

Chairperson's report

Since my appointment as CMC Chairperson much has changed in the organisation. The Greek philosopher Heraclitus observed that 'the only constant is change'. This has certainly been evident during 2010–11, and I commend my fellow Commissioners and all staff on their commitment and efforts over the past 12 months. It is with pleasure that I present this year's annual report, which details the breadth and value of the work we undertake on behalf of the Queensland community.

New executive arrangements in place

New management arrangements were introduced in November last year after a major review of our governance systems and structures. They were put in place to enhance the CMC's effectiveness, and we are beginning to feel the impact of these changes.

Among the most significant was establishing the role of Executive General Manager (EGM); in April this year the Commission appointed Ms Edith Mendelle to this new position. Her role will be to define and deliver organisational excellence, review and renegotiate performance indicators and targets, and oversee corporate and performance management.

The appointment of the EGM consolidates our new Executive Leadership Group (ELG) which replaces the 13-person Executive Committee detailed in last year's report. The ELG currently comprises the four most senior officers of the organisation: the Chairperson/CEO, the Assistant Commissioners of Crime and Misconduct (Mr John Callanan and Mr Warren Strange respectively) and the EGM. This group brings together a strategic mix of highly experienced specialist legal and

investigative skills and broad management capability.

This streamlining of our executive management structure is a significant change for the CMC, one I expect to deliver better performance outcomes across the organisation. I encourage you to read more about our governance arrangements, which are detailed on pages 60–72 of the report.

New initiatives in financial management

This year's report features a more extended financial summary, highlighting our prudent financial management and compliance with relevant legislation, directives and policies. To improve our financial accountability we also decided to trial activity-based costing of our core business services; this will help us better manage operational performance, sustainability and resources. It will be evaluated in the next reporting period.

Fresh perspectives

These changes to our management, financial and governance arrangements are about organisational renewal. I believe it is important for the CMC to regularly review its own practices and performance. To that end, a communication forum for managers is now convened once a month to stimulate debate, encourage innovation and generally improve communication across the agency.

Over the past year I have asked my managers at all levels to consider their work not just in terms of their particular operational area but also in terms of what unifies us as an organisation. That is why in this report we have presented our highlights around common themes – safer communities, public confidence in our institutions, and an honest and corruption-free society.

Significant body of work this year

In operational terms the CMC has accomplished significant outcomes in investigating and fighting both crime and misconduct, and in its oversight of a large and increasingly complex public sector.

Our major investigations obtained solid results in criminal prosecutions and disciplinary outcomes. We continued to adapt and strengthen our investigative methods, greatly enhanced by our telecommunications interception capabilities. Our witness protection officers ensured that witnesses got safely to court to give evidence in criminal trials, maintaining their 100 per cent success rate in doing so since 1987.

Our Crime year was dominated by the preparation of court material for the prosecution phase of Operation Warrior, our landmark organised crime investigation. A record 42 full briefs of evidence were produced, comprising 8000 transcripts and hundreds of witness statements.

Despite staffing difficulties, this year our proceeds of crime area gave priority to finalising confiscation matters. Our team is presently litigating 99 matters involving restrained property valued at \$53m.

An important focus in our investigative work was the alleged involvement of a small number of police in off-duty or so-called recreational use of unlawful drugs. To protect the public interest, we will continue to give allegations of this type our close attention.

Our responsibilities as the police oversight body continued to be a major focus. In December 2010 we published *Setting the standard*, a report on our review of the QPS disciplinary system and in March 2011, the Queensland Government appointed an independent review panel to develop a revised disciplinary model.

The panel's recommendations and the government's response are now available.

That same month saw the formal conclusion of the investigations and reviews that followed the death of Mulrunji in police custody on Palm Island in November 2004. It showed us the limits of our legislated powers. (This is discussed in more detail on page 36.) However, the government has now moved to rectify that anomaly by recommending, among other things, legislative change to ensure that all QPS disciplinary decisions are potentially subject to an independent review so that officers can be held accountable for their actions.

The CMC remains committed to working with the government and the police service to implement these much needed reforms. The disciplinary system must be robust and fair to all concerned if community confidence in the QPS is to be maintained.

A significant body of work was completed this year around the proper exercise of police powers. We conducted a major 'use of force' audit; reviewed the legislation, policies and procedures relating to the detention of juveniles, high-speed police pursuits, move-on powers and the use of Tasers. We are also finalising a memorandum of understanding with the QPS and the State Coroner to ensure the utmost probity in the investigation of police-related deaths.

This year has also seen us working closely with local government. In May 2011 we launched the *Councillor conduct guide*, which provides guidance to new and prospective councillors on their obligations as elected officials under the Local Government Act. Our misconduct prevention officers provided outreach services to the local government sector, presenting workshops in regional areas

for councillors and council officers, and providing information and advice on specific topics.

As part of our outreach services, in May Mrs Judith Bell, one of our part-time Commissioners, and I went to Yarrabah, Cairns and Townsville with several of our misconduct prevention officers. Our prevention forums there were attended by over 80 local government representatives, including representatives from local Indigenous councils. These forums enable direct engagement with our constituents and help to sustain productive relationships.

This past year we continued to host a number of national and international delegations from countries such as Bhutan, Papua New Guinea and New Zealand as well as those from interstate who met with CMC officers to view the way we operate and deliver services to the people of Queensland. I am proud that the CMC provides a model that is of interest to similar agencies in other jurisdictions.

Looking ahead

When I accepted the position of Chairperson and Chief Executive Officer of the CMC I came to work for an organisation that plays an important role in Queensland public life. It has a significant history arising out of its origins in the Fitzgerald Inquiry and in the fine work done by its predecessor organisations. Nonetheless, it is also important that the organisation change with the times and learn from experience.

From the outset, one of my key priorities has been for us to engage more with stakeholders and work more flexibly. This year we made major financial investments in technology-based projects. Over the next 12 months we will totally



Martin Moynihan

redevelop both our public website and our intranet, and consider the implications of social media. We are also working to enable data-sharing and real-time monitoring of complaints management across public service agencies.

These are inherently dynamic initiatives which will be significant catalysts for change and transformation within the CMC over the long term. Together with our intelligence and research functions, they will help ensure that we keep abreast of issues impacting on the safety and integrity of our communities and institutions, and continue to make a significant contribution to the Queensland community.

Martin Moynihan AO QC
September 2011

Highlights

Keeping Queensland's institutions ethical and accountable

- We received a record 5124 complaints, containing 11 909 separate allegations of misconduct.
- We conducted 118 misconduct investigations relating to police, the public sector and local government.
- We held public hearings into allegations of misconduct by police officers on the Gold Coast as part of Operation Tesco.
- We surveyed members of the public about their experiences with and perceptions of the Queensland public sector, local government, the QPS and the CMC.

Contributing to a fair society

- The CMC has taken an active role in the major government and public review of the police discipline system, to ensure that officers and citizens alike are treated fairly, consistently and swiftly in the resolution of complaints and disciplinary matters.
- Under proceeds of crime legislation, a former minister of the Crown will have to forfeit \$595 980 to the state, and we obtained a proceeds assessment order to the value of \$4.2m against a convicted outlaw motorcycle gang member.
- We initiated six reviews by QCAT for an independent assessment of decisions in police disciplinary matters.

Ensuring greater safety for citizens and children

- Our investigations into networked paedophilia resulted in 12 persons being charged with 122 offences relating to possession, distribution and production of child exploitation material.
- We maintained our 100 per cent success rate in protecting witnesses giving evidence in criminal trials.
- We seized drugs to an estimated street value of \$1.6m, preventing them reaching our communities.
- Our report into the use of Tasers by Queensland police officers was tabled in parliament.
- We audited how the QPS dealt with allegations of inappropriate use of force in police–citizen interactions.
- We examined alternatives to high-speed police pursuits and the effectiveness of the 'evade police' offence.
- We monitored police understanding of legislation relating to the detention of juveniles.
- A review of the *Prostitution Act 1999* found no connections between the licensed industry and organised crime.

Working smarter to deliver better, more responsive outcomes

- Operation Tesco, our investigation into police misconduct on the Gold Coast, created a new blueprint for investigations. A swift, constructive response from the Commissioner of Police enabled timely remedial action to be taken without waiting to formally close the investigation.
- Our cross-border collaboration and contribution to national networks in crime fighting, misconduct investigation and prevention, and witness protection saw us working smarter, not harder, for our outcomes.
- We took our work out into Queensland's regions by holding misconduct workshops, closed crime hearings and presentations to regional investigators on witness protection. (See map on page 17.)
- Improvements to our website resulted in a total of 727 517 downloads in 2010–11, an increase of 78 per cent in our public accessibility.

Outcomes of major investigations

Important investigations in crime and misconduct moved into prosecution phase and resulted in significant numbers and types of charges. Operation Warrior, a landmark organised crime operation, has resulted in eight persons imprisoned for serious drug offences, 14 people committed for trial and 13 listed for committal hearing. A total of 89 criminal charges and 81 recommendations for disciplinary action have arisen out of our operations – mostly Tesco, Nighthawk and Adventure, which were all investigations of police misconduct targeting involvement with illegal drugs.

Significant reforms to policing on the Gold Coast and throughout the state followed in the wake of Operation Tesco. The QPS announced its intention to bring in new policies on potentially compromising associations; the acceptance of gifts and benefits, including food and alcohol, by police officers; and random drug testing of sworn police officers.

Toward Q2: Tomorrow's Queensland

Our achievements in 2010-11 constitute an important contribution to the Queensland Government's ambition of *Fair – Supporting safe and caring communities*.

Challenges

Many people felt let down by the outcome of the reviews and investigations into the events on Palm Island in November 2004. The government has advised that the CMC will be granted new powers to prevent such a situation happening again, and we are working to strengthen our relationships with Indigenous communities.

The Queensland Government is currently reviewing the state's police discipline system, which will have significant implications for how the CMC deals with complaints about police.

The CMC has a breadth of responsibilities and a finite resource allocation. The challenge is to strike the right balance in resourcing identified priorities, emerging risk areas and growing demands for our assistance from external agencies.

Year in review

Performance summary against

Objective: Prevent and combat major crime

Effectiveness of our contribution to Queensland's law enforcement effort

- We undertook 28 tactical operations, 96 per cent of which resulted in charges, restraints or seizures.
- Investigative hearings held over 114 days in Brisbane, Maroochydore, Bundaberg, Gladstone and Cairns saw 106 witnesses called to give evidence in 23 major crime investigations.
- We concluded 12 criminal paedophilia investigations resulting in 122 charges.
- Investigation of a south-east Queensland network suspected of selling methamphetamine and 'fantasy' to criminal associates and juveniles for on-sale at 'Schoolies' celebrations led to four people being charged with 49 drug and property-related offences.
- We contributed to criminal intelligence by reporting on illicit commodities and prices (a guide for law enforcement agencies) and drug use by young adults.
- We reviewed the effectiveness of the *Prostitution Act 1999* and reported that the licensed industry appears free of organised crime.

Extent to which our proceeds of crime capability disrupts organised crime networks

- We concluded 48 matters resulting in assets worth over \$9.3m being forfeited to the state, and restrained assets worth \$14.1m.
- We obtained proceeds of crime assessment orders to a total value of \$4.96m, including one of \$4.2m.
- Phase 1 of the project evaluating the effectiveness of our proceeds of crime capacity was completed by 30 June 2011. The final report is planned for August 2011.

Objective: Promote a trustworthy public sector

Enhanced public sector integrity through complaints management, investigations, prevention and other capacity building

- A record 5124 complaints were received, containing 11 909 separate allegations of misconduct; 93 per cent of these complaints were assessed within four weeks.
- We undertook a detailed review of 195 police matters that had been referred to the QPS to investigate, and were satisfied with how they had been handled in 166 (85%) of the cases.
- Similarly, we reviewed 118 public sector matters that had been referred to their respective agencies to investigate, and were satisfied with how they had been handled in 101 (86%) of the cases.
- Queensland Health was supported in developing secure online and site-specific access to the CMC's complaints management system, to ensure a common system and enable real-time monitoring by the CMC. Two more agencies are being readied for similar access.
- We released misconduct prevention material including the *Councillor conduct guide* and public interest disclosure guides.
- Public reports were released on the police discipline system, the ethical perceptions of recruits and constables, police move-on powers, and the evade police provisions.
- The project to scope the use of a centralised electronic complaints support system across core public service agencies was initiated and will be completed in late 2011.
- Four major public sector agencies were endorsed as having effective integrity systems.

Investigations

- We retained 77 new matters for investigation and completed 118 investigations during the year.
- Of the investigations we finalised, 25 per cent resulted in prosecution, or recommendations for criminal, disciplinary or managerial action.

Continued opposite

our Strategic Plan 2010–14

Objective: Promote a trustworthy public sector

Investigations (continued)

- On 11 occasions the CMC attended to police-related deaths, in accordance with the responsibility given to the CMC in 2009–10 under revised arrangements for the investigation of these incidents.
- Mr Gordon Nuttall, a former minister, was found guilty on 36 charges of accepting corrupt payments and sentenced to a total term of seven years imprisonment. In December 2010 he was sentenced to a further term of imprisonment for five offences of official corruption and five of perjury.
- We released a public report on the outcome of an investigation into the conduct of a former ministerial adviser.
- We completed our investigation into allegations of police misconduct on the Gold Coast (Operation Tesco) by holding public hearings and tabling a public report.

Objective: Provide an effective witness protection service

Protected persons are safe

- We maintained the safety of all protected witnesses.
- We received 114 applications for witness protection, and admitted 51 people to the program.
- We provided 30 persons with court security and undertook 52 threat assessments.

Objective: Demonstrate organisational excellence using a skilled, committed workforce

Enhanced productivity

- We established a program of continuous improvement following a major review of our governance.
- As a result of the governance review, reviews of the management structures and organisational arrangements occurred in the Misconduct, Crime and Information Management work areas to facilitate change and more efficient work practices.
- As part of actioning continuous improvement, a small Executive Leadership Group comprising the Chairperson and our most senior executive staff was established to drive enhanced decision making, individual responsibility and corporate ownership.
- Six of our seven significant publications were produced on time.

Adopting the internet as our main channel for communicating with the public

- Downloads from our website have increased by 78 per cent compared with last year.
- A web redevelopment project was initiated; significant enhancements were made to the website in April 2011 including the addition of an online complaints lodgement form.

Recruiting, retaining and developing our staff

- We implemented a wide range of professional development opportunities for staff across the organisation.
- Forty-five managers participated in a management development program to allow them to assess the impact of their work style on the way they manage their people and allocate work.
- We completed a full review of our internal communications arrangements and have begun to implement its recommendations.

Financial summary

Revenue

Our main source of revenue each year is the operating grant received from the state government (\$48.288m compared with \$43.752m in the 2009–10 financial year). Table 1 summarises a breakup of the revenue by category.

Table 1. Revenue by category

Category	2009–10		2010–11	
	\$'000	% of Revenue	\$'000	% of Revenue
Queensland Government Grant	43 752	96%	48 288	97%
Other Grants and Contributions	1 081	2%	370	1%
Interest Revenue	505	1%	801	2%
Other Revenue and Gains	446	1%	103	0%
Total Revenue	45 784	100%	49 562	100%

Expenses

The CMC's major expenditure consists of employee costs (\$34.354m compared with \$31.100m in the 2009–10 financial year). Table 2 summarises a breakup of expenses by category.

Table 2. Expenses by category

Category	2009–10		2010–11	
	\$'000	% of Expense	\$'000	% of Expense
Employee Expenses	31 100	70%	34 354	70%
Supplies and Services	10 071	23%	12 664	25%
Depreciation and Amortisation	1 751	4%	2 158	4%
Finance Costs	–	0%	66	0%
Other Expenses	1 228	3%	556	1%
Total Expenses	44 150	100%	49 798	100%

Total expenditure rose by almost 12 per cent since the previous year. This was largely due to increases in employee costs of 10 per cent, and in supplies and services expenditure of almost 22 per cent – a result of the four-yearly computer replacement program, and increased lease costs.

Expenditure by activity

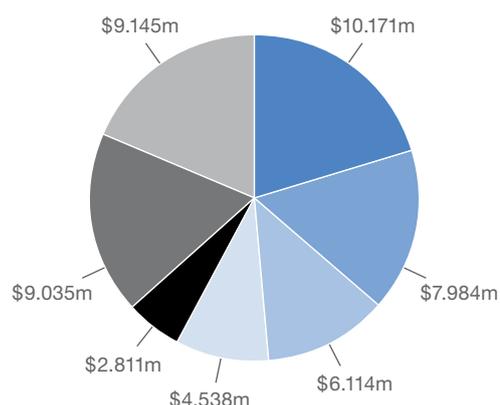
Figure 1 shows the allocation of expenditure across service areas. These service areas contribute directly and indirectly to the CMC's major outputs as indicated in Figure 2.

Figure 1. Expense allocation by service areas, 2010–11

Misconduct and Prevention	20.42%
Witness Protection and Operations Support	16.03%
Crime	12.28%
Intelligence Unit	9.11%
Research	5.64%
Corporate Services	18.14%
CMC Corporate Costs	18.37%

Figure 2. Expense allocation by output, 2010–11

Misconduct and Prevention	55.33%
Crime	32.85%
Witness Protection	11.82%



Operating result

The CMC's financial result for 2010–11 was that expenses exceeded revenue, resulting in an operating deficit of \$0.236m (2009–10: \$1.634m operating surplus) as detailed in Table 3.

Table 3. Operating result

For the year ended 30 June	2009–10	2010–11
	\$'000	\$'000
Total Revenue	45 784	49 562
Total Expenses	44 150	49 798
Operating Surplus/(Deficit)	1 634	(236)

Assets

As at 30 June 2011, the CMC held \$26.770m worth of assets. This is comprised of current assets, including cash and cash equivalents of \$10.897m, and non-current assets of \$15.873m.

Non-current assets include property, plant and equipment and intangible assets comprising TRIM software purchased for the Electronic Document and Records Management System, which was rolled out across the CMC during July and August 2010. In addition, \$0.872m was spent during the financial year to fit out the new offsite premises.

Liabilities

As at 30 June 2011, the CMC's liabilities totalled \$10.927m, made up of \$6.944m in payables and lease liabilities, \$2.416m in accrued employee benefits and \$1.567m in provisions and other liabilities.

Equity

As at 30 June 2011, the CMC's net worth was \$15.843m (2009–10: \$16.079m). The decrease in equity of \$0.236m is mainly due to an increase in deferred lease liabilities as a result of recognising lease expenditure on a straight-line basis.

Table 4. Equity

For the year ended 30 June	2009–10	2010–11
	\$'000	\$'000
Total Assets	23 697	26 770
Total Liabilities	7 618	10 927
Equity	16 079	15 843

A comparison of actual results with the CMC's 2010–11 budget appears at pages 71–72. The audited financial statements are attached to this report.

Looking ahead

In accordance with the CMC's strategic priority to foster innovation in governance and systems processes, a number of new projects were initiated during the 2010–11 financial year and will be implemented during 2011–12. These include the following:

- Capital and expenditure funding of \$0.602m has been approved to redevelop the website and intranet in order to improve internal and external communication.
- \$0.12m has been allocated to the research phase of the Queensland Public Sector Complaints Management System project. The aim of this project is to develop a centralised complaints management system for Queensland public sector agencies.
- An activity-based costing system to determine the actual cost of services and operations. This new system will assist in implementing process improvements and operational efficiency, improved performance measures and enhanced financial reporting.