



Crime and Corruption Commission
QUEENSLAND

Annual Report 2014–15

Combating major crime and serious corruption

1 September 2015

The Honourable Yvette D'Ath MP
Attorney-General and Minister for Justice and Minister for Training and Skills
Level 18, State Law Building
50 Ann Street
Brisbane QLD 4000

Dear Ms Attorney

I am pleased to present the *Annual Report 2014–15* and financial statements for the Crime and Corruption Commission (CCC).

I certify that this annual report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be accessed at <www.ccc.qld.gov.au/annualreport>.


Yours sincerely



A J MacSporran QC
Chairman
Crime and Corruption Commission

About our annual report

This report highlights the key activities and achievements of the Crime and Corruption Commission in 2014–15. It assesses our financial and non-financial performance against the objectives and performance indicators set out in the CCC 2014–18 Strategic Plan and the 2014–15 Service Delivery Statements.

Additional information on consultancies, overseas travel and government bodies is published through the Queensland Government Open Data website,  <www.qld.gov.au/data>.

Interpreter service




The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact the CCC on either

07 3360 6060 or toll-free 1800 061 611
and we will arrange for an interpreter to effectively communicate the report to you.

Feedback



We welcome your comments on this report. You can provide feedback through our online feedback form at  <www.ccc.qld.gov.au/feedback> or by contacting our Communications team on 07 3360 6060.

See back inside cover for contact details.

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Chairman's report

I am pleased to introduce the inaugural annual report of Queensland's Crime and Corruption Commission (CCC). The CCC commenced on 1 July 2014 with the introduction of the *Crime and Corruption Act 2001*.

The Crime and Corruption Act introduced changes to the Commission's governance structure and name (we were formerly the Crime and Misconduct Commission) as well as changes to our complaints management responsibilities. Significantly, jurisdiction in the area of public sector integrity moved from official misconduct and its prevention to a focus on serious and/or systemic corruption. As a consequence of these changes, the CCC received 40 per cent fewer complaints in 2014-15 than it did the previous year.

Also significant during the year was the impact of \$2.966 million in temporary funding to contribute to the government's initiative to combat criminal organisations, specifically outlaw motorcycle gangs. Most of this temporary funding ceased in December 2014 but to avoid stopping some important and productive initiatives, especially covert intelligence hearings, the CCC adjusted its priorities and budget to ensure these activities continued until the end of the financial year. As an outcome of our organised crime investigations, in partnership with the QPS, 61 OMCG members or their associates have been arrested this year.

In its first year of operation, the CCC finalised a number of long-running crime investigations, including a joint QPS investigation into the production and trafficking of crystal methamphetamine ("ice"), producing excellent results for law enforcement in Queensland. Corruption investigations have also produced significant results. In 2014-15, we completed 45 investigations. Of these, 91 per cent were completed within 12 months against a target of 85 per cent for that time frame.

This year we contributed to the Queensland Organised Crime Commission of Inquiry, which is looking at the extent and nature of organised crime in Queensland and the economic and social impacts of such activity. The CCC is providing input to the inquiry, which is to report to the Premier by 30 October 2015.

We are also developing a submission for the statutory review of the CCC's powers and operations by the Parliamentary Crime and Corruption Committee (PCCC). Their review is to be finalised by 30 June 2016. In our submission we intend to identify a number of areas where legislation unnecessarily constrains or limits our capacity to act to protect the public, or which could be amended to further improve our governance. We also recognise circumstances where legislative change could promote greater internal efficiency, achieve consistency in the exercise of our powers, and improve the prospects of bringing to account those engaging in corrupt or criminal conduct. Public submissions to the PCCC review close on 27 July 2015.

A key challenge for the CCC will be to remain responsive to anticipated government reform, including that related to organised crime. To support this activity, the CCC will continue to develop measures of performance that more clearly demonstrate the value and impact of its work.

Overall, the organisational changes implemented over the past 18 months or so have made the CCC a more focused and effective organisation. In a period of significant economic challenge, the CCC's expenditure has remained within its approved annual budget.

I would like to thank our Commissioners, senior leadership group and all staff for their exceptional dedication in ensuring that the transition to the new organisation was a smooth and successful one. I would also like to acknowledge the contribution of Professor Marilyn McMeniman, who is finishing her term as Acting Ordinary Commissioner at the end of June. I thank Mr George Fox, who finished his term as Acting Ordinary Commissioner in October 2014.

Looking forward, the CCC will welcome new acting Commissioners from 1 July 2015 while substantive Governor-in-Council appointments await endorsement. We expect that the substantive appointment of a new Chairman, Chief Executive Officer and part-time Commissioners will offer greater stability during this next year of consolidation. A strong leadership team will ensure that the CCC remains responsive to the needs of its stakeholders while maintaining the balance between day-to-day operational objectives and longer-term strategic goals.

Dr Ken Levy RFD
Acting Chairman
30 June 2015

Performance snapshot

Reducing the impact of major crime



28 major crime investigations finalised



\$18.316m in assets restrained



82 persons charged with 687 offences



\$8.375m forfeited to the state



\$4.462m worth of drugs seized



297 coercive hearing days held, including 75 days of intelligence hearings

Reducing the incidence of serious corruption



45 corruption investigations finalised



6 recommendations for disciplinary action made



55 persons charged with 200 criminal offences



4 hearing days held

An effective witness protection service



72 persons admitted to the witness protection program



100% of witnesses kept safe

Agency overview

The Crime and Corruption Commission is an independent statutory body established to reduce the incidence of major crime and public sector corruption in Queensland, and to provide the state's witness protection service. It focuses on those matters that have the greatest potential to threaten the safety and security of the Queensland community and erode the integrity of its public institutions.

Its crime jurisdiction enables it to investigate serious and organised crime such as drug trafficking, fraud, money laundering and networked paedophilia. Its corruption jurisdiction is broad and diverse,

including government departments, public sector agencies and statutory bodies, the Queensland Police Service (QPS), local governments, government-owned corporations, universities, prisons, courts, tribunals and elected officials.

To fulfil its mandate, the CCC gathers and disseminates intelligence, conducts investigations, recovers illegal gains from criminal activity, and publishes research. It has powers to gather evidence through covert surveillance activities, and to conduct coercive hearings that require witnesses to give evidence.

Our vision

That the CCC make a unique contribution to protecting Queenslanders from crime and corruption

Our purpose

To combat major crime and serious corruption

Our values

- Integrity
- Accountability
- Respect
- Excellence and innovation
- Collaboration



Our legislation and powers

The *Crime and Corruption Act 2001* sets out our agency's primary functions, powers and governance structure. Other legislation supports our functions by enabling us to recover criminal proceeds, protect witnesses, and gather evidence through searches and surveillance. This legislation includes:

- *Criminal Proceeds Confiscation Act 2002*
- *Police Powers and Responsibilities Act 2000*
- *Telecommunications Interception Act 2009*
- *Telecommunications (Interception and Access) Act 1979* (Cwlth)
- *Witness Protection Act 2000*.



Our stakeholders in Queensland

- All members of the Queensland public
- The Queensland Parliament, the Parliamentary Crime and Corruption Committee, the Parliamentary Commissioner, and the Attorney-General and Minister for Justice
- The Office of the Director of Public Prosecutions (ODPP), the Public Trustee, the Queensland Audit Office, the Privacy Commissioner, the Information Commissioner and the Queensland Ombudsman
- Public sector agencies including government departments, tribunals, courts, local governments, government-owned corporations, universities and state politicians
- The Queensland Police Service.



Our people

As at 30 June 2015, the CCC had 336.6 full-time equivalent staff, including lawyers, investigators, financial and intelligence analysts, social scientists and support officers.

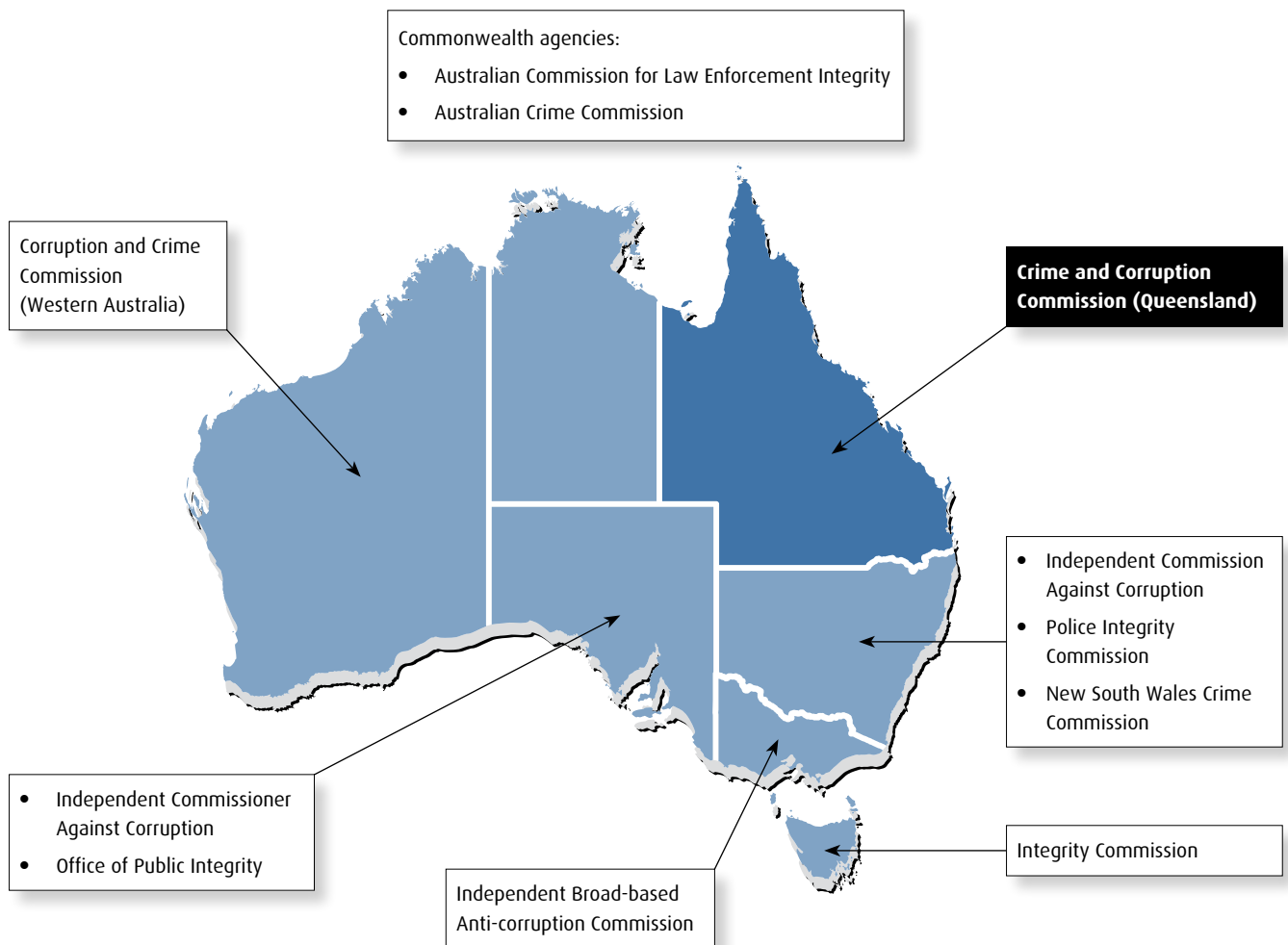


Our finances

The CCC's revenue for 2014–15 was \$54.859m. Expenditure was \$54.643m, resulting in an operating surplus of \$216 000.

Our agency in a national context

The CCC works closely with peer agencies elsewhere in Australia, as well as cooperating with Australasian and international agencies in relation to crime, corruption, intelligence and witness protection.



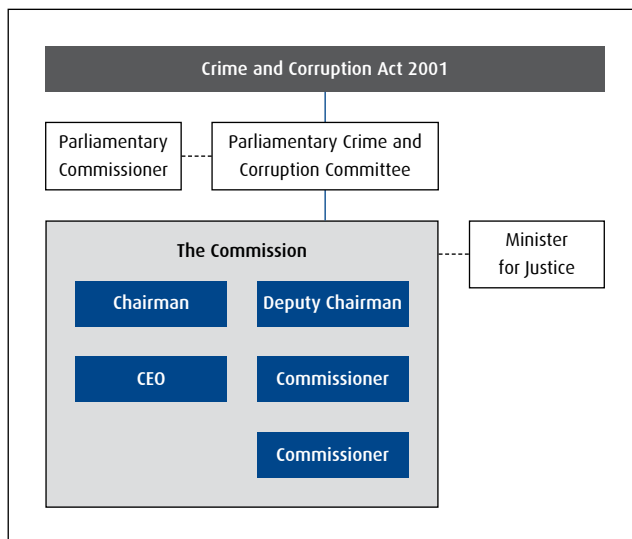
Agency overview

Our Commission structure

The CCC is led by a five-member group referred to as “the Commission”. The Commission is responsible for providing strategic leadership and direction for the performance of the agency’s functions and the exercise of its powers by the Chairman, CEO and other staff.

Although independent of the government of the day, the CCC is fully accountable to the people of Queensland through the Parliamentary Crime and Corruption Committee. This is an all-party committee that monitors and reviews CCC activity and deals with complaints against it. The CCC also provides six-monthly performance reports to the Minister.

 See organisational structure, page 33.



Commission members as at 30 June 2015

CHAIRMAN (Acting)

Dr Ken Levy RFD

Dr Levy has extensive experience in public sector leadership roles, professional practice, and research and teaching. He holds an appointment as an Adjunct Professor of Law at Bond University, and has been a part-time Senior Member of the Administrative Appeals Tribunal since 2004. Dr Levy has served as the Queensland and National President of CPA Australia and as a Lieutenant Colonel with the Australian Army Reserve.

CHIEF EXECUTIVE OFFICER (Acting)

Ms Dianne McFarlane

Ms McFarlane holds a Bachelor of Arts degree from the University of New South Wales and a Bachelor of Laws from the Queensland University of Technology. Ms McFarlane has worked across the public and the private sectors and has extensive experience as a human resources practitioner specialising in industrial relations.

DEPUTY CHAIRMAN

Mr Sydney Williams QC

Mr Williams was admitted to the Queensland Bar in September 1975 and as a barrister in Papua New Guinea later that year. Mr Williams took silk in 1986. Since then he has been in continuous practice as a barrister, focusing on insurance and personal injury litigation. Mr Williams was a member of the University Squadron of the Royal Australian Air Force Reserve and subsequently was commissioned into the Reserve as a Legal Officer, retiring with the rank of Squadron Leader.

ORDINARY COMMISSIONER (Acting)

Professor Marilyn McMeniman AM

Professor McMeniman has held academic positions at both the University of Queensland and Griffith University. She has provided advice to governments, industry, the wider education sector and the community, and has co-authored major national and state reviews and reports. In 1997, Professor McMeniman was made a Member of the Order of Australia for services to education, and in 2007 she received the Zonta Woman of Achievement Award.

All Commission appointments took effect from 1 July 2014 with the introduction of the Crime and Corruption Act.

Performance scorecard

Our performance against the objectives in the CCC 2014–18 strategic plan is detailed below, as are outcomes against the service standards published in the State Budget Service Delivery Statements (SDS). Our services link to the Queensland Government’s objectives for the community, specifically those related to integrity and accountability.

Additional strategic plan performance indicators included in the CCC’s 2014–18 strategic plan will take effect after 1 July 2015.

 See <www.ccc.qld.gov.au/strategicplan> for the 2014–18 strategic plan.

Our progress in 2014–15

Objective: REDUCE THE IMPACT OF MAJOR CRIME IN QUEENSLAND

Performance indicator: Percentage of targeted major crime disrupted

SDS service area: Crime fighting and prevention



Read more,
pages 12–16, 26–30

The CCC investigates serious and organised crime, and recovers proceeds from criminal activities. See the appendix for our results in these areas from 2010–11.

SDS service standard	Target	Result	Target met
Percentage of targeted criminal entities which are disrupted as a result of CCC investigations	95	100	✓
Net value of criminal proceeds restrained (\$'000)	18 000	18 316	✓
Net value of assets forfeited (\$'000)	7 000	8 375 ¹	✓
Percentage of coercive hearings which add value to major crime investigations	95	100	✓

1. Target exceeded due to an increased number of high-value matters finalised prior to 30 June 2015.

Other results	Target	Result	Target met
Number of tactical operations undertaken	30	35	✓
Percentage of investigations undertaken jointly with other law enforcement agencies	80	97	✓
Number of intelligence projects undertaken	12	12	✓
Number of criminal proceeds restraining orders obtained	60	63	✓
Number of proceeds matters finalised	30	36	✓
Percentage of Crime research targets achieved	100	n/a ²	-

2. This activity relates to research projects detailed in the CCC 2014–16 Research Plan. As at 30 June 2015, no ministerial approval for the plan had been received. Consequently, performance against this target cannot be assessed. Details of our broader research activities can be found on page 30.

Our progress in 2014–15

Objective: REDUCE THE INCIDENCE OF SERIOUS CORRUPTION IN THE PUBLIC SECTOR

Performance indicator: Timely and effective investigations

SDS service area: Public sector integrity

 Read more, pages 17–30

The CCC receives and investigates allegations of serious corruption, and monitors how other public sector agencies manage allegations of corrupt conduct. See the appendix for our results in these areas from 2010–11.

SDS service standard	Target	Result	Target met
Percentage of recommendations to agencies accepted	85	96	✓
Percentage of investigated matters finalised within 12 months	85	91	✓

Other results	Target	Result	Target met
Number of serious matters retained for CCC investigation	50	48 ¹	X
Number of intelligence projects targeting high-risk corruption matters completed	5	5	✓
Percentage of investigations reviewed at completion of the initial investigation stage	100	100	✓
Median days to finalise a review matter	15	13	✓
Percentage of Corruption research targets achieved	100	n/a ²	-
Implementation of the Corruption Audit Plan	Completed	Completed	✓
Implementation of the Case Categorisation and Prioritisation Model	Completed	Completed	✓

1. Before embarking on an investigation, the CCC uses a case categorisation model for all matters that are reported to it and assessed as raising a suspicion of corrupt conduct. The CCC retains the most serious and/or systemic matters for investigation. The remaining matters are referred to agencies to deal with and are subject to the CCC's monitoring role, which may include a review of how the agency dealt with the matter either before or after it has been finalised.
2. This activity relates to research projects detailed in the CCC 2014–16 Research Plan. As at 30 June 2015, no ministerial approval for the plan had been received. Consequently, performance against this target cannot be assessed. Details of our broader research activities can be found on page 30.

Our progress in 2014–15

Objective: AN EFFECTIVE WITNESS PROTECTION SERVICE

Performance indicator: Responsiveness of service provided

SDS service area: Witness protection



Read more,
page 31

The CCC provides protection for eligible people who are in danger as a result of helping a law enforcement agency. See the appendix for our results in this area from 2010–11.

SDS service standard	Target	Result	Target met
Median time to conduct initial witness protection assessment	48 hours	23 hours ¹	✓

1. Target exceeded due to the closer geographical location of applicants, our operational workload allowing a more immediate response, and the increased capability of law enforcement to deliver applicants within shorter time frames.

Other results	Target	Result	Target met
Percentage of protected persons whose safety is maintained	100	100	✓
Number of applications for witness protection assessed	100	129 ²	✓
Number of persons admitted into the witness protection program	50	72 ²	✓
Percentage of protected persons who meet their court commitments	100	100	✓

2. Witness protection is a voluntary program. Admission to the program is dependent on requests made by law enforcement agencies, principally the QPS. This year we received an increase in the number of applications from the QPS, resulting in an increase in the number of persons admitted to the program.

Investigations

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About our investigations


Setting our priorities

Potential targets for investigation come to our attention in many ways:

- Strategic intelligence, in both crime and corruption, can identify persons, networks or practices warranting investigation.
- The CCC may be asked to support major crime investigations undertaken by other law enforcement agencies, particularly the QPS.
- Allegations of corruption can be made directly to the CCC by members of the public or referred to us by agencies.

As the number of matters which could warrant investigation exceeds our investigative capacity, we focus our resources on the most serious matters.

In the case of crime matters, the statutory Crime Reference Committee determines what matters it will be most effective for us to take on. This committee also provides independent oversight of the CCC's use of powers and crime operations as they progress.

 See page 12.

Decisions about which corruption matters to investigate are made by an internal Matters Assessment Committee.

With such a broad mandate, the main factors guiding our decisions include:

- the degree of threat/impact that the criminal activity is considered to pose to the Queensland community
- the degree to which public interest requires an independent investigation of matters of serious corrupt conduct
- the resources and expertise available either in-house or in conjunction with partner agencies.

CCC investigations are often conducted in partnership with law enforcement agencies (predominantly the QPS).

Our investigative powers

The Crime and Corruption Act and other legislation give the CCC investigative powers that are generally not available to other government agencies conducting investigations. These include search, surveillance and seizure powers as well as the power to conduct coercive hearings that compel people to attend and give evidence, and to produce documents and other material. Where we conduct joint investigations with other agencies, we use these powers as well as our expertise in intelligence, financial analysis, forensic computing, research, and covert investigative techniques.

Based on evidence gathered during its investigations, the CCC can recommend that people are arrested, charged and prosecuted. In the case of suspected corrupt conduct, the CCC can commence proceedings in the Queensland Civil and Administrative Tribunal (QCAT) or refer matters to a CEO (or senior executive) to consider disciplinary action. However, the CCC is not a court. It cannot determine guilt or discipline anyone.


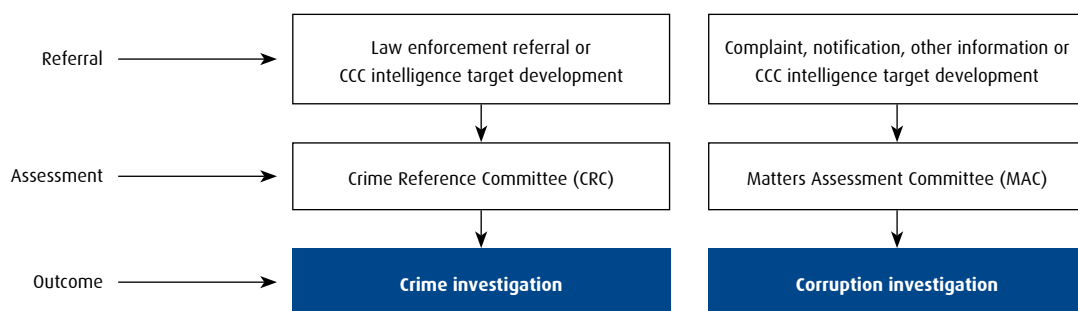
 See pages 27 and 40 for information on our use of powers and the external oversight of these powers.

Figure 1. How matters progress to a CCC investigation



Crime investigations

Context

Organised crime groups are developing in ways that mirror large corporations. These developments include the centralisation of operations, greater connectivity, growing sophistication, increased professionalism, and long-term strategic planning towards growth. This is leading to more sophisticated criminal activities, broader criminal networks, and groups with greater capabilities.


New technologies assist them to undertake their criminal activity more effectively and/or reduce their visibility to law enforcement.

Multi-jurisdiction offending is increasing — with crime groups from overseas and interstate targeting Queensland, and Queensland-based crime groups expanding their operations interstate and overseas.

Updating of crime referrals to the CCC

To combat this criminal environment, the Crime Reference Committee uses general referrals (targeting broad areas of crime) or specific referrals (dealing with a specific crime) to direct matters to the CCC for investigation. In 2015, the committee reviewed and updated the CCC's general referrals, as follows:

- Organised Crime
- Organised Crime (Facilitators)
- Criminal Paedophilia
- Serious Crime (Vulnerable Victims)
- Terrorism.

 See <www.ccc.qld.gov.au/crime/what-the-ccc-investigates>.

Outcomes 2014–15

Crime investigation results	
Arrests	82
Charges laid	687
Drugs seized (estimated street value)	\$4.462m
Assets restrained	\$18.316m

Our ongoing work

Due to the complex nature of our investigations, some of the matters that we commenced in 2014–15 or earlier will continue through the next reporting period.

Crime investigations			
2013–14	2014–15		2015–16
Brought forward	New	Finalised	Carried forward
53	36	32	57

Note: These crime investigations include cooperative investigations with the QPS or other law enforcement agencies.

Illicit drug markets

Methylamphetamine



\$3.279m worth of methylamphetamine seized



2 commercial laboratories closed down



\$24.532m in cash and assets restrained

Illicit drug markets remain the most prominent, visible and profitable form of organised crime activity in Queensland. Due to the prevalence of methylamphetamine (particularly crystal methylamphetamine or “ice”) and the harms associated with its use, the ice market is the drug market of highest threat to Queenslanders.

CCC intelligence has made the following assessments:


- Organised crime involvement in the Queensland methylamphetamine market is likely to continue to grow due to strong demand for the drug, particularly in crystalline (ice) form, and the high price it attracts. This may lead to attempts to manufacture ice domestically in larger-scale clandestine laboratories and/or increasing importation of the substance.
- Organised crime groups may identify vulnerable markets in regional Queensland that are removed from traditional drug supply channels, and supply these areas with illicit drugs such as methylamphetamine and new and emerging psychoactive substances.

The CCC has focused much of its organised crime investigative capability on high-threat networks involved in manufacturing ice, and trafficking it into and within Queensland. As at 30 June 2015 the CCC had \$24.532m worth of cash and assets under restraint arising from individuals alleged to be engaged in offences of manufacturing or trafficking in methylamphetamine in Queensland. In addition, 6.4 kg of methylamphetamine (with an estimated value of \$3.279m) has been seized in the last year, and two commercial laboratories with the capacity to produce a maximum yield of 54 kg of ice were closed down.



Operation Juliet Wave

Operation Juliet Wave was a two-year operation conducted in partnership with the QPS that resulted in 63 people being charged with 455 offences. Drugs with an estimated value of \$2.9m were seized, including crystal and liquid ice estimated at over \$2m.

 A detailed case study of this operation can be accessed at www.ccc.qld.gov.au/juliet-wave.

Cocaine

Although significantly smaller than other illicit drug markets, the cocaine market in Queensland has experienced growth since 2009. The growth in demand for cocaine combined with the lucrative nature of the market is likely to attract more organised crime groups in the future.



Operation Quaker targets cocaine-trafficking syndicate

This year we concluded the covert phase of a 13-month operation, dismantling a major organised crime network involved in the supply of cocaine throughout Queensland. The operation, codenamed Quaker, employed various investigative strategies, focusing on the trafficking activities of two key targets identified through intelligence. The network had a large customer base which allegedly included a number of high-profile professional sports people.

Our close cooperation with other law enforcement agencies contributed to the successful outcome.

The operation was closed in two phases. The first phase was closed in December 2014 with investigators from the CCC and QPS executing search warrants on the Gold Coast. In this phase, the principal target of the operation was arrested and charged with the serious offence of drug trafficking. Twenty-seven other people were also arrested and charged with a total of 184 offences.

The second phase of the operation was closed in April 2015 with investigators from the CCC and the QPS executing search warrants on the Gold Coast. The principal target of the second phase was charged with a number of drug offences, which included two counts of supplying a dangerous drug. Three other people were arrested during this phase, with a total of 12 offences.

Drugs with an estimated value of over \$1.4m were seized during this operation. The overt phase of the investigation remains ongoing.

Criminal organisations



61 arrests (on 490 charges)



\$4.462m worth of drugs seized



\$6.380m in assets restrained



227 intelligence reports disseminated

In response to community concern about incidents of violence, intimidation and criminal behaviour by members and participants of criminal organisations — particularly outlaw motorcycle gangs (OMCGs) — the CCC was granted 12-month specific funding (allocated in January 2014) to focus on disrupting the activities of these groups.

OMCGs are prominent in most aspects of organised crime, including drug and firearm trafficking, property crime, fraud and tax evasion. Members of OMCGs also commit serious violent offences including extortion, serious assault and murder. They may operate within and alongside legitimate business, and commit other offences including corrupting public officials.

OMCGs and their associates have been a focus of the CCC's organised crime investigations during this reporting period. In total, 61 people were charged with 490 offences. The value of drugs seized was \$4.462m and the value of proceeds of crime restrained was \$6.380m.

In 2014–15, through our intelligence-gathering hearings we collected specific intelligence on OMCGs in Queensland, disseminating 227 intelligence reports to partner law enforcement agencies. These reports provided information on how OMCGs are operating in this state, including their involvement in criminal activity and their presence in otherwise legitimate industries. Our hearings also yielded valuable information for a number of OMCG-related drug investigations and the extent to which OMCGs may be involved in directly coordinating the drug trafficking activities of individual members.



Operation Lima Hacksaw

The CCC conducted hearings in relation to a drug trafficking network that was the subject of a QPS investigation involving members of an OMCG. The network trafficked in various substances including cocaine and methylamphetamine. At the closure of the covert phase of the QPS investigation, several OMCG members and associates were charged with drug trafficking offences. The CCC then conducted hearings to explore the trafficking network, including the concealment of assets and the connection between the trafficking activity and the relevant OMCG chapter.

The evidence gathered indicated that the hierarchy of the particular OMCG club overlaid the hierarchy of the trafficking network. More productive members of the network were “fast-tracked” to high status within the club. In contrast, others occupying lower levels within the drug network, and involved in trafficking, debt collection and standovers, were expected to pay a commission back to the club.

Organised crime facilitators

As organised crime infiltrates various markets and sectors of the economy, its activities are often supported by, or outsourced to, a range of people with specialist skills and/or who have access to particular information or infrastructure (facilitators).

Organised criminal groups are motivated to use facilitators for two main reasons:

- They may lack the necessary skills, knowledge or access to carry out crimes — for example, in complex financial or computer-based sectors.
- Using facilitators helps criminals distance themselves from criminal activities; correspondingly, professionals can give criminal activity the appearance of legitimacy.

Professional facilitators such as lawyers and accountants help criminal networks to operate undetected across both legitimate and illicit markets. Their expertise may assist in laundering the proceeds of crime, avoiding tax and disguising criminal activity. Other non-professional facilitators with specialist skills and knowledge also provide information and expertise when it comes to activities such as manufacturing dangerous drugs and precursor substances. Another category of facilitators includes “insiders” who, by virtue of a position of employment, have access to information which can be exploited by organised crime groups.

In May 2015, the Crime Reference Committee approved a new general referral into Organised Crime (Facilitators) to support an ongoing CCC investigative focus on the facilitators of organised crime.



Alleged “structuring” offences by law firm

Operation Biscay investigated an allegation that a firm practising in criminal and commercial law was engaged in money laundering.

As a result of the investigation it is alleged that a partner and employees of the firm were involved in:

- attempting to pervert the course of justice, contrary to section 140 of the Queensland Criminal Code
- structuring, contrary to section 142 of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cwlth).

It is alleged that, in their roles as legal practitioners, the defendants helped clients of the firm to deal with their money in a way that was intended to obstruct criminal confiscation proceedings.

Financial institutions are required by law to report any cash transaction of \$10 000 or more to the Australian Transaction Reports and Analysis Centre (AUSTRAC). The offence of structuring involves banking cash sums of \$10 000 or more in smaller amounts to avoid the transaction being reported to AUSTRAC.

The matter is currently before the courts.

Boiler room fraud

In 2014–15 the CCC investigated several suspected criminal networks based in Queensland allegedly engaged in cold call investment fraud, often referred to as “boiler room” fraud. Boiler room fraud is unsolicited contact, generally by telephone, with victims who are persuaded through false, misleading and deceptive information and practices to invest money in schemes involving financial management packages that will never achieve the returns promised. Investment in these schemes results in the eventual loss of the investment by the victim.

One investigation focused on suspected fraud by companies engaged in the marketing of products including investment software packages, gambling products, and financial management services.

Information obtained during the CCC investigations is being disseminated where appropriate to other state and Commonwealth agencies. To date, three persons have been charged with offences of fraud and/or money laundering. These investigations are ongoing.

Paedophilia



11 persons charged with 151 offences



11 investigations finalised



7 evidence packages disseminated to interstate jurisdictions

Our paedophilia investigations target internet-based offenders, repeat offenders and paedophile networks. The CCC works closely with the QPS Task Force Argos, regional child protection investigation units, Offices of the Commonwealth and Queensland Director of Public Prosecutions, and interstate and foreign law enforcement agencies.

The CCC pays particular attention to matters where offenders present a high risk of offending because of their access to children — for example, offenders such as teachers who occupy a position of trust and have access to children, those who have children in their home, or where the investigation identifies interest or activities relating to grooming children for contact offending.

Crime investigations

In 2014–15, 11 paedophilia investigations were finalised, resulting in 11 persons charged with 151 offences relating to the possession, distribution and production of child exploitation material. These offenders posed a direct and indirect risk of contact offences against a number of children in Queensland and other jurisdictions. One offender was charged with 3 counts of indecently dealing with a child under 16, and 14 charges of making child exploitation material.

This year, as a result of CCC investigations, one person was charged with the Commonwealth offence of aggravated conduct or “networking”, which carries a penalty of up to 25 years’ imprisonment. Since March 2010, 14 people in Australia have been or currently are being prosecuted for this offence. Five of these prosecutions were the result of CCC investigations.

The CCC also disseminated seven evidence packages to interstate jurisdictions concerning the use by an individual of a peer to peer (P2P) platform to access, possess and distribute child pornography. As a direct result of these CCC disseminations, two men in Redfern and Tweed Heads, New South Wales, were arrested on a range of child sex offences, with a child at risk identified in one case. Additional information has been supplied to NSW detectives for the consideration of additional NSW and Commonwealth offences identified by CCC investigators.

These investigations were praised by the National Coordinator for Child Protection Operations at the Australian Federal Police as examples of law enforcement agencies working collaboratively to achieve successful outcomes.



Successful identification of multiple offences by Ipswich man

In September 2014, police from the CCC’s criminal paedophilia team and forensic computing unit, assisted by the Ipswich Child Protection Investigation Unit, executed a search warrant at an Ipswich address. The male suspect was arrested and charged with child exploitation material offences.

Following forensic analysis of the suspect’s computers and related computer hardware and storage devices, additional state and Commonwealth offences relating to possessing and distributing child exploitation material were identified, and the man was issued with a notice to attend the Ipswich Magistrates Court. Charges included:


- possession of child exploitation material (*Criminal Code Act 1899* (Qld))
- use of a carriage service to access child pornography material (*Criminal Code Act 1995* (Cwlth))
- aggravated offence — an offence involving conduct on three or more occasions and 2 or more people (networking) (Commonwealth Criminal Code).

The man has since been committed for trial concerning all 68 charges relating to this investigation.

Corruption investigations

Context

Corruption can take many forms including victimisation and assault, the misuse of public funds or assets, and the unlawful release of information. The CCC conducts independent investigations to identify and respond to the most serious and systemic cases of corrupt conduct affecting Queensland public sector agencies (including the QPS). Other allegations of corruption are investigated by agencies themselves and may be subject to CCC monitoring.

 For more information on the CCC's oversight role, see page 21.

A successful investigation outcome does not always mean that an allegation of corruption will be substantiated. A successful investigation could result in:

- clearing a person's name or restoring public confidence in a public sector activity or agency, a politician or the police
- criminal or disciplinary charges
- identification of systemic weaknesses or a failure of internal controls in agencies that make them more vulnerable to corruption.

The CCC has continued its focus on improving the timeliness of its corruption investigations. As at 30 June 2015, the CCC had only one corruption investigation older than 12 months. This compares with two investigations older than 12 months as at 30 June 2014.

Outcomes 2014–15

Corruption investigation results	
Arrests	55
Charges laid	200
Recommendations for criminal charges	8
Recommendations for disciplinary action	6

Our ongoing work

Due to the complex nature of our investigations, some of the matters that we commenced in 2014–15 or earlier will continue through the next reporting period.

Corruption investigations			
2013–14	2014–15		2015–16
Brought forward	New	Finalised	Carried forward
29	48	45	32

Learning the lessons from investigations 2009–14




As part of the transition from the Crime and Misconduct Commission to the CCC, we analysed our investigation data to see what had been the most consistent serious forms of corruption/official misconduct in departments and agencies (excluding the QPS) over the last five years. They were:

- corruption and favouritism
- unauthorised disclosure of information
- misappropriation of assets
- poor procurement processes.

Our paper *Corruption in the public sector: the big issues* (December 2014) was directed to CEOs and senior officers of all units of public agencies. It brought together lessons drawn from investigations to highlight the issues most likely to put them and their agencies at risk. In particular, it emphasised the importance of leadership accountability and the harmful impact of supervisory failure.

The results of this analysis will help guide the focus of the CCC's 2014–16 corruption audit program.

 See page 22.

Weakness of internal control systems to detect and prevent fraud

The adequacy of internal controls to prevent fraud and corruption is a key area of focus for the CCC. The sizeable sums of money involved in the public sector payroll function (which includes the payment of wages, superannuation and other allowances) means that payroll is a high-risk area for potential fraud in public sector agencies.



Timesheet fraud leads to criminal conviction

In 2014, the CCC finalised a two-year investigation into a fraud involving the dishonest claim of overtime by a former Queensland Health employee. The officer had been temporarily appointed to help manage the increased workload following the introduction of the new payroll system in March 2010. Over a two-year period, she dishonestly claimed nearly \$40 000 in overtime.

The investigation also identified significant systemic risks with respect to the adequacy of internal control mechanisms. Additional allegations concern the failure of line managers and directors to adequately supervise staff and appropriately manage payroll approval processes.

The former employee was sentenced to two years' imprisonment, to be suspended after three months.

Investigation matters referred for prosecution

In 2014–15, the following matters were referred for prosecution:

- Following a joint investigation with the QPS into allegations including official misconduct and fraud, the CCC charged a former member of parliament with 16 offences, including soliciting secret commissions, fraud and fraudulent falsification of records.
- In October 2014, following an investigation into allegations about irregularities surrounding the recruitment of a number of staff to the Department of Education Training and Employment, a former and a current employee of the department were each served with a Notice to Appear in court on one charge of misconduct in relation to public office.

The high cost of research fraud

Public funds from both state and federal governments support a wide variety of research projects in Queensland. To ensure that research integrity is maintained, research must be conducted within strict ethical, legal and professional frameworks. Fraudulent activities such as fabricating medical research data or falsifying results not only jeopardise individual projects but impact on the lives of research participants and others awaiting the outcome of research trials.



Research fraud

In September 2013, the CCC started an investigation into allegations of research fraud and the misuse of associated grant money at the University of Queensland. It was alleged that a former researcher had fabricated research findings from human research trials that were never conducted, resulting in a published research article being based on fraudulent data. It was also alleged that the researcher had successfully sought grant funding based on the fraudulent research and that he later produced false reports on the progress of that research. It is alleged that a second researcher was complicit in these activities.

On the available evidence, the CCC will allege that the claimed research, as described in an internationally published journal article, could not have been undertaken. It will also allege that the published research article was used to generate support for a number of successful research grant applications, and that, when challenged about validity, the lead researcher took deliberate steps to falsify records in an attempt to legitimise the research.

The CCC will allege that in this case, by exploiting his reputation and status, the lead researcher breached expected high standards of ethical conduct and honesty to deceive the scientific and academic community.

In late 2014, the officers were issued with notices to appear before the court for fraud and general dishonesty offences. These matters remain ongoing.

Improper use of information

In the course of their employment, police and public servants have access to a broad range of confidential information. Unauthorised access to and release of this information can have significant consequences, including breaches of privacy laws, the compromising of law enforcement and confidential government activity, and the erosion of public confidence in public officials. Unauthorised access to and release of information could constitute a criminal offence.

The non-disclosure of conflicts of interests and associations has been a dominant theme in the CCC's corruption work. Fifteen, or one-third, of the 45 investigations finalised in the 2014–15 reporting period involved allegations of inappropriate associations and/or unauthorised access to and release of confidential information.

A review of these matters identified a number of vulnerabilities that can be exploited by persons involved in criminal activity. A lack of supervision coupled with inadequate policies to guide staff behaviour are key factors that facilitate this type of offending by employees, whether in conjunction with others or in isolation. These vulnerabilities are present in both the QPS and the public sector more generally.



CCC investigation into driver licence fraud leads to multiple arrests

In February 2014, the CCC began an investigation, Operation Danish, into the fraudulent issuing and upgrading of driver licences by a casual customer service officer at the Department of Transport and Main Roads (DTMR). It was alleged that between November 2012 and December 2013 the subject officer issued or upgraded the classes of 57 licences, including heavy vehicle class licences and personal watercraft class licences. This potentially allowed individuals to operate vehicles or vessels they were not qualified or legitimately licensed to operate, thereby creating significant public risk.


The subject officer allegedly received cash payments of between \$150 and \$1500 for each licence or upgrade provided. She allegedly ran the scheme with the assistance of three other people who acted as intermediaries by facilitating licences and upgrades for their friends and associates. It is also alleged that, when her employment ceased in December 2013, she attempted to corrupt former colleagues by offering them money to fraudulently process a driver licence application.

In the course of the investigation, 28 search warrants were executed, 40 fraudulent driver licences were seized, 85 "show cause" notices were served, and 42 criminal interviews were conducted with recipients of false licences.

As an outcome of this investigation, 48 persons have been charged with 155 offences including 87 counts of official corruption by the primary subject officer and three others. To date, 32 offenders have been successfully prosecuted, receiving sentences ranging from good behaviour bonds to imprisonment.

The CCC has also written to the Director-General of the DTMR recommending improvements to the organisation's fraud control framework for the issuing and upgrading of licences.

Although the CCC's role in this investigation has finished, a QPS investigation continues into the DTMR employee's suspected legitimisation of stolen and re-birthed motor vehicles, caravans, vessels and trailers.

 For further information on the types of facilitators exploited by organised crime groups, see page 14.

Transparency in the local government sector

In May 2015, the CCC finalised an investigation into allegations in relation to the misuse of funds relating to campaign expenses in the local government sector and money raised by incorporated associations.

The investigation drew the CCC's attention to broader questions, including:

- use of, and disclosure requirements for, funds raised during an election campaign
- regulation of gifts and "benefits" to elected officials
- establishment, titling and use of incorporated associations by elected officials
- alignment between state and local legislation governing thresholds for disclosing donations.

The CCC will issue a public report on those broader issues in the next reporting period.

Identifying corruption risk factors for QPS officers and illicit drugs

In light of recent corruption investigations, the CCC undertook a strategic intelligence project to examine risk factors associated with QPS officers becoming involved with illicit drug use and/or supply. The project examined themes such as social connections to criminals, lifestyle factors and generational attitudes.

A classified (law enforcement only) report will be provided to the CCC corruption investigation teams and QPS Ethical Standards Command to enhance awareness of the issue, and offer strategies to deal effectively with officers who are suspected of engaging in, or being at risk of becoming involved in, illicit drug use and/or supply.

Oversight of the public sector

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Our oversight function

In addition to investigating allegations of corrupt conduct, the major components of the CCC's oversight role are:

- receiving and assessing complaints of corruption
- monitoring, through reviews and audits, how agencies manage allegations.

In July 2014, the Crime and Corruption Act (CC Act) introduced significant changes to the CCC's jurisdiction in regard to allegations of public sector corruption. These changes included a narrower definition of corrupt conduct, the requirement for a statutory declaration to accompany a complaint, and the establishment of a higher threshold for public agency reporting.



In response to the new legislation, in 2014–15 the CCC issued *Corruption in focus*, providing revised guidelines for public sector agencies on how to deal with corrupt conduct.

See <www.ccc.qld.gov.au/publications> for CCC publications.

Complaints received

In 2014–15, the CCC received 2347 complaints, involving 5326 separate allegations of corruption (one complaint may consist of a number of allegations). Of these complaints, 66 per cent related to police, and 34 per cent related to public sector agencies (including local government).

Overall, complaints show a decline of 40 per cent compared with last year. This decrease was most marked in relation to public sector complaints. They decreased by 48 per cent, whereas complaints about police only dropped by 18 per cent.

The significant decrease in public sector complaints is likely to be due to amendments to the CC Act as noted above. By contrast, while the change to the definition of corrupt conduct similarly affected police, there were no changes to the jurisdiction relating to complaints of police misconduct.

The CCC is examining this marked reduction in public sector complaints through a complaint audit (see the adjacent box).

See <www.ccc.qld.gov.au/corruption/results> for complaints data.

Our monitoring role

The CCC has a statutory obligation to monitor the way in which public agencies, including the QPS, deal with matters of suspected corrupt conduct referred or reported to them. This is done through various mechanisms, including overseeing investigations, reviewing interim and finalised investigation reports, and undertaking agency audits.

Some mechanisms have been modified or discontinued by the amendments to the CC Act. For example, we now assess the quality of an agency's integrity framework through the audit program.

This year, CCC reviews identified deficiencies in the handling of corrupt conduct by both public sector agencies and the QPS — particularly in regard to the interviewing of witnesses and the adequacy of inquiries. Lack of timeliness in providing reports to the CCC was also a persistent problem. In most cases, there was no reasonable or apparent explanation for the delays in finalising inquiries and reporting the matter to the CCC.

Inappropriate use of information was another common theme identified during the CCC's oversight of investigations conducted by other agencies. See the second public sector case study on the next page.

Our corruption audit program

The CCC conducts audits to assess:

- the appropriateness of an agency's systems, policies and procedures for dealing with complaints about corruption
- whether an agency has dealt with complaints about corruption according to the requirements of the CC Act and other relevant standards (e.g. the *Corruption in focus* guidelines mentioned above)
- how effectively an agency, or group of agencies, responds to classes of complaints or corruption risk identified by the CCC.

This year, the CCC took the opportunity created by the legislative amendments to evaluate its existing audit program to ensure that its audits have a robust methodology, are focused on high risk, and are conducted in cooperation with agencies. The CCC is also focused on achieving greater coverage of the public sector.

Following the introduction of this new audit framework in 2014–15, the CCC has commenced two audits to review:

- whether public sector agencies are complying with new requirements for dealing with corrupt conduct (sections 15(1), 38 and 40 of the CC Act)
- how agencies have responded to incidents involving inappropriate access to, and disclosure of, confidential information by public sector officers (including the QPS).

Departments and agencies

Monitoring

As already noted, monitoring by the CCC identified deficiencies in how public sector agencies handled matters of suspected corrupt conduct. These included poor interviewing skills and a failure to appropriately test the evidence of witnesses. In some cases, these failures led to flawed conclusions that were not supported by the evidence.

As well as failing to interview all relevant witnesses, some agencies failed to electronically record interviews so the interview techniques could be assessed by the CCC. Some of these problems are illustrated in the case studies on this page.



Agency reconsiders findings in sexual assault allegation

In 2014, the CCC was notified that an officer of a public service department had allegedly engaged in serious criminal conduct in the course of their duties. As an initial QPS investigation did not substantiate criminal conduct, the matter was subsequently referred to the agency to deal with, subject to CCC monitoring.

The CCC determined to exercise its monitoring role because an identical allegation had been previously made against the officer. In that case, the investigation had resulted in a criminal charge, for which the officer was subsequently acquitted. A disciplinary investigation at the time had also concluded that there was insufficient evidence to substantiate the alleged conduct.

With regard to the new allegation of sexual assault, the agency's investigation concluded that there was insufficient evidence to take disciplinary action. The CCC subsequently reviewed the available evidence, including information from the earlier investigation, and noted similarities in the evidence. On that basis, the CCC requested that the agency reconsider its finding.

The agency sought legal advice, which confirmed that, given the clear parallels between the two complaints, it could consider evidence from the earlier complaint when making a decision on the current matter. The agency has subsequently concluded that there was sufficient evidence to refer the matter for disciplinary action.

Unauthorised disclosure of information

The CCC has identified the unauthorised disclosure of information as a primary high-risk area for public sector agencies.



Review of agency investigation

In 2014, the CCC received notification that an officer of a public sector department had allegedly accessed and disclosed confidential information about a client to another party. That person was not only a client of the department but a member of the same family as the client whose information had been unlawfully disclosed.

The matter was referred to the agency to deal with. Given the nature of the work undertaken by the agency, and the potential for future harm should the safety of a client be compromised, it was subject to CCC monitoring.

The agency investigated the matter and concluded that the information was sufficient to suggest that client information had been accessed without a legitimate reason but insufficient to conclude that the information was deliberately disclosed to an unauthorised person. The agency provided managerial guidance to the officer, reminding them of their obligations under the agency's code of conduct.

When the CCC reviewed the agency's reports, it found that the agency had failed to interview all relevant witnesses and had not adequately evaluated specific evidence. At the direction of the CCC, the agency obtained further evidence, which demonstrated that the officer had intentionally disclosed client information to the family member. This refuted the officer's claims, and also suggested that the officer had knowingly provided false information during the investigation.

The CCC has since asked the agency to reconsider its sanction against the officer.

Queensland Police Service

Monitoring

The CCC has an oversight role in monitoring the QPS's investigation of serious incidents involving police. This includes agreeing on the initial investigative steps to be taken by the QPS, overseeing an investigation while it is taking place, and reviewing interim or final reports as an investigation progresses and before any disciplinary or other action is taken.

This year a total of 87 police matters were the subject of individual close scrutiny through a case review. Through these reviews the CCC identified a range of issues, particularly unexplained delays in finalising investigations and poor-quality reporting. There were also instances where the QPS had declined to undertake inquiries as directed by the CCC. In some cases, based on the available evidence, the CCC disagreed with the conclusions reached by the QPS.

Audit of police discharge of firearms

In 2012–13, following an increased number of incidents between 1 October 2011 and 30 June 2012, the CMC conducted an audit of police discharge of their firearms. A report focusing on incidents of police shooting at moving vehicles was sent to the QPS in June 2013. It contained eight recommendations to reduce or mitigate the use of firearms in circumstances that increase the risk of serious injury to the vehicle driver and innocent bystanders.

In July 2014, the QPS advised the CCC that it had implemented a number of changes focused on providing firearm training and updating policies about the discharge of firearms at moving motor vehicles. While these are positive steps, the CCC believes that further vigilance is required to adequately manage risks associated with lethal force options and public safety.

The CCC continues to monitor these types of incidents and will work closely with the police to ensure their officers maintain a balance between performing their duties and maintaining public safety.

Review of how police officers are prosecuted for summary matters

A lack of timeliness in the QPS handling of disciplinary matters has meant that officers suspected of being involved in incidents such as minor traffic infringements or public nuisance were subject to disciplinary hearings but not prosecuted. Delays in dealing with disciplinary matters meant the limitation of 12 months for commencing such prosecutions had expired.

For example, the CCC was made aware of a police officer who, on receiving a traffic infringement notice, made a false declaration and statement during a disciplinary investigation. Although the matter was properly investigated and disciplinary action taken against the officer, it took 16 months to finalise. Summary proceedings could not therefore take place, resulting in the officer merely receiving a "caution" for the conduct.

When these concerns were conveyed to the QPS, the QPS acknowledged that summary action could be taken prior to disciplinary action being finalised.

Oversight of police-related deaths and other significant police incidents

The CCC is informed of all police-related deaths as well as other significant events involving police. The CCC may elect to attend an incident if there is concern about the public interest (for example, where a police officer has discharged their firearm, regardless of whether there have been injuries or deaths).

This year the CCC responded to nine police incidents across the state, including police shootings, a car pursuit and self-harm by a civilian resulting in death. The CCC attended each incident to:

- provide independent oversight of the QPS investigative response
- assess the probity and sufficiency of the initial investigation
- determine, together with the State Coroner, if there was a likelihood of any police misconduct that would warrant the CCC's further involvement, including assuming control of an investigation if that was considered necessary.

Where the CCC has deemed further investigation is warranted, these matters have either been referred to the QPS or retained by us.

Police discipline matters

The CCC may apply to the Queensland Civil and Administrative Tribunal (QCAT) for a review of certain decisions made by the QPS against its officers (where there is evidence of misconduct). Once QCAT decides a matter, it is open to the CCC or the other parties involved (that is, the QPS decision maker and the officer who is the subject of the disciplinary matter) to appeal the matter to QCAT in its appeal jurisdiction. A further right of appeal lies from the QCAT appeal jurisdiction to the Queensland Court of Appeal.

The CCC can file a review application in QCAT if it considers that it is in the public interest to do so. The purpose of such a review is to ensure that the prescribed officer's findings were justified and that any sanctions imposed were proportionate to the facts disclosed to the CCC. CCC reviews in QCAT can relate to findings on liability, the sanction, or both.

In 2014–15 the CCC examined 77 reviewable decisions and filed 2 new reviews in QCAT. In addition, the CCC was involved in the ongoing review or appeal of a further 4 police disciplinary matters in the QCAT, QCAT appeal and Queensland Court of Appeal jurisdictions.



Challenge to the CCC's powers

The CCC's power to investigate an allegation of corruption against a police officer is currently subject to a challenge in the Supreme Court of Queensland. The officer has challenged the CCC's powers to investigate the allegation once the police service had decided to take managerial action, even though the CCC had not completed its monitoring of the way the QPS dealt with the allegation.

The original allegation relates to the officer failing to properly investigate a complaint of excessive force made against another QPS officer. The CMC had initially recommended a disciplinary hearing to investigate the matter, but the QPS resolved the allegation through an alternative disciplinary process. This resulted in a sanction of a fully suspended demotion on the condition that the officer did not commit any further misconduct in the 12 months following.

Following successful appeals in QCAT, the matter was returned to the QPS for reconsideration of more serious charges. The QPS subsequently advised that it would resolve the matter by way of managerial rather than disciplinary action. Following this, the CCC assumed responsibility for the investigation.

In March 2015 the officer applied to the Supreme Court for a declaration that the CCC has no power to investigate the matter, essentially on the ground that the matter had been dealt with by the QPS. The appeal was heard in April, with the decision reserved.

The CCC will provide an update on this matter in the next reporting period.

Powers and specialist functions

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Use of powers

The CCC has powers that enable us to gather evidence, intercept telephone communications and conduct coercive hearings. These search, surveillance and hearings powers are important to our investigative work.

Oversight of our powers

To guard against the misuse of these powers and protect the privacy rights of individuals, our agency operates in a framework of strict legal compliance. For example, the CCC must apply to the Supreme Court of Queensland before exercising some of its powers. The Supreme Court also reviews some CCC decisions and decides contempt of court matters in relation to CCC hearings.

The CCC must also report annually to the Commonwealth Attorney-General on the use of its telecommunications interception powers, and the information supplied is included in the Commonwealth *Attorney-General's Telecommunications (Interception and Access) Act 1979 — Annual Report*, which is tabled in the Commonwealth Parliament. The Public Interest Monitor ensures CCC compliance with the *Crime and Corruption Act 2001*, the *Police Powers and Responsibilities Act 2000* and the *Telecommunications Interception Act 2009* (Qld). The Public Interest Monitor also examines CCC applications for covert search warrants and surveillance warrants.


 For further information on the oversight of our powers, see page 40.

Table 1. Use of powers

Description	Crime	Corruption	Proceeds of crime
Notices to attend hearing	414	8	-
Notices to produce	386	n/a	488
Search warrants	69	34	-
Notices to discover information	n/a	161	-
Number of hearing days	297*	4	-
Number of witnesses attending	324*	5	-

* Includes intelligence hearings.

Coercive hearings

Coercive hearings are held to investigate major crime, gather intelligence and investigate allegations of serious corruption. The CCC also has the capability to respond to incidents of terrorism through providing immediate hearings support.

This year the CCC held a total of 301 hearing days across the state, from Beenleigh to Cairns. These included hearings to assist:

- 22 organised crime investigations involving drug trafficking, fraud, money laundering, weapons trafficking, armed robbery, serious violence and inter-gang (OMCG) conflict
- 12 serious crime investigations involving homicide and attempted murder
- 5 investigations of offences against children involving murder, attempted murder or grievous bodily harm (through our vulnerable victims general referral)
- 1 criminal paedophilia investigation
- 7 specific intelligence operations
- 2 corruption investigations involving police and the personal use of drugs, and unauthorised use of confidential information.

Outcomes from past hearings

This year the CCC achieved a number of outcomes from hearings held in 2014 and earlier. For example, in August 2014 three men were charged with the murder/manslaughter of a man who was fatally stabbed on the Gold Coast in 2013. The CMC had held extensive hearings on the matter throughout 2013 and 2014; 38 witnesses were examined, 5 of whom were subsequently jailed for contempt.

In another hearings investigation, 2 men were charged in October 2014 with the "cold case" murder of a mother and her two daughters (and related offences). In this case, the CMC had held 31 days of hearings in Brisbane and North Queensland.

Specialist functions

Proceeds of crime

Traditional organised crime is essentially a business activity, motivated by the prospect of generating large profits from lucrative criminal enterprises at the expense of the community at large. Serious public sector corruption is often similarly motivated.

To combat major crime and corruption as effectively as possible, the CCC uses an integrated model of financial investigation that encompasses financial intelligence, financial investigation, and proceeds of crime recovery. Our proceeds of crime activity enables the recovery of illegal gains and other property from criminals for the benefit of the people of Queensland.

The CCC works in partnership with the QPS and the Office of the Director of Public Prosecutions (ODPP) to identify and litigate proceeds of crime matters. It also deals extensively with the Public Trustee of Queensland, who is responsible for managing property subject to confiscation action.

In 2014–15, 127 referrals were made to the CCC for proceeds of crime recovery. This is consistent with a trend of increased referrals in recent years. QPS referrals made up 76 per cent of the total number of referrals received. Typically, referrals also come from the ODPP or Commonwealth law enforcement agencies, or arise out of CCC activities.

Currently, the proceeds of crime team is litigating 94 matters involving property valued at \$52.2m.

During this financial year, the CCC:

- obtained 63 restraining orders over property valued at \$18.316m against an annual target of \$18m
- secured the forfeiture of assets to the value of \$8.375m, exceeding the annual target of \$7m
- finalised 36 civil confiscation matters.

We also obtained 9 proceeds assessment orders valued at \$31m. This is the largest number and value of proceeds assessment orders awarded in any financial year since the commencement of the *Criminal Proceeds Confiscation Act 2002* (CPCA). Three unexplained wealth orders totalling \$354,448 were also obtained during the financial year.

This year the CCC obtained its first confiscation order under the serious drug offender scheme, valued at \$139,673. As at 30 June 2015, a total of 11 restraining orders valued at \$2.7m had been granted under this scheme. At the time of writing this report, one application for a serious drug offender confiscation order is before the courts.

Since the CPCA came into effect in 2003, the proceeds of crime team has restrained assets to the value of \$195m and secured the forfeiture of \$71.5m.

See <www.ccc.qld.gov.au/proceeds-of-crime> for proceeds of crime legislation.

Figure 2. Value of restraints (million)

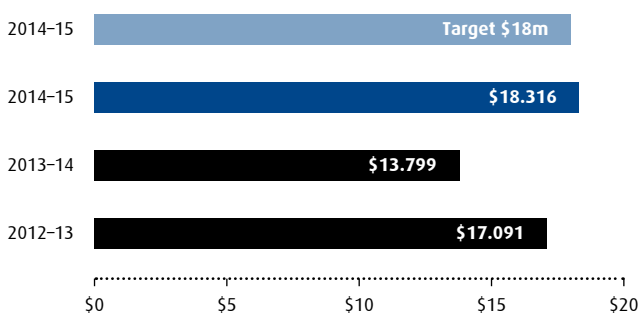
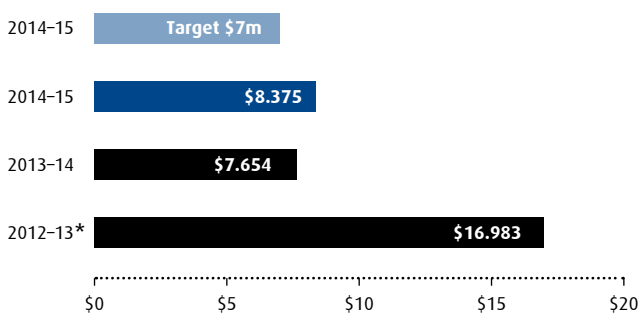


Figure 3. Value of forfeitures (million)



* This includes a forfeiture of \$11.880m in confiscation proceedings against Mr Morehu-Barlow.



Intelligence

The CCC's intelligence work includes strategic assessment and reporting, target development, intelligence-related operational support, and human source management.

We disseminate intelligence information through confidential reports for law enforcement agencies and policy makers. Where appropriate and

in the public interest to do so, public versions of our reports are published on the CCC website. For example, this year the CCC published an intelligence paper, *New synthetic drugs — deceptive and dangerous*.

In 2014–15 the CCC disseminated 254 classified intelligence reports on major crime in Queensland to a range of state, Commonwealth and international agencies. We also disseminated 7 strategic intelligence reports on emerging issues and trends to both law enforcement and government audiences.

 See <www.ccc.qld.gov.au/publications> for CCC publications.

Prevention

Due to changes to the Crime and Corruption Act which took effect from 1 July 2014, the CCC no longer has a prevention function with respect to corruption. However, in assessing and investigating complaints of corruption, the CCC can provide advice and recommendations to public agencies for the ongoing management of their processes and integrity control systems.

The CCC does have a specific function to prevent major crime. In preventing major crime, the CCC benefits from the services provided by its specialist functions. For example, our proceeds of crime capability attacks the profit motive behind illegal activity and prevents those funds from being reinvested in crime. Our strategic intelligence identifies high-threat networks and markets, while our research capability provides insight into key areas of crime and high-risk corruption areas. Information produced from this latter work allows us to focus on areas of particular concern.

CCC hearings have also contributed to crime prevention outcomes (see the following case study).



Use of hearings intelligence for crime prevention outcomes

As well as gaining evidence in support of specific investigations, CCC hearings obtain information and intelligence that is significant to law enforcement generally in combating and preventing crime.

This year the CCC held hearings in support of a QPS investigation of a syndicate allegedly using the internet to import synthetic drug analogues from China and Russia for distribution as “synthetic speed”.

Witnesses directly engaged in online importing of the commodities gave detailed evidence of the methodologies used, the websites that were most useful to their activities, how financial transactions were undertaken, and comparative prices from different countries.

Other witnesses included the syndicate's customers. Apart from lines of questioning of evidential significance to the investigation, they were questioned about matters such as the comparative pricing of the new synthetic product as opposed to methamphetamine; their experience of the pharmacological effects of the synthetic product compared with methamphetamine; and the relative availability of the synthetic product compared with traditional commodities.

The intelligence information derived from the hearings was shared with the QPS and the Australian Customs and Border Protection Service.

In previous years the CCC has similarly harnessed its hearings power to gather intelligence concerning new and emerging psychoactive substances. For example, hearings for a murder investigation yielded substantial intelligence about the local prevalence, pricing and pharmacological effects of the powerful psychoactive stimulant 3,4-methylenedioxypropylamphetamine, known as MDPV. This contributed to several intelligence products, including a classified report for law enforcement, *New and emerging psychoactive substances market in Queensland*. A public report on the dangers and criminality associated with synthetic drugs was also published.

Specialist functions

Research

Under its statutory research function, the CCC conducts research to support the proper performance of its functions in areas such as crime, criminal justice, policing and public sector corruption.

The CCC is required to submit a three-year research plan to the Minister for approval. The Minister may approve research into an emergent issue as it arises, as long as the issue is relevant to one of the Commission's functions. The CCC may also conduct research into other matters referred by the Minister or as required under another Act.

As at 30 June 2015, no ministerial approval for the research plan had been received. As a consequence, the CCC has not been able to substantively progress the research projects detailed in that plan. Other significant programs of work undertaken this year are detailed below.



Review of child protection legislation

The CCC reviewed how the *Child Protection (Offender Prohibition Order) Act 2008* had been used by the police and the courts in its first five years of operation. The CCC review commenced in June 2013, as specified by this Act, and a report on the review was tabled in Parliament on 19 December 2014.

The report made 17 recommendations aimed at improving the way offender prohibition orders are used to protect children from people who have been convicted of sexual or other serious crimes against children and are living in the community. A key recommendation was to combine this Act with another key piece of legislation — the *Child Protection (Offender Reporting) Act 2004* — to simplify the system for managing relevant offenders. Other recommendations aim to improve the training, resources and powers available to police to monitor offenders and secure offender prohibition orders where deemed appropriate.

See <www.ccc.qld.gov.au/publications> for CCC publications.



Child sexual victimisation in Queensland

This year the CCC updated a paper on the legal and administrative developments in the area of child sexual victimisation in Queensland since 2000 to include developments from 2012 to mid-2014.

See <www.ccc.qld.gov.au/publications> for CCC publications.

Review of the G20 Act

In November 2013, the *G20 (Safety and Security) Act 2013* (G20 Act) came into effect, remaining in force during the duration of the G20 event in November 2014. Given that the G20 Act had introduced a number of new and enhanced police powers, a joint QPS/CCC steering committee was established to review the Act's operation and effectiveness.

The Steering Committee agreed that the CCC would conduct relevant research and provide a report to the Commissioner of Police by late August 2015. As part of this research, in March 2015 the CCC published a consultation paper to give stakeholders and members of the public an opportunity to contribute to the review. Submissions were received from four stakeholder groups.

Research focused on improving the performance of the CCC corruption function

Projects to improve the performance of the CCC corruption function were also conducted. For example, a major review of how the CCC records corruption allegations means that, from 1 July 2015, all corrupt conduct and police misconduct allegations received will be coded according to a new framework that has greater capacity to identify corruption trends, issues and risks. Other projects identified options for upgrading CCC audit processes and systems.

Witness protection

The CCC protects witnesses who are under threat as a result of assisting a law enforcement agency. Witnesses include victims of crime, innocent bystanders to crime, and people who have inside information about criminal or corrupt activity, generally because they are themselves associated with crime or corruption. Witness protection enables people to assist investigations and safely provide evidence in court. By legislation, entry into the witness protection program is voluntary, so individuals accepted by the program decide whether or not to accept an offer of protection.

The CCC is the only independent commission in Australasia with the responsibility for protecting witnesses. Elsewhere in Australia and New Zealand, witness protection programs are managed by state and Territory police forces.

The CCC commits to providing interim protection within 48 hours to any eligible applicant wherever their location within Australia, ensuring a rapid and effective response to providing protection to witnesses at risk and assisting investigators.

This year, 129 applications for protection were received. All interim applications were assessed within 23 hours (exceeding our target of 48 hours) and appropriate assistance offered. Of the individuals offered protection, 72 people accepted the offer and entered the program.

All protected persons were kept safe and were able to give their evidence at court, helping to secure convictions in cases including murder, drug trafficking and other serious offences. Since its inception in 1987, more than 1760 individuals who were under threat have been kept safe, representing a 100 per cent success rate for the program.

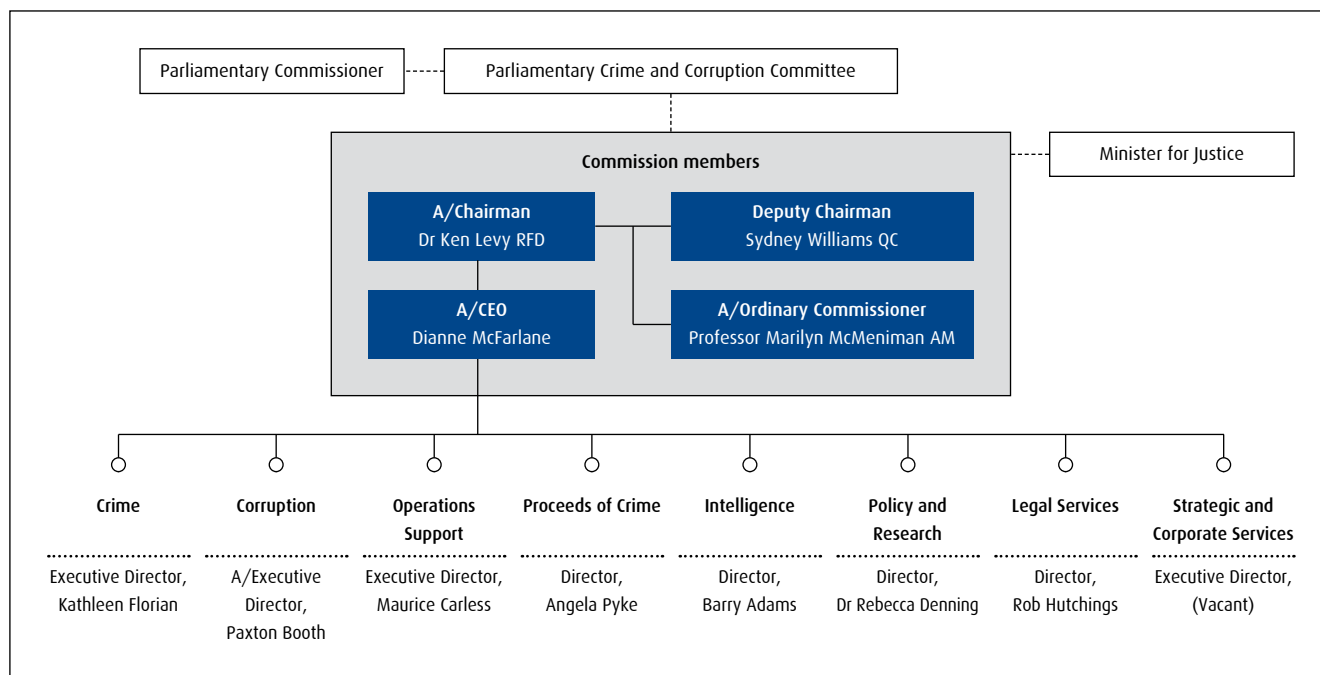
Our people and governance

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Our people

CCC structure (as at 30 June 2015)



Our governing body

As the CCC's governing body, the Commission sets the agency's strategic direction and is responsible for:

- preparing the Commission's strategic and business plans
- establishing internal management committees and their charters
- preparing the internal audit charter in compliance with the *Financial Accountability Act 2009*.

Under our Act, the Chairman has specific responsibilities for ensuring the proper performance of the CCC's functions, while the CEO is responsible to the Commission for administering the agency. The Commission's financial functions are also delegated to the CEO.

The Commission meets monthly to monitor the overall performance and effectiveness of the agency and consider matters of corporate significance. Ex-officio members may attend meetings but do not have voting rights. In 2014–15, 11 Commission meetings were held, and the Commission met with the Parliamentary Crime and Corruption Committee (PCCC) four times.

Our people

Table 2. Commission meetings from 1 July 2014 to 30 June 2015

Name	Meetings attended		
	Ordinary meetings	Special meetings	PCCC meetings
Dr Ken Levy RFD	11		4
Mr Sydney Williams QC	11		3
Ms Dianne McFarlane	11		4
Professor Marilyn McMeniman AM	11		3
Mr George Fox ¹	3		2
<i>Ex-officio members:</i>			
Ms Kathleen Florian	11		3
Mr Paxton Booth	10		4
Mr Maurice Carless	9		0
Mr Dan Mahon ²	1		0
Mr Mark Docwra ³	1		0
Ms Angela Pyke	–		3

1. Mr Fox's term as Acting Ordinary Commissioner concluded on 31 October 2014.
2. Mr Mahon attended one meeting during his term as Acting Executive Director, Operations Support (1 July to 8 August 2014).
3. Mr Docwra attended one meeting during his term as Acting Executive Director, Corruption (23 August to 14 September 2014).

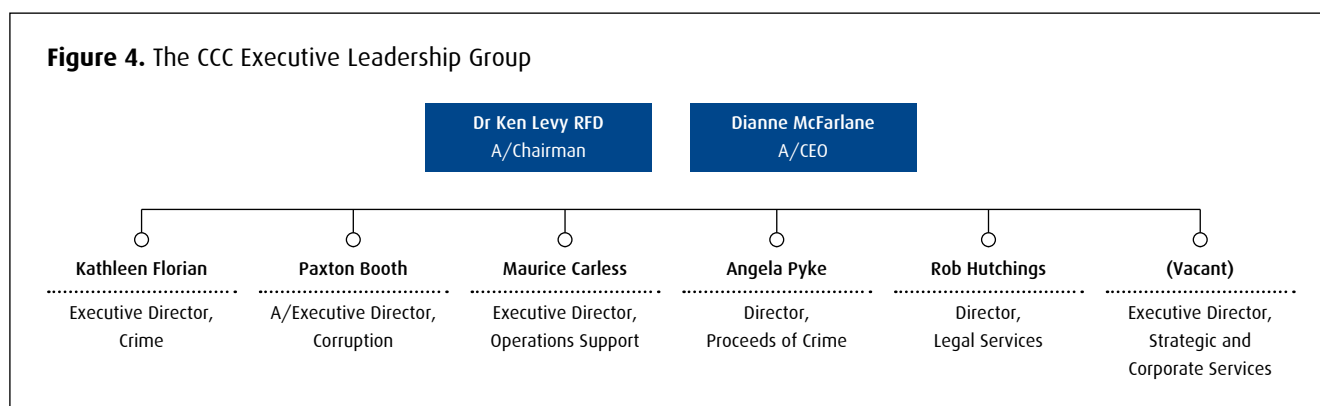
Appointment criteria for Commissioners

The *Crime and Corruption Act 2001* requires that the CCC Chairman and Deputy Chairman must have served as, or are qualified to serve as, a judge of the Supreme Court of any state, the High Court or the Federal Court. The Act also requires that the CEO have the qualifications, experience or standing appropriate to perform the CEO's functions. Similarly, Ordinary Commissioners must have the qualifications, experience or standing appropriate to help the Commission perform its functions.

Commissioners are appointed by the Governor-in-Council for a maximum of five years. The Governor-in-Council may appoint an acting Chairman or temporary part-time Commissioner during a period of absence or when there is a temporary vacancy in the role. The Chairman may appoint for a temporary period a sessional commissioner to conduct hearings, examine witnesses, or undertake specific investigations relevant to the Commission's functions.

Our leadership team

The Executive Leadership Group (ELG) supports the Chairman and the CEO in the leadership of the CCC by initiating discussions, providing advice and making recommendations on high-level policy and strategic issues. The ELG meets fortnightly to consider matters of strategic importance to ensure the efficient, effective and economical management of the agency. The membership of the ELG is detailed below.



Staff profile

The CCC employs a diverse mix of professionals including lawyers, police, accountants, investigators, intelligence analysts and support officers. As at 30 June 2015, we had a workforce that equated to 336.6 full-time equivalent staff. Compared with 30 June 2014, our full-time equivalents (FTEs) have remained relatively constant.

Ninety-three of our staff are employed under the *Crime and Misconduct Commission Employees Award – State 2012*, with the balance employed under written contracts of employment. Staff covered by the award are generally employed at the Administrative Officer 1–5 levels and equivalents (with limited exceptions). Our award staff are covered by an enterprise bargaining agreement, the CMC Certified Agreement 2009, which had a nominal expiry date of 31 July 2012.

Table 3. Full-time equivalents by division

Division	Full-time equivalent
Corruption	67.6
Crime	49.0
Intelligence	28.7
Legal Services	16.3
Office of the Commission	15.0
Operations Support	52.0
Policy and Research	13.4
Proceeds of Crime	22.0
Strategic and Corporate Services	62.6
Various (casual employees)	10.0
Total	336.6

Note: Full-time equivalent refers to all permanent, temporary and casual staff.

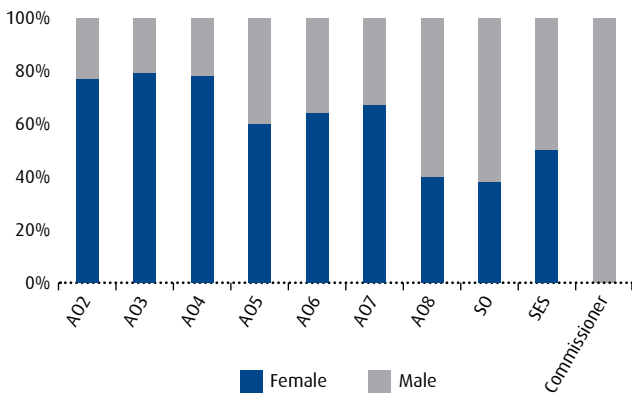
Our people

Workforce composition

Women comprise 63.9 per cent of our permanent, non-police workforce. They fill 50.7 per cent of all positions at and above A07 and equivalent classifications, and 45.5 per cent at the senior executive levels (which include Senior Executive Staff and Commissioners). See Figure 5.

Of our permanent, non-police workforce, 42.9 per cent of staff are aged 45 years and over, and 16 per cent are aged 55 years and over.

Figure 5. Profile of classification by gender (permanent staff only)



Notes:

1. A0 data ranges include equivalent classifications.
2. Salaries range from \$43 115 (A02) to \$207 113 (SES).
3. The appointment of the Deputy Chairman was the only permanent Commissioner appointment in 2014–15.

Table 4. Equity and diversity measures

	Percentage of permanent staff
Women	63.9
Men	36.1
Aboriginals and Torres Strait Islanders	0.9*
People with a disability	2.7*
People from non-English-speaking backgrounds	10.5*

* Data based on employees who have voluntarily disclosed this information to the Commission.

Retention

This year our permanent employee retention rate was 93.84 per cent (compared with 89.76 per cent last year). Our permanent employee separation rate was significantly lower at 5.94 per cent, down on last year’s 14.53 per cent. This year’s separation rate excludes separation of police officers from the CCC (police were reported in the 2013–14 separation data).

We are unable to compare this with the public service annual separations because the Public Service Commission provides quarterly figures based on separations from the public service as a whole and not on separations from individual public sector agencies. By contrast, the CCC counts as a separation any permanent or contracted staff member leaving the agency, whether or not the person moves to another public sector agency.

The CCC’s long service rate is high, with 29.7 per cent of our permanent staff having 10 or more years’ service and a further 37 per cent of staff having five or more years’ service.

Early retirement, redundancy and retrenchment

During the period, one permanent employee received a redundancy package at a cost of \$141 337 (gross). No retirement packages were paid during this period.

Workforce management and planning

This year, with the introduction of the *Crime and Corruption Act 2001* from 1 July 2014, the CCC implemented a new organisational structure. The structure was reviewed after six months to ensure that we continued operating effectively under revised legislation and a new governance structure.

In 2014–15, as part of our workforce continuity program, the CCC continued to identify critical roles and suitable staff to act in those positions (when required). Currently, we have recruited for six of the identified critical roles.

To promote workplace productivity and a performance-based culture, the CCC maintains an Achievement and Capability Planning (ACP) framework. The ACP framework is specifically structured to align individual effort and development opportunities with corporate and business objectives, thereby contributing in a strategic and economical way to a highly skilled and flexible workforce. As part of the ACP process, staff behaviour is monitored and assessed against the requirements of the CCC’s Code of Conduct.

Attracting and developing our staff

The CCC offers employees unique professional and developmental experience. This year the CCC helped 29 staff to undertake tertiary study by granting study leave and providing financial assistance toward course fees. Courses being undertaken by our staff include Master of Investigations, Bachelor of Justice, Bachelor of Business, and certified practising accountant/chartered accountant programs.

To ensure that specialist staff maintain and enhance their skills, staff were given opportunities to attend a range of workshops, seminars and conferences. This year, training was provided for panel members on updated recruitment and selection processes. To assist staff with their ongoing professional development and engagement, we reimbursed 38 staff 50–100 per cent of their professional membership fees.

This year, organisation-wide training focused on developing a number of eLearning courses as part of the CCC's compulsory training program. Employees completed courses focused on information security awareness, work health and safety, procurement awareness and the CCC's Code of Conduct. In the next year, CCCLearning will be used in conjunction with instructor-led training to provide our officers with the skills and knowledge required to undertake their roles efficiently and effectively, and to meet legislative and compliance requirements.

New employees are also provided with a structured induction program upon commencement of employment at the CCC. To facilitate the efficient delivery and reporting of its induction program and other compliance-related training, the CCC introduced a new learning management system, CCCLearning. A suite of eLearning induction programs has been developed to facilitate the transition of new employees into the agency. New employees are able to access critical information essential for their first few weeks, on topics such as information security, health and safety, and workplace conduct.

Promoting staff wellness

The CCC supports flexible work practices that help staff balance their work and home lives. Our flexible working arrangements incorporate options such as part-time work, flexible start and finish times, access to accrued time off, compressed working arrangements and flexible leave options, including "purchasing" additional leave through salary averaging.

In the period, part-time work arrangements were in place for 13.7 per cent of our permanent, non-police staff. Of these staff, 50 per cent are at or below A05 (and equivalent), while 50 per cent are at or above A06 (and equivalent).

As part of the CCC Staff Wellness Program, 150 staff used the free corporate flu vaccination program.

The CCC maintains a comprehensive workplace health and safety (WHS) program consistent with the *Work Health and Safety Act 2011*. This year the CCC's WHS committee members undertook a workplace inspection, and the issues identified were addressed.

In 2014–15, the CCC had 18 reported workplace health and safety incidents and 10 WorkCover claims. The CCC also provided rehabilitation and return-to-work programs for staff where required.

Governance

Good corporate governance provides the framework for planning, evaluating and reporting the work that we do. It establishes procedures for making decisions, assessing risk and ensuring that our compliance obligations are met.

Strategic planning

Strategic planning is an ongoing organisational process that helps our Commission determine its key objectives. Each year, the Commission reviews the strategic plan to ensure that the agency remains responsive to emerging issues and challenges. From our strategic plan, we develop an annual operational plan that identifies the high-level, agency-wide activities to be undertaken in the coming year to help achieve our strategic objectives. The operational plan includes information about our service areas and service standards, and considers key risks.

Audit and risk management

Audit and Risk Management Committee

The Audit and Risk Management Committee assists the Commission to monitor and develop systems to improve accountability and strengthen risk management. The activities of the committee focus on areas such as:

- financial management and reporting
- risk monitoring and management
- fraud and corruption control
- external and internal audit functions
- internal controls over the agency's functions.

To ensure the committee's independence, its five-person membership includes a CCC Commissioner and two external members, one of whom is the Chair (see Table 5). Queensland Audit Office representatives and the CCC Internal Auditor have standing invitations to attend committee meetings. The committee operates within and observes the terms of its charter, and has due regard to the Queensland Treasury's *Audit Committee Guidelines*. It meets quarterly.

During the reporting period, the committee monitored the activities of the Internal and External Auditors, assessed the CCC's corporate risk register, and helped the agency to fulfil its governance and oversight responsibilities for financial reporting, as prescribed in the *Financial and Performance Management Standard 2009* and the *Financial Accountability Act 2009*. It also liaised effectively with the Queensland Audit Office (QAO) to ensure that all audit findings and recommendations made by the QAO were promptly followed up and implemented.

Risk management framework

The CCC recognises that, as an independent law enforcement and integrity agency, our activities attract inherently high risks. For example, our Act legislates special coercive powers, while our investigation and operative staff work in high-pressure environments, often in contact with offenders and criminal identities. Likewise, all of our staff deal with a wide range of confidential and sensitive documents. Our agency also manages the risks associated with the financial costs of our operations.

The CCC's risk management framework and associated training programs provide guidance to help all staff identify, evaluate and report these types of risks. The framework establishes a process for managing and treating risk across the agency.

Table 5. Membership of the Audit and Risk Management Committee

Name	Position	Meetings attended	Remuneration
Mr Peter Dowling AM	Chair (external)	4	\$8000
Mr Mike Meintjes	External member	4	\$5000
Ms Dianne McFarlane	Commissioner / A/CEO	4	-
Ms Angela Pyke	Director, Financial Investigations (Proceeds of Crime)	4	-
Mr Gary Adams	Manager, Corporate Governance	4	-
<i>Ex-officio members:</i>			
Dr Ken Levy RFD	Chairman (Acting)	0	-

1. The CCC Internal Auditor, Mr Brendan Clark, also attended three meetings.

Internal audit

The internal audit function operates independently of the activities it reviews, evaluating systems and processes to ensure the agency is operating efficiently, effectively and economically. All audits are risk-based, comprising financial compliance audits, performance audits and information technology computing audits, to ensure that areas of highest risk are addressed in Annual Internal Audit Plans.

The CCC's Internal Auditor retains an independent and direct reporting relationship to the CEO and the Audit and Risk Management Committee. The internal audit function operates under its own charter to ensure that our procedures, controls and practices are consistent with audit standards and the code of ethics prescribed by the Institute of Internal Auditors International Professional Practices Framework. The Internal Auditor also has due regard to Queensland Treasury's *Audit Committee Guidelines*.

A number of internal audits were completed this year, including audits of contracts and consultancies, forensic computing operations, warrants, biannual accounts payable and procurement, expenditure against OMCg initiatives, and budgets.

The Internal Auditor also prepared the Strategic and Annual Internal Audit Plans for 2015–20 and 2015–16 respectively. These plans were accepted by the Executive, endorsed by the Audit and Risk Management Committee and approved by the Commission.

External audit

The CCC's financial statements were audited by the Queensland Audit Office in accordance with the *Financial Accountability Act 2009* and other applicable statutes. In 2014–15 the CCC received an unqualified audit report.

Managing our records

Corporate records are valuable assets that document our decisions, the actions taken, and our communication with our stakeholders. The CCC remains committed to responsible lifecycle management of its information assets consistent with the requirements of the *Public Records Act 2002* and the State Government Information Standards (including IS40: Recordkeeping and IS31: Retention and Disposal of Public Records).

In 2014–15 the CCC delivered a new mandatory records management training package to staff, including an eLearning module for new staff. We also concluded a significant project to protect and preserve original Fitzgerald Inquiry documents held on CCC files. All relevant files and file-specific metadata were transferred to the Queensland State Archive, with restricted access periods applied.

This year we also initiated an internal review of our core retention and disposal schedule, while our general retention and disposal schedule was migrated to our electronic corporate recordkeeping system, TRIM. This involved mapping the schedule to our business classification scheme to allow for automatic sentencing of new files upon creation. The CCC continues to actively develop electronic recordkeeping practices, including electronic workflow and approval processes.

Both the Commonwealth Ombudsman and Queensland's Parliamentary Crime and Corruption Commissioner conduct audits of the CCC's warrants records. Feedback received from their offices in 2014–15 confirmed the CCC's compliance with recordkeeping requirements.

Promoting ethical conduct

The CCC's Code of Conduct provides guidance to staff on appropriate behaviour consistent with the principles outlined in the *Public Sector Ethics Act 1994*:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency.

These principles underpin the values detailed in our strategic plan and are incorporated into individual performance agreements. In 2014–15 the CCC continued its review of the Code of Conduct to accommodate changes arising from the implementation of the Crime and Corruption Act from 1 July 2014.

This year, Code of Conduct refresher training was delivered via the Commission's new learning management system — CCCLearning. The online delivery of the Code of Conduct allows the Commission to better deliver its annual refresher training, as well as making it possible to provide accurate and timely completion data.

External scrutiny

Oversight by the Parliamentary Committee

The Parliamentary Crime and Corruption Committee (PCCC) monitors and reviews the performance of our functions. It also receives and deals with complaints about the conduct or activities of the CCC.

The PCCC is assisted in its oversight process by the Parliamentary Crime and Corruption Commissioner (the Parliamentary Commissioner), who investigates complaints against the CCC or its officers. The Parliamentary Commissioner may, independently, initiate investigation of a matter that involves, or may involve, the corrupt conduct of a CCC officer. The Parliamentary Commissioner also conducts audits of CCC records and files (see page 39).

In 2014–15, the Parliamentary Commissioner:

- audited the CCC's compliance with legislation governing covert instruments, including those required for surveillance, search and seizure activities
- audited records related to the use of assumed identities
- inspected selected registers that the CCC is required to maintain
- inspected the telecommunications interception records
- inspected the covert human intelligence sources register.

Where issues were raised by the audits and inspections, the CCC took appropriate action to address those issues. During the year, it was also agreed that compliance might be further improved by the Parliamentary Commissioner meeting with specific CCC staff to discuss key issues addressed during audits and inspections, and other common problems. This will occur in 2015–16.

The Crime and Corruption Act requires the PCCC to report by 30 June 2016 on any action that should be taken in relation to the CC Act or the functions, powers and operations of the CCC. The CCC is preparing a public submission to the PCCC which will include proposals to maximise the performance of the agency and its legislation. The closing date for public submissions is 27 July 2015.

Ministerial oversight

As required by the Crime and Corruption Act, the CCC provides six-monthly reports on the efficiency, effectiveness, economy and timeliness of its systems and processes to the Minister. The CCC also provides budgetary information to the Minister. In addition, the CCC's three-year research plan requires ministerial approval.

Controlled Operations Committee

The Controlled Operations Committee was established under the *Police Powers and Responsibilities Act 2000* to consider and make recommendations about applications for "controlled operations" to be undertaken by the QPS or the CCC. Controlled operations are investigations of serious indictable offences, misconduct or organised crime that may involve authorised police officers and others engaging in activities that may be unlawful — for example, buying illicit drugs.

The committee comprises the Commissioner of Police (or a nominee), the Chairman of the CCC and an independent member, presently a retired Court of Appeal judge, who is the Chair. In the case of any controlled operation by the CCC that involves investigating a police officer, the Chairman may approve the application without referring it to the committee, but must first contact the independent member and obtain their agreement.

Evidence Act 1977

Section 21KG(1) of the *Evidence Act 1977* also requires the CCC to include in its annual report information about witness identity protection certificates given by the Chairman of the CCC and the Commissioner of Police. One certificate was given by the Commissioner on the basis that he was satisfied that the disclosure of the operative's identity was likely to endanger the safety of the operative. No certificates were given by the CCC Chairman.

Police Service Reviews

Commissioners for Police Service Reviews (Review Commissioners) arbitrate, through a transparent and independent review process, any grievances that police officers may have about promotions, transfers or disciplinary action.

Review Commissioners are independent of the CCC and the QPS, and provide recommendations to the Commissioner of Police (the Commissioner). The Commissioner makes the final decisions. If a recommendation is not accepted, the Commissioner must provide reasons to the Review Commissioner. If the applicant in a matter is aggrieved by the decision of the Commissioner, they may apply to the Supreme Court for a judicial review of the decision.

As at 30 June 2015, the Review Commissioners were Ms Julie Cork, Dr David Gow and practising solicitor Mr Pat Mullins. Mrs Dina Browne AO concluded her appointment as a Review Commissioner in May 2015.

In 2014–15:

- 25 review applications were lodged
- 8 matters proceeded to hearing (refer to Table 6)
- 18 matters (received in 2014–15 or earlier) were withdrawn, lapsed or were out of jurisdiction.

As at 30 June 2015, 6 matters are ongoing. One matter is scheduled for a future hearing date and 5 matters are awaiting a Supreme Court decision regarding an administrative matter.

All recommendations (8 matters out of 8) made by the Review Commissioners in 2014–15 were accepted by the Commissioner. The outcomes of matters reviewed in 2014–15 are detailed in Table 6.

Table 6. Recommendations by Review Commissioners arising from matters heard, 2014–15

Type of application	Affirmed	Varied	Set aside	Total
Promotion	4	–	–	4 ¹
Transfer	1	–	–	1 ²
Lateral transfer/Unapplied transfer	1	–	–	1
Stand-down	–	–	–	–
Suspension	2	–	–	2
Total	8	–	–	8

1. Two promotional matters heard during this period were lodged in 2013–14.

2. An application to review this matter was lodged in 2013–14 but heard during the 2014–15 financial year.

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Financial summary

This financial summary provides an overview of the CCC's financial performance for the 2014–15 financial year and includes historical financial information for the previous four financial years. A more detailed view of the Commission's financial performance for 2014–15 is provided in the financial statements included in this annual report.

Financial results

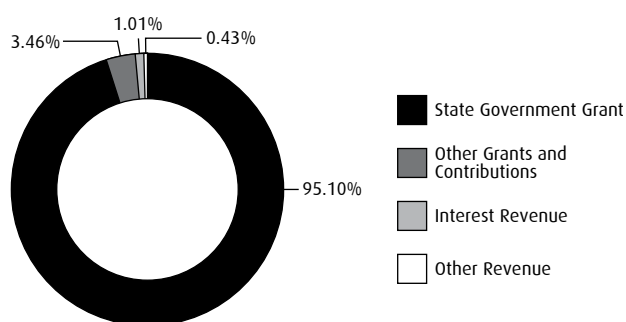
The CCC's financial result for 2014–15 was that revenue exceeded expenses by \$216 000, resulting in an operating surplus at the end of the financial year.

Financial Results	2010–11 \$m	2011–12 \$m	2012–13 \$m	2013–14 \$m	2014–15 \$m
State Government Grant	48.288	49.077	49.661	50.752	52.172
Other Grants and Contributions	0.370	0.350	0.482	0.543	1.896
Interest Revenue	0.801	0.844	0.611	0.587	0.554
Other Revenue	0.103	0.169	0.123	0.282	0.237
Total Revenue	49.562	50.440	50.877	52.164	54.859
Employee Expenses	34.354	36.598	36.005	35.868	37.829
Supplies and Services	12.644	11.016	10.763	12.141	12.016
Depreciation and Amortisation	2.158	2.280	2.544	2.550	2.624
Other Expenses	0.642	0.636	0.709	1.023	2.174
Total Expenditure	49.798	50.530	50.021	51.582	54.643
Operating surplus (deficit)	(0.236)	(0.090)	0.856	0.582	0.216
Net assets	15.843	15.389	14.894	15.476	15.692

Revenue

The CCC is predominantly funded through grant funds received from the Queensland Government. This revenue is supplemented by interest earnings on cash reserves and other general revenue receipts including staff car parking income and gains on sale of plant and equipment. Additionally, the Commission receives non-cash contributions for services, predominantly from other Queensland Government agencies. In accordance with government policy, the CCC recognises these services as both revenue and expenditure only if the services would have been purchased, had they not been donated, and if their fair value can be measured reliably.

Figure 6. Revenue sources



Financial summary

Figure 7. Application of revenue sources (as a % of 2014-15 total expenditure)

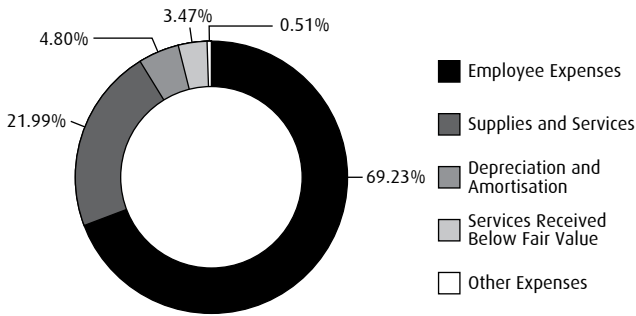
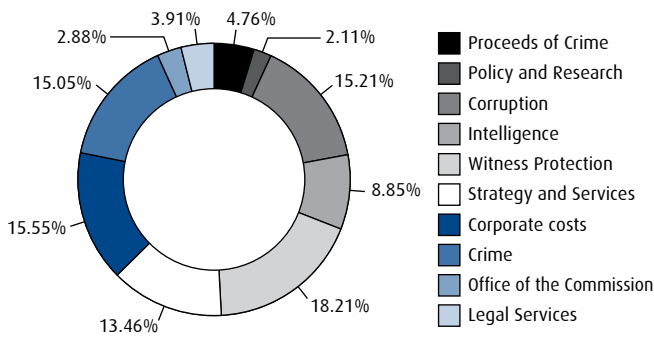


Figure 8. Expenditure by functional area



Financial performance

Total revenue for 2014-15 was \$54.859m, an increase of 5.17% or \$2.695m from the previous year. The state government grant increased by 2.8% from the previous year and includes OMCG-specific funding of \$2.966m (2013-14, \$1.901m). In January 2014, the CCC was granted a one-off allocation of \$6.7m to undertake additional OMCG-related work. Almost half of these funds have been invested in establishing a new civil confiscations team for a three-year period, expiring in December 2016. The remaining funds were invested in criminal intelligence hearings, investigations, and surveillance work associated with OMCGs over a 12-month period across the 2013-14 and 2014-15 financial years. This funding expired on 31 December 2014.

Other grants and contributions increased by 249.17% or \$1.353m from the previous years, mainly due to additional operation support provided by the QPS for surveillance work and boiler room fraud investigations.

Expenses

Total expenditure for 2014-15 was \$54.643m, an increase of 5.93% or \$3.061m from the previous year.

Figure 9. Revenue \$m, 2010-11 to 2014-15

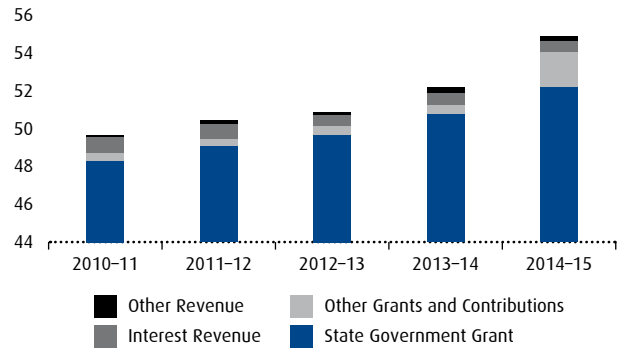
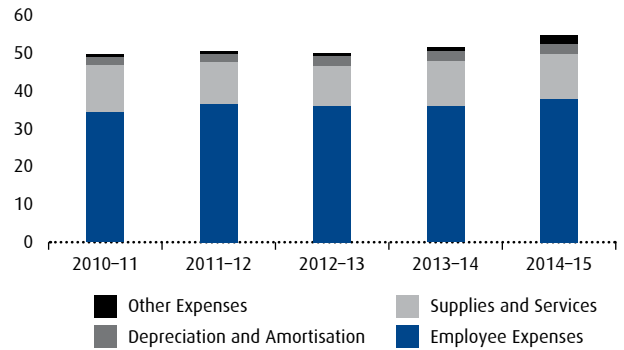


Figure 10. Expenditure \$m, 2010-11 to 2014-15



Employee expenses are the CCC's major form of expenditure and comprise almost 70% of total expenditure, or \$37.829m in 2014-15. Employee expenditure increased by 5.47% or \$1.961m over the previous year. Major contributing factors include additional costs associated with enterprise bargaining increases and additional resources being dedicated to OMCGs.

The CCC spent \$12.016m for supplies and services expenditure in 2014-15, compared with \$12.141m in 2013-14. This is a decrease of 1.03% or \$125 000 from the previous year, mainly due to lower expenditure on technical equipment and computer software; however, travel expenditure almost doubled from the previous year due to higher operational travel requirements.

Payments for office accommodation are the highest category of supplies and services expenditure at \$4.420m (almost 37% of total supplies and services expenditure). Telecommunications access and information retrieval costs are the second-highest category of expenditure at \$1.463m or 12%, followed by payments to external contractors for various services at \$1.380m or 11% of total supplies and services expenditure.

All other expenditure remained relatively consistent with the previous financial year. Refer to Note 6 of the Financial Statements for further details of supplies and services expenditure.

Financial position

Capital acquisitions

The CCC invested \$1.321m in capital acquisitions during the 2014–15 financial year compared with \$2.408m in 2013–14, mainly as part of the ongoing asset replacement and maintenance program in accordance with the CCC's Asset Strategic Plan. The higher expenditure in 2013–14 is the result of the CCC investing almost \$0.500m in leasehold improvements to create a third hearing room to support increased crime and intelligence hearings activity. Additional motor vehicles and surveillance equipment were also purchased in 2013–14 to support the increased OMCG-related activity.

A full breakdown of capital acquisitions can be found in Note 12 of the Financial Statements under the property, plant and equipment reconciliation.

Assets

As at 30 June 2015, CCC total assets were valued at \$25.956m (2013–14, \$26.609m), decreasing by \$653 000 from the previous year. The decrease is primarily due to a lower book value of non-current assets at 30 June 2015 compared with the previous year. This is mainly the result of higher depreciation write-offs during the 2014–15 financial year compared with capital acquisitions.

Liabilities

As at 30 June 2015, the CCC's liabilities were valued at \$10.264m compared with \$11.133m in the previous year. The decrease of \$869 000 is mainly due to lower amounts owing to suppliers at 30 June 2015.

Financial risk management

The CCC operates in an internal control and risk management framework that ensures compliance with our financial responsibilities, cost minimisation and value for money. These controls include:

- ensuring that financial records are properly maintained
- regular financial audits by the Queensland Audit Office and the CCC's Internal Auditor
- regular monitoring and assessment of financial internal controls
- the CCC Executive Leadership Group ensures the budget is framed to maximise outputs from the strategic plan, and monitors the budget to ensure that targets are achieved

- continued engagement with the CCC's Audit and Risk Management Committee
- regular internal and external financial reporting, including quarterly reports to the PCCC
- maintaining an updated Financial Management Practice Manual and financial delegation registers
- ensuring ongoing training and development of finance staff.

Purchasing and expense management

The CCC manages its procurement processes in accordance with *Queensland Procurement Policy 2013*. Our aim is to maximise value for money when purchasing goods and services and to ensure that there is probity and accountability of procurement outcomes. We do this by ensuring compliance with the CCC's policies and procedures, and ongoing monitoring and improvement of systems and processes.

The CCC's expense management system ensures prompt recognition and recording of expenditure in a manner which satisfies monitoring and reporting objectives and accountability requirements. Creditors are generally settled on 30-day terms. The CCC paid all its accounts on time during the financial year and took advantage of discounts on early settlement of accounts.

Asset management

The CCC manages its assets in accordance with Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. The CCC performs an asset stock-take on an annual basis.

Chief Finance Officer (CFO) statement

In terms of section 77 of the *Financial Accountability Act 2009*, the CFO statement is a mandatory requirement for state government departments only. However, the CCC has adopted best practice by providing the accountable officer with a CFO statement for the financial year ended 30 June 2015, attesting to the financial internal controls of the CCC operating efficiently, effectively and economically.

The CFO statement has been presented to the CCC's Audit and Risk Management Committee.

About the Financial Statements

Introduction

The Financial Statements highlight the CCC's financial performance and overall position as at 30 June 2015.

The Financial Statements consist of five parts:

- Statement of Comprehensive Income
- Statement of Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to and forming part of the Financial Statements.

The Financial Statements are prepared by the CCC's finance staff, examined by the CCC's Audit and Risk Management Committee, Executive Leadership Group and internal audit, and then audited by the Queensland Auditor-General.

Statement of Comprehensive Income

The Statement of Comprehensive Income (SOI) measures the entity's financial performance over a specific period (usually 12 months). The SOI comprises a profit and loss statement which compares revenues received against expenses incurred. Excess revenue over expenses results in an operating surplus, while excess expenses over revenue results in an operating deficit.

For the year ended 30 June 2015, the CCC's revenue exceeded expenditure by \$216 000, resulting in an operating surplus.

Statement of Financial Position

The Statement of Financial Position provides a snapshot of the financial health of an entity at the end of the reporting period. It presents the value of the assets held, amounts owing (liabilities) and the equity (net worth) of the entity.

As at 30 June 2015, the CCC's equity was valued at \$15.692m, increasing by \$216 000 from the previous year due to the current year operating result.

Assets

Assets are items of value controlled by an entity, from which future economic benefits are expected to flow to the entity. Assets are classed as "current assets" or "non-current assets".

Current assets are those assets that can be readily converted into cash within the next 12 months. The CCC's current assets include cash, trade debtors and other receivables, and prepaid expenditure.

Non-current assets are those assets that are not easily converted into cash and that an entity does not expect to convert into cash within the next 12 months.

At 30 June 2015, the CCC's non-current assets of \$12.287m included the book value of leasehold improvements, motor vehicles, computer and other equipment, artwork and software (intangibles).

Liabilities

Liabilities are the amounts owed by the entity. Similarly to assets, they are classed as "current liabilities" and "non-current liabilities".

Current liabilities are amounts owing that an entity plans to pay within the next 12 months. For the CCC, current liabilities include amounts owed to suppliers (usually settled on 30-day terms), amounts owing to employees for leave entitlements, provisions for expenditure based on contractual obligations expected to be incurred within the next 12 months, and lease incentive liabilities for the CCC's office accommodation.

Non-current liabilities are those liabilities which an entity is not expected to pay within 12 months or which have no legal requirement to settle the debt within the next 12 months. The CCC's non-current liabilities relate to the provision for costs to restore the leased premises to its original condition, lease incentive liabilities for leased premises, and deferred lease liabilities which have arisen due to recognising lease expense payments on a straight-line method over the term of the lease. The smoothing of lease payments over the term of the lease will extinguish the deferred lease liability by the end of the lease term.

Net Assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of the CCC as at 30 June 2015.

Equity

Equity is the net worth of the entity and is represented by total assets less total liabilities in the Statement of Financial Position. An entity's equity balance is made up of initial capital (contributions), accumulated surplus/deficit and reserves.

The CCC's capital contribution of \$12.221m comprises the closing equity balances of the former Criminal Justice Commission and the former Queensland Crime Commission as at 31 December 2001 of \$4.237m, an equity injection from government for the Green Square leasehold fitout in the 2007-08 financial year of \$9.707m, and non-appropriated equity withdrawals of \$1.723m.

The accumulated surplus of \$3.463m at 30 June 2015 consists of current year and prior year's operating results. In addition, the CCC has an asset revaluation surplus of \$8000 as a result of a revaluation increment due to the CCC revaluing its artwork.

Statement of Changes in Equity

The Statement of Changes in Equity details movements in the equity of an entity during the reporting period. The equity balance is affected by the operating result (surplus or deficit) for the period, equity injections or withdrawals, and asset revaluations.

Cash Flow Statement

This statement shows the actual movements of cash during the financial year. During the 2014-15 financial year, the CCC received \$55.415m in cash and paid out \$53.850m in cash to manage its operating activities. In addition, \$1.114m was invested in capital acquisitions.

The CCC's cash balance at 30 June 2015 was \$12.489m compared with \$12.038m at 30 June 2014. The increase in cash is mainly due to the 2014-15 operating surplus.

Notes to and forming part of the Financial Statements

The notes to the Financial Statements provide a more detailed break-up of line items presented in the Financial Statements. They also disclose other matters such as the CCC's accounting policies, explanations of major budget variances, outstanding commitments at the end of the reporting period, and other financial disclosures including key executive management personnel and remuneration. The Financial Statements should be read in conjunction with these accompanying notes.

Financial Statements

General information

These financial statements cover the Crime and Corruption Commission (formally Crime and Misconduct Commission), an independent statutory body established under the *Crime and Corruption Act 2001*, which reports directly to the Queensland Parliament.

For financial reporting purposes, the Commission is a statutory body in the terms of the *Financial Accountability Act 2009*, and is subsequently consolidated into the whole-of-government financial report.

The head office and principal place of business of the Commission is:

Level 2, North Tower Green Square
515 St Pauls Terrace
Fortitude Valley QLD 4006

A description of the nature of the Commission's operations and its principal activities is included in the notes to the financial statements.

For information relating to the Commission's financial statements, please call 07 3360 6060, email <mailbox@ccc.qld.gov.au> or visit the Commission's website at <www.ccc.qld.gov.au>.

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Statement of Comprehensive Income

for the year ending 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Income from Continuing Operations				
Grants and other contributions	2, 2(i)	54,068	52,179	51,295
Interest	8(i)	554	650	587
Other revenue	3, 3(i)	177	55	204
Total Revenue		54,799	52,884	52,086
Gains on disposal of property, plant and equipment		60	70	78
Total Income from Continuing Operations		54,859	52,954	52,164
Expenses from Continuing Operations				
Employee expenses	4,4(i),5	37,829	38,407	35,868
Supplies and services	6,6(i)	12,016	11,752	12,141
Depreciation and amortisation	11,12	2,624	2,617	2,550
Impairment losses	12	13	–	–
Finance costs	16	77	65	72
Other expenses	2(i), 7	2,084	113	951
Total Expenses from Continuing Operations		54,643	52,954	51,582
Operating Result from Continuing Operations		216	–	582
Total Comprehensive Income	22(i)	216	–	582

The accompanying notes form part of these statements.

Note references with (i) refer to explanations of major budget variances.

Statement of Financial Position

as at 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Current Assets				
Cash and cash equivalents	8,8(ii)	12,489	11,429	12,038
Receivables	9,9(i)	671	872	658
Other assets	10,10(i)	509	577	496
Total Current Assets		13,669	12,878	13,192
Non-Current Assets				
Intangible assets	11	298	285	394
Property, plant and equipment	12,12(i)	11,958	11,045	13,006
Other non-current assets	10	31	15	17
Total Non-Current Assets		12,287	11,345	13,417
Total Assets		25,956	24,223	26,609
Current Liabilities				
Payables	13	2,790	2,840	3,765
Lease liabilities	14	312	311	309
Unearned revenue		2	–	2
Accrued employee benefits	15,15(i)	2,900	1,730	2,658
Total Current Liabilities		6,004	4,881	6,734
Non-Current Liabilities				
Lease liabilities	14	1,898	1,896	2,443
Accrued employee benefits	15(i)	–	645	–
Provisions	16,16(i)	2,362	1,907	1,956
Total Non-Current Liabilities		4,260	4,448	4,399
Total Liabilities		10,264	9,329	11,133
Net Assets		15,692	14,894	15,476
Equity				
Contributed equity		12,221	12,220	12,221
Accumulated surplus		3,463	2,666	3,247
Asset revaluation surplus		8	8	8
Total Equity	22(ii)	15,692	14,894	15,476

The accompanying notes form part of these statements.

Note references with (i) or (ii) refer to explanations of major budget variances.

Statement of Changes in Equity

for the year ending 30 June 2015

	Accumulated Surplus	Asset Revaluation Surplus	Contributed Equity	TOTAL
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2013	2,665	8	12,221	14,894
Operating result from continuing operations	582	–	–	582
Balance as at 30 June 2014	3,247	8	12,221	15,476

	Accumulated Surplus	Asset Revaluation Surplus	Contributed Equity	TOTAL
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2014	3,247	8	12,221	15,476
Operating result from continuing operations	216	–	–	216
Balance as at 30 June 2015	3,463	8	12,221	15,692

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ending 30 June 2015

	Notes	Actual 2015 \$'000	Budget 2015 \$'000	Actual 2014 \$'000
Cash flows from operating activities				
<i>Inflows</i>				
Grants and other contributions		52,172	52,179	50,752
Interest receipts		557	650	563
GST input tax credits from ATO	9(ii)	2,467	1,916	2,313
GST collected from customers		34	–	68
Other	3(i)	185	55	205
<i>Outflows</i>				
Employee expenses		(38,978)	(38,347)	(36,986)
Supplies and services		(12,302)	(11,707)	(9,191)
GST paid to suppliers	9(iii)	(2,319)	(1,888)	(2,440)
GST remitted to ATO		(73)	(28)	(28)
Other	6(ii)	(178)	(720)	(260)
Net cash provided by operating activities	17,17(i)	1,565	2,110	4,996
Cash flows from investing activities				
<i>Inflows</i>				
Sales of property, plant and equipment		207	246	182
<i>Outflows</i>				
Payments for property, plant and equipment	12(ii)	(1,321)	(1,198)	(2,409)
Net cash used in investing activities		(1,114)	(952)	(2,227)
Net increase in cash and cash equivalents		451	1,158	2,769
Cash and cash equivalents at beginning of financial year		12,038	10,271	9,269
Cash and cash equivalents at end of financial year	8(ii)	12,489	11,429	12,038

The accompanying notes form part of these statements.

Note references with (i), (ii) or (iii) refer to explanations of major budget variances.

Notes to and forming part of the Financial Statements 2014–15

Objectives of the Crime and Corruption Commission

- Note 1** Summary of Significant Accounting Policies
- Note 2** Grants and Other Contributions
- Note 3** Other Revenue
- Note 4** Employee Expenses
- Note 5** Key Management Personnel and Remuneration Expenses
- Note 6** Supplies and Services
- Note 7** Other Expenses
- Note 8** Cash and Cash Equivalents
- Note 9** Receivables
- Note 10** Other Assets
- Note 11** Intangible Assets
- Note 12** Property, Plant and Equipment
- Note 13** Payables
- Note 14** Lease Liabilities
- Note 15** Accrued Employee Benefits
- Note 16** Provisions
- Note 17** Reconciliation of Operating Result to Net Cash from Operating Activities
- Note 18** Commitments for Expenditure
- Note 19** Contingencies
- Note 20** Financial Instruments
- Note 21** Trust Transactions and Balances
- Note 22** Change in Equity – Explanations of budget variance

Notes to and forming part of the Financial Statements 2014–15

Objectives of the Crime and Corruption Commission (CCC)

The Commission makes a unique contribution to protecting Queenslanders from crime and corruption. The Commission's objectives are to reduce the impact of major crime, reduce the incidence of serious corruption in the public sector and provide an effective witness protection service. Further information on the CCC's objectives and progress during the reporting period can be found in the Performance Scorecard on pages 7 to 9 of the Annual Report.

Note 1: Summary of Significant Accounting Policies

(a) Statement of Compliance

The Commission is a not-for-profit entity.

These financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- Section 43(1) of the Financial and Performance Management Standard 2009
- Applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2015

Except where stated, the historical cost convention is used. This means that assets are recorded at their initial cost and liabilities are valued at the amount initially received in exchange for obligation.

(b) The Reporting Entity

The financial statements include the value of all assets, liabilities, equity, revenues and expenses of the Commission. The Commission does not control any other entities.

(c) Grants and Contributions

Government grants and contributions are non-reciprocal in nature and are recognised as revenue in the year in which the Commission obtains control over them or the right to receive them.

Contributed assets are recognised at their fair value. The accounting treatment for contributions of goods or services is explained in Note 2(i).

(d) Interest

Interest revenue is recognised as the interest accrues.

(e) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from and GST payable to the ATO, are recognised. Refer to Note 9.

(f) Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Refer to Note 19.

Notes to and forming part of the Financial Statements 2014–15

Note 1: Summary of Significant Accounting Policies (cont'd)

(g) Non-Current Physical and Intangible Assets

Cost of Acquisition

All assets are initially recorded at their purchase price plus any costs incurred that are directly attributable to bringing the asset to the location and condition necessary for it to be able to operate as intended.

Direct costs associated with the design and implementation costs of software are recorded as an acquisition cost.

Routine repair and maintenance costs, minor renewal costs and costs of training staff in the use of the asset are not included in the cost of acquisition, but instead are expensed when incurred. Items comprising the Commission's technical library are also expensed on acquisition.

Capitalisation Thresholds

The Commission only recognises assets in the Statement of Financial Position where their initial acquisition costs exceed a set monetary limit with assets below this value being expensed:

Plant and Equipment	\$5 000
Intangible Assets	\$100 000

Depreciation and Amortisation

Each class of depreciable asset is depreciated or amortised based on the following useful lives:

Plant and Equipment:

Motor vehicles	3–8 yrs
Computer equipment	1–8 yrs
General and technical equipment and furniture	3–15 yrs
Leasehold improvements	7–13yrs

Intangible Assets:

Software	6–9 yrs
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The useful lives of plant and equipment and intangible assets were reviewed during the reporting period and adjusted where necessary.

(h) Financial Instruments

Financial instruments are classified and measured as follows:

Financial assets

- Cash and cash equivalents — held at fair value through profit or loss
- Receivables — held at amortised cost
- Other financial assets — held at fair value through profit or loss

Financial liabilities

- Payables and accrued employee benefits — held at amortised cost

The fair value of receivables and payable is the transaction cost or the face value. All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 20.

Notes to and forming part of the Financial Statements 2014–15

Note 1: Summary of Significant Accounting Policies (cont'd)

(i) Employee Benefits

Wages, Salaries and Sick Leave

Salaries and wages due but unpaid at reporting date are recognised in the Statement of Financial Position at current salary rates.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees, and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual leave

Annual leave benefits are accrued on a pro rata basis in respect of services provided by employees up to balance date, and are calculated having regard to the expected future rates of pay and related on-costs. Refer to Note 15.

Long service leave

Under the Queensland Government's long service leave central scheme, a levy is made on the Commission to cover the cost of employees' long service leave. Levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Commission's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements, pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Commission's obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(j) Accounting Estimates and Judgments

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions and management judgments that have the potential to cause a material adjustment to the carrying amount of assets and liabilities within the next financial year. Such estimates, judgments and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Accrued Employee Benefits (Note 15)
- Provisions (Note 16)
- Commitments for Expenditure (Note 18)
- Contingencies (Note 19)

Notes to and forming part of the Financial Statements 2014–15

Note 1: Summary of Significant Accounting Policies (cont'd)

(k) Issuance of Financial Statements

The financial statements are authorised for issue by the Acting Chief Executive Officer and the Acting Chairman at the date of signing the Management Certificate.

(l) Other Presentation Matters

Currency and rounding - Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives - Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period. Where comparative information has been restated, such restatements are not material and would not require disclosure in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

(m) New and Revised Accounting Standards

Accounting policies applied during 2014–15 were only amended where required by Australian accounting standards. The Australian accounting standard applicable for the first time from 2014–15 that had the most significant impact on the Commission's financial statements is AASB 1055 *Budgetary Reporting*.

AASB 1055 became effective from reporting periods beginning on or after 1 July 2014. In response to this new standard, the Commission's original published budgeted figures for 2014-15 is disclosed in a separate column in the Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows and compared to actual results. Explanations of major variances are included in the accompanying notes to financial report.

The Commission is not permitted to adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. The Commission applies standards and interpretations in accordance with the respective commencement dates.

At the date of authorisation of the financial report, the expected impact of new or amended Australian Accounting Standards and Interpretations with future commencement dates relevant to the Commission is set out below:

		Applicable for annual reporting periods beginning on or after:
AASB 9 & AASB 2010-7	<i>Financial Instruments Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2018

The impact of these standards is that they change the requirements for the classification, measurement and disclosures associated with financial assets in that they will be more simply classified according to whether they are measured at amortised cost or fair value. Given the nature of the Commission's financial assets, this change is not expected to have a material impact on the Commission's financial statements.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Commission's activities, or have no material impact on the Commission.

Notes to and forming part of the Financial Statements 2014–15

Note 2: Grants and Other Contributions

The Commission is funded by parliamentary appropriations under the annual *Appropriation Act 2014* for the provision of its outputs. These appropriations are received by the Department of Justice and Attorney-General and forwarded to the Commission on a quarterly basis in the form of a grant. Refer Note 1(c).

	2015 \$'000	2014 \$'000
Grants		
Queensland Government grant	52,172	50,752
Other Contributions – Services Received Below Fair Value		
Archival services from Department of Science, Information Technology and Innovation	311	253
Employee costs for police secondments from Queensland Police Service (QPS)	1,585	290
	<u>1,896</u>	<u>543</u>
Total	<u><u>54,068</u></u>	<u><u>51,295</u></u>

Note 2 (i):

Grants and other contributions for the year were more than the original budget by \$1.889M or 3.62% primarily due to recognising contributions for services received below fair value from other Queensland Government agencies. The increase in the contribution of services from QPS is mainly due to additional operational support allocated to the Commission for surveillance work.

The Commission recognises contributions of services only if the services would have been purchased, had they not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense. See Note 7 Other Expenses – Services received below fair value.

Note 3: Other Revenue

APSACC – share of conference profit (See Note 21)	–	102
Car parking	32	36
Revenue from court awarded costs	60	–
Recoveries from prior year	47	43
Sundry revenue	38	23
Total	<u><u>177</u></u>	<u><u>204</u></u>

Note 3 (i):

Other revenue is more than the original budget by \$122,000 or 221.82%. The increase in other revenue is mainly due to additional revenue received by court order in relation to a confiscation matter.

Note 4: Employee Expenses

The number of employees including both full-time employees and part-time employees, measured on a full-time equivalent basis is:

	2015	2014
Number of employees	<u>336.6</u>	<u>329</u>

Employer superannuation contributions and long service leave levies are regarded as employee benefits.

Payroll tax and workers' compensation insurance are a consequence of employing employees, but are not counted in an employee's total remuneration package. They are not employee benefits and are recognised separately as employee related expenses. Details of significant accounting policies in relation to employee benefits are disclosed in Note 1(i). Also refer to Note 15.

Notes to and forming part of the Financial Statements 2014–15

Note 4: Employee Expenses (cont'd)

	2015 \$'000	2014 \$'000
Employee Benefits		
Wages and salaries	27,516	25,991
Annual leave expense	2,066	1,808
Employer superannuation contributions	3,761	3,531
Long service leave levies	657	606
Termination benefits	149	128
Other employee benefits	1,701	1,555
Employee Related Expenses		
Workers' compensation premium	324	270
Payroll tax	1,212	1,564
Other employee related expenses	443	415
Total	37,829	35,868

Note 4 (i):

Employee expenses are lower than the original budget by \$578,000 or 2% primarily due to new senior positions which were created as part an organisational restructure being vacant during the financial year.

Note 5: The Commission, Key Management Personnel and Remuneration Expenses

(a) The Commission

The Commission is the governing body and comprises a Chairman, a part-time Deputy Chairman, two (2) part-time Ordinary Commissioners and a Chief Executive Officer (CEO). The Commission is responsible for providing strategic leadership and direction for the performance of the agency's functions.

The Chairman has specific responsibilities relating to the proper performance of the Commission's functions, whilst the CEO is responsible for the efficient, effective and economic administration of the Commission. The Commission's financial functions are also delegated to the CEO.

(b) Key Management Personnel

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury.

Key management personnel include those positions that supported the Chairman and the CEO in the leadership of the Commission as a whole during 2014–15. Key management personnel are responsible for participating collaboratively in the overall management of the Commission and in particular, to achieve the objectives set by the Commission for the performance of functions within their area of responsibility.

Together with the Chairman and CEO, these positions form part of the Executive Leadership Group (ELG). Further information about the ELG can be found in the body of the Annual Report under the section relating to leadership.

(c) Remuneration Expenses

Part-time Commissioners' Remuneration

The remuneration paid to part-time Commissioners is determined by the Governor-in-Council and based on rates specified in the guidelines for Remuneration of Part-time Chairs and Members of Government Boards, Committees and Statutory Authorities: Remuneration Procedures. The remuneration amounts shown include superannuation.

Notes to and forming part of the Financial Statements 2014–15

Note 5: The Commission, Key Management Personnel and Remuneration Expenses (cont'd)

(c) Remuneration Expenses (cont'd)

Part-time Commissioners' Remuneration (cont'd)

Name of Commissioner	Position	Date of term commencement (Date of term expiration)	2015 \$'000	2014 \$'000
Phillip Nase	Ordinary Commissioner	6 November 2008 (5 November 2013)	–	17
Michael Keelty	Ordinary Commissioner	6 December 2013 (30 June 2014)	–	26
George Fox	Ordinary Commissioner	23 September 2011 (31 October 2014)	16	47
Marilyn McMeniman	Ordinary Commissioner	8 April 2011 (30 June 2015)	46	47
Sydney Williams*	Deputy Chairman	6 December 2014*	46	26
Total			108	163

* Ordinary Commissioner up to 30 June 2014; Acting Deputy Chairman from 1 July 2014 to 5 December 2014

Chairman Remuneration

The remuneration paid to the acting Chairman is determined by the Governor-in-Council and is equivalent to the superannuable salary of the President of the Court of Appeal as provided for under the *Judicial Remuneration Act 2007*. There were no remuneration increases for the 2014–15 year.

The acting Chairman's conditions of employment include an expense of office allowance, a motor vehicle allowance equivalent to that of a Chief Executive Officer of a Queensland Government Department appointed under the *Public Service Act 2008*, and non-monetary benefits consisting of car parking benefits, leave equivalent to the public service, and superannuation benefits.

The Chairman is not eligible for a performance bonus.

Chief Executive Officer (CEO) and Senior Executive Remuneration

The remuneration paid to the CEO is determined by the Governor-in-Council, however remuneration policy for both the Commission's CEO and senior executive personnel is based on rates set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*, and approved by the Minister.

For the 2014–15 year, the remuneration for senior executive personnel increased by 2.2% in accordance with government policy.

Remuneration expenses for key management personnel comprise the following components:

- Short-term employee expenses which include:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position
 - non-monetary benefits — consisting of provision of vehicles together with fringe benefits tax applicable to the benefit and car parking benefits
- Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations
- Termination benefits are provided for within individual contracts of employment for senior executive personnel only. Contracts of employment provide only for notice periods or payment in lieu of notice on termination, regardless of the reason for the termination
- Performance bonuses are not included under contracts in place

The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

Notes to and forming part of the Financial Statements 2014–15

Note 5: Key Management Personnel and Remuneration Expenses (cont'd)

(c) Remuneration Expenses (cont'd)

1 July 2014 – 30 June 2015

Position	Contract classification and appointment authority	Monetary Expenses \$'000	Long-Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
Chairman* 22 May 2014 to 30 June 2015	Acting – <i>Crime and Corruption Act 2001</i>	497	11	54	–	562
Chief Executive Officer** 1 July 2014 to 30 June 2015	Acting – CEO, <i>Crime and Corruption Act 2001</i>	281	5	18	–	304
Executive Director, Corruption 2 April 2014 to current	Current – SES4, <i>Crime and Corruption Act 2001</i>	225	5	28	–	258
Executive Director, Crime*** 9 January 2012 to current	Current – SES4, <i>Crime and Corruption Act 2001</i>	253	5	26	–	284
Executive Director, Witness Protection and Operations Support 5 May 2014 to current	Current – Chief Superintendent, <i>Crime and Corruption Act 2001</i>	170	3	28	–	201
Director, Financial Investigations 18 March 2013 to current	Current – SES2, <i>Crime and Corruption Act 2001</i>	163	3	18	–	184
Director, Legal Services 8 August 2011 to current	Current – SES2, <i>Crime and Corruption Act 2001</i>	158	3	18	–	179
Executive Director, Strategic and Corporate Services**	Vacant – SES3, <i>Crime and Corruption Act 2001</i>	–	–	–	–	–
Total Remuneration		1,747	35	190	–	1,972

* The Acting Chairman's contract was terminated on 30 June 2015. The Acting Chairman was not entitled to a long service leave payout on termination due to the service period.

** New positions effective from 1 July 2014. The Executive Director, Strategic and Corporate Services position was vacant throughout the reporting period but was occupied from 13 July 2015.

*** The Executive Director, Crime received a non-monetary motor vehicle benefit of \$4,000 during the financial year.

1 July 2013 – 30 June 2014

Position	Contract classification and appointment authority	Monetary Expenses \$'000	Long-Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
Chairman 22 May 2014 to current	Acting – CEO / <i>Crime and Misconduct Act 2001</i>	495	11	53	–	559
Assistant Commissioner, Corruption* 2 April 2014 to current	Acting – SES4 / <i>Crime and Misconduct Act 2001</i>	223	–	26	–	249
Assistant Commissioner, Crime*#	Current – SES4 <i>Crime and Misconduct Act 2001</i>	215	5	20	–	240
Executive General Manager – up to 30 June 2014**	Outgoing – SES4 / <i>Crime and Misconduct Act 2001</i>	241	3	24	67	335
Total Remuneration		1,174	19	123	67	1,383

* These positions were renamed Executive Director, Corruption and Executive Director, Crime respectively with effect from 1 July 2014.

The Assistant Commissioner, Crime received a non-monetary motor vehicle benefit of \$16,000 during the financial year.

** This position was abolished on 30 June 2014.

Notes to and forming part of the Financial Statements 2014–15

	2015 \$'000	2014 \$'000
Note 6: Supplies and Services		
Rental expense – operating lease*	4,420	4,348
Computer maintenance and software	985	1,320
Consultants and contractors	503	450
Corporate service providers	134	119
Electricity	304	343
Furniture and equipment (non asset)	479	798
Telecommunications and access costs	1,463	1,229
Legal costs	751	806
Building and equipment maintenance	370	379
Motor vehicle running costs	439	431
Operational expenses	603	613
Security	492	466
Travel	644	396
Other	429	443
Total	12,016	12,141

Note 6 (i):

Supplies and services expenditure is \$264,000 or 2.25% more than originally budgeted. The variance is mainly due to higher travel costs associated with increased interstate travel for operational requirements. Additionally, higher than budgeted contractor costs for software support services for the COMPASS complaints management system and legal services for crime and corruption related litigation matters, is also contributing to the budget variance.

Note 6 (ii):

*Other cash outflows from operating activities is \$542,000 or 75.28% less than the original budget due to a classification error in the original budget for the movement in deferred lease liabilities. As this movement relates to rental expense – operating lease, it is classified as an outflow of supplies and services in the statement of cash flows.

Note 7: Other Expenses

External audit fees*	60	64
Insurance premiums **	33	31
Services received below fair value (see Note 2)	1,896	543
Losses from disposal of property, plant and equipment	10	150
Special payments***		
– Out of court settlement	54	–
– Other special payments	12	41
APSACC – seed money for future conferences (see Note 21)	–	102
Sundry expenses	19	20
Total	2,084	951

* Estimate of fees payable to Queensland Audit Office relating to the 2014–15 financial statements (2014 actual fee: \$60,400).

** The Commission's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. Insurance claims are subject to a \$10,000 deductible per claim.

*** Special payments include ex gratia expenditure and other expenditure that the Commission is not contractually or legally obligated to make to other parties. The out of court settlement was paid to a police officer who was successful in a police misconduct related litigation matter in the Court of Appeal. Other special payments include legal assistance provided to staff on a Commission related matter at a cost of \$7,500 (2014: \$41,304).

Notes to and forming part of the Financial Statements 2014–15

Note 8: Cash and Cash Equivalents

Cash and cash equivalents include all cash and cheques received but not banked at 30 June.

Term deposits are held with major banking institutions and represent liquid investments with short periods to maturity that are readily convertible to cash on hand at the Commission's option and that are subject to a low risk of changes in value. Included in term deposits is a bank guarantee of \$48,600 pursuant to a lease agreement.

	2015 \$'000	2014 \$'000
Imprest accounts	25	25
Cash at bank	413	462
Term deposits	12,051	11,551
Total	12,489	12,038

Note 8 (i):

As a result of decisions by the Reserve Bank to cut interest rates during the reporting period, term deposits earned interest rates between 2.73% and 3.66% (2014: 3.21% and 4.44%). As a result, interest income was \$96,000 or 14.77% less than budgeted.

Note 8 (ii):

As at 30 June 2015 cash and cash equivalents were \$1.060M or 9.27% higher than the original budget. The increase in cash is mainly due to higher accrued employee benefits owing at 30 June 2015. Also contributing to the increase in cash and cash equivalents is the prior year operating result of \$582,000 which was not anticipated when the original budget was prepared; as reflected by a lower projected bank balance at the beginning of the financial year in the statement of cash flows.

Note 9: Receivables

Receivables represent amounts owed to the Commission at the end of the reporting period.

Sundry debtors are recognised at the amounts due at the time of service delivery, that is, the agreed sale/contract price. Settlement of these amounts is required within 30 days from invoice date. The collectability of receivables is assessed periodically with provision being made for impairment when there is valid evidence that the debts may not be collected. As at reporting date, there were no debtors that required an allowance for impairment.

Contractual Receivables

Long service leave reimbursements	192	59
Interest receivable	105	108
Sundry debtors	16	24
	<u>313</u>	<u>191</u>

Statutory Receivables

GST receivable	363	511
GST payable	(5)	(44)
	<u>358</u>	<u>467</u>

Total

671	658
------------	------------

Note 9 (i):

As at 30 June 2015 receivables were \$201,000 or 23% lower than the original budget. The decrease in receivables is primarily due to lower than anticipated long service leave reimbursements from QSuper for long service leave payouts on staff terminations during the last quarter of the financial year.

Note 9 (ii):

As at 30 June 2015 GST input tax credits from the ATO is \$551,000 or 28.76% more than originally budgeted because of a higher refund from the ATO in July 2014 relating to the previous financial year.

Notes to and forming part of the Financial Statements 2014–15

Note 9: Receivables (con't)

Note 9 (iii):

As at 30 June 2015 GST paid to suppliers is \$431,000 or 22.83% more than originally budgeted. The increase is due to a higher value of supplies and services expenditure not budgeted for and QPS salary reimbursement invoices attracting GST.

Note 10: Other Assets

Other assets include prepayments and rental security deposits. Prepayments relate to invoices paid in advance for goods and services yet to be received and where the value of the invoice is greater than or equal to \$1000.

The rental security deposits relate mainly to office accommodation. The deposit is refundable when the lease expires.

	2015 \$'000	2014 \$'000
Current		
Prepayments	509	496
Total	509	496
Non-Current		
Prepayments	3	17
Rental security deposits	28	–
Total	31	17

Note 10 (i):

Other current assets are \$68,000 or 12% less than originally budgeted. The decrease is due to lower than anticipated in prepaid expenditure for software and hardware maintenance contracts as at 30 June 2015.

Note 11: Intangible Assets

All intangible assets of the Commission have finite useful lives and are amortised on a straight-line basis over the expected benefit to the Commission.

The Commission's software comprises software licensing and implementation costs for the TRIM Electronic Document and Records Management System (EDRMS) (\$0.540M) and the Web Content and Intranet Management System (\$0.212M). As at 30 June 2015, the TRIM EDRMS had a remaining useful life of 4 years and a carrying amount of \$0.250M, whilst the Web Content and Intranet Management System had a remaining useful life of 2.5 years and a carrying amount of \$0.048M.

Software		
At cost	752	752
Less: Accumulated amortisation	(454)	(358)
	298	394
Total	298	394
Intangibles Reconciliation		
Software		
Carrying amount at 1 July	394	511
Amortisation*	(96)	(117)
Carrying amount at 30 June	298	394

*Amortisation of intangibles is included in the line item "Depreciation and amortisation" in the Statement of Comprehensive Income.

Notes to and forming part of the Financial Statements 2014–15

Note 12: Property, Plant and Equipment

Other than heritage and cultural assets, the Commission uses the cost model to measure all assets after they are recognised, which means that assets are carried at their acquisition cost less accumulated depreciation and any accumulated impairment losses.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised, and the new depreciable amount is depreciated over the remaining useful life of the asset to the Commission. The carrying amounts for plant and equipment measured at cost approximate their fair value at reporting date.

Heritage and cultural assets are measured at fair value and are not depreciated as they are considered to have an indefinite useful life. The Commission's heritage and cultural assets comprises of artwork. The artwork is reported at its re-valued amount, being the fair value at the date of valuation.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. That is, when the asset is available for use and is operating in the manner intended by management. These assets are then reclassified to the relevant asset class.

	2015	2014
	\$'000	\$'000
Motor vehicles:		
At cost	1,455	1,396
Less: Accumulated depreciation	(577)	(469)
	<u>878</u>	<u>927</u>
Computer equipment:		
At cost	2,887	2,740
Less: Accumulated depreciation	(1,718)	(1,303)
	<u>1,169</u>	<u>1,437</u>
General and technical equipment:		
At cost	1,820	1,743
Less: Accumulated depreciation	(855)	(672)
	<u>965</u>	<u>1,071</u>
Leasehold improvements:		
At cost	17,401	16,994
Less: Accumulated depreciation	(8,663)	(7,456)
	<u>8,738</u>	<u>9,538</u>
Work in Progress:		
At cost	175	–
Cultural and art assets:		
At fair value	33	33
Total	<u>11,958</u>	<u>13,006</u>

The Commission has plant and equipment with an original cost of \$198,883 (2014: \$806,717) and a written down value of zero still being used in the provision of services.

Note 12 (i):

The value of property, plant and equipment (PPE) at 30 June 2015 was \$913,000 or 8.27% more than originally budgeted. The increased value of property, plant and equipment was due to a number of factors, including:

- the restoration cost adjustment to leasehold improvements at 30 June 2015, not foreseen at the time of budget
- asset acquisitions for the Covert Surveillance Product Management System and leasehold improvements for office accommodation which was not originally budgeted

Notes to and forming part of the Financial Statements 2014-15

Note 12: Property, Plant and Equipment (cont'd)

Property, Plant and Equipment Reconciliation	Motor vehicles		Computer equipment		General and technical equipment		Leasehold improvements		Cultural and art assets		Work in progress		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	
Carrying amount at 1 July	927	698	1,437	1,377	1,071	689	9,538	10,405	33	33	-	-	13,006	13,202
Acquisitions	531	712	257	528	139	709	-	-	-	-	394	459	1,321	2,408
Disposals*	(149)	(106)	-	-	(6)	(148)	(2)	-	-	-	-	-	(157)	(254)
Transfers between classes	-	-	-	-	-	23	219	436	-	-	(219)	(459)	-	-
Restoration cost adjustment**	-	-	-	-	-	-	329	82	-	-	-	-	329	82
Depreciation***	(431)	(377)	(517)	(468)	(234)	(202)	(1,346)	(1,385)	-	-	-	-	(2,528)	(2,432)
Impairment losses****	-	-	(8)	-	(5)	-	-	-	-	-	-	-	(13)	-
Carrying amount at 30 June	878	927	1,169	1,437	965	1,071	8,738	9,538	33	33	175	-	11,958	13,006

* Any gain or loss on disposal is recognised at the date of disposal and is the difference between the consideration received and the carrying value of the asset at the time.

** Leasehold improvements include an amount of \$2.018M (2014: \$1.689M) for the estimate of restoration costs for the leased premises, which has been recognised as a provision. Refer to Note 16.

*** Plant and equipment are depreciated on a straight-line basis so as to allocate the net cost progressively over its estimated useful life to the Commission. The depreciable amount of leasehold improvements is allocated progressively over the estimated useful life of the asset or the unexpired period of the lease whichever is the shorter. The unexpired period of a lease includes option period where exercise of the option is probable. Depreciation of plant and equipment is included in the line item "Depreciation and amortisation" in the Statement of Comprehensive Income.

**** Impairment of non-current physical and intangible assets is the decline in the service potential of an asset over and above the use reflected through depreciation. All non-current assets are assessed for indicators of impairment on an annual basis. Impairment losses are shown as a separate line item in the Statement of Comprehensive Income.

Notes to and forming part of the Financial Statements 2014–15

Note 12: Property, Plant and Equipment (cont'd)

Note 12 (ii) :

Payments for property, plant and equipment (acquisitions) was \$123,000 or 10.27% more than originally budgeted mainly due to asset acquisitions for the Covert Surveillance Product Management System and leasehold improvements for office accommodation not foreseen at the time of the budget. These purchases were offset by budget savings in motor vehicle and general and technical equipment purchases.

Note 13: Payables

The Commission recognises creditors at the agreed purchase price or contract price including any trade and other discounts when goods and services ordered are received. Amounts owing are unsecured, and are generally settled on 30-day terms.

	2015 \$'000	2014 \$'000
Contractual Payables		
Creditors	1,370	1,625
Queensland Police Service*	1,274	2,010
	2,644	3,635
Statutory Payables		
Payroll Tax	109	95
Fringe Benefits Tax	37	35
	146	130
Total	2,790	3,765

* Reimbursement of staff salaries and related on-costs for police seconded to the Commission.

Note 14: Lease Liabilities

A distinction is made between finance and operating leases. Finance leases effectively transfer all risks and benefits of ownership to the lessee. Under an operating lease, the lessor retains substantially all the risks and benefits. The Commission has operating leases for office accommodation and no finance leases.

Incentives received on entering into operating leases are recognised as a liability. The liability is progressively extinguished through a reduction in rental expense over the lease term on a straight line basis.

Current		
Lease incentive liability*	312	309
	312	309
Non-Current		
Lease incentive liability*	1,527	1,820
Deferred lease liability **	371	623
Total	1,898	2,443

* Incentives received on entering into operating leases are recognised as a lease incentive liability. The liability is progressively reduced through a reduction in rental expense over the lease term on a straight line basis.

** Where rental increases are consistent under the lease agreement, operating lease payments are recognised in the period they are incurred using a straight line basis over the period of the lease. The liability will be extinguished upon expiration of the lease.

Notes to and forming part of the Financial Statements 2014–15

Note 15: Accrued Employee Benefits

Salaries and wages due but unpaid at reporting date are recognised as a liability. As the Commission expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Not all annual leave entitlements are expected to be paid within 12 months therefore, in accordance with AASB 119 *Employee Benefits*, the value of annual leave owing at the end of the reporting period is measured as “other long term employee benefits” and recognised at its present value, calculated using yields on Queensland Treasury Corporation AUD benchmark bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement.

However, as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period, the full value of the annual leave liability has been classified as a current liability under accrued employee benefits, in accordance with AASB 101 *Presentation of Financial Statements*.

	2015 \$'000	2014 \$'000
Wages outstanding	587	430
Annual leave entitlements	2,191	2,111
Long service leave levy payable	122	117
Total	2,900	2,658

Refer to Note 1(i).

Note 15 (i):

Accrued employee benefits are \$525,000 or 23% more than the original budget partly due to an increase in the value of annual leave entitlements at 30 June 2015. Leave entitlements are being monitored by management on a monthly basis with a view to reducing high leave balances. Further contributing to the budget variance is higher than anticipated wages outstanding due to accounting for salaries owing to terminated staff at 30 June 2015.

Note 16: Provisions

Provisions are recorded when the Commission has a present obligation, either legal or constructive, as a result of a past event and the amount of the provision can be reliably measured. They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period.

The provision for restoration costs relate to clauses in lease agreements for office accommodation which require the Commission to restore the leased premises to their original condition. As the settlement of the obligation is expected after 12 or more months, the provision has been discounted to reflect the present value of these obligations using a rate that reflects current market assessments and risks specific to the liability. The finance costs relate to unwinding of the discount on the provision.

The estimate of the restoration costs has been included in the cost of the leasehold assets. Refer to Note 14.

	2015 \$'000	2014 \$'000
Restoration costs	2,362	1,956
Total	2,362	1,956

Notes to and forming part of the Financial Statements 2014–15

Note 16: Provisions (cont'd)

	2015 \$'000	2014 \$'000
Movements in provisions		
Restoration Costs		
Balance at 1 July	1,956	1,802
Provision recognised	329	82
Finance Costs	77	72
Balance at 30 June	2,362	1,956

Note 16 (i):

As at 30 June 2015, provision for restoration costs was \$455,000 or 23.86% more than the original budget. This was due mainly to an increase in estimated cost of the make good provision as a result of additional leasehold improvements made to office accommodation during the reporting period.

Note 17: Reconciliation of Operating Result to Net Cash from Operating Activities

Operating result from continuing operations	216	582
Depreciation and amortisation expense	2,624	2,550
Impairment losses	13	–
Losses on disposal of property, plant and equipment	10	150
Gains on disposal of property, plant and equipment	(60)	(78)
Finance costs	77	72
Change in asset and liabilities:		
(Increase)/decrease in sundry debtors	8	2
(Increase)/decrease in GST input tax receivable	148	(127)
(Increase)/decrease in long service leave reimbursement receivable	(133)	404
(Increase)/decrease in interest receivable	3	(24)
(Increase)/decrease in prepayments	(27)	–
Increase/(decrease) in accounts payable	(975)	1,329
Increase/(decrease) in accrued employee benefits	242	479
Increase/(decrease) in GST payable	(39)	39
Increase/(decrease) in lease liability	(542)	(382)
Net cash from operating activities	1,565	4,996

Note 17 (i):

As at 30 June 2015, net cash provided by operating activities was \$545,000 or 25.83% less than the original budget. This was mainly due to higher cash reimbursements to QPS for invoices outstanding at 30 June 2014 not envisaged at the time of budget.

Notes to and forming part of the Financial Statements 2014–15

Note 18: Commitments for Expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the statement of financial position. Commitments at reporting date are disclosed at their nominal value inclusive of anticipated GST and are payable as follows:

	Operating Leases #		Vehicle Leases		Capital Expenditure		Other Expenditure		Total Commitments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Not later than one year	5,709	5,448	139	119	187	56	699	954	6,734	6,577
Later than one year and not later than five years	24,050	5,427	206	201	–	–	1,714	425	25,970	6,053
Later than five years	6,459	–	–	–	–	–	–	–	6,459	–
Total	36,218	10,875	345	320	187	56	2,413	1,379	39,163	12,630

Operating leases are non-cancellable and are entered into as a means of acquiring access to office accommodation. The leases have a renewal option that is exercisable at market prices. Lease payments are generally fixed, and no lease arrangements create restrictions on other financing transactions.

Note 19: Contingencies

Litigation in progress

As at 30 June 2015, seven (7) cases were ongoing before various courts, naming the Commission as either an applicant or respondent:

	2015 Number of cases	2014 Number of cases
Court of Appeal/High Court	3	5
Supreme Court	3	5
Queensland Civil and Administrative Tribunal (QCAT)	1	4
Total	7	14

It is not possible to make a reliable estimate of the final costs that could be recovered or payable from these cases at this time.

Note 20: 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 recognised in the Statement of Financial Position when the Commission becomes party to the contractual provisions of the financial instrument. Certain financial assets and liabilities arise under statute rather than a contract. Such financial assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments* and are therefore not recognised as financial instruments, for example, GST receivable and fringe benefits tax payable.

The Commission's principal financial instruments are cash and cash equivalents; receivables; payables and accrued employee benefits. Details of significant accounting policies and methods used with respect to each class of financial instrument are disclosed in Note 1 (h).

Notes to and forming part of the Financial Statements 2014–15

Note 20: Financial Instruments (cont'd)

(a) Categorisation of Financial Instruments

The Commission has the following categories of financial assets and financial liabilities:

Category:	Note	2015 \$'000	2014 \$'000
Financial assets			
Cash and cash equivalents	8	12,489	12,038
Contractual receivables	9	313	191
Total		12,802	12,229
Financial liabilities			
Contractual payables	13	2,644	3,635
Accrued employee benefits	15	2,900	2,658
Total		5,544	6,293

(b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks — interest rate risk, credit risk, liquidity risk and market risk. The Commission provides written principles for overall risk management as well as policies covering specific areas. These policies focus on the financial performance of the Commission. All financial risk is managed by the Strategic and Corporate Services Division under policies approved by the Commission.

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge its obligation. The Commission monitors exposure to credit risk on an ongoing basis.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment. The Commission manages credit risk by ensuring that it invests in secure assets and monitors all funds owed on a regular basis.

The following table represents the Commission's maximum exposure to credit risk based on contractual amounts net of any allowances:

Category:	Note	2015 \$'000	2014 \$'000
Financial Assets			
Cash and cash equivalents	8	12,464	12,013
Contractual receivables	9	313	191
Total		12,777	12,204

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired.

The Commission did not have any financial assets that were past due but not impaired in the current or previous period.

d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with these financial liabilities.

The Commission manages liquidity risk by ensuring the Commission has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that sufficient levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

Notes to and forming part of the Financial Statements 2014–15

Note 20: Financial Instruments (cont'd)

d) Liquidity Risk (cont'd)

In addition, the Commission operates credit card facilities with a total monthly limit of \$300,000. As at 30 June 2015 \$295,587 was available. The following table sets out the liquidity risk of financial liabilities held by the Commission.

	Note	Payable in						Total	
		< 1 year		1–5 years		> 5 years		2015	2014
		2015	2014	2015	2014	2015	2014	2015	2014
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities									
Contractual Payables	13	2,644	3,635	–	–	–	–	2,644	3,635
Accrued employee benefits	15	2,206	1,929	694	729	–	–	2,900	2,658
Total		4,850	5,564	694	729	–	–	5,544	6,293

(e) Fair Value

The Commission considers that the carrying amount of receivables and payables represent fair value at the balance date because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Note 21: Trust Transactions and Balances

The Commission undertakes certain trustee transactions on behalf of individuals as a result of operational activities and when it acts as host of the Australian Public Sector Anti-Corruption Conference (APSACC). As the Commission acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed separately under this note.

Operational Activities

At 30 June 2015, the Commission held \$27,551 (2014: \$15,151) in trust for a number of benefactors as a result of operational activities. The Queensland Audit Office performed a review of the Commission's trust transactions for operational activities for 2014–15.

Australian Public Sector Anti-Corruption Conference (APSACC)

The Australian Public Sector Anti-Corruption Conference (APSACC) is a national conference which is held biennially and hosted by Queensland's Crime and Corruption Commission (QLD - CCC), the New South Wales Independent Commission against Corruption (ICAC) and Western Australia's Corruption and Crime Commission (WA - CCC) on a rotational basis amongst the three states, through a joint venture (non-profit) agreement.

All agencies are involved in the planning and organisation of the event. All three parties are entitled or liable for to an equal distribution of any conference profit or shortfall; however, these funds are retained as seed money to fund future conferences rather than being distributed to the agencies.

APSACC 2013 was hosted by the ICAC in Sydney in November 2014. Surplus funds of \$435,765 from APSACC 2013 were retained as seed money to fund future conferences rather than being distributed to the agencies. (Refer to Note 3 and Note 7.)

The Commission will host the next APSACC in November 2015. APSACC 2015 will be an unrivalled opportunity to focus on emerging corruption trends, the latest anti-corruption strategies and future directions in preventing corruption.

As at 30 June 2015, the Commission held \$362,475 of seed money in trust to cover expenses for APSACC 2015 (2014: \$396,150).

Notes to and forming part of the Financial Statements 2014–15

Note 22: Change in Equity – Explanations of Budget Variance

Note 22 (i):

It was originally anticipated that the Commission would fully spend its 2014-15 operating budget. However, due to lower than anticipated employee expenses during the reporting period, the Commission achieved a budget surplus of \$216,000 at 30 June 2015. Refer to Note 4(i).

Note 22 (ii):

Total equity is \$798,000 or 5.36% more than originally budgeted. This is due to an increase in accumulated surplus as a result of the prior year budget surplus of \$582,000 and the current year budget surplus of \$216,000. These budget surpluses were not anticipated at the time that the 2014-15 original budget was prepared.

Certificate of the Crime and Corruption Commission

These general purpose financial statements have been prepared pursuant to Section 62(1) of the *Financial Accountability Act 2009* (the Act), relevant sections of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with Section 62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Commission for the financial year ended 30 June 2015 and of the financial position of the Commission at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to financial reporting throughout the reporting period.

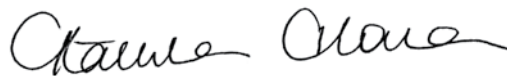
Sighted and signed



Ann Gummow
Acting Chairman
Crime and Corruption Commission

Date: 25 August 2015

Sighted and signed



Kathleen Florian
Acting Chief Executive Officer
Crime and Corruption Commission

Date: 25 August 2015

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Crime and Corruption Commission

Report on the Financial Report

I have audited the accompanying financial report of the Crime and Corruption Commission, which comprises the statement of financial position as at 30 June 2015, 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, and certificates given by the Acting Chairman and Acting Chief Executive Officer.

The Commission's Responsibility for the Financial Report

The Commission is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Commission's responsibility also includes such internal control as the Commission determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commission, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

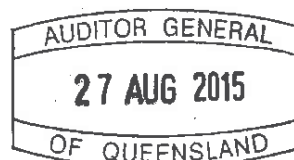
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Crime and Corruption Commission for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year; and

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

Appendix:

Service Delivery Statement performance, 2010–11 to 2014–15

Table A. Service Area: Crime Fighting and Prevention

Service standards (SDS)	2010–11	2011–12	2012–13	2013–14	2014–15
Percentage of targeted criminal entities which are disrupted as a result of CCC crime investigations	96	95	100	100	100
Net value of criminal proceeds restrained (\$'000)	14 116	20 858	17 091	13 799	18 316
Net value of assets forfeited (\$'000)	9 325	7 007	16 983	7 654	8 375
Percentage of coercive hearings that add value to major crime investigations	n/a	93	100	100	100
Expenses to deliver the Crime Fighting and Prevention service	\$16.4m	\$17.6m	\$16.4m	\$21.5m	\$25.7m

Table B. Service Area: Public Sector Integrity

Service standards (SDS)	2010–11	2011–12	2012–13	2013–14	2014–15
Percentage of recommendations to agencies accepted ¹	n/a	96	95	98	96
Percentage of investigated matters finalised within 12 months	60	79	78	77	91
Expenses to deliver the Public Sector Integrity service	\$27.6m	\$29.6m	\$27.7m	\$25.2m	\$24.4m

1. In 2010–11, the CMC began measuring the percentage of recommendations to agencies not accepted, with a non-acceptance figure of 12 per cent being achieved. This service standard was reworded in 2011–12 to measure, instead, recommendations accepted.

Table C. Service Area: Witness Protection

Service standards (SDS)	2010–11	2011–12	2012–13	2013–14	2014–15
Median time (hours) to conduct initial witness protection assessment ¹	n/a	n/a	n/a	18	23
Expenses to deliver the Witness Protection service	\$5.9m	\$6.3m	\$5.9m	\$4.9m	\$4.6m

1. Before 2013–14, this service standard was worded as “Percentage of eligible persons offered interim protection within two days”.

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Abbreviations

ACP	Achievement and Capability Planning
AUSTRAC	Australian Transaction Reports and Analysis Centre
CCC	Crime and Corruption Commission
CEO	Chief Executive Officer
CPCA	<i>Criminal Proceeds Confiscation Act 2002</i>
DJAG	Department of Justice and Attorney-General
DRMR	Department of Transport and Main Roads
ELG	Executive Leadership Group
FTE	full-time equivalent
NSW	New South Wales
ODPP	Office of the Director of Public Prosecutions
OMCG	outlaw motorcycle gang
PCCC	Parliamentary Crime and Corruption Committee
QAO	Queensland Audit Office
QCAT	Queensland Civil and Administrative Tribunal
QPS	Queensland Police Service
SDS	Service Delivery Statement
SES	senior executive staff
Tas	Tasmania
Vic	Victoria
WA	Western Australia
WHS	workplace health and safety

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