest be made publicly available and that can be made publicly available without imposing unreasonable additional costs on the agency.

In the 2016-2017 reporting year the Commission did not conduct an annual review of its program for the release of government information. While a formal review of the program was not conducted, consideration was given to the release of Commission material during the reporting period, and the Commission's Agency Information Guide was updated.

2. Number of Access Applications

Subclause 7 (b) of the Regulation provides that the annual report must include the total number of access applications received by the agency during the reporting year (including withdrawn applications but not including invalid applications). During the 2016-2017 reporting year, the Commission did not receive any access applications.

3. Number of Applications Refused

Subclause 7 (c) of the Regulation provides that the annual report must include the total number of access applications received by the agency during the reporting year that the agency refused, either wholly or partly, because the application was for the disclosure of information referred to in Schedule 1 to the Act (information for which there is conclusive presumption of overriding public interest against disclosure). During the 2016-2017 reporting year, the Commission did not receive any access applications, consequently no applications were refused.

4. Statistical Information About Access Applications

Subclause 7 (d) of the Regulation requires an agency's annual report to set out information in the form required by Schedule 2 to the Regulation, relating to the access applications (if any) made to the agency during the reporting year.

Schedule 2 prescribes nine tables to be included in the annual report relating to statistical information about access applications. The nine tables on the following pages detail the statistical information of the Commission during the 2016-2017 reporting year.

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Table A: Number of applications by type of applicant and outcome*								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm / deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

*A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

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Table C: Invalid applications	
Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act	
	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act	
	Number of occasions when application not successful
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

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Table F: Timeliness	
	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	0

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)			
	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)	
	Number of applications for review
Applications by access applicants	0
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

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	0
Applicant initiated transfers	0



.....
 Peter Selby Hastings QC
 Commissioner
 22 August 2017

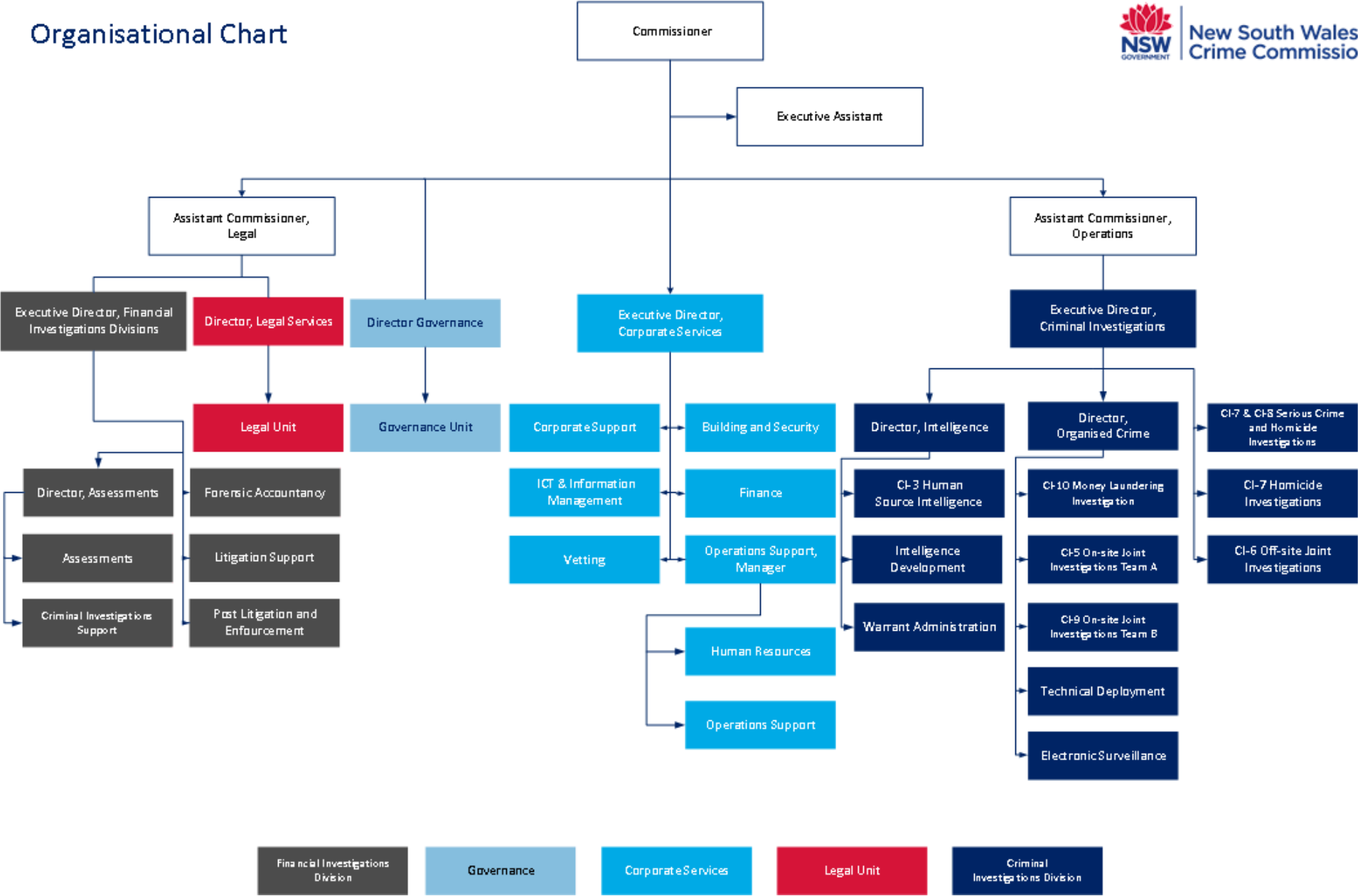
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Appendix E: Corporate Plan

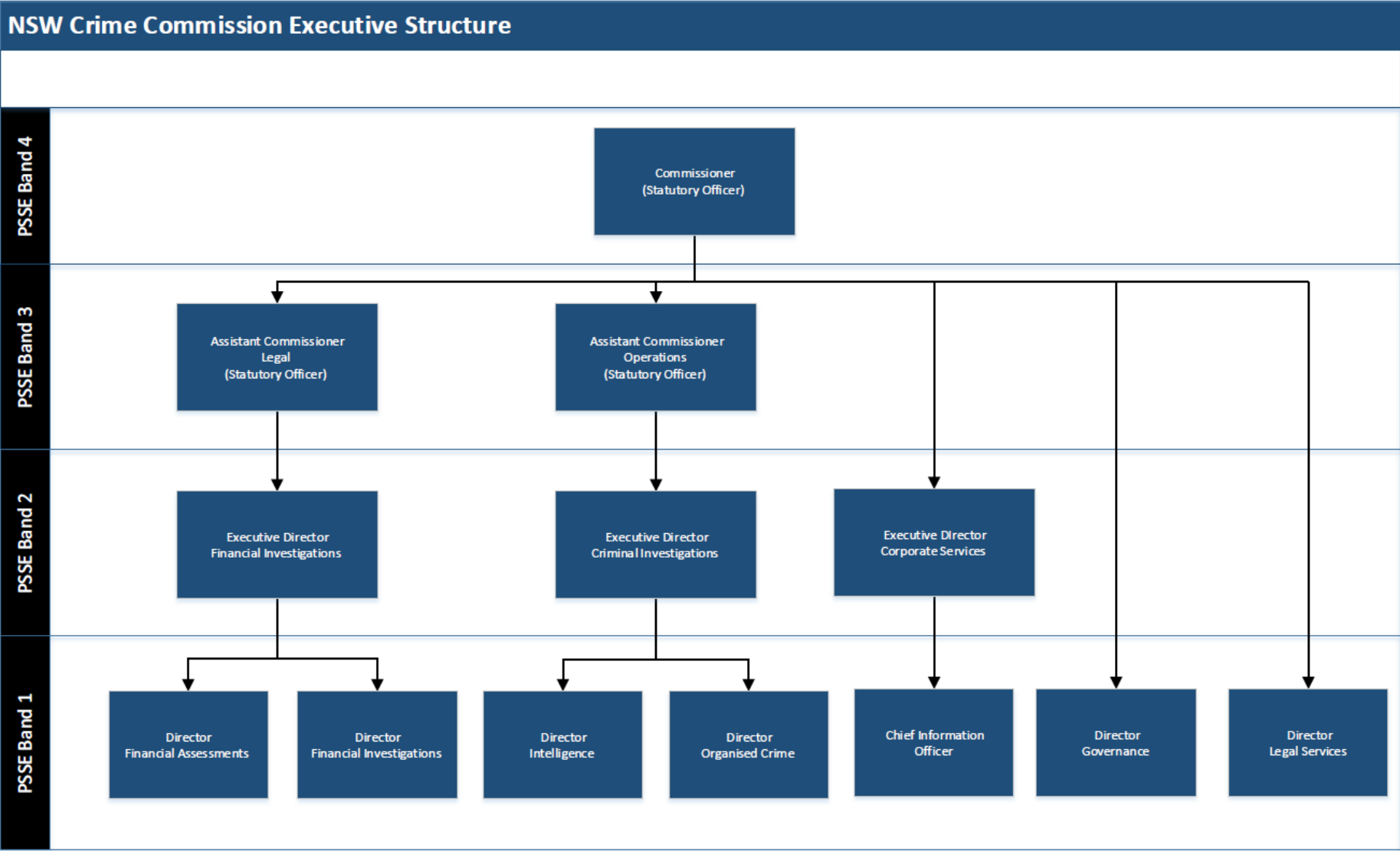
Goals What do we want to achieve?	Strategies What we will do to achieve it?	Progress as at 30 June 2017
Disruption of organised and other serious crime	1. Implement the Strategic Review	In progress
	2. Expand information and intelligence gathering	In progress
	3. Enhance intelligence analysis capabilities	Ongoing
Maximised confiscation values	1. Broaden identification of confiscation matters	Ongoing
	2. Expand educational role with partner agencies	Implemented
	3. Implement new confiscation techniques	Completed
Effective collaboration with external stakeholders	1. Consolidate relationships with existing partners	Ongoing
	2. Propose legislative change	Completed and ongoing
Improved capability of our people	1. Enhance investigative expertise	Ongoing
	2. Enhance workforce capability	In progress
	3. Undertake succession planning for key positions	In progress
Corporate capability and capacity	1. Enhance ICT services	In progress
	2. Mature governance arrangements	Ongoing

Appendix F: Organisational Chart

Organisational Chart



Appendix G: Executive Structure



[Inherited - UNCLASSIFIED]



New South Wales
Crime Commission

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Eaglenet 57022

25 August 2017

Digital Information Security Annual Attestation Statement for the 2016-2017 Financial Year for New South Wales Crime Commission

I, Peter Hastings, QC am of the opinion that New South Wales Crime Commission had an Information Security Management System in place during the 2016-2017 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 New South Wales Crime Commission are adequate.

Risks to the digital information and digital information system of the New South Wales Crime Commission have been assessed with an independent ISMS developed in accordance with the *NSW Government Digital Information Security Policy*.

For further information about this matter please contact Mike Wilde on 02 9269 3808 or at mwilde@crimecommission.nsw.gov.au.

Peter Hastings, QC
Commissioner
NSW Crime Commission



New South Wales Crime Commission

INTERNAL AUDIT AND RISK MANAGEMENT ATTESTATION STATEMENT FOR THE 2016-2017 FINANCIAL YEAR FOR THE NEW SOUTH WALES CRIME COMMISSION

I, Peter Selby Hastings QC, am of the opinion that the New South Wales Crime Commission has internal audit and risk management processes in operation that are compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements	For each requirement, please specify whether compliant, non-compliant, or in transition
RISK MANAGEMENT FRAMEWORK	
1.1 The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant
INTERNAL AUDIT FUNCTION	
2.1 An Internal Audit function has been established and maintained	Compliant
2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant
AUDIT AND RISK COMMITTEE	
3.1 An independent Audit and Risk Committee with appropriate expertise has been established	Compliant
3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Membership

The chair and members of the Audit and Risk Committee are:

- Independent Chair, **Peter Lucas**, Start term date 1 July 2014 (four year term). *Note: Mr Lucas' membership of the Committee commenced on 12 August 2013.*
- Independent Member, **Timothy Holden**, Start term date 1 July 2015 (three year term)
- Independent Member, **Paul Crombie**, Start term date 1 July 2016 (three year term)



Peter Selby Hastings QC
NSW Crime Commissioner



Contact Officer: **Suzette Gay**
Director Governance
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**New South Wales
Crime Commission**

Public Interest Disclosures Act 1994 (NSW)

Section 31

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

1 July 2016 – 30 June 2017

Section 31 of the *Public Interest Disclosures Act 1994* ('the Act') requires public authorities, including the New South Wales Crime Commission ('the Commission'), to report on certain matters arising under the Act within 4 months after the end of each reporting year. The report must provide the statistics and information prescribed by clause 4 (2) and clause 4 (2A) of the *Public Interest Disclosures Regulation 2011* and is to be submitted to the Minister responsible for the Commission, being the Minister for Police and Emergency Services, and a copy of the report is to be provided to the Ombudsman. The required statistics and information are below.

Statistics – Public Interest Disclosures 2016-2017

	Made by public officials in performing their day to day functions	Under a statutory or other legal obligation	All other public interest disclosures
The number of public officials who have made a public interest disclosure to the Commission	0	0	0

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The number of public interest disclosures received by the Commission in total	0	0	0
The number of public interest disclosures received by the Commission relating to corrupt conduct	0	0	0
The number of public interest disclosures received by the Commission relating to maladministration	0	0	0
The number of public interest disclosures received by the Commission relating to serious and substantial waste of public money	0	0	0
The number of public interest disclosures received by the Commission relating to government information contraventions	0	0	0
The number of public interest disclosures received by the Commission relating to local government pecuniary interest contraventions	0	0	0
The number of public interest disclosures finalised by the Commission	0	0	0

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Further information

During the reporting period, did the Commission have a public interest disclosures policy in place?

The Commission had a public interest disclosures policy, titled 'Internal Reporting Policy', in place throughout the reporting period.

Pursuant to the *Government Information (Public Access) Act 2009* (NSW), the Commission's Internal Reporting Policy has been publicly available free of charge on the Commission's external website (www.crimecommission.nsw.gov.au) since 1 October 2011.

For staff of the Commission, the Internal Reporting Policy is also available on the Commission's Intranet.

During the reporting period, what actions has the Commissioner, as head of the Commission, taken to ensure that his staff-awareness responsibilities under section 6E (1) (b) of the Act have been met?

The Commissioner's measures have included:

1. During the reporting period, the Commission implemented a New Employees' Induction Checklist that requires new employees to read material including the Commission's Code of Conduct within their first month of employment. The Code of Conduct includes information about the Act and the Commission's Internal Reporting Policy.
2. All Commission staff must make an annual declaration that they have read the Commission's Code of Conduct. In August 2016, Commission employees were directed to read and then declare compliance with the Code. Section 7.3 of the Commission's Code of Conduct requires employees to report suspected corrupt conduct, maladministration, and serious and substantial waste of public money. The section advises employees that disclosures may be made in the first instance to one of the Commission's Disclosure Officers.
3. Throughout the reporting period, posters issued by the Ombudsman have continued to be displayed on noticeboards and in meal rooms throughout the Commission with the aim of informing staff about:
 - The key objectives of the Act;

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- The current Disclosures Officers of the Commission to whom disclosures can be made; and
 - Where the Commission's Internal Reporting Policy can be accessed.
4. Throughout the reporting period, Commission employees have continued to have access to the names of current Disclosures Officers and the Internal Reporting Policy via the Commission's Intranet.
5. Throughout the reporting period, Commission employees have been advised about any new or revised policies and advised to consider and abide by Commission policies, which are available to staff to read and print through its intranet. One of the intranet pages is titled 'Complaints & Grievances'. Information about the Act and a link to the Internal Reporting Policy appear on that page.



Peter Selby Hastings QC
Commissioner

5 September 2017

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