

Annual Report 2009-10

CRIME AND MISCONDUCT COMMISSION



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MISCONDUCT
COMMISSION



QUEENSLAND

The CMC fights crime and promotes integrity in Queensland

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integrity in Queensland

Addendum

The following is an addition to the printed copies of the Crime and Misconduct Commission's *Annual report 2009–10*.

Carers (Recognition) Act 2008

The CMC recognises the effort and dedication of carers in our community and their provision of a vital service to those they care for and thereby to the community as a whole.

By the nature of its functions under the *Crime and Misconduct Act 2001* the CMC is generally not required to provide direct services to carers.

Its policies provide flexible work arrangements to assist staff, including carers, to meet their commitments; these arrangements include part-time work, telecommuting, hours of work and purchased leave (s. 9(1)(b)).

The CMC is undertaking rolling reviews of its policies, which will identify where relevant policies or procedures may be amended to ensure that any carers on staff can easily access these arrangements. Staff awareness and induction procedures will also be reviewed (s. 9(1)(b)).

The CMC is implementing a major review of its internet website to make information and services more accessible to all Queensland, including carers (s. 9(1)(b)).

The CMC will fully address the requirements of section 9 of the *Carers (Recognition) Act 2008* in 2010–11 by raising staff awareness of the Carers Charter and implementing relevant strategies.

Annual Report 2009–10

CRIME AND MISCONDUCT COMMISSION



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September 2010

The Honourable Cameron Dick MP
Attorney-General and Minister for Industrial Relations
Parliament House
George Street
Brisbane Qld 4000

Dear Minister,

We are pleased to present the *Annual Report 2009-10* for the Crime and Misconduct Commission.

We certify that this Annual Report complies with:

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

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

Yours sincerely



Martin Moynihan, Chairperson



Dr David Gow, Commissioner



Ann Gummow, Commissioner



Judith Bell, Commissioner



Philip Nase, Commissioner

At a glance

Our role

The CMC is an independent specialist agency set up under the *Crime and Misconduct Act 2001* to fight major crime and enhance public sector integrity.

Our leadership

The Honourable Martin Moynihan took up the position of Chairperson on 8 February 2010, after Mr Robert Needham completed a five-year term on 31 December 2009.

Our operating environment

Twenty years after the Fitzgerald Inquiry handed down its report, the CMC faces new challenges with an enlarged jurisdiction and enhanced powers. More on pages 8–9.

Our activities

Our Crime staff use multidisciplinary teams, investigative hearings, and restraint and forfeiture of criminal proceeds to prevent and combat organised crime, criminal paedophilia and serious crime. See more on pages 12–19.

CMC Misconduct staff work with all government departments, the Queensland Police Service, local governments, and most public sector agencies and statutory bodies – to build agency skills and accountability in regard to integrity. See more on pages 20–35.

The CMC provides the state's witness protection service. More on pages 36–39.

Our budget

The CMC's operating revenue for 2009–10 was \$45.784m. See page 10.

Our people

At 30 June 2010, the CMC employed 319 people, including lawyers, investigators, sworn police officers, social scientists, financial investigators, intelligence analysts, information technology and surveillance specialists, administrators and support officers. See pages 42–45.

Our governance

The CMC is an independent Queensland statutory agency, led by a five-member Commission, and accountable to Parliament through the Parliamentary Crime and Misconduct Committee (PCMC). We also report to the Minister on our efficiency and effectiveness.

Our communication objective

Our annual report enables the Minister, the parliamentary committee, members of Parliament and the people of Queensland to assess the efficiency, effectiveness and economy of the CMC, in accordance with the requirements of the *Financial Accountability Act 2009*.

We welcome your feedback on this report. See back cover for our contact details and information concerning interpreter services, or go to <www.cmc.qld.gov.au>.

“ *The CMC will act with independence, impartiality and fairness in the public interest* ”

The CMC in 2009–10

Our vision

That the CMC make a unique contribution to protecting Queenslanders from major crime and promoting a trustworthy public sector.

Our objectives

- Prevent and combat major crime
- Promote a trustworthy public sector
- Provide an effective witness protection service
- Be an effective, respected and productive organisation serving all Queenslanders

Our strategic priorities

In 2009–10 the CMC determined to:

- Develop a telephone interception capability incorporating the necessary public interest safeguards
- Further devolve responsibility to public sector agencies to resolve complaints, subject to the CMC's ongoing oversight, and support the agencies through building their capacity
- Address recruitment and staff retention challenges.

Our key achievements

- We established an efficient and accountable telecommunications interception service.
- The most complex crime investigation ever undertaken by the CMC led to the dismantling of several drug networks, the arrest of 63 people on 291 charges and the restraint of assets worth over \$7 million.
- CMC operations seized drugs with an estimated street value of \$4.5 million.
- Efforts to identify and recover proceeds of criminal activity resulted in the restraint of assets worth \$19.543 million and the forfeiture of assets worth \$5.568 million.
- We conducted investigative hearings over 162 days in Brisbane, Cairns, Townsville, Mackay, Yeppoon, Maroochydore and Proserpine to obtain critical evidence in 39 serious crime investigations.
- We published a strategic assessment of the various illegal drug markets within the Queensland criminal environment and ranked them according to risk.
- We ensured that all of our protected witnesses were kept safe and were able to give evidence in court.
- This year we received 4665 complaints containing over 11 000 allegations – the largest number since the establishment of the CMC – and assessed 97 per cent of them within a month.
- The *CMC Review of the QPS Palm Island Review* was tabled in Parliament on 17 June 2010. Earlier in the year we released *Dangerous liaisons*, which reported on police misconduct in relation to police informants.

- We undertook a review of the Queensland Police Service's processes for disciplining its members.
- Our review of Indigenous policing, *Restoring order: crime prevention, policing and local justice in Queensland's Indigenous communities*, published in November, has won broad support from the Queensland Government for its reform recommendations.
- We co-hosted the second national Australian Public Sector Anti-Corruption Conference (APSACC) in Brisbane in July 2009.
- We successfully completed the roll-out of improved complaints management and integrity systems in four 'early adopter' public sector agencies. We also developed an innovative and comprehensive methodology – the Integrity Index – for rating an agency's integrity systems.
- We began a complex misconduct investigation – Operation Tesco – into allegations of police misconduct on the Gold Coast, in which the CMC has been assisted by senior QPS investigators.
- We investigated, through public hearings, allegations of misconduct relating to a former ministerial adviser, and published two investigation reports regarding allegations involving two former Deputy Premiers of Queensland.

*Contributing to the
Queensland Government ambition:*

Fair – Supporting safe and caring communities

Looking forward

In 2010–11 we will place priority on:

- Ensuring that public sector agencies responsibly manage the integrity of their agencies
- Developing effective internet communication
- Enhancing our telecommunications interception capability
- Attracting and retaining appropriately skilled personnel.

See <www.qld.gov.au> for more about *Toward Q2* and the Queensland Government ambitions.

Chairperson's report

This is my first annual report as CMC Chairperson. For many years I have observed the work of the CMC as a community member; now I have the opportunity to see it from a different perspective. Until I came here I did not appreciate the breadth of activities undertaken by the Commission, so I am pleased to present an Annual Report which sets out in detail the range and value of the work we do.

Crime and law enforcement

The contribution of our Crime area is not perhaps as widely recognised as it should be. It plays an important role in responding to issues that are of vital concern to Queenslanders: the encroaching of crime into our communities, the presence of illicit drugs, the safety of children.

As you will read in the report, this year we targeted cocaine trafficking in South-East Queensland, uncovered a widespread illicit drug distribution network stretching from Melbourne to Cairns, and targeted child sex tourism. We produced reports on Queensland's illicit drug market and other organised crime issues such as money laundering and fraud. During 2009–10, witnesses protected by the CMC gave evidence in cases that included drug production and trafficking, serious property crime, attempted murder, extortion and assault.

All this demonstrates an impressive capability, one now significantly enhanced by telecommunications interception powers. Our success means we are being asked to do more each year. Demand from the Queensland Police Service for our coercive hearings power and our proceeds of crime recovery services continued to grow. This year the CMC passed the significant milestone of \$100 million in assets restrained since civil confiscation legislation commenced in 2002. We see no sign of this trend coming to an end.

In all these undertakings I would highlight the increasing importance of our partnerships with other law enforcement agencies in our fight against organised crime. Although our significant partner is the Queensland Police Service, we also work and share intelligence with specialist units from various state, federal and international law enforcement agencies wherever we identify crime risks. If crime is not confined by borders, we cannot be either.

Public sector accountability

Our Misconduct area marked a year of significant achievements. We received a record 4665 complaints this year, the highest since the creation of the CMC, and reviewed over 300 individual complaints dealt with by public sector agencies and the QPS. A former Minister was jailed for receiving secret commissions and we held a public hearing into allegations of official misconduct involving a former ministerial adviser. More than 500 delegates came to Brisbane from around Australia and overseas for the second biennial Australian Public Sector Anti-Corruption Conference.

Our jurisdiction was increased: the CMC will now have oversight over 12 government-owned corporations employing 11 000 staff statewide. The advent of the new *Local Government Act 2009* gave impetus to training councillors, council staff, and tribunal and panel members, particularly in dealing with conflicts of interest. In view of Queensland's rapid population growth and major investment in infrastructure projects, we are working closely with the local government sector to manage any potential for misconduct.

This expansion is part of an environment in which high standards of integrity on the part of those in public office are increasingly demanded by the community. To keep pace, we have to be more proactive and strategic and, in some areas, less operational. I believe we need to constantly scan the whole public sector to be aware of trends and early warning signs, and to educate, guide and inform accordingly. This year we renamed our Complaints Services area to Integrity Services to better reflect the breadth of our role. That means not simply handling or investigating allegations ourselves (although we will always act to safeguard the public interest), but also actively supporting public agencies, subject to our oversight, in being more accountable for managing and preventing misconduct by their staff.

Police oversight

Our responsibilities as the police oversight body have been a major focus for us this year.

At the beginning of this financial year our report into police misconduct, *Dangerous liaisons*, generated considerable public interest. In November last year we tabled our report on policing in remote Indigenous communities, and the state government has adopted many of our recommendations.



During the year we undertook a review of the police disciplinary system, and in mid-June we tabled our review of the QPS's *Palm Island Review*.

We continue to hold police accountable for any improper exercise of their powers. Our monitoring of complaints against police identified concerns about the QPS's handling of a number of allegations of assault. It is good to report that, following our representations to senior QPS management, we are seeing improvement in that area.

Finally, during the year the CMC has been working with the QPS investigating police misconduct on the Gold Coast (Operation Tesco). Given that both *Dangerous liaisons* and Tesco have highlighted failures of supervision, I have been heartened by the commitment of local commanders to addressing these issues. Police at all levels must be prepared to step up and take responsibility for the integrity of their organisation — the reputation of the Service is in their hands.

Governance and leadership

I would like to thank my predecessor Robert Needham, who retired in December 2009, for his contribution to the objectives of the CMC. I hope to build on these foundations and trust that my management team and I retain the public confidence earned by my predecessors.

The CMC has had some changes in its leadership group, as this year we welcomed two new Assistant Commissioners. In September 2009, Assistant Commissioner Peter Barron joined the CMC as Director, Witness Protection and Operations Support, bringing more than 37 years of distinguished service with the QPS. In June 2010, Warren Strange returned as Assistant Commissioner, Misconduct, bringing extensive legal and administrative experience.

At a time when other states are exploring models for new integrity bodies, I believe Queensland is very fortunate to have a crime and integrity agency that is long established and well known to the community. However, it is equally important that we keep pace with change, and regularly reassess our organisational strengths and weaknesses.

Improving efficiency

Workforce management planning was a key focus during this financial year to build the organisation's capacity to manage an increasing workload.

The CMC has continued to embrace new technology to increase our efficiency. New in-house systems for HR/payroll and records management have been put in place, and our website is being redeveloped to better engage with our stakeholders, make our publishing more efficient and reduce our environmental footprint. We are aiming for wider reach, ease of access and more timely production.

Next year

For the CMC to be most effective, we need the cooperation of the public sector and the police service at all levels. We are also developing and consolidating our relationships with other integrity bodies in Queensland, and in other states and the Commonwealth. It's not possible to fight organised crime and corruption on our own — we must work together as we all have a role to play. I look forward to building on those partnerships in the next 12 months.

A handwritten signature in dark ink, appearing to read 'Martin Moynihan', with a long, sweeping flourish extending to the right.

Martin Moynihan
September 2010

Our operating environment

It is clear that the environment in which the Queensland public sector operates today is far different from that which faced Tony Fitzgerald in 1989. Nevertheless, there continue to be significant challenges to preventing crime and promoting integrity within Queensland public life.

The criminal environment

Illegal drugs, particularly those based on amphetamines, continue to be at the forefront of criminal activity, with organised crime gangs commonly being involved in their production and distribution. Another challenge confronting all law enforcement agencies is greater offender sophistication and the increasing tendency of criminals to form networks across state and national borders.

In response, we sought to combat major crime through multidisciplinary investigations, targeted use of our coercive powers to secure key evidence, applying our proceeds of crime function to reduce the profitability of criminals, and upgrading technical capabilities. Together with the Queensland Police Service, we strengthened ties with both national and international law enforcement agencies to combat drugs, paedophilia and other serious crime.

Development and commercialisation pressures and a changing public sector

Continued population and economic growth in Queensland may increase misconduct risks for local government authorities. Council amalgamations and amendments to the *Local Government Act 2009* have also meant a larger financial base and greater autonomy for some local councils, exposing them to greater risks of misconduct.

At the same time, initiatives by government to meet service demands through corporatisation, privatisation, outsourcing and public-private partnerships are placing significant public funding and public assets in the hands of commercial interests. The government has expanded the jurisdiction of the CMC over some of these entities, such as government-owned corporations (GOCs).

Since its inception in 2002, the CMC has sought to increase the capacity and accountability of public agencies themselves to handle misconduct within their ranks, in accordance with principles in the *Crime and Misconduct Act 2001*. In 2009–10 this work continued to mature in much of the traditional public sector, but it is only at a preliminary stage in relation to newer entities such as the GOCs and the larger councils.

Police service environment

There is no evidence of systemic high-level corruption within the Queensland Police Service. However, this year we have drawn the attention of police to risks such as improper associations, improper use of weapons, substance abuse, and some apparent failures of supervision.

The CMC has sought to work with police supervisors to provide swift, credible and effective dispute resolution services, particularly with respect to minor complaint issues. In response to coronial recommendations, the CMC is negotiating with the QPS and the State Coroner about investigating all deaths in police custody.

The CMC's stakeholders

Legislature

Parliament, government, Minister, Parliamentary Commissioner, Parliamentary Crime and Misconduct Committee, Public Interest Monitor

Queensland community

Public sector

Including state government departments, QPS, local governments, universities, prisons, courts, tribunals, elected officials, government-owned corporations

The CMC's powers

The Crime and Misconduct Act has given us powers to enable us to gather vital evidence and information in the fight against crime and misconduct. These include a range of search, surveillance and seizure powers as well as the power to conduct coercive hearings and the power to hold a public inquiry.

Information about how our investigations and operations are overseen by external bodies is found on pages 54–56. More detail about our powers can be obtained at <www.cmc.qld.gov.au>.

New telecommunications interception power

Legislative initiatives in 2009 were taken to provide the CMC and the Queensland Police Service with the powerful investigative tool of telecommunications interception, bringing Queensland law enforcement agencies into line with their counterparts in other states.

In October 2009 the CMC was funded to establish an efficient and accountable interception capability. Achieving this was a significant CMC priority for this year. The use of these powers has considerably enhanced our investigative capability and greatly assisted the CMC's fight against crime and misconduct.

Use of our powers in 2009–10

Crime investigative hearings. Concurrent hearings have been run on several occasions to maximise effective use of this power.

Proceeds of crime. Given the potency of this function to disrupt criminal activity, we focused this year on maximising results in a timely way.

Amendments to legislation. In response to recommendations by the Parliamentary Crime and Misconduct Committee in April 2009, we are working with the Department of Justice and Attorney-General on amendments to the Crime and Misconduct Act to achieve administrative consistency between its Crime and Misconduct powers.

Public hearings in misconduct matters. We have selectively used public hearings to bring important matters affecting the public interest to the community's attention.

Table 2, page 15 and Table 4, page 31 show how we used our powers in crime and misconduct investigations this year.

Peer agencies Australia-wide

Independent Commission Against Corruption (NSW), Corruption and Crime Commission (WA), Office of Police Integrity (VIC), Police Integrity Commission (NSW)

Government-owned corporations

Peer agencies in Queensland

Ombudsman's Office, Queensland Audit Office, Privacy Commissioner, Integrity Commissioner, Public Service Commission

Media

Regional, state and national

State and national law enforcement agencies

Financial summary

Revenue

The major source of the CMC's revenue each year is the operating grant received from the state government. For the year ended 30 June 2010, this was \$43.752m (95.6% of revenue).

Expenses

Most of the CMC's expenses for the period related to employee expenses (\$31.100m), supplies and services (\$10.071m), other expenses (\$1.228m) and depreciation (\$1.751m). Expenses totalled \$44.150m for the year ended 30 June 2010.

Operating result

The CMC's financial result for 2009–10 was that revenue (\$45.784m) exceeded expense (\$44.150m), resulting in an operating surplus of \$1.634m as detailed below.

For the year ended 30 June 2010	\$'000
Queensland Government grant	43 752
Other revenue	2 032
Total Revenue	45 784
Less Total Expenses	44 150
Operating surplus	1 634

Assets

At 30 June 2010, the CMC's assets totalled \$23.697m.

Liabilities

Total liabilities as at 30 June 2010 were \$7.618m. This included \$3.298m for the lease incentive liability for the Green Square premises, \$2.123m for accrued employee leave entitlements and \$2.197m for accrued expenses and trade creditors.

Equity

Therefore, at 30 June 2010, the CMC's equity was \$16.079m.

At year end — 30 June 2010	\$'000
Total Assets	23 697
Less Total Liabilities	7 618
Equity	16 079

A comparison of actual results with the CMC's 2009–10 Budget appears in Appendix A.

The audited financial statements of the CMC are attached to this report.

How we are reporting

CRIME AND MISCONDUCT COMMISSION



The following chapters report on our outputs this year in preventing and combating major crime, promoting a trustworthy public sector and providing an effective witness protection service. We also report on our contribution to public policy and our organisational effectiveness.

We report against the priorities and performance indicators identified in our *Strategic Plan 2009–13* as well as the performance measures and targets or estimates identified in our *Service Delivery Statement 2009–10* (SDS).

Prevent and combat major crime

The big picture for 2009–10

We focus our crime-fighting efforts on the kinds of criminal activity most likely to do serious harm to the people of Queensland, as identified through our research and intelligence capabilities. We strive to complement rather than duplicate the work of other law enforcement agencies, both state and Commonwealth, with whom we work in strategic and operational partnerships.

To identify current and emerging threats in the criminal environment, we completed and published law enforcement and public versions of the latest of our crime markets assessments. This focused on illicit drug markets in Queensland and was supported by our research into illicit drug use by young users in South-East Queensland.

In fighting organised crime, we continue to identify and focus on the vulnerabilities of criminal syndicates. Recognising that attacking the profitability of organised crime strikes at the heart of criminal enterprises, we maintained focus on our criminal proceeds confiscation function and achieved record results for criminal proceeds restraining orders, assets forfeited and civil confiscation matters finalised. Strategic intelligence generated by our confiscation investigations led to the largest and most complex organised crime investigation so far undertaken by the CMC.

We also passed the significant milestone of \$100 million total value of assets restrained since the civil confiscation legislation commenced in 2003. The resourcing of our proceeds of crime activity will continue to present us with organisational challenges as recognition of its value by our partner agencies continues to grow.

Another significant vulnerability for networked criminals lies in their need to communicate with one another. Establishing an efficient and accountable telecommunications interception capability and integrating this into our methodologies has considerably enhanced our investigative and intelligence capability.

Consistent with the 2009–10 priorities for our 'prevent and combat major crime' objective, we enhanced and upgraded our technical electronic surveillance and forensic computing capability. The technical capabilities of our paedophilia investigators were also substantially enhanced through advanced training in the use of covert investigative software.

We continued to meet the demand for the use of our coercive hearings power in both our own investigations and where our assistance was sought in police investigations. Although we were not able to give effect to our priority to enhance our hearings capacity and at times had to divert part of our capacity to support other important work, we maintained high levels of timeliness and productivity in this significant area.

“ Strategic intelligence generated through our confiscation investigations led to the largest and most complex organised crime investigation so far undertaken by the CMC ”

Reportcard*

Performance in 2009–10

1. We made an effective contribution to Queensland's overall law enforcement effort, as follows:

- We undertook 43 tactical operations, more than doubling our target of 20.
- We completed 14 research, prevention and intelligence projects rather than our target of 15, due to unanticipated staffing difficulties in our research area.
- Ninety-five per cent of our tactical operations resulted in charges, restraints or seizures, meeting our target.

2. Our proceeds of crime capability disrupted organised crime networks, as follows:

- We obtained 97 criminal proceeds restraining orders, exceeding our target of 60 by over 60 per cent.
- We achieved a net value of criminal proceeds restrained of \$19.543m, exceeding our target of \$15m by 30 per cent.
- We finalised 42 civil confiscation matters, more than doubling our target of 20.
- We achieved a net value of assets forfeited of \$5.568m, exceeding our estimate of \$4m by almost 40 per cent.

* Reported against performance indicators identified in the Strategic Plan, measured by SDS performance measures.

Performance over five years

Assessing this year's performance within a five-year timeframe reveals that we achieved record results across many measures, including tactical operations undertaken, proceeds of crime restraining orders obtained, net value of assets forfeited, and civil confiscation matters finalised (Table 1), as well as investigative hearing days and the estimated street value of drugs seized (Table 2, page 15).

Over the five years, the number of criminal proceeds restraining orders and the net value of assets forfeited have shown an overall upward trend, despite some fluctuation.

Since 2006–07 the target/estimate of 20 tactical operations per annum has been consistently exceeded with a growing upward trend. This is due to increases in internet-based paedophilia investigations using new technology and the referral of police organised crime investigations for the conduct of coercive hearings. For this reason the target/estimate for 2010–11 will increase to 25.

During 2010–11 proceeds of crime resources will be redeployed to focus on increasing the rate of civil confiscation matters finalised. The target for net value of forfeitures will increase from \$4 million to \$5 million, with numbers of forfeitures increasing from 20 to 30.

Table 1. Performance 2005–06 to 2009–10, and estimated 2010–11, as per SDS indicators

Key performance measures (SDS)	2005–06	2006–07	2007–08	2008–09	2009–10		2010–11 (estimate)
					(target or estimate)	(actual)	
Tactical operations undertaken	23	25	35	29	20	43	25
Research, prevention and intelligence projects undertaken	5	5	5	13	15	14	15
Percentage of operations resulting in charges, restraints or seizures	94	94	100	100	95	95	95
Criminal proceeds restraining orders obtained	28	50	78	78	60	97	60
Net value of criminal proceeds restrained (\$'000)	10879	11 743	18 561	24 374	15 000	19 543	15 000
Civil confiscation matters finalised	25	26	27	23	20	42	30
Net value of assets forfeited (\$'000)	2 000	4 245	4 675	3 304	4 000	5 568	5 000
Expenses to achieve strategic goal 'To prevent and combat crime'	\$11.5m	\$11.3m	\$12.2m	\$14.0m	\$14.2m	\$14.5m	\$16.0m

Organised crime

In 2009–10 we finalised two multidisciplinary, multi-agency investigations. Results included the arrests of more than 75 people on more than 342 charges, including numerous charges of trafficking in dangerous drugs. The investigations were:

- a complex multi-agency operation investigating drug distribution networks across three states, which resulted in the dismantling of several criminal networks (see box)
- a multi-agency interstate operation focusing on cocaine trafficking in the Gold Coast area, which resulted in 12 people being arrested on 51 drug-related charges, including drug trafficking and possession of firearms, and assets including cash, cars and property valued at \$1.494 million being restrained, along with the seizure of 2.79 kilograms of cocaine with a street value in excess of \$1 million.

From all our operations, 101 persons were charged with 455 offences resulting from investigations commencing either in 2009–10 or in previous years. Drugs were seized to a record estimated street value of \$4.5 million. See Table 2.

Organised criminal groups dismantled

Drug distribution networks in Melbourne, Sydney and North Queensland linking to a syndicate of family members in South-East Queensland were identified in the largest and most complex crime investigation undertaken to date by the CMC.

Groups investigated during the operation were found to use couriers to move drugs and cash along the eastern coast of Australia. Drugs trafficked included methamphetamine (ice), MDMA (ecstasy), GHB (fantasy), cannabis, cocaine and steroids.

The protracted covert investigation was commenced by the CMC in April 2009, and quickly supported through joint arrangements with police drug squads in Queensland, Victoria and New South Wales as well as the QPS Hydra Outlaw Motorcycle Gang Unit. The evidence gathered led to the charging of 63 people with more than 291 charges, including 43 charges of trafficking in various dangerous drug types.

To date, assets seized or restrained as a result of the investigation total more than \$7 million Australia wide, including the cash seizure of approximately \$1.123 million. Drugs with a total estimated street value of \$3.354 million were seized or covertly recorded.

The CMC's coercive hearings power also contributed to the success of this operation (see second box on page 17).

How crime matters come to the CMC

Under the Crime and Misconduct Act, major crime encompasses organised crime, criminal paedophilia, serious crime and terrorism.

Most crime matters come to us through referral by the Crime Reference Committee, which includes community representatives as well as the Assistant Commissioner, Crime (the Chair), the CMC Chairperson, the Commissioner of Police, and the Commissioner for Children and Young People and Child Guardian.

As well as referring specific matters, the committee has referred several general areas of major crime, which allows us to investigate particular incidents of suspected criminal activity without a specific committee referral. We may also investigate matters identified through our own target development, provided they fall within the broad areas identified by the committee.

Criminal paedophilia

While the CMC's jurisdiction relates to all child sex offending, the multidisciplinary team within the CMC dedicated to the investigation of criminal paedophilia focuses on internet-based offending and networked, recidivist offending. This ensures that our work complements, rather than duplicates, the work of the Queensland Police Service.

Internet investigations focus on high risk offenders

During 2009–10 CMC investigators received advanced training in the use of covert investigative software to detect offenders accessing the worst kinds of child exploitation material. This software enables the investigators to focus on the specific target group that empirical data suggest poses the highest risk of being networked and/or committing contact offences.

These investigations resulted in the arrests of 15 persons on a total of 98 charges relating to the possession, distribution and production of child exploitation material.

Networked paedophilia

With the assistance of QPS child protection investigation units, CMC officers continued to investigate allegations of systematic sexual abuse of children by a paedophile network in North Queensland over a 10-year period.

Law enforcement partnerships

The CMC team continued to expand its operational capability locally and internationally through its active partnerships with other law enforcement agencies, including the Office of the Commonwealth Director of Public Prosecutions and the Australian Federal Police as well as the QPS.

CMC officers have also commenced Probe Asia, which targets Queensland-based residents travelling overseas for the purpose of offending against children in other countries.

As well as working closely with the QPS in investigations, the team has provided training in investigative practices associated with newly available software to detectives in the North Coast region.

Table 2. Use of CMC powers and results of investigations, 2005–06 to 2009–10

Description	2005–06	2006–07	2007–08	2008–09	2009–10
Use of CMC powers					
Investigative hearing days	104	81	151	157	162
Witnesses attending on summons	92	66	163	174	157
Surveillance warrants	31	28	10	21	10
Results of investigations					
Arrests	52	109	114	120	101
Charges laid	323	433	561	544	455
Drugs seized – estimated street value	\$0.327m	\$0.318m	\$0.284m	\$0.456m	\$4.5m

E-briefs bring multiple benefits to delivering and managing evidence

The 'electronic brief of evidence' (e-brief) has continued to be improved by CMC officers since its value was signalled in 2008 by the Director of Public Prosecutions. Since then, the e-brief has been increasingly accepted by the courts and legal representatives. It is particularly effective in managing the very large amount of data involved in long and complex investigations such as CMC investigations into organised crime.

- Since e-briefs are developed contemporaneously with investigations, they can typically be completed ready for court within a reasonably short time after operations close. To date, five large and complex organised crime e-briefs of evidence have demonstrated their effectiveness in progressing matters through the courts in a timely way.
- The brief of evidence is supplied to both defence and prosecution on an electronic external hard drive, facilitating simple, accurate and timely presentation of evidence and allowing all parties to quickly gain a full understanding of the prosecution case against each defendant.

The CMC will continue to adapt and improve the e-brief system with a view to incorporating an inbuilt case management system.

“ *The number of investigative hearing days held per annum has shown a strong upward trend over the last five years* ”

Externally requested investigations

A significant proportion of our work is undertaken in support of investigations being carried out by the Queensland Police Service where our assistance is sought, usually involving the use of our coercive hearings power. These investigations can relate to any category of major crime, such as organised crime and criminal paedophilia, but our assistance is most often sought during investigations into serious crime such as murder, arson, extortion and rape.

A matter that does not fall within one of the existing general referrals may be referred by our Crime Reference Committee provided that a police investigation has not been, and is not likely to be, effective using powers ordinarily available to police officers, and where it is in the public interest to do so.

The number of investigative hearing days held per annum has shown a strong upward trend over the last five years (Table 2, page 15). This year we conducted investigative hearings over 162 days in Brisbane, Cairns, Townsville, Mackay, Yeppoon, Maroochydore and Proserpine; 157 witnesses were called to give evidence in relation to 39 serious crime investigations including murders, drug trafficking and money laundering, and child sex offending. Examples include:

- the drug-related kidnapping, serious assault and torture of a man by two brothers based on the Gold Coast in 2007
- the drug-related murder of a man and attempted murder of another man at Burleigh Heads in 2009
- the 'road rage' related shooting murder of a man at Burleigh Heads in 2009
- alleged organised fraud engaged in by a Gold Coast business in 2005–06
- suspected systematic child sex offending involving Indigenous children in Townsville
- the disappearance and suspected murder of a man at Caloundra in 2003
- alleged drug trafficking activity and associated violence by a Rockhampton-based syndicate.

Vital testimony secured in hearing

Following a request by Queensland police for assistance with a murder investigation, a CMC hearing was successful in securing vital evidence.

After a homeless man was fatally bashed on a Brisbane street in 2009, a potential suspect was identified as a result of CCTV footage. Although information received suggested that the suspect may have confessed to a friend at his workplace, the friend denied any knowledge of the matter to police.

With the matter referred by the Crime Reference Committee to the CMC for investigation, the suspect's friend was called to a hearing. After being warned of the possible legal consequences of giving false evidence on oath, the friend confirmed that the suspect had admitted his involvement, and provided a detailed account. The suspect was arrested for the murder shortly after.

Hearings throw spotlight on sophisticated drug network

A series of hearings were held in Cairns and Proserpine shortly after the covert phase of our most significant organised crime investigation to date ended with the arrest of numerous offenders and the seizure of substantial quantities of cash and drugs.

The investigation related to the trafficking of a range of illegal drugs by several interrelated networks, which were based on the Gold Coast but operating from Cairns to Melbourne. A number of syndicate members occupying various positions within the hierarchy were called to hearings for questioning about the syndicate's activities. Realising the nature and extent of the earlier covert investigation, most were forthcoming in providing relevant information.

The hearings proved highly successful in consolidating an already strong case and providing a very clear picture of the involvement of key members of the network.

Proceeds of crime

Proceeds of crime recovery deters crime by attacking its profitability and removing funding for further criminal activity. The CMC proceeds of crime team works to ensure that crime does not pay and that illegal gains by criminals can be recouped for the people of Queensland.

Our proceeds of crime staff work closely with the Queensland Police Service in identifying and litigating proceeds of crime matters as well as with officers of the Office of the Director of Public Prosecutions (the Director of Public Prosecutions being the solicitor on the record for the purposes of CMC proceeds of crime litigation) and staff of the Public Trustee of Queensland (who is responsible for the property restrained and held by the state).

Civil confiscation – restraint and forfeiture of property acquired illegally or to satisfy proceeds assessment orders

The CMC administers the non-conviction-based civil confiscation scheme under the *Criminal Proceeds Confiscation Act 2002* (CPCA). Under the Act, 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 in the past six years. Restrained property is liable to be forfeited unless a person proves, on the balance of probabilities, that it was lawfully acquired. It can also be used to satisfy proceeds assessment orders.

The expanded use of the criminal proceeds confiscation function signalled for 2009–10 led to the CMC team exceeding their targets in all indicators (see Table 1, page 13). The team:

- obtained 97 restraining orders over property valued at \$19.543m
- concluded 42 matters, resulting in the forfeiture of property valued at \$5.568m. In addition, 2 proceeds assessment orders were obtained to the value of \$5.221m.

A significant number of litigated matters are still before the court, and resources have been redeployed within the CMC proceeds of crime team to progress these matters.

The CMC team reached a significant milestone on 20 November 2009 with a total of \$100 million in property restrained since the inception of the CPCA on 1 January 2003 under the non-conviction-based provisions.

The government announced during the year a further review of the CPCA – in particular, of amendments made to the CPCA that came into effect on 22 June 2009. The review presents an opportunity to identify legislative reform to make the CPCA even more effective.

The CMC works to ensure that crime does not pay and that illegal gains by criminals can be recouped for the people of Queensland

Figure 1. Estimated net value of criminal proceeds restrained (target compared to actual), 2002–03 to 2009–10

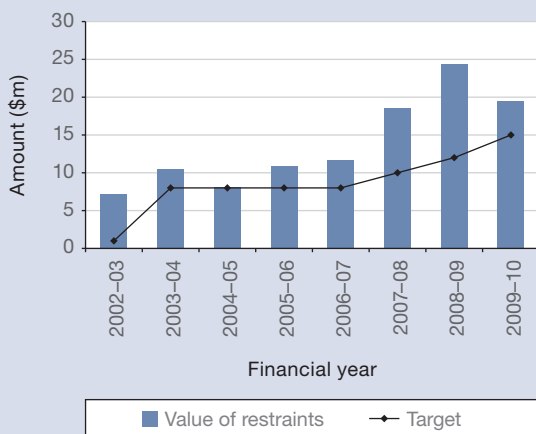
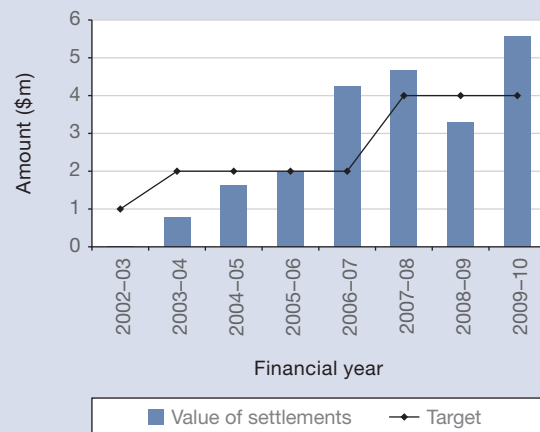


Figure 2. Net value of assets forfeited (target compared to actual), 2002–03 to 2009–10



Intelligence

Strategic intelligence assessments

- We released the final volume of the crime markets assessment *Illicit drug markets in Queensland: a strategic assessment*. This report assessed the various illicit drug markets operating in Queensland and ranked them according to the risk they pose to the community. The report informs other law enforcement agencies, CMC clients and stakeholders when making decisions on a wide range of issues relating to those markets, including operational directions, policy development and legislative reform.
- We released the illicit drug markets assessment in two volumes for law enforcement agencies and the public respectively.
- We also published public versions of strategic assessments focusing on property crime, money laundering and fraud, which were previously released to law enforcement agencies. Public release of these documents gives the Queensland public greater understanding of the risks posed by organised crime and the implications for the community.
- We finalised an intelligence digest for law enforcement agencies detailing the increasing prevalence of the analogue stimulant 4-MMC or mephedrone (colloquially known as meow meow) and highlighting the legislative and potential health issues associated with the commodity.
- We contributed detailed submissions to the Australian Crime Commission for a series of strategic reports presenting a current picture of criminality in Australia.

Target development

Target development involves identifying indicators of potential significant criminal activity or misconduct of an individual or a network, and collecting and analysing data to determine the level and extent of activity. During 2009–10 we integrated a new threat assessment methodology into this process to ensure our resources are focused on the highest priority targets, taking into account the level of harm posed.

Applying this methodology we referred three crime matters to the CMC's organised crime teams for investigation as well as referring a number of matters to the ACC, the QPS and other agencies.

Human source training

We provided specialised training on recruiting and managing confidential human intelligence sources to CMC, QPS and ACC staff.

Intelligence disseminations

We uploaded 122 reports such as information reports, offender profiles and post-operational assessments to the Australian Criminal Intelligence Database, as well as disseminating intelligence and information to other law enforcement and misconduct agencies.

Research and prevention

Illicit drug use

In collaboration with Queensland Health and the Queensland Alcohol and Drug Research and Education Centre of the University of Queensland, CMC research staff undertook a significant study of amphetamine-type stimulant use in early adulthood (18–23 year olds), using a life course perspective.

We studied the role of early drug use opportunities, drug use trajectories, patterns of drug use and drug use disorders, and the psychosocial consequences of drug use. CMC researchers did face-to-face interviews and internet surveys with 352 ecstasy and amphetamine users.

The report will be published in the next reporting period.

Looking forward

We will pursue our objective to prevent and combat major crime using the strategies outlined in our *Strategic Plan 2010–14*. We will give particular emphasis to evaluating and reviewing the effectiveness of our proceeds of crime capacity.

Promote a trustworthy public sector

The big picture for 2009–10

The CMC's role is to continuously improve the integrity of, and reduce the incidence of misconduct in, the Queensland public sector. This year the CMC's Misconduct work took place within the larger context of a public review of integrity and accountability in Queensland. The government's paper, entitled *Response to integrity and accountability in Queensland* and released in November 2009, introduced wide-ranging reforms.

That reform agenda launched a number of significant activities for the CMC. It was the catalyst to our undertaking a review of the police disciplinary system, which was requested by the Attorney-General in response to public concerns. We also worked with the Public Service Commission and other key agencies to promote cooperative best practice across the sector and ensure that public sector agencies and employees receive clear, consistent and practical advice about integrity and accountability issues.

“ *There is no suggestion that Queensland is returning to the days of entrenched serious misconduct* ”

Other major changes arising from the review included the CMC's jurisdiction being extended to include 12 government-owned corporations (GOCs). This development, together with the introduction of new local government legislation, effective from 1 July 2010, required new policies, procedures, processes and arrangements to be put in place by both the CMC and the agencies involved.

This year the number of misconduct complaints we received increased across all parts of the public sector. To respond to this, we continued with our long-term strategy of assisting agencies to build their capacity to deal with misconduct themselves by strengthening their complaints management and misconduct prevention systems. In-house we continued to focus our investigative resources on the most serious and sensitive allegations of misconduct. Our recently granted telecommunications interception powers have already enhanced our investigative effectiveness.

This year has seen significant issues arise from our role as an independent oversight body for the Queensland Police Service. Both our review of the *Palm Island Review* and Operation Tesco – a major investigation into police misconduct on the Gold Coast – exposed some negative aspects of police culture. Although there is no suggestion that Queensland is returning to the days of entrenched serious misconduct, the CMC has expressed concerns to the QPS about issues such as over-identification by some police investigators with subject officers, and unwillingness by supervising officers to address failings on the part of subordinates.

The CMC will continue to give priority to effectively responding to these issues. This may be through undertaking investigations ourselves where it is in the public interest for us to do so, or joint investigations with the QPS when appropriate, as well as through our oversight and capacity-building role. As part of this latter role, we are continuing to devolve responsibility for less serious misconduct matters to QPS supervisors and to hold them accountable.

Elsewhere in the public sector, our project to increase the capacity and accountability of public agencies in handling misconduct has seen four 'early adopter' agencies successfully implement improved integrity systems. We also developed an innovative methodology – our Integrity Index – for assessing the integrity frameworks of public sector agencies.

Legislative amendments taking effect from late 2009 strengthened the role of the CMC in relation to misconduct in public agencies. As well as including a new offence of misconduct in relation to public office, they enable the CMC to lay charges for official misconduct against police and public service officers whose employment in the public sector has ended.

Reportcard*

Performance in 2009–10

1. We enhanced public integrity through investigations, prevention and other capacity building as follows (see Table 3):

- We assessed 4649 matters, exceeding our estimate of 3800 by over 20 per cent.
- We assessed 97 per cent of matters within four weeks, exceeding our estimate of 85 per cent.
- We finalised 63 investigations, fewer than our estimate of 80, reflecting the fact that a considerable number of complex investigations are still ongoing.
- We finalised 90 per cent of the investigations within 12 months, exceeding our estimate of 80 per cent.
- We undertook 31 research, intelligence, capacity building, prevention and monitoring projects, exceeding our estimate of 26.

2. We have commenced the formal endorsement process – the Integrity Index rating – for four agencies.

3. We found that 91 per cent of matters had been dealt with satisfactorily by agencies, exceeding our estimate of 75 per cent by over 20 per cent.

Performance over five years

Assessing this year's performance over a five-year timeframe reveals the following:

- There has been an upward trend in the number of complaints received over the last four years (Figure 3, page 23). This is expected to continue due to, among other things, an increasing awareness of the CMC's role within the public sector and the community.
- Despite the increase in complaints received, we have significantly improved our timeliness in assessing new complaints over the last five years.
- We have continued to devote significant resources to our misconduct research, intelligence, capacity building, prevention and monitoring projects and activities.

* Reported against performance indicators identified in the Strategic Plan, supported by SDS performance measures.

Table 3. Performance 2005–06 to 2009–10, and estimated 2010–11, as per SDS measures

Key performance measures (SDS)	2005–06	2006–07	2007–08	2008–09	2009–10		2010–11 (estimate)
					(target or estimate)	(actual)	
Matters assessed	3924	3565	3678	3922	3800	4649	N/A
Matters investigated	110	107	93	80	80	63	N/A
Percentage of matters assessed within four weeks	93	92	85	94	85	97	N/A
Percentage of investigated matters finalised within 12 months	68	76	76	71	80	90	80
Research, intelligence, capacity-building, prevention and monitoring projects undertaken	31	33	41	42	26	31	26
Percentage of matters monitored dealt with satisfactorily*	89	83	84	87	75	91	75
Expenses to achieve strategic goal 'To promote high standards of integrity and reduce misconduct in the public sector'	\$20.2m	\$20.0m	\$20.5m	\$23.5m	\$23.9m	\$24.4m	\$26.9m

* Internal management measure, not SDS.

Complaints to the CMC

In 2009–10 we received 4665 complaints,¹ a 17 per cent increase compared with 2008–09, and the largest number received in any year since the establishment of the CMC (Figure 3).

These complaints contained a total of 11 164 allegations of misconduct. The majority were made against the QPS (60%), followed by local government (9%) and the rest of the public sector (31%) (Figure 4).

Of the 4649 complaints assessed in the year, 3967 complaints (86%) were referred to the appropriate agency to deal with, subject to CMC oversight through its monitoring role. A total of 110 complaints (2%) were retained for investigation by the CMC, and 572 complaints (12%) were assessed as warranting no further action (Figure 5).

In 9 per cent of those referred to agencies we either reviewed, or we are reviewing, how the individual complaint was dealt with by the agency.

Fifty-seven per cent of all complaints were referred by public agencies and around 40 per cent were made by members of the public directly to the CMC (Figure 6).

¹ The number of complaints received may differ slightly from the number assessed (Table 3) because of carryover across financial year reporting.

Why we refer matters to agencies

As stated, in 2009–10 we referred 86 per cent of complaints to agencies to deal with. Our legislation states that, as long as the public interest is safeguarded, misconduct in a public sector agency should generally be dealt with by the agency itself.

As oversight body for the public sector, receiving and assessing a high volume of complaints gives us an insight into the culture and performance of public sector agencies. It also reassures the public that an oversight body is being made aware of issues as they arise.

Of the complaints we receive, a significant percentage come from public sector agencies. In part, this is because there is a strict obligation to refer – by law, there need only be a suggestion of possible official misconduct for an agency to be obliged to report it to us. On closer examination of the complaints, many of them clearly do not involve official misconduct.

Managing complaints is not only about agency managers dealing with inappropriate conduct. It is also an opportunity for agencies to identify and address any wider systemic issues such as agency-wide policy or procedural deficiencies, an inappropriate workplace culture, or a failure of standards.

Increasingly, public agencies are accepting responsibility for managing organisational culture and the conduct of their staff. That is what referring complaints to the relevant agency to deal with is intended to achieve.

How misconduct matters come to the CMC

Possible misconduct within the Queensland public sector can come to our attention through complaints from members of the public and from within public sector agencies, or through the CMC's own investigative and intelligence activities.

Chief executive officers (including directors-general) of public sector agencies and other public officials are obliged by law to notify us of suspected misconduct.

“ ... receiving and assessing a high volume of complaints gives us an insight into the culture and performance of public sector agencies ”

Figure 3. Complaints registered between 2001-02 and 2009-10

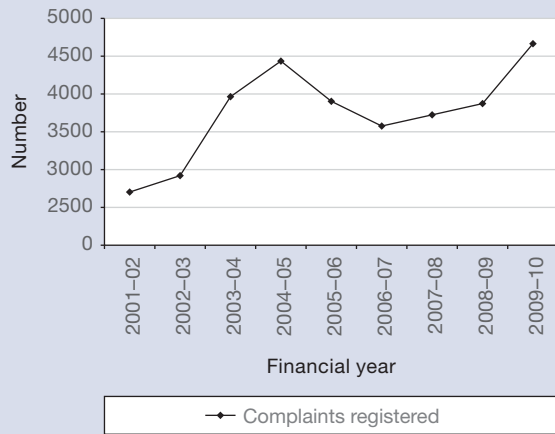


Figure 4. Allegations by agency for 2009-10

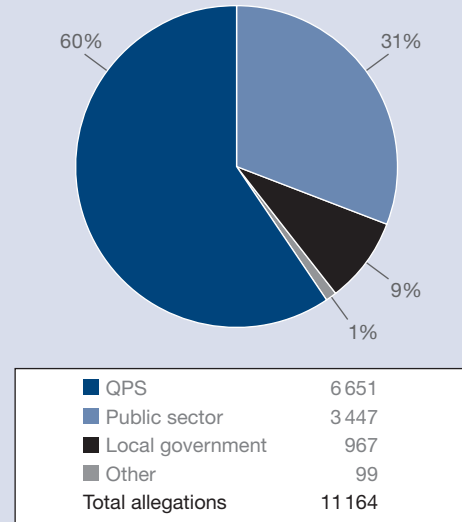


Figure 5. Assessment outcomes

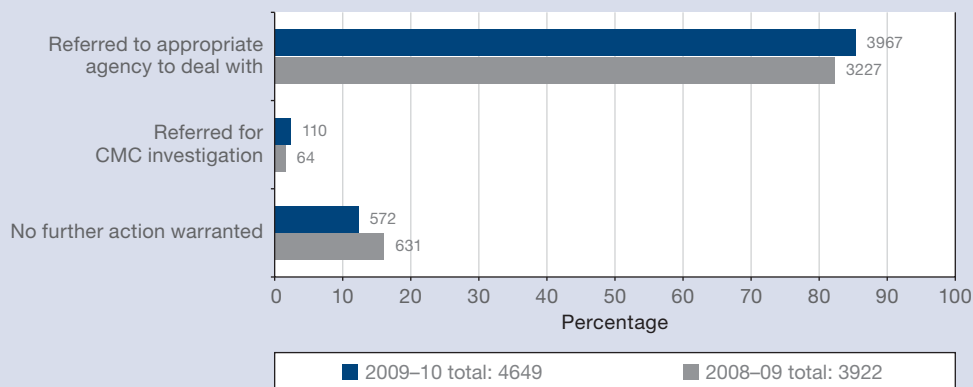
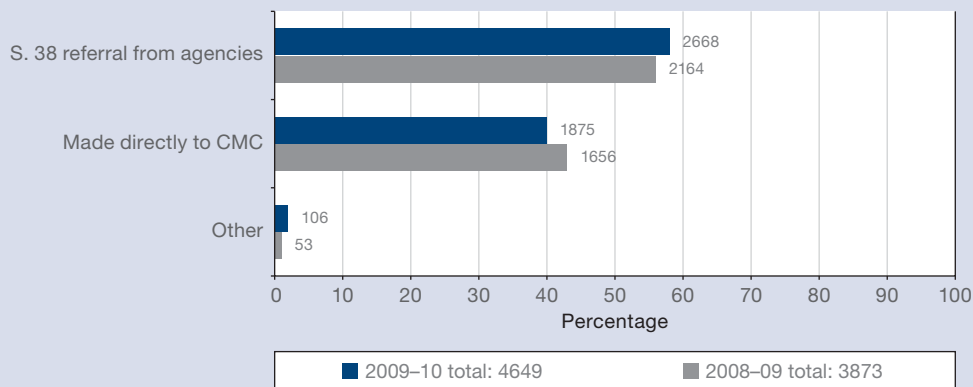


Figure 6. Sources of complaints



Complaints against public sector officials (excluding the QPS)

Of the complaints made to the CMC, 4513 allegations, or around 40 per cent of all allegations, concerned public sector officers including the public service, local government and politicians (Figure 4, previous page). This represents a 17 per cent increase from the previous year.

This increase does not necessarily indicate an increasing incidence of misconduct within the public sector. Alternative explanations include an increasing awareness within the public sector of the obligation to report to the CMC any suspicion that a complaint, information or matter may involve misconduct, or increasing awareness on the part of the general public about the CMC's complaints handling role.

Sources of complaints

The vast majority of complaints against employees in public sector agencies came to us directly from the relevant public agency rather than from a member of the public – 63 per cent in the case of local government matters and 76 per cent in all other public sector agencies (excluding the QPS) (see Figure 7).

Types of allegations

There was no significant change in the types of allegations made this year from those in past years. Not surprisingly, the types of allegations reflect the nature of the core business of the agencies.

In relation to the public sector (excluding local government), allegations concerning inappropriate official conduct (such as inappropriate exercise of power and authority), assault/excessive force, misappropriation/misuse of government resources, corruption and favouritism, and victimisation/harassment accounted for 76 per cent of all allegations received (Figure 8). In relation to local government, corruption and favouritism, official conduct and misappropriation/misuse of government resources accounted for 79 per cent of all allegations received (Figure 9).

Eighty per cent of the allegations received concerned Queensland Health and the departments of Education, Communities and Community Safety, which is indicative of their size and the nature of their core business.

Of the 2131 complaints assessed, we referred 1687 (79%) to the relevant agency to deal with, subject to monitoring by the CMC. Of the 1687 complaints referred, 188 (or 11%) were subject to our monitoring by a case review.

Complaints against the QPS

This year 6651 allegations against QPS members were received, representing a 23 per cent increase from the number of allegations made in the previous year. Overall, complaints about the QPS accounted for 60 per cent of the total allegations received by the CMC (Figure 4). One of the factors influencing this increase in complaints is likely to be increased media attention during the year on issues concerning police, resulting in greater public focus on the police oversight role of the CMC.

Sources of complaints

In contrast to the rest of the public sector, complaints data reveal that the majority of complaints against the QPS (54%) come from members of the public directly to us (Figure 7). Given the unique powers bestowed on police officers, and their role in exercising those powers, it is not surprising that members of the general public instigate the majority of complaints about police. Nevertheless, the QPS also referred a large number of complaints (1097 or 43%) to the CMC.

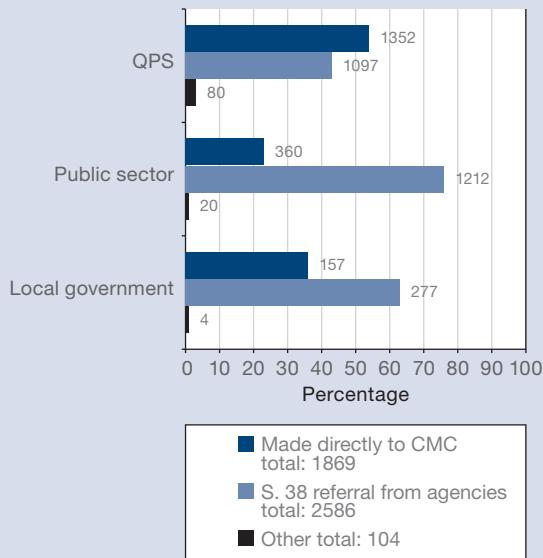
Types of allegations

The types of allegations made this year are very similar to those made in the previous year (see Figure 10).

Allegations concerning assault/excessive force, official conduct (such as inappropriate exercise of power) and inappropriate behaviour accounted for 46 per cent of all allegations received, with the remainder covering a wide range of other types of conduct.

Of the 2518 matters assessed, we referred 2280 (91%) to the QPS to deal with, subject to monitoring by the CMC. Of the 2280 matters referred, 157 (7%) were subject to our monitoring by a case review.

Figure 7. Sources of complaints (by sector) for 2009–10



Note: These figures do not include a small number of complaints received by the CMC concerning other individuals and agencies under the CMC's jurisdiction. If a complaint contains allegations concerning more than one 'sector', it is only counted once against the sector which is the subject of the most serious allegation.

Figure 8. Types of allegations – public sector

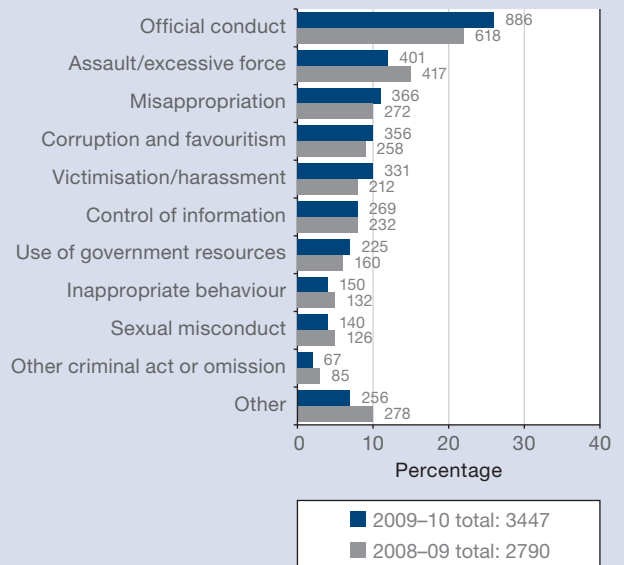


Figure 9. Types of allegations – local government

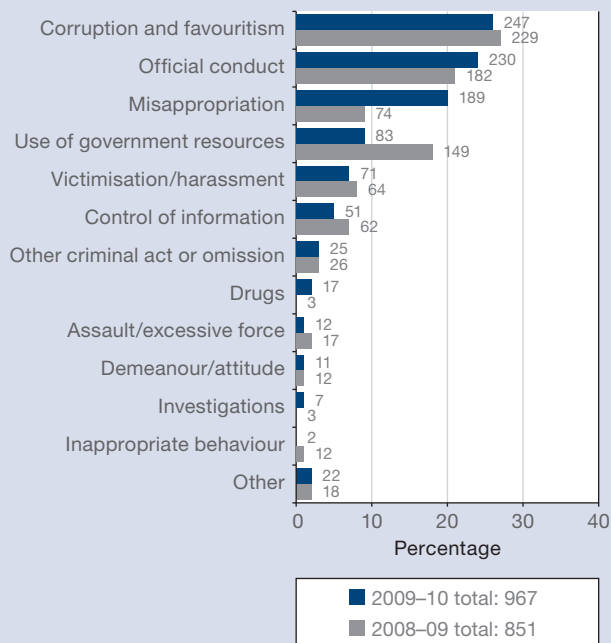
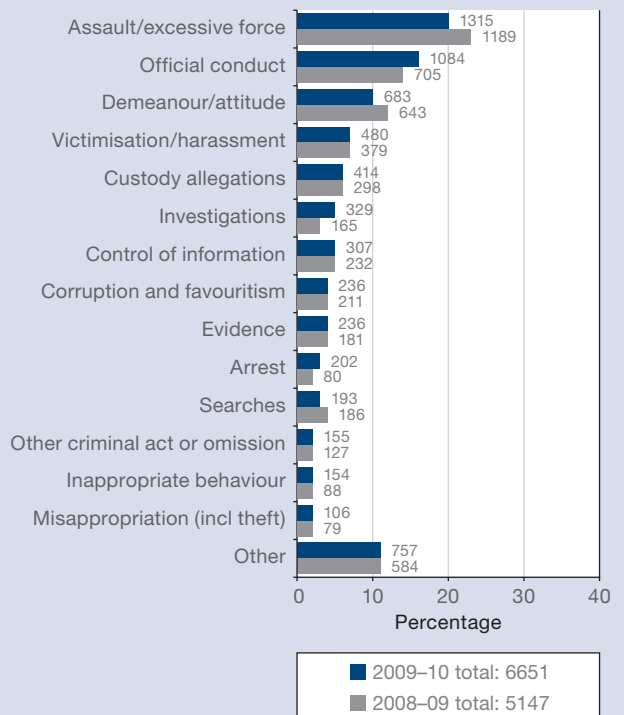


Figure 10. Types of allegations – QPS



Our oversight role

In our role of oversight body for the public sector, the CMC strives to safeguard public confidence in the integrity of the complaints process.

Oversight of the public sector

This year 179 public sector matters were the subject of individual close scrutiny through a case review.² In 166 (93%) matters, the CMC was satisfied with the way in which the agency dealt with the matter and all compliance and integrity issues. In 13 (7%) matters, there were some concerns about compliance with standards – for example, format and clarity of the investigation reports, or issues such as lack of timeliness, failures to electronically record interviews, failures to interview all relevant witnesses, failures to clearly address all allegations, and failures to provide all relevant information. Where such issues were identified, we raised them with the relevant agency.

As part of a quality assurance review of a local government and an audit of a department, a further 20 matters were examined. All were considered to be dealt with satisfactorily.

² While 188 matters were referred for review in 2009–10, only 179 matters were finalised by the end of the financial year. A similar small discrepancy exists for police matters (see above).

Increasingly, public agencies are accepting responsibility for managing organisational culture and the conduct of their staff

Oversight of the QPS

This year 125 police matters were the subject of individual close scrutiny through a case review. The CMC was satisfied with the way in which the QPS dealt with the matter in 110 (88%) of the cases.

In 8 of the remaining 15 matters we identified a range of concerns – for example, issues about the quality of the investigation or the investigation report, timeliness and, in one instance, the premature finalisation of a matter (because of the retirement of the officer concerned, the early closure led to a failure to consider possible systemic issues). We raised these concerns with the QPS.

The remaining 7 matters concerned allegations of assault and/or the use of excessive force by police against members of the public. Some of these cases involved incidents where the persons dealt with sustained significant injuries, including broken bones and damage to teeth, during the course of their arrest or while in police custody.

In the majority of instances the relevant events were recorded on CCTV footage, through either security cameras in public places or cameras installed in police establishments.

In reviewing these matters, the CMC was concerned about some of the outcomes proposed by the investigating officers, and considered that in some cases formal disciplinary action should ensue. It therefore initiated discussions with senior management of the QPS.

In several cases the QPS did institute disciplinary proceedings, to reinforce the standards of conduct expected of operational police. Early signs, based on our receipt and assessment of complaints, are that the steps taken have reduced the number of concerning matters and improved the way in which they are dealt with.

We also completed an audit of matters concerning the excessive use of force by police, and preliminary analysis indicates that the QPS is generally dealing with these matters satisfactorily. We will continue to monitor the QPS response to these issues.

A further 106 police matters were reviewed as part of audits we conducted during the year.

Monitoring how agencies handle complaints

We monitor how agencies handle complaints by a wide variety of mechanisms. These include:

- Overseeing an agency's investigation while it is taking place (including, on occasions, assisting in interviewing witnesses or undertaking specific inquiries).
- Reviewing the finalised investigation report before any disciplinary or other managerial action is taken. This gives the CMC an opportunity to form a view about the appropriateness of the agency's investigation and any proposed action, before the matter is finalised.
- After the matter is finalised, reviewing how the agency dealt with the complaint.
- Auditing the way an agency has dealt with a general class of complaints.
- Auditing the quality of an agency's overall integrity framework, including its policies and systems for complaints management.

CMC review of the QPS *Palm Island Review*

On 17 June 2010 the CMC's review of the QPS *Palm Island Review* was tabled in Parliament.

This report detailed the CMC's comprehensive review of the QPS internal investigation of the initial QPS investigation of the death in custody of Mulrunji on Palm Island in 2004. We found that both the initial QPS investigation and the subsequent internal investigation were seriously flawed and recommended that the QPS consider disciplinary action against the police officers involved.

The review also identified problematic aspects of police culture and reinforced the need for thoroughness and impartiality by police, particularly when investigating their own officers. The report is available at <www.cmc.qld.gov.au>.

Note: A Deputy Commissioner of Police is to be appointed to make a decision regarding disciplinary action.

Audit of 'reviewable decisions'

We conducted an audit of 'reviewable decisions' — decisions made in relation to internal disciplinary charges of misconduct made against police officers — that were reported to the CMC between January 2008 and June 2009. We identified issues, and made recommendations, in relation to officers hearing disciplinary charges applying the appropriate standard of proof, timeliness in finalising the disciplinary hearings, and the process of notifying the CMC of the outcome. The QPS has already taken up some of our recommendations.

Where we are not satisfied with the outcome of QPS disciplinary proceedings for misconduct, the CMC may apply to the Queensland Civil and Administrative Tribunal (QCAT) to review the disciplinary decision.

Note: The QCAT commenced on 1 December 2009, replacing the former Misconduct Tribunal.

Referrals to the QCAT

This year, the CMC filed four review applications in the QCAT concerning QPS disciplinary decisions. In this reporting period, the QCAT delivered three decisions in relation to matters referred to it by the CMC.

“ *[The CMC Palm Island report] reinforced the need for thoroughness and impartiality by police, particularly when investigating their own* ”

Inspector demoted for improper conduct at crime scene

The QPS took disciplinary action for improper conduct against a police inspector who attended the scene of an attempted murder. He was disciplined for failing to take charge of the crime scene and for having a conflict of interest which led to his giving inappropriate advice to the victims. Although the disciplinary hearing found these allegations substantiated, it imposed no sanction.

The CMC appealed the QPS's proposed course of action with regard to the sanction. The then Misconduct Tribunal upheld the appeal and demoted the inspector to the rank of sergeant, finding that he lacked insight into his own behaviour.

The police officer applied for judicial review in the Supreme Court, but his application was dismissed. The judge found that, based on the evidence before him, the tribunal was entitled to draw the inference it did about the officer's lack of insight and that the officer had failed to produce any evidence to the contrary. The officer remains demoted.

Excessive force allegations to be re-determined by QCAT

The QPS charged a constable with excessive use of force in a series of 14 unconnected incidents in 2004. The allegations involved seven separate victims, some of whom were handcuffed. A disciplinary hearing found the allegations unsubstantiated.

The CMC appealed to the then Misconduct Tribunal. The tribunal, although acknowledging that the QPS adopted the incorrect standard of proof, also found that the allegations were unsubstantiated.

The CMC successfully applied for judicial review in the Supreme Court and the tribunal's decision was set aside. The matter has been referred back to the Queensland Civil and Administrative Tribunal (QCAT) to be redetermined.

The officer also accepted an allegation that he removed the handcuffs of a person in police custody and enticed him into a fight. The QPS imposed no sanction on this conduct. The QCAT will also determine the outcome of this matter.

Building agency integrity

We are involved in a wide range of strategies and activities designed to build public sector capacity to prevent and deal with misconduct.

Making agencies accountable

Our legislation includes 'devolution' as a key principle in combating misconduct. This recognises that it is the responsibility of a chief executive to set and maintain proper standards of conduct for their employees and, by so doing, maintain public confidence in the agency. Over the next three years one of the CMC's strategic priorities is to progressively build the capacity and accountability of public sector agencies in managing misconduct, subject to our oversight.

Public sector 'early adopter' agencies

As part of this strategy, we are aiming by 30 June 2013 to implement improved integrity systems across all core public sector agencies – departments and the QPS – and other significant agencies such as local governments. This year we successfully worked with four 'early adopter' agencies (Queensland Health, Brisbane City Council, the Department of Employment, Economic Development and Innovation, and the Department of Justice and Attorney-General) to implement improved systems.

Integrity Index

We have also developed an Integrity Index, a tool which enables us to rate the integrity frameworks of public sector agencies. It examines three main elements:

- complaints management
- misconduct prevention
- institutional integrity.

The index will be progressively applied in all public sector departments by 2013.

Police service: Project Verity

As in the wider public sector, a project is being trialled within the QPS to promote more timely and appropriate internal resolution of complaints. Project Verity is our main capacity-building initiative with the QPS, and is designed to give local-level managers, when appropriate, the responsibility of dealing with less serious complaints about their officers through investigation or other appropriate management action.

Project Verity has been an ongoing commitment of the CMC and the QPS since 2007. Over that time, we have identified a number of implementation difficulties, both procedural and cultural, within the QPS. The police service, in consultation with the CMC, has sought to address these, and began a further trial in April 2010. To evaluate it we are conducting, via access to the relevant police database, real-time monitoring of complaints received; audits have also commenced and we are considering re-surveying QPS members to identify impediments to implementation.

In line with our goal of promoting a trustworthy public sector, Project Verity is an opportunity for the QPS to demonstrate to the public, and the CMC, that it can take timely, effective and decisive action when officers fail to meet the required standards of conduct.

Publishing relevant resources

Separation risks: undue influence, conflicts of interest and information security when employees move on (July 2009) is a 16-page publication exploring the issues of employee separations and the range of risk-management strategies available. It is available on our website at <www.cmc.qld.gov.au>.

The second Australian Public Sector Anti-Corruption Conference (APSACC) was held in Brisbane in July 2009. The CMC, the Independent Commission Against Corruption (NSW) and the Corruption and Crime Commission (WA) jointly hosted the conference which attracted more than 500 state, national and international delegates. Topics included dealing with the challenges of matters arising in remote locations; whistleblower issues; information protection; and ethical leadership.

The third APSACC will be held in Fremantle, WA in November 2011. The 2009 conference papers and details of the 2011 conference are available at <www.apsacc.com.au>.

Working with other integrity agencies to implement the reform agenda

In 2009 the Queensland Government conducted a public review of the integrity and accountability framework in Queensland, publishing a discussion paper to facilitate wide-ranging consultation. A number of reforms were identified, including:

- adopting a single code of conduct to be applied across the Queensland public sector
- enhancing the public interest disclosure/whistleblower protection legislation
- establishing an Ethical Standards Branch within the Public Service Commission
- introducing mandatory annual training in ethical decision making
- enhancing the Public Sector Ethics Network
- implementing consistent thresholds and requirements in relation to declaration of gifts.

Since the review, the CMC has worked with the Public Service Commission on implementing the reform agenda and is represented on the Queensland Public Sector Ethics Network (QPSSEN), a consultative forum involved in promoting the integrity reforms.

We are also participating on the interagency steering committee overseeing the implementation of the 54 recommendations arising from the comprehensive Service Delivery and Performance Commission Review of the QPS, carried out in 2008. One key focus for the CMC is providing support to a QPS project to replace its current complaints management and discipline database with a new system.

Responding to an increased jurisdiction

As a result of gaining jurisdiction from 1 January 2010 over 12 government-owned corporations (GOCs) and with the 1 July 2010 implementation of a new Local Government Act, the CMC focused attention on working cooperatively with the relevant public sector agencies to facilitate the transition to the new arrangements.

We held an information sharing and training day for GOC representatives, met with the Department of Infrastructure and Planning (DIP) about complaint management and misconduct prevention, and are currently aligning our respective IT systems for better management and monitoring of complaints.

Our meeting schedule also involved regular visits to regional Queensland and the provision of workshops on relevant topics such as reporting complaints to the CMC and dealing with complaints about misconduct.

Researching police methods and practice

The CMC is involved in a wide range of activities relating to police practices, including conducting research into police methods of operation, police powers and their use, and law enforcement by police. Our work over the year includes the following.

- After the death of a man in North Queensland following the multiple deployment of a Taser device, in June 2009 the Police Minister announced a joint QPS–CMC review of Taser policy and training. The review was to ensure that QPS Taser policy, training and monitoring and review processes reflect best practice. Although it found that most of the risks associated with the use of Tasers were currently addressed by existing mechanisms, 27 recommendations for further improvement were made. In April 2010, arising from the joint QPS–CMC Taser review, we were asked by the Attorney-General and Minister for Industrial Relations to evaluate the implementation and effects of the QPS's revised Taser policy, training, and monitoring and auditing processes. We will table a final report in Parliament in the next reporting period.
- We conducted the 2010 instalment of our annual ethics survey of police recruits and first-year constables, which gauges their attitudes to, and perceptions of, a range of issues related to police ethics and misconduct. We are currently finalising a public report based on our survey results between 1995 and 2008, which will identify any attitudinal changes over time.
- In late 2009, at the request of the Attorney-General and resulting from the submissions received during the government's review of integrity and accountability in Queensland, the CMC commenced a detailed review of the Queensland Police Service's processes for disciplining its members. The QPS assisted us in this review by providing a dedicated project team to provide advice, coordinate requests for data and information, and lead focus groups with police officers around the state. Our report will be published in the next reporting period.

- The CMC is currently reviewing the legislation relating to 'move-on' powers, including its application and effectiveness (see also page 40).

'Move-on' powers enable police to direct someone to leave a public place — as a way of dealing with behaviour that is disorderly, indecent, offensive or threatening or interferes with trade or business. Their introduction in 1997 was controversial, due to the potential for abuse and disadvantage to sections of the community. In July 2006, the powers were broadened, making them available to police statewide in public places.

The report will be released in the next reporting period.

Legislative amendments relevant to our Misconduct function

Concerns have been raised for many years about public servants and police officers being able to escape liability for official misconduct or disciplinary charges by resigning their employment. However, the *Criminal Code and Other Legislation (Misconduct, Breaches of Discipline and Public Sector Ethics) Amendment Act 2009* will enable the CMC to lay charges for official misconduct against former police officers and other public officials.

The amendments also enable disciplinary action to be taken against former officers, within two years of cessation of employment.

This legislation also amended the *Criminal Code* to include a new offence of 'Misconduct in relation to public office', under section 92A. This offence provision prohibits any current or former public official from abusing their office to dishonestly obtain a benefit for themselves or another person.

The CMC recommended the introduction of the new offence in its report, *Public duty, private interests: issues in pre-separation conduct and post-separation employment for the Queensland public sector*, in December 2008.

The legislation is available on www.legislation.qld.gov.au.

Misconduct investigations

We concentrate our efforts on matters such as fraud within government agencies, police corruption and matters of significant public interest.

A successful conclusion to a CMC investigation may be the bringing of criminal charges or, just as importantly, the restoring of public confidence in a public sector activity or agency, a politician or the police. Our misconduct investigations also focus on identifying any systemic or procedural weaknesses in an agency and developing recommendations to address them.

Figure 11 shows the number of finalised investigations by sector. Table 4 shows the use of CMC powers in investigating misconduct in 2009–10 and the preceding four years.

Figure 12 and Figure 13 (next page) show, respectively, the types of charges recommended (total of all agencies) and recommended charges by agency. The small number of total charges compared with last year reflects the fact that a large number of complex investigations are still ongoing and will conclude in the 2010–11 year.

Investigations into the public sector

Of the 63 investigations the CMC conducted this year, 30 investigations involved 100 allegations of misconduct by public officials in public sector agencies other than the QPS. The types of allegations investigated are represented in Table 5 (next page). The two most common were corruption and favouritism and official conduct.

Figure 11. Finalised investigations by agency

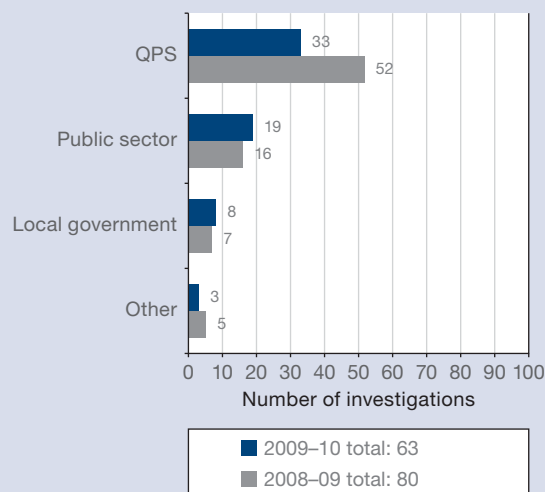


Figure 12. Types of charges recommended

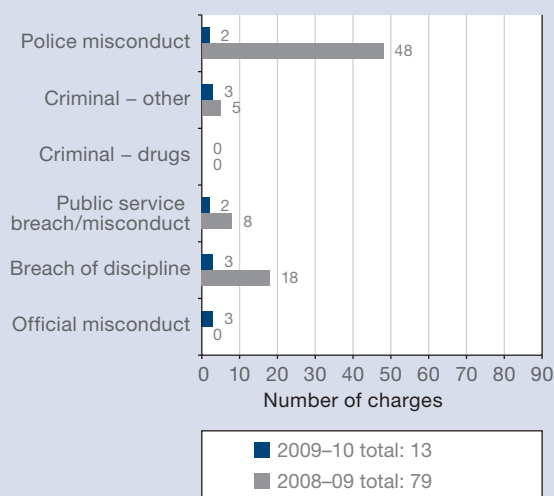
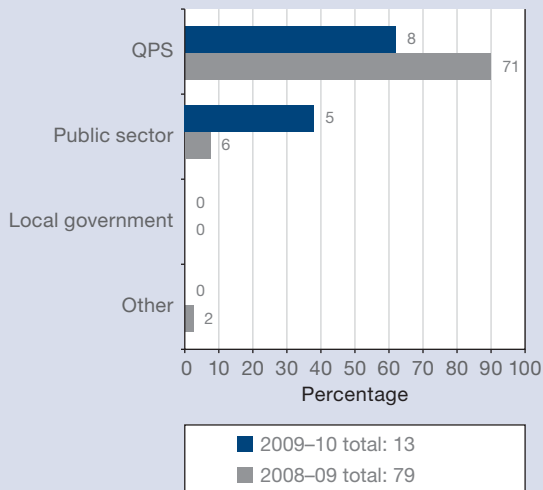


Table 4. Use of CMC powers for investigating misconduct, 2005–06 to 2009–10

Description	2005–06	2006–07	2007–08	2008–09	2009–10
Use of powers:					
Power to enter	15	3	0	0	7
Notices to discover information	223	198	139	80	141
Notices to attend hearing	71	121	54	44	141
Search warrant applications	22	24	4	8	14
Surveillance warrant applications	0	0	0	0	3

Figure 13. Recommended charges by agency



“ A successful conclusion to a CMC investigation may be the bringing of criminal charges, or just as importantly, the restoring of public confidence ”

Investigations into police

The CMC conducted 33 investigations into 111 allegations involving official misconduct by members of the QPS. The types of allegations investigated are represented in Table 6. The two most common were assault and corruption and favouritism.

Individual misconduct investigations

A number of high-profile, complex misconduct investigations were undertaken in 2009-10. They included the following.

Allegations relating to a former ministerial adviser

The CMC investigated allegations that the Queensland Rugby Union (QRU) in 2009 improperly paid \$200,000 to the University of Queensland Rugby Club from a \$4.2 million Queensland Government grant intended for the redevelopment of the QRU's facilities at Ballymore.

Documentation provided to the CMC indicated that the \$200,000 from the original grant had been paid to the UQ Rugby Club on the advice of an adviser, Simon Tutt, to the Minister who had carriage of the grants program. At that time the adviser was also a member of UQ Rugby Club.

The CMC's investigations, which included conducting public hearings, identified a number of issues about the general role of ministerial advisers and their interactions with public servants – issues also of relevance to the government's integrity reform agenda. In late 2009 the CMC called for public submissions on the broader role of ministerial advisers and their interaction with the public service.

A public report on this investigation will be published in the next reporting period.

Table 5. Types of allegations investigated by sector

	Public sector	Local government	Other
Corruption and favouritism	20	15	11
Official conduct	6	9	-
Evidence	-	7	-
Misappropriation (including theft)	6	5	1
Other criminal act or omission	5	5	2
Control of Information	3	3	-
Protection of offenders	1	-	-
Use of government resources	1	-	-
Total = 100	42	44	14

Table 6. Type of allegations investigated

	Police Service
Assault/excessive force without a weapon	18
Corruption and favouritism	18
Official conduct	16
Control of information	10
Custody allegations	7
Evidence	6
Police/CMC investigation of complaints against police	6
Victimisation/harassment – workplace	5
Investigations	4
Misappropriation (including theft)	4
Other criminal act or omission	4
Demeanour/attitude	3
Inappropriate behaviour	3
Property and exhibits	3
Protection of offenders from investigation/prostitution	1
Searches	1
Traffic offences	1
Victimisation/harassment – other than workplace	1
Total	111

Allegations against the Honourable TM Mackenroth and the Honourable JP Elder

Following the publication of the *South East Queensland Regional Plan 2009–2031* (the 2009 SEQ plan) in July 2009, the CMC was asked by the Premier to investigate possible improper influence on the part of two former senior politicians.

Newspaper articles published by the *Courier-Mail* on 30 July and 4 August respectively implied that the Honourable TM Mackenroth, a retired former Deputy Premier of Queensland, and the Honourable JP Elder, a professional lobbyist and former Deputy Premier of Queensland, had each improperly influenced the review process of certain parcels of land included in the urban footprint contained in the 2009 SEQ plan.

Following publication of the second article, the Premier asked the CMC to also consider the circumstances of every instance in which an extension had been made to the urban footprint of the 2009 SEQ plan, to determine if any individual person had influenced the review process.

The CMC's investigations determined that there was no evidence of official misconduct on the part of any person. The reports detailing these investigations are available on our website at <www.cmc.qld.gov.au>.

Prosecutions of Gordon Nuttall, Harold Shand and the late Ken Talbot

We reported last year on the investigation into former Queensland Government Minister Gordon Nuttall, who was found guilty in July 2009 of receiving secret commissions totalling almost \$360 000 over three years from two prominent Queensland businessmen, Ken Talbot and Harold Shand. On 17 July 2009 Mr Nuttall was sentenced to seven years jail for each offence, to be served concurrently. He will be eligible for parole on 2 January 2012. Mr Nuttall's appeal to the Court of Appeal in relation to conviction and sentence was dismissed on 23 March 2010.

In August 2009 further criminal charges, for official corruption and perjury, were commenced against Mr Nuttall as a result of his alleged receipt of payments from another businessman and alleged false evidence given during a CMC hearing. The trial is expected to commence in September 2010.

Mr Shand faced trial between 8 March 2010 and 19 March 2010; however, the jury was discharged after it was not able to reach a verdict, and his re-trial is set to commence on 15 March 2011. Mr Talbot's trial, which was to commence on 30 August 2010, was de-listed after he died in a plane crash in the Congo in June 2010.

Investigation of a police officer in relation to alleged unlawful drug-related activities

In early 2009 the CMC commenced an investigation, Operation Copeland, into information received that a police officer in a regional centre was involved in the unlawful importation, trafficking and possession of marketable quantities of so-called 'party' drugs. The investigation was jointly undertaken with the Australian Federal Police and was assisted by the Australian Customs Service.

In November 2009 substances later confirmed as dangerous drugs were located as a result of executing search warrants.

As a result of the CMC investigation into his activities, the subject officer resigned from the QPS on 19 November 2009.

Joint investigation into multiple allegations about Gold Coast police – Operation Tesco

In this reporting period the CMC also undertook Operation Tesco, an investigation into allegations involving multiple aspects of police misconduct within the Gold Coast District, including alleged drug use, improper associations with criminals, improper use of and access to confidential QPS information, and the misuse of QPS resources.

More than 60 different matters are currently being investigated under the auspices of Operation Tesco, and the assistance of senior QPS investigators has resulted in many of these matters being concluded much earlier than would otherwise have been possible. The CMC expects to conduct public hearings in relation to some aspects of Operation Tesco in the latter half of 2010, with a view to publishing a report during the 2010–11 reporting period.

QPS response to the *Dangerous liaisons* report

In response to the CMC's *Dangerous liaisons* report, the Commissioner of Police gave a commitment to government to address the issues raised by the CMC. This has included:

- a thorough overhaul in 2009 and 2010 of QPS policy, processes and procedures across areas related to managing human sources and paying rewards to informants
- a comprehensive approach to communicating the issues arising from the report, including distributing 2000 copies of the report throughout Queensland and implementing awareness sessions and formal training
- incorporation of lessons learned in the QPS corruption prevention plan and relevant training.

***Dangerous liaisons* (Operation Capri) – update on disciplinary action**

Last year we reported on Operation Capri, an investigation conducted by the CMC over two and a half years, between March 2006 and September 2008, which concerned multiple aspects of police misconduct in connection with using and managing prison informants.

We reported last year that disciplinary action in relation to four officers had not been concluded and three of the 25 officers implicated were still facing criminal charges. Of these three officers, two are now scheduled to face court in October 2010. The third, who is no longer a police officer, was tried in the District Court in Brisbane in May 2010 and acquitted of a charge of making a false declaration.

Of the four officers awaiting disciplinary action, one officer retired from the QPS on medical grounds prior to disciplinary action being concluded; and one officer was demoted two ranks before retiring on medical grounds. Two officers are still to be dealt with pending conclusion of criminal proceedings.

Our report, *Dangerous liaisons*, was released early in 2009–10.

Building agency capacity in investigating misconduct

The CMC supports agencies in investigating potential misconduct within their ranks. Working cooperatively with agencies in this way helps both to progress individual matters and to build an agency's capacity to deal effectively with future misconduct. It is also an effective use of the CMC's limited resources.

At times we also assist agencies to investigate matters through the selective use of our coercive powers. For example, our financial investigators may obtain information and documents from third parties to assist an investigation, using our notice to discover powers.

Assistance to the State Coroner: deaths in custody

The CMC also provides varying levels of assistance to the State Coroner in conducting investigations into deaths in the context of contact with police (such as deaths occurring during attempted arrests).

One such matter concerned the death of a man at Brandon, North Queensland, involving the multiple discharge of a Taser by police. At the request of the Coroner the CMC has overviewed that investigation and an inquest into this death is expected to take place in the next reporting year.

Coronial recommendation re CMC involvement in investigating deaths in police custody

The findings of the Acting Coroner (Deputy Chief Magistrate Brian Hine) delivered in May 2010 in the re-opened inquest into the death in custody of Mulrunji on Palm Island included the following recommendation:

I recommend that the future investigation of deaths in police custody, which exhibit indicia of unnatural causes or which have occurred in the context of police actions or operations be undertaken solely or primarily by the CMC, as the specialist misconduct and anti-corruption body for the State of Queensland. To enable this to occur, I recommend that the CMC be resourced and empowered [by legislative fiat] to undertake the role.

On 1 June 2010 the State Coroner met with the CMC Chairperson, QPS Commissioner and Acting Director-General, Department of Justice and Attorney-General. They reached a conditional agreement about interim arrangements to ensure that all parties understand the roles to be performed by each agency and the new notification procedures. It is intended that a more detailed and revised memorandum of understanding identifying specific procedures will be developed this coming year.

The new arrangements and the independence of the State Coroner and the CMC will contribute to maintaining public confidence in the impartiality of these investigations as well as providing greater transparency.

Looking forward

In 2010–11 we will pursue our objective to promote a trustworthy sector using the strategies outlined in our *Strategic Plan 2010–14*. We will give particular emphasis to:

- Ensuring electronic systems support complaints management and integrity systems
- Investigating and assessing the emerging risks in local government
- Investigating and exploring responses to serious police misconduct.

Provide an effective witness protection service

The big picture for 2009–10

The Crime and Misconduct Commission (CMC) provides protection to witnesses identified as being at risk as a result of assisting law enforcement agencies. The CMC is the only independent commission in Australasia with this responsibility, since witness protection elsewhere is handled by state or national policing bodies.

Although the number of applications for protection in 2009–10 exceeded our estimate, the rate of applications for protection has been relatively static over the last five years. We are unable to benchmark these results against trends in other jurisdictions in Australasia since no comparative data are available.

Another challenge in assessing numbers of applications derives from the fact that use of the program depends on requests from law enforcement agencies (primarily the police).

Rates of admissions have shown no significant trend in recent years. Predicting use of the service is difficult, in part because the protection program is voluntarily undertaken. Each year a significant number of people who are assessed as being at some degree of risk choose not to enter the program. Since such persons may still need assistance in relation to their security, CMC witness protection staff, in consultation with the Queensland Police Service (QPS) and other witness protection units, are considering alternative methods of protection.

New technologies being introduced for border control and to combat identity fraud also have the potential to impact on the protection program, through compromising the security of a re-identified witness. Our staff addressed these risks by closely liaising with appropriate witness protection and government agencies to ensure the safety of protected persons.

We continue to meet all requests by law enforcement agencies for security for protected witnesses in court. However, where appropriate the use of video-conferencing to enable witnesses at risk to provide their evidence has security and cost benefits.

“ A significant number of people who are assessed as being at some degree of risk choose not to enter the program ”

How witness protection matters come to the CMC

People who have assisted a law enforcement agency, and who have thereby placed themselves and their families or associates in danger, may be eligible for inclusion in our witness protection program. An application for protection is normally submitted to the CMC on behalf of the witness by the relevant law enforcement agency.

Reportcard*

Performance in 2009–10

1. We achieved our target of a 100 per cent success rate in keeping witnesses safe.
2. We undertook 92 threat assessments, exceeding our target by over 40 per cent.

Performance over five years

We also assess our performance against all SDS measures and within a five-year timeframe (see Table 7 and Figure 14 on page 38).

With respect to our most important indicator – maintaining the safety of protected persons – we have maintained a 100 per cent success rate for the last 22 years.

* Reported against performance indicators identified in the Strategic Plan and against SDS performance measures.

The other indicators showed no discernible trends up or down over the five-year period despite fluctuations from year to year. For example, we exceeded our estimates with respect to the number of threat assessments (92 compared to 70) and the number of applications for witness protection (135 compared to 100), but the results over five years do not represent any significant increase or decrease in either area.

Similarly, fewer persons were admitted into the program (46 compared to a target of 78) but results over the last five years do not indicate any significant trend. Applications for protection and admissions to the program over five years are also presented in Figure 14.

We were able to offer interim protection to 95 per cent of all eligible applicants within two days, meeting the estimate for this year and continuing the high level achieved in most recent years.

Table 7. Performance 2005–06 to 2009–10, and estimated 2010–11, as per SDS measures

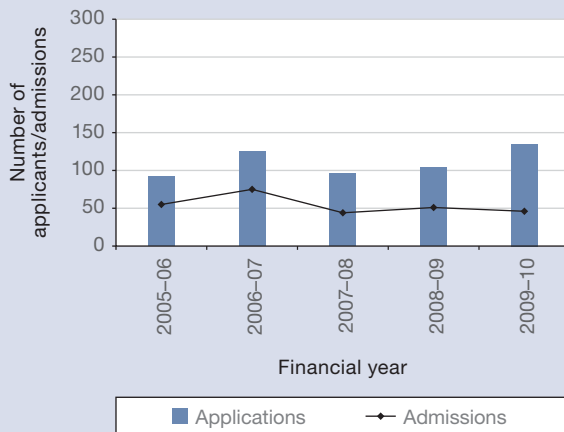
Key performance measures (SDS)	2005–06	2006–07	2007–08	2008–09	2009–10		2010–11 (estimate)
					(target or estimate)	(actual)	
Percentage of protected persons whose safety was not compromised ^a	n/a	n/a	n/a	100	100	100	100
Threat assessments conducted for protection operations ^b	n/a	74	62	60	70	92	120
Applications for witness protection assessed (persons) ^c	89	130	96	104	100	135	100
Percentage of eligible persons offered interim protection within two days of receipt of application	100	81	92	100	95	95	95
Admissions to witness protection program (persons) ^c	57	78	42	51	78	46	70
Expenses to achieve strategic goal 'To provide an effective witness protection service'	\$4.3m	\$4.3m	\$4.4m	\$5.0m	\$5.1m	\$5.2m	\$5.7m

a Introduced as an SDS measure in 2008–09.

b Strategic Plan performance indicator since 2008–09 (previously SDS).

c 'Applications' refers to all persons referred for witness protection by law enforcement agencies. While offers of protection are made to all assessed as eligible for the program, some persons may not accept the offer. Thus, 'admissions' refers to persons who are both eligible and accept the offer of protection.

Figure 14. Applications for witness protection compared to final admissions 2005–06 to 2009–10



“ Over 1600 persons have been protected since the inception of the program in 1987 ”

Protection of witnesses

The CMC ensures the long-term safety of witnesses on the program through the use of highly developed methodologies and procedures. As well as providing close personal protection which includes court security, secure relocation, and management of individual welfare needs, we also have the legislative capability to change the identity of protected witnesses when it is assessed as necessary and approved by the CMC Chairperson. Over 1600 persons have been protected since the inception of the program in 1987.

This year all protected witnesses were kept safe and, where required, were able to give evidence in court. Their evidence assisted prosecutors in securing convictions in cases that included drug trafficking, production and possession of drugs, robbery, fraud, and serious assault and property offences. For example, four protected witnesses were called to give vital evidence against several persons on charges of attempted murder, torture and extortion. The accused were subsequently found guilty on all charges and sentenced to substantial terms of imprisonment.

Other benefits to protectees

In addition to providing protection to individuals, the CMC also ensures that people on the program receive any necessary professional assistance and guidance. This enables people with issues such as drug or alcohol addiction, financial problems or family matters to access the relevant support services in a timely manner. Many witnesses have been rehabilitated as a direct result. One witness, formerly heavily involved in the illicit drug industry, credits his rehabilitation into society to the support offered through the program.

Developing witness protection methods

The CMC continued to refine its protection methodologies through participation in the Australasian Witness Protection Forum (AWPF), facilitation of training courses and regular communication with counterparts throughout Australasia and other support agencies.

The AWPF meets annually to discuss emerging issues relevant to all jurisdictions. This meeting, as well as out-of-session discussions, assists managers in identifying new procedures and legislative changes required to meet the needs of protected persons and of the organisations concerned.

To learn more about methodologies and processes used in other jurisdictions, a CMC officer conducted a research and study tour of witness protection agencies in Scotland and Germany in August 2009. This resulted in a number of recommendations, some of which have already been implemented within the CMC program.

Memorandums of understanding between the CMC and other witness protection agencies concerning assessment for the national witness protection course have been forwarded for signing.

Liaison with law enforcement agencies

Witness protection staff place a high priority on bringing the program and its potential benefits to the attention of our clients, predominantly the QPS. This year we presented regularly to participants of detective and prosecutors courses and detective conferences. The higher than estimated number of applications received this year may reflect the success of these measures.

Recruitment and training

The CMC places a high priority on both effective recruiting and ongoing training for its witness protection staff.

This year CMC witness protection staff participated in a research project conducted by the Australian Federal Police to determine personality indicators for witness protection officers. The research results will be presented to the upcoming AWPF and be incorporated into selection processes for CMC staff.

Our staff met regularly with the Queensland Police Service Academy (which administers the witness protection qualification nationally) to audit and update the curriculum in line with Australian Quality Training Framework (AQTF) requirements. All staff have either completed or are currently completing the Advanced Diploma offered for witness protection, as well as receiving ongoing in-house training and development.

Looking forward

In 2010–11 we will pursue our objective to provide an effective witness protection service using the strategies outlined in our *Strategic Plan 2010–14*.

Engage in public policy

Apart from our defined strategic goals, the CMC is also sometimes required to explore and report on complex public policy issues that can arise from a special referral, or as a consequence of provisions of legislation.

Review of motorbike excessive noise

Our review of the effectiveness of the motorbike noise provisions of the *Police Powers and Responsibilities (Motorbike Noise) Amendment Act 2005* found that these laws have failed to address the problem of excessive noise and should be repealed.

We recommended that a ministerial taskforce and an advisory committee be created to provide a whole-of-government response to managing off-road motorbike riding in Queensland. We also provided recommendations for better regulation of excessive noise caused by off-road motorbikes.

Both the full report entitled *Sound advice: a review of the effectiveness of police powers in reducing excessive noise from off-road motorbikes* and a summary version are available on our website at <www.cmc.qld.gov.au>.

Government action on recommendations in CMC reports

Inquiry into policing Indigenous communities: the Restoring order report

The CMC report *Restoring order: crime prevention, policing and local justice in Queensland's Indigenous communities* was published in November 2009. The Queensland Government's response, tabled in Parliament on 11 June 2010, supported five of the six broad areas recommended for reform identified by the CMC. The government 'supported in principle' the sixth area recommended for reform in which the CMC proposed an Indigenous Partnership Policing Command, to be led by an Assistant Commissioner. The government has committed instead to appoint an Assistant Commissioner as champion or sponsor for Indigenous communities and create new positions which focus on Indigenous issues. In terms of the 51 specific areas for action highlighted by the CMC report, the government response supports 31 of these and 'supports in principle' the remainder.

The CMC has committed to assessing progress of the *Restoring order* recommendations in the future. In 2011 it will publicly report on how effectively police are using Indigenous people in policing roles and in 2013 it will audit the implementation of local-level community safety plans.

Policing public order report

In our 2008 report *Policing public order: a review of the public nuisance offence*, the CMC recommended that 'ticketing' be introduced as an optional means for police to deal with public nuisance behaviour.

A 12-month trial of ticketing in Townsville and South Brisbane that was evaluated by Griffith University showed that tickets provided a cost-effective alternative to court for dealing with a substantial proportion of public nuisance matters. Public urination and disorderly offences were said to account for the majority of tickets, together accounting for two-thirds of all tickets issued during the trial. Indigenous people were said to be up to 14 times more likely to be dealt with for public nuisance offences and five times more likely to be ticketed than non-Indigenous people, but the over-representation of Indigenous people was not found to increase with ticketing.

Legislation to allow the statewide roll-out of public nuisance ticketing will be introduced into Parliament later this year. The Police Minister has publicly stated that, in implementing statewide public nuisance ticketing, the Queensland Police Service will focus on maximising the use of alternatives to enforcement action, where appropriate, and on ensuring that ticketing does not unreasonably impact on vulnerable social groups.

Current reviews

Review of police 'move-on' powers

The CMC is currently reviewing the use by police of move-on powers under section 48 of the *Police Powers and Responsibilities Act 2000* (PPRA). These powers were introduced into the PPRA in 1997 to give police a way to deal with behaviour that interfered with trade or business, disrupted the peaceful conduct of an event, or was disorderly, indecent, offensive or threatening. A public report of our review will be released in the next reporting period.

Review of the 'evade police' offence

The CMC is currently reviewing the use of the 'evade police' offence, which was introduced in 2006. Its intent was to reduce high-speed pursuits by giving police new powers to investigate and prosecute drivers who fail to stop their vehicle when directed to do so. A public report will be released in the next reporting period.

Be an effective, respected and productive organisation serving all Queenslanders

The big picture for 2009–10

This year we had some significant changes in our senior leadership with the appointment of a new Chairperson, a new Assistant Commissioner, Misconduct and a new Director, Witness Protection and Operations Support following the retirement of longstanding senior managers in those positions.

We focused on improved leadership development and training programs, developed succession planning processes, and established greater flexibility for staff movements between the CMC and other public agencies. Senior managers supported these activities in their own work areas, and we made a small reduction in our staff turnover relative to last year.

We also focused on improving efficiency and productivity through a review of project management methodologies and subsequent training. Another priority was to properly support the newly introduced telecommunications interception capability by providing customised training for the new staff.

The CMC will continue to assess our competitiveness in the labour market against peer agencies around Australia, particularly with respect to recruiting experienced professionals in the accounting, management, legal and investigative ranks. We again identified recruitment and retention issues as a CMC-wide priority for the coming year.

Reportcard*

Performance in 2009–10

1. Staff turnover

The turnover in our civilian staff was around 12.7 per cent.

2. Mix of staff skills

We expanded our range of professional disciplines and skill sets by the addition of telecommunications interception staff and through the technical development of forensic computing staff. The mix has allowed us to put together multidisciplinary teams to pursue investigations more effectively. See Table 9 (page 42).

* Reported against performance indicators identified in the Strategic Plan.

3. Variety in the forms of staff engagement

We have continued to second staff from other public sector agencies and facilitate secondments of our staff into roles within other agencies, though the overall number was slightly under that of last year. We have amended our policy relating to secondments of police officers to ensure a steady rotation of experienced officers with a defined period of tenure to the CMC.

Rotation of staff and police through the CMC helps promote an integrity culture in agencies to which they return.

Looking forward

We will pursue our objective to demonstrate organisational excellence using the strategies outlined in our *Strategic Plan 2010–14*. We will give particular emphasis to:

- improving the CMC's attractiveness as an employer
- developing effective internet communication.



Our people

The CMC believes that its experienced and knowledgeable staff are the driving force behind our achievements, and that providing opportunities for them to develop their skills and expand their experience will contribute to their continuing engagement with the CMC. The organisation is dedicated to providing the best working environment it can for its diverse staff of lawyers, police, accountants, investigators, intelligence analysts, social scientists, computing specialists, support officers and administrators. This is based on, but not limited to, the standards of the Queensland Public Service.

Staff profile

During 2009–10 the number of established positions was increased due to the introduction of telecommunications interception capabilities. Confirmation received in early 2010 of funding for several years allowed 11 permanent positions to be recruited for the Electronic Collections Unit and related legal support.

Of those permanent civilian employees working with the CMC at the commencement of the 2009–10 period, 87.3 per cent have been retained while 12.7 per cent have concluded their employment.

To maintain our required staffing levels:

- We filled 40 permanent vacancies and 37 temporary vacancies, compared with 26 permanent vacancies and 35 temporary in the previous year.
- Four staff were seconded out to other public sector agencies and four staff were transferred in to contribute to specific projects, representing a slight decline in secondments against the previous year.
- The range of professional disciplines was increased by the addition of telecommunications interception staff.
- We developed and implemented a new policy limiting the tenure of seconded police officers to the CMC, to ensure a flow of new talent into the CMC and to provide more career opportunities for police officers.
- New employment conditions based on shift rosters were implemented for the staff appointed in the telecommunications interception function.
- A 'transition to retirement' policy was developed to provide more flexibility in employment for older staff and assist in the retention of skills.

Table 8: Staff establishment as at 30 June 2010

	Approved establishment FTE*	Actual staff (including temporary staff) FTE
Corporate Support (including the Executive, Office of the Commission and Corporate Services)	75	76.4
Crime	49	49.4
Misconduct	90	81.3
Witness Protection and Operations Support	55	51.9
Research and Prevention	30	24.1
Intelligence	32	30.4
Total	331	313.5

* Full-time equivalent.

Table 9. Number of established positions within each discipline as at 30 June 2010

Discipline	Number
Executive management	17
Legal officers	18
Financial investigators	20
Complaints officers	14
Investigators	17
Technical officers	2
Research officers	18
Misconduct prevention officers	5
Indigenous liaison officers	3
Librarians	1
Intelligence analysts	23
Monitors	9
IT officers	15
Operational support officers	23
Registry officers	14
Administrative officers	55
Police officers	77
Total	331

Managing our workforce

To meet the challenges identified in our overview on page 41, the Workforce Planning Committee focused on:

- consolidating a revitalised performance management system based on personal performance objectives and accountability
- reviewing the CMC's Code of Conduct, with ministerial approval received in June
- developing improved learning and development opportunities, including initiatives focused on study assistance, professional memberships and leadership development (see below)
- improving the range of services accessible under the Employee Assistance Program
- reviewing our project management methodologies and providing training in project management techniques
- reviewing management structures to assist in the prioritising and timely completion of major projects and publications
- completing a review of our leadership and management development program in order to base it on the Queensland Public Service Commission's Capability and Leadership Framework; we will provide systematic in-house workshops on management skills in 2010–11.

Human resources data management

In 2009–10 we completed the implementation of a new human resource information system for the CMC, Preceda On Demand. This cost-effective integrated solution offers superior payroll, human resources data management and reporting functionality for the CMC. The system completed its first full year of functioning with the distribution of end-of-year payment summaries in late June. It coped seamlessly with the payment of the enterprise bargaining salary increase in March 2010 and of back pay.

Staff development

Applications for funding development opportunities exceeded the generous corporate budget for these activities in 2009–10. However, an increased number of staff were supported with fee payments for formal studies.

A number of senior staff attended international events such as conferences on crime prevention, fraud detection and child sex abuse and the FBI training program. Within Australia staff were present at the Australian and New Zealand Society of Criminology (ANZSOC) conference, the Australasian Witness Protection Forum (AWPF) and the Australian Public Sector Anti-Corruption Conference (APSACC) which was hosted by the CMC in Brisbane.

CMC managers contributed to the curriculum design of the new Graduate Certificate in Integrity Studies which will be conducted by the University of Wollongong, and three staff members in the Misconduct area have been enrolled in the inaugural modules, which commence in October.

The first Leadership Forum for CMC managers in the year was an instructive presentation from a QPS regional Assistant Commissioner on the practical issues of managing a diverse workforce in an extended region. A second forum focusing on best practice trends in project management was presented by a senior executive of consulting firm Kepner-Tregoe, and was followed by two related workshops.

“ *Experienced and knowledgeable staff are the driving force behind our achievements* ”

Enterprise bargaining

During 2009–10 the Crime and Misconduct Commission Certified Agreement 2009 was concluded. In line with the broader public sector, this provided for salary increases of 4.5 per cent in 2009 and 4 per cent in 2010 and 2011. Senior Officers and Senior Executive Service Officers had independently received offers of 2.5 per cent for 2009, 2010 and 2011 – in line with the government-wide agreement.

Staff welfare and work–life balance

The CMC continued to offer flexible working arrangements aimed at supporting employees in balancing their work and family and other responsibilities. Staff were consulted about current working hours arrangements as well as proposals regarding phased retirement options.

In support of corporate initiatives, individual managers took steps relevant to their work area. In Crime, attention was paid to fully complying with programs aimed at assisting those engaged in activities known to have high psychological risks. For example, staff engaged in paedophilia investigations had regular monitoring by their supervisors, welfare checks and schedules that reduced their exposure to disturbing images.

Misconduct managers developed a staff induction program and continued with in-house programs to foster staff development and performance.

In Witness Protection, management concentrated on improving its staff selection processes to ensure people appointed to its specialist positions possessed the skills and personal characteristics needed to undertake the required tasks.

The CMC's workplace health and safety program is based on comprehensive policies and procedures. This year we extended our Employee Assistance Program to provide group workshops for staff to deal with workplace stressors, in addition to standing opportunities for confidential personal assistance.

Equity and diversity program

The EEO Consultative Committee met regularly throughout the year, discussing issues such as how to increase the number of Indigenous applicants for mainstream positions at the CMC. The committee organised a seminar on respecting personality differences at work, presented by Dr Barbara Reynolds-Hutchison, and an information session on depression was presented by Beyond Blue in June 2010. Both sessions were well received by staff.

A transition to retirement policy was approved following consultation with relevant staff and completion of a questionnaire. The EEO and the Work, Family and Life Balance homepages on the intranet were updated to provide more accessible and relevant information to staff.

Several measures were adopted to improve the monitoring of organisational climate issues – for example, expanding and consolidating data gathered from peer support officers, our employee assistance provider (Assure Programs) and exit interviews.

The CMC continued to promote equity principles through:

- refresher training and quarterly professional development sessions organised for the peer support officer network
- a brochure on resolving problems in the workplace, which was developed and distributed to staff.

Appendix B presents EEO statistics for CMC staff for 2009–10.

Early retirement, redundancy and retrenchment

Due to some internal restructuring, two staff members were made redundant during the year at a cost of \$63 352.

Apart from these payments no employees left the CMC this year as a result of voluntary early retirement, redundancy or retrenchment.

Departures and appointments

In this reporting period, several significant departures and appointments occurred.

Departures

July 2009	John Boyd, a long-serving Misconduct Prevention Officer who joined the CJC in 1993. John was responsible for managing the CMC's corruption prevention strategy and operational activities.
September 2009	Felix Grayson, after 35 years in the QPS and the CMC and – from 2007 – Assistant Commissioner and Director, Witness Protection and Operational Support.
October 2009	Geoffrey Kennedy, Acting Director, Integrity Services.
December 2009	Robert Needham, after five years of distinguished service leading the CMC as Chairperson.
December 2009	Stephen Lambrides, Assistant Commissioner, Misconduct, who joined the CJC in 1989 and was Assistant Commissioner, Misconduct from 2001.
March 2010	Ian Thomas, a long-serving Executive Manager, Crime who came to the CMC from the Queensland Crime Commission.
April 2010	Helen Bennett after two periods of employment with the CMC in Finance, Misconduct and Corporate Governance.
April 2010	Robert Walker, Assistant Director, Integrity Services.

Appointments

October 2009	Assistant Commissioner Peter Barron to Director, Witness Protection and Operational Support.
January 2010	Radhika Munien, Finance Manager.
January 2010	Denis Feeney, Human Resources Manager.
February 2010	Martin Moynihan, retired Judge of the Supreme Court, to the role of Chairperson.
June 2010	Warren Strange, Assistant Commissioner, Misconduct.

Staff recognition

In December 2009, seven staff members were presented with work achievement awards related to:

- completing an investigation of over two years into police misconduct in connection with using and managing prison informants
- hosting the 2009 Australian Public Sector Anti-Corruption Conference, with its significant contribution to public agency skills and accountability in dealing with misconduct
- managing the finalising of key CMC reports in 2008–09: *Public duty, private interests* and *Dangerous liaisons*.

Meritorious service awards were presented to the following groups of staff who had reached a length-of-service milestone with the organisation:

- 5 years – 21 officers
- 10 years – 18 officers
- 15 years – 6 officers
- 20 years – 1 officer.

CMC contribution to the Commissioners for Police Service Reviews

Commissioners for Police Service Reviews arbitrate on any grievances police officers may have about promotions, transfers or disciplinary action. Review Commissioners are independent of the CMC and the Queensland Police Service (QPS) but are nominated by the CMC Chairperson under the *Police Service Administration Act 1990*.

To be eligible for appointment, a Review Commissioner must be:

- a CMC Commissioner, past or present
- a Commissioner of the former CJC
- a person qualified for appointment as Chairperson of the CMC, or
- a person who has demonstrated an interest and ability in community affairs.

During the reporting period, the Review Commissioners were former CMC Commissioner Ms Dina Browne and practising solicitor Mr Pat Mullins. Review Commissioners are supported in the management of day-to-day activities by a secretariat provided by the CMC.

In addition to their primary role to arbitrate on grievances, Review Commissioners also monitor any changes to the QPS merit-based policy. In recent years there has been a substantial decrease in the number of reviews. It is unclear if the reduction is due to best practice being achieved, reluctance to seek a review of management decisions, or other factors.

During 2009–10 Review Commissioners worked with the QPS in relation to implementing the Service Delivery and Performance Commission (SDPC) recommendation no. 36, which was prepared following an extensive SDPC examination of the police force. The aim of this recommendation is to develop a police merit-based review process that has levels of justification and procedure similar to those in the Public Service Commission appeals process. The new process is currently being trialled before release statewide.

The transparency and independence of the review process are enhanced by the standing invitation to the Queensland Police Union of Employees to attend promotion, transfer and disciplinary review hearings as observers.

Through representation at the national Public Sector Appeals Conference, the Office of the Commissioner for Police Service Reviews stays informed of best practice and emerging trends in other jurisdictions.

Table 10. Types of applications lodged, 2008–09 and 2009–10

Type	2008–09	2009–10
Promotion	44	31
Transfer	5	2
Lateral transfer	3	5
Unapplied transfer	–	1
Stand-down	1	1
Suspension	5	–
Disciplinary	–	–
Dismissal	–	–
Other (matter of jurisdiction)	–	1
Total	58	41

Table 11. Status of applications lodged, 2008–09 and 2009–10

Status	2008–09	2009–10
Matters lodged	58	41
Matters withdrawn before hearing	37	14
Matters out of jurisdiction	3	5
Matters awaiting hearing at 30 June	7	7
Matters heard	11	13

Table 12. Results of matters heard by Review Commissioners, 2009–10

Type	Awaiting outcome	Affirmed	Varied	Set aside	Total
Promotion	2	5	–	1	8
Transfer	–	–	–	–	0
Lateral transfer	–	2	–	–	2
Unapplied transfer	–	1	–	–	1
Stand-down	–	1	–	–	1
Other (matter of jurisdiction)	1	–	–	–	1

Communicating with our stakeholders

External communications

The work of the CMC attracts considerable interest from government and other stakeholders, the media and the Queensland community. We provide information in different formats to meet the needs of these groups.

Our communication materials are available as hard copy and electronic publications and include reports, advisory bulletins, brochures and media releases. Information is also provided in interviews, conferences and public presentations.

Our publicly available documents can be accessed on our website at <www.cmc.qld.gov.au>.

Key publications

We produce a range of publications including investigation reports, parliamentary and intelligence reports, misconduct prevention advice, research into the criminal justice system and information brochures for the public. Some key 2009–10 publications are:

Dangerous liaisons: a report arising from a CMC investigation into allegations of police misconduct (Operation Capri), July 2009.

Restoring order: crime prevention, policing and local justice in Queensland's Indigenous communities, November 2009.

Sound advice: a review of the effectiveness of police powers in reducing excessive noise from off-road motorbikes, April 2010.

CMC review of the Queensland Police Service's Palm Island Review, June 2010.

Organised fraud in Queensland: a strategic assessment, no. 10, October 2009.

Managing a public interest disclosure program: a guide for public sector organisations, December 2009.

QPS–CMC review of Taser policy, training, and monitoring and review practices, July 2009.

See Appendix C for a full list of our publications.

Media contact

During the reporting period, we received 1199 media queries. We published 40 media releases and gave 52 media interviews, and the Chairperson held three media conferences.

Stakeholder contact and community engagement

To raise awareness of the role of the CMC, our officers take part in a range of presentations to government agencies and other stakeholders. In 2009–10, CMC officers made presentations to crime conferences, state and local government departments, the QPS and training academies, Indigenous justice groups, advocacy forums, members of Parliament and communications specialists in integrity fields.

We have been involved in informative community activities, delivering presentations to universities and community groups, and participated in NAIDOC week events held in Brisbane.

Increased media and public interest in CMC work

This year has seen a high level of media and public interest in a number of issues across our jurisdiction, particularly in relation to our police oversight role.

Two major reports, *Dangerous liaisons* and the *CMC Review of the Queensland Police Service's Palm Island Review*, attracted a high level of media and community interest, with both reports heavily accessed from our website in their first two weeks of release. Our report on policing in Indigenous communities, *Restoring order*, also drew considerable attention.

Overall, during 2009–10, we received twice the number of media inquiries that we received last year, and gave almost twice the number of media interviews.

A wide variety of people accessed our website, where all of our publications are available. This includes the 1989 Fitzgerald report, which continues to be accessed on average over 300 times a month.

Recognising that our website is a prime channel for communicating with the community, we have commenced a project to redevelop the site to make it more useful and accessible for our users. This will be completed in the next reporting period.

Our governance

The CMC is a unique organisation with a range of functions and special powers to protect the public interest. It has governance arrangements to assist it in meeting its statutory obligations to act independently, impartially and fairly when performing its functions. An organisational chart is provided in Appendix D.

The Commission

The CMC is headed by a five-member Commission comprising the Chairperson, who is also the chief executive officer (CEO), and four part-time Commissioners who represent the community. Decisions made by the Commission are put into effect by its executive staff.

In 2009–10 Mr Robert Needham completed his five-year term as Chairperson, with the Honourable Martin Moynihan taking up the role from 8 February. The other Commissioners were Dr David Gow, Ms Ann Gummow, Mrs Judith Bell and Mr Philip Nase. See Appendix E for information about the appointment conditions of the Commissioners.



Chairperson
Martin Moynihan



Former Chairperson
Robert Needham

In 2009–10 Mr Robert Needham completed his five-year term as Chairperson, with the Honourable Martin Moynihan taking up the role from 8 February

Chairperson

Martin Moynihan AO QC

Commenced 8 February 2010

The Honourable Martin Moynihan has a Bachelor of Laws from the University of Queensland and was admitted as a barrister in 1965. He worked in private practice for almost 20 years, during which time he became a Queen's Counsel (1980) before being appointed as a Judge of the Supreme Court of Queensland in 1984.

With a strong legal background and a keen interest in public integrity and anti-corruption initiatives, Mr Moynihan has worked on numerous Royal Commissions, including as Counsel assisting at the Australian Royal Commission of Inquiry into Drugs (1978–79). From 1986 to 1989 he conducted a Reference from the High Court of Australia, to determine factual issues in a claim by Eddie Mabo and others regarding a land title claim for Murray Island (Mabo case).

Mr Moynihan received the Centenary of Federation Medal for services to the law in 2001, and in 2003 was appointed as an Officer of the Order of Australia for services to the law and to the Mater Hospital.

Robert Needham

Appointed January 2005 and completed a five-year term on 31 December 2009.

Prior to his five-year term as CMC Chairperson, Mr Needham practised as a barrister for 35 years with his career spanning periods as a Crown Prosecutor and a barrister in private practice.

In late 1987 Mr Needham was appointed Counsel Assisting the Fitzgerald Commission of Inquiry and subsequently became involved in the political corruption investigations arising out of the inquiry.

Mr Needham was later involved in various corporation law prosecutions for the Australian Securities and Investment Commission and the Commonwealth Director of Public Prosecutions (including the Christopher Skase prosecution), as well as complex and lengthy cases in the Land Court and the Planning and Environment Court.

Mr Needham was the Parliamentary Crime and Misconduct Commissioner from 2002 to 2003.



Ann Gummow



David Gow



Judith Bell



Philip Nase

Part-time Commissioners

Ann Gummow

Appointed August 2006, Acting Chairperson 1 January 2010 – 7 February 2010

Ms Ann Gummow has a Bachelor of Laws from the University of Queensland (UQ) and a Graduate Diploma in Legal Practice from what is now the Queensland University of Technology (QUT). She is currently the appointee fulfilling the requirement that one of the CMC Commissioners be a lawyer with a proven commitment to civil liberties.

Since 1990 Ms Gummow has worked part-time at Women's Legal Service, a community legal service that specialises in the areas of domestic violence and family law, working directly with women, undertaking community legal education and community development, and contributing to legal reform. She was previously a solicitor in private practice. She has also taught at the School of Social Work and Social Policy at UQ, Griffith University's Law School and QUT. From 1992 until 2006 she was a member of UQ's Behavioural and Social Sciences Ethics Review Committee.

In addition to her duties on the Commission, Ms Gummow served on the Equal Employment Opportunity Consultative Committee and the Workforce Management Committee.

Dr David Gow

Appointed October 2005

Dr David Gow is currently a senior lecturer at the University of Queensland Business School. He is an honours graduate from the University of Sydney and received his PhD from the University of Hawaii in 1981.

Dr Gow's main expertise is in public administration and political science, in which he has held various academic appointments over the past 24 years. He also has considerable experience in research methodology, having worked extensively as a consultant to the Queensland Government, and to the Criminal Justice Commission between 1991 and 2000.

In addition to his duties on the Commission, Dr Gow served on the Audit Committee, the Finance Committee and the Police Education Advisory Council.

Judith Bell

Appointed May 2008

Mrs Judith Bell has a Bachelor of Education, a Bachelor of Arts (Aboriginal and Torres Strait Islander Studies) and a Diploma of Teaching. She has more than 30 years' experience as a teacher in Queensland and the United Kingdom as well as extensive experience and knowledge of the public sector. She is a former member of the CMC's Crime Reference Committee.

Mrs Bell is on the Board of Trustees for the Brisbane Grammar School and is a member of the University of Queensland's Senate. In 2001 she was a recipient of the Centenary Medal which commemorated 100 years of federation and was awarded to people who had made a contribution to Australian society or government.

In addition to her duties on the Commission, Ms Bell served on the Commission Consultative Committee, the Crime Management and Administration Group and the Crime Operations Review Committee.

Philip Nase

Appointed November 2008

Mr Nase has bachelor degrees in arts and law from the University of Queensland, and a master's degree in law from London University.

His legal experience spans almost four decades, including 17 years as a Crown Prosecutor, during which time he appeared for the Crown in criminal appeals and special leave applications before the High Court of Australia. For approximately 10 years he was president of the Queensland Crown Prosecutors Association.

Mr Nase was appointed to the District Court in 1994, and served as a judge of the court for almost 15 years. For the last seven or eight years he regularly sat in the remote communities of Mornington Island, Doomadgee and Normanton, taking a special interest in justice issues in these communities.

In addition to his duties with the Commission, Mr Nase served on the Misconduct Activities and Projects Committee and the Misconduct Operations Review Committee.

Commission meetings

The Commission meets on a fortnightly basis to progress the strategic direction of the organisation, perform statutory duties and consider matters that may affect all areas of the CMC including its policies, performance, finances, risk management, staffing and major projects.

The CMC's two Assistant Commissioners (the Assistant Commissioner, Crime and the Assistant Commissioner, Misconduct), the Director, Witness Protection and Operations Support, and the Executive Director also participate in meetings but do not have voting rights.

As already noted, as part of their responsibilities each part-time Commissioner may participate in significant internal committees.

In addition to fulfilling its normal statutory duties in 2009–10, the Commission undertook the following:

- actively supported the successful APSAC Conference
- supported the implementation of the CMC's telecommunications interception power
- actively participated in implementing the *Strategic Plan 2009–13*
- modified the reporting process to improve accountability against the strategic plan
- prepared the *Strategic Plan 2010–14* by revisiting the previous plan and identifying new priorities for 2010–11.

During 2009–10, the Commission met with the Parliamentary Crime and Misconduct Committee six times and convened 24 Commission meetings, as follows.

Table 13. Attendance of Commissioners, Assistant Commissioners and Executive Director at Commission meetings

Name	Ordinary meetings (n = 24)	Special meetings (n = 3)	With PCMC (n = 6)
Robert Needham ¹	11	2	3
Martin Moynihan ²	10	–	3
David Gow	21	3	5
Ann Gummow ³	23	3	6
Judith Bell	22	2	5
Philip Nase	22	3	6
John Callanan	20	1	6
Warren Strange ⁴	1	–	–
Russell Pearce ⁵	11	–	3
Helen Couper ⁵	10	2	3
Felix Grayson ⁶	6	–	2
Peter Barron ⁷	12	1	–
Peter Scanlan	21	2	5
Greg Rigby ⁸	3	–	1

1 Term completed on 24 December 2009; attended last meeting 'Special' on 18 December 2009.

2 Appointed as Chairman on 17 December 2009; commenced duties on 8 February 2010.

3 Appointed as Acting Chair for the period 1 January to 7 February 2010.

4 Appointed Assistant Commissioner, Misconduct on 14 June 2010.

5 Both Russell Pearce and Helen Couper have separately acted in the role of Assistant Commissioner, Misconduct during the period 20 April 2009 to 28 May 2010.

6 Attended last meeting on 18 September 2009 (retirement).

7 Appointed as Director, Witness Protection and Operations Support; attended first Commission Meeting on 2 October 2010.

8 Acting Executive Director during the period 28 August to 9 October 2009.

The Executive Committee (at 30 June 2010)



Chairperson



Assistant Commissioner, Crime



Assistant Commissioner, Misconduct



Assistant Commissioner, Witness Protection and Operations Support



General Counsel



Executive Director

Martin Moynihan

John Callanan

Warren Strange

Peter Barron

Jan Speirs

Peter Scanlan

Executive Committee

The Executive Committee comprises the organisation's Chairperson and the executive management team, which operates within the parameters of delegations from the Commission.

The Executive Committee (EC) met fortnightly during 2009–10. It acts as a forum in which senior managers consider the operational challenges and opportunities facing the Commission and the advice the EC will forward to the Commission on strategic matters. Minutes are made available to all staff through the Commission's intranet.

Significant achievements and outcomes in 2009–10 included:

- advancing the corporate and strategic directions set by the Commission
- considering the challenges and opportunities facing the CMC at an operational level
- implementing recommendations of the Workforce Management Committee, including a new staff performance and development scheme
- facilitating the implementation of the CMC's new telecommunications interception power, which has had implications for most areas of the CMC.

In June 2010 the Commission embarked on a review of its governance arrangements which included a review of management committees

As at 30 June 2010, the members of the Executive Committee were:

- Mr Martin Moynihan, AO, QC, Chairperson
- Mr John Callanan, BA, LLB (Hons) Assistant Commissioner, Crime
- Mr Warren Strange, LLM, LLB, BSc Assistant Commissioner, Misconduct
- Mr Peter Scanlan, BComm, LLB (Hons), CA Executive Director
- Dr Margot Legosz, PhD, MPH Director, Research and Prevention
- Mr Chris Keen, BA, Director, Intelligence
- Assistant Commissioner Peter Barron, BBus, MPPA, APM Director, Witness Protection and Operations Support
- Chief Supt Len Potts, BA, GradDipMgt, APM Director, Crime Operations
- Mr John Richardson, BBus, CPA Director, Financial Investigations
- Mr Greg Rigby, BSc Director, Information Management
- Mr Peter Duell, MInfoTech, BA (CompSc), GradDipEd A/Director, Information Management
- Ms Jan Speirs, LLB, GradDipEd, MBA, General Counsel
- Mr Russell Pearce, LLB Director, Misconduct Investigations
- Ms Sharon Loder, LLB, BBus (HRM), LLM A/Director, Misconduct Investigations
- Ms Helen Couper, CertLaw, Director, Integrity Services.

More detailed information about their roles and responsibilities with respect to senior management groups and/or committees is provided in Appendix F.

The Executive Committee (continued)



Director,
Integrity Services

Helen Couper



Director,
Intelligence

Chris Keen



Director,
Research and
Prevention

Dr Margot Legosz



Director,
Misconduct
Investigations

Russell Pearce



Director,
Crime Operations

Len Potts



Director,
Financial
Investigations

John Richardson



Director,
Information
Management

Greg Rigby

Risk management

Risk Management Committee

The Executive Committee also acts as the organisation's Risk Management Committee and is responsible for overseeing the CMC's risk management framework. The committee ensures proactive and effective risk management strategies and related practices are undertaken in accordance with the AS/NZS 4360:2004. In the coming year the Committee will review the new ISO/NZS ISO 31000:2009 to ensure the CMC continues to follow best practice risk management.

Significant achievements and outcomes in 2009–10 included:

- considered work area risk management plans
- approved the CMC's revised Strategic Risk Management Register and referred the Corporate Risk Management Plan to the Commission for endorsement
- endorsed the Business Continuity Framework
- hosted two Business Continuity Forum (government member) meetings
- conducted the first Business Continuity scenario test since the framework implementation.

Audit Committee

The Audit Committee assisted the Commission in fulfilling its governance and oversight responsibilities for financial reporting, as prescribed in the *Financial and Performance Management Standard 2009* and the *Financial Accountability Act 2009*.

The Audit Committee also assisted the Commission to oversee the audit process, its process for monitoring compliance with law and regulations, the Code of Conduct and its policies, procedures and guidelines. More information on our compliance requirements can be found in Appendix G.

The Audit Committee operated within and observed the terms of its charter and had due regard to the Queensland Treasury's Audit Committee guidelines during the year.

To ensure its independence, the committee's five-person membership included a part-time CMC Commissioner and two external members. The committee was chaired by an external member in 2009–10.

As shown in the following table, each external member has extensive internal auditing and corporate background.

Although the CMC Chairperson and the Executive Director are not members, they attend all meetings to brief the committee on upcoming issues and any resulting risks for the organisation. In addition, the audit manager from the Queensland Audit Office also has a standing invitation to attend each committee meeting.

Table 14. Audit Committee membership

Name	Year first appointed	Internal/external appointee	Current position	No. of meetings attended/Total held
Mr Phil Procopis (Chair)	2003	External	Director, Assurance and Risk Management Services, University of Queensland	4/4
Mr Len Scanlan*	2005	External	Scanlan Consulting Solutions (former Auditor-General of Queensland)	4/4
Dr David Gow	2005	External	Part-time Commissioner (Dr Gow's primary employer is the University of Queensland)	4/4
Mr David Goody	2008	Internal	Manager, Proceeds of Crime	4/4
Mr David Honeyman	2008	Internal	Principal Adviser, Misconduct Prevention	1/4

* A retainer of \$5000 per annum was paid to Mr Scanlan for his services. Other members received their normal remunerations.

As part of its responsibilities, the Audit Committee monitors the activities of the CMC's internal audit function.

The Audit Committee:

- reviewed and endorsed the *Strategic Audit Plan 2009–14* and the annual audit program prepared by the internal auditor
- ensured that the format and notes of the CMC financial statements conformed with Treasury guidelines and the appropriate accounting standards
- undertook a benchmarking of the CMC internal audit function against the principles published recently in the Institute of Internal Auditors Australia – *Policy agenda*.

Internal audit

The Internal Auditor acts independently of, but works cooperatively with, the Audit Committee and has a standing invitation to attend committee meetings. The Internal Auditor's primary role was to conduct audits and report to management to assist the CMC in achieving sound financial management.

Operating under *Queensland Treasury's Audit Committee Guidelines* and a formal charter approved by the Commission, the internal auditor reports directly to the Chairperson.

In 2009–10, the internal auditor:

- completed the 2009–10 audit program, which included audits of covert instruments, recruitments, bank account reconciliations, a new payroll processing system, and a review of annual financial statements under section 43 of the *Financial and Performance Management Standard 2009*
- attended the chief-audit-executives session at the annual Institute of Internal Auditors–Australia Conference.

Other risk controls

Policies

Commission policies and procedures are readily available to all staff through the CMC's intranet. In accordance with section 21 of the *Right to Information Act 2009*, most policies are published on our website.

Recordkeeping

The CMC is continuing to work towards full compliance with Information Standards 31 and 40, with the major focus for 2009–10 being the TRIM project. This will result in implementation of TRIM as the CMC's electronic document and records management system early in 2010–11.

Code of Conduct

The CMC's amended Code of Conduct was approved by the Attorney-General and Minister for Industrial Relations, Cameron Dick, in May 2010. We will use our revised code, following appropriate training for staff, until the proposed single code for all Queensland government agencies is released in 2011.

A copy of the Code of Conduct is provided to all new employees as part of their induction process and is available to staff on the CMC's intranet.

The following committees not only address matters of risk but support the Commission and ensure internal transparency and the development of best management practice within the CMC.

Finance Committee

The Finance Committee is a sub-committee of the Commission and provides independent advice to the Commission regarding its responsibilities in relation to financial management. Committee membership comprises the Chairperson (as Chair); the Assistant Commissioner, Misconduct; the Assistant Commissioner, Crime; the Executive Director; the Director, Witness Protection; and the Finance Manager as secretary. Meetings are held at least quarterly.

In 2009–10 the committee has overseen and monitored the implementation and analysis of the Commission's budget, financial statements, Service Delivery Statements and submissions to the Parliamentary Estimates Committee hearing. Significant activities included:

- close monitoring of expenditure against budget during the year, recommending corrective action where necessary
- overseeing of successful funding bids to support ongoing operations of our telecommunications interception capability, and to increase recurrent funding to meet the increasing costs of operation of the CMC
- continuing with the revised budget process to ensure that expenditure reflects the priorities established in the CMC's strategic plan.

Other committees

- Legislation Committee (this committee has flexible membership and meets as required)
- Information Steering Committee
- Equal Employment Opportunity Consultative Committee
- Workforce Management Committee
- Workplace Health and Safety Committee
- Commission Consultative Committee
- Misconduct Assessment Committee
- Misconduct Activities and Projects Committee
- Misconduct Operations Review Committee
- Research and Major Projects Committee
- Crime Intelligence and Research Review Committee
- Crime Operations Review Committee
- Witness Protection Advisory Committee
- Business Continuity Committee.

Each committee maintains a strategic focus through adherence to its published charter which defines the roles and responsibilities of the committee and its members. A Commissioner may be a member of any of these committees.

In June 2010 the Commission embarked on a review of its governance arrangements which included a review of its management committees. This review will be concluded during the coming reporting year.

External scrutiny

Parliamentary Crime and Misconduct Committee

The Parliamentary Crime and Misconduct Committee (PCMC) is a bipartisan committee that has the following principal functions:

- monitor and review the CMC's performance of its functions
- receive and consider complaints against the CMC and deal with issues concerning the CMC
- request reports on matters that have come to the PCMC's attention through the media or by other means
- consult with the Attorney-General on the appointment of the CMC Chairperson and Commissioners.

In 2009–10, the Commission formally met with the PCMC about every two months to discuss current activities and performance. PCMC membership in 2009–10 was:

- Mr Paul Hoolihan MP, Chair, Member for Keppel
- Mr Jack Dempsey MP, Deputy Chair, Member for Bundaberg
- Mr Steve Dickson MP, Member for Buderim
- Mr Scott Emerson MP, Member for Indooroopilly
- Mr Mark Ryan MP, Member for Morayfield
- Ms Lillian Van Litsenburg MP, Member for Redcliffe
- Mr Steve Wettenhall MP, Member for Barron River.

Additionally, as prescribed by the *Crime and Misconduct Act 2001*, the PCMC must review the CMC's activities at a time near the end of three years from the appointment of the committee's members. The PCMC published its most recent review, *Three yearly review of the Crime and Misconduct Commission* (report no. 79), in April 2009. Both the CMC's submission and the committee's report are available at <www.parliament.qld.gov.au/view/committees/introduction.asp>.

Just as CEOs of government agencies are obliged to report potential misconduct to the CMC, the CMC Chairperson is required to report to the PCMC any conduct of a CMC officer that the Chairperson suspects involves, or may involve, improper conduct (section 329 of the *Crime and Misconduct Act*). These matters may be referred back for investigation under the CMC's disciplinary policies.

The Parliamentary Crime and Misconduct Committee (at 30 June 2010)



Back row (left to right) Scott Emerson MP (Indooroopilly); Steve Wettenhall MP (Barron River); Mark Ryan MP (Morayfield); and Steve Dickson MP (Buderim).
Front row (left to right) Deputy Chair, Jack Dempsey MP (Bundaberg); Chair, Paul Hoolihan MP (Keppel); and Lillian Van Litsenburg MP (Redcliffe).

Parliamentary Crime and Misconduct Commissioner

The Parliamentary Crime and Misconduct Commissioner (Parliamentary Commissioner) assists the PCMC in its role of monitoring and reviewing the CMC by undertaking a range of important activities on the committee's behalf and reporting back to the PCMC. For example, the Commissioner may conduct audits of the CMC's records and operational files and is authorised to investigate complaints against the CMC or its officers. The current Parliamentary Commissioner is Mr Gary Long SC.

During 2009–10 the Parliamentary Commissioner:

- reviewed the CMC's management of several complaints matters, acting on referrals from the PCMC
- audited the CMC's compliance with legislation governing covert instruments and the use of surveillance devices and assumed identities
- inspected selected registers that the CMC is required to maintain
- inspected the telecommunications interception records
- inspected the Covert Human Intelligence Sources register.

All issues raised by the audits and inspections undertaken have been recorded. Action was taken when suggestions were made to achieve best practice, remove ambiguity or reduce the potential for error.

The Minister

The CMC's Minister is the Honourable Cameron Dick MP, Attorney-General and Minister for Industrial Relations. The Minister participates in the selection of the Chairperson, Commissioners and Assistant Commissioners, approves staff remuneration conditions, and approves the CMC's budget.

Our Minister must ensure that the CMC operates in accordance with best practice standards. He is assisted in fulfilling this function by a six-monthly written performance report from the CMC on the efficiency, effectiveness, economy and timeliness of its operations and processes.

External audit

In 2009–10 the CMC's financial statements were approved without qualification by the Queensland Audit Office. The CMC has never had a qualified audit.

Specialised monitoring of CMC activities

Public Interest Monitor

The Public Interest Monitor must ensure that the CMC complies with our Act, the *Police Powers and Responsibilities Act 2000* and the *Telecommunications Interception Act 2009 (Qld)* when making application for, and using, surveillance warrants, covert search warrants and telecommunications interception warrants. When appropriate the Public Interest Monitor may give any report about non-compliance in regard to surveillance and covert search warrants to the Commission and the PCMC, and any non-compliance with respect to telecommunications interceptions to the Attorney-General, the PCMC and the Parliamentary Commissioner.

Supreme Court

Many of the CMC's coercive powers may be exercised only with the approval of a Supreme Court judge. The approval of a Supreme Court judge must also be sought when the CMC wishes to serve compulsory process on interstate residents.

In addition, some decisions of the CMC may be reviewed by a Supreme Court judge. These include applications for judicial review of decisions of the CMC and the Crime Reference Committee.

The Supreme Court also decides penalties to be imposed on people who refuse to answer questions during CMC hearings.

Crime Reference Committee

As discussed on page 14, the Crime Reference Committee, established under section 274 of the Crime and Misconduct Act, has a significant role in referring suspected major crime to the CMC for investigation. It can also place a limitation on the powers exercised by our Crime area in regard to its referrals.

Controlled Operations Committee

The Controlled Operations Committee was established under the *Police Powers and Responsibilities Act 2000* (PPRA) to consider and make recommendations about applications for 'controlled operations' to be undertaken by the QPS or the CMC. (Controlled operations are investigations of serious indictable offences, misconduct or organised crime which may involve authorised police officers and others engaging in activities that may be unlawful – for example, buying illicit drugs from an investigation target.)

The committee comprises the Commissioner of Police (or nominee), the Chairperson of the CMC, and a retired District Court judge (the independent member), who is the chair.

In the case of any controlled operation by the CMC 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.

Sustainability reporting

The CMC is committed to contributing to the ambition of *Green – Protecting our lifestyle and environment*, stated in the Queensland Government's *Toward Q2: Tomorrow's Queensland*, which outlines strategies to address current and future challenges for Queensland. These include reducing Queensland's carbon footprint by one third through reduced car and electricity use. See Appendix H for detailed reporting.

Economic sustainability

The CMC aims to apply prudent financial business practices to our internal operations, to ensure economic and financial sustainability.

Our income is received through government appropriation and our performance is detailed in our financial statements attached.

The CMC holds adequate financial reserves to meet its obligations as they fall due, including accrued leave entitlements for staff.

Environmental sustainability

The CMC contributes to environmental sustainability by continuing to incorporate sustainable practices such as reducing its vehicle fleet, adopting where possible the use of four-cylinder cars and using recycling processes. See Appendix H for detailed reporting.

Social sustainability

Our value to the Queensland community is demonstrated this year in the dismantling of criminal networks and through the successes of our proceeds of crime area.

The effectiveness of the proceeds of crime function was noted and endorsed by the PCMC in its three-yearly review of the Crime and Misconduct Commission's operations (report no. 79) and by Parliament on the occasion of the CMC's reaching the milestone of \$100m in restrained assets.

Importantly, the value of the CMC for the community is also seen in its provision of an Integrity Services function to public sector agencies and the community. This allows citizens to raise questions of potential misconduct in public sector agencies with an independent arbiter with powers to investigate. Value for the community is also demonstrated by government's adoption into legislation of many of our recommendations in public policy areas.

Appendix A

Financial performance — budget versus actual

Significant variances

	Budget 2009–10 \$'000	Actual 2009–10 \$'000	Variance 2009–10 \$'000
Statement of Comprehensive Income			
Grants and other contributions	43 147	44 833	1 686
Other revenue	105	938	833
Employee expenses	31 639	31 100	(539)
Other expenses	85	1 228	1 143
Operating Surplus/(Deficit)	–	1 634	1 634
Statement of Financial Position			
Cash assets	6 206	7 545	1 339
Non-current assets	14 282	15 075	793
Payables	974	2 112	1 138

Grants and other contributions

The increase in grants and other contributions was due to additional funding received for telecommunications interception infrastructure and access costs. The Commission also recognised contributions for services received free of charge or below fair value of \$1.081m. An equal amount has been recognised as expenditure.

Other revenue

The increase in other revenue is mainly due to higher than anticipated interest rates and recoveries from the 2009 Australian Public Sector Anti-Corruption Conference (APSACC) hosted by the CMC.

Employee expenses

The decrease in employee expenses is mainly due to timing differences associated with the roll-out of the devolution project.

Other expenses

The increase in other expenses is due to the recognition of services received free of charge or below fair value of \$1.081m.

Operating surplus/(deficit)

The operating surplus mainly occurred as a result of the combined effect of the increase in interest revenue; APSACC recoveries; timing differences associated with the roll-out of the Public Agency Accountability Project; and additional funding received for telecommunications interception infrastructure costs which will only be spent in the 2010–11 financial year.

Cash assets

The increase in cash assets is mainly due to timing of creditor payments, and a build-up of cash reserves as a result of the operating surplus.

Non-current assets

The increase in non-current assets is mainly due to costs associated with the implementation of the TRIM Electronic Document and Records Management system which was rolled out to the Commission during July and August 2010.

Payables

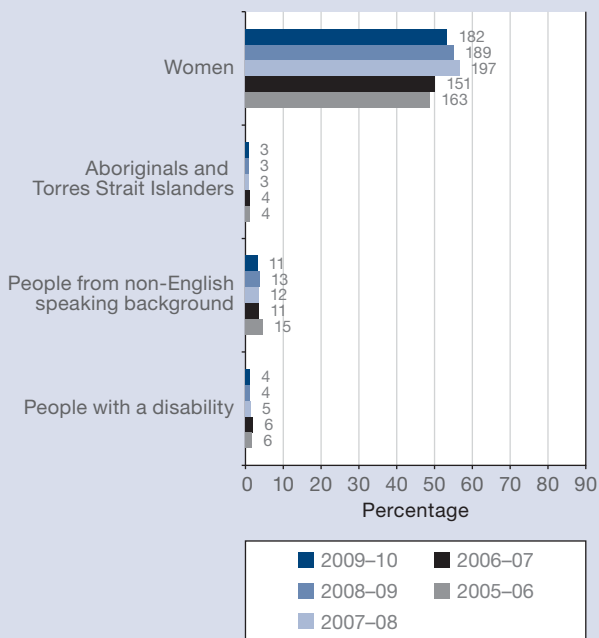
The increase in payables is mainly the result of an improved payment process whereby outstanding invoices are now paid according to agreed payment terms.

These comments do not form part of the audited financial statements of the Commission.

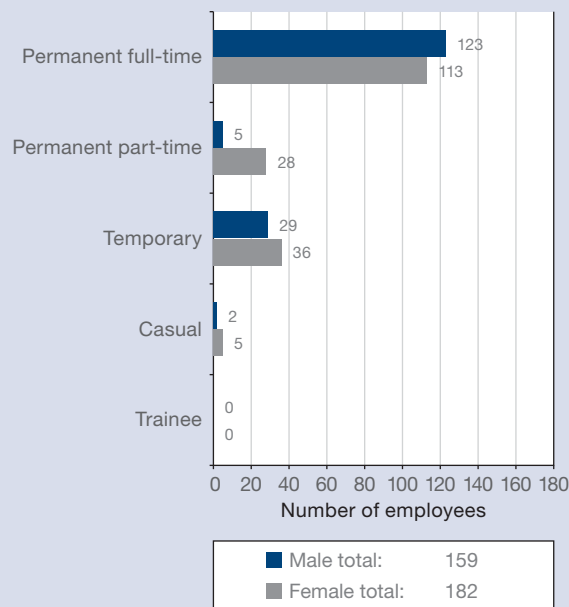
Appendix B

EEO statistics

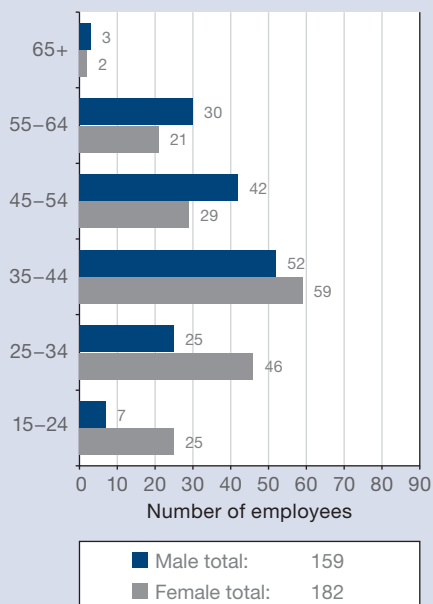
1. Membership of EEO target groups (2005-06 to 2009-10)



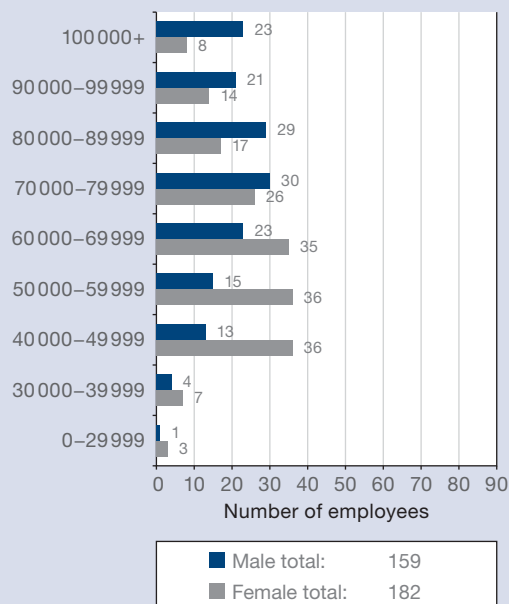
2. Employees by gender and employment status as at 30 June 2010



3. Employees by gender and age as at 30 June 2010



4. Employees by gender and salary level as at 30 June 2010



Appendix C

Publications

Corporate

Strategic Plan 2010–2014, June 2010

Annual Report 2008–09, November 2009

Crime bulletins

Organised fraud in Queensland: a strategic assessment, no. 10, October 2009.

Money laundering and organised crime in Queensland, no. 11, December 2009.

Illicit drug markets in Queensland: a strategic assessment, no. 12, February 2010.

Investigative reports

Dangerous liaisons: a report arising from a CMC investigation into allegations of police misconduct (Operation Capri), July 2009.

Allegation against the Honourable TM Mackenroth in respect of land at Elimbah East: a report from the CMC, September 2009.

Final CMC report into the 2009 South East Queensland Regional Plan, including land at Palmwoods, November 2009.

Misconduct prevention material

Separation risks: undue influence, conflicts of interest and information security when employees move on, Building Capacity Series, no. 14, July 2009.

Managing a public interest disclosure program: a guide for public sector organisations, December 2009.

Misconduct review

QPS–CMC review of Taser policy, training, and monitoring and review practices, July 2009.

CMC review of the Queensland Police Service's Palm Island Review, June 2010.

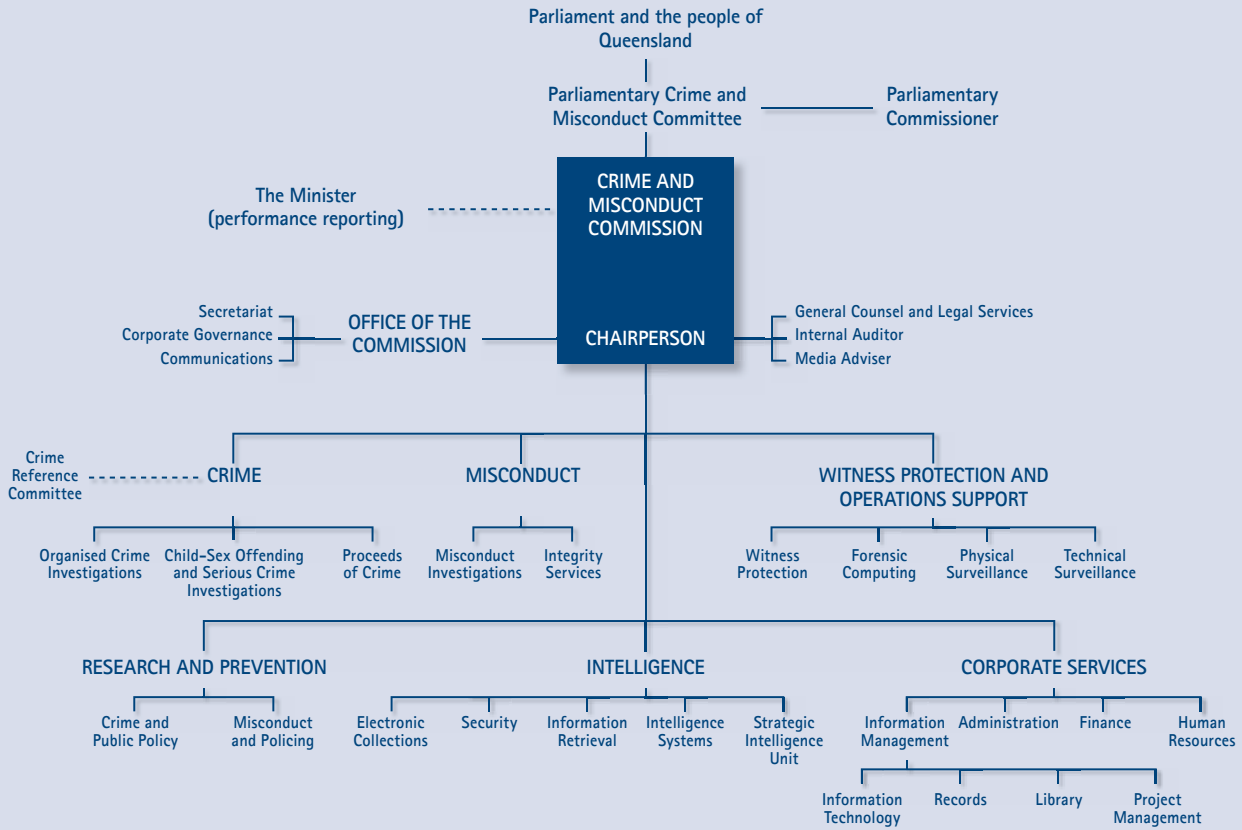
Public policy reports

Restoring order: crime prevention, policing and local justice in Queensland's Indigenous communities, November 2009.

Sound advice: a review of the effectiveness of police powers in reducing excessive noise from off-road motorbikes, April 2010.

Appendix D

CMC's structure and accountability



Appendix E

Appointment criteria for Commissioners, Assistant Commissioners and senior officers

Commissioners

Appointment of Commissioners

Commissioners (including the Chairperson) are appointed by the Governor-in-Council under the terms of the *Crime and Misconduct Act 2001* (Crime and Misconduct Act) for a period of not more than five years. Their nomination for appointment must have the bipartisan support of the PCMC. They are paid the remuneration and allowances decided by the Governor-in-Council.

Qualifications of the Chairperson

Under the terms of the Crime and Misconduct Act, the Chairperson, who is also the CEO, must be a legal practitioner who has served as, or is qualified for appointment as, a judge of the Supreme Court of any state, the High Court or the Federal Court.

Qualifications of the part-time Commissioners

As representatives of the community, the part-time Commissioners bring a broad range of professional expertise and personal experience to the CMC.

Our Act requires one of the part-time Commissioners to be a practising lawyer with a demonstrated interest in civil liberties. Other Commissioners can qualify through qualifications or expertise in public sector management and review, criminology, sociology, crime research or crime prevention. At least one Commissioner must be a female.

Resignation and termination of a Commissioner

The Governor-in-Council may terminate the appointment of a Commissioner (including the Chairperson) at any time if the Commissioner becomes incapable of satisfactorily performing the duties of office or is absent from three consecutive meetings of the Commission without prior approval and reasonable excuse. In addition, the Governor-in-Council must terminate the appointment of the Chairperson if the Chairperson engages in paid employment outside the duties of office without the Minister's approval.

The Governor may terminate the appointment of a Commissioner on a recommendation to the Legislative Assembly made with the bipartisan support of the Parliamentary Crime and Misconduct Committee and approved by the Legislative Assembly. A CMC Commissioner (including the Chairperson) may resign at any time by written notice to the Minister.

Ethical standards

The CMC must keep a register of each Commissioner's pecuniary interests and personal or political associations.

Assistant Commissioners and senior officers

The Crime and Misconduct Act decrees that Assistant Commissioners and senior officers must not hold office in the CMC for more than 10 years in total (however, under certain circumstances this period may be extended to a maximum of 15 years). A 'senior officer' is an officer whose principal duties relate directly to the performance of the CMC's prevention, crime, misconduct, research or intelligence functions or the giving of legal advice to the Commission. It does not include a senior officer whose duties support the CMC's functions, such as the Executive Director or a human resource, information technology or finance manager.

Appendix F

Executive Committee members and their responsibilities on other internal and external committees

Executive member	Committee membership
Mr Martin Moynihan, AO, QC Chairperson	<ul style="list-style-type: none"> Audit Committee (ex officio) Commission (Chair) Commission Consultative Committee (member) Crime Reference Committee (member) Crime Operational Review Committee (member) Executive Committee (Chair) Finance Committee (Chair) Misconduct Operations Review Committee (member) Research and Major Projects Committee (Chair) Workforce Management Committee (Chair) Integrity Committee (member) Police Education Advisory Council (member) Justice Statutory Authority Group (member)
Mr John Callanan, BA, LLB (Hons) Assistant Commissioner, Crime	<ul style="list-style-type: none"> Commission (ex officio) Crime Reference Committee (Chair) Crime Intelligence Review Committee (Chair) Crime Operational Review Committee (Chair) Executive Committee (member) Finance Committee (member) Information Steering Committee (member) Joint Executive Team (member) Research and Major Projects Committee (member) Prostitution Licensing Authority (Statutory member) Queensland Joint Management Group (member) Operational committees related to QPS and Commonwealth agencies dealing with crime (member)
Mr Warren Strange, LLM, LLB, BSc Assistant Commissioner, Misconduct	<ul style="list-style-type: none"> Commission (ex officio) Executive Committee (member) Finance Committee (member) Information Steering Committee (member) Misconduct Assessment Committee (member) Misconduct Operations Review Committee (Chair) Research and Major Projects Committee (member) Workforce Management Committee (member) Queensland Law Society Criminal Law Specialist Accreditation Committee (member)

Executive member	Committee membership
<p>Mr Peter Barron, BBus, MPPA, APM Assistant Commissioner, Witness Protection and Operations Support</p>	<p>Commission (ex officio) Crime Intelligence Review Committee (member) Crime Operational Review Committee (member) Executive Committee (member) Finance Committee (member) Information Steering Committee (member) Misconduct Operations Review Committee (member) Witness Protection Advisory Committee (Chair) Workforce Management Committee (member)</p> <p>Prostitution Licensing Authority (member) Verity Steering Committee (member)</p>
<p>Ms Jan Speirs, LLB, GradDipEd, MBA General Counsel</p>	<p>Executive Committee (member)</p>
<p>Mr Peter Scanlan, BComm, LLB (Hons), CA Executive Director</p>	<p>Audit Committee (ex officio) Business Continuity Committee (Chair) Commission (ex officio) Commission Consultative Committee (member) Equal Employment Opportunity Consultative Committee (member) Executive Committee (member) Finance Committee (member) Information Steering Committee (member) Research and Major Projects Committee (member) Witness Protection Advisory Committee (member) Workplace Health and Safety Committee (member) Workplace Management Committee (member)</p>
<p>Ms Helen Couper, CertLaw Director, Integrity Services</p>	<p>Executive Committee (member) Misconduct Assessment Committee (member) Misconduct Activities and Projects (member)</p> <p>Service Delivery and Performance Commission Review (member) QPSEN – Qld Public Sector Ethics Network (member) Devolution Steering Committee – involving various state departments (member)</p>
<p>Mr Greg Rigby, BSc Director, Information Management</p>	<p>Business Continuity Committee (member) Executive Committee (member)</p>
<p>Mr Peter Duell, MInfoTech, BA(CompSc), GradDipEd A/Director, Information Management</p>	<p>Information Steering Committee (coordinator/member)</p>

Executive member	Committee membership
<p>Mr Chris Keen, BA Director, Intelligence</p>	<p>Crime Intelligence Review Committee (member) Crime Operations Review Committee (member) Executive Committee (member) Information Steering Committee (member) Misconduct Activities and Projects Committee (member) Misconduct Operations Review Committee (member) Telecommunications Security Enforcement Round Table (member) Interception Consultative Committee (member) Special Networks Committee (member) Interception Agencies Technical Group (member)</p> <p>Queensland Joint Intelligence and Operations Coordination Group (member) Police Ethnic Advisory Group (member) Operational committees related to QPS and Commonwealth agencies (member)</p>
<p>Ms Margot Legosz, PhD, MPH Director, Research and Prevention</p>	<p>Research and Major Projects Committee (member) Crime Reference Committee (member) Executive Committee (member) Information Steering Committee (member)</p> <p>Australian Public Sector Anti-Corruption Conference (APSACC) Committee – CMC Delegate for organising the 2011 APSACC Police Education Advisory Council (member) Justice Modelling @ Griffith Steering Committee (member) National Crime Statistics Unit Advisory Group (member)</p>
<p>Mr Russell Pearce, LLB Director, Misconduct Investigations</p> <p>Ms Sharon Loder, LLB, BBus (HRM), LLM A/Director, Misconduct Investigations</p>	<p>Executive Committee (member) Misconduct Assessment Committee (member) Misconduct Operations Review Committee (member) Misconduct Activities and Projects Committee (member)</p>
<p>Chief Supt Len Potts, BA, GradDipMgt Director, Crime Operations</p>	<p>Crime Intelligence Review Committee (member) Crime Management and Administrative Group (Chair) Crime Operations Review Committee (member) Crime Reference Committee (member) Executive Committee (member)</p> <p>QPS/CMC Working Group (Chair) Joint Executive Taskforce (with QPS) (Chair) Queensland Joint Intelligence and Operations Coordination Group (member) Operations Management Board, QPS (member)</p>

Executive member	Committee membership
<p>Mr John Richardson, BBus, CPA Director, Financial Investigations</p>	<p>Crime Intelligence Review Committee (member) Crime Management and Administrative Group (Chair) Crime Operations Review Committee (member) Executive Committee (member)</p> <p>Operations Management Board, QPS (attendee) Joint Agency Meeting – involving state and Commonwealth agencies dealing with proceeds of crime (member)</p>

Appendix G

Compliance reporting

Public interest disclosures

In 2009–10, the CMC received 515 complaints that comprised 1467 allegations. This table details the status of the allegations.

Analysis of public interest disclosures received by the CMC in 2009–10

Section of Whistleblowers Protection Act 1994	Verified (by CMC)	Not verified (by CMC)	Referred to other agency	Under consideration (by CMC)	Total referred and not verified	Total referred and verified	Totals
15: Public officer complaining of official misconduct	0	168	713*	55	252	125	1313
16: Public officer complaining of maladministration	0	14	33*	5	15	0	67
17: Public officer complaining of improper management	0	0	18*	1	5	2	26
18: Public officer complaining re health/environment matter	0	1	5*	0	2	0	8
19: Any person complaining re public health or safety matter	0	0	8*	0	5	3	16
20: Any person complaining re reprisal	0	8	17*	1	11	0	37
Totals	0	191	794*	62	290	130	1467

* The outcomes of the allegations in this category may not be known at time of publication.

Consultancies

In 2009–10 the CMC spent a total of \$119 703.64 on consultancy services. The following table is a summary of the CMC consultancy register that lists suppliers paid by the CMC for providing consulting services during the period.

Name of consultant	Project	Invoiced 2009–10 \$ (excl GST)
Human resources		
ASSURE Programs	Provision of conflict management services	1 550.00
Australian Institute of Management	Coaching services for integrity services	800.00
Marketing & Management	Discussion regarding discipline policy	225.00
Latemore & Associates	Coaching for staff	3 952.50
Cameron Craig Group	Psychological assessments and psychometric tests	1 880.00
Management		
Kepner-Tregoe Australasia Pty Ltd	Project management training	2 520.55
The Consultancy Bureau	Enhanced devolution of misconduct matter	3 300.00
Board Matters AG	Initial instalment review of governance arrangements	7 500.00
Professional/technical		
Queensland Police Service	50/50 split costs for Charles Muller regarding telecommunications interception project	8 776.11
Colmar Brunton	2010 public attitudes survey	89 199.48
Total expenditure		119 703.64

Overseas travel

In 2009–10 the CMC spent a total of \$6602 on overseas travel, as detailed in the following table.

Date of travel	Name/position of officer	Destination	Reason for travel	Invoiced 2009–10 \$ (excl GST)
26 April – 7 May 2010	Shane Einam, Sergeant, Forensic Computing Unit	Orlando, Florida, USA	20th Annual Basic Computer Forensics Training Conference	3450
26 April – 7 May 2010	Heather Baylay, Forensic Computing Investigator, Forensic Computing Unit	Orlando, Florida, and Nevada, USA	20th Annual Basic Computer Forensics Training Conference	3152
24–27 May 2010			10th Annual Computer & Enterprise Investigations Conference	
Total expenditure				6602

Note: No other agency or source contributed to the cost of attendance at these conferences.

Recordkeeping

Consistent with the compliance requirements under the *Public Records Act 2002*, the CMC has continued to work towards full compliance with *Information Standards IS31: Retention and disposal of public records* and *IS40: Recordkeeping*.

The major focus for 2009–10 was on implementing HP TRIM as the CMC's electronic document and records management system. Following the analysis and design phases, a pilot of the system was conducted in February and March 2010, and full roll-out of the system will be completed in the first quarter of 2010–11.

Information systems

The CMC has highly specialised and secure electronic information systems and databases that it uses to conduct its business. However, some financial and human resources functions require the CMC to lodge data on systems maintained by external agencies, including the Queensland Treasury. These various systems were interrogated to access the performance information provided in this report.

Privacy

On 1 July 2009, the *Information Privacy Act 2009* (IP Act) commenced operation in Queensland. The primary objectives of the Act are to provide for the fair collection and handling of personal information in the public sector, and to provide a right for persons to access and amend personal information held by public sector entities. It provides a mechanism by which persons can access and amend their own personal information, and sets out the privacy principles to which public sector entities must adhere, unless exempted by the Act.

The privacy principles have limited application to the core activities of the CMC. The following documents of the CMC to which the privacy principles do not apply are those:

- arising out of, or in connection with, a controlled operation or controlled activity under the *Police Powers and Responsibilities Act 2000* or the *Crime and Misconduct Act 2001*, or
- arising out of, or in connection with, the covert undertaking of an operation, investigation or function of a law enforcement agency, or
- obtained under a warrant issued under the *Telecommunications (Interception and Access) Act 1979* (Cwlth), or
- about a person who is included in a witness protection program under the *Witness Protection Act 2000* or who is subject to other witness protection arrangements made under an Act, or
- relating to a complaint, or an investigation of misconduct, under the *Crime and Misconduct Act*.

Further, the CMC is not subject to Information Privacy Principles (IPP) 2, 3, 9, 10 or 11, but only if it is satisfied on reasonable grounds that non-compliance with the IPP is necessary for performing its activities related to the enforcement of laws and its intelligence functions.

Most applications to the CMC are requests by misconduct complainants for access to documents concerning their own complaint.

Information Privacy Act 2009 – Applications and reviews 2009–10

Applications for access	
Received	42
Applications for amendment	
Received (both refused)	2
Access	
Full access granted	22
Partial access granted	10
Access refused (all matter exempt)	2
No documents located	5
Withdrawn/lapsed	2
Outstanding at 30 June 2010	1
Reviews	
Internal	2
External (to Information Commissioner)	1

Right to information

The *Freedom of Information Act 1992* was repealed on 1 July 2009 when the *Right to Information Act 2009* commenced operation. While the CMC continues to be subject to the access provisions of the new Act, the Act provides that it does not apply to particular documents under the Crime and Misconduct Act such as those relating to surveillance devices, controlled operations and controlled activities for misconduct offences, assumed identities and covert search warrants.

A further limitation on access to CMC information is provided by a provision which exempts information obtained, used or prepared for an investigation by the CMC or another agency where the investigation is carried out as part of the CMC's crime, intelligence and misconduct functions. The exemption also applies to such information obtained, used or prepared by its predecessors, the CJC and the OCC, in performing equivalent functions. An exception to this exemption provision is provided if a person is seeking information about themselves and the investigation has been finalised.

The exemption is considered necessary to ensure that the CMC can protect from disclosure information it receives from public sector employees who voluntarily assist it in the course of an investigation. It ensures that the CMC remains effective and that public confidence in it is maintained so that such employees will continue to cooperate with its investigations, rather than obliging the CMC to invoke its coercive powers in every investigation.

Right to Information Act 2009 – Applications and reviews 2009–10

Applications for access	
Received	23
Access	
Full access granted	10
Partial access granted	5
Access refused (all matter exempt)	2
No documents located	1
Withdrawn/lapsed (fee not paid)	4
Outstanding at 30 June 2010	1
Reviews	
Internal	0
External (to Information Commissioner)	1

Other reporting obligations

Information Standard 38 – Use of ICT facilities and devices (IS38)

This standard requires all government agencies to annually report any significant breaches of policy governing the use of the internet and email facilities to the Public Service Commission. The report is to advise on the nature of the breach and the disciplinary action taken. No matters were reported by the CMC during the 2009–10 year.

Crime and Misconduct Act 2001

Section 260 of this Act requires the CMC to report to the Minister on the efficiency, effectiveness, economy and timeliness of its activities. In compliance with this provision the CMC reported to the Minister on two occasions during the 2009–10 year – for the periods 1 July 2009 to 31 December 2009, and 1 January 2010 to 30 June 2010.

Evidence Act 1977

Section 21KG(1) of the *Evidence Act 1977* requires the CMC to include in its annual report information about witness identity protection certificates given by the Chairperson of the CMC and the Commissioner of the Police Service.

No witness identity protection certificates were given by the Chairperson or the Commissioner this year.

Public Sector Ethics Act 1994

Section 23 requires public sector agencies to ensure that each annual report includes details of the action taken during the reporting period to comply with various requirements regarding its code of conduct.

This year the CMC revised its Code of Conduct and received ministerial approval of the revised code. Refresher training has been scheduled for all staff on the revised code in August 2010, and will also be included in the induction package for new staff.

The Code of Conduct is available to all staff in electronic and hard copy form and is available for inspection by any person on the internet or in hard copy. Policies and procedures in support of our Code of Conduct are similarly available to staff on the intranet and to the public via the internet.

Whistleblowers Protection Act 1994

Section 30(1) requires agencies to include statistical information about the number of public interest disclosures it received and the number of disclosures substantially verified. In the 2009–10 year no public interest disclosures were made by CMC staff.

Telecommunications (Interception and Access) Act 1979 (Cwlth)

The CMC is required to report annually to the Commonwealth Attorney-General under the above Act for the following:

- access to stored telecommunications for investigation purposes made under stored communications warrants, the effectiveness of those warrants, and the ultimate destruction of records of stored communications after they are no longer required for a CMC purpose (ss. 162, 163 and 150)
- access to telecommunications data for investigation purposes (ss. 178–80).

This information is included in the Commonwealth Attorney-General's *Telecommunications (Interception and Access) Act 1979 – Annual Report*. The report is tabled in the Commonwealth Parliament and is available at <www.ag.gov.au/www/agd/agd.nsf/Page/Telecommunications_interceptionandsurveillance_Annualreports>.

Appendix H

Sustainability and waste management

The CMC is located in Green Square North Tower Complex, Fortitude Valley, the first office development in Queensland to achieve a 6-star Greenstar Office Design rating from the Green Building Council of Australia (GBCA). Green Square North Tower was built using recycled steel and plantation timber, and its overall environmental impact has been reduced through its optimised building orientation and energy-saving technology.

Waste management

As part of our involvement in the building's waste management program it is estimated we recycled the following.

Material	tonnes
cardboard/paper	10.84
liquid paperboard	0.03
glass	4.58
aluminium	0.08
steel	0.45
plastics	0.77

Through our recycling we saved an estimated 46.25 square metres of land fill, 279.77 gigajoules of energy and 278.08 kilolitres of water.

CMC energy consumption

Our energy consumption increased over the year as new 24-hour-a-day functions commenced and large air control systems were installed to protect our library and records holdings. The increased number of operations performed by staff also contributed to our greater energy use.

The commissioning of the co-generator, other energy-saving devices and new technology helped to ensure that, despite the increase of energy use, efficiency savings were achieved.

Energy consumption	2008-09 ³	2009-10 ⁴
Total kWh per year	823 915	836 153
Average kWh per month	68 660	69 679

- The yearly figure includes best estimate of energy consumption from our previous location at Terrica Place. The move to Green Square was completed in September 2008, with the office fully functional in late 2008.
- The Green Square tenancy area is 33 per cent larger than Terrica Place with many more accommodation and operational facilities.

Carbon emissions

Our emissions for 2009-10 are noted below.

Source	Carbon emissions (tonnes)	
	2008-09	2009-10
Motor vehicles ^a	307.8	319.0
Electricity ^b	539.0	587.0
Travel ^{bc}		
International travel	4.7	12.0
Domestic travel ^p	63.0	49.4
Motor vehicle rental	3.1	Nil
Total	917.6	967.4

- Carbon emissions are calculated using QFleet guidelines. The car fleet was reduced by four vehicles during 2009-10, reducing our carbon emissions by 8.38 tonnes. Carbon emissions were slightly higher than the previous year as the recording of emissions changed from financial year usage to FBT year usage (April to March). The car fleet also travelled more kilometres during 2009-10.
- Information provided by the Department of Public Works.
- Figures exclude air charters.

CMC commitment to environmental responsibilities

The CMC is committed to managing and continuously improving its environmental performance. To this end we have integrated new considerations into our policies and procedures and developed Corporate Sustainable Procurement Policy and Implementation Guidelines.

In 2009-10, to enhance sustainability and reduce greenhouse gas emissions, we:

- reduced our car fleet by four cars
- washed all vehicles using an environment-friendly, waterless process
- set double-sided printing as the default setting for all printers
- established arrangements to recycle empty printer and copier cartridges.

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About the financial statements

Note: This does not form part of the audited financial statements

Statement of Financial Performance

The Statement of Financial Performance measures the entity's financial performance over a specific period by comparing revenues received against expenses incurred. Excess revenue over expenses results in an operating surplus, whilst excess expenses over revenue results in an operating deficit.

For the year ended 30 June 2010, the CMC's revenues exceeded expenses by \$1.634m resulting in an operating surplus. Major contributing factors to this surplus included the combined effect of expenditure savings and efficiencies, an increase in interest revenue and funding received for telephone inception (TI) infrastructure to increase TI capability, which will now occur in the 2010–11 financial year.

Statement of Financial Position

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

As at 30 June 2010, the CMC's equity increased by its current year operating surplus of \$1.634m. This is represented by an increase in cash holdings.

Assets

Assets are items of value controlled by an entity, and are classed as 'current assets' (such as cash and debtors) or 'non-current assets' (such as property, plant and equipment).

Current assets are those assets that can be readily converted into cash within the next 12 months. The CMC's current assets include cash, receivables/debtors and prepayments.

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

At 30 June 2010, the CMC's non-current assets of \$15.075m included plant and equipment, leasehold improvements and software (intangibles).

Liabilities

Liabilities are the amounts owed by the entity. They are divided into 'current' and 'non-current' liabilities, depending on how soon the debt is to be settled.

Current liabilities are amounts owing that an entity plans to pay within the next 12 months. For the CMC, current liabilities include payables (creditors), provision for current employee leave entitlements, and the current portion of the lease incentive liability (for the Green Square premises).

Non-current liabilities are those liabilities where an entity has no legal requirement to settle the debt within the next 12 months. The CMC's non-current liabilities relate to non-current employee leave provisions and the non-current portion of the lease incentive liability.

Net assets

This figure is calculated as the difference between total assets and total liabilities, and equals the equity of the entity.

Equity

Equity is the net worth of an 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), prior years' surplus/deficit and reserves.

The CMC's capital contribution of \$13.944m comprises the closing equity balances of the former Criminal Justice Commission and the former Queensland Crime Commission as at 31 December 2001 (\$4.237m), and the equity injection from government for the Green Square leasehold fitout (\$9.707m).

The accumulated surplus of \$2.135m at 30 June 2010 is derived from the current and prior years' operating results.

Statement of Changes in Equity

The Statement of Changes in Equity details movements in the equity of the agency 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. For 2009–10, the CMC's equity movement was due to the operating surplus.

Cash Flow Statement

This statement shows the actual movements of cash during the financial year. The cash at the end of the reporting period, as shown in the Cash Flow Statement, equals the cash and cash equivalent amount in the Statement of Financial Position.

Notes to and forming part of the financial statements

The notes explain in more detail particular line items presented in the financial statements. They also disclose other matters such as accounting policies, outstanding commitments at the end of the reporting period, and other financial disclosures. The financial statements should be read in conjunction with the accompanying notes.

Financial Statements 2009–10

CRIME AND MISCONDUCT COMMISSION



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These financial statements cover the Crime and Misconduct Commission, an independent statutory body established under the *Crime and Misconduct Act 2001*.

The Commission is controlled by the State of Queensland which is the ultimate parent.

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

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

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

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

Amounts shown in these financial statements may not add to the correct sub-totals due to rounding.

Statement of Comprehensive Income

for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Income			
Revenue			
Grants and other contributions	2	44,833	41,731
Other revenue	3	938	614
Gains			
Gains from sale of property, plant and equipment	4	13	2
Total Income		45,784	42,347
Expenses			
Employee expenses	5	31,100	30,191
Supplies and services	6	10,071	10,422
Depreciation and amortisation	7	1,751	1,640
Other expenses	8	1,228	288
Total Expenses		44,150	42,541
Operating Surplus (Deficit)		1,634	(194)
Other Comprehensive Income		–	–
Total Comprehensive Income		1,634	(194)

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Current Assets			
Cash and cash equivalents	9	7,545	4,750
Receivables	10	507	380
Other	11	570	685
Total Current Assets		8,622	5,815
Non-Current Assets			
Intangible assets	12	438	–
Property, plant and equipment	13	14,637	15,189
Total Non-Current Assets		15,075	15,189
Total Assets		23,697	21,004
Current liabilities			
Payables	14	2,112	951
Lease liabilities	15	300	300
Accrued employee benefits	16	1,612	1,646
Provisions	17	80	–
Other	18	5	2
Total Current Liabilities		4,109	2,899
Non-Current Liabilities			
Lease liabilities	15	2,998	3,297
Accrued employee benefits	16	511	363
Total Non-Current Liabilities		3,509	3,660
Total Liabilities		7,618	6,559
Net Assets		16,079	14,445
Equity			
Contributed equity		13,944	13,944
Accumulated surplus		2,135	501
Total Equity		16,079	14,445

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2010

	Accumulated Surplus		Contributed Equity		TOTAL	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Balance as at 1 July	501	695	13,944	13,944	14,445	14,639
Operating Surplus (deficit) for the period	1,634	(194)	–	–	1,634	(194)
Balance as at 30 June	2,135	501	13,944	13,944	16,079	14,445

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2010

	Notes	2010 \$'000	2009 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Government contributions and grants		43,752	41,040
Interest receipts		431	578
GST input tax credits from ATO		2,107	2,823
GST collected from customers		52	29
Other		481	(14)
<i>Outflows:</i>			
Employee expenses		(29,842)	(30,705)
Supplies and services		(10,159)	(10,861)
GST paid to suppliers		(2,200)	(2,371)
GST remitted to ATO		(56)	(75)
Other		(126)	–
Net cash provided by operating activities	19	4,440	444
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		243	156
<i>Outflows:</i>			
Payments for property, plant and equipment		(1,450)	(4,772)
Payments for intangibles		(438)	–
Net cash used in investing activities		(1,645)	(4,616)
Net increase (decrease) in cash and cash equivalents		2,795	(4,172)
Cash and cash equivalents at beginning of financial year		4,750	8,922
Cash and cash equivalents at end of financial year	9	7,545	4,750

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

Objectives and principal activities of the Commission

Note 1:	Summary of Significant Accounting Policies
Note 2:	Grants and Other Contributions
Note 3:	Other Revenues
Note 4:	Gains
Note 5:	Employee Expenses
Note 6:	Supplies and Services
Note 7:	Depreciation and Amortisation
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Note 17:	Provisions
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Note 19:	Reconciliation of Operating Surplus to Net Cash from Operating Activities
Note 20:	Commitments for Expenditure
Note 21:	Contingencies
Note 22:	Financial Instruments
Note 23:	Trust Transactions and Balances
Note 24:	Australian Public Sector Anti-Corruption Conference (APSACC)

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

Objectives and principal activities of the Crime and Misconduct Commission

The objectives of the Commission are threefold.

1. Combat and prevent the incidence of major crime

The Commission works with the Queensland Police Service (QPS) and other law enforcement agencies to fight major crime as defined in the *Crime and Misconduct Act 2001*. It does this through a range of law enforcement and crime prevention initiatives including intelligence analysis, target identification and development, investigative hearings, gathering of evidence for prosecution action, recovery of the proceeds of crime and provision of policy-relevant information and advice. Also, the Commission undertakes a range of research activities into the incidence and prevention of criminal activity and into other matters relating to the administration of criminal justice referred to it by the Minister or required by other legislation.

2. Reduce misconduct and promote high standards of integrity in the public sector

The Commission's jurisdiction covers misconduct within the Queensland public sector, including the police service, departments, statutory authorities, most government-owned corporations, universities, local governments, courts, prisons, and on the part of state-elected officials. The CMC handles complaints about misconduct, conducts investigations, monitors how agencies deal with complaints, takes a lead role in building the capacity of agencies to prevent and deal with misconduct and undertakes related research, intelligence and prevention activities. The Commission also has a legislative role of conducting research into police powers and methods of operation and undertakes research related to Misconduct activities required by other legislation.

3. Provide an effective witness protection service

The Commission provides the state's witness protection service. The majority of protected witnesses are referred to the CMC by the QPS.

1. Summary of Significant Accounting Policies

(a) Statement of Compliance

The Commission has prepared these financial statements in compliance with section 43(1) of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Treasury's Minimum Reporting Requirements for the year ending 30 June 2010, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Commission has applied those requirements applicable to not-for-profit entities, as the Commission is a not-for-profit statutory body. Except where stated, the historical cost convention is used.

Unless otherwise stated, all accounting policies applied are consistent with those of the prior year.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(b) Classification between Current and Non-Current

In the determination of whether an asset or liability is current or non-current, consideration is given to the timing when each asset or liability is expected to be realised or paid. The asset or liability is classified as current if it is expected to be turned over within the next 12 months.

(c) Trust Transactions and Balances

The Commission undertakes certain trustee transactions on behalf of individuals as a result of operational activities.

As the Commission acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Note 23. Applicable audit arrangements are also shown.

(d) Grants and Contributions

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

Contributed assets are recognised at their fair value. Contributions of services are recognised only if the service would have been purchased if they had 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.

(e) Cash and Cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques receipted but not banked at 30 June, as well as deposits at call with financial institutions. It also includes liquid investments with short periods to maturity that are readily convertible to cash on hand at the Commission's option and that are subject to a low risk of changes in value.

(f) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery, that is, the agreed sale/contract price. Settlement of these amounts is required within 30 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment if required. All known bad debts are written off in the period in which they are recognised.

Other debtors generally arise from transactions outside the usual operating activities of the Commission and are recognised at their assessed values. Terms are a maximum of three months, no interest is charged and no security is obtained.

(g) Prepayments

The Commission has determined that only prepayments on invoices greater than and equal to \$1,000 will be recognised in its accounts. Recognition occurs at the time the invoice is processed for payment.

(h) Acquisition of Assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architect fees and engineering design fees. However, any training costs are expensed as incurred.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(h) Acquisition of Assets (cont'd)

Assets acquired at no cost or for nominal consideration are recognised at their fair value at date of acquisition, in accordance with AASB 116 *Property, Plant and Equipment*.

(i) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition.

Items with a lesser value are expensed in the year of acquisition. The carrying amounts for plant and equipment measured at cost should not materially differ from their fair value.

Routine maintenance, repair costs and minor renewal costs are expensed as incurred. Where the repair relates to the replacement of a component of an asset and the cost exceeds the capitalisation threshold, the cost is capitalised and depreciated.

Leasehold improvements and associated work in progress are recognised at cost.

Green Square Leasehold Improvements

The initial leasehold improvements at Green Square cost the Commission \$13.579m and was recognised in the 2008-09 reporting period. The funding for this was provided by an equity injection of \$9.707m from Queensland Treasury and a lease incentive of \$3.872m provided by the developers. The lease is treated in accordance with AASB 117 *Leases* and the leasehold improvements are depreciated over the life of the lease (13 years), as prescribed by AASB 116 *Property, Plant and Equipment*.

The leasehold incentive has been recognised as a liability and will be amortised over the period of the lease as prescribed by UIG Interpretation 115 *Operating Leases – Incentives*. Refer Note 15.

(j) Revaluations of Non-Current Physical and Intangible Assets

Heritage and cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. As these assets were only acquired in the 2008-09 financial year, the Commission is of the view that the cost of these assets materially represents their fair value at the end of the reporting period.

These assets will be revalued at least once every five years. Any revaluation increment arising on the revaluation of these assets will be credited to the asset revaluation surplus, except to the extent it reverses a revaluation decrement previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent that it exceeds the balance, if any, in the asset revaluation surplus.

The Commission did not revalue any assets during the financial year.

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost. Plant and equipment is measured at cost in accordance with Treasury's *Non-Current Asset Policies*.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(k) Intangible Assets

AASB 138 *Intangible Assets* defines an intangible asset as an identifiable non-monetary asset without physical substance.

Intangible assets with a cost or other value equal to or greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible asset is amortised over its estimated useful life to the agency, less any anticipated residual value. The Commission's intangible asset has a zero residual value.

It has been determined that there is not an active market for the Commission's intangible asset. As such, the asset is recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

Purchased Software

The Commission's intangible asset consists of TRIM software for the Electronic Document and Records Management System (eDRMS). The software was ready for use by the Commission in July 2010 and full rollout occurred by August 2010.

The licensing and implementation costs of this software has been capitalised and will be amortised on a straight-line basis over the period of the expected benefit to the Commission, namely, nine years. Refer Note 12.

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost, less its estimated residual value, progressively over its estimated useful life to the Commission.

All intangible assets of the Commission have finite useful lives and are amortised on a straight line basis.

Assets and software under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes with property, plant and equipment or intangible assets.

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Commission.

The depreciable amount of improvements to or on leasehold assets is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is probable.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(l) Amortisation and Depreciation of Intangibles and Property, Plant and Equipment (cont'd)

The useful lives of general and technical equipment, computer equipment and leasehold improvements were reviewed during the reporting period and adjusted where necessary.

For each class of depreciable asset the following depreciation and amortisation rates are used.

Class	Rate %	Useful Life
Plant and equipment:		
General and Technical Equipment	14.3–36.2	3–7 years
Computer equipment	12.5–33.3	3–8 years
Motor vehicles	20	5 years
Leasehold improvements	7.7–8.3	12–13 years
Intangible Assets:		
Software Purchased	11.1	9 years

Where applicable, these rates are consistent with that of the prior year unless otherwise stated. Cultural and art assets are not depreciated.

(m) Impairment of Non-Current Assets

Impairment of non-current assets is the decline in the service potential of an asset over and above the use reflected through depreciation.

All non-current assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Commission determines the asset's recoverable amount.

Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income.

(n) Operating leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they occur.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability. Refer Note 1(i).

(o) Other financial assets

Investments are measured at cost. Interest is recognised on an accrual basis.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(p) Payables

Trade creditors are recognised upon receipt of the goods or services and are measured at the agreed purchase/contract price. Amounts owing are unsecured, and are generally settled on 30 day terms.

(q) Financial Instruments

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

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

The Commission has the following financial instruments:

- Cash and cash equivalents – held at fair value through profit and loss
- Receivables – held at amortised cost
- Payables – held at amortised cost

The Commission does not enter into transactions for speculative purposes, nor for hedging.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 22.

(r) Employee Benefits

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.

Wages, Salaries and Sick Leave

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

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

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

Annual leave

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

The value of the first twenty days of annual leave benefits accrued by employees has been treated as a current liability. The value of any annual leave benefits in excess of twenty days has been treated as a non-current liability. The provision for annual leave has been measured in accordance with AASB 119 *Employee Benefits*.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(r) Employee Benefits (cont'd)

Long service leave

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

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

Superannuation

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

Therefore, no liability is recognised for accruing superannuation benefits in the Commission's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Executive remuneration

The executive remuneration disclosures in the employee expenses note (Note 5) in the financial statements include:

- the aggregate remuneration of all senior executive officers whose remuneration for the financial year is \$100,000 or more
- the number of senior executives whose total remuneration for the financial year falls within each successive \$20,000 band, commencing at \$100,000.

The remuneration disclosed is all remuneration paid or payable, directly or indirectly, in connection with the management of the affairs of the Crime and Misconduct Commission, whether as an executive or otherwise. For this purpose, remuneration includes:

- wages and salaries
- accrued leave (that is, the increase/decrease in the amount of annual leave and long service leave owed to an executive, inclusive of any increase in the value of leave balances as a result of salary rate increases or the like)
- accrued superannuation (being the value of all employer superannuation contributions during the financial year, both paid and payable as at 30 June)
- car parking benefits and the cost of motor vehicles, such as lease payments, fuel costs, registration/insurance, repairs/maintenance and fringe benefit tax on motor vehicles incurred by the agency during the financial year, both paid and payable as at 30 June, net of any amounts subsequently reimbursed by the executives
- allowances (which are included in remuneration agreements of executives)
- fringe benefits tax included in remuneration agreements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(s) Provisions

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

(t) Insurance

The Commission's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis. In addition, the Commission pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(u) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). As such, input tax credits receivable from, and GST payable to the Australian Taxation Office are recognised.

(v) Issuance of Financial Statements

The financial statements are authorised for issue by the Chairperson and Finance Manager at the date of signing the Management Certificate.

(w) 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 16

Provisions – Note 17

Commitments – Note 20

Contingencies – Note 21

(x) Rounding and Comparatives

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparative information has been restated where necessary to be consistent with disclosures in the current reporting period.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

(y) New and Revised Accounting Standards

New and amended Australian accounting standards that were applicable for the first time in the 2009–10 financial year and that had a significant impact on the Commission's financial statements are as follows:

The Commission complied with the revised AASB 101 *Presentation of Financial Statements* as from 2009–10. This revised standard does not have any measurement or recognition implications. Pursuant to the change of terminology used in the revised AASB 101, the Balance Sheet is now re-named to the Statement of Financial Position, and the Cash Flow has now been re-named to Statement of Cash Flows. The former Income Statement has been replaced by a Statement of Comprehensive Income.

The Commission is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from the Treasury Department. Consequently, the Commission has not applied any Australian accounting standards and interpretations that have been issued but are not yet effective. The Commission applies standards and interpretations in accordance with their respective commencement dates.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
2. Grants and Other Contributions		
Queensland Government	43,752	41,652
Goods and services received below fair value*	1,081	77
Other	–	2
Total	44,833	41,731

* Received from	Goods/Services		
Queensland Police Service	Salary and vehicle costs (Operation Tesco)	411	–
Department of Employment, Economic Development & Innovation	Database searches	4	1
Department of Premier and Cabinet	Salary costs	55	–
Department of Public Works	Archival services	388	76
Australian Crime Commission	Telephone intercept services	223	–
Total		1,081	77

3. Other Revenues

Interest	505	540
APSACC *	206	–
Other	227	74
Total	938	614

* An amount of \$131,393 was reimbursed to the Commission by the Australian Public Sector Anti-Corruption Conference (APSACC) for salary and other costs incurred during the 2008–09 financial year for organising and hosting the conference. In addition, an amount of \$50,000 was repaid to the Commission for the initial contribution of 'seed funding' for APSACC. The Commission also received its share of profits from the 2007 and 2009 APSACC conferences of \$11,517 and \$12,853 respectively. Refer Note 24.

4. Gains

Gain on sale of property, plant and equipment	13	2
Total	13	2

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
5. Employee Expenses		
Employee Benefits		
Wages and salaries	22,356	21,884
Annual leave expense *	1,734	1,582
Employer superannuation contributions*	3,110	3,050
Long service leave levy*	423	418
Other employee benefits	1,216	1,185
Employee Related Expenses		
Workers' compensation premium*	205	207
Payroll tax	1,345	1,315
Other employee related expenses	711	550
Total	31,100	30,191

* Refer to Note 1(r).

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

	2010	2009
Number of Employees	313.5	293.5

Executive Remuneration**(i) Chairperson's Remuneration**

The Chairperson's conditions of employment also include entitlement to private use of a motor vehicle and leave equivalent to the public service except for long service leave. The Chairperson is not eligible for a performance bonus.

Robert Needham, who held the position of Chairperson since 1 January 2005, retired on 31 December 2009. Commissioner Ann Gummow acted as Chairperson of the Commission for the period 1 January 2010 to 7 February 2010, until Martin Moynihan AO QC was appointed to the position on 8 February 2010.

Mr Moynihan was previously a Justice of the Supreme Court of Queensland and is consequently entitled to a pension under the *Judges (Pension and Long Leave) Act 1957*. Mr Moynihan has elected to have his salary entitlement payable by the Commission reduced by the amount of his judicial pension.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

5. Employee Expenses (cont'd)

	2010	2009
	\$	\$
Total Chairperson's remuneration is as follows:		
Robert Needham	308,095	413,549
Ann Gummow	46,470	–
Martin Moynihan AO QC	101,627	–
Total	456,192	413,549

(ii) Commissioners' Remuneration

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

David Gow	47,033	45,731
Ann Gummow	42,679	46,850
Judith Bell	48,652	46,850
Phillip Nase	48,652	29,191
Total	187,016	168,622

(iii) Executives' Remuneration

The executive's remuneration covers senior executives (SES1 or above) who are employed under contract by the Commission.

The number of senior executives who received or were due to receive total remuneration of \$100,000 or more:

	2010	2009
\$100,000 to \$119,999	–	1
\$120,000 to \$139,999	–	–
\$140,000 to \$159,999	3	1
\$160,000 to \$179,999	2	4
\$180,000 to \$199,999	2	3
\$200,000 to \$219,999	2	–
\$220,000 to \$239,999	1	1
\$240,000 to \$259,999	1	–
\$260,000 to \$279,999	–	1
Total	11	11

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
8. Other Expenses		
External audit fees*	87	53
Insurance	20	16
Goods and services received free of charge (see Note 2)	1,081	77
Losses from disposal of property, plant and equipment	21	105
Special payments	–	10
Other	19	27
Total	1,228	288

* Total external audit fees relating to the 2009–10 financial year are estimated to be \$64,000 (2009: \$62,500). There are no non-audit services included in this amount.

9. Cash and Cash Equivalents

Imprest accounts	30	40
Cash at bank	195	2,390
Term deposits*	7,320	2,320
Total	7,545	4,750

* Included in term deposits is a \$0.320m bank guarantee pursuant to a lease agreement. These term deposits which are held with AA banking institutions, earned interest rates between 3.40% and 6.05% (2009: 3.39% and 8.05%).

10. Receivables

Trade debtors*	22	2
GST receivable	279	187
GST payable	(3)	(8)
	276	179
Long service leave reimbursements	93	93
Interest receivable	76	2
Other*	40	104
Total	507	380

* As at reporting date, there were no debtors that required a provision for impairment.

11. Other Current Assets

Current		
Prepayments – salaries	166	272
Prepayments – supplies and services	404	413
Total	570	685

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
12. Intangible Assets		
Software WIP*		
At cost	438	–
Total	438	–
Intangibles Reconciliation		
Software WIP		
Carrying amount at 1 July	–	–
Acquisitions	438	–
Amortisation	–	–
Carrying amount at 30 June	438	–
* Relates to software licensing and implementation costs (including capitalised salary costs) for the TRIM Electronic Document and Records Management System which was rolled out to the Commission during July and August 2010.		
13. Property, Plant and Equipment		
Motor vehicles:		
At cost	1,112	1,079
Less: Accumulated depreciation	(307)	(268)
	805	811
Computer equipment:		
At cost	1,228	919
Less: Accumulated depreciation	(404)	(398)
	824	521
General and technical equipment:		
At cost	1,344	1,453
Less: Accumulated depreciation	(412)	(411)
	932	1,042
Leasehold improvements:		
At cost	14,365	13,995
Less: Accumulated depreciation	(2,349)	(1,289)
	12,016	12,706
Cultural and art assets:		
At fair value	25	25
Work in progress:		
At cost	35	84
Total	14,637	15,189

The Commission has plant and equipment with an original cost of \$1.706m and a written down value of zero still being used in the provision of services.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

13. Property, Plant and Equipment Reconciliation (cont'd)

Property, Plant and Equipment Reconciliation	Motor vehicles		Computer equipment		General and technical equipment		Leasehold improvements		Cultural and art assets		Work in progress		Total	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Carrying amount at 1 July	811	813	521	149	1,042	582	12,706	122	25	–	84	10,650	15,189	12,316
Acquisitions	454	420	554	374	121	909	286	2,960	–	25	35	84	1,450	4,772
Disposals	(244)	(217)	–	18	(7)	(60)	–	–	–	–	–	–	(251)	(259)
Transfers between classes	–	–	61	248	(61)	(248)	84	10,650	–	–	(84)	(10,650)	–	–
Depreciation	(216)	(205)	(312)	(268)	(163)	(141)	(1,060)	(1,026)	–	–	–	–	(1,751)	(1,640)
Carrying amount at 30 June	805	811	824	521	932	1,042	12,016	12,706	25	25	35	84	14,637	15,189

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
14. Payables		
Trade creditors	1,996	834
Other	116	117
Total	2,112	951
15. Lease Liabilities		
Current		
Lease incentive liability	300	300
Total	300	300
Non-Current		
Lease incentive liability	2,998	3,297
Total	2,998	3,297
16. Accrued Employee Benefits		
Current		
Wages outstanding	37	170
Annual leave	1,509	1,381
Long service leave levy payable	66	68
Other	–	27
Total	1,612	1,646
Non-Current		
Annual leave	511	363
Total	511	363
17. Provisions		
Telephone interception access costs*	80	–
Total	80	–
Movements in provisions		
Access Costs		
Balance at 1 July	–	–
Provision recognised	80	–
Balance at 30 June	80	–

* Provision for one-off infrastructure costs associated with enhancing telephone intercept capabilities in conjunction with the Australian Crime Commission. Refer Note 20(c).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

	2010 \$'000	2009 \$'000
18. Other Current Liabilities		
Unearned revenue	5	2
Total	<u>5</u>	<u>2</u>

19. Reconciliation of Operating Surplus to Net Cash from Operating Activities

Operating surplus/(deficit)	1,634	(194)
Depreciation expense	1,751	1,640
Loss on sale of property, plant and equipment	21	105
Gain on sale of property, plant and equipment	(13)	(2)
Change in asset and liabilities:		
(Increase)/decrease in trade debtors	(20)	12
(Increase)/decrease in GST input tax receivable	(92)	399
(Increase)/decrease in long service leave reimbursement receivable	–	(61)
(Increase)/decrease in interest receivable	(74)	39
(Increase)/decrease in other receivables	64	(104)
(Increase)/decrease in prepayments	115	(326)
Increase/(decrease) in accounts payable	1,161	(5)
Increase/(decrease) in accrued employee benefits	114	(178)
Increase/(decrease) in GST payable	(5)	7
Increase/(decrease) in provisions	80	–
Increase/(decrease) in unearned revenue	3	(613)
Increase/(decrease) in lease incentive liability	(299)	(275)
Net cash from operating activities	<u>4,440</u>	<u>444</u>

20. Commitments for Expenditure**(a) Operating Lease**

Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	4,777	4,350
Later than one year and not later than five years	20,116	18,104
Later than five years	5,305	10,175
Total	<u>30,198</u>	<u>32,629</u>

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

Operating leases have a renewal option which is exercisable at market prices.

No lease arrangements create restrictions on other financing transactions.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

20. Commitments for Expenditure (cont'd)

	2010	2009
	\$'000	\$'000

(b) Vehicle Lease Commitments

Commitments under vehicle leases at reporting date are inclusive of anticipated GST and are payable as follows:

Not later than one year	218	237
Later than one year and not later than five years	199	195
Total	417	432

(c) Capital Expenditure Commitments

Capital expenditure commitments inclusive of anticipated GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

Payable:

Not later than one year	444	321
Total	444	321

Capital expenditure commitments include expenditure in relation to one-off infrastructure costs associated with enhancing telephone intercept capabilities in conjunction with the Australian Crime Commission. Refer Note 17.

(d) Other Expenditure Commitments

Other expenditure committed at the end of the period but not recognised in the accounts are as follows:

Payable:

Not later than one year	165	108
Total	165	108

21. Contingencies**(a) Litigation in progress**

As at 30 June 2010, there were five orders for costs made in favour of the Commission and one order for costs made against the Commission by the Supreme Court. In addition, one case in relation to injunction proceedings was commenced against the Commission.

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

No applications were filed against the Commission seeking damages or the payment of monetary compensation during the financial year.

The Commission is insured against general liability with the Queensland Government Insurance Fund (QGIF). Under the QGIF, the Commission would be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

22. Financial Instruments

(a) Categorisation of financial instruments

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

Category:	Note	2010 \$'000	2009 \$'000
Financial assets			
Cash and cash equivalents	9	7,545	4,750
Receivables	10	507	380
Total		8,052	5,130
Financial liabilities			
Payables	14	2,112	951
Total		2,112	951

(b) Financial Risk Management

The Commission's activities expose it to a variety of financial risks — interest rate risk, credit risk, liquidity risk and market risk.

The Commission provides written principles for overall risk management, as well as policies covering specific areas.

All financial risk is managed by the Corporate Support Division under policies approved by the Commission.

(c) Credit Risk Exposure

Credit risk exposure refers to the situation where the Commission may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.

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 provisions for impairment.

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

Maximum Exposure to Credit Risk Category:	Note	2010 \$'000	2009 \$'000
Financial Assets			
Cash and cash equivalents	9	7,545	4,750
Receivables	10	507	380
Total		8,052	5,130

The Commission manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Commission invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

22. Financial Instruments (cont'd)**(c) Credit Risk Exposure (cont'd)**

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired financial assets are disclosed in the following tables:

2010 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30 days \$'000	30–60 days \$'000	61–90 days \$'000	More than 90 days \$'000	
Receivables	–	–	12	–	12
Total	–	–	12	–	12

2009 Financial Assets Past Due But Not Impaired

	Overdue				Total \$'000
	Less than 30 days \$'000	30–60 days \$'000	61–90 days \$'000	More than 90 days \$'000	
Receivables	–	–	–	–	–
Total	–	–	–	–	–

(d) Liquidity Risk

Liquidity risk refers to the situation where the Commission may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

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

The following table sets out the liquidity risk of financial liabilities held by the Commission. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

	Note	2010 Payable in			Total
		< 1 year	1–5 years	> 5 years	
Financial liabilities					
Payables	14	2,112	–	–	2,112
Total		2,112	–	–	2,112

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

22. Financial Instruments (cont'd)

(d) Liquidity Risk (cont'd)

	Note	2009 Payable in			Total
		< 1 year	1–5 years	> 5 years	
Financial liabilities					
Payables	14	951	–	–	951
Total		951	–	–	951

(e) Market Risk

The Commission does not trade in foreign currency and is not materially exposed to commodity price changes.

The Commission is exposed to interest rate risk through cash deposited in interest bearing accounts.

The Commission does not undertake any hedging in relation to interest risk and manages its risk as per the liquidity risk management strategy.

(f) Interest Rate Sensitivity Analysis

The following interest rate sensitivity analysis is based on a report similar to that provided to management, depicting the outcome on profit or loss if interest rates would change by +/- 1% from the year-end rates applicable to the Commission's financial assets and liabilities. With all other variables held constant, the Commission would have a surplus and equity increase/ (decrease) of \$75,150 (2009: \$47,100). This is mainly attributable to the Commission's exposure to variable interest rates on cash deposited in interest bearing accounts.

Financial Instruments	Carrying Amount \$'000	2010 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	7,515	(75)	(75)	75	75
Potential Impact		(75)	(75)	75	75

Financial Instruments	Carrying Amount \$'000	2009 Interest rate risk			
		-1%		+1%	
		Profit	Equity	Profit	Equity
Cash	4,710	(47)	(47)	47	47
Potential Impact		(47)	(47)	47	47

Notes to and forming part of the Financial Statements

for the year ended 30 June 2010

23. Trust Transactions and Balances

At 30 June 2010, the Commission held \$4,061 (2009: \$6,111) in trust for a number of benefactors as a result of operational activities.

The Queensland Auditor-General performed the audit of the Commission's trust transactions for 2009-10.

24. Australian Public Sector Anti-Corruption Conference (APSACC)

The Commission hosted the second Australian Public Sector Anti-Corruption Conference (APSACC), held in Brisbane during the period 28–31 July 2009. The Conference was jointly organised by the Crime and Misconduct Commission (CMC), the NSW Independent Commission Against Corruption (ICAC) and the WA Corruption and Crime Commission (CCC). The three agencies entered into a formal agreement for the management and delivery of the conference.

As at 30 June 2010, the accounts for the 2009 Conference have been finalised and audited by Mr P Teefy (CPA). The Commission incurred salary and other costs of \$217,365 during the period April 2008 to October 2009 associated with organising and hosting the conference.

These costs were reimbursed to the Commission upon finalisation of the APSACC accounts and allocated as follows:

- an amount of \$131,393 received for costs incurred during the 2007–08 and 2008–09 financial years (refer Note 3);
- an amount of \$85,972 received for costs incurred during the 2009–10 financial year, which has been offset against expenditure.

In addition, profits from the 2007 and 2009 conference have been distributed to the three agencies as follows:

	2007	2009	Total
CMC	11,517	12,853	24,370
ICAC	11,517	12,853	24,370
CCC	11,517	12,853	24,370
Total	<u>34,551</u>	<u>38,559</u>	<u>73,110</u>

The initial contribution by the agencies of \$50,000 each for conference set-up fees have also been repaid to the three agencies and the joint APSACC bank account has been closed. Refer Note 3.

The next conference to be held in Western Australia in 2011 will be hosted by the CCC.

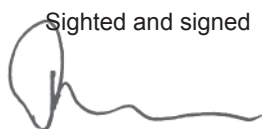
Certificate of the Crime and Misconduct Commission

for the year ended 30 June 2010

This general purpose financial report has 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; and
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Crime and Misconduct Commission for the financial year ended 30 June 2010 and of the financial position of the Commission at the end of that year.

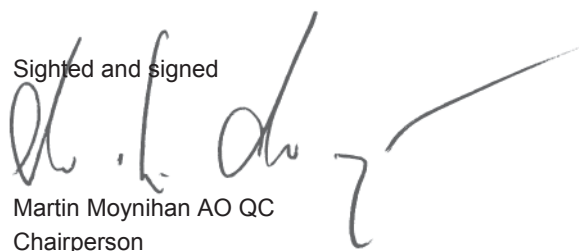
Sighted and signed



Radhika Munien
Finance Manager

Date: 27 August 2010

Sighted and signed



Martin Moynihan AO QC
Chairperson

Date: 27 August 2010

Independent Auditor's Report



To the Accountable Officer of the Crime and Misconduct Commission

Report on the Financial Report

I have audited the accompanying financial report of the Crime and Misconduct Commission, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity, statement of cash flows, a summary of significant accounting policies, other explanatory notes and the certificates given by the the Chairperson and Finance Manager.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation and fair presentation of the financial report 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 (including the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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. These auditing standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance 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 risks of material misstatement in 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 and fair presentation of the financial report 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 and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report and any mandatory financial reporting requirements as 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 only be removed 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.

Auditor's 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 respect of the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report has been drawn up so as to present a true and fair view, in accordance with the prescribed accounting standards of the transactions of the Crime and Misconduct Commission for the financial year 1 July 2009 to 30 June 2010 and of the financial position as at the end of that year.

N GEORGE CPA
(as Delegate of the Auditor-General of Queensland)



Queensland Audit Office
Brisbane

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Crime and Misconduct Commission

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For a face-to-face interview, phone first to make an appointment. Our hours of business are Monday to Friday 8.30 am to 5.00 pm. We can provide direct access to an Indigenous Complaints Officer and to female complaints officers.

The CMC is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have any difficulty in understanding the annual report, you can contact us on either 07 3360 6060 or toll-free 1800 061 611 and we will arrange an interpreter to effectively communicate the report to you.

If you are hearing-, sight- or speech-impaired, a TTY service is available through the National Relay Service on 1800 555 630 or the Speed Relay Service.

Abbreviations

AASB	Australian Accounting Standards Board	QCAT	Queensland Civil and Administrative Tribunal
ACC	Australian Crime Commission	QCC	Queensland Crime Commission
APSACC	Australian Public Sector Anti-Corruption Conference	QPS	Queensland Police Service
AWPF	Australasian Witness Protection Forum	QPSEN	Queensland Public Sector Ethics Network
CEO	chief executive officer	QRU	Queensland Rugby Union
CJC	Criminal Justice Commission	QUT	Queensland University of Technology
CMC	Crime and Misconduct Commission	SDPC	Service Delivery and Performance Commission
CPCA	Criminal Proceeds Confiscation Act	SDS	Service Delivery Statement
DIP	Department of Infrastructure and Planning	UQ	University of Queensland
EEO	equal employment opportunity		
FBT	Fringe Benefits Tax		
GOC	government-owned corporation		
ICT	Information and Communication Technology		
IPP	information privacy principle		
NAIDOC	National Aboriginal and Islander Day Observance Committee		
OMCG	outlaw motorcycle gang		
PCMC	Parliamentary Crime and Misconduct Committee		
PPRA	Police Powers and Responsibilities Act 2000		

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