



Crime and Corruption Commission

QUEENSLAND

# Annual Report

Crime & Corruption  
Commission  
2015–16

Combating major crime and serious corruption

# About our annual report

This report summarises our key activities, achievements and performance for the financial year ending 30 June 2016.

The report assesses our financial and non-financial performance against the objectives and performance indicators set out in the CCC 2014–18 Strategic Plan and the 2015–16 Service Delivery Statements.

1 September 2016

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 2015–16 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,
- the detailed requirements set out for Queensland Government agencies.

A checklist outlining the annual reporting requirements can be accessed at [www.ccc.qld.gov.au/annualreport](http://www.ccc.qld.gov.au/annualreport).

Yours sincerely



**A J MacSporran QC**  
Chairperson  
Crime and Corruption Commission

## Our work and how it affects our reporting

The information in this report strikes a balance between providing information to the public and protecting confidential CCC processes.

Some investigations undertaken by the CCC cannot be reported on publicly until they are finalised. Reporting on them could compromise a current investigation, cause reputational damage to the people involved or risk breaching legislation. Discussing the progress of an investigation also carries with it a risk of identifying people who are assisting by confidentially providing information to the CCC.

Similarly, it is not possible to include detailed reports on the CCC's witness protection program.

Additional information on consultancies, overseas travel and interpreter services (in accordance with the Queensland Language Services Policy) is published through the Queensland Government Open Data website, [www.qld.gov.au/data](http://www.qld.gov.au/data). Information regarding board remuneration can be found on our website, [www.ccc.qld.gov.au/](http://www.ccc.qld.gov.au/).

The cost of producing our Annual Report was \$17,270 (inc. GST).

## 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](http://www.ccc.qld.gov.au/feedback) or by contacting our Corporate Communications team on 07 3360 6060.

See back inside cover for contact details.

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# 01

*about the ccc*

The Crime and Corruption Commission focuses on major crime that poses the greatest threat to the Queensland community and matters that erode the integrity of its public institutions.

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As the name suggests, the CCC is responsible for combatting major crime, and reducing corruption in the public sector. Fundamentally, our role is to help make Queensland a safer place in which to live.

”

# Chairperson's report

**It is with great pleasure that I introduce my first Annual Report as Chairperson of the Crime and Corruption Commission (CCC). In my nine months in the role I have been struck by the breadth of the CCC's activities, the complexity of the organisation, and the dedication and skill of its staff.**

As the name suggests, the CCC is responsible for combating major crime, and reducing corruption in the public sector. Fundamentally, our role is to help make Queensland a safer place in which to live.

The legislation under which the CCC is established, the *Crime and Corruption Act 2001*, brings together under one roof the necessary tools, expertise, and unique powers to enable us to meet our important statutory obligations. It is therefore critical that the CCC operate as one efficient and collaborative organisation, and during the year much time and effort has gone into achieving that "1CCC" model. We have some way to go yet but I am confident we will get there.

Consistent with that approach, readers of this report will observe how various arms of the CCC contribute to our investigations and other activities.

A good example is Operation Sterling, a major intelligence authorisation into cold-call investment fraud on the Gold Coast. Working closely with the Queensland Police Service (QPS), the CCC brought to bear its coercive powers, research and intelligence skills to disrupt this serious criminal activity and to develop cold-call fraud prevention strategies.

We have also worked very closely with the QPS in the investigation of people involved in the manufacture and distribution of illicit drugs, with a focus on ice, the drug of greatest danger to Queenslanders.

Elsewhere in the CCC, work is being done within the Intelligence and Research functions to assist the Corruption arm to identify areas of greatest corruption risk in the police and public sectors. This work will enable the CCC to better assess complaints, as well as target areas and individuals for special attention. Our focus on allegations of excessive use of force by police and the unlawful accessing and dissemination of confidential information are good examples of this.

Our capacity to discharge our functions has been enhanced by significant amendments to the Act this year, including the return of our corruption prevention function, the reinstatement of our independent research function, and the removal of the requirement for complaints about corruption to be made by way of statutory declaration. These amendments were most welcome. The Report of the Review of the CCC conducted by the Parliamentary Crime and Corruption Committee (PCCC) was tabled on 30 June 2016, and also contains a number of recommendations designed to further improve the CCC's effectiveness.

In October 2015, the CCC welcomed the findings of the report by the Queensland Organised Crime Commission of Inquiry aimed at maximising the law enforcement response to organised crime in Queensland. A number of the recommendations made in the report were consistent with recommendations the CCC made in its submission.

In concluding, I continue to enjoy my role with the CCC immensely. This is due in no small part to the welcome and support I continue to receive from the staff at the CCC, all of whom do such a great job under considerable pressure. I have also appreciated the advice of my fellow Commissioners, and the dedication of the PCCC to the CCC's work.

A J MacSporran QC  
Chairperson  
30 June 2016



“

Without shared values we cannot operate as a team. Ultimately shared values are absolutely critical to high performance.

”



# CEO's report

**In recent years, staff at the CCC have achieved a great deal despite the continuous uncertainty, instability and change that had been imposed upon them. It is a strong testament to their dedication that so much was done in such testing circumstances.**

Against this background, the appointments during the year of Alan MacSporran QC as Chairperson and Marshall Irwin as Ordinary Commissioner, together with the continued presence of Syd Williams QC, Deputy Chairperson, were most welcome.

With this new-found stability came a renewed sense of purpose and certainty in direction. My comments should not be taken as critical of those who came before them. Rather, they are meant to emphasise the importance of leadership to every organisation, and the influence of the "tone at the top" on organisational performance and culture.

We look forward to government filling the two remaining Ordinary Commissioner vacancies as well.

The appointments marked the beginning of a rebuilding phase for the CCC, and a number of initiatives were launched.

Firstly, we identified the organisational values which resonate with staff: People, Accountability, Integrity, Courage and Excellence. Without shared values we cannot operate as a team. Ultimately shared values are absolutely critical to high performance. These will be reflected in the 2016-20 strategic plan.

Secondly, staff were invited to take part in the whole of government Working for Queensland Survey, and, pleasingly, 85 per cent of staff accepted. The results revealed three key drivers that most impact on staff engagement with the CCC: organisational leadership; learning and development; and innovation. Strategies have now been developed to improve these aspects of work at the CCC.

Finally, a four-year People and Culture Strategy has been developed, focusing on five workforce challenges. First and foremost is working together as one organisation: "1CCC".

With shared values, close collaboration and team work, and settled leadership, I expect the CCC will perform far in excess of the sum of its parts, for the benefit of our major stakeholder, the Queensland public.

Forbes Smith  
Chief Executive officer  
30 June 2016

# Performance snapshot

*Reducing the impact of major crime*

**\$10.01M**

forfeited to the state

**\$1.59M**

worth of drugs seized

**\$19.05M**

in assets restrained

**59**

major crime  
investigations finalised

**81**

people charged with  
655 offences

**334**

coercive hearing days held,  
including 55 days of  
intelligence hearings

## Reducing the incidence of serious corruption



hearing days held



people charged with  
104 criminal offences



corruption  
investigations finalised



recommendations for  
disciplinary action made

## An effective witness protection service

**44** people admitted to the witness protection program **100%** of witnesses kept safe



# Agency overview

## 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

The Crime and Corruption Commission (CCC) 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 major crime that poses the greatest threat to the Queensland community and matters that erode the integrity of its public institutions.

Our crime jurisdiction enables us to investigate major crime such as drug trafficking, fraud, money laundering and networked criminal paedophilia. Our corruption jurisdiction is broad and diverse, including state 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.

## Legislation

The *Crime and Corruption Act 2001* sets out our agency's primary functions, powers and governance structure. Other legislation that supports our functions 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*.

## Powers and specialist capabilities

### Investigative powers

The CCC's investigative powers 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 and covert investigative techniques.

Queensland police officers seconded to the CCC can arrest and charge people with offences. The CCC is not a court: it cannot determine guilt or discipline anyone.

In more complex investigations, the CCC prepares a brief of evidence for referral to the Office of the Director of Public Prosecutions (ODPP), who makes the final determination on whether or not a prosecution action will proceed.

### Coercive hearings

Coercive hearings are held to investigate major crime and allegations of serious corruption. The CCC can also respond quickly to incidents of terrorism by immediately conducting hearings.

### Proceeds of crime

The CCC administers the non-conviction based civil confiscation scheme contained within Chapter 2 of the *Criminal Proceeds Confiscation Act 2002* (CPCA). Under this scheme, property is liable to be restrained if it belongs to, or is under the effective control of, someone who is suspected of having engaged in serious criminal activity. Restrained property is liable to be forfeited to the state unless a person proves, on the balance of probabilities, that it was lawfully acquired.

The CCC also administers the serious drug offender confiscation order scheme contained within Chapter 2A of the CPCA. This is a conviction-based scheme dependent upon a person's conviction of a serious drug offence under the *Penalties and Sentences Act 1992*. Should this occur and a serious drug offence certificate be issued by the court, the State can apply for a serious drug offender confiscation order to forfeit the person's property to the State.

The CCC works in partnership with the QPS and the 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.

### Intelligence

Intelligence informs and guides the CCC's operational and strategic priorities and provides support and direction to the crime and corruption areas. Our intelligence function enhances law enforcement's understanding of the criminal environment in Queensland, increases the CCC's capability to respond to threats and opportunities posed by high-risk crime groups, and enables resource allocation based on assessed levels of threat and harm.

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

We regularly disseminate intelligence through confidential reports and briefings to law enforcement agencies and policy makers. When appropriate, public versions of our reports are published on the CCC website.

### Research

Under its statutory research function, the CCC conducts research to support the proper performance of its functions in areas such as crime, corruption, policing and the criminal justice system. Prior to the enactment of the *Crime and Corruption Amendment Act 2016*, the CCC's three-year research plan required ministerial approval, however as of May 2016 this was no longer the case.

### Prevention

The CCC has a statutory function to prevent crime and corruption.

On 5 May 2016, the CCC's corruption prevention function was reintroduced as a result of the amendments to the Crime and Corruption Act. Over the coming months the CCC will work to reintroduce prevention back into the Corruption function.



The CCC gathers and disseminates intelligence, conducts investigations, recovers illegal gains from criminal activity, and publishes research.



## Our stakeholders in Queensland

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



## Our people

As at 30 June 2016, the CCC had 342.2 full-time equivalent staff, including lawyers, investigators, financial and intelligence analysts, social scientists and support officers.

## Our finances

The CCC's revenue for 2015-16 was \$55.569M. Expenditure was \$54.452M, resulting in an operating surplus of \$1.117M.

Employee expenses form the major part of the CCC's expenditure, comprising 70.47 per cent of total expenditure or \$38.373M (\$37.829M in 2014-15). The CCC also engages specialist contractors including IT and legal professionals. In 2015-16 the CCC spent \$1.440M on contractor services.

In February 2016, the government agreed to allow the CCC to use retained earnings of up to \$426,000 to fund crime intelligence hearings.

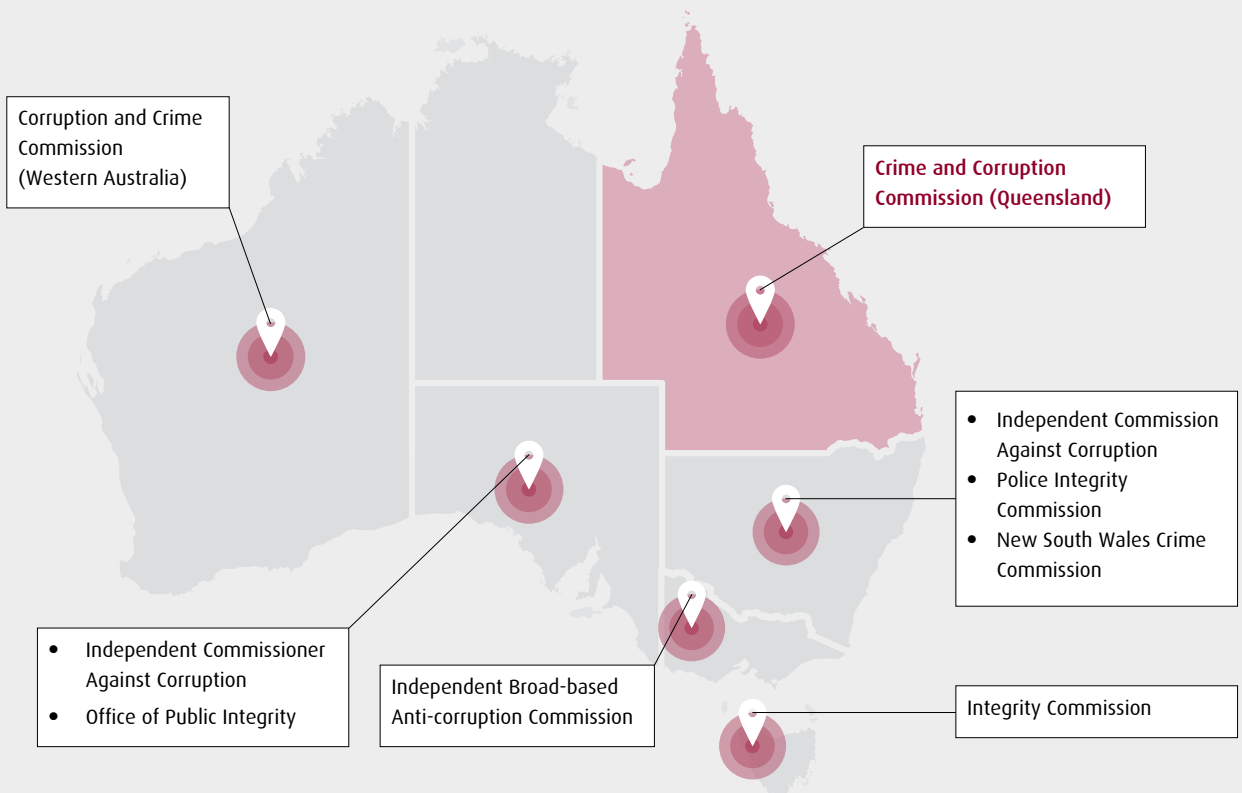
Following the Queensland Organised Crime Commission of Inquiry (Recommendation 4.14), the CCC's Forensic Computing Unit was allocated \$485,000 in 2015-16 and 2016-17 (and \$510,000 from CCC retained earnings) to facilitate upgraded equipment and the appointment of additional forensic computing analysts to identify evidential material and items of child exploitation during the execution of search warrants.

### 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.

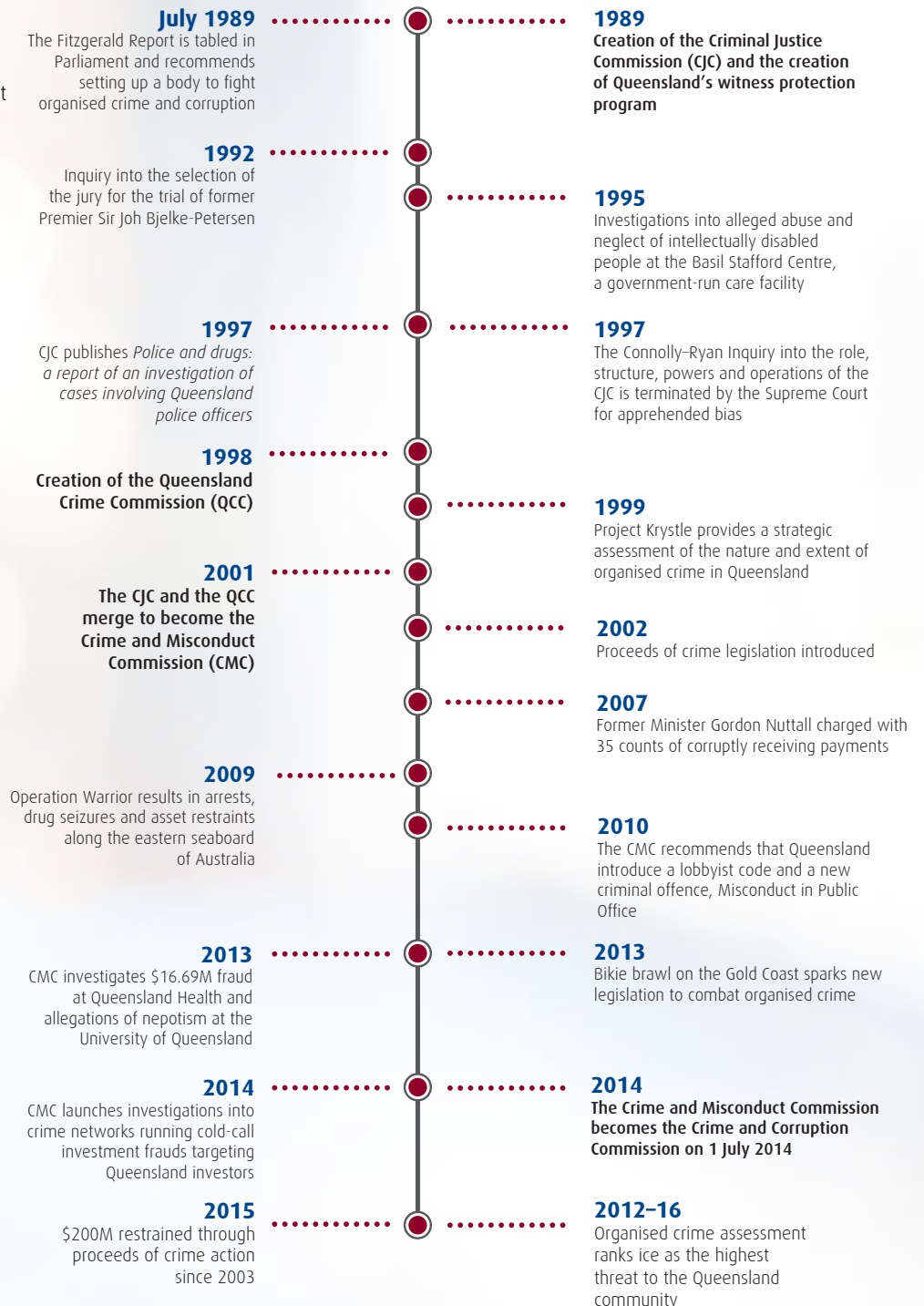
### Commonwealth agencies

- Australian Commission for Law Enforcement Integrity
- Australian Criminal Intelligence Commission



## Our history

The Fitzgerald Inquiry (1987–89) changed the policing and political landscape in Queensland. Since that time, the presence of an independent body dedicated to fighting organised crime and corruption has been a constant in Queensland public life.



## 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 Chairperson, 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 (PCCC).

The PCCC 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 Attorney-General and Minister for Justice.

*Read more about the PCCC, page 78.*



## Commission members as at 30 June 2016



### Mr Alan MacSporran QC Chairperson

#### Appointed on 1 September 2015

Mr MacSporran has a Bachelor of Laws from the University of Queensland. He was admitted as a Barrister-at-Law in 1978 and was later appointed Senior Counsel in 2005 and Queen's Counsel in 2013.

Prior to joining the CCC he practised as a barrister for 38 years, his career spanning periods as a Crown Prosecutor and working on coronial inquests and commissions of inquiry.

From 2004 to 2009 Mr MacSporran served as the part-time Parliamentary Crime and Misconduct Commissioner.



### Mr Sydney Williams QC Deputy Chairperson

#### Appointed on 1 November 2014

Mr Williams has Bachelor degrees in Commerce and Law from the University of Queensland. He was admitted to the Queensland Bar in September 1975 and as a barrister in Papua New Guinea later that year.

Mr Williams was appointed Queen's Counsel in 1986. Since then he has been in continuous practice as a barrister, focusing on insurance and personal injury litigation.



### Mr Marshall Irwin Ordinary Commissioner

#### Appointed on 1 March 2016 (acting 1 December 2015 – 29 February 2016)

Mr Irwin has a Bachelor of Laws from the University of Queensland and was admitted as a barrister in Queensland in 1976. His early career included 12 years as a senior prosecutor in Queensland and five years investigating crime and corruption, both with the Fitzgerald Inquiry and as the first General Counsel to the newly established CJC.

From 1998, he was also a board member for the National Crime Authority in Melbourne for a period of four years.

Between 2003 and 2008 he was Queensland's Chief Magistrate. Until his retirement in 2014, Mr Irwin presided over District Court proceedings throughout remote and regional Queensland.

## Performance scorecard

The following tables detail our performance against the objectives in the CCC 2014–18 Strategic Plan. It also includes outcomes against the service standards published in the State Budget Service Delivery Statements (SDS). The CCC's services are Crime fighting and prevention, Public sector integrity and Witness protection. For outcomes against SDS services since 2011–12 see the Appendix.

See <[www.ccc.qld.gov.au/strategicplan](http://www.ccc.qld.gov.au/strategicplan)> for the **2014–18 strategic plan**.

# Our work in 2015–16

## Objective: Reduce the impact of major crime in Queensland

See pages  
22–37

**Performance indicator:** Percentage of targeted major crime disrupted  
Confiscation costs as a percentage of forfeitures

SDS service standard	Target	Result	Status
Percentage of targeted criminal entities which are disrupted as a result of CCC crime investigations <sup>1</sup>	95	98	✓
Confiscation costs as a percentage of forfeitures	43	26 <sup>2</sup>	✓

Other measures	Target	Result	Status
Percentage of coercive hearings which add value to major crime investigations and intelligence operations	95	100	✓
Intelligence collection priorities endorsed by the Commission	Priorities endorsed	Priorities endorsed	✓
Net value of criminal proceeds restrained	\$18M	\$19,052M <sup>3</sup>	✓
Net value of assets forfeited	\$7M	\$10,009M <sup>4</sup>	✓
Completion of research report, <i>Assets of Queensland drug offenders</i>	Report completed	Report completed	✓
Completion of research paper, <i>Accessing electronically stored evidence of child exploitation material offences</i>	Paper completed	Paper completed	✓

1. In this service standard “disrupted” means an outcome resulting in a charge, restraint or seizure with respect to finalised operations.

2. Actual performance against the 2015–16 target reflects a higher number of forfeitures reaching finalisation through negotiated settlements.

3. Target exceeded due to a larger than expected number of restraining orders obtained in 2015–16.

4. Target exceeded due to a larger than expected number of high value matters finalised during 2015–16.

### Objective: Reduce the incidence of serious corruption in the public sector

See pages  
38–57

**Performance indicator:** Timely and effective investigations

SDS service standard	Target	Result	Status
Percentage of investigated matters finalised within 12 months	85	91	✓

Other measures	Target	Result	Status
Percentage of Corruption investigations resulting in significant outcomes	75	79	✓
Median days to finalise a review matter	15	13 <sup>1</sup>	✓
Number of Corruption assessment and monitoring activities resulting in significant outcomes	15	16	✓
Completion of research report, <i>Identifying corruption risks in Queensland</i>	Report completed	Report completed	✓
Completion of a research report examining police shooting at moving vehicles	Report completed	Target not met <sup>2</sup>	✗
Delivery of a research report on the review of <i>G20 (Safety and Security) Act 2013</i> to the Commissioner of Police	Report completed	Report completed	✓

1. In 2015–16, 138 review matters were finalised within a median time of 13 days.

2. Due to the limited data available for analysis, the CCC Research Committee approved the extension of this project until 31 December 2016.

## Objective: An effective witness protection service

See pages  
58-61

**Performance indicator:** Responsiveness of service provided

Note: The performance indicator "Cost of protection per Queenslander" did not take effect in 2015-16.

SDS service standard	Target	Result	Status
Median time to conduct initial witness protection assessment	44 hours	23 hours <sup>1</sup>	✓

Other measures	Target	Result	Status
Percentage of protected persons whose safety is maintained	100	100	✓
Percentage of protected persons who meet their court commitments	100	100	✓

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.

**02**

*crime*

This year the CCC focused its strategic intelligence, investigative powers and partnerships on the fight against ice, online child exploitation and cold-call investment fraud.

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# About our work in crime

As a specialist agency, the CCC’s focus is on investigating major crime most harmful to Queensland. Potential crime targets come to our attention in many ways:

- Strategic intelligence can identify people, networks or activities warranting investigation.
- The CCC may be asked to partner in major crime investigations undertaken by other law enforcement agencies, particularly the QPS.

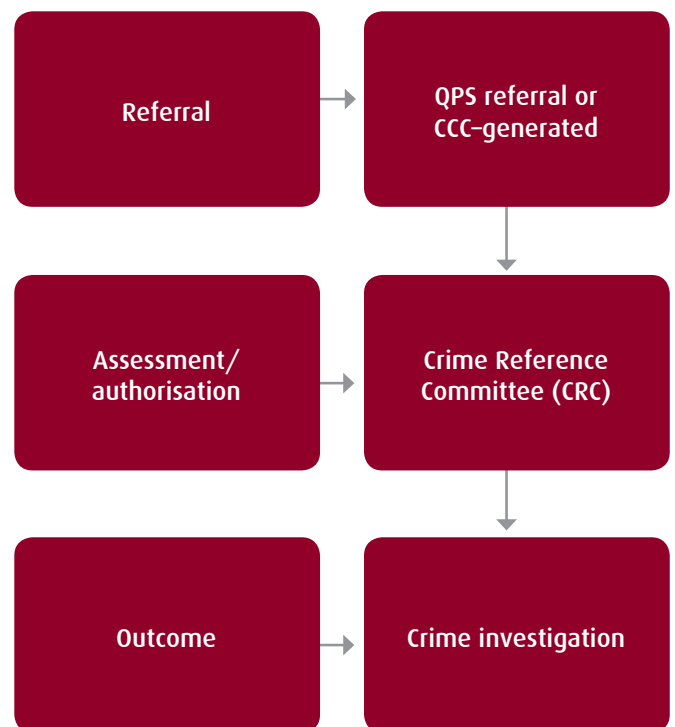
The CCC investigates major crime referred to it by the Crime Reference Committee (CRC), a statutory body established under the *Crime and Corruption Act 2001*. A system of general and specific referrals enables the CCC to investigate particular incidents of major crime without the need for a specific referral from the CRC. General referrals include:

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

The CRC also provides independent oversight of the CCC’s use of powers and crime operations as they progress.

CCC investigation teams include specialists in intelligence, forensic computing, law, forensic accounting, surveillance and technical disciplines. Investigations are often conducted in partnership with law enforcement agencies (predominantly the QPS).

**Figure 1.** How crime matters progress to a CCC investigation





# The crime environment in 2015–16

## The 2015–16 Queensland Organised Crime Assessment

Since 1999, the CCC has undertaken regular intelligence collection and strategic assessments of organised crime activity and illicit commodity markets in Queensland. We do this to identify current and emerging trends, or gaps in law enforcement knowledge of the criminal environment, enabling us to prioritise operational and strategic activity.

During 2015–16 our intelligence collection focused on:

- illicit drug markets in Queensland
- high-risk organised crime groups
- the impact of technology on organised crime
- current and emerging methodologies that enable organised crime.

## Characteristics of the criminal environment

Our strategic assessments have shown that Queensland organised crime groups are collaborating with each other to facilitate criminal activity, and are pooling skills and resources to maximise market presence and profits. In the last performance period we observed increased activity in regional centres by both Queensland and interstate-based organised crime groups. Queensland organised crime groups are also extensively using and seeking out new technologies to operate more securely, quickly and efficiently, exploiting opportunities in the e-commerce environment to avoid law enforcement attention, and continuing to engage both professional and blue-collar facilitators.

## Response to organised crime

This performance period saw the report handed down by the Queensland Organised Crime Commission of Inquiry in October 2015 and the report of the Taskforce on Organised Crime Legislation which was delivered in March 2016. Both reports contained recommendations that impact on our future priorities.

Consistent with these reports the CCC continues to monitor some outlaw motorcycle gangs (OMCGs). We also continue to increase our understanding of the organised crime groups and crime types impacting on Queensland — these include illicit drugs, cold-call investment frauds and criminal paedophilia.

## Outcomes and outputs 2015–16

Table 1. Crime investigation results

Outcome	Number
People charged	81
Charges laid	655
Drugs seized (estimated street value)	\$1.59M
Assets restrained <sup>1</sup>	\$2.074M

1. Assets restrained in 2015–16 were from one operation (Operation Amulet). For other Proceed of Crime figures (which include assets restrained from Crime investigations) see page 35.

### Outputs

- In 2015–16 the CCC produced 108 classified intelligence reports on major crime in Queensland, with the majority disseminated to a range of state, commonwealth, and international agencies. We also disseminated six strategic intelligence reports on emerging crime trends and issues to both law enforcement and government audiences. Additionally, 132 operational intelligence documents produced by the CCC were uploaded to national law enforcement intelligence databases.
- During 2015–16 our intelligence area provided significant input to the CCC's submissions to the Queensland Organised Crime Commission of Inquiry and the Taskforce on Organised Crime Legislation.
- The CCC published two crime research reports (see pages 33 and 35).

# Key focus areas

*2015-16*

# Illicit drug markets

The sale and distribution of illicit drugs remains the most pervasive form of organised crime in Queensland. Though difficult to quantify, its high cost to the state is clear in the toll it takes on individuals, families and communities, the impost on the state health system and related services, and the increasing pressures on law enforcement.

Of these drugs, the CCC focuses on those that are most dangerous to the community, either through their harmful effect on individuals or the presence of organised crime associated with them. While this year's case studies are focused on two principal commodities — ice and cocaine — they also show that crime networks engage in trafficking multiple commodities at any one time, and that action taken to disrupt a drug-trafficking network can also uncover other serious illegal activity.

## Illicit drug markets report warns Queenslanders about organised crime

In June 2016 the CCC published a report titled *Illicit drug markets in Queensland: 2015-16 intelligence assessment* to alert the community to the changing dynamics within Queensland drug markets.

The demand for illicit drugs and the potential profits from supplying them has made Queensland an attractive market for interstate and international crime groups. Since 2012, there has been greater targeting of regional areas such as Toowoomba, Mackay, Rockhampton, Gladstone, Townsville and Cairns, especially by interstate groups.

As part of our crime prevention function, following publication of the report, the Executive Director, Crime undertook media interviews to help raise awareness about the risks associated with illicit drug use and the role of organised crime in producing and supplying many of the dangerous drugs in Queensland. The message was targeted especially at people who use drugs on a social or occasional basis because intelligence indicates drugs have varying purities and are often cut with substances that are very harmful.

**Table 2.** Comparative assessment of the principal illicit drug markets in Queensland and the presence of organised crime in that market

Drug	Threat <sup>1</sup>	Organised Crime Presence
Crystal methylamphetamine (ice)	<b>Very High</b> Very high with an increasing market trend	Significant
MDMA (ecstasy)	<b>High</b> High with an increasing market trend	Significant
Cannabis	<b>High</b> High with a stable market trend	Significant
Heroin	<b>High</b> High with a stable market trend	Significant
Cocaine	<b>High</b> High with a stable market trend	Significant
New and emerging psychoactive substances (synthetic cannabis)	<b>Medium</b> Medium with a stable market trend	Limited
Illicit pharmaceuticals	<b>Medium</b> Medium with a stable market trend	Limited
Performance and image enhancing drugs (steroids)	<b>Medium</b> Medium with an increasing market trend	Limited - increasing

1. **Threat** relates to the likelihood that a person or group will successfully undertake an activity that may cause harm. The likelihood of this success is dependent on their intent and capability.

## Methylamphetamine

Methylamphetamine is a harmful synthetic substance that is part of a larger group of amphetamine-type stimulants (ATS). In Queensland methylamphetamine is available in powder, capsule, pill, crystal (ice), paste or liquid forms. Since 2012 there has been a shift in the form of methylamphetamine, with increased supply and demand for high-purity ice rather than powder, and an increase in imported drugs compared with locally produced crystal methylamphetamine. As drug importation does not fall within the CCC's (state-based) jurisdiction, the CCC focuses its efforts on local production and cross-border and intrastate traffickers.

In the CCC's view, methylamphetamine continues to be the illicit drug market that poses the highest level of risk, due to the high level of organised crime involvement and the significant harms the drug causes to individual users and the community.

Methylamphetamine has been linked to extreme weight loss, mood disturbances (including psychosis), insomnia, violence and deaths. The number of deaths, overdoses, and drug-related episodes associated with methylamphetamine continues to grow. The purity of methylamphetamine has increased significantly since 2012, which creates greater risk for the user and increases the likelihood of addiction. Health services, particularly hospital emergency departments, are seeing an increasing number of ice-related presentations. Several hospitals throughout Queensland have introduced new policies and procedures to help reduce the number of assaults on staff by people under the influence of ice.

The very high threat posed by the drug has made it a focus of the CCC's investigations since 2012.

The CCC recognises that the ice problem needs to be attacked on multiple fronts and in partnership with other agencies. For that reason, it conducts investigations, takes proceeds of crime action, and assists QPS with cross-jurisdictional matters, as shown below.

### Operations

This year **Operations Gloss and Amulet** were finalised and resulted in 136 and 94 charges respectively, relating to trafficking, production and supply of dangerous drugs.

Operation Gloss dismantled an interstate network alleged to be producing and trafficking ice in New South Wales and on the Gold Coast. It commenced in September 2013 and focused on the syndicate's Queensland-based activities. Since January 2016, seven offenders from Queensland and New South Wales have been arrested and charged with serious drug offences including trafficking, production and supply of dangerous drugs. The operation has also resulted in laboratories being seized in both states as well

as significant drugs seizures in both Queensland and New South Wales including cocaine, ice and precursor chemicals with a street value in excess of \$3.9 million.\*

As a result of **Operation Amulet**, the CCC and QPS have seized more than one million dollars in cash, three automatic weapons, five hand guns, a quantity of drugs and mobile phones. Operation Amulet targeted a criminal syndicate allegedly trafficking ice, cocaine, MDMA and other drugs throughout the Gold Coast region and South East Queensland over an extended period of time. Its main target was allegedly a patched member of the Hells Angels OMCG. He faces 31 charges including the serious drug offence of trafficking which carries a maximum penalty of 25 years imprisonment. The CCC has also launched proceeds of crime action against its main target with the Supreme Court granting restraining orders over property valued in excess of \$2.074M. As at 30 June the action is ongoing.

Under CCC **Operation Vanguard**, the CCC provides hearings and investigative support to matters where someone with the experience to manufacture ice is identified by the QPS. Since the commencement of this operation on 25 August 2015, there have been three such referrals. This is likely to reflect the increased availability of low-cost high-purity imported ice in Queensland.

### Alleged million-dollar fraud uncovered through ice-trafficking investigation

**Operation Juliet Wave** was an investigation of a network trafficking ice and other drugs between Sydney and Brisbane. To date, 66 people have been charged with 472 offences, including 16 individuals with the serious offence of drug trafficking. (For more information on Operation Juliet Wave see: <http://www.ccc.qld.gov.au/crime/results/case-studies/operation-juliet-wave>)

In addition to charging 16 people with serious drug offences, a joint CCC and QPS investigation led to a former member of the Bandidos OMCG Centro Chapter facing one count of fraud for allegedly dishonestly obtaining a \$1M loan from a financial institution for the purpose of funding the construction of townhouses and refinancing another mortgage. Following an extensive investigation by the CCC's financial and organised crime investigators and the QPS, it will be alleged that pre-sale contracts for the townhouses were fraudulently completed and that other records submitted to support the loan application including financial documents were also fraudulent. The matter is now progressing through the courts.

\* All drugs in relation to Operation Gloss were seized in the previous reporting period (2014-15).

**Table 3.** At a glance – statistics from ice operations

	Operation Gloss		Operation Amulet		Operation Juliet Wave		Total
	Previously <sup>1</sup>	2015–16	Previously <sup>1</sup>	2015–16	Previously <sup>1</sup>	2015–16	
No. of people charged	5	7	2	9	63	3	89
No. of charges	36	136	2	94	468	4	740
Drugs seized – estimated street value	\$3.943M	\$0	\$0.084M	\$0.158M	\$2.901M	\$0	\$7.085M
Other significant seizures (weapons, cash, labs)	.22 rifle 2 drug labs 1 operating drug lab	–	–	4 x motor vehicles \$1.067M cash 2 automatic firearms Submachine gun 3 semi-automatic pistols 2 revolvers Gold and jewellery including a \$20K Rolex watch	.22 handgun Motor vehicle Jetski \$0.303M cash	–	7 x firearms (including automatic weapons) 3 x drug labs \$1.37M cash Gold and jewellery including a \$20K Rolex watch Jetski
Proceeds of crime action	\$0	\$0	\$0	\$2.074M	\$1.791M	\$0	\$3.865M
No. of hearings days	–	–	–	12	12	3	27
No. of witnesses attending hearings	–	–	–	13	13	3	29

1. Prior to 2015–16.

## Cocaine

The cocaine market in Queensland has grown slightly over the past three years but remains smaller than other traditional illicit drug markets. None the less, there has been an increasing trend in the number of detections of cocaine in Queensland and an increase in the number of users reporting that cocaine is “easy” to access.

The number of people using cocaine has increased in some areas of Queensland, particularly on the Gold Coast, however, it continues to be used mainly within higher socio-economic groups and as a “special occasion” drug. In the past three years, the Gold Coast policing district accounted for the largest number of cocaine seizures in Queensland.

This lucrative market is likely to continue to attract organised crime groups attempting to establish a greater foothold in Queensland, particularly in the south-east.

### Closing down a cocaine trafficking syndicate: Operation Quaker

In March 2016 the CCC closed a 24-month organised crime investigation that dismantled a cocaine-trafficking syndicate. **Operation Quaker** targeted a syndicate that was allegedly transporting significant quantities of cocaine from Sydney to the Gold Coast, from where it was distributed throughout south-east Queensland.

In total, 36 persons were charged in Queensland and New South Wales with over 300 offences, including the offence of trafficking. The operation also seized drugs with an estimated street value of \$1.49M. This included 1.1 kg of cocaine found during a vehicle intercept in northern New South Wales in December 2014. It is alleged these drugs were destined for Queensland.

# Cold-call investment fraud

Cold-call investment fraud, also known as “boiler room” fraud, is a type of organised crime in which a group of criminals set up complex business structures which appear legitimate in order to defraud people by getting them to invest in business opportunities and companies.

The investment opportunity is fraudulent and there is no possibility that it will ever deliver the promised results. The frauds involve a person receiving an unsolicited contact, usually a telephone call or email out of the blue (a cold call), connecting them with a salesperson. The salesperson uses various techniques designed to induce the person to invest in what is claimed to be a highly profitable money-making venture. Once the criminal group has obtained money from a number of investors, they shut down the particular company, with the investor usually losing all the money they handed over.

Cold-call investment fraud is a complex crime type involving criminal, consumer and corporate law, making it difficult to pursue and prosecute. Law enforcement agencies, financial regulators and other bodies have all worked both independently and collaboratively across Australia to tackle the problem.

The operations described in the following case studies led to 11 separate boiler rooms being identified and closed.

## Operation Lima Violin II

**Operation Lima Violin II** was a major 20-month investigation that focused on serious cold-call investment fraud on the Gold Coast, and resulted in 15 people being charged with a range of offences including fraud and money laundering.

It was conducted by a joint CCC–QPS taskforce, a multi-disciplinary team that included detectives, lawyers, financial investigators, intelligence officers and forensic computing specialists.

The CCC–QPS taskforce focused on those people who facilitated the frauds. Some of those facing charges were directors or senior employees of a private investigation firm and it will be alleged that they were involved in perpetrating frauds against members of the community via a number of different companies and schemes over an extended period of time.

Given that the offences occurred some years before the establishment of the taskforce, there was a substantial amount of financial analysis required during this investigation.

The frauds have had an enormous impact on many of the victims, who suffered substantial financial losses. The investigation demonstrated that joint law enforcement agency investigations — in particular, between the CCC, QPS, Australian Taxation Office and other national law enforcement agencies — are most successful against crimes such as these.

## Operation Unwind

The CCC commenced **Operation Unwind** in March 2015 to investigate an alleged crime syndicate known as the Irish Boys, a Gold Coast-based syndicate suspected of operating cold-call investment frauds.

It is alleged that the syndicate was selling bogus computer software and managed investment schemes throughout Australia that were incapable of producing the high yields promised by the syndicate and had been designed to defraud victims of their savings.

A taskforce was established with the QPS to conduct the investigation. In August 2015 the taskforce shut down two active boiler rooms and charged six people with aggravated fraud offences. It is alleged that approximately 390 victims across Australia were defrauded of approximately \$7M. It will be alleged that a range of misleading and dishonest techniques were used to deceive members of the public, including:

- the use of false names by all sales and support staff
- the use of virtual offices to deflect any face-to-face engagement and to provide a veneer of legitimacy to the operation
- use of long-standing companies to provide an impression of an established company with no complaints history
- false representations to customers about limited availability of the products
- only providing customers with licensed documentation containing a fine-print warning of the high risk nature of the investments after the deal had been closed and the money paid over.

To date Operation Unwind has resulted in 12 people being charged with 19 offences including fraud.

## Operation Sterling: Intelligence-gathering to combat cold-call investment fraud

The CCC and the QPS commenced Operation Sterling to gather intelligence on the activities of 11 cold-call investment fraud operations and criminal organisations that have operated on the Gold Coast, in Brisbane and overseas.

Intelligence hearings revealed that some of the 11 networks examined have been active in Australia from 1994 to the present day. It is estimated that more than 113 separate fraudulent schemes have been conducted in Queensland by these syndicates over this time — not including schemes controlled by these syndicates and located offshore.

The total loss to victims from these 11 networks is conservatively valued at \$175.715 million. Eight of the 11 syndicates were identified as having significant overseas connections (as shown in Figure 2). These included:

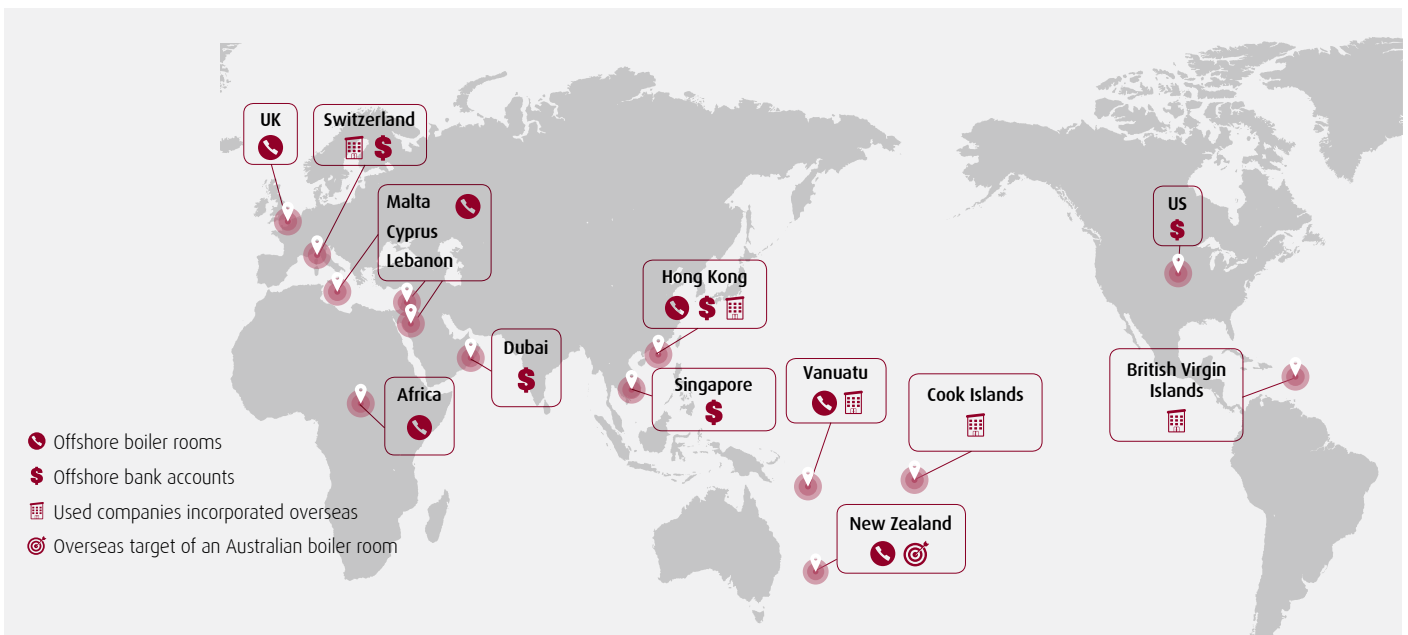
- having offshore boiler rooms targeting various countries including Australia
- using companies incorporated overseas
- having offshore bank accounts and facilitators through whom it is suspected that the laundering of cold-call investment fraud profits occurs
- targeting another country from an Australian boiler room.

Operation Sterling showed that there are well established links between cold-call investment fraud operations and traditional organised crime. It is believed that some cold-call operations are controlled by criminal entities linked to OMCGs and other established organised crime syndicates.

Five of the 11 syndicates have been identified as having direct links with established Australian organised crime identities or OMCGs involved with the importation and distribution of illicit drugs. Money obtained through cold-call investment fraud was also identified as being used to fund loan-sharking and other organised crime activities.

Operation Sterling also included a major research component that analysed the various phases of the fraudulent schemes (preparation, operation, close down and re-emergence) and, by doing so, identified crime prevention opportunities. Following Operation Sterling, the CCC has been developing a public awareness campaign to alert Australians to the risk posed by cold-call investment fraud, which will be launched in the next reporting period (2016–17).

**Figure 2.** Overseas connections of Queensland cold-call investment fraud found by **Operation Sterling**



# Paedophilia and child exploitation

The CCC targets criminals who engage in the online distribution and sharing of child exploitation material (CEM) because they are responsible for creating a market for images and movies that depict very serious offending against children. Moreover, experience suggests that a proportion of the people engaged in this activity are also physically offending against children.

CEM describes or depicts a child or young person (under 16) in a sexual context, including for example, engaging in a sexual activity; or in an offensive or demeaning context; or being subjected to abuse, cruelty or torture. In Queensland, it is an offence to make, distribute, possess or involve a child in making CEM.

Every child depicted in CEM, whether living in Australia or overseas, is a victim of crime. The CCC works with law enforcement in Australia and overseas to identify and prosecute these criminals.

## Maximising efficiency through law enforcement partnerships

The CCC has a team of experienced investigators, forensic computing experts and intelligence analysts who specifically target offenders active in committing child sex offences in the online peer-to-peer (paedophile to paedophile) environment.

The CCC works closely with the QPS to target criminal paedophilia. To progress its own investigations and those of the QPS, the CCC can use its coercive hearings powers to identify passwords to encrypted material (see textbox *Accessing electronically stored evidence of CEM offences* on the following page) or identify children depicted in CEM produced in Queensland. The CCC liaises with members of the QPS Child Protection Investigation Units (CPIUs), particularly when carrying out investigations into suspects located in regional Queensland.

## Recommendations of the Queensland Organised Crime Commission of Inquiry

In October 2015, the Queensland Organised Crime Commission of Inquiry recommended that:

*The Queensland Police Service and the Crime and Corruption Commission be properly resourced to undertake a “blitz” and tackle to a greater degree known Queensland-based offenders sharing child exploitation material on peer-to-peer platforms. (Recommendation 4.14)*

The CCC subsequently received \$485,000 over 2015–16 and 2016–17 to enable it to tackle child exploitation by recruiting additional forensic computing specialists into the CCC to work on these investigations.

This funding, along with retained earnings up to \$510,000, will also be used for capital equipment acquisitions and upgrades.

## Investigations

Search warrants have been executed by the CCC and the QPS in Brisbane, Rockhampton, Cairns, Bundaberg, Longreach, Ningi and Airlie Beach. Seventeen people were charged with 252 offences relating to possessing, accessing, producing and or making available CEM; two people were charged with rape and one person was charged with indecent dealing with a child under 16. Those charged have included a recidivist child sex offender with three prior convictions for similar crimes.

Further charges for contact offences are expected to be preferred in three other Australian jurisdictions in relation to these investigations.

Fifteen Queensland children have been identified in a harmful environment to date.

The CCC used its coercive hearings powers on two occasions to obtain passwords for encrypted devices and to identify children appearing in child exploitation images.



### **Ipswich man sentenced to four years imprisonment for child exploitation offences**

In March 2016, an Ipswich man was sentenced to four years imprisonment, with a non-parole period of one year and nine months, after pleading guilty to six counts of accessing and possessing CEM, and to the serious criminal offence of aggravated networking, a charge that relates to conduct that involves offending on three or more occasions and involves two or more users online.

In September 2014, the CCC executed a search warrant at the offender's address after identifying that the man was using computer software to access and share CEM. The CCC seized numerous computer and storage devices, and discovered over 4000 image and movie files that were categorised as CEM.

### **Bundaberg man charged with multiple child exploitation and indecent treatment offences**

In May 2016, a Bundaberg man was charged with multiple child exploitation offences and indecent treatment of a child following a joint CCC-QPS investigation. He was initially identified by the CCC during an ongoing investigation that was focused on individuals accessing and distributing CEM online using peer-to-peer software.

It will be alleged that a search of the man's home located computer and electronic storage devices, on which were found a large amount of CEM including image and video files. Upon further analysis of the material seized, he was also charged with indecent treatment of a child under the age of 16.

The man was charged by the CCC with possession of child exploitation material, use of a carriage service to access child pornography material, and use of a carriage service to make available child pornography material.

He has been remanded in custody and charged with an additional 29 offences. The matter is currently before the courts.

### **Rockhampton man charged with child exploitation offences, rape and indecent dealing**

In May 2016, a Rockhampton man was charged with child exploitation offences after he was identified during an ongoing CCC investigation focused on individuals accessing and distributing CEM online. The CCC was assisted by a member of the QPS Rockhampton CPIU. After forensic analysis of the computer equipment seized in May by the CCC and further investigations by the Rockhampton CPIU, on 29 June 2016 the man was charged with additional offences including indecent treatment of a child under 16 being the guardian, rape and making child exploitation material. These matters are now before the court.

### **Accessing electronically stored evidence of CEM offences**

There is growing international concern that technological advancement is facilitating the online exploitation of children. It is common for CEM to be stored electronically, with offenders becoming increasingly skilled in data encryption and secure data storage to conceal evidence of their involvement in offences. Encryption and other security measures make it difficult for law enforcement to access evidence of suspected CEM on an electronic storage device without information such as login details and passwords. If police cannot access this information, evidence of these offences remains concealed and may be destroyed. Further, police are unable to identify, locate and remove from harm the children involved in the CEM. Being able to access protected storage devices suspected of containing electronic evidence of CEM is therefore critical to efforts to tackle child exploitation.

In October 2015, the CCC published a research paper examining certain legislative limitations to police accessing protected data, and how these may impact on investigation of CEM offences. The paper, entitled *Accessing electronically stored evidence of child exploitation material offences: An examination of the legislative limitations of section 154 of the Police Powers and Responsibilities Act 2000*, is available on the CCC website at <[www.ccc.qld.gov.au/](http://www.ccc.qld.gov.au/)>.

### **The value of forensic computing**

Additional funding has allowed the CCC to increase the number of investigations undertaken and to ensure that a forensic computing expert is present for the execution of all search warrants in relations to these matters.

Since November 2015 the CCC's Forensic Computing Unit has examined 302 devices totalling 79TB of data examined at the scene of search warrants for 13 operations. 124 of the 302 devices (totalling 58.3TB of data) were excluded at the scene and no further work was required. 174 devices totalling 20.5TB of data were seized for further examinations. Some 54 per cent of suspects employed anti-forensic techniques such as encryption and data cleansing, all of which required Forensic Computing Unit to locate and identify CEM.

By identifying CEM material at the scene, CCC investigators are able immediately to show suspects the material they have located. Suspects will often confess to possessing CEM when confronted with the material. This has resulted in efficiencies in brief preparation and subsequent court processes, and freed investigators to conduct more investigations.

**Table 4.** At a glance – statistics from paedophilia investigations

Paedophilia investigations		
	Previously <sup>1</sup>	2015–16
No. of investigations commenced	10	17
No. of people charged	11	17
No. of charges	151	252
No. of contact offences charged	3	40
No. of children identified in or removed from a harmful environment	1	15
No. of hearings days	1	2
No. of witnesses attending hearings	1	2

1. Prior to 2015–16.

**Update on the review of the *Child Protection (Offender Prohibition Order) Act 2008***

On 19 December 2014, the CCC tabled its review of the operation of the *Child Protection (Offender Prohibition Order) Act 2008* (the CPOPO Act). 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.

In December 2015, the Government tabled its response, in which it supported all of the CCC’s recommendations (four in principle), including that of combining the CPOPO Act and the *Child Protection (Offender Reporting) Act 2004*. The Government will now progress implementation of the recommendations.

# Proceeds of crime

In 2015–16, 119 referrals were made to the CCC for proceeds of crime recovery. QPS referrals made up 66 per cent of the total number of referrals received. The balance came from the ODPP or Commonwealth law enforcement agencies, or arose out of CCC investigations.

During this financial year, the CCC:

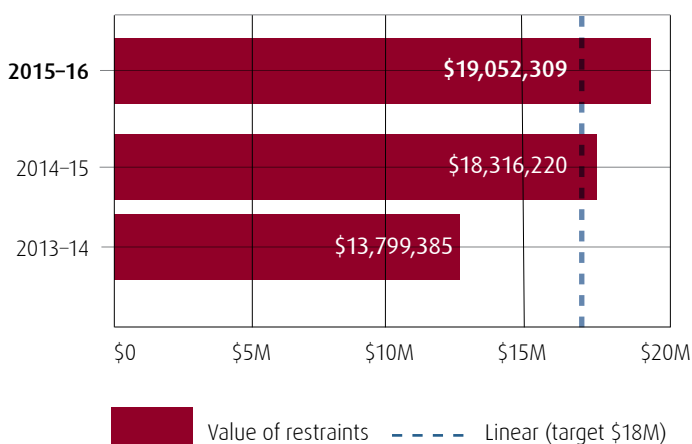
- obtained 73 restraining orders over property valued at \$19.052M against an annual target of \$18M
- secured the forfeiture of assets to the value of \$10.010M, exceeding the annual target of \$7M
- finalised 42 civil confiscation matters.

We also obtained 4 proceeds assessment orders valued at \$0.443M. During the financial year 12 applications for unexplained wealth orders were filed totalling \$3.524M and 3 unexplained wealth orders totalling \$0.210M were granted.

As at 30 June 2016, a total of 28 restraining orders valued at \$6.369M had been granted under this scheme. At the time of writing this report, one application for a serious drug offender confiscation order was before the courts.

Since the CPCA came into effect in 2003, the CCC has restrained assets to the value of \$214.102M and secured the forfeiture of \$81.558M.

**Figure 3.** Value of restraints (million) - Target vs actual



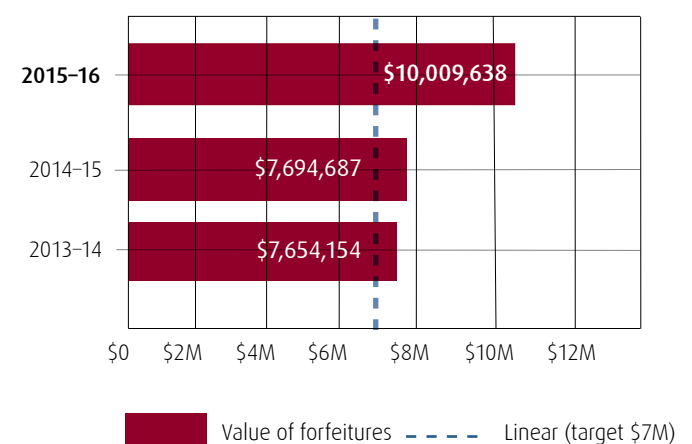
## Proceeds of crime data informs law enforcement about drug offenders' assets

The CCC analysed its proceeds of crime data to determine whether there are any differences in asset ownership between different kinds of drug offenders (e.g. depending on drug type or the offender's position in the supply chain) and whether there have been any changes in drug offenders' assets over time. The findings of this research may be used to inform processes for targeting and prioritising law enforcement investigations and inform decision-making about which drug offenders should be referred for proceeds of crime action.

The report, titled *Assets of Queensland drug offenders: An analysis of Crime and Corruption Commission proceeds of crime data, 2009–14*, was published in September 2015, and is available on the CCC website.



**Figure 4.** Value of forfeitures (million) - Target vs actual



# Coercive hearings

This year the CCC held a total of 334 crime-related hearings days across the state, from Southport to Cairns. These included hearings that concerned:

- 28 organised crime investigations involving, among other things, drug trafficking, weapons trafficking, fraud and money laundering
- 13 homicide investigations (as specific referrals of major crime)
- 6 investigations under the Vulnerable Victims general referral involving 3 homicides, a grievous bodily harm and torture (see textbox on page 37)
- 2 investigations involving criminal paedophilia.

## Outcomes from hearings

Examples of significant law enforcement outcomes during the reporting period to which coercive hearings contributed are as follows:

- Hearings held in October and November 2015 led to the arrest of three members of a Gold Coast-based syndicate involved in skimming over a million dollars in cash from automatic teller machines and forwarding the proceeds overseas, primarily to Bulgaria. A total of six people have been charged.
- Hearings held in late January and early February 2016 led to the arrest of 15 people on 54 charges under the *Drugs Misuse Act 1986*, including trafficking, production and possession of synthetic cannabis. This included the arrest and extradition from Victoria to Queensland of the proprietor of a chain of adult stores in Queensland through which the drugs were allegedly distributed.
- Hearings conducted in Townsville in September 2015, arising out of an investigation into a Townsville-based drug trafficking network, led to the seizure of 52 pounds of cannabis (with a street value of approximately \$215,000) and \$30,000 in cash. A number of people were charged with trafficking and related offences.

- In July 2015 a two-week trial concluded in the Cairns Supreme Court with the murder convictions of a husband and wife. The pair had been charged with the shooting murder of a gold prospector on their remote cattle property at Palmerville Station in Cape York in July 2012. The body of the prospector has never been found. In October 2012 the CCC conducted an extensive hearings program in the matter. Responding rapidly to a QPS request for hearings, the CCC held hearings simultaneously in Cairns and Brisbane to which nine witnesses were called.
- In February 2016, two men were charged with the drug-related murder of a man and woman in Rockhampton in 2013. The arrests were the culmination of 55 days of intelligence hearings involving 75 witnesses, held primarily in Central Queensland.
- In March 2016, an urgent hearing was held into the fatal shooting of a man at Booval during the course of a suspected drug-related "home invasion" in order to recover a semi-automatic weapon used in the shooting. The investigation resulted in charges against three people who it was alleged were associated with the deceased and identified the location of the semi-automatic firearm. The matter will be referred to the coroner.

**Table 5.** Crime hearings (including intelligence hearings)

Description	Number
Notices to attend hearing	552
Notices to produce	238
Search warrants	146
Notices to discover information	n/a
Hearing days	334
Witnesses attending	403

## Hearings into crimes against vulnerable victims

The CCC investigates and holds coercive hearings in relation to QPS investigations into violent crimes involving “vulnerable victims” – children under 16, elderly people aged over 70, and those in a position of particular vulnerability because of a physical disability or mental impairment. Under a general referral (see page 24) which has been in place since 2013, the CCC can fast-track assistance to the QPS in cases of suspected homicide, manslaughter and grievous bodily harm.

According to QPS statistics, 20 per cent of 55 suspected homicides reported to police in the 2015–16 financial year involved vulnerable victims. Investigations into these crimes often prove particularly complex and challenging when using only conventional law enforcement powers. Suspected homicides and other violent crimes involving vulnerable victims are more likely to occur at a private location, such as within a household. For that reason, there is often limited scope for eyewitness accounts, with investigations frequently involving a small group of suspects who often know or are related to each other and are consequently reluctant to assist police with their inquiries.

This year significant outcomes were achieved in charges and prosecutions arising from crimes against vulnerable victims.

- In August 2015, following a CCC hearings program, a woman and her former partner were charged with the murder and torture of her four-year-old son at the Gold Coast in 2009. The man was charged in 2009 but the charges had been withdrawn. Eight witnesses gave evidence in hearings which were held from mid-June to early July.
- In November 2015 a husband and wife were charged with grievous bodily harm and torture of a two-week-old infant after hearings on the Gold Coast and in Brisbane.
- In November 2015, a woman who pleaded guilty in the Supreme Court to manslaughter of her newborn child was sentenced to five years in prison, suspended after three years. Her husband, who pleaded guilty to being an accessory to the crime, was sentenced to three years jail suspended after nine months.

## Case study

The CCC assisted the QPS in an investigation into the grievous bodily harm of an 11-week-old child under the vulnerable victims general referral in December 2014.

The child had suffered serious head injuries, which have rendered him permanently disabled, unable to communicate, walk, talk or eat independently. The child was at home with both of his parents and his two year-old sibling at the time of the injury. It was not known who was responsible for the injuries to the child, and the family declined to assist police with their inquiries.

Hearings conducted established that the father of the child was responsible for the causing the injuries to the baby. The father pleaded guilty in the District Court to one count of grievous bodily harm and was sentenced to five years imprisonment, to serve a minimum of 20 months. Both children are now in permanent care.

“The CCC’s Vulnerable Victims general referral is an invaluable asset in the investigation and resolution of incidents of child homicide and serious trauma. The referral enables the QPS to seamlessly engage the CCC, and access its coercive hearings power, at early phases of the investigative process when time is critical. Since the referral came into being in 2013, CCC coercive hearings held pursuant to it have been effective in progressing a number of investigations by, for example, identifying the perpetrator/s and the mechanism by which the death or serious injuries occurred, enabling persons to be charged and the investigations to be finalised.”

Operations Leader, Child Trauma and Sexual Crime Unit, QPS.

## Looking forward

Building on the work undertaken this year, in 2016–17 we will use our investigations, intelligence and research, proceeds of crime and hearings capabilities to:



Target the criminal networks and illicit commodity markets that pose the highest threat to Queenslanders



Increase our focus on criminal paedophilia investigations in the online environment



Continue to investigate, and develop strategies to combat, cold-call investment frauds.

# 03

*corruption*

This year our work with the public sector focused on misuse of confidential information, excessive use of force against members of the public by police officers, and probity in the local government sector.

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# About our work in corruption

The major components of the CCC’s corruption function, and its oversight of the public sector, are:

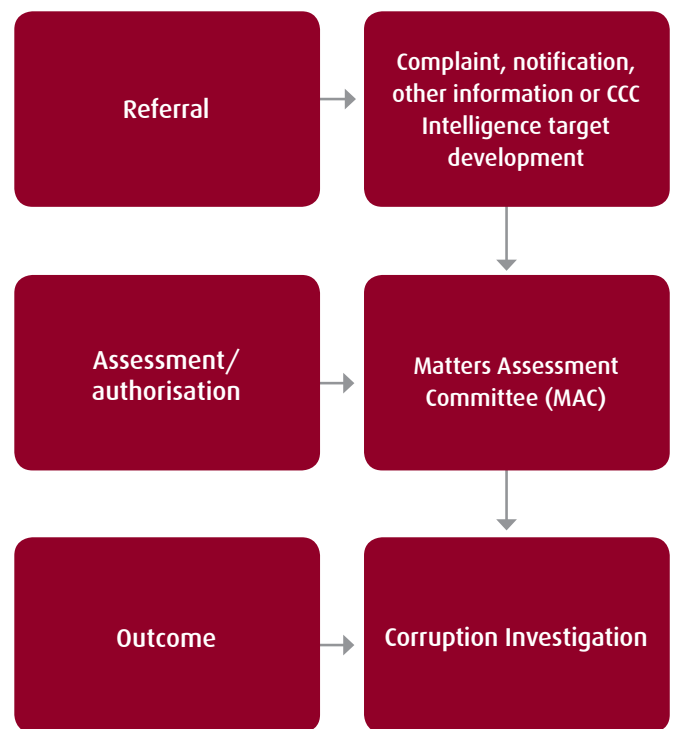
- receiving and assessing allegations of corruption
- monitoring, through reviews and audits, how agencies manage allegations
- building the capacity of agencies to prevent and deal with corruption (capacity-building) and
- conducting investigations.

This year our work with the public sector focused on misuse of confidential information in agencies and councils, excessive use of force by police officers against members of the public, and probity and transparency in the local government sector, particularly in the lead-up to elections in March 2016.

On 5 May 2016, the *Crime and Corruption Amendment Act 2016* came into force, removing the requirement for complaints about corrupt conduct to be made by statutory declaration.

The definition of “corrupt conduct” is currently under review by the government, with a view to widening the definition to ensure the CCC has the appropriate jurisdiction to address public sector corruption. Public submissions on the issue closed on 29 March 2016.

Figure 5. How corruption matters progress to a CCC investigation





# Complaints received and assessed

Complaints and allegations are the principal starting point for most CCC investigations, but they can also be a significant indicator of emerging corruption issues across the public sector. Allegations of corruption can be made directly to the CCC by members of the public or referred to us by agencies. Information is also obtained through routine audits by the CCC, Crime Stoppers, and by referral from legal proceedings, the Coroner or a public inquiry.

In 2015–16, the CCC received 2674 complaints, involving 6736 separate allegations of corruption (one complaint may consist of a number of allegations). Of these complaints, 64 per cent related to police, and 36 per cent related to public sector agencies (including local government). Overall, complaints increased by 12 per cent compared with last year. This increase may be attributed to factors such as increased media attention on the excessive use of force by police and the local government elections.

**Table 6.** Complaints received 2013–16

Year	No. of complaints	No. of allegations
2015–16	2674	6736
2014–15	2347	5326
2013–14	3881	8688

## Assessment of allegations: by category and priority

The CCC assesses a complaint under a categorisation and prioritisation model designed to identify allegations of serious and/or systemic corruption.

Only complaints categorised as High (suspected serious and/or systemic corruption) will be investigated by the CCC. These include matters that:

- could be considered important to the Queensland community (for example, because of the status of the subject officer or the high value of an alleged fraud)
- require an immediate response from the CCC (for example, to secure at-risk evidence or attend the scene of the death or serious injury of a person in police custody)
- are considered to be high-impact and high-priority for the public sector, as the concerns go to central issues of management of the government or a particular agency, or
- have been identified by the CCC as involving serious and/or systemic corrupt conduct (for example, criminal offences against the executive and legislative power, involving corruption and abuse of office and relating to the administration of justice, or conduct of a police officer relating to certain offences under the *Drugs Misuse Act 1986*).

All matters categorised as High are then assessed to determine the best course of action to take. We will consider whether the material supports the High categorisation, whether the matter is one which we have power to investigate (is within jurisdiction), and whether there is sufficient evidence to warrant an investigation.

The following examples are assessments undertaken by the CCC, after which a decision was made not to conduct an investigation.

### Royalties for the Regions program

In December 2015, the Honourable Curtis Pitt MP asked the CCC to consider the QAO's report titled *Royalties for the Regions* to identify whether it contained information that may have indicated corrupt conduct on the part of Mr Jeff Seeney MP, the former Deputy Premier and Minister for State Development, Infrastructure and Planning.

## Identifying corruption risks in Queensland: highest risk activities, actors, agencies and sectors

The CCC is improving its capability to identify corruption risks. In July 2015, the CCC implemented a new corruption allegations framework that provides an opportunity to examine areas of high risk in more detail. The first tranche of data from the new framework was analysed and these findings will serve as a baseline to assess change over time. The CCC is also examining ways to better identify risk through information other than allegation data.

The CCC's jurisdiction in relation to parliamentarians is limited to conduct that would, if proved, be a criminal offence. In this case, the former minister's conduct described in the *Royalties for the Regions* report would not, if proved, constitute a criminal offence, and so was not within the CCC's jurisdiction.

## Approval of New Hope Acland Stage 3 mine expansion

After careful consideration of a large volume of material, the CCC determined that it would not investigate a complaint from the Lock The Gate Alliance relating to allegations that political donations and other gifts had influenced the decision to approve the New Hope Acland Stage 3 mine expansion and the Colton Coal mine project.

The assessment found insufficient evidence to support the allegations or to raise a reasonable suspicion of a criminal offence.

*For assessments relating to the local government sector, see page 51.*

## Referring complaints to the public sector

Of the 2674 complaints received by the CCC in 2015–16, 402 matters were categorised as High with 73 (18%) of those complaints retained for investigation. The balance were referred to the agency to deal with.

The CCC will refer complaints to agencies to be dealt with, where, for example, it considers that the agency should be made aware of the allegations, or that the agency has capacity to investigate the complaint, or another agency such as the QPS is actively investigating criminal offences.

Complaints may also be referred to agencies that have jurisdiction to deal with the matter under their own statutory framework, for example, the Queensland Audit Office, the Queensland Ombudsman, the Office of the Health Ombudsman or the Department of Infrastructure, Local Government and Planning (responsible for the investigation of councillor conduct which may come before the Local Government Remuneration and Discipline Tribunal).

For those matters dealt with by the agency, the CCC may:

- Require no further advice from the agency concerning the outcome of the matter (where the impact of the conduct is on a single individual or of a low value)
- Review the investigation while it is in progress
- Review the outcome once the matter has been finalised
- Where no further advice was sought by the CCC, conduct audits of how the matter was dealt with by the agency.

In 2015–16, of the total number of matters we assessed, we referred 230 matters categorised as High to public sector agencies for them to deal with (see Table 7). Of the complaints referred to agencies, 118 (29%) were subject to monitoring by the CCC. The remaining 112 were referred to agencies to deal with, subject to monitoring by way of audit, or no further advice was required.

Table 7 includes the number of serious complaints referred to agencies to deal with subject to CCC monitoring. In each of these matters the CCC assessed that the public interest was best served by a joint approach between the CCC (in its monitoring role), the QPS and the relevant agency to address the alleged criminal and disciplinary matters.

**Table 7.** Retention and referral of complaints 2015–16

Assessment category	CCC investigation	Agency investigation/action			CCC audits
		Monitoring		No further advice required from agency	
		Close monitoring	Outcome monitoring		
High	73 <sup>1</sup>	65	53	112	561 <sup>2</sup>
Medium	0	29	47	484	
Low	0	0	0	1307	

1. This includes nine matters that the CCC initially referred to another agency to deal with subject to a review and the CCC subsequently assumed responsibility for the investigation.

2. This includes matters that may not have been initially referred to the CCC prior to the matter being dealt with by the agency. A number of units of public administration are authorised to deal with low-level allegations of corrupt conduct without reporting them to the CCC.

## Complaints referred to agencies for resolution

- In October 2015 the CCC received an allegation from an agency that one of its employees had forged a signature to purchase an iPad for personal use. The fraud was identified due to a banking error. The employee then tried to obtain and destroy CCTV footage implicating her in the fraud. A criminal investigation by the QPS identified that the employee had lied about her education and professional qualifications during numerous government selection processes. The employee was charged with seven fraud-related offences including forgery, convicted and sentenced to 12 months imprisonment, with a non-parole period of four months.
- An agency employee allegedly misused funds to the value of \$130,000 and removed two boxes of bank documents to hinder any investigation into her activities. The employee pleaded guilty to fraudulently obtaining property in the amount of \$93,213 and to dishonestly obtaining funds totalling \$38,140, and was sentenced to four and a half years imprisonment. The QPS investigator considered there was evidence to suggest that the actions, or inaction, of two other senior officers had enabled the activity to continue for a prolonged period (2009–14) without being detected. The agency's disciplinary investigation found that both other officers failed to observe the requirements of the Financial Management Guidelines. In relation to those officers, one had already resigned and no further action was taken, and the other was cautioned in relation to her conduct with no formal disciplinary action taken.

## Using audits as a monitoring tool

This year, the CCC took the opportunity created by legislative amendments to evaluate and improve its existing audit program.

Following the introduction of a new audit framework, the CCC undertook audits to review:

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

Reports of these audits have now been released. The two full audit reports were circulated to agencies to assist them improve their systems, and a short public version of the audit report relating to information access and disclosure was also prepared (see "Key focus areas", pages 48–49.) Audit reports are generally sent to an agency's CEO to act on our findings or recommendations. However, as of 2016 in the interest of transparency and public accountability, the CCC intends to publish more of the outcomes of its audits. Our audit plan for 2016–17 can be found on our website at <http://www.ccc.qld.gov.au/corruption/information-for-the-public-sector/audit-plan/>

The CCC aims to deliver a high-quality audit program, based on the following four principles, to promote public confidence

High-risk focus	High-value	Robust audit methodology	Coverage
CCC audits target high-risk issues, agencies or sectors, examining emerging, entrenched, systemic or otherwise significant threats.	They provide advice on appropriate intervention and remedial strategies in a way that is likely to improve how agencies deal with complaints about corruption.	They apply best practice audit methodology and are characterised by open communication and constructive feedback and advice.	The CCC audit plan spans a range of agencies, sectors and audit types within the parameters of a risk-based approach to audit planning.

## Capacity-building

In this reporting year, a focus of our work has been reminding people in significant leadership roles that their conduct is critical to the integrity of our public institutions and to making our public sector corruption-resistant.

### *Promoting integrity leadership and anti-corruption*

Following the conviction and sentencing in December 2015 of a former Director-General for the criminal charge of abuse of office as a result of a CCC investigation (see page 46), the CCC Chairperson wrote to every Director-General and Chief Executive Officer in Queensland public sector departments and agencies reminding them of the importance of setting a very high benchmark for transparent and ethical behaviour in their organisations.

To reinforce that message, during this reporting period the Chairperson and other senior officers met with and gave presentations on leadership and public sector integrity to a number of agencies and organisations including the Office of the Coordinator-General, the State Library of Queensland, and the Queensland Ambulance Service.

### *The Australian Public Sector Anti-Corruption Conference (APSACC)*

From 17 to 19 November 2015, the CCC, together with the New South Wales Independent Commission against Corruption and the Western Australia Corruption and Crime Commission, co-hosted the 2015 Australian Public Sector Anti-Corruption Conference (APSACC), a biennial conference that focused on emerging corruption trends, the latest anti-corruption strategies and corruption investigation techniques. The conference, which featured Australian and international speakers from organisations such as TRACE International Inc (USA), International Anti-corruption Academy (Austria) and Moorebank Intermodal Company Ltd (Australia), was attended by 499 Australian and international delegates. The next conference is scheduled for 2017.

### *International anti-corruption day – 9 December 2015*

On International Anti-Corruption Day, the CCC reminded the public as well as CEOs and Directors-General of the actions that they could all take to promote justice and anti-corruption efforts. Key messages included the importance of reporting incidents of corruption, and the need to enact and strictly enforce anti-corruption policies within agencies.



# Investigations

The CCC conducts independent investigations to identify and respond to the most serious and systemic cases of corrupt conduct affecting Queensland units of public administration (which includes departments and agencies, the QPS and councils).

While an investigation necessarily focuses on particular conduct, the CCC also examines the context and culture that gave rise to the incident, the procedures and policies that encouraged or hindered the conduct, and the likelihood of its recurrence. Investigations may also serve the purpose of:

- clearing a person's name or restoring public confidence in a public sector activity or agency or the police
- identifying systemic weaknesses or a failure of internal controls in agencies that make them more vulnerable to corruption
- disciplinary action being taken.

The CCC can refer matters to a CEO (or senior executive) to consider disciplinary action or in some cases commence proceedings in the Queensland Civil and Administrative Tribunal (QCAT).

## Investigation outcomes 2015–16

**Table 9.** Significant investigation outcomes

Significant outcome	Use of force	Confidential information	Fraud	Corruption and favouritism	Other	Total
Recommendations for criminal charges:	2	88	16	19	0	125 involving 14 people
• Charges laid	2	86	16	0	0	104
• Charges outstanding	0	0	0	19	0	19
• Did not progress	0	2	0	0	0	2
Recommendations for disciplinary action	8	5	14	5	31	63 involving 26 people
Procedural recommendations	1	2	10	10	50	73

**Table 8.** Use of investigative powers

Description	Number
Notices to attend hearing	17
Notices to produce	-
Search warrants	11
Notices to discover information	128
Hearing days	5
Witnesses attending	4

### Case studies

#### Two men ordered back to Queensland to face fraud charges

In July 2015 the Public Trustee of Queensland (PTQ) reported that a procurement officer had received free gifts of interstate travel and accommodation for awarding contracts to interstate contractors for PTQ works. These mostly related to maintenance of PTQ-owned properties, and not to management of PTQ clients' monies. It was also alleged that the staff member released significant amounts of corporate information, including budget estimates of a competitor, to two of the contractors in order to give them a commercial advantage, and provided confidential information about a property restrained by the CCC to an external party not related to PTQ or the confiscation action. The staff member subsequently resigned from the PTQ.

Initial investigations suggested that the staff member had fraudulently gained employment at PTQ (using false references and qualifications), and that he had a previous relationship with the interstate contractors. An investigation resulted in fraud charges being laid against the former public servant and a director of a Sydney-based construction company.

#### Academic sentenced following investigation into research fraud at the University of Queensland

As a result of a CCC investigation begun in 2013 Professor Bruce Murdoch, who was previously the Director of the Centre for Neurogenic Communication Disorders Research (focused on research related to Parkinson's Disease) at the University of Queensland, pleaded guilty to two charges of fraud, seven charges of attempted fraud (in excess of \$30 000), six charges of falsifying an official record and charges of forgery and uttering. He was sentenced in the Brisbane Magistrates Court to a period of two years imprisonment, wholly suspended for four years, with a conviction recorded.

Professor Murdoch and another researcher (who has been charged but is yet to be dealt with) were the subjects of a complaint to the CCC in June 2013 about the submission to a prestigious international medical journal of an academic paper that was allegedly based on false research data. The data and related findings formed the basis of a number of grant applications and funding to the Centre from several charities.

Her Honour Magistrate Previterra in sentencing Professor Murdoch noted, amongst other things:

- the very rare nature of the conduct and offences with no other similar cases prosecuted in Australia and
- the false hope of a cure that the research had raised for sufferers of Parkinson's Disease and their families.

This CCC investigation has raised the profile of academic research fraud in the community and the University sector, highlighting the corruption risks associated with academic research in an environment where the reliance on private sector and charity funding is widespread. It is also a precedent

for other such prosecutions across Australia and internationally.

#### Former Director-General sentenced for abuse of office

In December 2015, following a CCC investigation, a former Director-General pleaded guilty in the Brisbane District Court to the criminal charge of Abuse of Office in relation to the employment of a family member in her department. Ms Julie Grantham, formerly Director-General of Education Queensland, was sentenced to six months imprisonment, wholly suspended, and ordered to repay \$17,000 to the Queensland Government. Another person is currently before the courts as a result of the investigation.

*Information on investigations into unauthorised access to information, excessive use of force by police, and the local government sector can be found under "Key focus areas 2015-16" on pages 48 to 54.*

# Key focus areas

*2015-16*

# Misuse of information

Queensland's public sector agencies handle a variety of sensitive and confidential information. Unauthorised access to or disclosure (misuse) of information by a public servant is not only an invasion of privacy and a breach of trust, it is potentially a criminal offence.

A review by the CCC of complaints from 2009–14 identified misuse of information as one of the major corruption issues facing the Queensland public sector.

Our analysis confirms that complaints about misuse of confidential information continue to be among the four or five most common types of allegations made to the CCC. In this financial year alone, 483 such allegations have been received. As a percentage of all allegations of corrupt conduct received by the CCC, they have grown from 7 per cent in 2014–15 to 11.5 per cent in 2015–16.

In 2015–16 the CCC dealt with the issue of confidential information through audit, investigations and a public report. The table below details the number of complaints, allegations and investigations relating to the misuse of information over a three-year period.

**Table 10.** Misuse of information matters 2013–16

Year	No. of complaints	No. of allegations	No. of CCC/CMC investigations
2015–16	438	713	22
2014–15	292	375	10
2013–14	424	598	17

## Audit findings

At the conclusion of our audit into agency handling of incidents involving misuse of confidential information by public sector officers, the CCC found that agencies need to improve the way they dealt with such complaints. Furthermore, agencies were not regarding misuse of confidential information seriously enough or properly understanding the risks such conduct involves for the individuals concerned or their agencies. The key findings from the audit were included in the public report (see next page).

## Investigations into information access and disclosure

Since 1 July 2015 the CCC has finalised 17 investigations relating to misuse of confidential information, resulting in 86 criminal charges and five disciplinary recommendations. The following case studies demonstrate the problem.

- A police officer pleaded guilty to 50 offences of computer hacking. He was fined \$8000 and had a conviction recorded. The officer regularly used the QPS database to ensure that the people from whom he was buying drugs for personal use were not under investigation. The officer also had been regularly accessing various telephone dating services at work and then using the QPS database to access personal information about the individuals identified on the dating services.
- A public servant was sentenced to 18 months imprisonment immediately suspended, with a conviction recorded, for obtaining details from her employer's database about a client's property valuation and building inspection reports. This information was used to inform decisions she and her husband were making about their personal property purchases. She had no work-related reason to access the information and had therefore gained an improper advantage. This conduct was aggravated by her deliberate concealment of her access to the records. The sentencing judge described her actions as a gross breach of her position of trust.



- Criminal charges were laid against a police officer for disclosing information received from an informant to a known drug dealer. The information disclosed related to the offender's involvement in drug trafficking. The police officer had not disclosed his association with the offender as required by QPS policy.
- Following a CCC investigation into allegations that a police officer had compromised a law enforcement operation by knowingly providing operationally sensitive information to a family member of the target, a police officer was served with a Notice to Appear on a charge of s92A of the Criminal Code (Misconduct in Public Office), and alternatively s408E of the Criminal Code (Computer Hacking).
- CCC recommended that there were sufficient grounds for the Commissioner of Police to consider taking disciplinary action against a Detective Senior Sergeant for conducting a total of 109 unauthorised searches of the QPS database.

## CCC report reminds agencies not to take risks with information entrusted to them

The CCC prepared a short public report on the corruption risks involved with unauthorised access to and disclosure of confidential information. It brought together audit findings, allegation data and investigation outcomes to present a comprehensive picture of the risks that agencies and members of the public run when their data is not properly secured or adequately protected. It was also designed to raise awareness of the consequences Queensland's public sector employees face if they access a person's private information without a proper authorisation or purpose.

The report was sent to all Directors-General and CEOs to remind them of their obligations regarding confidential information. It was launched during Privacy Week in May 2016, to reinforce the messages of the Office of the Information Commissioner.

The report can be found at <http://www.ccc.qld.gov.au/research-and-publications/publications/ccc/confidential-information-paper.doc>.

A follow-up guide for agencies is currently being developed and will be published in the next financial year.



# Ensuring public confidence in local government

The local government sector controls assets worth \$100 billion, employs 38,000 people, and with a \$13 billion annual spend constitutes one-third of the Queensland economy.\* As the sector has such a significant impact on the Queensland economy and community, the public must have confidence in the integrity of decision-making at the local government level.

Throughout this financial year the CCC has consistently engaged with the local government sector, undertaken investigations, made recommendations for legislative reform and procedural improvement, and urged greater attention to the standards of conduct expected of elected officials. This latter issue was particularly important in the lead-up to the local government elections on 19 March 2016.

The table below details the number of complaints, allegations and investigations relating to local government over a three-year period.

\* Figures cited are from a joint CCC-Local Government Association of Queensland press conference statement, 8 February 2016.

## CCC report on local government recommends reform

The CCC's report *Transparency and accountability in local government* was tabled in State Parliament in December 2015. The report arose out of an investigation relating to allegations against the Mayor of Ipswich. While the investigation found no conduct that warranted any action against the Mayor, it identified options for legislative reform to improve the compliance and reporting framework for local government officials, especially in the treatment of campaign funds or other gifts and benefits.

In the CCC's view, the legislative framework for local governments could be improved to assist elected officials with their reporting obligations, while the introduction of more contemporaneous reporting would result in greater transparency and public confidence. A key recommendation was that the Government consider amending disclosure requirements so that candidates disclose donations at the time of their receipt (at present donations can be declared up to 15 weeks after the election). The report and its recommendations were mentioned widely in the lead-up to the local government elections.

On 21 July 2016 the Government accepted the recommendations of the report.

A copy of the report is available at: <<http://www.ccc.qld.gov.au/publications>>

**Table 11.** Local government matters 2013–16

Year	No. of complaints	No. of allegations	No. of CCC/CMC investigations
2015–16	237	653	8
2014–15	196	421	9
2013–14	355	966	13



## Assessment and investigations

The CCC undertook a number of complex, high-profile assessments and investigations of alleged corrupt conduct in the local government sector.

### Assessment of allegations from Whitsunday Ratepayers Association

On 7 March 2016, the CCC received correspondence from the Whitsunday Ratepayers Association (WRA) that contained a number of allegations of corrupt conduct relating to the Deputy Mayor. In the case of elected officials, the CCC is limited to investigating allegations of corrupt conduct that involve the commission of a criminal offence. The information provided by the WRA did not raise a reasonable suspicion of corrupt conduct or identify any possible criminal offence, and did not warrant investigation.

### Assessment of allegations relating to the Brisbane City Council

In March 2016, just prior to the local government elections, the CCC assessed information and allegations relating to the conduct of Brisbane Lord Mayor Councillor Graham Quirk and the Civic Cabinet (the Brisbane City Council Establishment and Coordination Committee), in connection with the proposed sale of land at Nundah to a company associated with a Liberal National Party (LNP) donor, Mr Boon Tan.

A key issue was whether the Cabinet's endorsement of Mr Tan's offer constituted a conflict of interest and, if so, whether such a conflict would constitute a criminal offence. The CCC's assessment found that the conduct of the Lord Mayor and the Civic Cabinet did not warrant investigation.

However, the assessment highlighted that the allegations may have been avoided by open and transparent declarations of all known interests in or related to the matter for decision. This includes the declaration of any known political donations, whether or not the declaration is required by law.

As the allegations had been reported in the media, and had the potential to adversely impact the public standing of the Lord Mayor on the eve of an election, the CCC issued a public statement to ensure that the central issues and outcomes were explained.

A detailed account of this assessment is available on the website at <http://www.ccc.qld.gov.au/news-and-media/ccc-media-releases/ccc-statement-brisbane-city-council-allegations-15-march-2016>

### Investigation results in two men charged with defrauding council

A CCC investigation found evidence that, before resigning his position, a senior council employee inappropriately arranged a personal severance payment. The request was approved by an elected official within the Council on a Deed of Release which paid the officer \$500,000, an amount that significantly exceeded that to which he would have been entitled under the conditions of his employment contract. The officer then falsified the Council minutes and scheduled no further Council meetings until after his departure. In a rather complex set of events the officer also supported a separate ex gratia payment for another person which was ultimately not approved by Council.

Soon after, the senior officer commenced in another senior role for a beneficial enterprise associated with the Council. At that time he arranged to fraudulently make four payments worth a total of \$58,400 from the beneficial enterprise to, or for the benefit of, another person. The former council employee allegedly falsified documents to justify these payments. In April 2013 the former senior officer was sacked by the Board of the beneficial enterprise.

Following a comprehensive CCC investigation two men were charged with defrauding a local Council and a beneficial enterprise. Both persons have been committed for trial at dates yet to be set by the courts.

### Investigation into the Lockyer Valley Regional Council

In March 2016 the CCC finalised its investigation into corruption allegations against members of the Lockyer Valley Regional Council (LVCR) in connection with the Lockyer Valley Relocation Program, finding no evidence of corrupt conduct.

The context of the investigation was the Strengthening Grantham Project, a Council initiative directed at rebuilding the town of Grantham following the January 2011 floods. The policy allowed flood-affected properties within the Council area to be swapped for council-owned property at the new Grantham site. The CCC received a complaint alleging the LVRC had corruptly swapped vacant land at Mount Sylvia for blocks of land at the new Grantham site, outside of the eligibility guidelines for the Strengthening Grantham Project, in circumstances which benefitted associates of the late Mr Stephen Jones, who at the time was the Mayor.

On close examination of all the material, the CCC determined that all vacant land swapped by the alleged associates of the Mayor had been subject to an independent oversight process and there was no reasonable suspicion of corrupt conduct.

A detailed account of this investigation is available on the CCC website at <http://www.ccc.qld.gov.au/news-and-media/ccc-media-releases/ccc-finalises-lockyer-valley-regional-council-investigation-31-march-2016>.

### Investigation into obtaining allowances and other benefits in council

The CCC investigated a number of allegations concerning the CEO of an Indigenous shire council. These included that the CEO was:

- inappropriately claiming time off in lieu of salary (TOIL) and receiving lump sum payments (\$23,000 in September 2014 and \$20,000 in December 2014) despite his contract not allowing for TOIL
- claiming an away-from-home allowance of \$17,200 per year despite staying at his family home when he travelled and
- having an inappropriate relationship with another employee that benefitted them both financially, as their salary and consultant fees had increased substantially in the previous two years.

The investigation found that while there were no grounds for prosecution there were sufficient grounds for consideration of disciplinary action to be taken against the CEO.

A copy of the CCC's investigation report was given to the QAO to assist them with the completion of their 2015-16 financial audit. The CEO resigned in May 2016.

### 2016 local government elections: "Don't risk your campaign!"

In the lead-up to the local government elections in March 2016, the CCC, together with several partner agencies, ran a campaign promoting clean elections. The "Don't risk your campaign" message was directed to candidates to dissuade them from using the CCC as a tool to "legitimise" baseless allegations being made against their opposition.

The campaign used a video message from the Chairperson and targeted mail-outs to get its message across. The CCC partnered with the Local Government Association of Queensland, the Electoral Commission of Queensland and the Department of Local Government to use their social media channels and networks to reach the target audience.

In the wake of the campaign, the question of whether it is appropriate, fair or justified to broadcast the fact that a complaint has been made to the CCC will be the subject of a public forum to be held in the next financial year.

The behaviour and standards of conduct required of those who hold or aspire to hold public office will be an area of focus in the CCC's corruption prevention strategy.

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# Excessive use of force by Queensland police officers

This year the CCC has focused on the excessive use of force by Queensland police officers. Excessive use of force by a police officer against a member of the public constitutes a serious abuse of power. Incidents that result in such allegations are a matter of concern not only to the CCC and QPS but to the general community, civil libertarians and advocacy groups.

On 10 September 2015, the CCC Chairperson Mr Alan MacSporran QC announced that use of force would be a focus of his chairmanship. He also announced measures to strengthen the CCC’s oversight of allegations of excessive use of force including:

- increasing the number of investigations conducted by the CCC in relation to the excessive use of force
- increasing the number of serious matters closely monitored by the CCC in relation to the excessive use of force.

The CCC reviewed 32 matters that were under investigation by the QPS at that time, which involved allegations of excessive use of force. An additional 8 matters were commenced by the CCC as an investigation.

Of the 40 matters investigated and/or reviewed by a dedicated CCC team:

- 2 matters resulted in criminal charges
- 13 matters remain under CCC investigation
- 24 matters were referred back to/or continued to be dealt with by the QPS, either as a disciplinary matter or criminal prosecution
- 1 matter was finalised at the time of the CCC review and no further action was possible.

Aside from the matters that were subject to a CCC investigation the CCC continued to closely monitor 44 matters that were devolved to the QPS to deal with and which involved allegations of excessive use of force, compared with 15 matters in 2014–15.

This identified a number of major themes associated with these types of complaints and the way they are dealt with. These included:

- Continued reluctance to report incidents involving colleagues where excessive use of force has occurred
- Failure to seize and secure exhibits at the commencement of an investigation
- Failure to consider possible criminal offences, particularly where there was either no complaint or the complaint had been withdrawn
- Concerns about inconsistency in watch-house instructions, poor-quality CCTV footage and lack of consistency in camera placement, and the risk of deletion of video footage captured by body-worn cameras.

The CCC also identified the need to improve aspects of its own operations including retaining responsibility for investigating more serious assaults, and more closely monitoring matters referred back to the QPS to be dealt with.

The CCC is currently drafting a full report to the QPS outlining the above concerns and including a number of procedural recommendations for change.

The table below details the number of complaints, allegations and investigations relating to the use of force by QPS officers over a three-year period.

**Table 12.** Use of force by QPS officers

Year	No. of complaints	No. of allegations	No. of CCC/CMC investigations
2015–16	518	946	19
2014–15	552	968	0
2013–14	815	1488	2

### *Reviews and investigations*

#### **Magistrate critical of level of force used**

In 2014 an interaction between a police officer and a cyclist resulted in the latter falling backwards onto the pavement, and getting into a struggle with the police officer. The cyclist was charged with seven offences, including serious assault on police, public nuisance and two counts of obstructing police. The complaint was referred to the QPS, with the CCC retaining a close monitoring role.

In October 2015 the cyclist contacted the CCC and advised that all charges against him had been dismissed and the Magistrate had been critical of the force used by the police officer. The CCC assumed responsibility for the matter, with the officer's conduct being considered from a criminal and disciplinary perspective.

#### **Officer charged over assault in watch-house**

A female prisoner was in custody at the Caboolture watch-house when a police officer entered the cell to remove toilet paper that the prisoner had placed over the monitoring camera. An incident occurred and it was alleged the officer gouged the prisoner in the eye then allegedly cut the webbing between her fingers with the cell keys he was holding. While the matter was initially referred to the QPS to deal with, it was identified as one of several cases in which the CCC was unhappy with the QPS investigation. This matter involved a case of assault but was only dealt with by way of disciplinary action and the officer received a conditional suspended demotion for 12 months. The matter also involved allegations that numerous QPS officers failed to report the incident and that appropriate reporting mechanisms were not followed. The CCC reviewed the matter and later charged the officer with assault occasioning bodily harm.

#### **Assault in watch-house**

In August 2015 a police officer at the Richlands watch-house threw an object at a member of the public who was in custody at the time. The CCC also investigated the conduct of other police officers who were present when the assault occurred but did not report the conduct. On 8 April 2016 the officer appeared in the Brisbane Magistrates Court and pleaded guilty to one count of assault occasioning bodily harm. While no conviction was recorded he received a \$700 good behaviour bond and was ordered to pay \$400 compensation to the victim. The CCC recommended that the QPS consider commencing disciplinary action against the police officers who failed to report the conduct of the first officer in accordance with their statutory obligation.

#### **Assault on a resident of a care facility**

In 2015 police officers were called to a residential care facility to respond to concerns that a female child was intoxicated and causing a disturbance. During their attendance it is alleged that she was assaulted by one of the officers. The QPS investigated the allegations and imposed a sanction of dismissal, conditionally suspended for two years. The CCC determined that due to the girl's age, ethnicity and vulnerable social position it was in the public interest for the CCC to assume responsibility for the investigation and consider possible criminal charges. On 21 March 2016 an officer was served with a Notice to Appear on one charge of common assault.

#### **Use of force in Gold Coast incident**

In September 2015, the CCC received a complaint from a member of the public that police officers had used excessive force while arresting him on the Gold Coast in January 2015. The CCC considered all of the evidence available including statements from the complainant, other people present, police officers involved, and audio and video footage, including footage from the body-worn camera of one of the officers.

Complaints about excessive use of force were made about two interactions between the complainant and the police, however no criminal charges arising from this incident were brought against any officer. In the first interaction, the evidence showed that police only applied force after the complainant refused to stop interfering in the arrest of another person, despite police asking him several times to move away; in the second interaction, although the force was significant, the officer involved raised a legal defence to his actions. As there were no reasonable prospects of a successful criminal prosecution of the police officers involved, the CCC decided to take no criminal action against them.

However, the conduct of a number of police officers who were involved in other interactions with the complainant were referred by the CCC to the QPS Ethical Standards Command for consideration of disciplinary action.

## *Research into police use of force*

Reflecting the CCC's focus on police use of force, research was directed at two high-risk areas: police use of force in watch-houses and police shooting at moving vehicles.

### **Use of force in watch-houses**

Several incidents of use of force in Queensland's watch-houses have been the subject of significant media attention and public concern. The concerns were that assaults on or injuries to people in custody were going unreported; that officer accounts of incidents were contradicted by CCTV footage; and that officers were not always providing appropriate after-care to people injured in custody. The CCC will examine the validity of these concerns and any related systemic issues. The project is expected to be finalised in the next reporting period.

### **Police shooting at moving vehicles**

The discharge of firearms at moving motor vehicles has obvious implications for public safety, and the CCC has been monitoring these incidents since 2012–13. Over this period, the CCC has made a number of recommendations to the QPS and in response the QPS has modified relevant policy and training. The CCC has also developed a research project to examine contributing factors in these incidents. One shooting occurred during the reporting period and is being examined. The CCC Research Committee approved an extension of the project until 31 December 2016 due to the limited data available for analysis.

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The use of force by police will continue to be a focus area for CCC in 2016–17. During this year the CCC has identified improvements that can be made to various systems, processes and policies, and these will be carried forward to next year. In addition, it has committed to major projects relating to use of force in its 2016–17 strategic and operational plans.

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# Police oversight

## Review of the G20 Act

In November 2013, the *G20 (Safety and Security) Act 2013* came into effect, remaining in force during the duration of the G20 event in November 2014. Given that the G20 Act 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 CCC invited public submissions on this topic and received responses from four stakeholder groups. On 30 September the CCC gave its report to the Commissioner of Police, with seven recommendations aimed at improving Queensland’s legislative framework underpinning the policing of future large-scale events.

The subsequent QPS report was brief and did not respond to the CCC’s findings or recommendations in any detail. The (then) Minister for Police, Fire and Emergency Services and Minister for Corrective Services tabled the QPS’s report on 13 November 2015. On 29 March 2016, the Chairperson wrote to the Commissioner of Police expressing his disappointment that the report provided by the QPS to the Minister did not give a full account of the issues identified, or adequately respond to the recommendations made in the CCC’s report.



## Oversight of police-related deaths and other significant events

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 are public interest concerns, 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 36 police incidents across the state, including 9 resulting in death. The CCC attended each incident to provide independent oversight of the QPS response and determine, together with the State Coroner, if there was a likelihood of any police misconduct that warranted the CCC’s further involvement, including assuming control of an investigation. Where the CCC considers that further investigation was 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 appellant jurisdiction. A further right of appeal lies from the QCAT appellant 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 QPS decision-maker’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 2015–16 the CCC examined 54 reviewable decisions and filed 4 new reviews in QCAT.



### **Court of Appeal decision enables CCC to assume responsibility for QPS investigation into corrupt conduct**

In June 2016 a longstanding and complex court matter was resolved by the Court of Appeal in favour of the CCC.

The appeal concerned the right of the CCC to assume responsibility for an investigation into a police officer who allegedly failed to investigate a complaint of official misconduct.

In short, the CCC took over a matter after the QPS took managerial action against the officer, Senior Sergeant Anthony Lee, rather than disciplinary action.

Sen. Sgt Lee argued that the CCC did not have power to take over the matter, as the QPS decision had brought it to an end.

The Court of Appeal disagreed, ruling that the CCC must be able to ensure that a complaint of corrupt conduct is dealt with appropriately.

The CCC will now make an application in QCAT alleging that the conduct of Sen. Sgt Lee is corrupt conduct and seeking an appropriate disciplinary sanction be imposed by QCAT.

### **Looking forward**

Building on the work undertaken this year, in 2016–17 we will use our investigations, intelligence and research, and hearings capabilities to:



Pursue police corruption involving excessive use of force and the improper release of confidential information



Collaborate with key stakeholders to reform the police complaints and discipline system



Implement a new corruption prevention strategy including engagement with agencies and the undertaking of corruption audits.

# 04

*witness  
protection*

This year evidence provided by people under the witness protection program helped secure convictions against people guilty of the most serious crimes.

# 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 possess information about criminal or corrupt activity, generally because they are themselves associated with crime or corruption. Protection can also extend to members of the witness' family.

The witness protection program provides an environment in which participants are able to give evidence in criminal trials without fear of retribution.

By legislation, entry into the witness protection program is voluntary, so individuals assessed by the program decide whether or not to accept an offer of protection.

Queensland is the only Australian jurisdiction where the witness protection function resides within an anti-corruption body; elsewhere it sits within the relevant police service. The CCC's Witness Protection Unit maintains close relationships with interstate counterparts to assist in addressing cross-jurisdictional issues, enabling interoperability, maintaining consistent high standards and developing operational capability through intelligence-building networks.

Depending on the circumstances, there is a range of protective measures available, which includes immediate, short-term measures that allow CCC officers to respond quickly to potential threats. It is our commitment that interim protection can be provided within 44 hours to any eligible applicant whatever their location within Australia. A variety of methodologies are employed to ensure the safety of people included in the program, which in some circumstances may include long-term measures involving significant changes to the witness' lifestyle.

This year, 93 applications for protection were received. All interim applications were assessed within 23 hours (exceeding our target of 44 hours) and appropriate assistance offered. Of the individuals offered protection, 44 people accepted the offer and entered the program.

All protected people were kept safe and this has contributed to the dismantling of organised crime networks and the convictions of persons guilty of the most serious crimes.

The CCC regularly provides presentations to client agencies, principally the QPS and its Detective Training program. These information sessions are designed to provide an awareness among investigators on how to access the services offered by the Witness Protection Unit, and what the program entails.





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Since its inception in 1987, more than 1800 individuals who were under threat have been kept safe, representing a 100 per cent success rate for the program.

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# 05

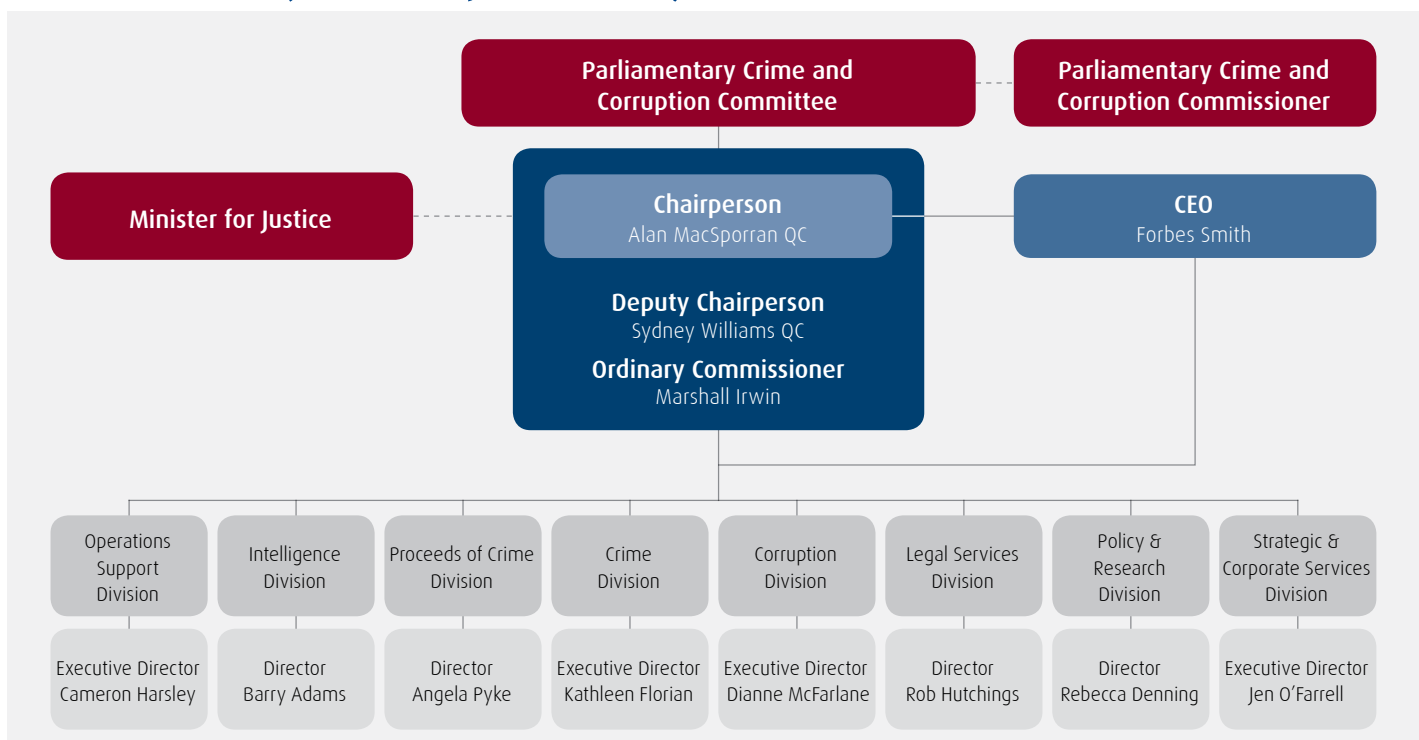
*our people  
& governance*

The work of the CCC is delivered by professional staff within a strong governance framework of compliance, underpinned by a set of shared values.

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# Our people

## CCC structure (as at 30 June 2016)



## Our governing body

The Commission consists of the following commissioners:

- a full-time commissioner who is the chairperson
- a part-time commissioner who is the deputy chairperson
- three part-time commissioners who are ordinary commissioners.

Table 13 details the Commissioners who served on the Commission in this reporting period.

In May 2016, an amendment to the Crime and Corruption Act removed the CEO as a Commissioner to better align the CCC with conventional corporate governance structures. This change, together with the conclusion of one Ordinary Commissioner's term, meant that a bare quorum of the Commission was in place at the end of the 2015–16 financial year.

As the CCC's governing body the Commission is responsible for:

- setting the strategic direction of the organisation and approving its strategic plan

- monitoring the performance, operational results and effectiveness of CCC management
- establishing internal management committees and their charters, considering their reports and reviewing their performance, responsibilities and utility
- preparing the internal audit charter in compliance with the *Financial Accountability Act 2009*.

Under our Act, the Chairperson 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 2015–16, 12 Commission meetings were held, and the Commission met with the PCCC four times.



**Table 13.** Commission meetings from 1 July 2015 to 30 June 2016

Commissioner	Position	Meetings attended	
		Ordinary meetings	PCCC meetings
Mr Alan MacSporran QC	Chairperson	10	4
Mr Sydney Williams QC	Deputy Chairperson	11	4
Mr Marshall Irwin <sup>1</sup>	Ordinary Commissioner	6	2
Ms Ann Gummow <sup>2</sup>	Acting Chairperson	2	0
Mr David Kent QC <sup>3</sup>	Acting Ordinary Commissioner	4	2
Ms Soraya Ryan <sup>4</sup>	Acting Ordinary Commissioner	4	2
Ms Noela L'Estrange <sup>5</sup>	Acting Ordinary Commissioner	3	0
<b>Ex officio members</b>			
Mr Forbes Smith <sup>6</sup>	Chief Executive Officer	7	2
Ms Kathleen Florian <sup>7</sup>	Executive Director, Crime	9	4
Ms Dianne McFarlane	Executive Director, Corruption	9	2
Mr Cameron Harsley APM <sup>8</sup>	Executive Director, Operations Support	9	0
Ms Jen O'Farrell	Executive Director, Strategy & Corporate Services	11	0
Mr Michael Scott <sup>9</sup>	Acting Executive Director, Crime	7	2
Mr Paxton Booth <sup>10</sup>	Acting Executive Director, Corruption	3	2
Mr Maurice Carless APM <sup>11</sup>	Executive Director, Operations Support	3	0
Ms Angela Pyke	Director, Financial Investigations	0	3

Notes:

1. Mr Irwin was Acting Ordinary Commissioner from 1 December 2015 to 29 February 2016. His appointment as Ordinary Commissioner commenced on 1 March 2016.
2. Ms Gummow was Acting Chairperson from 1 July 2015 to 31 August 2015.
3. Mr Kent's acting appointment was from 1 July 2015 to 30 November 2015.
4. Ms Ryan's acting appointment was from 1 July 2015 to 30 November 2015.
5. Ms L'Estrange's acting appointment was from 1 December 2015 to 26 February 2016.
6. Mr Smith was appointed on 1 January 2016 and was a member of the Commission until the enactment of the *Crime and Commission Amendment Act 2016* on 5 May 2016.
7. Ms Florian's acting appointment as CEO concluded on 31 December 2015; as CEO she attended five Commission meetings and two PCCC meetings.
8. Mr Harsley commenced as Director, Operations Support on 12 October 2015.
9. Mr Scott attended meetings as Acting Executive Director, Crime between 1 July 2015 and 14 January 2016.
10. Mr Booth attended meetings as Acting Executive Director, Corruption between 7 September 2015 and 4 December 2015.
11. Mr Carless's term as Director, Operations Support commenced on 5 May 2014 and concluded on 9 October 2015.

### Appointment criteria for Commissioners

*The Crime and Corruption Act 2001* requires that the CCC Chairperson and Deputy Chairperson 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 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, with the provision of a further five-year re-appointment as long as the person does not hold that office for more than ten years in total. The Governor-in-Council may appoint an acting Chairperson or temporary part-time Commissioner during a period of absence or when there is a temporary vacancy in the role. The Chairperson may appoint for a temporary period a sessional commissioner to conduct hearings, examine witnesses, or undertake specific investigations relevant to the Commission's functions.

### Appointment criteria for the Chief Executive Officer

The Chief Executive Officer is appointed by the Governor-in-Council for a maximum of five years with the provision of renewal for a further five years, with no more than ten years in total. To qualify under the Act for appointment as the Chief Executive Officer the person must have qualifications, experience or standing appropriate to perform the functions of the Chief Executive Officer.



## Executive Leadership Group

The Executive Leadership Group (ELG) is made up of the Chairperson, CEO, Executive Directors and Directors who are heads of Divisions.

The responsibilities of the ELG include, but are not limited to:

- communicating on all matters relevant to the conduct of their respective executive roles
- discussing high-level policy and strategic issues
- overseeing and monitoring the CCC's financial performance and budget processes, including significant financial transactions
- ensuring consistency of policies and practices across the functional areas of the CCC

- identifying material resourcing, communication, cultural or other organisational issues which may require reference to any other body or group within the CCC for consideration
- analysing exposure to risk and, if required, referring matters to the Audit and Risk Management Committee to determine how best to handle such exposure
- providing executive advice and support to the Chairperson and CEO, and such other functions as are determined from time to time by the Chairperson or CEO.

## Chief Executive Officer



### Forbes Smith Chief Executive Officer

**LLB (admitted as a barrister-at-law in 1981)**

**Appointed on 1 January 2016**

Forbes has significant experience in executive leadership and management in Queensland's accountability agencies.

Before coming to the CCC as Chief Executive Officer, Forbes was Queensland's Energy and Water Ombudsman from 2011 to 2015, and prior to that he was the state's Deputy Parliamentary Ombudsman. In those roles he led executive teams and was responsible for organisational strategy and direction, and for monitoring the financial and non-financial performance of those agencies.

Forbes has an extensive background in the investigation of corruption and organised crime. He worked as an investigator/lawyer with the Fitzgerald Inquiry (1987-89), and this role was followed by senior investigative and executive positions with the CJC, the CMC and the National Crime Authority in Melbourne.

As Queensland's first Chief Inspector of Prisons (2005-06), he led investigations into serious incidents such as deaths in custody, and reported on the treatment of prisoners and compliance by officials with their statutory and procedural obligations.

Forbes has a Bachelor of Laws from the University of Queensland and was admitted as a Barrister of the Supreme Court of Queensland in 1981.

## Executive Directors



Kathleen Florian

### Executive Director, Crime

**LLB (Hons) (admitted as a barrister in the Supreme Court of Queensland in 1992)  
Appointed on 9 January 2012**

Kath is an organised-crime specialist with 28 years experience in criminal law and the investigation of serious and organised crime at national and state level.

Kath commenced her career with the Queensland Director of Prosecutions in 1988 before joining the National Crime Authority in 1993. She stayed on with the Australian Crime Commission when it was established in 2003, and from 2009 headed the agency's operations in Queensland until joining the CCC in 2012.

As Executive Director, Crime at the CCC, Kath leads a multidisciplinary team of lawyers, police and administrative staff who are responsible for investigating the most serious crime in Queensland.



Dianne McFarlane

### Executive Director, Corruption

**BA, LLB  
Appointed on 15 September 2014**

As Executive Director, Corruption Dianne is responsible for the Corruption function. She has had 15 years experience with the CCC, with eight of those in Corruption.

Dianne was the CCC's acting CEO from September 2014 to June 2015 and was actively involved in the transition of the CMC to the CCC.

Before joining the CCC, Dianne was Director, Human Resources at Queensland Corrections, an appointment that followed ten years primarily in the airline industry as an industrial advocate for Qantas and Ansett Airlines across NSW, Victoria and Western Australia.

## Executive Directors



Cameron Harsley APM

Detective Chief Superintendent, QPS  
Executive Director, Operations Support

**Appointed on 12 October 2015**

Cameron is responsible for the CCC's Operations Support Unit. This includes witness protection, technical surveillance, physical surveillance and forensic computing. He has worked on a number of significant government reforms in the area of child protection and social services. Cameron has also worked at executive level within a number of agencies including the Department of Child Safety, the Commission for Children and Young People and the QPS.

For many years Cameron served as an independent member of the State's Child Death Review Committee, focused on systemic reform.

Most recently Cameron was appointed by the Queensland Government as an Independent Advisor to the Commissioner of the Queensland Family and Child Commission.



Jen O'Farrell

Executive Director, Strategy  
and Corporate Services

**LLB (Hons), BBus, BCom (admitted as a solicitor  
in the Supreme Court of Queensland in 2008)**

**Appointed on 13 July 2015**

Jen is responsible for leading the Strategic and Corporate Services division in providing performance reporting, governance, financial management, business systems support, security, ICT, facilities and procurement services.

Before commencing at the CCC, Jen assisted the Commission of Inquiry into the regulation of the Queensland Greyhound Racing Industry as the Commission's Executive Director. This role allowed her to combine her experience in law, risk management, corporate governance, workforce management and organisational strategy.

She gained this experience through more than 15 years in both the public and private sectors, including as General Manager, Strategy and Renewal and Director, Legal Services at the Department of Transport and Main Roads, and as a solicitor with Corrs Chambers Westgarth lawyers.

### Directors

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Barry Adams

Director, Intelligence

**G.Cert Applied Management (Intelligence)**

**Appointed on 23 November 2012**

Barry is responsible for the CCC's Intelligence function which supports investigations through intelligence gathering and analysis.

Barry has over 30 years experience in law enforcement and intelligence having worked with the Australian Customs Service, National Crime Authority and the Australian Crime Commission.

Dr Rebecca Denning

Director, Policy and Research

**Bachelor of Criminology & Criminal Justice (Hons), PhD**

**Appointed on 17 February 2012**

As Director, Policy and Research, Rebecca is responsible for generating evidence to support the proper performance of CCC functions, inform policy development and guide reform.

Rebecca has extensive government policy and research experience, having worked in State and Commonwealth agencies, predominantly in the criminal justice sector. She has held senior roles in academia, most recently as the Associate Director of the Australian Research Council Centre of Excellence in Policing and Security.

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Rob Hutchings

Director, Legal Services

**LLB (admitted as a solicitor in the Supreme Court of Queensland in 1994)**

**Appointed on 26 April 2012**

As Director of Legal Services Rob provides high-level legal advice to the Chairperson, CEO and the Commission. He is responsible for four teams within the Legal Services Division — Corruption, Litigation, General Legal and Telecommunications.

Before joining the CCC Rob worked for Crown Law in various roles including commercial litigation and constitutional advice. He has provided legal services to the Queensland public sector for 20 years.

Angela Pyke

Director, Financial Investigations

**BCom (Acctg), CPA**

**Appointed on 18 March 2013**

Angela has had 16 years experience in law enforcement as a financial investigator working for the QCC, the Australian Crime Commission and the CCC.

As Director, Financial Investigations Angela has responsibility for the financial investigation discipline across the CCC including the administration of the civil confiscation regime and the serious drug offender confiscation order scheme for Queensland.

# Staff profile

The CCC employs a diverse mix of professionals including lawyers, accountants, investigators, intelligence analysts and support officers, and seconds a cohort of police officers from the QPS. As at 30 June 2016, its a workforce equated to 342.2 full-time equivalent staff. Compared with 30 June 2015, our full-time equivalents (FTEs) have increased by 5.6 FTEs.

Of our permanent staff, 88 are employed under the Queensland Public Service Officers and Other Employees Award — State 2015, 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 *State Government Entities Certified Agreement 2015*, which has a nominal expiry date of 31 August 2018.

The CCC understands that a flexible workforce creates a stronger workforce capacity and improved capabilities and as such, staff may be required to work in different areas across the CCC during their period of employment.

The CCC also employs the services of contractors and consultants to assist with specific programs of work such as our long-term strategic ICT projects and external legal advice. Further information on our consultants can be found at <[www.data.qld.gov.au](http://www.data.qld.gov.au)>

**Table 14.** Full-time equivalents by division

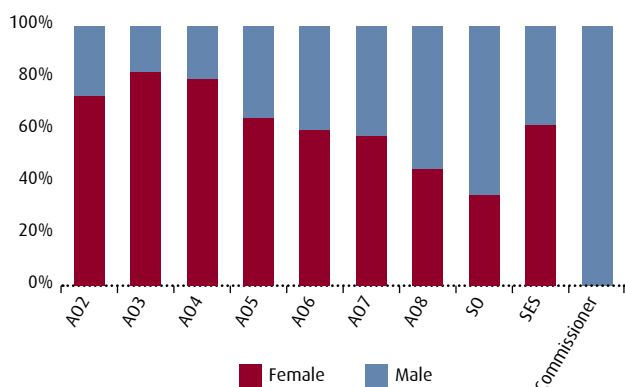
Division	Full-time equivalent
Corruption	75.5
Crime	45.0
Intelligence	27.8
Legal Services	16.6
Office of the Commission	7.0
Operations Support	54.0
Policy and Research	12.0
Proceeds of Crime	25.7
Strategic and Corporate Services	67.8
Various (casual employees)	10.8
<b>Total</b>	<b>342.2</b>

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

## Workforce composition

Women comprise 63.1 per cent of our permanent, non-police workforce. They fill 47.4 per cent of all positions at and above AO7 and equivalent classifications, and 42.9 per cent at the senior executive levels (which include Senior Executive Staff and Commissioners, see Figure 6). Of our permanent, non-police workforce, 45.2 per cent of staff are aged 45 years and over, and 15.2 per cent are aged 55 years and over.

Figure 6. Profile of classification by gender (permanent staff only)



Notes:

1. AO data ranges include equivalent classifications.
2. Salaries range from \$44,193 (AO2) to \$212,291 (SES).
3. The appointment of the Chairperson and one Ordinary Commissioner were the only permanent Commissioner appointments in 2015-16.

## Retention

This year our permanent employee retention rate was 91.24 per cent (compared with 93.84 per cent last year). Our permanent employee separation rate was marginally higher at 8.76 per cent, up on last year's 5.94 per cent, largely due to an increase in retirements of long-serving employees. Our separation rate excludes the separation of seconded police officers who returned to the QPS at the conclusion of their secondment.

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 31.8 per cent of our permanent staff having ten or more years' service and a further 35.5 per cent of staff having five or more years' service.

### Early retirement, redundancy and retrenchment

No redundancy, early retirement or retrenchment packages were paid during the period.

### Workforce planning: CCC People and Culture Strategy 2016-20

People are our most important asset, and we are committed to ensuring we have a talented, aligned workforce which focuses on developing people as individuals, as teams, and as one organisation – 1CCC. To support this, in 2015-16 the CCC developed a long-term *People and Culture Strategy 2016-2020* focused on developing the CCC's talent by:

- identifying capability need
- designing high-impact learning solutions and
- supporting managers and team leaders on a day-to-day basis.

Significant consultation with our employees informed the development of the *People and Culture Strategy 2016-2020*. A series of employee consultation workshops were facilitated in March 2016, with more than 180 staff attending to provide feedback about our current workplace challenges, our values and our internal communication methods. As a result of these workshops, in 2016 the CCC defined its organisational values as: People, Accountability, Integrity, Courage and Excellence.

For the first time in 2016 the CCC participated in the Working for Queensland Employee Opinion Survey, the annual survey run within the wider Queensland public service that measures and monitors employees' perceptions of their work, their manager, their team and their

Table 15. Equity and diversity measures

Group	Percentage of permanent staff
Women	63.1
Men	36.9
Aboriginals and Torres Strait Islanders	0.9*
People with a disability	2.3*
People from non-English-speaking backgrounds	10.1*

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



organisation. Eighty-five per cent of employees participated in the survey. The results have also informed the development of strategies contained in the People and Culture Strategy.

Looking forward, in 2016–17 we will focus on developing our organisational culture, workforce mobility, leadership capability and employee engagement.

### Induction

The CCC understands the importance of staff inductions in assisting new staff, including our Commissioners, with their understanding of the agency and their roles and responsibilities under the Crime and Corruption Act and other guiding legislation.

On commencement, staff are provided with a first-day induction that covers the role and values of the CCC and our functions and powers under our Act, other key legislation, security, information technology and an orientation of our intranet and online training programs. New staff are required to undertake a further online induction training program containing additional information about their employment and the legislative procedural framework they will be working under.

## Attracting and developing our staff

### Professional and personal development

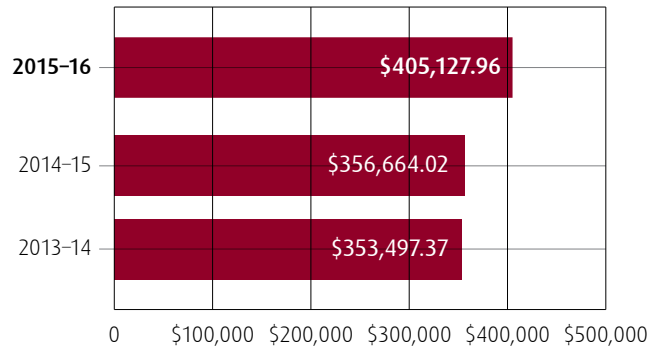
The CCC offers employees professional and developmental experience and support. This year the CCC helped 27 staff to undertake tertiary study by granting study leave and providing financial assistance toward course fees. Courses being undertaken by our staff include Masters of Investigations, Bachelor of Justice, Bachelor of Business, and certified practising accountant/chartered accountant programs.

To ensure that specialist staff maintain and enhance their skills, they were given opportunities to attend a range of workshops, seminars and conferences. This year, 16 staff were funded to complete a Certificate IV in Government Investigations.

To assist staff with their ongoing professional development and engagement, we reimbursed 37 staff between 50–100 per cent of their professional membership fees.

The CCC spent just over \$400,000 on dedicated training and development-related activity for permanent and temporary staff, with an average spend of \$1,200 per employee. This was an increase on previous years, largely due to the completion of the Certificate IV in Government Investigations during the year.

**Figure 7.** Training expenditure for developing CCC staff



### eLearning

This year, organisation-wide training focused on developing a number of eLearning courses as part of the CCC’s compulsory training program. New modules rolled out to relevant employees included “Managing Acquired Property” and “Information and Communication Technology (ICT) Awareness”.

## Achievement and capability planning framework

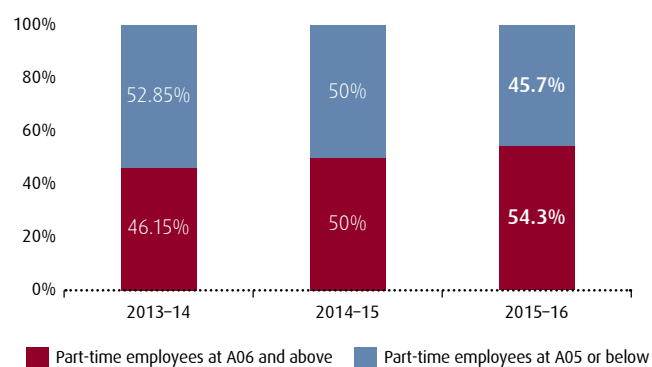
To promote workplace productivity and a performance-based culture, the CCC maintains an Achievement and Capability Planning (ACP) framework. The ACP framework is specifically structured to align individual effort and development opportunities with corporate and business objectives, thereby contributing in a strategic and economical way to a highly skilled and flexible workforce. As part of the ACP process, staff conduct is monitored and assessed against the requirements of the CCC’s Code of 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 35 (16.2 per cent) of our permanent, non-police staff. Of these staff, 45.7 per cent are at or below A05 (and equivalent), while 54.3 per cent are at or above A06 (and equivalent).

**Figure 8.** Classification of CCC staff with part-time arrangements



To demonstrate support for the Queensland Government’s commitment to eliminating domestic violence and supporting members of our community who are affected by it, the CCC now supports up to 10 days paid leave per year for employees affected by domestic or family violence.

The CCC engages an employee assistance provider to ensure that staff have access to confidential professional counselling services that can be used for personal or work-related concerns affecting them or their family members.

As part of the CCC Staff Wellness Program, 165 staff used the CCC-funded corporate flu vaccination program.

The CCC maintains a comprehensive workplace health and safety (WH&S) program consistent with the *Work Health and Safety Act 2011*. This year the CCC’s WH&S committee members undertook specific training to enable committee members to identify and implement the legislative functions of the committee, and to participate effectively in committee duties.

In 2015–16, the CCC had 24 reported workplace health and safety incidents and 6 WorkCover claims. The CCC also provided rehabilitation and return-to-work programs for staff where required.

**Figure 9.** Workplace incidents and WorkCover claims for CCC staff



## CCC Consultative Forum

The Consultative Forum provides an opportunity for a cross-organisational communication and consultation process between CCC staff and management in relation to matters of concern or for promoting issues for the benefit of CCC staff. During 2015–16 the forum considered matters related to the core enterprise bargaining agreement, flexible working hours, staff climate survey and workstation options.

## Community engagement

### Queensland Legal Walk

In May 2016, 37 CCC staff joined some 700 members of the Brisbane legal community on an early morning five-kilometre walk. A thousand people from across the state participated, raising over \$82,000. The CCC team were the second-highest fundraising team with a total of \$4548. Funds raised went towards assisting the Queensland Public Interest Law Clearing House (QPILCH) in providing free legal services to vulnerable members of the Queensland community.



CCC staff at the QPILCH walk

### NAIDOC Week

The CCC held a number of activities during NAIDOC Week in July 2015 to celebrate the history and diversity of Aboriginal and Torres Strait Islander cultures. Activities included a formal morning tea with Elders from the Brisbane Region who spoke to CCC staff about the 2015 NAIDOC theme *We all Stand on Sacred Ground: Learn, Respect and Celebrate*, highlighting the Aboriginal and Torres Strait Islander peoples' strong spiritual and cultural connection to land and sea.

The CCC also attended the Musgrave Park Family Fun Day, holding a stall which provided information on the CCC and the services we provide for the Aboriginal and Torres Strait Islander people of Queensland.

During NAIDOC Week our staff collected donations for the Elders who reside at the Woolloongabba Medical Centre. Donations were presented to the Elders at the CCC NAIDOC morning tea.



NAIDOC Week

## Governance

Our governance framework guides us to achieve our purpose, comply with all relevant laws and policies, meet public expectations of integrity, accountability and transparency and evaluate and report on the work we do.

## Strategic planning

The CCC continued operating under its Strategic Plan 2014–18. As part of the annual strategic planning process, the CCC reconfirmed its strategic objectives 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 2015–16 aligned core strategies to specific activities and outlined key performance indicators. In developing these plans the agency considered its key risks.

**Table 16.** Membership of the Audit and Risk Management Committee

Name	Position	Meetings attended
Mr Peter Dowling AM <sup>1</sup>	Chair (external)	4
Mr Mike Meintjes <sup>1</sup>	External member	4
Mr Forbes Smith <sup>2</sup>	CEO	4
Ms Jen O'Farrell	Executive Director, Strategy and Corporate Services	4
Ms Kathleen Florian <sup>3</sup>	A/CEO	1
Ms Angela Pyke	Director, Financial Investigations (Proceeds of Crime)	3
Mr Gary Adams <sup>4</sup>	Manager, Corporate Governance	1
Ex officio members:		
Ms Ann Gummow	Chairperson (Acting)	1
Mr Alan MacSporran <sup>5</sup>	Chairperson	3
Invitees:		
Mr Brendan Clark	CCC Internal Auditor	3

1. Mr Dowling and Mr Meintjes were remunerated \$8,800 and \$5,500 respectively.

2. Mr Smith was appointed as CEO on 1 January 2016.

3. Ms Florian's acting appointment as CEO concluded on 31 December 2015.

4. It was agreed at the Commission meeting of 1 January 2016 that Ms O'Farrell would replace Mr Adams as a member of the committee.

5. Mr MacSporran was appointed Chairperson on 1 September 2015.

## Audit and risk management

### Audit and Risk Management Committee

The Audit and Risk Management Committee (ARMC) is a five-person committee consisting of one CCC Commissioner and two external members, one of whom is the Chair (see Table 16). The CCC Internal Auditor and representatives from the QAO have standing invitations to attend committee meetings. The committee observes the terms of its charter and has due regard to Queensland Treasury's Audit Committee Guidelines.

During 2015–16 the committee had oversight of:

- the integrity of the CCC's financial statements and internal controls
- compliance with legislative and regulatory requirements
- internal risk management process
- fraud and corruption control systems
- the performance of the internal audit function.

## Risk management framework

The CCC recognises that risk management is pivotal for effective governance and decision-making across all levels of the agency. Risk management within the CCC is managed in accordance with the *Financial Accountability Act 2009* and in alignment with international standards (specifically, AS/NZS ISO 31000:2009).

Given that many of our activities attract inherently high risks the CCC is committed to continuous improvement in this area. In 2015–16 the CCC commenced a risk management reform project to align business processes with an integrated model of risk management and to foster a stronger organisational culture of risk awareness. As part of this project, a CCC Risk Appetite Statement was adopted to articulate the agency's appetite and tolerance for key areas of risk. For example, the CCC promotes considered risk when there is a high degree of confidence that controls are in place to minimise the likelihood of adverse consequences (including preventable and unforeseen harm to Queenslanders), and where there is a high likelihood of capturing expected and considered benefits.

The CCC's risk registers are independently managed by each divisional business area and are centrally reported to the Audit and Risk Management Committee to ensure that appropriate risk treatments and management plans are in place. Risk management mechanisms are regularly audited by the internal auditor, and are routinely included in the Internal Audit Plan 2015–16 as part of standard annual assurance processes.

## 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 ARMC. 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 and the CCC. 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:

- covert operations
- Crime and Corruption operations
- payroll processes
- procurement and accounts payable processes
- security management
- assurance mapping of business unit control mechanisms
- legal professional privilege documentation.

The Internal Auditor also prepared the Strategic and Annual Internal Audit Plans for 2016–19 and 2016–17 respectively. These plans were accepted by the Executive, endorsed by the ARMC and approved by the Commission.

## External audit

The CCC's financial statements were audited by the QAO in accordance with the *Financial Accountability Act 2009* and other applicable statutes. In 2015–16 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 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 2015–16 the CCC undertook a number of record management projects to ensure our systems and processes are compliant and reflect current record management practices.

### Review of the core Retention and Disposal Schedule

Following changes to our Act in 2014, CCC reviewed its core Retention and Disposal Schedule. A number of minor and consequential amendments were needed to cater for these legislative changes. This included altering the minimum retention period for non-warrant surveillance material and the inclusion of a new section to cater for the management of CEM.

### Upgrade of the corporate recordkeeping system

During 2016, the CCC upgraded its corporate recordkeeping system from TRIM to Records Manager 8. This project formed part of a CCC-wide Standard Operating Environment program to ensure that our recordkeeping systems were compatible with our upgrade to Microsoft Office 2013.

### Review of recordkeeping training

The CCC-wide eLearning module for recordkeeping was reviewed and implemented as part of the mandatory staff training framework. The framework stipulates that staff must undertake the training module every two years to ensure that recordkeeping practices and awareness are appropriately imparted to staff on a regular basis.

The initial program in 2014 focused on general recordkeeping awareness. The current version builds on the general awareness and deals with advancing the overall skill level around metadata generation, email management and physical file management practices.

## 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. New employees are provided with the CCC's Code of Conduct upon commencement, and complete an eLearning module in their first week of employment. Existing employees complete regular refresher training. The Code is published on the CCC's website.

## External scrutiny

### Oversight by the Parliamentary Committee

The Parliamentary Crime and Corruption Committee (PCCC) is a bipartisan committee whose principal functions are to:

- monitor and review the performance of the functions, and the structure of the CCC
- report to Parliament on matters relevant to the CCC, and
- participate in the appointment of Commissioners and the CEO.

In its monitoring and reviewing role it also conducts specific inquiries in respect of matters pertaining to the CCC. In monitoring CCC activities, the committee:

- receives and considers complaints against the CCC
- reviews CCC guidelines and policies and may make suggestions for improvement of CCC practices
- reviews CCC reports including its annual report and research reports
- requests reports from the CCC on matters which have come to the committee's attention, through the media or by other means, and
- deals with ad hoc issues concerning the CCC as they arise.

In 2015–16, the CCC met formally with the PCCC four times in both public and private meetings to discuss our current activities and performance. As a number of new members joined the PCCC during the year, Committee members visited the CCC offices on 18 March and 7 June 2016 to hear presentations on the functions and key focus areas of the organisation.

In June 2015, the PCCC commenced a review of the CC Act calling for public submissions. The CCC provided a number of submissions and attended two public hearings to address our submissions.

On 30 June 2016, the PCCC tabled their report in Parliament. The report contained 29 recommendations addressing legislative changes to improve our governance, jurisdictional and operational issues which will allow the CCC to have better oversight.

## Parliamentary Crime and Corruption Commissioner

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.

In 2015–16, the Parliamentary Commissioner:

- inspected the CCC's records to ascertain the extent of compliance with legislation governing surveillance device warrants, retrieval warrants, emergency authorisations and controlled operations
- audited records related to the use of assumed identities
- audited the telecommunications interception records
- reviewed intelligence data held by the CCC
- inspected the covert human intelligence sources register
- reviewed the records management training program.

Where issues were raised by the audits and inspections, the CCC took appropriate action to address those issues. During the year, the Parliamentary Commissioner met with staff responsible for the records management and legislative compliance of surveillance and operational information to discuss key issues addressed during audits and inspections.

## 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. Prior to the enactment of the *Crime and Corruption Amendment Act 2016* the CCC's three-year research plan required ministerial approval.

## Public Interest Monitor

The Public Interest Monitor must ensure that the CCC complies with the *Crime and Corruption Act 2001*, the *Police Powers and Responsibilities Act 2000* and the *Telecommunications Interception Act 2009* (Qld).

## The Courts

The courts, in particular the Supreme Court of Queensland, play a significant role in the use of our coercive powers, including applications for warrants, in the review of our decisions and in deciding contempt of court matters in relation to CCC hearings.

## 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 Chairperson 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 Chairperson 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 CCC Chairperson and the Commissioner of Police. Three certificates were given by the Commissioner on the basis that he was satisfied that disclosure of the operative's identity was likely to endanger the safety of the operative. No certificates were given by the CCC Chairperson.

# 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 2016, the Review Commissioners were Ms Julie Cork, Dr David Gow and practising solicitor Mr Pat Mullins.

In September 2015, in response to a changing pattern of review requests, the Administrator asked the CCC to examine its data holdings and collection methods. The CCC examined the existing data management processes, and proposed a number of changes to improve these processes and optimise the use of the data holdings.

In 2015–16:

- 53 review applications were lodged
- 17 matters proceeded to a hearing (Refer to Table 17)
- 28 matters were withdrawn, lapsed or were out of jurisdiction.

All recommendations (17 matters out of 17) made by the Review Commissioners in 2015–16 were accepted by the Commissioner. The outcomes of matters reviewed in 2015–16 are detailed in Table 17.

As at 30 June 2016, 15 matters from 2015–16 or earlier are ongoing:

- Four matters are scheduled to be heard in 2016–17
- Six matters are on hold pending a decision before the Court of Appeal regarding an administrative/process matter
- Five matters are progressing.

**Table 17.** Recommendations by Review Commissioners arising from matters heard, 2015–16

Type of application	Affirmed	Varied	Stayed	No Jurisdiction	Total
Promotion	12	-	2	-	14
Transfer	2	-	-	-	2
Unapplied transfer/ Management Initiated Transfer	-	-	-	1	1
Stand-down	-	-	-	-	0
Suspension	-	-	-	-	0
<b>Total</b>	<b>14</b>	<b>-</b>	<b>2</b>	<b>1</b>	<b>17</b>



# 06

## *financial information*

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# Financial summary

This financial summary provides an overview of the Commission’s financial performance for the 2015–16 financial year and includes historical financial information for the previous four financial years. A more detailed view of the Commission’s financial performance for 2015–16 is provided in the financial statements included in this Annual Report.

## Financial Results

The CCC’s financial result for 2015–16 was that revenue exceeded expenses by \$1.117M, resulting in a net operating surplus at the end of the financial year. The surplus is primarily due to a \$1.5M extraordinary revenue adjustment to write-off a lease incentive liability on an expired accommodation lease, as a new lease was negotiated.

Financial Results	2015–16 \$'000	2014–15 \$'000	Variance \$'000
Total Revenue	55,569	54,859	710
Total Expenditure	54,452	54,643	(191)
Operating surplus (deficit)	1,117	216	901
Net assets	16,809	15,692	1,117

The CCC is funded for its outputs through grant funds received from the Queensland Government comprising of 93.90% of total revenue for 2015–16 (2014–15 — 95.10%).

During the 2015–16 financial year, the CCC received additional grant funding for enterprise bargaining (EB) increases, a one-off special payment for employees covered under the core EB agreement in recognition of the 16 months in which no wage increase was paid (Section 831 payment), and temporary funding of \$485,000 allocated over 2 years (2015–16 and 2016–17) to the forensic computing unit to tackle child exploitation activities.

The Government has further committed the following additional funding effective from the 2016–17 financial year:

- \$3.5M over 4 years and \$1M per annum ongoing to maintain a team to work in wealth orders provisions and the serious drug offender confiscation order scheme
- \$4.3M over 2 years (2016–17 and 2017–18) to procure a new investigations case management system, and
- \$3.6M over 4 years to fund the criminal intelligence hearings team

Figure 10. What we spend our money on

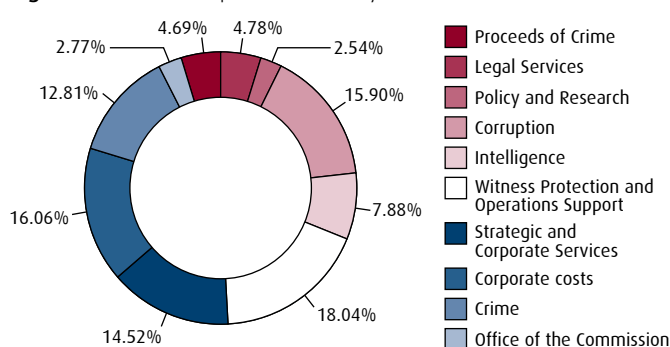
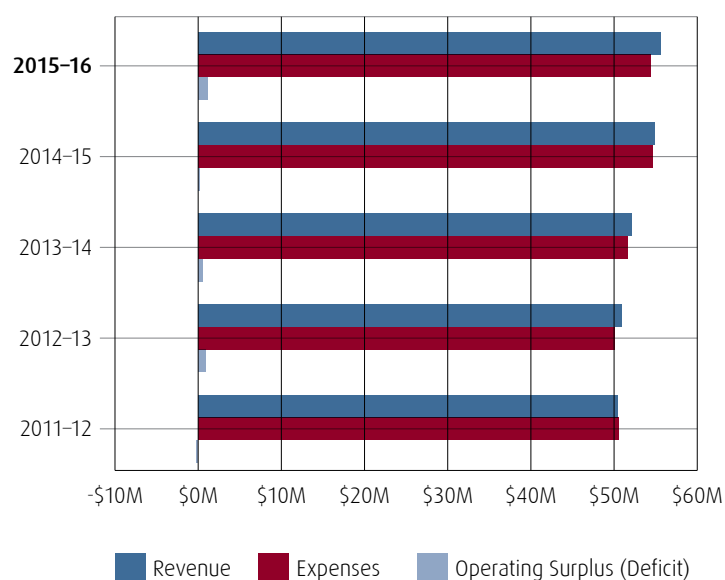
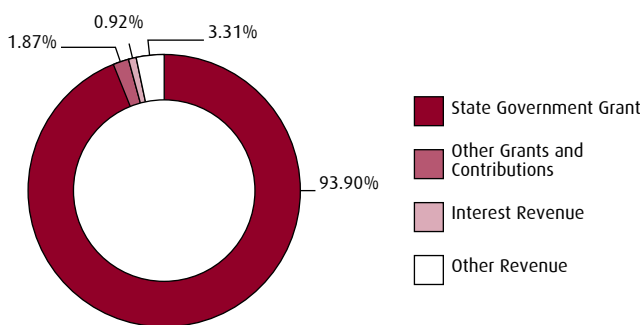


Figure 11. Financial Results 2011–12 to 2015–16



**Figure 12. Revenue**



The State Government grant forms 93.90% of total revenue. 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. The Commission also receives non-cash contributions for services from the Queensland Police Service (QPS) in relation to provision of police operational support and from the Department of Science, Information Technology and Innovation (DSITI) in relation to archival services.

In accordance with government policy, the CCC recognises these services both as 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.

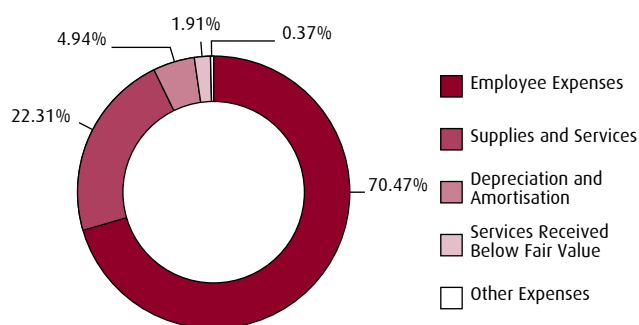
Total revenue for 2015–16 was \$55.569M, increasing by 1.29% or \$710,000 from the 2014–15 financial year. The increase in revenue is primarily due to the \$1.5M lease incentive liability write-off on the old accommodation lease which was recognised under other revenue as a one-off extraordinary adjustment. The increased revenue was largely offset by lower non-cash contributions for services during 2015–16 compared with 2014–15 (other grants and contributions decreased by 45.20% or \$857,000 from the 2014–15 financial year).

## Expenditure

Total expenditure for 2015–16 was \$54.452M, a decrease of 0.35% or \$191,000 from the 2014–15 financial year, mainly due to lower non cash contributions for services for the 2015–16 financial year.

Employee expenses are the CCC’s most significant category of expenditure comprising 70.47% of total expenditure or \$38.373M in 2015–16. Employee expenditure increased by 1.44% or \$544,000 over the previous year. Major contributing factors include additional costs associated with enterprise bargaining increases, the one-off special payment for employees covered under the core agreement, and additional resources dedicated to criminal intelligence hearings and child exploitation investigations.

**Figure 13. Expenditure**



Supplies and services expenditure comprised of 22.31% of total expenditure for 2015–16. The CCC spent \$12.148M for supplies and services expenditure in 2015–16, compared to \$12.016M in 2014–15. This is an increase of 1.10% or \$132,000 from the previous year, mainly due to higher IT related expenditure as a result of the Standard Operating Environment (SOE) replacement project. The remaining desktop purchases for the project will be purchased during the second quarter of the 2016–17 financial year, with the project scheduled for completion in December 2016.

Payments for office accommodation are the highest category of supplies and services expenditure at \$4.506M or 37% of total supplies and services expenditure. A new lease agreement for our Green Square office accommodation was negotiated by Department of Housing and Public Works (DHPW), with substantial benefits to the CCC. These benefits include rental charges consistent with 2014–15 amounts with fixed annual rental reviews reduced from 4% to 3.5% p.a.; a \$7.240M lease incentive in the form of a rent abatement evenly over the term of the lease and a significant reduction in make good obligations. The new lease is effective from 4 July 2016.

Payments to external contractors for various services are the second highest category of expenditure at \$1.440M or 12% of total supplies and services expenditure, followed by telecommunications access and information retrieval costs which was \$1.297M or 10% of total supplies and services expenditure. All other expenditure remained relatively consistent with the previous financial year. Refer to Note 6 of the Financial Report for further details of supplies and services expenditure.

### Financial Position

#### Capital Acquisitions

The CCC invested \$1.697M on capital acquisitions during the 2015–16 financial year compared to \$1.321M in 2014–15, mainly as part of the ongoing asset replacement and maintenance program in accordance with the CCC's Asset Strategic Plan. A full breakdown of capital acquisitions can be found in Note 11B of the Financial Statements under the property, plant and equipment reconciliation.

#### Assets

As at 30 June 2016, CCC total assets were valued at \$23.594M (2014–15 — \$25.956M), decreasing by \$2.362M from the previous year. The decrease is primarily due to a lower book value of non-current assets at 30 June 2016 compared to the previous year. This is largely due to a significant reduction in make good obligations for Green Square office accommodation which resulted in a \$2.035M decrease to the provision for make good. As part of the make good adjustment, the cost of the Green Square leasehold asset has reduced accordingly.

#### Liabilities

As at 30 June 2016, the CCC's liabilities were valued at \$6.785M compared to \$10.264M in the previous year. This is a decrease of \$3.479M and relates mainly to the reduction in the provision for make good obligations for Green Square accommodation. Also contributing is the \$1.5M write-off of the remaining lease incentive liability for the old Green Square accommodation lease.

#### Net Equity

Equity increased by \$1.117M due to the operating result for the 2015–16 financial year.

#### 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
- A Management Committee that 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
- Ensuring on-going 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, on-going 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 2016, 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 2016.

The financial statements consist of five parts, viz.

- 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, are examined by the CCC's Audit and Risk Management Committee, Executive Leadership Group and internal audit, and are 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. The SOI also includes other comprehensive income which comprises items of income and expenses that are not recognised in the profit and loss.

For the year ended 30 June 2016, the CCC's revenue exceeded expenditure by \$1.117M, 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 2016, the CCC's equity was valued at \$16.809M, increasing by \$1.117M 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 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 2016, the CCC's non-current assets of \$9.179M included the book value of leasehold improvements, motor vehicles, computer and other technical equipment, 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 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 2016.

### 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.

### 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 2015–16 financial year, the CCC received \$54.461M in cash and paid out \$52.320M in cash to manage its operating activities. In addition, \$1.398M was invested in capital acquisitions.

The CCC's cash balance at 30 June 2016 was \$13.232M compared with \$12.489M at 30 June 2015. The increase in cash of \$743,000 is mainly due higher payables at 30 June 2016. These suppliers were paid during July 2016.

### Notes to and forming part of the Financial Statements

The notes to the financial statements provide a more detailed breakup of line items presented in the financial statements. They also disclose other matters such as the CCC's accounting policies, budget reporting disclosures including 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 (CCC), an independent statutory body established under the *Crime and Corruption Act 2001*, which reports directly to the Queensland Parliament.

For financial reporting purposes, the CCC is a statutory body in 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 CCC is:

Level 2, North Tower Green Square  
515 St Pauls Terrace  
FORTITUDE VALLEY QLD 4006

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

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

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# CRIME AND CORRUPTION COMMISSION

## Statement of Comprehensive Income for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
<b>Income from Continuing Operations</b>			
Grants and other contributions	2	53,217	54,068
Interest	8	512	554
Other revenue	3	1,730	177
Total Revenue		55,459	54,799
Gains on disposal of property, plant and equipment		110	60
<b>Total Income from Continuing Operations</b>		<b>55,569</b>	<b>54,859</b>
<b>Expenses from Continuing Operations</b>			
Employee expenses	4,5	38,373	37,829
Supplies and services	6	12,148	12,016
Depreciation and amortisation	11	2,689	2,624
Impairment losses		–	13
Finance costs	15	7	77
Other expenses	7	1,235	2,084
<b>Total Expenses from Continuing Operations</b>		<b>54,452</b>	<b>54,643</b>
<b>Operating Result from Continuing Operations</b>		<b>1,117</b>	<b>216</b>
<b>Total Comprehensive Income</b>		<b>1,117</b>	<b>216</b>

*The accompanying notes form part of these statements.*

# CRIME AND CORRUPTION COMMISSION

## Statement of Financial Position as at 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	8	13,232	12,489
Receivables	9	714	671
Other assets	10	469	509
<b>Total Current Assets</b>		<b>14,415</b>	<b>13,669</b>
<b>Non-Current Assets</b>			
Intangible assets	11A	301	298
Property, plant and equipment	11B	8,722	11,958
Other non-current assets	10	156	31
<b>Total Non-Current Assets</b>		<b>9,179</b>	<b>12,287</b>
<b>Total Assets</b>		<b>23,594</b>	<b>25,956</b>
<b>Current Liabilities</b>			
Payables	12	3,467	2,790
Lease liabilities	13	13	312
Unearned revenue		3	2
Accrued employee benefits	14	2,967	2,900
<b>Total Current Liabilities</b>		<b>6,450</b>	<b>6,004</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	13	13	1,898
Provisions	15	322	2,362
<b>Total Non-Current Liabilities</b>		<b>335</b>	<b>4,260</b>
<b>Total Liabilities</b>		<b>6,785</b>	<b>10,264</b>
<b>Net Assets</b>		<b>16,809</b>	<b>15,692</b>
<b>Equity</b>			
Contributed equity		12,221	12,221
Accumulated surplus		4,588	3,471
<b>Total Equity</b>		<b>16,809</b>	<b>15,692</b>

The accompanying notes form part of these statements.



# CRIME AND CORRUPTION COMMISSION

## Statement of Changes in Equity for the year ended 30 June 2016

	Accumulated Surplus	Contributed Equity	TOTAL
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2014*</b>	<b>3,255</b>	<b>12,221</b>	<b>15,476</b>
Operating result from continuing operations	216	–	216
<b>Balance as at 30 June 2015</b>	<b>3,471</b>	<b>12,221</b>	<b>15,692</b>

	Accumulated Surplus	Contributed Equity	TOTAL
	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2015</b>	<b>3,471</b>	<b>12,221</b>	<b>15,692</b>
Operating result from continuing operations	1,117	–	1,117
<b>Balance as at 30 June 2016</b>	<b>4,588</b>	<b>12,221</b>	<b>16,809</b>

*The accompanying notes form part of these statements.*

\* Refer to Note 11B<sup>1</sup>

# CRIME AND CORRUPTION COMMISSION

## Statement of Cash Flows for the year ended 30 June 2016

	Notes	Actual 2016 \$'000	Actual 2015 \$'000
<b>Cash flows from operating activities</b>			
<i>Inflows</i>			
Grants and other contributions		52,178	52,172
Interest receipts		518	557
GST input tax credits from ATO		1,549	2,467
GST collected from customers		47	34
Other		169	185
<i>Outflows</i>			
Employee expenses		(38,686)	(38,978)
Supplies and services		(11,892)	(12,302)
GST paid to suppliers		(1,505)	(2,319)
GST remitted to ATO		(46)	(73)
Other		(191)	(178)
<b>Net cash provided by operating activities</b>	16	<b>2,141</b>	<b>1,565</b>
<b>Cash flows from investing activities</b>			
<i>Inflows</i>			
Sales of property, plant and equipment		299	207
<i>Outflows</i>			
Payments for Intangibles		(80)	–
Payments for property, plant and equipment		(1,617)	(1,321)
<b>Net cash used in investing activities</b>		<b>(1,398)</b>	<b>(1,114)</b>
Net increase in cash and cash equivalents		743	451
Cash and cash equivalents at beginning of financial year		12,489	12,038
<b>Cash and cash equivalents at end of financial year</b>		<b>13,232</b>	<b>12,489</b>

The accompanying notes form part of these statements.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Objectives of the Crime and Corruption Commission

<b>Note 1</b>	Summary of Significant Accounting Policies
<b>Note 2</b>	Grants and Other Contributions
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# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Objectives of the Crime and Corruption Commission (CCC)

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The CCC is a not-for-profit entity that focuses on those matters that are of highest threat to the Queensland community with the aim of helping make our communities safer and ensuring that they are supported by fair and ethical public institutions. The CCC'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.

#### Note 1: Summary of Significant Accounting Policies

Significant accounting policies are in the notes to which they relate, except as follows:

##### (a) Statement of Compliance

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 2016

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.

New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in Note 1(g).

##### (b) The Reporting Entity

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

##### (c) 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, unless otherwise specified, such restatements are not material and would not require disclosure in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*.

*Current/Non-Current Classification* – Assets and Liabilities are classified as either "current" or "non-current" in the Statement of Financial Position and associated notes. Assets are classified as "current" where their carrying amount is expected to be realised within 12 months after the reporting date, or when the CCC does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

##### (d) Issuance of Financial Statements

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

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

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

#### (e) Taxation

The CCC 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).

#### (f) 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 14)
- Provisions (Note 15)
- Commitments for Expenditure (Note 17)
- Contingencies (Note 18)

#### (g) New and Revised Accounting Standards

The CCC is not permitted to adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury. Accounting policies applied during 2015–16 were only amended where required by Australian accounting standards.

The Australian accounting standard that had the most significant impact on the CCC's financial statements is *AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (AASB 7, AASB 101, AASB 134 & AASB 1049)*. The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies, and provide clarity on aggregating line items. The standard also emphasises only including material disclosures in the notes.

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 CCC is set out below:

		Applicable for annual reporting periods beginning on or after:
AASB 124	<i>Related Party Disclosures</i>	1 July 2016
AASB 9 & AASB 2014-7	<i>Financial Instruments Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 January 2018
AASB 16	<i>Leases</i>	1 January 2019

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### (g) New and Revised Accounting Standards (cont'd)

Effective from reporting periods beginning on or after 1 July 2016, a revised version of *AASB 124 Related Party Disclosures* will apply to the Commission. AASB 124 requires disclosures about the remuneration of key management personnel (KMP), transactions with related parties, and relationships between parent and controlled entities.

The CCC already discloses detailed information about remuneration of its KMP, in compliance with requirements from Queensland Treasury (Refer to Note 5). Due to additional guidance about the KMP definition in the revised AASB 124, the CCC will be assessing whether its responsible Minister should be part of its KMP from 2016–17. If the responsible Minister is assessed as meeting the KMP definition, no associated remuneration figures will be disclosed by the CCC, as it does not provide the Minister's remuneration. Comparative information will continue to be disclosed in respect of KMP remuneration.

The most significant implications of AASB 124 for the CCC are the required disclosures about transactions between the CCC and its related parties (as defined in AASB 124). For any such transactions, from 2016–17 disclosures will include the nature of the related party relationship, as well as information about those transactions' terms/conditions and amounts, any guarantees given/received, outstanding receivables/ payables, commitments, and any receivables where collection has been assessed as being doubtful. In respect of related party transactions with other Queensland Government controlled entities, the information disclosed will be more high level, unless a transaction is individually significant. No comparative information is required in respect of related party transactions in the 2016–17 financial statements.

The impact of AASB 9 *Financial Instruments* and AASB 2014-17 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* 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 CCC's financial assets, this change is not expected to have a material impact on the CCC's financial statements.

AASB 16 *Leases* introduces a single lease accounting model and will supersede AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases - Incentives* and AASB 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

The main impact of AASB 16 for lessees is that the majority of operating leases will be reported in the statement of financial position resulting in a significant increase in assets and liabilities. The CCC has not yet quantified the impact on the Statement of Comprehensive Income or the Statement of Financial Position of applying AASB 16 to its current operating leases, including the extent of additional disclosure.

AASB 16 also allows a "cumulative approach" rather than a full retrospective application to recognising existing operating leases. The CCC will await further guidance from Queensland Treasury on the transitional accounting method to be applied.

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

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 2: Grants and Other Contributions

#### Accounting Policy:

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

**Other Contributions – Services Received Below Fair Value** – The CCC 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.

	2016 \$'000	2015 \$'000
<b>Grants</b>		
Queensland Government grant <sup>1</sup>	52,178	52,172
<b>Other Contributions – Services Received Below Fair Value</b>		
Archival services from Department of Science, Information Technology and Innovation (DSITI)	232	311
Employee costs for police secondments from Queensland Police Service (QPS) <sup>2</sup>	807	1,585
	1,039	1,896
<b>Total</b>	<b>53,217</b>	<b>54,068</b>

- The CCC is funded by parliamentary appropriations under the annual *Appropriation Act 2015* for the provision of its outputs. These appropriations are received by the Department of Justice and Attorney-General and forwarded to the CCC on a quarterly basis in the form of a grant.
- Relates to an additional team of police operational support allocated to the CCC for surveillance work.

### Note 3: Other Revenue

APSACC – share of conference profit (Refer Note 20)	149	–
Revenue from lease incentive write-off <sup>1</sup>	1,499	–
Car parking revenue <sup>2</sup>	34	32
Revenue from court awarded costs	–	60
Sundry revenue	48	85
<b>Total</b>	<b>1,730</b>	<b>177</b>

- The CCC's lease for its Green Square accommodation was due to expire on 3 July 2016; however a 5 year lease option was available. Due to prevailing market conditions, during the financial year, the Department of Housing and Public Works (DHPW) negotiated and signed a new lease on behalf of the CCC rather than exercising the option to extend the lease. As a result, the remaining lease incentive liability on the old lease (Refer to Note 13 and Note 15) has been recognised as a one-off extraordinary revenue adjustment.
- The CCC subleases surplus leased carparks to employees to offset part of car parking costs, which is included under operating lease rentals. The unearned revenue relates to car parking revenue for July 2016, which was received in advance.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 4: Employee Expenses

#### Accounting Policy:

**Wages, Salaries and Sick Leave** – Salaries and wages due but unpaid at reporting date are recognised as a liability in the Statement of Financial Position. As the CCC expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. Also refer to Note 14.

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. 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. Also refer to Note 14.

**Long Service Leave** – Under the Queensland Government’s long service leave central scheme, a levy is made on the CCC 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. Also refer to Note 9 and Note 14.

No provision for long service leave is recognised in the CCC’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** – 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 CCC’s obligation is limited to its contribution to QSuper. Also refer to Note 12.

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*.

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

Number of employees<sup>1</sup>

	2016	2015
	342.2	336.6

1 Includes 77 police FTE positions seconded from the QPS and paid for by the CCC.



# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 4: Employee Expenses (cont'd)

	2016 \$'000	2015 \$'000
<b>Employee Benefits</b>		
Wages and salaries	29,760	29,084
Annual leave expense	1,950	2,066
Employer superannuation contributions	3,805	3,761
Long service leave levies	659	657
Termination benefits	10	149
Other employee benefits	191	133
<b>Employee Related Expenses</b>		
Workers' compensation premium	260	324
Payroll tax	1,240	1,212
Other employee related expenses	498	443
<b>Total</b>	<b>38,373</b>	<b>37,829</b>

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. Also refer to Note 14.

### Note 5: The Commission, Senior Executive Personnel and Remuneration Expenses

#### (a) The Commission

The Commission is the governing body and comprises a full time Commissioner who is the Chairperson, a part-time Commissioner who is the Deputy Chairperson, and three (3) part-time Ordinary Commissioners. The Commission is responsible for providing strategic leadership and direction for the performance of the CCC's functions.

The Chairperson has specific responsibilities relating to the proper performance of the CCC's functions.

#### (b) Chief Executive Officer (CEO)

The CEO is responsible for the efficient, effective and economic administration of the CCC. The CCC's financial functions are also delegated to the CEO. The CEO reports to the Commission.

#### (c) 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 support the Chairperson and the CEO in the leadership of the CCC as a whole during 2015–16. Key management personnel are responsible for participating collaboratively in the overall management of the CCC and, in particular, to achieve the objectives set by the Commission for the performance of functions within their area of responsibility.

Together with the Chairperson 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.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 5: The Commission, Senior Executive Personnel, and Remuneration Expenses (cont'd)

#### (d) Remuneration Expenses

##### *Part-time Ordinary 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.

Name of Commissioner	Position	Date of term commencement (Date of term expiration)	2016 \$'000	2015 \$'000
George Fox	Ordinary Commissioner	23 September 2011 ( 31 October 2014)	–	16
Marilyn McMeniman	Ordinary Commissioner	8 April 2011 (30 June 2015)	–	46
Noela L'estrange	Ordinary Commissioner	1 December 2015 to 31 March 2016	12	–
Soraya Ryan QC	Ordinary Commissioner	1 July 2015 to 30 November 2015	20	–
David Kent	Ordinary Commissioner	1 July 2015 to 30 November 2015	20	–
Sydney Williams	Deputy Chairperson	6 December 2014 to current	65	46
Marshall Irwin	Ordinary Commissioner	1 March 2016 to current	27	–
<b>Total</b>			<b>144</b>	<b>108</b>

##### *Chairperson Remuneration*

The remuneration paid to the Chairperson is determined by the Governor-in-Council and is equivalent to the superannuable salary of a Supreme Court judge, other than the Chief Justice or the President of the Court of Appeal, as provided for under the *Judicial Remuneration Act 2007*. The Chairperson's remuneration increased by 2% effective from 1 January 2016.

The Chairperson's conditions of employment includes a jurisprudential allowance, an expense of office allowance, the use of a Qfleet vehicle for official and private purposes in accordance with the guidelines outlined in Schedule E of the *Judges of the Supreme Court Conditions 2011*, leave equivalent to the public service and a pension in accordance with the provisions of the *Crime and Corruption Act 2001*. The Chairperson 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 CCC'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 2015–16 year, the remuneration for senior executive personnel increased by 2.5% in accordance with government policy.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 5: The Commission, Senior Executive Personnel, and Remuneration Expenses (cont'd)

#### (d) Remuneration Expenses (cont'd)

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.

#### 1 July 2015 – 30 June 2016\*

Position	Contract classification and appointment authority	Monetary Expenses \$'000	Long-Term Employee Expenses \$'000	Post-Employment Expenses \$'000	Total Expenses \$'000
<sup>1</sup> Chairperson – 1 September 2015 to current (acting arrangements in place from 1 July 2015 to 31 August 2015)	<i>Crime and Corruption Act 2001</i>	445	7	8	460
Chief Executive Officer – 1 January 2016 to current (acting arrangements in place from 1 July 2015 to 31 December 2016)	CEO, <i>Crime and Corruption Act 2001</i>	319	6	25	350
Executive Director, Corruption – 2 April 2014 to current	SES4, <i>Crime and Corruption Act 2001</i>	194	4	25	223
Executive Director, Crime – 9 January 2012 to current (acting arrangements in place from 1 July 2015 to 13 January 2016)	SES4, <i>Crime and Corruption Act 2001</i>	218	5	22	245
Executive Director, Operations Support – 12 October 2015 to current (former incumbent from 5 May to 9 October 2015)	Chief Superintendent, <i>Crime and Corruption Act 2001</i>	164	3	21	188
Executive Director, Strategic and Corporate Services – 13 July 2015 – current	SES3, <i>Crime and Corruption Act 2001</i>	221	4	17	242
Director, Financial Investigations – 18 March 2013 to current	SES2, <i>Crime and Corruption Act 2001</i>	164	3	18	185
Director, Legal Services – 8 August 2011 to current	SES2, <i>Crime and Corruption Act 2001</i>	168	3	18	189
Director, Research and Policy – 17 February 2012 to current	SES2, <i>Crime and Corruption Act 2001</i>	183	4	19	206
Director, Intelligence – 23 November 2012 to current	SO, <i>Crime and Corruption Act 2001</i>	122	3	16	141
<b>Total Remuneration</b>		<b>2,198</b>	<b>42</b>	<b>189</b>	<b>2,429</b>

<sup>1</sup> The Chairperson also received a non-monetary motor vehicle benefit of \$8,806 during the financial year.

\* Remuneration expenses include costs in relation to the acting arrangements and former incumbents where applicable.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 5: The Commission, Senior Executive Personnel, and Remuneration Expenses (cont'd)

#### (d) 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	Total Expenses \$'000
Acting Chairperson – 22 May 2014 to 30 June 2015	<i>Crime and Corruption Act 2001</i>	495	11	54	560
Acting Chief Executive Officer – 1 July 2014 to 30 June 2015	<i>CEO, Crime and Corruption Act 2001</i>	290	6	24	320
Executive Director, Corruption – 2 April 2014 to current	<i>SES4, Crime and Corruption Act 2001</i>	227	5	20	252
Executive Director, Crime – 9 January 2012 to current	<i>SES4, Crime and Corruption Act 2001</i>	252	5	27	284
Executive Director, Operations Support – 5 May 2014 to 9 October 2015	<i>Chief Superintendent, Crime and Corruption Act 2001</i>	147	3	25	175
Director, Financial Investigations – 18 March 2013 to current	<i>SES2, Crime and Corruption Act 2001</i>	161	3	18	182
Director, Legal Services – 8 August 2011 to current	<i>SES2, Crime and Corruption Act 2001</i>	167	3	17	187
<b>Total Remuneration</b>		<b>1,739</b>	<b>36</b>	<b>185</b>	<b>1,960</b>

1 The Executive Director Crime also received a non-monetary motor vehicle benefit of \$4,022 during the financial year.

\* Comparative figures have been re-stated to disclose remuneration expenses at the accrued cost to the CCC rather than the remuneration paid.

### Note 6: Supplies and Services

	2016 \$'000	2015 \$'000
Operating Lease Rentals <sup>1</sup>	4,506	4,420
Information technology (IT) hardware and software maintenance	703	579
Software purchases <sup>3</sup>	393	406
Consultants and contractors	748	503
Corporate service providers	135	134
Electricity	273	304
Furniture and equipment (non asset) <sup>3</sup>	650	479
Telecommunications and access costs	1,297	1,463
Legal costs <sup>2</sup>	673	751
Building and equipment maintenance	345	370
Motor vehicle running costs	429	439
Operational expenses	464	603
Security	437	492
Travel	653	644
Other	442	429
<b>Total</b>	<b>12,148</b>	<b>12,016</b>

1 Operating leases are entered into as a means of acquiring access to office accommodation, car parking and storage facilities. A new lease agreement for Green Square office accommodation is effective from 4 July 2016 for a five (5) year term with an option to extend the lease for a further five (5) years. As part of new lease negotiations, the new rental is consistent with amounts charged during the 2015–16 financial year, and fixed annual rental reviews has been reduced from 4% to 3.5% annually. Refer to Note 13 and Note 15.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 6: Supplies and Services (cont'd)

- Includes a provision of \$95,000 for court ordered costs in relation to the matter of Witness JA vs MJ Scott.
- Includes an amount of \$151,364 paid for computer software and \$298,135 paid for computer hardware for the standard operating environment (SOE) replacement which occurs once every 4–5 years. The remaining computer hardware (desktops) is scheduled to be purchased in the second quarter of the 2016–17 financial year.

### Note 7: Other Expenses

	2016 \$'000	2015 \$'000
External audit fees <sup>1</sup>	60	60
Insurance Premiums <sup>2</sup>	33	33
Services received below fair value (see Note 2)	1,039	1,896
Losses:		
– On disposal of property, plant and equipment	5	10
– Public Moneys <sup>3</sup>	8	–
Special payments <sup>4</sup>		
– Out of court settlement	–	54
– Other special payments	4	12
APSACC – seed money for future conferences (see Note 20)	75	–
Sundry expenses	11	19
<b>Total</b>	<b>1,235</b>	<b>2,084</b>

- Estimate of fees payable to Queensland Audit Office relating to the 2015–16 financial statements is \$59,500 (2015 actual fee: \$60,400).
- The CCC'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.
- Relates to un-recouped salary overpayments.
- Special payments include ex gratia expenditure and other expenditure that the CCC is not contractually or legally obligated to make to other parties. The 2014–15 out of court settlement payment relates 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 CCC-related matters.

### Note 8: Cash and Cash Equivalents

#### Accounting Policy:

**Cash and Cash Equivalents** – Cash and cash equivalents include all cash and cheques receipted 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 CCC's option and that are subject to a low risk of changes in value.

Interest revenue is recognised as the interest accrues.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 8: Cash and Cash Equivalents (cont')

	2016 \$'000	2015 \$'000
Imprest accounts <sup>1</sup>	15	25
Cash at bank	668	413
Term deposits <sup>2</sup>	12,549	12,051
<b>Total</b>	<b>13,232</b>	<b>12,489</b>

As a result of decisions by the Reserve Bank of Australia to cut interest rates during the reporting period, term deposits earned interest rates between 2.30% and 3.50% (2015: 2.73% and 3.66%). Interest earned in the reporting period was \$512,000, which was lower than anticipated.

- 1 In order to reduce fraud risk, the CCC reduced its petty cash holdings by \$10,000 during the financial year.
- 2 Term deposits include a bank guarantee of \$48,600 that is pursuant to a lease agreement for office accommodation.

### Note 9: Receivables

#### Accounting Policy:

**Receivables** – Receivables are measured at amortised cost which approximates their fair value and represent amounts owed to the CCC 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. Terms are a maximum of three months, no interest is charged and no security is obtained.

The collectability of sundry 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 sundry debtors that required an allowance for impairment.

#### Contractual Receivables

Long service leave reimbursements	223	192
Interest receivable	99	105
Funds receivable from APSACC (Refer to Note 20)	74	–
Sundry debtors	4	16
	<u>400</u>	<u>313</u>

#### Statutory Receivables

GST receivable	319	363
GST payable	(5)	(5)
	<u>314</u>	<u>358</u>

#### Total

<b>714</b>	<b>671</b>
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# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 10: Other Assets

#### Accounting Policy:

**Prepayments** – 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 \$5000. Based on a materiality assessment, the CCC increased the recognition threshold for prepaid supplies and services expenditure from \$1,000 to \$5000 during the financial year.

	2016 \$'000	2015 \$'000
<b>Current</b>		
Prepayments	467	509
Rental security deposits	2	–
<b>Total</b>	<b>469</b>	<b>509</b>
<b>Non-Current</b>		
Prepayments	128	3
Rental security deposits	28	28
<b>Total</b>	<b>156</b>	<b>31</b>

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

### Note 11: Non-Current Physical and Intangible Assets

#### Accounting Policy:

**Recognition** – The CCC only recognises assets in the Statement of Financial Position where their initial acquisition costs exceed a set monetary threshold with assets below this value being expensed:

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

Items comprising the CCC's technical library are expensed on acquisition.

**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. This includes direct costs associated with the design and implementation of software.

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 CCC. 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.

**Measurement** – The CCC uses the historical 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.

The carrying amounts for plant and equipment measured at cost approximate their fair value at reporting date.

**Depreciation and Amortisation Expense** – Property, plant and equipment and intangible assets have finite useful lives and are depreciated and amortised on a straight-line basis over the expected benefit to the CCC.

Straight line depreciation and amortisation is used reflecting the expected even consumption of economic benefits on a progressive basis over the useful life of property, plant and equipment and intangible assets.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 11: Non-Current Physical and Intangible Assets (Cont'd)

#### Accounting Policy (cont'd):

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.

Each class of depreciable and intangible assets is depreciated or amortised based on the following useful lives.

#### Plant and Equipment:

Motor Vehicles	3–8 years
Computer Equipment	2–10 years
General and Technical Equipment and Furniture	3–15 years
Leasehold Improvements	5–18 years

#### Intangible Assets:

Software	7–9 years
----------	-----------

The useful lives of plant and equipment and intangible assets were reviewed during the reporting period and adjusted where necessary.

**Impairment** – 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 physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the CCC determines the assets recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. An impairment loss is recognised immediately in the Statement of Comprehensive Income.

### Note 11A: Intangible Assets

	2016 \$'000	2015 \$'000
Software		
At cost	832	752
Less: Accumulated amortisation	(531)	(454)
<b>Total</b>	<b>301</b>	<b>298</b>

The CCC's software comprises of an Electronic Document and Records Management System (EDRMS) and a Web Content and Intranet Management System. As part of the SOE upgrade project, during the 2015–16 financial year, the EDRMS software was upgraded to ensure compatibility with Microsoft Office software at an external cost of \$80,000.

#### Intangibles Reconciliation

<b>Software</b>		
Carrying amount at 1 July	298	394
Add: Acquisitions	80	
Less: Amortisation <sup>1</sup>	(77)	(96)
<b>Carrying amount at 30 June</b>	<b>301</b>	<b>298</b>

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



# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 11: Non-Current Physical and Intangible Assets (cont'd)

#### Note 11B: Property, Plant and Equipment

Motor vehicles:		
At cost	1,446	1,455
Less: Accumulated depreciation	(570)	(577)
	876	878
Computer equipment:		
At cost	3,929	2,887
Less: Accumulated depreciation	(2,392)	(1,718)
	1,537	1,169
General and technical equipment:		
At cost	1,730	1,820
Less: Accumulated depreciation	(946)	(855)
	784	965
Leasehold improvements:		
At cost <sup>1</sup>	15,386	17,434
Less: Accumulated depreciation	(9,861)	(8,663)
	5,525	8,771
Work in Progress:		
At cost	–	175
<b>Total</b>	<b>8,722</b>	<b>11,958</b>

1 In consideration of AASB 108 *Materiality* and AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* to improve financial reporting, cultural and artwork assets previously classified and reported as a separate class of non-current assets under property, plant and equipment at fair value, have been reclassified to leasehold improvements. The artwork is recorded at its revalued amount of \$33,000 (original cost –\$25,000) and is not depreciated as it is considered to have an indefinite useful life. Comparative figures reported in the 2014–15 Statement of Financial Position and Statement of Changes in Equity have been restated to account for the reclassification.

## CRIME AND CORRUPTION COMMISSION

### Notes to and forming part of the Financial Statements 2015–16

#### Note 11: Non-Current Physical and Intangible Assets (Cont'd)

#### Note 11B: Property, Plant and Equipment (cont'd)

Property, Plant and Equipment Reconciliation	Motor vehicles		Computer equipment		General and technical equipment		Leasehold improvements <sup>2</sup>		Cultural and art assets		Work in progress		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Carrying amount at 1 July	878	927	1,169	1,437	965	1,071	8,738	9,538	33	33	175	–	11,958	13,006
Acquisitions	642	531	925	257	50	139	–	–	–	–	394	394	1,617	1,321
Disposals <sup>4</sup>	(191)	(149)	–	–	(3)	(6)	–	(2)	–	–	–	–	(194)	(157)
Transfers between classes	–	–	175	–	–	–	33	219	(33)	–	(175)	(219)	–	–
Restoration cost adjustment <sup>3</sup>	–	–	–	–	–	–	(2,047)	329	–	–	–	–	(2,047)	329
Depreciation <sup>5</sup>	(453)	(431)	(732)	(517)	(228)	(234)	(1,199)	(1,346)	–	–	–	–	(2,612)	(2,528)
Impairment losses	–	–	–	(8)	–	(5)	–	–	–	–	–	–	–	(13)
<b>Carrying amount at 30 June</b>	<b>876</b>	<b>878</b>	<b>1,537</b>	<b>1,169</b>	<b>784</b>	<b>965</b>	<b>5,525</b>	<b>8,738</b>	<b>–</b>	<b>33</b>	<b>–</b>	<b>175</b>	<b>8,722</b>	<b>11,958</b>

2 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 an option period where exercise of the option is probable.

3 Leasehold improvements include an amount of \$321,659 (2015: \$2,018M) for the estimate of restoration costs for leased premises which has been recognised as a provision. Refer to Note 13 and Note 15.

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

5 Depreciation is included in the line item "Depreciation and amortisation" in the Statement of Comprehensive Income.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 12: Payables

#### Accounting Policy:

**Payables** – The CCC 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.

	2016 \$'000	2015 \$'000
<b>Contractual Payables</b>		
Creditors	1,922	1,370
Queensland Police Service <sup>1</sup>	1,193	1,274
	<b>3,115</b>	<b>2,644</b>
<b>Statutory Payables</b>		
Payroll Tax	140	109
Superannuation	163	–
FBT and Pay-as-you-go	49	37
	<b>352</b>	<b>146</b>
<b>Total</b>	<b>3,467</b>	<b>2,790</b>

1 Reimbursement of staff salaries and related on-costs for police seconded to the CCC.

### Note 13: Lease Liabilities

#### Accounting Policy:

**Lease recognition** – 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 CCC has operating leases for office accommodation and no finance leases.

**Lease measurement** – Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred using a straight line basis over the period of the lease even if the payments are not on that basis. Differences between lease expense and payments made are recorded as a deferred lease liability, which is extinguished upon expiration of the lease.

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

<b>Current</b>		
Lease incentive liability	13	312
<b>Total</b>	<b>13</b>	<b>312</b>
<b>Non-Current</b>		
Lease incentive liability	13	1,527
Deferred lease liability	–	371
<b>Total</b>	<b>13</b>	<b>1,898</b>

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 13: Lease Liabilities (cont'd)

Lease liabilities relate to incentives received when entering into lease arrangements for office accommodation.

The CCC received a \$3.872M lease incentive from the lessor when it entered into an eight (8) year lease arrangement for its Green Square office accommodation in July 2008, with an option to extend the lease for a further five (5) years. The lease incentive was being written off over a 13 year period as it was the CCC's intention to exercise the option to extend the lease. On the advice of DHPW, during the financial year and effective from 4 July 2016, the CCC entered into new lease arrangements for Green Square rather than exercising the option to extend the existing lease.

Due to new lease negotiations by DHPW, effective from the 2016–17 financial year, the CCC will receive a \$7.240M lease incentive which will be applied as a rental abatement evenly over the term of the lease. Also refer to Note 6, Note 15 and Note 17.

### Note 14: Accrued Employee Benefits

Wages outstanding	673	587
Annual leave entitlements <sup>1</sup>	2,178	2,191
Long service leave levy payable	116	122
<b>Total</b>	<b>2,967</b>	<b>2,900</b>

Refer to Note 4.

- 1 On average, staff took 17 days annual leave during the financial year against an entitlement of 20 days. Total annual leave hours owing to staff at 30 June 2016 decreased by 7% from the 2014–15 financial year. Leave entitlements are being actively monitored by management with a view to reducing high leave balances and promoting staff work-life balance.

### Note 15: Provisions

#### Accounting Policy:

**Recognition and Measurement** – Provisions are recorded when the CCC 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 CCC 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.

	2016 \$'000	2015 \$'000
Restoration costs	322	2,362
<b>Total</b>	<b>322</b>	<b>2,362</b>

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 15: Provisions (cont'd)

	2016 \$'000	2015 \$'000
<b>Movements in provisions</b>		
<b>Restoration Costs</b>		
Balance at 1 July	2,362	1,956
Provision recognised	(2,047)	329
Finance Costs	7	77
<b>Balance at 30 June</b>	<b>322</b>	<b>2,362</b>

Due to new lease negotiations by DHPW for the CCC's Green Square office accommodation, the make good obligations for the premises is significantly reduced. Other than damage to any property removed by choice and damage caused to the premises during the term of the lease, the CCC is no longer obliged to make good (including paint) or remove its property, including fixtures and chattels from the leased premises, at the end of the lease. (Also refer to Note 6, Note 13 and Note 17).

### Note 16: Reconciliation of Operating Result to Net Cash from Operating Activities

	2016 \$'000	2015 \$'000
Operating result from continuing operations	1,117	216
Depreciation and amortisation expense	2,689	2,624
Impairment losses	–	13
Losses on disposal of property, plant and equipment	5	10
Gains on disposal of property, plant and equipment	(110)	(60)
Finance costs	7	77
<b>Change in asset and liabilities:</b>		
(Increase)/decrease in other receivables	(62)	8
(Increase)/decrease in GST input tax receivable	44	148
(Increase)/decrease in long service leave reimbursement receivable	(31)	(133)
(Increase)/decrease in interest receivable	6	3
(Increase)/decrease in prepayments	(85)	(27)
Increase/(decrease) in accounts payable	677	(975)
Increase/(decrease) in accrued employee benefits	67	242
Increase/(decrease) in GST payable	–	(39)
Increase/(decrease) in unearned revenue	1	–
Increase/(decrease) in lease liability	(2,184)	(542)
<b>Net cash from operating activities</b>	<b>2,141</b>	<b>1,565</b>

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 17: 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 <sup>1</sup>		Vehicle Leases		Capital Expenditure		Other Expenditure		Total Commitments	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Not later than one year	5,086	5,190	130	127	19	170	785	636	6,020	6,123
Later than one year and not later than five years	21,615	21,863	89	187	–	–	1,614	1,558	23,318	23,608
Later than five years	–	5,872	–	–	–	–	–	–	–	5,872
<b>Total</b>	<b>26,701</b>	<b>32,925</b>	<b>219</b>	<b>314</b>	<b>19</b>	<b>170</b>	<b>2,399</b>	<b>2,194</b>	<b>29,338</b>	<b>35,603</b>

1 Operating leases for office accommodation are non-cancellable and 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 18: Contingencies

#### Accounting Policy:

**Recognition** – 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.

#### Litigation in progress

As at 30 June 2016, ten (10) cases were ongoing before various courts, naming the CCC as either an applicant or respondent:

	2016 Number of cases	2015 Number of cases
Court of Appeal/High Court	1	3
Supreme Court	6	3
Queensland Civil and Administrative Tribunal (QCAT)	3	1
<b>Total</b>	<b>10</b>	<b>7</b>

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.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 19: Financial Instruments

#### Accounting Policy:

**Recognition** – 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. 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.

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the CCC becomes party to the contractual provisions of the financial instrument.

**Classification and Measurement** – Financial instruments are classified and measured as follows:

#### Financial Assets:

Cash and cash equivalents – held at fair value through profit and loss

Receivables – held at amortised cost

Other financial assets – held at fair value through profit and loss

#### Financial Liabilities:

Payables and accrued employee benefits – held at amortised cost

#### (a) Categorisation of Financial Instruments

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

Category:	Note	2016 \$'000	2015 \$'000
<b>Financial assets</b>			
Cash and cash equivalents	8	13,232	12,489
Contractual receivables	9	400	313
<b>Total</b>		<b>13,632</b>	<b>12,802</b>
<b>Financial liabilities</b>			
Contractual payables	12	3,115	2,644
Accrued employee benefits	14	2,967	2,900
<b>Total</b>		<b>6,082</b>	<b>5,544</b>

#### (b) Financial Risk Management

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

#### Credit Risk Exposure

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

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 19: Financial Instruments (cont'd)

#### (b) Financial Risk Management (cont'd)

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 CCC 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 CCC's maximum exposure to credit risk based on contractual amounts net of any allowances:

<i>Category:</i>	Maximum Exposure to Credit Risk	Note	2016 \$'000	2015 \$'000
<b>Financial Assets</b>				
Cash and cash equivalents		8	13,217	12,464
Contractual receivables		9	400	313
<b>Total</b>			<b>13,617</b>	<b>12,777</b>

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

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

#### **Liquidity Risk**

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

The CCC manages liquidity risk by ensuring the CCC 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.

In addition, the CCC operates credit card facilities with a total monthly limit of \$300,000. An amount of \$265,367 was available as at 30 June 2016.

The following table sets out the liquidity risk of financial liabilities held by the CCC.

	Note	Payable in						Total	
		< 1 year		1–5 years		> 5 years			
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
<b>Financial liabilities</b>									
Contractual Payables	12	3,115	2,644		–	–	–	3,115	2,644
Accrued employee benefits	14	2,363	2,206	604	694	–	–	2,967	2,900
<b>Total</b>		<b>5,478</b>	<b>4,850</b>	<b>604</b>	<b>694</b>	<b>–</b>	<b>–</b>	<b>6,082</b>	<b>5,544</b>



# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 19: Financial Instruments (cont'd)

#### (b) Financial Risk Management (cont'd)

##### **Market Risk**

The CCC does not trade in foreign currency. It manages price risk and interest rate risk through its liquidity management strategy and by ensuring that expenditure is within funding levels.

Exposure to interest rate risk is limited to cash assets bearing variable interest rates. The CCC minimises risk by investing in secure short-term investments, mainly fixed deposits, in accordance with Part 6 of the *Statutory Bodies Financial Arrangements Act 1982*.

#### (c) Fair Value

The fair value of receivables and payables is the transaction cost or the face value. The CCC 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 20: Trust Transactions and Balances

The CCC 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 CCC 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 2016, the CCC held \$100,401 (2015: \$27,551) in trust for a number of benefactors as a result of operational activities. The Queensland Audit Office performed a review of the CCC's trust transactions for operational activities for 2015–16.

#### **Australian Public Sector Anti-Corruption Conference (APSACC)**

The Australian Public Sector Anti-Corruption Conference (APSACC) is a national conference which is held biennially.

Previous conferences including APSACC 2015 were hosted by Queensland's CCC, the New South Wales Independent Commission against Corruption (ICAC) and Western Australia's Corruption and Crime Commission (WA – CCC) through a joint venture (non-profit) agreement. All three parties were entitled or liable for to an equal distribution of any conference profit or shortfall, as well as a lump sum contribution as seed money.

The CCC hosted APSACC 2015 in Brisbane in November 2015. APSACC 2015 was an unrivalled opportunity to focus on emerging corruption trends, the latest anti-corruption strategies and future directions in preventing corruption.

Whilst the conference surplus for APSACC 2015 was \$62,231, total funds available for distribution to the joint venture parties from current and previous conference surpluses was \$447,995. The CCC held \$441,050 of these funds in trust as at 30 June 2016 (2015: \$362,475). The CCC's share of the APSACC surpluses of \$149,332 has been recognised under other revenue (Refer to Note 3).

APSACC 2015 conference accounts were audited by L Audit Pty Ltd. An unqualified audit opinion was issued.

APSACC 2017 will now be a joint venture between the CCC and the New South Wales Independent Commission against Corruption (ICAC) only. Both parties have agreed to provide \$75,000 as seed money to fund the next conference, which will be held in Sydney. The remaining balance of \$74,332 is owing to the CCC at 30 June 2016 (Refer to Note 7 and Note 9).

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 21: Budgetary Reporting Disclosures

This section discloses the CCC's original published budget for 2015–16 and compares it to the actual results. Explanations of major variances in respect of the Statement of Comprehensive Income, Statement of Financial Position and Statements of Cash Flows are also disclosed.

#### Note 21A: Budget to Actual Comparison – Statement of Comprehensive Income

	Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	% of original budget
<b>Income from Continuing Operations</b>					
Grants and other contributions	V1	53,584	53,217	(367)	(0.68%)
Interest	V2	650	512	(138)	(21.23%)
Other revenue	V3	219	1,730	1,511	689.95%
<b>Total Revenue</b>		<b>54,453</b>	<b>55,459</b>	<b>1,006</b>	<b>1.85%</b>
Gains on disposal of property, plant and equipment		70	110	40	57.14%
<b>Total Income from Continuing Operations</b>		<b>54,523</b>	<b>55,569</b>	<b>1,046</b>	<b>1.92%</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	V4	37,663	38,373	710	1.89%
Supplies and services	V5	12,898	12,148	(750)	(5.81%)
Depreciation and amortisation	V6	2,825	2,689	(136)	(4.81%)
Finance costs		74	7	(67)	(90.54%)
Other expenses	V7	1,063	1,235	172	16.18%
<b>Total Expenses from Continuing Operations</b>		<b>54,523</b>	<b>54,452</b>	<b>(71)</b>	<b>(0.13%)</b>
<b>Operating Result from Continuing Operations</b>		<b>-</b>	<b>1,117</b>	<b>1,117</b>	<b>100.00%</b>
<b>Total Comprehensive Income</b>		<b>-</b>	<b>1,117</b>	<b>1,117</b>	<b>100.00%</b>

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 21: Budgetary Reporting Disclosures (cont'd)

#### Note 21A-1: Explanation of Major Variances - Statement of Comprehensive Income

- V1. The lower than budgeted variance primarily as a result of a \$1M funding deferral for the Standing Operating Environment (SOE) upgrade project to the 2016–17 financial year (Refer to Note 6). The deferral was offset by other adjustments to grant funding including enterprise bargaining (EB) increases, funding received for the one-off special payment for employees covered under the core EB agreement in recognition of the 16 months in which no wage increase was paid (Section 831 payment), and temporary funding allocated to the CCC's Forensic Computing function to tackle child exploitation activities.
- V2. The variance is a consequence of interest rates cuts by the Reserve Bank of Australia during the financial year.
- V3. The \$1.5M lease incentive liability write-off is the major contributing factor to the increase in other revenue. Refer to Note 3.
- V4. The increase in employee expenses is primarily due to the following factors:
- The original budget for employee benefits included a 2.2% increase to wage rates from 1 December 2015 for employees under the core public service agreement. The actual wage increase was 2.5% and was operative from 1 September 2015.
  - An amount of \$321,267 for the cost of the one-off Section 831 payment for employees covered under the core public service agreement.
  - An increase in temporary positions dedicated to criminal intelligence hearings and child exploitation investigations
  - Offsetting decrease in employee related expenses mainly due to lower than anticipated costs for workers' compensation payments.
- Such factors became apparent at mid-year and the CCC revised its budget for employee expenses to \$38.625M, which is very close to the actual figure.
- V5. The variance is primarily due to the deferral of some computer hardware related expenditure for the SOE upgrade project. The project is scheduled for completion by December 2016. Refer to Note 6.
- V6. The decrease is mainly due to the extension of the useful life of Green Square office accommodation in accordance with the new lease terms. The restoration cost adjustment is also contributing to the variance. Refer to Note 11B.
- V7. The increase relates mainly to services received free of charge from the DSITI that was not included in the budget. The increase was offset by a lower than budgeted cost for an additional surveillance team seconded from the QPS to the CCC free of charge. Refer to Note 2.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 21: Budgetary Reporting Disclosures (cont'd)

#### Note 21B: Budget to Actual Comparison – Statement of Financial Position

	Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	% of original budget
<b>Current Assets</b>					
Cash and cash equivalents	V8	14,240	13,232	(1,008)	(7.08%)
Receivables		763	714	(49)	(6.42%)
Other assets		516	469	(47)	(9.11%)
<b>Total Current Assets</b>		<b>15,519</b>	<b>14,415</b>	<b>(1,104)</b>	<b>(7.11%)</b>
<b>Non-Current Assets</b>					
Intangible assets	V9	213	301	88	41.31%
Property, plant and equipment	V10	10,177	8,722	(1,455)	(14.30%)
Other non-current assets	V11	17	156	139	817.65%
<b>Total Non-Current Assets</b>		<b>10,407</b>	<b>9,179</b>	<b>(1,228)</b>	<b>(11.80%)</b>
<b>Total Assets</b>		<b>25,926</b>	<b>23,594</b>	<b>(2,332)</b>	<b>(8.99%)</b>
<b>Current Liabilities</b>					
Payables		3,757	3,467	(290)	(7.72%)
Accrued employee benefits	V12	2,745	2,967	222	8.09%
Other current liabilities	V13	311	16	(295)	(94.86%)
<b>Total Current Liabilities</b>		<b>6,813</b>	<b>6,450</b>	<b>(363)</b>	<b>(5.33%)</b>
<b>Non-Current Liabilities</b>					
Provisions	V14	2,107	322	(1,785)	(84.72%)
Other non-current liabilities	V13	1,187	13	(1,174)	(98.90%)
<b>Total Non-Current Liabilities</b>		<b>3,294</b>	<b>335</b>	<b>(2,959)</b>	<b>(89.83%)</b>
<b>Total Liabilities</b>		<b>10,107</b>	<b>6,785</b>	<b>(3,322)</b>	<b>(32.87%)</b>
<b>Net Assets</b>		<b>15,819</b>	<b>16,809</b>	<b>990</b>	<b>6.26%</b>
<b>Total Equity</b>	V15	<b>15,819</b>	<b>16,809</b>	<b>990</b>	<b>6.26%</b>

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 21: Budgetary Reporting Disclosures (cont'd)

#### Note 21B-1: Explanation of Major Variances – Statement of Financial Position

- V8. Part of the variance is attributable to a lower actual opening balance to what was estimated in the budget. Higher than budgeted payments for capital acquisitions and non-current prepaid expenditure is also contributing to the budget variance.
- V9. As part of the SOE upgrade project, during the 2015–16 financial year, the EDRMS software was upgraded to ensure compatibility with Microsoft Office software at an external cost of \$80,000. These costs were budgeted under operating expenses but recognised as capital expenditure.
- V10. The decrease in the value of property, plant and equipment was twofold and related to:  
A decrease in restoration costs of \$2.047M mainly for Green Square leasehold improvements due to a significant reduction in make good obligations as a result of new lease negotiations (Refer Note 13 and Note 15).  
The decrease was offset by computer acquisitions mainly relating to IT infrastructure which was not originally budgeted.
- V11. The increase primarily relates to IT software and hardware maintenance services paid in advance for the term of the contract.
- V12. Part of this variance is attributable to higher than anticipated wages due but unpaid at 30 June 2016. An increase in the value of annual leave entitlements owing at 30 June 2016 due to changes in remuneration rates, is also contributing to the budget variance.
- V13. The lower than budget variance is mainly due to the new Green Square lease, which resulted in the remaining lease incentive liability on the old lease (the option to extend portion) being written off as a one-off extraordinary revenue adjustment. Refer to Note 3.
- V14. The decrease in the provision is primarily due a \$2.033M reduction to the estimated cost of the Green Square make good obligation due to the new lease agreement.
- V15. The increase in total equity is the result of the prior year surplus of \$216,000 and the current year surplus of \$1,117M which is primarily due to the one-off revenue adjustment for the Green Square lease incentive write-off. The budget surpluses were not anticipated at the time that the 2015–16 original budget was prepared.

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 21: Budgetary Reporting Disclosures (cont'd)

#### Note 21C: Budget to Actual Comparison – Statement of Cash Flows

	Notes	Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	% of original budget
<b>Cash flows from operating activities</b>					
<i>Inflows</i>					
Grants and other contributions	V16	52,634	52,178	(456)	(0.87%)
Interest receipts		650	518	(132)	(20.31%)
Other	V17	2,135	1,765	(370)	(17.33%)
<i>Outflows</i>					
Employee expenses	V18	(37,423)	(38,686)	(1,263)	3.37%
Supplies and services	V19	(14,662)	(11,892)	2,770	(18.89%)
Other	V20	(915)	(1,742)	(827)	90.38%
<b>Net cash provided by operating activities</b>		<b>2,419</b>	<b>2,141</b>	<b>(278)</b>	<b>(11.49%)</b>
<b>Cash flows from investing activities</b>					
<i>Inflows</i>					
Sales of property, plant and equipment		243	299	56	23.05%
<i>Outflows</i>					
Payments for Intangibles		–	(80)	(80)	100.00%
Payments for property, plant and equipment	V21	(1,215)	(1,617)	(402)	33.09%
<b>Net cash used in investing activities</b>		<b>(972)</b>	<b>(1,398)</b>	<b>(426)</b>	<b>43.83%</b>
Net increase in cash and cash equivalents		1,447	743	(704)	(48.65%)
Cash and cash equivalents at beginning of financial year		12,793	12,489	(304)	(2.38%)
<b>Cash and cash equivalents at end of financial year</b>		<b>14,240</b>	<b>13,232</b>	<b>(1,008)</b>	<b>(7.08%)</b>

# CRIME AND CORRUPTION COMMISSION

## Notes to and forming part of the Financial Statements 2015–16

### Note 21: Budgetary Reporting Disclosures (cont'd)

#### Note 21C-1: Explanation of Major Variances – Statement of Cash Flows

- V16. Cash inflows from grants and other contributions is lower than budgeted variance primarily as a result of a \$1M funding deferral offset by additional grant funding received for EB increases, the Section 831 payment and temporary funding allocated to the CCC's Forensic Computing function to tackle child exploitation activities. Refer to variance note V1.
- V17. The majority of the budget variance is due to a lower GST refund from the ATO mainly due to QPS salary reimbursements no longer attracting GST.
- V18. Cash outflows from employee expenses is higher than budgeted due to a number of factors – refer to variance note V4. Such factors became apparent at mid-year and the CCC revised its budget for employee expenses to \$38.625M, which is very close to the actual figure.
- V19. Cash outflows from supplies and services expenditure is lower than budgeted mainly due to the deferral of computer hardware replacements for the SOE project to the second quarter of the financial year. Lower than budgeted supplier payments are also contributing to the variance.
- V20. The majority of the variance is due to the \$1.5M lease write-off which has been recognised as other revenue, offset by lower than anticipated GST paid to suppliers. Refer to Note 3.
- V21. The increase in payments for property, plant and equipment is due to IT infrastructure replacements brought forward as a result of an increase in storage requirements.

# CRIME AND CORRUPTION COMMISSION

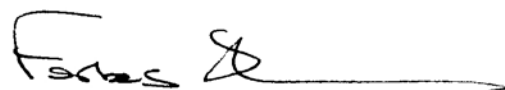
## Certificate of the Crime and Corruption Commission

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 financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the CCC for the financial year ended 30 June 2016 and of the financial position of the CCC 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.



Radhika Munien  
Finance and Administration Manager  
Crime and Corruption Commission



Forbes Smith  
Chief Executive Officer  
Crime and Corruption Commission

Date: 19 August 2016

Date: 19 August 2016



## INDEPENDENT AUDITOR'S REPORT

To the Chairperson of the Crime and Corruption Commission

### Report on the Financial Report

I have audited the accompanying financial report of Crime and Corruption Commission, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Finance and Administration Manager, and 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 2015 to 30 June 2016 and of the financial position as at the end of that year.

### **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, 2011-12 to 2015-16*

**Table A.** Service: Crime fighting and prevention

SDS service standard	2011-12	2012-13	2013-14	2014-15	2015-16
Percentage of targeted criminal entities which are disrupted as a result of CCC crime investigations	95	100	100	100	98
Confiscation costs as a percentage of forfeitures	-	-	-	-	26

**Table B.** Service: Public sector integrity

SDS service standard	2011-12	2012-13	2013-14	2014-15	2015-16
Percentage of investigated matters finalised within 12 months	79	78	77	91	91

**Table C.** Service: Witness protection

SDS service standard	2011-12	2012-13	2013-14	2014-15	2015-16
Median time (hours) to conduct initial witness protection assessment <sup>1</sup>	n/a	n/a	18	23	23

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

ACC	Australian Crime Commission (now ACIC)
ACCC	Australian Competition and Consumer Commission
ACIC	Australian Criminal Intelligence Commission
CEM	child exploitation material
CEO	chief executive officer
CJC	Criminal Justice Commission
CMC	Crime and Misconduct Commission
CPCA	<i>Criminal Proceeds Confiscation Act 2002</i>
FTE	full-time equivalent
NCA	National Crime Authority
ODPP	Office of the Director of Public Prosecutions
PCCC	Parliamentary Crime and Corruption Committee
PSBA	Public Safety Business Agency
PSR	Police Service Reviews
QAO	Queensland Audit Office
QCC	Queensland Crime Commission
QPS	Queensland Police Service

## Contact Details

**Phone:** 07 3360 6060 or  
Toll-free 1800 061 611  
(in Queensland outside Brisbane)

**Fax:** 07 3360 6333

**Email:** [mailbox@ccc.qld.gov.au](mailto:mailbox@ccc.qld.gov.au)

**Post:** Crime and Corruption Commission  
GPO Box 3123, Brisbane Qld 4001  
Level 2, North Tower Green Square  
515 St Pauls Terrace, Fortitude Valley  
Qld 4006

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Crime and Corruption Commission

QUEENSLAND

### **Crime and Corruption Commission**

Level 2

North Tower Green Square

515 St Pauls Terrace

Fortitude Valley QLD 4006

GPO Box 3123, Brisbane QLD 4001

**Phone:** 07 3360 6060

(Toll-free outside Brisbane: 1800 061 611)

**Fax:** 07 3360 6333

**Email:** [mailbox@ccc.qld.gov.au](mailto:mailbox@ccc.qld.gov.au)

[www.ccc.qld.gov.au](http://www.ccc.qld.gov.au)