

Crime and Misconduct Commission
Annual Report 2013–14

The CMC fights crime and promotes integrity in Queensland

CRIME AND
MISCONDUCT
COMMISSION



QUEENSLAND

About this report

This Annual Report reviews the activities and achievements of the Crime and Misconduct Commission for the 2013–14 financial year against the strategic objectives set out in its *2013–17 Strategic Plan*, available at www.ccc.qld.gov.au/strategicplan.

The report enables the Minister, the Parliamentary Committee 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*.

Additional reporting requirements (including consultancy and overseas travel expenses) are published online, available at www.ccc.qld.gov.au/annualreport or through the Queensland Government Open Data website, www.qld.gov.au/data.

Contents

Introduction by the Chairman.....	1
About the CMC.....	2
Performance snapshot.....	5
Strategic objectives	
Reduced impact of major crime.....	7
A trustworthy public sector.....	16
An effective witness protection service.....	31
An organisation of high public value.....	34
Police Service Reviews.....	48
Financial summary.....	51
About the Financial Statements.....	57
Financial Statements.....	59
Appendixes.....	99
Index.....	102
Abbreviations.....	inside back cover
Contact details.....	inside back cover

Feedback ►

We welcome your comments on this report. They help us better understand the information needs and interests of our stakeholders so we can continue to improve our reporting. You can provide feedback through our online feedback form at www.ccc.qld.gov.au/feedback or by contacting our Communications team on 07 3360 6060.

See back inside cover for contact details.



The Queensland Government is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding the annual report, you can contact the CCC on either 07 3360 6060 or toll-free 1800 061 611 and we will arrange for an interpreter to effectively communicate the report to you.

September 2014

The Honourable Jarrod Bleijie MP
Attorney-General and Minister for Justice
Parliament House, George Street, Brisbane Qld 4000

Dear Mr Attorney

I am pleased to present the *Annual Report 2013–14* and financial statements for the Crime and Misconduct Commission (CMC).

This is the final annual report of the CMC. This report reflects the structure, operations and administrative arrangements of the agency for the full 2013–14 financial year.

I certify that this annual report complies with:

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

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

As at 1 July 2014, with the implementation of the *Crime and Corruption Act 2001*, the agency was renamed the Crime and Corruption Commission.

Yours sincerely

Dr Ken Levy RFD
Acting Chairman
Crime and Corruption Commission

Introduction by the Chairman

This is the last annual report for the Crime and Misconduct Commission. As from 1 July 2014 it will become the Crime and Corruption Commission under an amended statute. The CCC will have the same broad remit as the CMC but its Corruption function will deal only with the most serious and systemic corrupt conduct in the public sector. The Crime function will retain its focus on the most serious crime, albeit with some additional powers to use intelligence hearings.

Financial management

The financial management of the Commission over the past financial year has been of a high order. It has lived well within its allocated budget of \$51.46m, including bearing all the costs of transitioning to the CCC. It met all its resource commitments for staff (both civilians and police attached to the Commission) and invested in maintenance and upgrades for its major information technology platforms. In addition, it is currently managing an injection of a further \$6.7m over four years granted by the Government for a one-off program to complement police efforts against the activities of criminal motorcycle gangs, predominantly on the Gold Coast and Sunshine Coast.

I am pleased to report that the Crime and Misconduct Commission will become the Crime and Corruption Commission in good financial shape for the tasks ahead.

Corporate governance

The acceptance of various recommendations of the Callinan/Aroney review by government in July 2013 set a new direction for the Commission. From that point, the CMC began working towards the new organisational and governance model which would apply to the CCC from 1 July 2014. To facilitate this, Mr Syd Williams QC and Mr Mick Keelty AO APM were appointed to the Commission's board of management from December 2013 to 30 June 2014. Their strong legal competency and management expertise challenged our thinking in many respects and brought new dimensions to the Commission's decision making.

Senior management and staff more generally have quickly energised themselves to challenge existing processes and to fine-tune our work practices. In particular, the Corruption function is setting new benchmarks for its timeliness and effectiveness. Realising that proper performance benchmarks are essential to accountability, the Commission and its staff are seeking new and more modern approaches for the future, consistent with the Commission's revised role and legislative objectives as well as the changing nature of the environment in which it operates.

Outlook for the future

Realistically, we expect that the types of crime and corruption we target – particularly within the criminal "industry" – will continue to become more sophisticated, more jurisdictionally complex and more technologically enabled. For that reason, our organisation will work to ensure that our structures, skills and technology produce effective responses to a changing environment.

For the CCC, there will be new business priorities, including greater resource allocation to intelligence and proceeds of crime. Better planning and performance monitoring systems are also being introduced. Improved information sharing and deeper engagement between Commissioners and staff at all levels, and with other law enforcement bodies, will be integral to the organisation's future effectiveness.

I thank all staff and the Commissioners for their support in progressing the organisation to close this year on a high note. The additional work and pressure resulting from the major organisational change to the Commission have brought out the fine talents of many staff, and generated greater camaraderie and professionalism.

I commend this final annual report of the Crime and Misconduct Commission to you.



Dr Ken Levy RFD
Acting Chairman

About the CMC

Our vision

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

Our purpose

To combat major crime and promote public sector integrity

Our values

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

Who we are

The Crime and Misconduct Commission (CMC) is an independent statutory body, established under the *Crime and Misconduct Act 2001* (Qld) to fight major crime and enhance public sector integrity in Queensland.

The CMC came into existence on 1 January 2002 with the merger of the Criminal Justice Commission and the Queensland Crime Commission.

The CMC is led by a five-member group referred to as the Commission, comprising a full-time Commissioner who is the Chairperson (and the Chief Executive Officer) and four part-time Commissioners who represent the community.

Our people

As at 30 June 2014, the CMC had 329 full-time equivalent staff, including lawyers, investigators, sworn police officers, financial investigators, intelligence analysts, social scientists, information technology and surveillance specialists, administrators and support officers.

Total staff		
2011–12	2012–13	2013–14
358	303	329

Our services

The CMC delivers its services to Queenslanders through a range of investigative, law enforcement, prevention and witness protection activities. The CMC also undertakes intelligence and research activities. The CMC's activities contribute to the government's objectives – specifically, to revitalise frontline services and restore accountability in government.

Crime fighting and prevention

We investigate serious and organised crime such as drug trafficking, fraud, money laundering and networked paedophilia.

We conduct coercive hearings and intercept telecommunications in investigating crime, disrupting criminal syndicates and confiscating proceeds of crime. Our work complements that of other state, national and international law enforcement agencies.

Public sector integrity

We receive and investigate allegations of misconduct to ensure that Queensland's public institutions are accountable for their conduct.

We also work with public sector agencies to ensure that they and their employees receive clear, consistent and practical advice about integrity issues and misconduct prevention.

Witness protection

We provide protection for eligible people who are in danger as a result of helping a Queensland law enforcement agency. In our fight against crime and corruption, it is imperative that we keep witnesses and informants safe as their evidence is vital for successful prosecutions and the suppression of major crime.

Our powers

The Crime and Misconduct Act gives the CMC unique powers to gather vital evidence and information to combat crime and misconduct falling within our jurisdiction. Through these powers we are able to hold public inquiries and conduct coercive hearings. We can also undertake a range of searches, surveillance activities, seizures and telecommunications interceptions in prescribed circumstances.

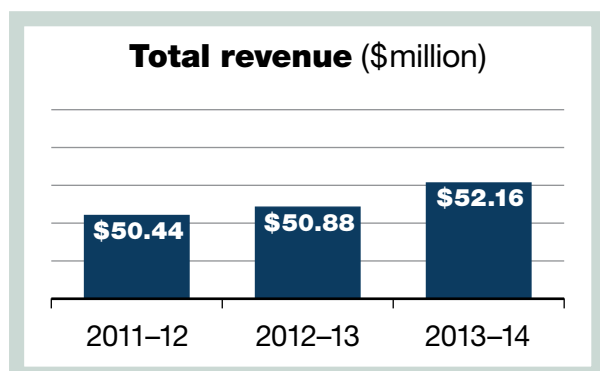
In addition to the Crime and Misconduct Act, the following legislation supports the CMC's primary functions and powers:

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

Our finances

Our total revenue for 2013–14 was \$52.16m (our main source of revenue is the operating grant received from the Queensland Government). (See pages 51–6 for more detail.)

In November 2013, the CMC acquired additional funding of \$6.679m over four years to support legislative amendments resulting in more activity related to criminal motorcycle gangs (CMGs), including increased crime hearings, investigations, surveillance and civil confiscations. Some specific-purpose funding for CMG initiatives was for 12 months only.



Our operating environment

Various legislative changes during the year resulted in a broadening of the CMC's activities. Firstly, in September 2013, the *Criminal Proceeds Confiscation Act 2002* was amended to introduce unexplained wealth order provisions and a serious drug offender confiscation scheme; these provide additional avenues for confiscating proceeds of crime. Under the serious drug offender confiscation order scheme, for example, the property of a person convicted of a qualifying drug offence is liable to forfeiture, even if the property was acquired lawfully. The CMC was given responsibility for administering both schemes. (For more detail, see page 11.)

Additionally, in October 2013, the Queensland Government introduced new laws targeting the illegal activities of criminal organisations in the state, in response to incidents of violence involving CMGs. Amendments to the Crime and Misconduct Act gave the CMC new functions enabling it to hold hearings to gather intelligence about criminal activity by these organisations or associated misconduct by public officials. The powers also enable the CMC to have an immediate response function relating to CMG-related incidents that threaten public safety or an anticipated incident that may threaten public safety.

In July 2013 the Queensland Government tabled its response to two reviews of the CMC: the review of the *Crime and Misconduct Act 2001* by the Independent Advisory Panel (Callinan/Aroney) and the inquiry by the Parliamentary Crime and Misconduct Committee into the CMC's release and destruction of Fitzgerald Commission of Inquiry documents. An Implementation Panel was tasked with implementing the government-accepted recommendations. The CMC continued to report to the Parliamentary Crime and Misconduct Committee (PCMC) separately on recommendations not included in those considered by the Implementation Panel.

Additionally, in response to the first recommendation of the review by the Independent Advisory Panel, Mr Michael Keelty AO conducted an administrative review of the CMC on behalf of the Public Service Commissioner. Mr Keelty's report, which contained 15 recommendations for consideration by the Implementation Panel, was submitted to the Implementation Panel chair in November 2013. The panel, in turn, provided advice on its considerations to the government.

These initiatives resulted in the government instituting amending legislation, leading to the *Crime and Misconduct and Other Legislation Amendment Act 2014* receiving assent on 21 May 2014.

The CMC has been heavily focused on implementing the changes arising from these recent administrative and legislative reviews and transitioning the agency to ensure it operates effectively under the new structure and governance arrangements to take effect on 1 July 2014.

Accountability

Although independent of the government of the day, the CMC is fully accountable to the people of Queensland through the PCMC. This is an all-party committee that monitors and reviews CMC activity and deals with complaints against it. The CMC provides budgetary information to the Department of Justice and Attorney-General and six-monthly performance reports to the Minister.

Our main stakeholders

Queensland

All members of the Queensland public

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

Public sector agencies: state government departments, Queensland Police Service, local governments, universities, prisons, courts, tribunals, state politicians, government-owned corporations

Peer agencies: Office of the Director of Public Prosecutions, The Public Trustee, Queensland Ombudsman, Queensland Audit Office, Privacy Commissioner, Integrity Commissioner, Public Service Commission, Health Quality and Complaints Commission

Australia-wide

Peer agencies: Australian Crime Commission, Australian Commission for Law Enforcement Integrity, New South Wales Crime Commission, Independent Commission Against Corruption (NSW), Police Integrity Commission (NSW), Independent Broad-based Anti-Corruption Commission (Vic), Office of Police Integrity (Vic), Integrity Commission (Tas), Corruption and Crime Commission (WA), and other state and national law enforcement agencies.

Performance snapshot

Outcomes against the objectives and performance indicators detailed in the CMC 2013–17 Strategic Plan

Reduced impact of major crime in Queensland

Page 7–15

Targeted major crime in Queensland is disrupted

- Restrained \$13.799m in assets and forfeited \$7.654m to the State
- Finalised 44 major crime investigations which resulted in 79 persons charged with 403 offences, and the seizure of drugs with an estimated street value of \$3.768m
- Conducted 348 days of coercive hearings, including 74 days of intelligence hearings in relation to criminal motorcycle gangs (CMGs)

Effective collaboration with our partners

- Assisted the Queensland Police Service with 66 major crime operations across the state, through hearings and proceeds of crime action.

A trustworthy public sector

Page 16–30

Timely and responsive investigations

- Finalised 61 official misconduct investigations, which resulted in 8 people being charged with 138 offences
- Completed 11 investigations into the associations between criminal motorcycle gangs and police and public sector agencies

Effective collaboration with public sector agencies

- Made 49 prevention recommendations to address systemic issues identified by misconduct investigations

An effective witness protection service

Page 31–33

Safety of protected witnesses maintained

- All witnesses in the CMC's witness protection program were kept safe and able to give their evidence in court

An organisation of high public value

Page 34–47

Significant contribution to reform, policy and public discussion

- Disseminated reports on CMG recruitment, expansion and behavioural trends to senior government decision makers and law enforcement agencies (for details, see page 9)

Enhanced accountability, flexibility and transparency

- Completed an internal review of our organisational structure in response to significant legislative reform
- Implemented a revised records management framework

Looking forward

On 7 May 2014 the Queensland Parliament passed the *Crime and Misconduct and Other Legislation Amendment Act 2014* to restructure, refocus and rename the Crime and Misconduct Commission as the Crime and Corruption Commission. The governing legislation will be the *Crime and Corruption Act 2001* and will take effect from 1 July 2014.

The new Commission will be tasked with combating and reducing the incidence of major crime, and reducing the incidence of corruption in the public sector. From 1 July 2014, a revised organisational structure will be implemented to best meet the changes in the Commission's functions.

Reduced impact of major crime

Achievements

- 79 persons have been charged with 403 offences arising out of major crime investigations undertaken by the CMC, and drugs with an estimated street value of \$3.768m have been seized.
- We assisted the Queensland Police Service (QPS) with 66 major crime operations across the state, through hearings and proceeds of crime action.
- We restrained \$13.799m in assets and had \$7.654m forfeited to consolidated revenue, removing the profit from crime and preventing these monies from being reinvested into illicit markets (see pages 10–11).
- We conducted a record 348 days of coercive hearings, substantially advancing major crime investigations across the state (see pages 12–13).
- CMC hearings conducted under its weapons general referral resulted in the QPS recovering 34 weapons and ammunition, including 2 sub-machine guns (see pages 13, 15).

Major crime investigations

79 persons charged with 403 offences
\$3.768m of drugs seized

Proceeds of crime

\$13.799m in assets restrained
\$7.654m in assets forfeited

Investigative hearings

348 days of hearings, advancing major crime investigations
34 weapons recovered

Challenges

- Attracting and retaining experienced financial investigators continues to be a challenge for the CMC. Financial investigation is a highly specialised field and there is strong competition from Commonwealth agencies and other regulatory bodies for trained proceeds of crime staff. Coupled with the introduction of new unexplained wealth and serious drug offender confiscation order provisions, this was a particularly significant challenge for the agency this year.

Our role and jurisdiction

The CMC is a specialist law enforcement agency targeting niche areas of major crime of the highest threat to the community. We strive to make Queensland as hostile an environment as possible to major crime, and to reduce its potential impact on the community. We contribute to the overall law enforcement effort in Queensland through our mix of unique powers and specialist resources in investigations, proceeds of crime recovery, strategic intelligence and research. The CMC operates in a framework of strict legal compliance, and a high level of accountability attaches to the use of our special powers.

The components of our major crime role are:

- organised crime, including criminal motorcycle gangs (see page 9)
- proceeds of crime (see page 10)
- criminal paedophilia (see page 12)
- major crime and intelligence hearings (see page 12)
- terrorism (see page 15)
- crime prevention (see page 14).

Performance summary

In 2013–14, the CMC exceeded its Service Delivery Statement (SDS) performance targets for the effectiveness of tactical operations, value-adding of hearings and the value of assets forfeited. We fell short of our target for net value of criminal proceeds restrained. Achieving this target was impacted by the introduction of new confiscation provisions targeting unexplained wealth and serious drug offenders. Additional time was required, prior to restraint,

to conduct inquiries in order to determine the confiscation action likely to provide the best return to the State.

For further information on the provisions of the *Criminal Proceeds Confiscation Act 2002*, see page 11.

Table 1 reports our performance against the service standards and targets identified in the CMC 2013–14 Service Delivery Statement.

Table 1. SDS service standards

Crime fighting and prevention service standards	Target	Result
Percentage of targeted criminal entities which are disrupted as a result of CMC crime investigations	95	100
Net value of criminal proceeds restrained (\$'000)	18 000	13 799
Net value of assets forfeited (\$'000)	7 000	7 654
Percentage of coercive hearings which add value to major crime investigations	95	100

Our SDS performance over the past five years is provided in Appendix 1, page 99.

Combating major crime

The CMC undertook 44 tactical operations in 2013–14. From our operations across all areas of major crime, 79 persons were charged with 403 criminal offences, resulting from investigations commencing either this year or in previous years, and drugs with an estimated street

value of \$3.768m were seized. The CMC assisted the QPS with 39 major crime operations through hearings and another 27 through proceeds of crime action across the state.

Table 2. Results of investigations, 2009–10 to 2013–14

Results of investigations	2009–10	2010–11	2011–12	2012–13	2013–14
Arrests	101	38	76	56	79
Charges laid	455	330	396	968	403
Drugs seized – estimated street value	\$4.5m	\$1.6m	\$1.544m	\$4.559m*	\$3.768m

* This includes the estimated street value of drugs produced from precursors.

How crime matters come to the CMC

The CMC has a legislative charter to investigate referred major crime, comprising organised crime, serious crime (involving offences punishable by at least 14 years imprisonment), criminal paedophilia and terrorism.

As a referral-based law enforcement agency, the CMC investigates major crime matters referred to it by its Crime Reference Committee. This committee 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 particular incidents of suspected criminal activity to be investigated without a specific committee referral. This enables the CMC to investigate matters at the request of other agencies as well as those identified through its own target development.

Organised crime

Intelligence activity underpins successful organised crime investigations

In combating organised crime, the CMC focuses on investigations calculated to dismantle or disrupt the activities of criminal identities and networks engaged in the illicit commodity markets or crime types of greatest harm to Queenslanders. In making these assessments, we rely upon our specialist strategic intelligence expertise.

Our intelligence capability informs our understanding of organised crime markets and trends. This work includes strategic assessment and reporting, target development, intelligence-related operational support, and human source management.

We use a wide variety of sources to identify and assess potential tactical opportunities to ensure our organised crime resources are focused in the most appropriate areas. To maximise the law enforcement response, our operations are often conducted jointly with other state and Commonwealth law enforcement agencies (LEAs).

(continued page 10)

Focus on criminal motorcycle gangs

The CMC's major crime function received specific 12-month funding from January 2014 to deliver an increased focus on criminal organisations, particularly criminal motorcycle gangs (CMGs).

- Since October 2013, CMG-related intelligence hearings have focused on the membership and activities of Queensland-based CMGs, calling 80 witnesses to intelligence hearings over 74 days. In addition, CMG-related major crime hearings were conducted where it was assessed that these investigations were likely to yield valuable evidence concerning CMG offending in Queensland. As a result, 91 witnesses were called to CMG-related hearings held over 81 days under the established criminal networks referral.
- Through these hearings the CMC collected intelligence on issues associated with CMGs in Queensland and produced intelligence reports that were disseminated to partner LEAs. A paper disseminated to senior government decision makers and LEAs in October 2013 focused on CMG recruitment and expansion trends, the emergence of a new generation of CMG members, and potential increases in public acts of violence, particularly firearm-related violence.

A paper published in March 2014 reported on the infiltration by CMGs of the tattoo industry in Queensland. Since October 2013, 163 intelligence reports in relation to CMGs have been disseminated to partner LEAs.

- During the reporting period the CMC has undertaken three prolonged investigations focusing on criminal organisations. To date, these investigations have resulted in 39 persons being charged with 166 offences and the seizure of dangerous drugs with an estimated street value of \$3.768m. These investigations are ongoing.

The CMC also received funding for a three-year period from January 2014 for an additional proceeds of crime team. This was provided to help administer the unexplained wealth order scheme and the serious drug offender confiscation order scheme (see page 11), as well as the increased proceeds of crime referrals resulting from the QPS's activity surrounding CMGs.

During the reporting period the CMC received 38 proceeds of crime referrals from the QPS that are considered to have links to CMGs; 22 of these were deemed suitable for confiscation action and involve restrained property to the value of \$3.734m. Assets currently under restraint which are owned or under the effective control of CMGs or their associates are valued at approximately \$21.539m.

Our extensive liaison with government agencies and LEAs also enables frequent exchange of information for law enforcement purposes. In 2013–14 we disseminated 168 classified intelligence reports on major crime in Queensland to a range of state, Commonwealth and international agencies. We also disseminated 5 strategic intelligence reports on emerging issues and trends to both law enforcement and government audiences.

Operation Lithium

The illicit methylamphetamine market is assessed by the CMC as the illicit market causing the greatest threat to Queenslanders – due to the harms associated with methylamphetamine use, the size of the market, and the entrenched presence of organised crime in that market.

This year saw the closure of Operation Lithium, a multi-jurisdictional organised drug trafficking investigation conducted jointly with the New South Wales Police Force. The operation targeted a Queensland-based crime network allegedly responsible for distributing precursor chemicals used in producing methylamphetamine. It will be alleged the network was distributing ContacNT[®], a chemical which can be used to extract pseudoephedrine, which in turn is used to produce methylamphetamine.

As a result of the operation:

- 8 kg of precursor chemicals were seized, with the potential to produce methylamphetamine with an estimated street value of approximately \$1.296m
- assets to the value of \$1 008 079 were restrained
- 5 people were charged with 32 offences.

The main target of the operation was selected due to his alleged long-term involvement in organised crime in Queensland and his strategic significance as the alleged conduit between Queensland-based organised crime networks and NSW syndicates with the ability to source large quantities of imported precursors.

Proceeds of crime

Our proceeds of crime activity enables the recovery of illegal gains and other property from criminals for the benefit of the people of Queensland.

The CMC works in partnership with the QPS and the Office of the Director of Public Prosecutions (ODPP) in identifying and litigating proceeds of crime matters. It also deals extensively with the Public Trustee of Queensland, who is responsible for managing restrained property.

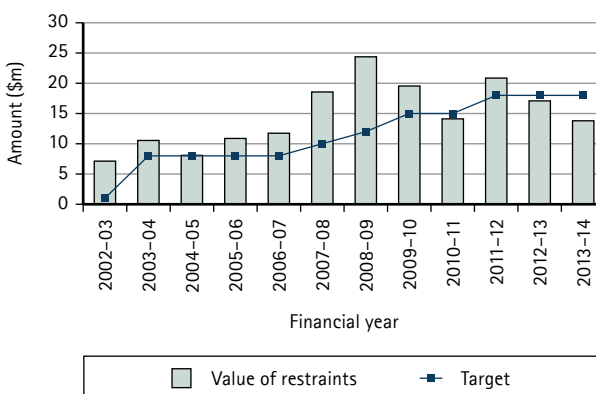
The CMC administers the non-conviction-based civil confiscation scheme contained within Chapter 2 under the *Criminal Proceeds Confiscation Act 2002* (CPCA). Under this scheme, property is liable to be restrained if it belongs to, or is under the effective control of, someone who is suspected of having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

The proceeds of crime team assesses all matters received for proceeds of crime assistance to determine the most appropriate scheme to use, based upon the prospects of success and the best return for the State.

During the financial year, 111 referrals were made to the CMC for proceeds of crime action, 87 per cent of which were from the QPS. This has considerably surpassed last financial year's total of 66 referrals.

In addition, some matters that would have previously been rejected can now be pursued under the new provisions. As a result, the acceptance rate of referrals has increased by up to 20 per cent when compared with the previous two financial years. The CMC considers that this increase results

Figure 1. Estimated net value of criminal proceeds restrained (target compared with actual), 2002–03 to 2013–14



from both of the new legislative provisions but particularly from the serious drug offender confiscation order scheme.

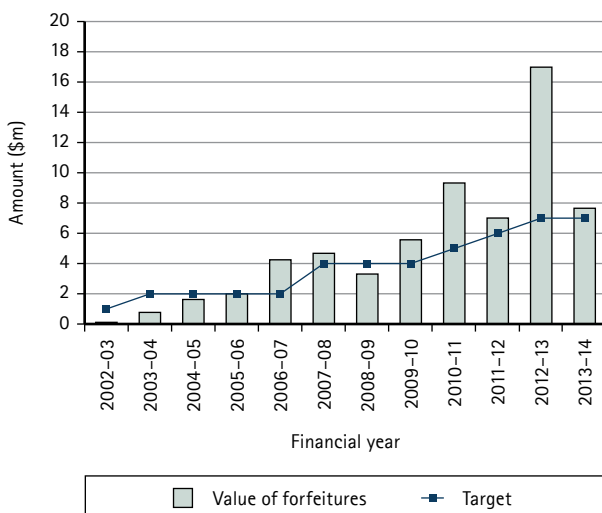
Currently, the proceeds of crime team is litigating 97 matters involving property valued at \$54.010m.

In 2013–14 the CMC proceeds of crime team:

- Forfeited assets to the value of \$7.654m, exceeding the annual target of \$7m; this included the forfeiture of \$4.3m in cash seized by the QPS during the financial year. This is the largest single cash forfeiture since the commencement of the CPCA.
- Finalised 30 civil confiscation matters.
- Obtained 65 restraining orders over property valued at \$13.799m, against an annual target of \$18m. This includes 9 restraining orders over property valued at \$1.808m under the serious drug offender confiscation order scheme. A further 8 matters are being prepared for litigation under the serious drug offender confiscation order scheme.
- Since 6 September 2013, one application for unexplained wealth has been filed and is currently before the court.

The value of restraining orders was less than the target for the financial year. Contributing to this outcome was the implementation of unexplained wealth and serious drug offender confiscation provisions. These involve more complex matters which take longer to finalise. Although new staff have been recruited and are being trained to manage this increased work, these factors affected the productivity of the team.

Figure 2. Net value of assets forfeited (target compared with actual), 2002–03 to 2013–14



Proceeds of crime – legislative changes in 2013–14

Significant amendments were made to the *Criminal Proceeds Confiscation Act 2002* (CPCA) commencing 6 September 2013. They introduced unexplained wealth order provisions and a serious drug offender confiscation order scheme.

The unexplained wealth order scheme is a component of Chapter 2 of the CPCA. It provides that, if the Supreme Court is satisfied there is a reasonable suspicion a person has engaged in one or more serious-crime-related activities and any of the person's current or previous wealth was acquired unlawfully, an unexplained wealth order must be made. The value of the unexplained wealth must be assessed under the provisions of the CPCA and is a debt payable to the State.

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

The CPCA was also amended to allow hardship applications to be made by dependents of persons subject to forfeiture and money order penalties under the Chapter 2 and 2A schemes of the CPCA.

Proceeds of crime results since 2002

Since the Criminal Proceeds Confiscation Act came into operation in 2003, our team has been instrumental in delivering to the people of Queensland:

- \$176.733m in assets restrained
- \$63.17m in assets forfeited.

Criminal paedophilia

The CMC's criminal paedophilia team is a multidisciplinary unit dedicated to investigating internet-based offending, repeat offenders and paedophile networks. The team works closely with QPS Task Force Argos, QPS regional Child Protection Investigation Units, Offices of the Commonwealth and Queensland Office of the Director of Public Prosecutions (ODPP), and interstate and international law enforcement agencies. We place particular priority on disseminating any information uncovered by our investigations to other jurisdictions worldwide, with the aim of identifying offenders in advance of any contact offending with children.

The focus of the team is proactively targeting offenders based in Queensland who are networked (including individual networks) and actively trading in child exploitation material and targeting children. This type of offence attracts a much higher penalty (25 years imprisonment under Commonwealth legislation introduced in 2010) and is significantly more resource intensive, requiring a substantial degree of forensic analysis from the beginning of the investigation.

To this end the team has dedicated computer forensic officers who work closely alongside investigators with the ability to be deployed operationally.

In 2013–14, 10 criminal paedophilia investigations were finalised, resulting in 12 persons charged with 148 offences relating to the possession, distribution and production of child exploitation material. These offenders posed a direct and indirect risk of contact offences against a number of children in Queensland and other jurisdictions.

To date, 6 persons have been convicted within Australian courts of the Commonwealth offence of aggravated networking. The CMC was responsible for 50 per cent of those convictions.

Removing our most vulnerable from harm

The CMC's experience is that there is a high degree of correlation between offenders who collect and exchange child exploitation images and those who go on to commit contact offences against children. Of the 12 matters investigated this year, 3 persons were identified as contact offending against children. The children concerned ranged in age between 10 months and 16 years at the time of the offending, and 29 separate incidents were identified. The offences involved included indecent dealing, rape, incest, and making child exploitation material. As a result of our investigations, 8 children who were in a potentially harmful environment or were being directly offended against were identified and removed from harm.

Coercive hearings

Our coercive hearings are used to gather information and evidence not available by other investigative means. If certain legislative tests are met, the CMC makes available its hearings power to support criminal investigations carried out by the QPS and other law enforcement agencies, as well as its own major crime investigations. Assistance is most often sought during investigations into serious crime such as unsolved murders, and in organised crime investigations involving, for example, drug trafficking, money laundering or crimes involving the use of weapons. The CMC holds hearings across the state to ensure that regional QPS investigations receive a similar level of support to those in metropolitan areas.

Hearings held in 2013–14

The CMC has conducted an unprecedented 348 days of hearings in 2013–14. This increase, compared with performance over the preceding 11 years, is the result of legislative changes enabling the holding of intelligence hearings relating to criminal organisations, coupled with an increase in QPS requests for hearings assistance in major crime investigations (primarily murder investigations). See Figure 3.

Intelligence hearings on CMGs

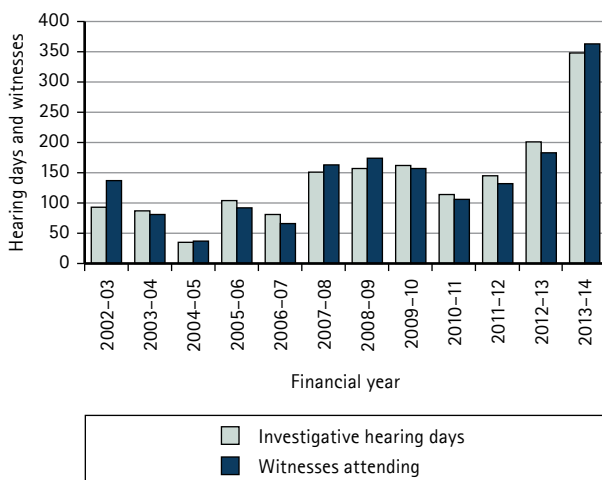
Intelligence hearings have been used to gather up-to-date and otherwise unobtainable intelligence concerning various aspects of CMG activity in Queensland. They have been undertaken by the CMC in close consultation with QPS Task Force Maxima. Using the additional funding provided by government, the CMC established a dedicated hearings team comprising lawyers, intelligence analysts and administrative officers to undertake high-volume intelligence hearings focused on CMGs. These have been held in Brisbane, Sunshine Coast, Bundaberg, Mackay, Townsville and Cairns, with 80 witnesses called to hearings held over 74 days.

Intelligence hearings allow law enforcement agencies to understand how CMGs are operating in Queensland – their involvement in or direction of criminal activities, their presence in otherwise legitimate industries, how they recruit, and how they are reacting to legislative responses. Intelligence gathered from these hearings was disseminated to the QPS and law enforcement agencies. (See "Focus on criminal motorcycle gangs", page 9.)

Major crime hearings

This year our hearings team held a total of 274 days of hearings in relation to 43 major crime investigations. Hearings were held in Brisbane, Coolangatta, Noosa, Hervey Bay, Biloela, Rockhampton, Yeppoon, Sarina, Mackay, Proserpine, Ayr, Townsville, Bowen, Caloundra and Cairns. A total of 283 witnesses were called to these hearings.

Figure 3. Investigative hearing days and witnesses attending, 2002–03 to 2013–14



Major crime hearings were held in support of a range of investigations. They include the following:

- 14 homicides and one attempted murder
- 5 investigations of the murder of or doing of grievous bodily harm to infants
- 5 weapons-related investigations
- 10 drug trafficking investigations
- 2 boiler-room fraud investigations
- 1 money laundering investigation
- 9 CMG-related investigations of offences such as drug trafficking, inter-gang violence, home invasions and firearms trafficking
- 1 criminal paedophilia investigation.

Hearings outcomes in 2013–14

Some examples of hearings outcomes are:

- Between August 2013 and December 2013 we used our weapons general referral to investigate a series of violent incidents involving a shooting and serious assault that allegedly occurred on the Gold Coast in 2013. In the aftermath of hearings, two persons were charged with a range of offences including torture, assault occasioning bodily harm whilst armed in company, and acts intended to maim.
- The CMC undertook a series of hearings in support of a police investigation pursuant to the weapons general referral. As a direct result of the hearings, police recovered an additional 17 unlicensed firearms, including two sub-machine guns, and additional charges were laid, including a charge of perjury.
- In February 2014 the CMC held a series of hearings under our Cronos "vulnerable victims" general referral relating to the suspicious death of a four-week-old baby girl in rural Queensland in 2012. Following the hearings, a man was charged by police with murder, torture and a failure to provide necessaries to the child.
- In March 2014 a witness was called to an intelligence hearing after he was found in a public place in possession of a loaded shotgun, ammunition and drugs. The witness provided information on the source of the weapon, leading to the discovery of multiple illegal weapons and ammunition in the possession of an associate.

Court outcomes from past hearings

Each year, matters in which the CMC has assisted the QPS through conducting investigative hearings proceed to trial. The following are examples of trial outcomes in 2013–14 that were achieved with the assistance of CMC hearings support.

- In 2008 hearings were held as part of a homicide investigation of the death by starvation of twin babies in Brisbane. This year the parents of the babies both pleaded guilty to charges of manslaughter, and both were sentenced to 8 years imprisonment.
- In 2010 hearings were held in relation to a Gold-Coast-based criminal network engaged in the large-scale commercial production of methylamphetamine. In October four men pleaded guilty to producing methylamphetamine over a three-month period in 2010. The principal target was sentenced to 6 years imprisonment.
- In 2011 we held hearings in relation to the murder of a 41-year-old man whose body was discovered in a barrel of cement in the Caboolture River. In December 2013, a 38-year-old man was convicted of the murder and sentenced to life imprisonment. Two other persons had previously been sentenced for their roles as accessories after the fact.
- In 2012 we held hearings under our weapons general referral in relation to the robbery of a Gold Coast hotel and an associated incident in which a man was shot and injured in the course of a drug deal. In June a 21-year-old female was sentenced in the Brisbane Supreme Court to 6 years jail for her role in the robbery and shooting.
- In early 2012 we held extensive hearings in Brisbane and Mount Isa into the drug-related killing of a Mount Isa man in January of that year. In March two men pleaded guilty in the Mount Isa Supreme Court to manslaughter, and were sentenced to 18 years and 7 years imprisonment respectively. A female who provided a false alibi for one of the men received a term of 18 months imprisonment.

Court proceedings arising out of the use of coercive powers

During the year 14 persons were certified as being in contempt of the CMC for either refusing to take an oath or refusing to answer questions at CMC hearings. Six of these matters occurred in CMG-related intelligence hearings, and all except one of the remainder occurred in the context of murder investigations. The Supreme Court imposed penalties ranging from 28 days to 8 months imprisonment.

Four persons were charged with perjury in relation to alleged false evidence given in major crime hearings relating to a murder, a violent assault and a weapons trafficking matter. All matters remain before the courts at this time.

In January a female pleaded guilty to a charge of publishing to a third party information given by her in a closed CMC hearing about a series of armed robberies, contrary to section 202 of the Crime and Misconduct Act. The witness was fined \$700.

In March a 32-year-old man was sentenced to 12 months imprisonment in the Mackay District Court for perjury, cumulative upon a 3-year sentence for drug trafficking. The perjury arose from false evidence given by the witness at a CMC hearing held in 2009 relating to alleged large-scale cannabis production and trafficking by a family-based network operating north of Mackay.

Crime prevention

The CMC has statutory functions to both investigate and prevent major crime. Our prevention efforts aim to identify possible sources of harm within established and emerging crime markets; where appropriate, we communicate this information to law enforcement agencies, policy makers and the public.


This year, our prevention work has focused on illicit drug markets, organised crime networks and stolen weapons recovery.

- In March 2014, a report on using wastewater analysis for drug use monitoring was disseminated to Australian law enforcement agencies. The paper discusses ways in which wastewater can be used by law enforcement agencies to monitor illicit drug consumption in Queensland and inform crime investigation and prevention strategies.
- We have given high priority to collecting information for an intelligence assessment of the new and emerging psychoactive substances (NPS) market. The project examines trends in the market, key drivers, the level of involvement of organised crime groups, marketing techniques, sources (such as online drug marketplaces and regional supply chains) and the implications for law enforcement. It will be published early in the next reporting year.

- We have developed intelligence collection priorities which identify and prioritise the highest risk criminal markets and organised crime groups in Queensland. These priorities influence organisational resource allocation to ensure that we focus on areas of crime of the greatest harm to Queensland.
- We disseminated 168 classified intelligence reports to the QPS and Commonwealth law enforcement agencies, including a more comprehensive picture of the state of organised crime in Queensland.
- We held hearings in four major crime investigations under our weapons general referral which focused on the recovery of illegal or stolen firearms from criminal networks. In the case of registered firearms that had been stolen, the weapons referral enabled us to respond swiftly and to hold hearings soon after the theft of the weapons, before they disappeared into criminal environments and could be used in violent crimes. Through our hearings we assisted the QPS to recover 34 weapons and ammunition, including two sub-machine guns.

Crime publications available on the web

The CMC is committed to keeping the community informed of current issues in law enforcement and crime prevention. All our declassified intelligence and research publications are available on our website.

See  www.ccc.qld.gov.au/crimepublications.

Looking forward

In 2014–15 we will pursue our objective of reducing the impact of major crime in Queensland including:

- The CCC will complete its focus on CMGs, delivering operational, proceeds of crime and intelligence outcomes in the next performance year.
- The CCC general referral from the Crime Reference Committee in relation to terrorism matters will be in place to support G20 operations as required.
- The CCC will continue to use its strategic intelligence capabilities to monitor the Queensland organised crime environment and to direct its operational capabilities at the illicit markets and crime types causing the greatest harm to Queenslanders.

Achievements

- We completed 61 official misconduct investigations. As a result, 8 people have been charged with 138 criminal offences and we have recommended to the Director of Public Prosecutions (DPP) that another 6 people be charged with 35 criminal offences; 28 people have been the subject of 122 disciplinary recommendations.
- Our misconduct prevention officers made 49 procedural recommendations to public sector agencies in response to key gaps or issues identified through serious misconduct investigations.
- We assessed 3943 complaints of official misconduct across the public sector, 89 per cent of which were assessed within 4 weeks (exceeding our target of 85%).
- In our monitoring role, we finalised our reviews of matters we had referred to other agencies to deal with in a median of 12 days.

Misconduct investigations

61 official misconduct investigations completed

8 people charged with 138 criminal offences

6 people recommended to be charged with 35 criminal offences

28 people subject to 122 disciplinary recommendations

Our challenges

Implementing a new workforce structure as well as administrative and business processes to match the legislative framework established in the *Crime and Corruption Act 2001* that commences on 1 July 2014.

Complaints assessed

3943 complaints of official misconduct across the public sector

89% assessed within 4 weeks

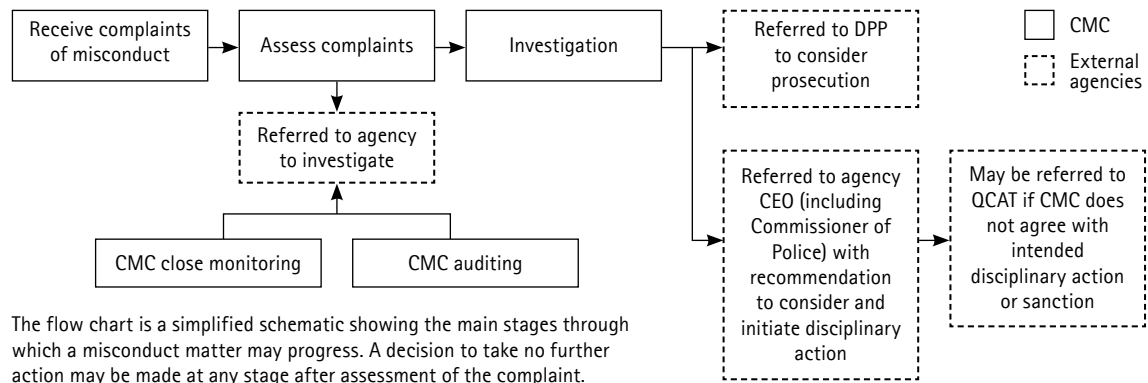
Our role and jurisdiction

Our role is to promote a trustworthy public sector in Queensland and reduce the incidence of misconduct. Our jurisdiction includes all state government departments, the Queensland Police Service (QPS), local governments, public sector agencies and statutory bodies, government-owned corporations, universities, prisons, courts, tribunals and elected officials. Our principal functions concern the receipt, assessment and investigation of allegations of misconduct; these are supported by research, intelligence and misconduct prevention activities.

The major components of our Misconduct role are:

- receiving and assessing complaints
- investigating the most serious misconduct matters
- reviewing and auditing how agencies manage complaints
- working with agencies to prevent misconduct.

Figure 4. Misconduct matters — from complaint to resolution



The CMC is not a court, nor can it discipline anyone as a result of a misconduct investigation. Where it considers further action to be warranted, it can refer matters to the CEO of an agency to consider disciplinary action or to the DPP to consider prosecution. In the case of a disputed sanction, it can request review by the Queensland Civil and Administrative Tribunal (QCAT). In some cases, police officers seconded to the CMC can make arrests and instigate criminal charges.

How misconduct matters come to the CMC

Possible misconduct within the Queensland public sector is brought to the CMC's attention through complaints from the public or from whistleblowers and anonymous sources, or through the CMC's own investigative and intelligence activities. CEOs (including Directors-General) of public sector agencies are also obliged by law to refer to the CMC any suspected official misconduct in their agency.

This chapter first provides an overview of our Misconduct work across all sectors (see page 18). It then describes in more detail our work with the QPS (see page 21) and the public sector (see page 25).

Performance summary

In 2013–14, the CMC exceeded its Service Delivery Statement (SDS) performance target for agency acceptance of recommendations arising out of our investigative, research and prevention work. In our monitoring role we finalised our reviews of matters we had referred to agencies in a median of 12 days, which is shorter than our target of 15 days. While our timeliness in relation to finalised

investigations was short of our target of 85 per cent, the CMC finalised a significant number of investigations that were older than 12 months at the beginning of 2013–14. As a result, as at 30 June 2014, only 2 current matters are older than 12 months (compared with 8 as at 30 June 2013), which places the Commission in a better position to achieve its future targets.

Table 3. SDS service standards

Public sector integrity service standards	Target	Result
Percentage of recommendations to agencies accepted	85	98
Median days to finalise a review matter	15	12
Percentage of investigated matters finalised within 12 months	85	77

Our SDS performance over the past five years is provided in Appendix 1, page 99.

Combating misconduct

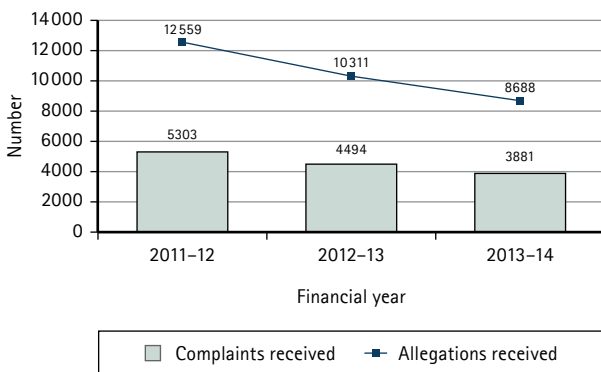
Receiving and assessing complaints

New complaints and allegations

In 2013–14, the CMC received 3881 complaints, which involved 8688 separate allegations. Of the complaints received:

- 65 per cent were referred by public sector agencies
- 34 per cent came from members of the public
- 1 per cent came from government or were initiated by the CMC.

Figure 5: Complaints and allegations received between 2011–12 and 2013–14



The number of complaints received represents a 14 per cent decrease compared with the previous year. The reasons for the continued decrease following 2012–13 can be difficult to identify. In part, it may be due to members of the public and agencies pre-emptively adopting the widely publicised higher threshold for reporting that was recommended by the Independent Advisory Panel's review of the Crime and Misconduct Act and other matters.

Who the allegations were about

Figure 6 shows that, of the allegations made in 2013–14:

- 51 per cent related to police
- 37 per cent related to public sector agencies (including government-owned corporations)
- 11 per cent related to local government
- 1 per cent related to other agencies (mainly involving politicians).

These figures are relatively consistent compared with the last few years.

Figure 6: 2013–14 allegations by sector

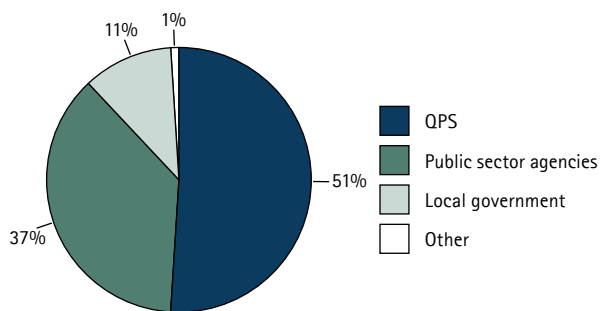
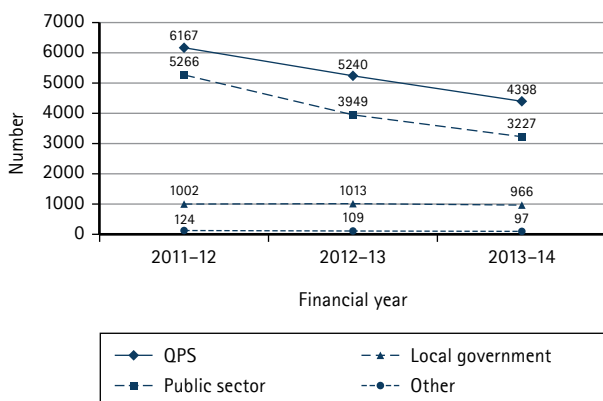


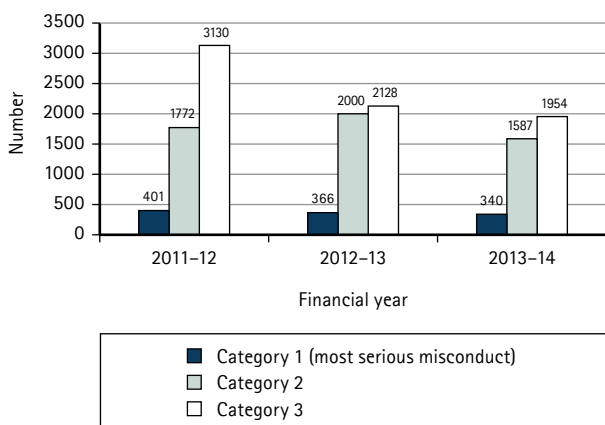
Figure 7: Allegations by sector, 2011–12 to 2013–14



Our assessment of complaints

As part of their assessment, complaints received by the CMC are categorised based on their level of seriousness and sensitivity. Categories 1–3 are matters that fall within the CMC’s jurisdiction, Category 1 matters being the most serious (see Figure 8). Categories 4 and 5 are matters that do not meet the definition of police misconduct or official misconduct.

Figure 8: Categories of complaints received in 2013–14



Of the total 3943 complaints assessed in 2013–14 (including complaints carried forward from 2012–13 but assessed this year), 89 per cent were assessed within 4 weeks of receipt, exceeding our target.

In 2013–14, the CMC retained 51 of the most serious matters for investigation, including joint investigations with other agencies. The majority of complaints assessed (79%) were referred to the originating agency or the QPS to deal with. Around 20 per cent of complaints required no further action.

CMC oversight of complaints managed by agencies

The number of complaints the CMC receives means that the CMC cannot investigate all matters. Our legislation also states that, as long as the public interest is safeguarded and the agency has capacity, action to prevent and deal with misconduct should generally happen within that agency.

Most complaints are dealt with by the relevant agency investigating the matter or taking managerial action, in some cases subject to specific monitoring by the CMC. For example, we may oversee an agency’s investigation

while it is taking place, or review interim or final reports as an investigation progresses and before any disciplinary or other managerial action is taken. Oversight of less serious matters is limited to the agency only notifying the CMC of the outcome. (However, these matters may also be audited.)

In 2013–14, the CMC completed 308 reviews of agency-managed complaints. The CMC was satisfied with the way in which public sector agencies (including the QPS) dealt with these matters in 91 per cent of the cases, which is comparable to last year. The median time taken to complete a review was 12 days, which is faster than our target of 15 days.

Matters audited by the CMC

Audits are a strategy in our oversight role that enable us to scrutinise how high-risk matters have been dealt with by an agency. In 2013–14, the CMC conducted two audits:

- A compliance and integrity audit of the way in which complaints related to inappropriate associations between public service officers and criminal motorcycle gangs (CMGs) were dealt with by the QPS and other public sector agencies.
- An audit of matters referred back to public sector agencies where the investigations had been outsourced to external investigators. (These matters were ones that required review by the CMC, which it carried out in the 2012–13 financial year.)

For further details, see pages 23 and 29.

The most serious complaints retained for CMC investigation

The CMC investigates the most serious cases of alleged official misconduct. These investigations are conducted by multidisciplinary teams comprising police, civilian investigators, lawyers, intelligence analysts, financial investigators and prevention officers. These decisions to investigate matters, either by the CMC only or in cooperation with a public sector agency, are based on factors such as:

- the nature and seriousness of the alleged misconduct, particularly if there is reason to consider it is prevalent or systemic in an agency
- whether our special powers will be needed to effectively investigate the matter

- whether the relevant agency has the capacity and resources to effectively deal with the misconduct
- whether the public will be more confident if the misconduct is dealt with by the CMC directly.

Table 4: Misconduct investigations

CMC investigations	Number
Investigations brought forward from 2012–13	37
New investigations 2013–14	53
Finalised investigations 2013–14	61
Investigations carried forward into 2014–15	29

The CMC received specific funding over the 2013–14 financial year to establish a team to focus on CMG-related activities to decrease CMG members' influence on and access to QPS and public sector personnel. This team was established in January 2014 and, in the 6 months to 30 June 2014, it has completed 11 investigations resulting in 16 recommendations to the QPS to consider disciplinary action.

In 2013–14 the CMC commenced 53 investigations, including cooperative investigations. This year saw considerable resources being directed to a number of large, complex public sector investigations, which restricted the CMC's capacity to investigate other matters.

One strategy that the CMC may use to progress an investigation is to hold investigative hearings. The CMC's power to convene hearings and compel witnesses to give evidence is one of the fundamental differences between the CMC and a standing law enforcement agency (such as the QPS). The purpose of a hearing is not to decide an issue, but to progress an investigation by discovering new evidence.

In 2013–14, we held 16 days of hearings in support of 4 investigations into matters concerning release of confidential police information, misuse of authority in relation to recruitment and selection, and electoral bribery.

Outcomes of our investigations

In 2013–14 the CMC finalised 61 misconduct investigations. As a result of these investigations:

- 138 criminal charges were laid against 8 people
- 35 additional recommendations for criminal charges were made to the DPP against another 6 people
- 122 recommendations for disciplinary action against 28 people were made to the relevant agency.

Significant investigations completed this year are highlighted later in this report.

Improving the timeliness of our investigations

This year the CMC implemented initiatives aimed at improving the timeliness of investigations. They include:

- Limiting the number and type of misconduct investigations retained by the CMC, thereby creating greater resources and scope to complete existing investigations.
- Early identification of and withdrawal from investigations that are not considered an effective use of resources.
- Establishing more efficient procedures to obtain written statements and audio recordings.
- Co-location of QPS investigators at the CMC to conduct high-profile or sensitive investigations.
- Reviewing our priorities for engaging in joint investigations with agencies.
- Review of delegations and decision making.

These initiatives considerably reduced the number of CMC investigations exceeding 12 months.

In relation to the investigations completed in 2013–14, 77 per cent (47 investigations) were finalised within 12 months. With only 2 current matters remaining that are older than 12 months as at 30 June 2014, the CMC is in a better position for the future to meet its target of 85 per cent.

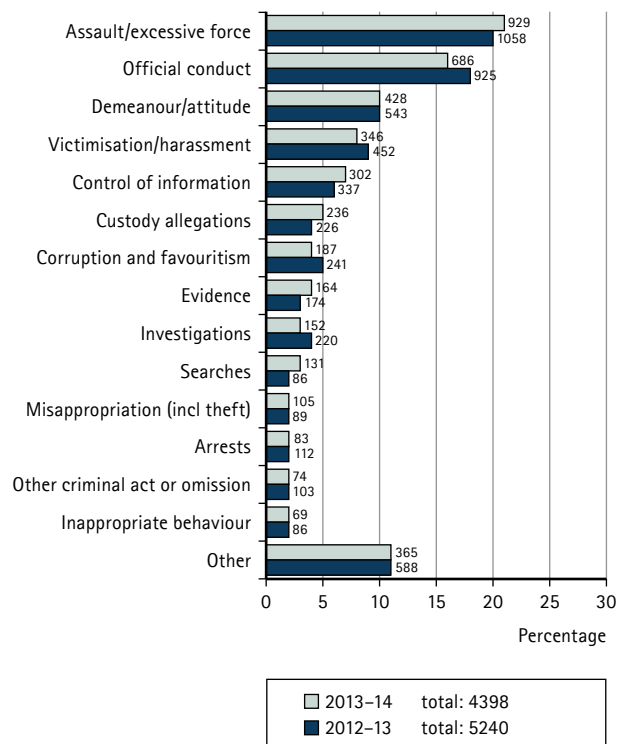
Queensland Police Service

Assessment of police complaints

In 2013–14, we received 1839 complaints containing 4398 allegations against Queensland police officers; the number of complaints received was 16 per cent lower than in 2012–13. Overall, as noted earlier, allegations against police represented about 51 per cent of the total allegations received by the CMC.

Allegations of assault/excessive force; official conduct (such as misuse of police powers); inappropriate demeanour or attitude; victimisation or harassment; inappropriate access to and/or disclosure of confidential information; and custody-related concerns accounted for almost 67 per cent of the total misconduct allegations against police (Figure 9).

Figure 9. Allegations against police, 2012–13 and 2013–14



Where possible, the CMC and the QPS record whether complaints about police involve incidents with Indigenous people. Similarly to last year, Indigenous complaints comprised 7 per cent of the total complaints made against police. The three most common allegations focus on interactions between Indigenous people and police – allegations of assault/excessive force; victimisation or harassment; and inappropriate demeanour/attitude accounted for 60 per cent of the total allegations made by Indigenous people against police.

Timely assessment of complaints against police

A Joint Assessment Committee (JAC) involving the CMC and the Ethical Standards Command of the QPS continues to jointly assess the most serious complaints referred to the QPS to deal with. The focus of the committee is on maintaining the efficiency and timeliness of the complaint process, and concentrating investigative effort.

In 2013–14 the JAC convened on 33 occasions and considered 137 matters: 7 per cent of matters were identified as not requiring further action, and a further 31 per cent were considered serious enough to warrant a full investigation. Of the remaining 62 per cent of matters, the committee reached agreement on the level of investigative effort required and timeframes for finalising the matters.

There was a 4 per cent decrease in matters being assessed by the JAC during 2013–14, partly due to the CMC's shift to focus on more serious matters. The JAC meetings also enable other sensitive matters to be discussed, and over the year there were discussions about a further 55 matters of mutual concern.

CMC investigations into allegations of misconduct

In 2013–14, the CMC conducted 27 investigations into 150 allegations of police or official misconduct. The most common types of allegations investigated related to official conduct (duty failures); the unauthorised release of information from the QPS database; inappropriate relationships with members of criminal organisations; and misuse of authority for personal benefit. As a result of our investigations, the CMC recommended that 10 criminal and 93 disciplinary charges be instituted against 17 persons.

Investigation into a police officer's interactions with members of the public

In June 2012, the CMC commenced an investigation into allegations concerning a serving QPS officer's interactions with members of the public arising from separate incidents. In September 2012, two days of coercive hearings were held where three witnesses were examined. A further 45 interviews were conducted during the course of the investigation. The subject officer was stood down by the QPS pending the final outcome.

Review of the police discipline system (the SETS Review)

In 2011, the former state government commissioned an independent review of the Queensland police complaints, discipline and misconduct system. In May 2011, its report, *Simple effective transparent and strong* (SETS), made recommendations aimed at improving public confidence in how police complaints and disciplinary matters are dealt with.

In late 2011 the former government endorsed an implementation plan, with recommendations due for completion over a two- or three-year period. However, following the election of the new state government in March 2012, the QPS initiated a further project to develop a new discipline system for the QPS. The CMC has been included in ongoing consultation and has responded to various QPS discussion papers in 2013–14. That work is ongoing.

The CMC's 2013–17 Strategic Plan includes a strategic priority to respond to changes to the police complaints, discipline and misconduct system.

In October 2013, the CMC commenced criminal proceedings against the subject officer for the following offences: assault (two counts); deprivation of liberty; misconduct in public office; perjury (three counts); and damaging evidence with intent (alternatively, misconduct in public office).

An investigation report and disciplinary brief was forwarded to the QPS Ethical Standards Command in February 2014 for consideration of disciplinary action against the primary subject officer for 56 disciplinary offences, and another 5 subject officers for a total of 9 disciplinary offences. As at 30 June 2014, this matter remains ongoing.

Allegations of abuse of office by police officer

After investigating allegations that a police officer from the South Eastern Region abused his position as a police officer by charging a female person with criminal offences for an improper purpose, the CMC issued that police officer with a Notice to Appear in court on one charge of abuse of office, contrary to section 92 of the *Criminal Code*. This matter is now before the courts.

Allegations of abuse of office to benefit criminal and social associates

In November 2012 the CMC commenced an investigation into allegations that a current serving police officer at the commissioned officer rank was abusing the authority of his office and position for the benefit of criminal and social associates. The abuse related to allegations of unauthorised release of information, the accessing of restricted areas without justification, attempting to influence public officials, and improper conduct.

The subject officer was stood down by the QPS pending the final outcome of the CMC investigation. In May 2014, the CMC referred 11 allegations to the QPS for consideration of disciplinary action. This matter remains ongoing.

Oversight of the QPS

The CMC monitors the QPS's handling of complaints through various mechanisms. These include overseeing the investigation of serious incidents involving police; settling initial investigative steps to be taken by the QPS in a matter; overseeing an investigation while it is taking place; and reviewing interim or final reports as an investigation progresses and before any disciplinary or other action is taken. We may also audit the way the QPS has dealt with a general class of complaints or dealt with particular areas of focus.

In 2013–14:

- the CMC conducted a compliance and integrity audit of the way in which complaints relating to inappropriate associations between public service officers (including police) and criminal motorcycle gangs (CMGs) were dealt with by the QPS and other public sector agencies. The findings of this audit indicate that public sector agencies appropriately dealt with complaints of this nature.
- A total of 128 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 matters in 95 per cent of the cases, compared with 94 per cent in 2012–13. In the remaining matters, we identified a range of concerns and raised them with the QPS, including unexplained delays in completing inquiries or investigations, and poor analysis of the available information.

Last year we reported on our review of police discharge of firearms, in particular, where police shot at moving vehicles. In 2012–13, the CMC sent its review report and recommendations to the QPS. As at 30 June 2014, the matter is still ongoing.

CMC oversight of police-related deaths and other significant police incidents

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

This year the CMC responded to 6 police-related deaths across the state. They included self-harm by civilians resulting in death, a siege and a police shooting. The CMC attended each incident to:

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

Where the CMC has deemed further investigation is warranted, these matters have been referred accordingly.

Police discipline matters

Under Chapter 5, Part 2 of the Crime and Misconduct Act, the CMC may apply to QCAT for a review of a "reviewable decision" (which includes decisions relating to police misconduct made by the QPS against police officers). Once QCAT decides a matter, it is open to the CMC or the other parties involved (that is, the QPS decision maker and the officer who is the subject of the disciplinary matter) to appeal the matter to QCAT in its appeal jurisdiction. A further right of appeal lies from the QCAT appeal jurisdiction to the Queensland Court of Appeal.

In 2013–14 the CMC examined 46 reviewable decisions and was involved in the review or appeal of 14 police disciplinary matters in the QCAT, QCAT appeal and the Queensland Court of Appeal jurisdictions.

Each of the matters had originally commenced by application brought by the CMC, in which we had considered that either the findings were inconsistent with the relevant law and facts, or the sanctions were disproportionate to the facts. Nine of the cases were resolved over the course of the year.

Of the 14 matters, 11 remained in the QCAT jurisdiction, 2 progressed to the QCAT appeal jurisdiction (both of which are still ongoing this financial year) and 1 progressed to the QCAT jurisdiction (now resolved).

Nine matters were resolved in the QCAT review jurisdiction, as follows: 1 of the QCAT review applications was resolved by the CMC withdrawing its application to review following a compulsory conference; 3 were resolved by consent of all the parties following compulsory conferences; 1 was resolved in favour of the CMC; and 4 matters resulted in the confirmation of the original QPS decision.

The most significant review or appeal case finalised this year was the following.

Review of the sinking of the *Malu Sara*

This case revolved around the tragic loss of a motor vessel, the *Malu Sara*, and all five people on board in the Torres Strait in 2005. Following an inquest in 2009, an Assistant Police Commissioner took disciplinary action for police misconduct against the police sergeant in charge of the search and rescue operation. On 9 March 2011 the Assistant Commissioner found that the sergeant had failed to carry out his search role as required, and demoted him to a senior constable rank for two years but suspended the demotion.

Originally, QCAT rejected the CMC's application to replace the suspended demotion with an absolute demotion; however, the QCAT Appeal Tribunal later upheld the CMC's appeal and demoted the sergeant absolutely.

The sergeant then appealed to the Queensland Court of Appeal. By a majority of two judges to one, the Court of Appeal upheld the sergeant's appeal on 11 March 2014, effectively confirming the suspended demotion the Assistant Police Commissioner had originally imposed three years earlier.

CMC policing research

CMC policing research focuses on police methods of operation, police powers and their use, and law enforcement by police. Our work over the past year included the following.

Police use of force monitoring program

The CMC routinely monitors the type, frequency and nature of recorded QPS "use of force" incidents. This monitoring program allows us to identify notable trends in police use of force in a timely manner and inform possible further research, monitoring or audit projects by the CMC.

Inventory of QPS use of force monitoring and review processes

Previous research and investigations conducted by the CMC identified deficiencies in the processes used by the QPS to monitor and review use of force incidents. Building on this work, this project benchmarked QPS policies and processes against those in other Australian jurisdictions and international best practice. We found that while QPS processes are largely consistent with Australian and international best practice, in some areas QPS processes fall below standards set in other jurisdictions.

Monitoring police ethics: a 2013 survey of Queensland recruits and first-year constables

The CMC surveyed 590 recruits and first-year constables (FYCs) to gain some insight into the professional values, knowledge and perceptions of recruits and FYCs. The results indicate that the QPS can improve their officers' intention to report misconduct by clearly communicating the organisation's expected standards of behaviour, and by addressing officers' concerns about the degree of protection and support they might expect from peers, supervisors and the organisation.

Audit of community safety plans in discrete Indigenous communities

In 2013 the CMC commenced a project to review crime and safety planning in discrete and remote Indigenous communities. Specifically, it examined the degree to which police prioritised crime prevention strategies and how well these aligned with the crime prevention strategies identified in local plans. The report, published in June 2014, showed wide variability in progress with community safety planning. It outlined the factors that have impeded community safety planning and reviewed the processes used to conduct the planning and the content of the plans. It also included observations that may assist people responsible for continuing work on community safety plans, police working in Indigenous communities, and those who design and implement reforms in Indigenous communities.

This review of community safety planning is the last in a series of activities undertaken by the CMC specifically in response to recommendations made in our 2009 report *Restoring order: crime prevention, policing and local justice in Queensland's Indigenous communities*.

Police interviewing police

This project examines the extent of compliance with the QPS investigative interviewing model when police interview police subject officers. It seeks to measure the nature and extent of non-compliance in police interviews of police subject officers, and determine what factors affect the level of compliance. Findings from this review will inform the debate about the appropriateness of internal investigations and may assist the QPS in the development of policies, procedures and training in investigative interviewing of police subject officers and generally.

Public sector (including local government)

Assessment of public sector complaints

In 2013–14, the CMC received 1818 complaints containing 3227 allegations against public sector employees. The number of complaints received was 10 per cent lower than in 2012–13 and continued a downward trend. As previously mentioned, the reasons for the continued decrease can be difficult to identify but could indicate an early adoption of the higher threshold for reporting complaints to the Commission.

The 3227 allegations against public sector employees represented around 37 per cent of total allegations received by the CMC. Allegations of inappropriate official conduct; assault; misappropriation; corruption and favouritism; and victimisation or harassment accounted for 71 per cent of the allegations made against officers from public sector agencies, excluding local government (Figure 10).

In the local government area the CMC received 355 complaints of official misconduct, which is comparable to the previous year. The complaints contained 966 allegations, or 11 per cent of all allegations made to the CMC. Of these:

- 7 per cent involved local governments
- 15 per cent were against councillors
- 78 per cent were against local government employees.

Misconduct allegations of corruption and favouritism, inappropriate official conduct, and misappropriation accounted for 68 per cent of the allegations made against officers of local governments (Figure 11).

Figure 10: Types of allegations — public sector

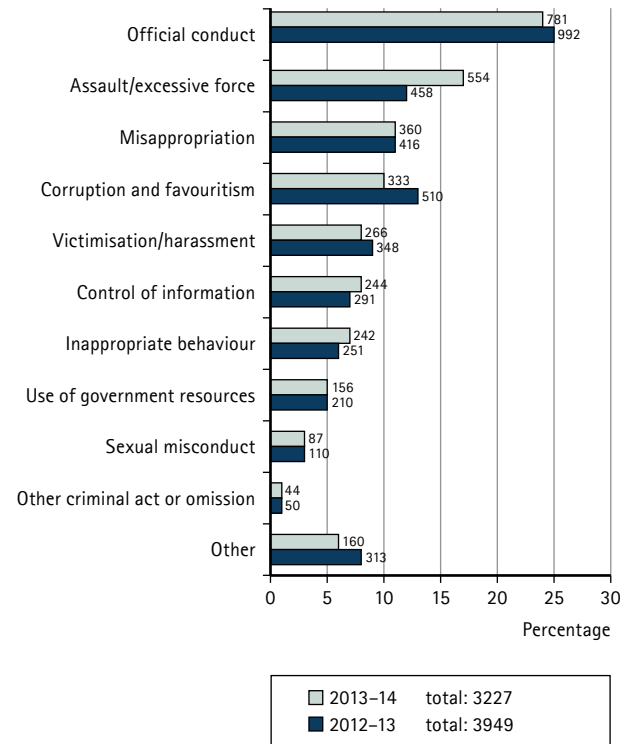
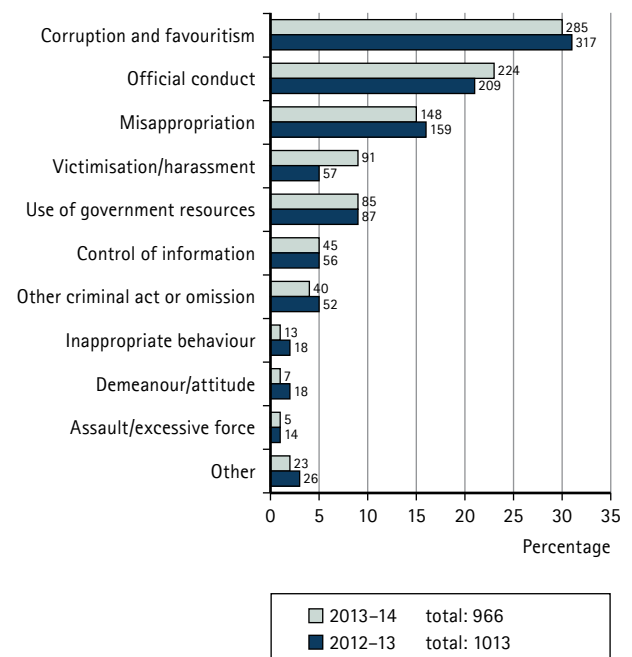


Figure 11. Types of allegations — local government



Independent assessments of public sector complaints

In 2013–14 the CMC engaged retired Supreme Court Justice Stanley Jones AO QC to assess two complex complaints of suspected official misconduct, each requiring consideration of the legislative frameworks of specialised public sector environments, as well as voluminous material. Details of these matters are provided below.

Concerns in relation to the approval process for coal seam gas projects

In September 2013, Mr Jones provided his final report to the CMC on matters relating to the approval of two major coal seam gas projects. Mr Jones's assessment focused on three sets of allegations:

- That undue pressure was placed on departmental officers and consultants, and that not enough time was allowed to assess the environmental impacts of projects and to draft appropriate conditions.
- That the environmental impact statement processes for the projects breached the statutory provisions relating to environmental protection.
- That there was undue influence on decision makers, including an allegation that one of the assessment processes was corrupted.

In relation to the first set of allegations, Mr Jones concluded that, while considerable time pressure was placed on departmental officers to meet imposed timelines, there was no evidence that this was imposed by external agencies or unfairly by senior officers. In relation to the second set of allegations, Mr Jones found no evidence that any officer either breached statutory provisions or knowingly facilitated such a breach. Mr Jones concluded that there was no evidence that raised a suspicion of official misconduct and no grounds to warrant further investigation. In relation to the third set of allegations, Mr Jones found no evidence to support allegations of undue influence.

Mr Jones concluded that he could not find any evidence on which a complaint of official misconduct against any person could reasonably be based, and no circumstances which would justify further investigation under the Crime and Misconduct Act.

Having been informed by Mr Jones's consideration of this matter, the CMC assessed the complaints and decided to take no further action. It is important to note that the CMC's jurisdiction and assessment of this matter related to the question of whether any person had committed official misconduct.

Queensland Health Senior Medical Officers

In March 2014, the Queensland Audit Office (QAO) referred its report *Right of private practice: Senior Medical Officer conduct* to the CMC. The QAO audit was conducted to ascertain whether Queensland Health Senior Medical Officers (SMOs) were participating in the right of private practice (RoPP) scheme with probity and in compliance with their contractual conditions. The report concluded that a number of SMOs were:

- treating private sector patients in public hospitals and retaining this income in breach of their right of private practice contract, or
- treating private sector patients in public hospitals, without a right of private practice, and retaining the income. The SMOs were being paid by the public hospital and earning private sector income at the same time —effectively double-dipping and in breach of the *Health Insurance Act 1971* (Cwlth).

The CMC engaged Mr Jones to provide advice to inform the CMC's assessment of this matter. The CMC is assessing the information provided by the QAO and the advice of Mr Jones to determine how the matter should be most appropriately dealt with. This matter is ongoing.

CMC investigations into allegations of official misconduct

In 2013–14, the CMC completed 34 investigations into 232 allegations of official misconduct in the public sector (including local government). The three most common types of allegations investigated were corruption and favouritism (misuse of power and authority) (34%); inappropriate official conduct (duty failures) (26%); and misappropriation (18%).

As a result of our investigations, we recommended that 128 criminal and 29 disciplinary charges be instituted against 18 persons. A further 35 recommendations for criminal charges are awaiting advice from the DPP.

How the CMC cooperates with public agencies in investigating misconduct

The CMC may investigate misconduct independently, but in some situations it may choose to conduct joint investigations with other agencies. This enables those agencies to access the CMC's unique powers as well as its in-house expertise in intelligence, financial analysis, forensic computing, research and prevention. Under the Crime and Misconduct Act, the CMC can also assume responsibility for an investigation if the public interest requires – for instance, when information about more serious misconduct arises during an investigation, or when an investigation by an agency is not being conducted effectively.

Allegations of suspected official misconduct at the Department of Transport and Main Roads

In September 2012, the CMC commenced a misconduct investigation into the process surrounding the appointment of a departmental officer by the former Director-General of the Department of Transport and Main Roads. On advice from the Director of Public Prosecutions the CMC determined that it would not lay criminal charges.

Investigating allegations of electoral bribery

In 2011 the CMC investigated an allegation that an inducement was offered to member of parliament Dr Bruce Flegg to vacate his seat of Moggill. The CMC found no evidence to support the allegation and no further action was taken. In June 2013, the CMC received new material relevant to this matter. After assessing this material, the CMC determined that it was appropriate to reopen its original investigation.

The CMC engaged former District Court Judge Mr Gary Forno QC to oversee the reopened investigation and to carefully consider the evidence. The reopened investigation found (in line with the earlier investigation) that, although the seat of Moggill was a topic of discussion among members of the Liberal National Party prior to the state election, there was no evidence that a criminal offence of electoral bribery was committed within the meaning of section 98C of the *Criminal Code*.

A brief of evidence in relation to the provision of false evidence to the CMC is under consideration.

Alleged misuse of public office

In January 2014, the CMC finalised its investigation into allegations that a then member of parliament, Mr Scott Driscoll, unlawfully used his electoral office to run a commercial business and fraudulently misused parliamentary property. As at 30 June 2014 a brief of evidence is under consideration.

Allegations concerning inappropriate disposal of scrap metals

In October 2012, the CMC received information raising allegations of suspected official misconduct by a number of former and current public service employees and contractors. The allegations concerned employees dealing inappropriately in respect of the disposal of scrap metals (such as electrical wiring) and government-owned furniture.

The investigation involved examination of numerous documents as well as interviewing 32 witnesses, including subject officers.

In May 2014, the CMC referred the allegations to the department for consideration of possible disciplinary action and post-separation disciplinary action against the former employees.

Allegations of official misconduct at a university

In July 2012 the CMC commenced an investigation into allegations of corruption, favouritism and misappropriation by a senior manager in the university sector. The allegations related to the senior manager receiving significant undeclared gifts and benefits from private contractors engaged by the university.

The CMC substantiated eight allegations and, in December 2013, referred them to the university for the purposes of disciplinary action. The officer was dismissed.

Allegations of fraud by Queensland Health employee

In June 2012, the CMC commenced an investigation referred to it by Queensland Health, in relation to allegations that a coordinator of Queensland Health's payroll division had claimed and been paid a significant amount of overtime that was not authorised. It was alleged that some of the subject officer's claimed overtime had not been worked, and/or had not been approved by the respective line managers.

In March 2014, a brief of evidence was delivered to the DPP for consideration of commencing a criminal prosecution for fraud-related offences. In May 2014, the DPP advised that criminal charges were warranted and that each false claim should be separately charged. On 28 June 2014, the subject officer was served with a notice to appear for 46 offences of fraud pursuant to section 408C of the *Criminal Code*. This matter is now before the courts.

Allegations that a public servant received secret commissions

In December 2010, the CMC completed an investigation into allegations that a senior manager of a facility on the Gold Coast operated by the former Department of Innovation, Information, Economy, Sport and Recreation had received secret commissions in excess of \$130 000 from a private cleaning/maintenance contractor at the facility.

The CMC's investigation identified 59 separate payments totalling \$133 664.45 that were allegedly made from contractors to the senior manager. In May 2014, the CMC served him with a Notice to Appear in court on 59 charges of receiving secret commissions contrary to section 442B(a) of the *Criminal Code*. This matter is now before the courts.

As part of the same CMC investigation, a cleaning, maintenance and security contractor was charged with fraud in May 2013. The 49-year-old man appeared on 7 March 2014 before the Brisbane District Court and was sentenced to 18 months imprisonment wholly suspended for two years. He was also ordered to pay \$18 345.90 in restitution to the Department of National Parks, Recreation, Sport and Racing.

Allegations of demands and threats on government

In December 2012 the CMC commenced an investigation into allegations that, after a state government employee's employment was terminated in November 2012, he threatened to release information and make a complaint to police unless he was re-employed in another role in the government.

In June 2014, after having referred the matter to the DPP for consideration, the CMC issued the former state government employee with a Notice to Appear in court on one charge of demands with menaces upon agencies of government, contrary to section 54A of the *Criminal Code*. The matter is now before the courts.

Allegations of official misconduct against former Vice-Chancellor and Deputy Vice-Chancellor of the University of Queensland

In September 2013 the CMC tabled its report on allegations relating to the admission of the daughter of the then Vice-Chancellor of the University of Queensland into the School of Medicine. It recommended that the Crime and Misconduct Act be amended to make it clear who has the responsibility to report official misconduct to the CMC in circumstances where the allegations are made against the public official himself/herself. The government accepted the recommendation, and section 48A of the *Crime and Corruption Act 2001* now requires agencies to have a policy to deal specifically with this situation.

The report called on all public sector agencies to consider whether their policies and procedures anticipated, and how they would deal with, the challenging circumstances of allegations of official misconduct being made against their most senior officers. The report is available at www.ccc.qld.gov.au/uq.

Major fraud at Queensland Health

In September 2013, the CMC tabled its report *Fraud, financial management and accountability in the Queensland public sector: an examination of how a \$16.69 million fraud was committed on Queensland Health*. This was the final formal stage of its investigation into the fraud perpetrated by Joel Barlow and the work environment that facilitated his actions. The report included lessons learned from the Queensland Health experience and recommendations to managers and staff of public agencies. The report is available at www.ccc.qld.gov.au/qhealth.

The response to the report indicates that the lessons from the Barlow fraud are gaining traction within the Queensland public sector. For example:

- In the wake of the investigation, QHealth introduced a number of important fraud awareness initiatives.
- In February 2014 the Hon. Scott Emerson, as Acting Minister for Health, issued a press release citing the report and reiterating the importance of vigilance in financial management, managerial standards and accountability, acceptance of gifts and benefits, and fraud awareness and prevention.

The CMC has been requested to give presentations on fraud awareness, the learnings from the Barlow case, internal personnel security (including the indicators of high-risk employees) and other management lessons to a number of forums and peer organisations.

Oversight of the public sector

The CMC has a statutory obligation to monitor the way in which public sector agencies deal with matters of suspected official misconduct referred to them by the CMC. The CMC may perform this function by auditing the way the agencies deal with a complaint or class of complaints.

The CMC completed an audit of matters referred to public sector agencies where the investigations had been outsourced to external investigators. (These matters were ones that required review by the CMC, which it carried out in the 2012–13 financial year.)

The purpose of the audit was to comment on whether the outsourcing of investigations by agencies is an efficient use of resources, and to determine under what circumstances an agency might use the services of an external consultant or investigator. The audit was also intended to confirm whether agencies are using established guidelines and policies relating to engaging external investigators to conduct investigations involving official misconduct.

While the findings of this audit indicate that generally external investigators met the standards of the CMC's publication *Facing the facts*, further data collection will be undertaken in the next reporting period.

In 2013–14, the CMC also:

- Reviewed a total of 181 complaints investigated or otherwise dealt with by public sector agencies, including local governments. A range of concerns were identified across agencies, including unsupported conclusions; unexplained delays in completing inquiries or investigations; the quality of material provided to the CMC for review; and the quality of investigations, particularly in relation to interviews. Overall, in 88 per cent of cases the CMC was satisfied with the way in which agencies dealt with these matters.
- Made over 102 procedural recommendations arising from our reviews to approximately 10 public sector agencies. Recommendations focused on areas such as staff training, information and workplace security, improvements to recordkeeping, and reviews or amendments of policies and procedures in relation to tendering and procurement practices.

Misconduct prevention

Under its legislation the CMC has a function of helping to prevent misconduct. It identifies systemic weaknesses or gaps and may make recommendations, either agency-specific or more broad-based, to reduce opportunities for misconduct.

Recommendations to agencies

Within the reporting year, agencies responded to 245 of our recommendations. Of these, they accepted 98 per cent (239). This is slightly higher compared with the previous year.

The recommendations related to matters such as having sufficient controls and mechanisms to prevent fraud; controls and risk mitigation strategies in relation to conflicts of interest and gifts and benefits; reviews or amendments of policies and procedures; improvements to recordkeeping practices; development of internal control mechanisms in relation to information security; and reviews of organisational structures to ensure clear lines of approval authority, reporting and uniformity within the agency.

Information sessions and presentations

Information sessions designed to educate senior executives and board members of Hospital and Health Services (HHSs) about their obligations under the Crime and Misconduct Act were given to the Sunshine Coast, Gold Coast, Metro North, Darling Downs, Metro South and Children's HHS boards and executives.

Topics covered during the sessions dealt with suspected official misconduct, awareness and management of misconduct risks, and ethical issues. The impetus to deliver these sessions arose from two factors observed by the CMC – a small number of complaints indicating a lack of compliance with policies and procedures by senior executives, as well as a steady decline in the number of matters being reported to the CMC following the restructure of the Department of Health into 17 individual HHSs.

The CMC also made presentations about its role and functions to visiting delegations from West Papua, Mongolia and Abu Dhabi.

Australian Public Sector Anti-Corruption Conference

The CMC co-hosted the fourth Australian Public Sector Anti-Corruption Conference (APSACC) in Sydney in November 2013, which was attended by 551 delegates. The conference included keynote addresses by Dr Peter Eigen, founder of Transparency International and a current member of Kofi Annan's Africa Progress Panel; Rose Gill Hearn, the former and longest serving Commissioner of the New York City Department of Investigation; and the Hon. James Wood AO QC, former Justice of the Supreme Court of New South Wales and Royal Commissioner into Corruption within the NSW Police Service.

The conference program featured a variety of national and international speakers, including a mix of police, public servants, local government officers and academics. Selected papers from APSACC conferences are available on the APSACC website, www.apsacc.com.au.

Looking forward

The *Crime and Corruption Act 2001*, which takes effect from 1 July 2014, establishes a corruption function that requires the Commission to focus on investigating serious and systemic corruption within units of public administration. In June 2014, the CMC held information sessions for public service senior executives outlining changes to its jurisdiction. New guidelines for managing and investigating corruption have also been published.

In 2014–15, the Crime and Corruption Commission will give particular emphasis to:

- Implementing a robust audit plan to ensure that units of public administration are dealing with complaints, information and matters appropriately.
- Continuing to improve our timeliness in finalising investigations of serious corrupt conduct.

An effective witness protection service

Achievements

- All witnesses were kept safe and were able to give their evidence in court (see page 32).
- Our staff further developed the national witness protection course, which benchmarks national standards for witness protection practitioners, and delivered the course in June 2014 (see page 33).
- Through the annual Australia and New Zealand Witness Protection Committee meeting we contributed to procedures and systems to help overcome common jurisdictional problems and drive consistency in complementary legislation (see page 33).

Witnesses

100% kept safe to give evidence

Benchmarking national standards

Delivered national witness protection course in June 2014

Challenges

- Exploiting changing technologies where possible, while limiting the risks they pose to the security of witnesses.
- Managing operational peaks and troughs in a workload based on third-party referrals.

Our role and jurisdiction

Our role is to protect witnesses who are under threat as a result of assisting a law enforcement agency, and to enable them to safely provide evidence in court in relation to a crime.

A witness protection function is vital for an effective judicial system. Without it, certain evidence would not be available to the courts, which could result in some offenders avoiding conviction or a person being wrongly convicted.

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

The CMC Chairperson administers the Witness Protection Program (WPP) through the Witness Protection Advisory Committee (WPAC), which consists of the Director, Witness Protection and Operations Support; Official Solicitor; Executive General Manager; and two senior WP officers.

How witness protection matters come to the CMC

People who have assisted a law enforcement agency, and find that they or their families or associates are in danger as a result, can be referred to the CMC's witness protection program. The application is normally submitted by a law enforcement officer, who acts on the person's behalf and can verify the risk they face.

Individuals must qualify for protection and be assessed as suitable for the program before they can be offered protection. By legislation, entry into the program is voluntary, so individuals themselves decide whether or not to accept an offer of protection.

Performance summary

In 2013–14, the median time to conduct an initial witness protection assessment was 18 hours, against the Service Delivery Statement (SDS) performance target of 48 hours.

Our results are difficult to compare with the data of counterpart agencies elsewhere in Australasia, as that information is not publicly available. However, although witness protection programs vary considerably in their focus and priorities, Queensland's witness protection program is generally regarded as having high numbers of participants annually.

Table 5. SDS service standards

Witness protection service standards	Target	Result
Median time to conduct initial witness protection assessment	48 hours	18 hours

Our SDS performance over the past five years is provided in Appendix 1, page 99.

Protecting witnesses

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

This year we received 90 applications for protection, fewer than our estimate of 100; all interim applications were assessed within our target of 48 hours and appropriate assistance offered. Of the individuals offered protection, 42 people accepted the offer and entered the program. All protected persons were kept safe and were able to give their evidence at court, representing a 100 per cent success rate for the program over the last 27 years. Since its inception in 1987, more than 1690 individuals who were under threat have been protected.

Securing convictions

Eyewitness evidence is crucial to gaining successful prosecutions and combating serious and organised crime. The evidence provided by protected witnesses this year helped secure convictions in cases that included murder, assault and trafficking dangerous drugs.

Providing flexibility in protection

Once a person has been accepted into the program, the level of protection will differ depending on the type of danger to which the person is exposed. Some witnesses require longer term or higher level protection, with specific provisions to ensure their continued safety.

For others who are unable to strictly comply with the conditions of the full witness protection program but who still require assistance with their security, we have adopted more flexible support, such as shorter term assistance with court security.

Ensuring welfare and protection

To meet our responsibility for the overall welfare of protectees on the program, the CMC ensures that they receive professional assistance and guidance wherever necessary. This enables people with problems such as drug or alcohol addiction, child custody responsibilities or financial difficulties to access appropriate support services and meet their obligations.

This requires witness protection staff to maintain regular liaison with relevant government agencies. Such relationships are essential not only for accessing vital services on behalf of protected persons, but for ensuring the protectees' safety.

Marketing protection services to peer agencies

To try to ensure that persons under threat can access protection, witness protection staff actively marketed the program to referring agencies – particularly units of the QPS, which is the primary law enforcement agency accessing our program. In 2013–14, we delivered eight presentations to investigators, detective training courses and conferences, to raise awareness of the potential for our services to assist in investigations into major and organised crime, serious offences and other matters of significant public concern.

Targeting continuing improvement

Improving our systems

This year the CMC also focused on intelligence processes – the gathering and sharing of strategic intelligence information – to more effectively collate and assess information about those posing a risk to persons on the witness protection program.

Continuing to develop our skills

In collaboration with counterpart agencies, the national witness protection course and the national qualification (Advanced Diploma of Public Safety – Police Witness Protection) have been further developed. The CMC facilitates the course and conducts all assessment towards the qualification; competencies are benchmarked annually in relation to procedures and operational methodologies. The course was delivered in Queensland in June 2014 to participants from Queensland and interstate jurisdictions.

Collaboration with peer agencies

Witness protection staff again participated in the annual meeting of the Australia and New Zealand Witness Protection Committee. Discussions focused on a range of matters, including strategic relationships with other bodies such as the Australia New Zealand Policing Advisory Agency and the Australian Crime Forum; legislative and technological impacts; continued development of a national database and alert system; biometrics; and liaison with federal and state agencies with common purposes.

These strategic discussions create a platform for sharing resources, addressing common jurisdictional problems, and developing consistency in complementary legislation for witness protection.

Looking forward

In 2014–15 we will pursue our objective of providing an effective witness protection service, through providing quality, timely and effective support to protected witnesses.

An organisation of high public value

Achievements

- Completed a fraud risk assessment and reviewed the agency's existing fraud and corruption control plan, in consultation with an external consultant (see page 45).
- Implemented a revised records management framework (see page 45).
- Developed a new workforce continuity program to ensure the best use and development of our human capital, especially given the agency's changing responsibilities (see page 40).
- Revised the organisation's processes, structures and governance arrangements to ensure the effective implementation of the *Crime and Corruption Act 2001* from 1 July 2014.

Completed a fraud risk assessment

Records management framework implemented

Prepared the agency to operate effectively under a new structure

Challenges

- Maintaining and developing business processes to effectively implement legislative changes.
- Maintaining agency performance in a period of major reform.

Performance summary

This year the CMC has focused on strengthening its corporate governance framework, particularly in the areas of recordkeeping and risk management, following a number of significant reviews in 2012–13. As a result, the CMC has introduced a revitalised records management framework to assist staff in effectively managing complex and sensitive information. An audit of our Fitzgerald Inquiry holdings at the Queensland State Archives (QSA) was also completed this year, while a project to protect and preserve original Fitzgerald Inquiry documents held in CMC files has commenced (see page 45).

A review of the CMC's operations and resourcing levels was completed this year as part of an administrative review of the CMC. Broad organisational changes will be further progressed once amendments to the Crime and Misconduct Act are implemented from 1 July 2014.

Looking forward

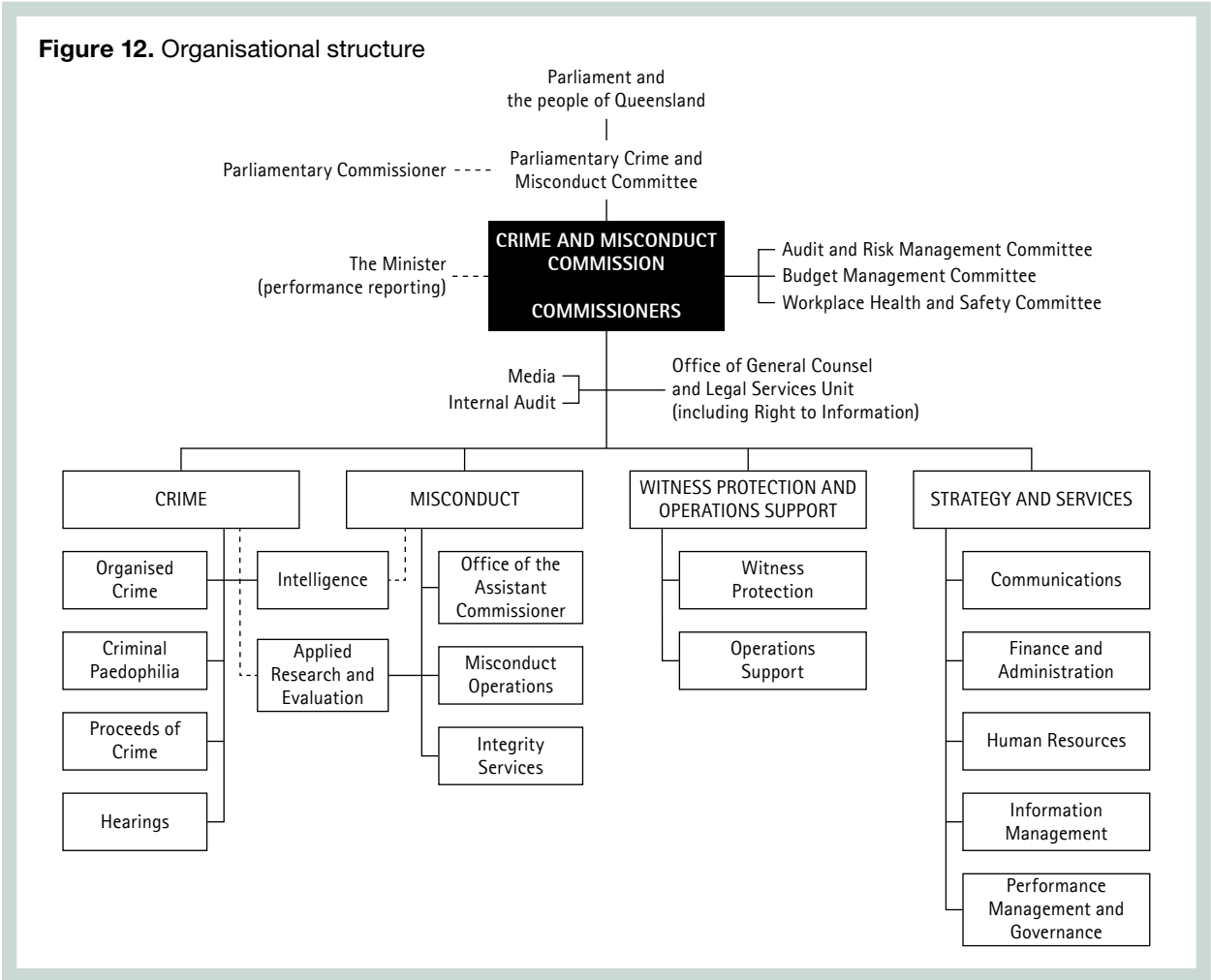
- From 1 July 2014 the CCC will implement a new organisational structure to ensure the agency operates effectively under new legislation and governance arrangements.
- Our interim 2014–18 strategic plan will also be revised to reflect our new focus and direction.

Our governing body

The CMC is led by a five-member group referred to as the Commission, comprising a full-time Commissioner who is the Chairperson (and the Chief Executive Officer) and four part-time Commissioners who represent the community. The Commission functions as the board of the CMC, and has

primary responsibility for achieving the purposes of the CM Act. See page 36 for further details of the Commission members as at 30 June 2014.

Figure 12 below illustrates the CMC's organisational structure.



Dr Ken Levy RFD, BA, BCom, LLB, PhD, FCA, FCPA, MAPS, CTA

Acting Chairperson, commenced May 2013

Dr Levy has Bachelor degrees in Commerce and Arts (Psychology), a PhD from the University of Queensland and a Bachelor of Laws from the Queensland University of Technology. He has extensive experience and achievement in a range of fields, including professional practice, research and teaching, and leadership in the private and public sectors.

He holds an appointment as an Adjunct Professor of Law at Bond University, and as a part-time Senior Member of the Administrative Appeals Tribunal since 2004. He has also served as the Queensland and National President of CPA Australia.

Dr Levy has had a long career in the Queensland Public Service, retiring as Director-General of the Department of Justice and Attorney-General in Queensland in December 2003. Dr Levy has also served many years with the Australian Army Reserve as a Lieutenant Colonel.

Professor Marilyn McMeniman AM, BA, DipEd, MA, PhD

Commissioner, commenced April 2011

Professor McMeniman has a Bachelor of Arts, a Diploma of Education and a Doctor of Philosophy from the University of Queensland and a Master of Arts from the University of London. She has held academic positions at both the University of Queensland and Griffith University. Her main teaching and research interests are language acquisition, learning and education policy review.

Throughout her career, Professor McMeniman has provided advice to governments, industry, the wider education sector and the community, and has co-authored major national and state reviews and reports.

In 1997, Professor McMeniman was made a Member of the Order of Australia for services to education, and in 2007 she received the Zonta Woman of Achievement Award.

Mr George Fox BCom, LLB (Hons)

Commissioner, commenced September 2011

Mr Fox has a Bachelor of Commerce and Bachelor of Laws (Hons). He has practised as a solicitor for more than 35 years in regional Queensland and Brisbane, and has significant experience in mediation and ethics.

Mr Fox was previously president of the Queensland Law Society and chair of the Queensland Law Society Human Rights

Committee. He served as a Law Reform Commissioner in Fiji between 1995 and 1998, and has advised and assisted the High Court of Solomon Islands and the National Court of Papua New Guinea to develop court frameworks for mediation.

He is an Adjunct Professor of Law at Murdoch University and the University of Southern Queensland, and is currently a member of the University of Southern Queensland Council.

Mr Michael Keelty AO, APM, GradCert CJE, MPPA

Acting Commissioner, commenced December 2013

Mr Mick Keelty was the Commissioner of the Australian Federal Police (AFP) from 2001 to 2009. During this time he oversaw the expansion of the AFP's role into counter terrorism and high tech crime. In September 2009 he retired from policing after 35 years of service at the local, national and international levels.

Mr Keelty holds qualifications in public policy and administration and criminal justice education. He holds an appointment as Adjunct Professor at both the Australian National University and Charles Sturt University.

Mr Keelty has headed inquiries into the 2011 Perth and 2012 Margaret River bushfires and the 2013 Western Australian Senate election. In 2013 he conducted major reviews of Queensland's Police and Emergency Services and the Crime and Misconduct Commission.

Mr Sydney Williams QC, BCom, LLB

Acting Commissioner, commenced December 2013

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

Mr Williams took silk in 1986. Since then he has been in continuous practice as a barrister, focusing on insurance and personal injury litigation.

Mr Williams was a member of the University Squadron of the Royal Australian Air Force Reserve and subsequently was commissioned into the Reserve as a Legal Officer, retiring with the rank of Squadron Leader.

The Commission's responsibilities are to:

- set the strategic direction of the organisation and approve its strategic plan
- oversee, have input into and approve the CMC's budget and budgetary activities, as well as significant human resources allocations and initiatives
- develop and maintain effective management committees, consider their reports, and periodically review their performance, responsibilities and utility
- monitor the performance, operational results and effectiveness of CMC management

- develop and maintain a reporting system that enables the Commission to receive the information it needs to fulfil its role
- develop and maintain appropriate arrangements for delegating the Commission's powers.

The Commission meets fortnightly, with 22 ordinary meetings held in the past year (see Table 6). 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 General Manager also participate in Commission meetings but do not have voting rights. In 2013–14, the Commission met with the PCMC 4 times (for more information, see page 46).

Table 6. Commission meetings from 1 July 2013 to 30 June 2014

Name	Ordinary meetings attended / meetings eligible to attend	Special meetings	PCMC meetings attended / meetings eligible to attend
Dr Ken Levy RFD	22 / 22	2	4 / 4
Professor Marilyn McMeniman AM ¹	14 / 19	1	3 / 3
Mr George Fox	20 / 22	2	4 / 4
Mr Michael Keelty AO ²	10 / 10	1	2 / 2
Mr Sydney Williams QC	9 / 10	1	1 / 2
Mr Philip Nase ³	9 / 9	–	2 / 2
<i>Ex-officio members:</i>			
Ms Kathleen Florian ⁴	19 / 22	–	4 / 4
Mr Paxton Booth	6 / 6	–	1 / 1
Mr Michael Scott ⁵	16 / 17	–	3 / 3
Mr Dan Mahon	17 / 22	–	–
Ms Dianne McFarlane	9 / 11	–	2 / 2
Ms Edith Mendelle ⁶	8 / 11	–	2 / 2

1. Professor McMeniman's appointment ended 7 April 2014. However, transitional provisions enacted by the *Crime and Misconduct and Other Legislation Amendment Act 2014* to retrospectively validate Commissioner appointments current as at 19 March 2014 did not commence operation until 21 May 2014. Accordingly, to avoid any doubt about the validity of appointments from 8 April to 20 May, Professor McMeniman did not attend Commission meetings or take any role in Commission business during that period.
2. For the meeting on 11 April 2014, Mr Keelty's attendance was via teleconference.

3. Term ended effective 5 November 2013.
4. Ms Florian attended meetings as Acting Assistant Commissioner, Misconduct between 1 July 2013 and 1 April 2014. On 2 April 2014 Ms Florian returned to her substantive position as Assistant Commissioner, Crime.
5. Acting Assistant Commissioner, Crime until 1 April 2014.
6. Last meeting attended 22 November 2013.

Note: Two scheduled meetings in 2013–14 did not proceed.

Commissioners' appointment criteria and terms of appointment

The *Crime and Misconduct Act 2001* (the Act) requires that the CMC Chairperson 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.

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

All members are appointed by the Governor-in-Council for a maximum of five years. Nominations for appointment must

have the bipartisan support of our oversight body, the Parliamentary Crime and Misconduct Committee.

Recent amendments to the Act allow the Governor-in-Council to appoint an acting Chairperson or temporary part-time Commissioner during a period of absence or when there is a temporary vacancy in the role. In addition, transitional provisions enacted by the *Crime and Misconduct and Other Legislation Amendment Act 2014* in May 2014 allowed for Commissioner appointments current as at 19 March 2014 to continue through to 30 June 2014.

The appointment criteria are detailed in the Crime and Misconduct Act at www.legislation.qld.gov.au/.

The Executive Leadership Group

The Executive Leadership Group (ELG) functions as the CMC's peak operational committee that drives corporate activities. The ELG considers strategic priorities, resource allocation and operational performance to ensure the efficient, effective and economical management of the

organisation. The ELG also considers and endorses matters for progression to the Commission. Members of this group (in addition to the Chairperson) as at 30 June 2014 are shown below.

Ms Dianne McFarlane BA, LLB

Acting Executive General Manager, appointed November 2013

Ms McFarlane holds a Bachelor of Arts degree from the University of New South Wales and a Bachelor of Laws from the Queensland University of Technology.

Throughout her career, Ms McFarlane has worked across both the public and the private sector and has extensive experience as a human resources practitioner specialising in industrial relations.

Ms Kathleen Florian BA, LLB (Hons)

Assistant Commissioner, Crime, commenced January 2012; Acting Assistant Commissioner, Misconduct, appointed 2 April 2013 to 1 April 2014

Ms Florian graduated from the University of Queensland, and in 1992 was admitted as a barrister of the Supreme Court of Queensland. She commenced her career with the Queensland Director of Prosecutions in 1988 before joining the National Crime Authority in 1992. She stayed on with the Australian Crime Commission when it was established in 2003, and from 2009 headed the agency's operations in Queensland until joining the CMC. In 1999, Ms Florian was awarded the Geoffrey Bowen Memorial Award, the highest individual award offered by the National Crime Authority.

Mr Paxton Booth LLB, BCom

Acting Assistant Commissioner, Misconduct, appointed April 2014

Mr Paxton Booth studied for a Bachelor of Laws and a Bachelor of Commerce at Bond University. He has worked at the CMC since 2010, where he has held various legal roles directing misconduct investigations.

Prior to working at the CMC, Mr Booth worked for 10 years as a lawyer for the Queensland Police Service. This included six years as the Manager of the Legal Unit providing advice to police on major and complex investigations, as well as extensive experience overseeing covert strategies and the exercise of covert powers. He has also worked for five years in the Office of the Director of Prosecutions.

Our people

The CMC employs a diverse mix of professionals – lawyers, police, accountants, investigators, intelligence analysts, social scientists, computing specialists, corporate specialists and support officers. As at 30 June 2014, the CMC had a workforce that equated to 329.1 full-time equivalent staff in various full-time and part-time roles. Compared with 30 June 2013, our full-time equivalents (FTEs) have increased by 26.13 FTEs. This increase is largely due to the establishment of a number of temporary positions to support additional activities related to criminal motorcycle gangs (CMGs).

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

Table 7 shows the allocation of full-time equivalent permanent and temporary employees across the functional areas, compared with the previous two years.

Table 7. Workforce profile by functional area

Functional area	Full-time equivalents*		
	30/6/12	30/6/13	30/6/14
Crime (including Intelligence)	87.0	84.93	99.50
Misconduct (including Applied Research and Evaluation)	134.3	99.84	104.10
Witness Protection and Operations Support	54.0	50.00	50.40
Strategy and Services (including Office of the Commission)	82.2	68.20	75.10
Total	357.5	302.97	329.10

*Full-time equivalents refer to all permanent and temporary staff.

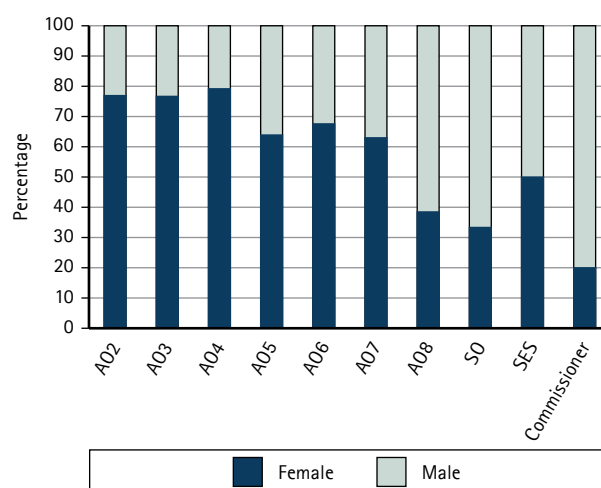
Note: the CMC had a total of 318 permanent positions as at 30 June 2014.

Workforce composition

Women comprise 62.8 per cent of our permanent, non-police workforce: they fill 46.67 per cent of all positions at and above A07 and equivalent classifications, and 38.46 per cent at the senior executive levels (which include Senior Executive Staff and Commissioners). See Figure 13.

Of our permanent, non-police workforce, 42.33 per cent of staff are aged 45 years and over, and 18.6 per cent are aged 55 years and over.

Figure 13. Profile of classification by gender



Notes:

AO data ranges include equivalent classifications.

Salaries range from \$42 186 (A02) to \$202 655 (SES).

Commissioner salaries not included as Commissioners work on a part-time basis.

Table 8. Equity and diversity measures

	Percentage of permanent staff
Women	62.80
Men	37.20
Aborigines and Torres Strait Islanders	0.93*
People with a disability	2.33*
People from non-English-speaking backgrounds	6.51*

*These results are drawn from the CMC's annual EEO census and from information maintained on HR files.

Retention

This year our permanent employee retention rate was 89.76 per cent (compared with 94.09 per cent last year). Our permanent employee separation rate was 14.53 per cent, down on last year's 17.72 per cent. This is due, in part, to not having a program of redundancies in this financial year.

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

The CMC's long service rate is high, with 26 per cent of our permanent staff having 10 or more years service and a further 35 per cent of staff having five or more years service.

Early retirement, redundancy and retrenchment

During the period, one permanent employee received a redundancy package at a cost of \$112 668 (gross). No retirement packages were paid during this period.

Workforce management and planning

This year, the CMC has developed a revised organisational structure to ensure it can best meet the changes in its functions resulting from the administrative review of the CMC in 2013, and from the implementation of the *Crime and Corruption Act 2001* from 1 July 2014. This new organisational structure will be implemented in the next financial year to ensure the effective alignment of resources with our functions.

In 2013–14, the CMC developed a workforce continuity rotation program designed to:

- identify and mitigate risk for unfilled critical organisational roles
- identify talent within the organisation
- create knowledge transfer protocols
- create development and career opportunities for staff
- provide rotational opportunities based on a fair and merit-based selection process.

A process to identify critical roles and suitable staff to act in those positions (when required) has commenced and will continue in 2014–15.

This year the CMC's Agency Appointment Review Committee continued to review appointments to ensure the ongoing sustainability of our workforce, given available resources. This initiative supports the Queensland Government's commitment to achieving better control of establishment numbers and realising savings through greater scrutiny over recruitment decisions.

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

Attracting and developing our staff

The CMC offers employees unique professional and developmental experience. This year the CMC helped 18 staff to undertake tertiary study by granting study leave and providing financial assistance toward course fees. Courses being undertaken by our staff include the Master of Fraud and Financial Investigations, Bachelor of Justice, Bachelor of Business, and certified practising accountant programs.

To ensure that specialist staff maintain and enhance their skills, staff were given opportunities to attend a range of workshops, seminars and conferences. This year a Courageous Conversations pilot training program was launched, to assist managers and senior executives when addressing difficult personnel and performance matters. Additionally, study leading to certification in Government Investigations was offered to a number of our staff. To assist staff with their ongoing professional development and engagement, we reimbursed 27 staff either 50 per cent or 100 per cent of their professional membership fees.

New staff are also provided with a structured induction program when they start working at the CMC. This includes a corporate orientation covering the role of the CMC and our Code of Conduct. Job-specific induction focuses on role requirements and business unit expectations. This year, organisation-wide training focused on compliance-related matters. To increase awareness of information security, staff attended training sessions which covered topics such as information protection and classification, identifying potential security threats, and the role staff can play in reducing the risk of such threats.

Promoting staff wellness

The CMC supports flexible work practices that help staff balance their work and home lives. Our flexible working arrangements incorporate options such as part-time work, flexible start and finish times, access to accrued time off, compressed working arrangements and flexible leave options, including "purchasing" additional recreation leave through salary averaging. This year we reviewed our existing flexible work arrangements with a view to implementing improvements in the 2014–15 financial year.

In the period, part-time work arrangements were in place for 12.09 per cent of our permanent, non-police staff. Of these staff, 53.85 per cent are at or below A05 (and equivalent), while 46.15 per cent are at or above A06 (and equivalent).

Through our Employee Assistance Program, we continued to offer staff and their families access to free, confidential professional counselling for personal or work-related problems.

As part of the CMC Staff Wellness Program, three workshops were offered this year: Trigger Point Therapy; Physical Activity for the Busy Worker; and a Grow Your Super (QSuper) session. Our free corporate flu vaccination program was utilised by 171 staff.

The CMC also maintains a comprehensive workplace health and safety (WHS) program consistent with the *Work Health and Safety Act 2011*. This year the CMC's Workplace Health and Safety Charter was reviewed and updated. WHS committee members also conducted a workplace inspection, with identified issues subsequently addressed by CMC management.

In 2013–14, the CMC had eight reported workplace health and safety incidents and five WorkCover claims. We also provided rehabilitation and return-to-work programs for staff where required.

Promoting ethical conduct

The CMC's Code of Conduct provides guidance to Commissioners and staff on appropriate behaviour, and CMC Commissioners and all employees are expected to uphold the ethical principles and values outlined in the Code of Conduct. The current code is based on the following principles as outlined in the *Public Sector Ethics Act 1994*:

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

A review of the Code of Conduct commenced in 2013 and will continue in 2014–15 to accommodate changes arising from the implementation of the Crime and Corruption Act from 1 July 2014. The CMC also has a comprehensive suite of policies that set organisational standards and provide guidance on undertaking corporate activities. Policies and procedures are available to all staff on the intranet.

Our governance framework

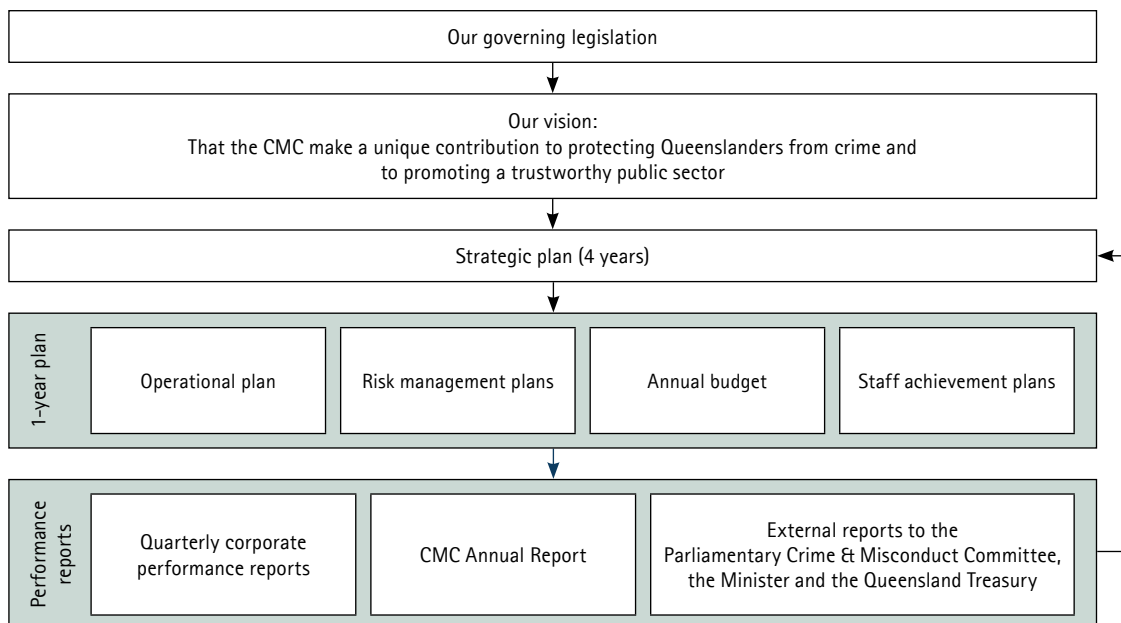
The CMC's governance framework provides the foundation for planning, evaluating and reporting the work that we do. It sets out procedures for making decisions, assessing risk and ensuring that our compliance obligations are met.

Strategic planning

Strategic planning is an ongoing organisational process that helps the Commission determine its strategic objectives and priorities. Each year, the Commission reviews its strategic plan to ensure that the CMC remains responsive to emerging issues and challenges. The CMC's 2013–17 strategic plan can be accessed at www.ccc.qld.gov.au/strategicplan.

From our strategic plan, we develop an annual CMC Operational Plan that identifies the high-level, agency-wide activities to be undertaken in the coming year to help achieve our strategic objectives. It includes information about the CMC's service areas and service standards, as detailed in the CMC's Service Delivery Statement; it also considers key risks and how to mitigate them. The goals in our strategic plan and operational plan are congruent with the public sector ethics principles, and support the Queensland Government's objectives for the community.

Figure 14. CMC planning cycle



Risk management

The CMC's risk management framework and associated training programs provide guidance to help staff identify, evaluate and report risk. The CMC's risk management framework applies the principles of AS/NZS ISO: 31000:2009 Risk Management – Principles and Guidelines and Queensland Treasury's *A Guide to Risk Management*. This framework is maintained in accordance with the *Financial Accountability Act 2009*, and includes financial, operational, public perception, safety, political and legal aspects.

During the year the CMC conducted a number of focused training sessions for key decision makers (AO6 to SES levels) involved in identifying, assessing and managing organisational risk.

The CMC Corporate Risk Register is monitored by the Audit and Risk Management Committee and endorsed by the Commission. A formal review and annual update of this risk register occurs in conjunction with the CMC's corporate planning process (see page 42). This year, following an independent audit of the CMC's fraud and corruption control program, operational risk controls were reviewed to ensure they adequately address identified fraud risks.

Our risk incident reporting tool also enables staff to report any immediate or emergent risks. These risks are monitored quarterly by the Audit and Risk Management Committee (see page 44).

Our internal audit function

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

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

A number of internal audits were completed this year, including audits of financial systems and processes, human resources management, misconduct operations, covert and controlled operations, and proceeds of crime operations. In addition, the Internal Auditor initiated and coordinated several IT-related outsourced projects, and an audit exercise in relation to the Fitzgerald Inquiry documents held at the Queensland State Archives.

The Internal Auditor also prepared the Strategic and Annual Internal Audit Plans for 2014–19 and 2014–15 respectively. These plans were accepted by the Executive, endorsed by the Audit and Risk Management Committee and submitted for approval to the Commission.

Audit and Risk Management Committee

This year, two existing committees – the Audit Committee and the Risk Management Committee – were merged to form the new Audit and Risk Management Committee. The Audit and Risk Management Committee assists the Commission in monitoring and developing systems to improve accountability and strengthen risk management. The activities of the committee focus on areas such as:

- financial management and reporting
- risk monitoring and management
- fraud and corruption control
- external and internal audit functions
- internal controls over the various functions performed by the CMC.

During the reporting period, the committee assisted the Commission to oversee the audit process as well as the committee's processes for monitoring compliance with law and regulations. It also monitored the efficiency and effectiveness of the activities of the internal and external auditors (see pages 43 and 47 respectively).

As well, the committee monitored and assessed the CMC's risk management plans, and helped the Commission to fulfil its governance and oversight responsibilities for financial reporting, as prescribed in the *Financial and Performance Management Standard 2009* and the *Financial Accountability Act 2009*.

It also liaised effectively with the Queensland Audit Office to ensure that all audit findings and recommendations made by the Queensland Audit Office were promptly followed up and implemented.

The committee meets quarterly. Its inaugural meeting was held in March 2014.

The committee operates within, and observes, the terms of its charter. It has due regard to the Queensland Treasury's Audit Committee Guidelines.

Committee membership

To ensure the committee's independence, its five-person membership includes a CMC Commissioner and two external members, one of whom is the Chair (see Table 9). Queensland Audit Office representatives have standing invitations to attend committee meetings.

As committee Chair, Mr Peter Dowling AM was paid \$8000 for his services, while Mr Mike Meintjes was paid \$5000 for his services as an external member of the committee. These remuneration expenses are for the period 1 July 2013 to 30 June 2014 and include payment for duties as members of the former CMC Audit Committee.

Information on the meetings of the Audit Committee and the Risk Management Committee between 1 July and 31 December 2013 can be found in Appendix 2 (page 100).

Table 9. Membership of the Audit and Risk Management Committee

Name	Position	Meetings attended / meetings held
Mr Peter Dowling AM	Chair (external)	2 / 2
Mr Mike Meintjes	External member	2 / 2
(vacant)	Commissioner	-
Mr David Goody	Manager, Proceeds of Crime	2 / 2
Mr David Honeyman	Principal Adviser, Misconduct Prevention	1 / 2
<i>Ex-officio members</i>		
Dr Ken Levy RFD	Chairperson	0 / 2
Ms Dianne McFarlane ¹	Acting Executive General Manager	2 / 2
Mr Brendan Clarke	Internal Auditor	2 / 2
Ms Karyn Worth	Senior Adviser, Performance Management and Governance	2 / 2

1. Appointed Acting Executive General Manager, effective 29 November 2013.

Fraud and corruption control

The CMC's fraud and corruption control plan includes measures to prevent, detect and respond to fraud and corruption, and provides guidance and direction to CMC staff and stakeholders on implementing those processes.

This year, the CMC engaged PricewaterhouseCoopers (PwC) to conduct an independent review and risk assessment of the CMC's fraud and corruption control program. Although the audit found that the program contained the attributes of, and generally aligned with, better practice, it also identified areas for future improvement. These include developing automated testing of high risk transactional processes, implementing a staff training program, reviewing risk registers to ensure fraud and corruption risks are adequately addressed, and updating the CMC's existing fraud and corruption control plan. The CMC is progressively implementing the consultant's recommendations and work on this will continue in 2014–15.

Maintaining effective recordkeeping and information systems

The CMC remains committed to responsible lifecycle management of its information assets consistent with the requirements of the *Public Records Act 2002* and the State Government Information Standards (including IS40: Recordkeeping and IS31: Retention and Disposal of Public Records).

In 2013–14, following an external review of our records management policies and practices, the CMC has implemented a revised records management framework. Policies, procedures and work instructions have been developed that provide guidance on topics such as general recordkeeping, managing emails as records, and the retention and disposal of records. A contemporaneous mandatory staff training package has been developed and will be delivered to staff early in 2014–15.

This year, a maintenance health check of TRIM, the CMC's electronic corporate recordkeeping system, was undertaken. A number of recommendations for system improvements have been implemented, with a focus on disaster recovery.

Information for staff on how to use TRIM is published on our intranet, along with details of CMC recordkeeping protocols and policies. This year, targeted training on information security was provided to all staff.

In response to specific recommendations made in the Parliamentary Crime and Misconduct Committee (PCMC) Inquiry report on the CMC's release and destruction of Fitzgerald Inquiry records, the CMC has also:

- completed an audit and reclassification of 484 Fitzgerald Inquiry documents that were accessed or potentially accessed between 24 February 2012 and 4 March 2013
- completed a review of the Fitzgerald Inquiry records held by the Queensland State Archives (QSA), including determining the most appropriate restricted access period (RAP) for each record series, checking that all exhibits were open or closed according to Commissioner Fitzgerald's direction, and reviewing the status of the metadata
- developed a restricted access period decision-making guide, which is available to staff on the CMC intranet.

New RAPs applied to the record series for documents held at the QSA took effect from 14 February 2014. Changes to the status of the metadata, where appropriate, also took effect from this date.

The CMC has also commenced a project to protect and preserve original Fitzgerald Inquiry documents held in CMC files. As there are potentially over 35 000 files, the CMC has determined, in consultation with the QSA and the Director of Public Prosecutions (DPP), that the safest way to ensure the preservation of any Fitzgerald Inquiry records is to make all of the relevant file classifications created during the extended Fitzgerald Inquiry period permanent public records to be sent to QSA. These files will eventually be made available for public access at the expiry of their restricted access period.

Other improvements in records management systems this year include the implementation of a third-party product to work with TRIM to streamline and automate the file creation process for the large and complex CMC operational files. As a result, the file creation time has decreased significantly with little user input.

In addition, the CMC has started to implement another third-party product to improve the way metadata is managed internally by allowing for the creation of Microsoft Word templates for significant documents, based on TRIM metadata. This is supported by stronger revision and document management protocols, as articulated in the CMC recordkeeping framework.

During the year, audits of the CMC warrants records were conducted by the Commonwealth Ombudsman and the Parliamentary Crime and Misconduct Commissioner. These confirmed that the CMC was complying with recordkeeping requirements.

Our business continuity program

The CMC continues to build organisational resilience by developing good governance in the areas of disaster recovery, training, reporting and, in particular, testing. Annual testing of the CMC business continuity plan ensures that we are equipped and ready to respond to any significant disruption to business.

In 2013–14 the Business Continuity Committee participated in a scenario-based exercise to test a major disruption to the Commission's information technology (IT) systems. This exercise was further developed into a business unit exercise for IT staff, who enacted the Information Technology Disaster Recovery Plan. A report on these exercises was submitted to the Business Continuity Committee, and recommendations are being considered and implemented by the Commission in order to improve the Commission's preparedness and response to critical operational issues.

The Internal Auditor audits the business continuity framework, scenario testing and committee activities every two to three years, with longer-term recommendations monitored on an ongoing basis.

External oversight of our operations and use of powers

Parliamentary Committee

The Parliamentary Crime and Misconduct Committee (PCMC) is a seven-member all-party committee established under the Crime and Misconduct Act. The Committee monitors and reviews the performance of the functions of the CMC. It also receives and deals with complaints and other concerns about the conduct or activities of the CMC or an officer or former officer of the CMC.

The Commission formally meets with the PCMC on a regular basis (about every two months) to report on its activities and performance. This includes a public hearing and a private meeting for confidential matters. A public report on CMC activities is provided to the PCMC for publication on the Parliamentary website.

The PCMC is assisted in its oversight process by the Parliamentary Crime and Misconduct Commissioner (the Parliamentary Commissioner), who undertakes activities including audits of CMC records and files. The Parliamentary Commissioner also investigates complaints against the CMC or its officers.

In 2013–14, the Parliamentary Commissioner:

- 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.

Where issues were raised by the audits and inspections, appropriate action was taken to address those issues.

In September 2013, the PCMC tabled its report on an investigation of a former CMC staff member (Report 93). The report criticised the time taken by the CMC to conclude the matter, and considered its subject matter warranted it being brought to the attention of the committee during its 2013 Inquiry into the CMC's release and destruction of Fitzgerald Inquiry documents.

Reports to the Minister

As required by the Crime and Misconduct Act, the CMC provided budgetary information to the Department of Justice and Attorney-General (DJAG) according to the prescribed DJAG schedule. The CMC also provided a half-yearly report (the Section 260 Report) to the Minister as well as all other information required to fulfil its external accountability requirements. These six-monthly reports on the efficiency, effectiveness, economy and timeliness of the CMC's systems and processes applied to the periods ending 30 June and 31 December. Additionally, the Minister could request, in writing, that the Chairperson convene a Commission meeting (which must have a quorum).

External audit

The CMC's financial statements were audited by the Queensland Audit Office in accordance with the *Financial Accountability Act 2009* and other applicable statutes. As in previous years, in 2013–14 we received an unqualified audit report.

Controlled Operations Committee

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

The committee comprises the Commissioner of Police (or a nominee), the Chairperson of the CMC and an independent member, presently a retired Court of Appeal judge, 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.

For more information on our powers and how they are monitored, see our website at www.ccc.qld.gov.au/ourpowers.

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 Police.

One certificate was given by the Commissioner on the basis that he was satisfied that the disclosure of the operative's identity was likely to endanger the safety of the operative.

No certificates were given by the CMC Chairperson.

Telecommunications (Interception and Access) Act 1979 (Cwlth)

The CMC is required to report annually to the Commonwealth Attorney-General on the use of its telecommunications interception powers. The information supplied is included in the Commonwealth Attorney-General's *Telecommunications (Interception and Access) Act 1979* – Annual Report, which is tabled in the Commonwealth Parliament.

The courts

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

Public Interest Monitor

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

Police Service Reviews

Commissioners for Police Service Reviews (Review Commissioners) arbitrate, through a transparent and independent review process, any grievances that police officers may have about promotions, transfers or disciplinary action. Queensland Police Union of Employees representatives have a standing invitation to attend relevant review hearings as observers.

When a review matter progresses to a hearing, the Review Commissioner is empowered to consider the material presented and prepare written recommendations for the attention of the Commissioner of Police (the Commissioner), who makes the final decision. If a recommendation is not accepted, the Commissioner must provide reasons to the Review Commissioner. In 2013–14, 100 per cent (5 matters out of 5) of the recommendations made by Review Commissioners were accepted by the Commissioner. The CMC is still awaiting advice on the outcome of one review matter.

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

Appointment of Review Commissioners

Review Commissioner Mrs Dina Browne AO was reappointed for a further 12 months to May 2015.

Review Commissioners are independent of the CMC and the QPS but are nominated by the CMC Chairperson under the *Police Service Administration Act 1990* (PSAA) and appointed by the Governor-in-Council.

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

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

Numbers and trends in applications, 2013–14

In 2013–14, 30 applications for review were lodged (see Table 10). Of these, 12 (40%) were withdrawn before the hearing and 6 matters were heard (see Table 11). Of the 6 matters completed, appointment decisions were affirmed in 4 cases, varied in one and set aside in one (see Table 12).

During the 2013–14 period, the impact of disciplinary reviews on the timely finalising of matters became noticeable. While their numbers are low in comparison with promotion reviews, disciplinary reviews are complex and often raise issues that are not easily resolved. A number have required the sourcing of independent legal advice, which has further impeded their speedy closure.

A relatively low number of reviews were received during the 2013–14 reporting period – this fall was due largely to the reduction in appointments being made during the organisational restructure of the QPS. The QPS Central Convenor's Unit, whose expertise had been effective in expediting the selection and review processes, was disbanded in July 2013. This, and policy and procedural changes to the selection process to be implemented by the QPS on 1 July 2014, may influence the number of applications to review in 2014–15.

Tables 10 and 11 show the type, status and number of applications lodged over the last five years. Although the numbers of applications received declined in 2013–14, some of the reviews this year were, as already noted, complex and time-consuming.

Changes to the QPS merit-based appointments policy

Following an organisational restructuring, the QPS implemented a revised Recruitment and Selection Policy and a revised Merit Selection Standard on 20 December 2013, their aim being to enhance the selection process in relation to promotional appointments.

It is anticipated that, as from 1 July 2014, all advertisements for QPS vacancies and their related position descriptions will refer to core capabilities against which applicants will be assessed. These core capabilities will be drawn from the requirements of the Queensland Police Leadership Framework.

The QPS leadership framework is based on the leadership framework previously adopted by the Queensland Public Service. Established appeals, reviews and complaint mechanisms will remain available to all respective applicants.

Once implemented, it will be possible to monitor aspects of the changes introduced through the reviews process. There is the prospect that the number of Police Service Review applications will increase while the new arrangements become embedded in QPS practice.

Advice on jurisdiction of Review Commissioners

Review Commissioners are independent of the CMC and the QPS and provide recommendations to the Commissioner of Police only. If the applicant in a matter is aggrieved by the decision of the Commissioner, they may apply to the Supreme Court for a judicial review of the decision.

Table 10. Types of applications lodged, 2009–10 to 2013–14

Type	2009–10	2010–11	2011–12	2012–13	2013–14
Promotion	31	95	86	26	17
Transfer	2	6	12	1	6
Lateral transfer / Unapplied transfer	6	5	2	3	1
Stand-down	1	–	1	–	1
Suspension	–	–	1	–	1
Disciplinary	–	–	1	2	2
Dismissal	–	–	–	–	–
Other ¹	1	3	1	4	2
Total	41	109	104	36	30

1. "Other matters" can involve a range of issues, for example:

- 2009–10: review lodged having reference to the *Whistleblowers Protection Act 1994*
- 2010–11 and 2012–13: reviews of non-appointment, unfitness for duty, and disciplinary sanction (misconduct matter)
- 2011–12: review of extension of probation
- 2012–13: reviews of non-appointment
- 2013–14: reviews of non-appointment.

Table 11. Status of applications lodged, 2009–10 to 2013–14

Status	2009–10	2010–11	2011–12	2012–13	2013–14
Matters lodged ¹	41	109	104	36 ³	30
Matters withdrawn before hearing	14	41	76 ²	11	12
Matters out of jurisdiction	5	15	3	4 ⁴	1
Matters awaiting hearing at 30 June	7	9	5	5 ⁵	8
Matters heard	13	43	19	16	6
Matters lapsed	–	–	–	–	3 ⁶

1. The variation in the number of reviews received over the past five years can be attributed, in part, to inspector appointments. These vacancies receive a large number of applicants and, in turn, a large number of applications for review, particularly when applicants apply to have all appointments reviewed. Note also that the number of matters lodged does not match the number of outcomes listed for any year, as not all matters lodged will be resolved within the financial year in which they were lodged.
2. Two applicants who applied to have all inspector appointments reviewed withdrew all their applications, resulting in a high number of withdrawals.
3. One matter lapsed following the death of the applicant.
4. One application was received "out of time" and not considered by the Review Commissioner.
5. One matter is being held in abeyance pending the finalisation of an investigation.
6. Three matters lapsed prior to the hearing process: one position was rescinded; one appointee accepted another position; one appointment was not progressed as the selection process was flawed.

Table 12. Recommendations arising from matters heard by Review Commissioners, 2013–14

Type of application	Awaiting outcome	Affirmed	Varied	Set aside	No jurisdiction	Total
Promotion	–	1	–	–	–	1
Transfer	–	–	–	1	–	1
Lateral transfer / Unapplied transfer	–	–	1	–	–	1
Stand-down	–	1	–	–	–	1
Other	–	2	–	–	–	2

Financial summary

Financial results

Financial Results	2009–10 \$m	2010–11 \$m	2011–12 \$m	2012–13 \$m	2013–14 \$m
State Government Grant	43.752	48.288	49.077	49.661	50.752
Other Grants and Contributions	1.081	0.370	0.350	0.482	0.543
Interest Revenue	0.505	0.801	0.844	0.611	0.587
Other Revenue	0.446	0.103	0.169	0.123	0.282
Total Revenue	45.784	49.562	50.440	50.877	52.164
Employee Expenses	31.100	34.354	36.598	36.005	35.868
Supplies and Services	10.071	12.644	11.016	10.763	12.141
Depreciation and Amortisation	1.751	2.158	2.280	2.544	2.550
Other Expenses	1.228	0.642	0.636	0.709	1.023
Total Expenditure	44.150	49.798	50.530	50.021	51.582
Operating Surplus (deficit)	1.634	(0.236)	(0.090)	0.856	0.582
Net Assets	16.079	15.843	15.389	14.894	15.476
State Government Grant/Total Revenue	96%	97%	97%	98%	97%
Employee Expenses/Total Expenditure	70%	69%	72%	72%	70%

Revenue	2009–10	2010–11	2011–12	2012–13	2013–14
State Government Grant	43.752	48.288	49.077	49.661	50.752
Other Grants and Contributions	1.081	0.370	0.350	0.482	0.543
Interest Revenue	0.505	0.801	0.844	0.611	0.587
Other Revenue	0.446	0.103	0.169	0.123	0.282
Total Revenue	45.784	49.562	50.440	50.877	52.164

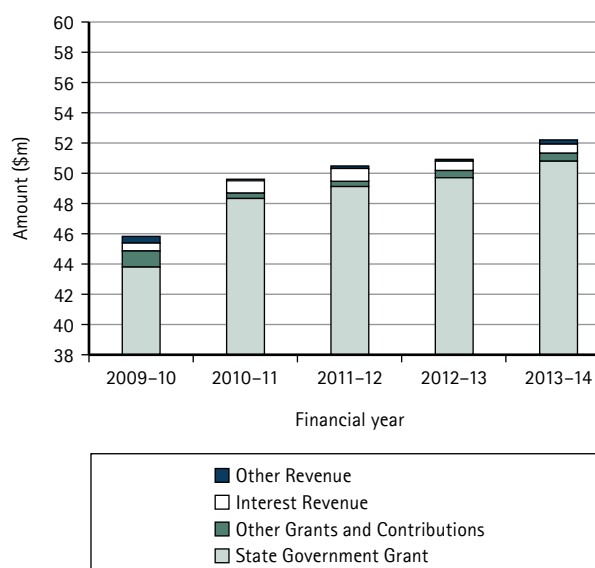
The CMC's financial result for 2013–14 was that revenue exceeded expenses by \$0.582m, resulting in an operating surplus (2012–13, \$0.856m operating surplus). Refer to page 54, "Comparison of budget and actual results", for further details about the 2013–14 operating surplus.

Revenue

The CMC is predominantly funded through grant funds received from the Queensland Government. In 2013–14, \$50.752m or 97% of total revenue was received from the Queensland Government (2012–13, \$49.661m or 98% of total revenue). See Figure 15.

In addition, the CMC recognised contributions of \$0.543m (2012–13, \$0.475m) for services received free of charge predominantly from other Queensland Government agencies. An equal amount has been recognised as expenditure.

Figure 15. Revenue \$m, 2009–10 to 2013–14



During the 2013–14 financial year, the CMC earned \$0.587m (2012–13, \$0.611m) in interest on its cash balances, a slight decrease from the previous financial year due to lower interest rates on investments.

Other revenue includes the CMC's share of the surplus funds for the Australian Public Sector Anti-Corruption Conference (APSACC), which was hosted by the Independent Commission against Corruption (ICAC) in November 2013. Refer to Note 26 in the financial report for further information.

Total revenue for 2013–14 was \$52.164m, an increase of \$1.287m or almost 3% from the previous year. This is mainly due to an increase of \$1.091m in State Government grants in 2013–14, when the CMC received additional grant funding of \$6.7m over four years to support legislative amendments resulting in greater criminal motorcycle gang (CMG) related activity, including increased crime hearings, investigations, surveillance and civil confiscations.

Expenses

Total expenditure for 2013–14 was \$51.582m (2012–13, \$50.021m), increasing by 3% or \$1.561m from the previous year.

Employee Expenses

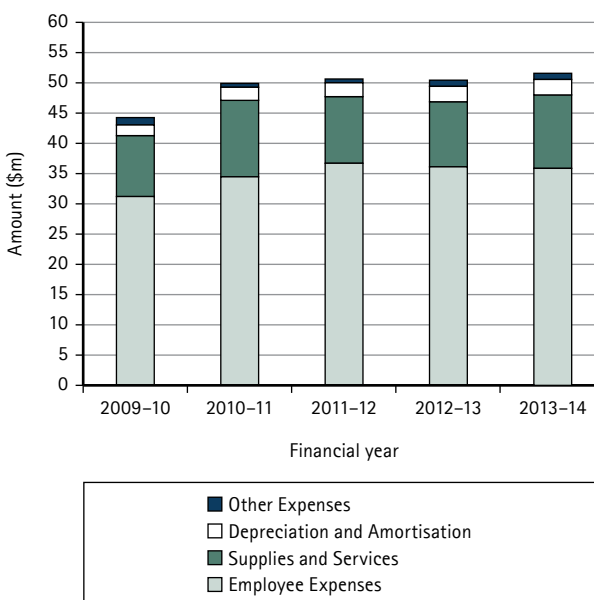
Employee expenses are the CMC's major form of expenditure and comprised 70% of total expenditure or \$35.868m in 2013–14 (2012–13, 72% or \$36.005m).

Although there were more full-time equivalent staff (FTEs) at 30 June 2014, compared with 30 June 2013 (2013–14, 329 FTEs; 2012–13, 303 FTEs), employee expenses decreased slightly from the previous year.

As part of the Commission's strategy to realign the staff establishment to its employee expenses budget, during the 2012–13 financial year 28 permanent positions were disestablished, resulting in 13 permanent employees receiving severance and supplementary payments (comparable to the Queensland Government staff redundancy package) of almost \$1m. This was included in the 2012–13 employee expenditure.

The increase in the number of FTEs and associated employee costs in 2013–14 is primarily due to additional resources being dedicated to enhance the overall law enforcement response to the activities of CMGs in Queensland since January 2014.

Figure 16. Expenditure \$m, 2008–09 to 2012–13



Supplies and Services

The CMC spent \$12.141m in supplies and services expenditure during 2013–14 (2012–13, \$10.763m), an increase of 13% or \$1.378m from the previous year. Lease expenses for office accommodation is the highest supplies and services expenditure at \$4.348m (almost 39% of total supplies and services expenditure). Computer maintenance and software costs and furniture and equipment (non asset) had the highest increases in expenditure from the previous year.

The CMC spent \$1.320m in computer maintenance and software in 2013–14, an increase of \$0.541m from 2012–13. Computer software costs included the purchase of Microsoft licences, upgrading the MITEL telephony system, and the purchase of Elearning software. An amount of \$0.798m was spent on furniture and equipment (non asset) during 2013–14, compared with \$0.224m in 2012–13. The increase of \$0.574m was mainly due to digital radio communications equipment purchased for police operations support, in preparation for the G20 meeting.

All other expenditure remained relatively consistent with the previous financial year. Refer to Note 7 of the Financial Report for further details of supplies and services expenditure.

Other Expenses

Other expenses include external audit fees paid, services received free of charge from other Queensland Government agencies (an equal amount is recognised under revenue), the CMC's portion of APSACC 2013 surplus funds of \$0.102m paid back as seed money to cover expenses for APSACC 2015, special payments and losses from disposal of property, plant and equipment.

The CMC spent \$1.023m for other expenses in 2013–14 compared with \$0.709m in 2012–13. The funds paid to the joint venture for APSACC 2015 and a book loss on decommissioning of audiovisual equipment contributed to the increased expenditure in 2013–14.

Depreciation and Amortisation

The CMC's plant and equipment and software intangibles (non-current assets) are depreciated or amortised on a straight-line basis progressively over its estimated useful life to the Commission.

Depreciation and amortisation expenditure incurred for 2013–14 was \$2.550m, consistent with 2012–13 expenditure of \$2.544m. Notes 14 and 15 of the financial report provide a detailed breakdown of the CMC's non-current assets.

Capital Acquisitions

The CMC invested \$2.408m in capital acquisitions during the 2013–14 financial year (2012–13, \$1.051m), mainly as part of the ongoing asset replacement and maintenance program in accordance with the Commission's Asset Strategic Plan. In addition to planned asset replacements, the CMC also invested approximately \$0.500m in leasehold improvements to create a third hearing room to support increased hearings as a result of the overall law enforcement response to the activities of CMGs in Queensland. Additional motor vehicles and technical equipment were also purchased to support the increased CMG-related activity.

A full breakdown of capital acquisitions can be found in Note 15 of the Financial Statements.

Figure 17. Expenditure by type (as a % of 2013–14 total expenditure)

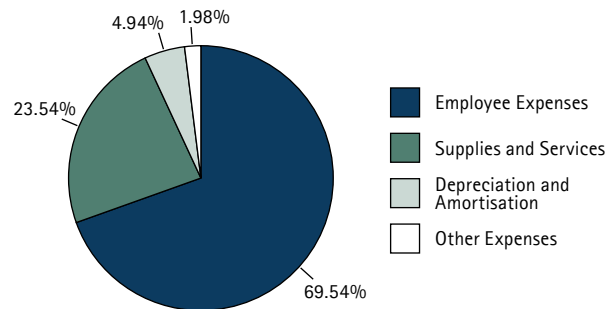
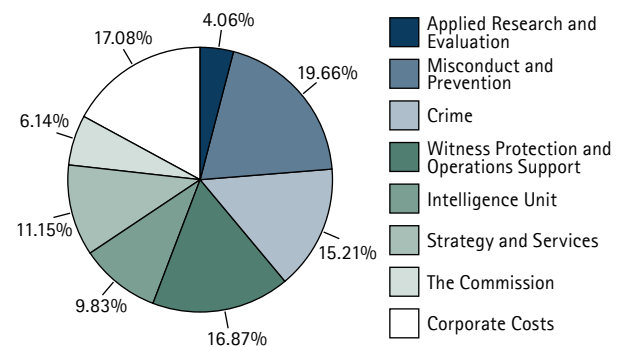


Figure 18. Expenditure by functional area



Assets

As at 30 June 2014, CMC total assets were valued at \$26.609m (2012–13, \$24.447m), increasing by \$2.162m since the previous year. The increase is primarily due to higher cash balances in 2013–14 (\$12.038m in 2013–14 compared with \$9.269m in 2012–13). The high cash balance at the end of the financial year is partly due to higher amounts owing to suppliers at 30 June 2014. These suppliers were paid in July 2014. Also contributing to the high cash balance is an increase in the value of accrued employee benefits owing at 30 June 2014, and the 2013–14 operating surplus of \$0.582m.

Liabilities

As at 30 June 2014, the CMC's liabilities were valued at \$11.133m (2012–13, \$9.533m), increasing by \$1.60m since the previous year. The increase is mainly attributable to higher amounts owing to suppliers at 30 June 2014 (\$3.765m in 2013–14 compared with \$2.825m in 2012–13), an increase in the value of annual leave entitlements owing (due to an increase in FTEs), and wages payable at 30 June 2014.

Comparison of budget and actual results

Statement of Comprehensive Income

Comparison of budget and actual results	2013–14	2013–14	2013–14	2013–14	2013–14
Statement of Comprehensive Income	Original Budget \$m	Estimated Actual (Forecast Budget) \$m	Actual \$m	Variance Actual to Original Budget \$m	Variance Actual to Estimated Actual (Forecast Budget) \$m
Grants and Contributions	48.801	50.750	51.295	2.494	0.545
Interest Revenue	0.650	0.600	0.587	(0.063)	(0.013)
Other Revenue	0.145	0.110	0.282	0.137	0.172
Total Income	49.596	51.460	52.164	2.568	0.704
Employee Expenses	35.569	36.354	35.868	0.299	(0.486)
Supplies and Services	11.348	12.128	12.141	0.793	0.013
Depreciation and Amortisation	2.551	2.701	2.550	(0.001)	(0.151)
Other Expenses	0.128	0.277	1.023	0.895	0.746
Total Expense	49.596	51.460	51.582	1.986	0.122
Operating Surplus/(Deficit)	–	–	0.582	0.582	0.582

Significant variances are explained as follows.

Grants and Contributions

Grants and contributions for the year was more than the original budget by \$2.494m primarily due to additional grant funding received to support increased CMG-related activities.

The increase in grants and contributions from the forecast budget is due to a financial year end adjustment to recognise contributions for goods and services received free of charge for archival services and for the use of QPS staff to provide support for CMG-related activities.

Interest Revenue

Interest revenue was less than budgeted due to lower than anticipated interest rates.

Employee Expenses

Employee expenses for the year were more than the original budget mainly due to additional resources being dedicated to a range of CMG-related activity, including increased crime hearings, investigations, surveillance and civil confiscations.

Employee expenses were underspent at the end of the financial year partly due to some positions held vacant throughout the financial year pending the confirmation of an organisational restructure, as a result of the Callinan/Aroney and Keelty review recommendations. Additionally, staff training and recruitment expenditure were lower than budgeted.

Supplies and Services

The increase in supplies and services expenditure from the original budget is primarily due to additional expenditure incurred for CMG-related activity, in addition to bringing forward the upgrade of digital communications radio equipment in preparation for G20.

Depreciation and Amortisation

Depreciation and amortisation expenses were lower than forecast due to the timing of capital purchases for CMG-related activity. In addition, the major replacement of audiovisual equipment was delayed until the end of the financial year, thereby incurring further savings in depreciation and amortisation.

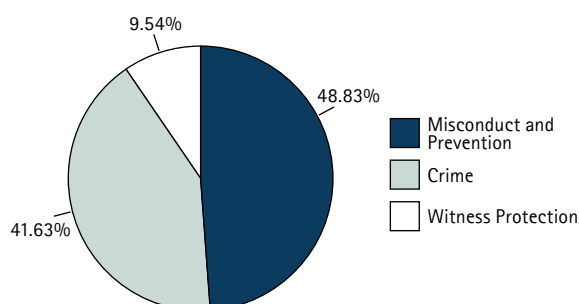
Other Expenses

The increase in other expenses is mainly due to the recognition of goods and services received free of charge from other Queensland Government agencies of \$0.543m. In addition, the Commission incurred a book loss of \$0.135m on the decommissioning of audiovisual equipment as the actual useful life of the equipment was lower than projected.

Operating surplus

The operating budget surplus of \$0.582m was due to budget savings in employee expenses and depreciation and amortisation expenses, as detailed above.

Figure 19. Budget allocation per output



Statement of Financial Position

Comparison of budget and actual results	2013-14	2013-14	2013-14	2013-14	2013-14
Statement of Financial Position	Original Budget \$m	Estimated Actual (Forecast Budget) \$m	Actual \$m	Variance Actual to Original Budget \$m	Variance Actual to Estimated Actual (Forecast Budget) \$m
Current Assets	11.578	11.680	13.192	1.614	1.512
Non-Current Assets	12.703	12.945	13.417	0.714	0.472
Total Assets	24.281	24.625	26.609	2.328	1.984
Current Liabilities	4.757	4.751	6.734	1.977	1.983
Non-Current Liabilities	5.115	4.980	4.399	(0.716)	(0.581)
Total Liabilities	9.872	9.731	11.133	1.261	1.402
Total Equity	14.409	14.894	15.476	1.067	0.582

Significant variances are explained as follows.

Current Assets

The increase in current assets is mainly due to a higher actual cash balance at 30 June 2014 than budgeted and forecast. This is primarily due to a greater amount owing to suppliers at the end of the financial year than projected.

Non-Current Assets

The value of non-current assets at 30 June 2014 was more than budgeted primarily due to the purchase of plant and equipment for CMG-related activity during the second half of the financial year.

The increase in non-current assets from the forecast budget is mainly due to a financial year-end adjustment to increase the provision for costs to restore the leased premises to their original condition. This amount has been added to the cost of leasehold assets and will be written off over the remaining

term of the lease (for further explanation, refer to Notes 15 and 19 in the financial statements). In addition, actual depreciation and amortisation write-offs were lower than forecast, thereby increasing the value of non-current assets at 30 June 2014.

Current Liabilities

Current liabilities increased as at 30 June 2014 as the value of trade creditors and staff annual leave entitlements owing at the end of the financial year was higher than anticipated.

Non-Current Liabilities

The decrease in non-current liabilities is mainly due to a financial year-end adjustment to reclassify annual leave entitlements as a current liability.

Equity

The increase in equity is due to the 2013-14 operating surplus of \$0.582m.

Financial risk management

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

- Ensuring that financial records are properly maintained
- Regular financial audits by the Queensland Audit Office and the CMC's Internal Auditor
- Regular monitoring and assessment of financial internal controls
- A Budget Management Committee that ensures the budget is framed to maximise outputs from the strategic plan and monitors the budget to ensure that targets are achieved
- Continued engagement with the CMC's Audit and Risk Management Committee
- Regular internal and external financial reporting, including quarterly reports to the PCMC
- Maintaining an updated Financial Management Practice Manual
- Ensuring ongoing training and development of finance staff.

Purchasing and Expense Management

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

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

Asset Management

The Commission adheres to Queensland Treasury's *Non-Current Asset Policies for the Queensland Public Sector*. The Commission performs an asset stock-take on an annual basis. As part of the stock-take process, a review of the useful lives of assets is conducted, and assets are assessed for indicators of impairment. The CMC did not impair any assets during the financial year.

Chief Finance Officer (CFO) Statement

In terms of section 77 of the *Financial Accountability Act 2009*, the CFO statement is a mandatory requirement for state government departments only. However, the CMC has adopted best practice by providing the accountable officer with a CFO statement for the financial year ended 30 June 2014, attesting to the financial internal controls of the CMC operating efficiently, effectively and economically.

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

About the Financial Statements

Introduction

The financial statements highlight the CMC's financial performance and overall position as at 30 June 2014.

The financial statements consist of five parts, viz.

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

The financial statements prepared by the Commission's finance staff are examined by the CMC's Audit Committee, Executive Leadership Group and internal audit, and are audited by the Queensland Auditor-General.

Statement of Comprehensive Income

The Statement of Comprehensive Income (SOI) measures the entity's financial performance over a specific period (usually 12 months). The SOI comprises a profit and loss statement which compares revenues received against expenses incurred. Excess revenue over expenses results in an operating surplus, while excess expenses over revenue results in an operating deficit. The SOI also includes other comprehensive income which comprises items of income and expenses that are not recognised in the profit and loss.

For the year ended 30 June 2014, the CMC's revenue exceeded expenditure by \$0.582m, resulting in an operating surplus.

Statement of Financial Position

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

As at 30 June 2014, the CMC's equity increased by \$0.582m due to the current year operating surplus.

Assets

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

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

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

At 30 June 2014, the CMC's non-current assets of \$13.417m included the book value of leasehold improvements, motor vehicles, computer and other equipment, artwork and software (intangibles).

Liabilities

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

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

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

Net Assets

This term is used to describe the difference between the value of total assets and the value of total liabilities. It represents the net worth of the CMC as at 30 June 2014.

Equity

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

The CMC's capital contribution of \$12.221m comprises the closing equity balances of the former Criminal Justice Commission and the former Queensland Crime Commission as at 31 December 2001 of \$4.237m and an equity injection from the Queensland Government for the Green Square leasehold fitout in the 2007–08 financial year of \$9.707m, offset by non-appropriated equity withdrawals of \$1.732m.

The accumulated surplus of \$3.247m at 30 June 2014 consists of current year and prior year's operating results. In addition the CMC has an asset revaluation surplus of \$0.008m as a result of a revaluation increment due to the CMC revaluing its artwork during the financial year.

Statement of Changes in Equity

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

Cash Flow Statement

This statement shows the actual movements of cash during the financial year. During the 2013–14 financial year, the CMC received \$53.901m (2012–13, \$52.634m) in cash and paid out \$48.905m (2012–13, \$50.754m) in cash to manage its operating activities. In addition, cash comprising \$2.227m (2012–13, \$0.835m) was spent to invest in capital acquisitions.

The CMC's cash balance at 30 June 2014 was \$12.038m compared with \$9.269m at 30 June 2013. The increase in cash is mainly due to a higher amount owing to suppliers at 30 June 2014. These suppliers were paid during July 2014.

Notes to and forming part of the Financial Statements

The notes to the financial statements provide a more detailed breakup of line items presented in the financial statements. They also disclose other matters such as the CMC's accounting policies, outstanding commitments at the end of the reporting period, and other financial disclosures including key executive management personnel and remuneration. The financial statements should be read in conjunction with these accompanying notes.

Financial Statements

General information

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

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

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

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

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

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

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

Contents

Statement of Comprehensive Income.....	60
Statement of Financial Position.....	61
Statement of Changes in Equity.....	62
Statement of Cash Flows	63
Notes to and forming part of the Financial Statements.....	64
Management Certificate	96
Independent Auditor's Report.....	97

Statement of Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Income from Continuing Operations			
Grants and other contributions	2	51,295	50,143
Interest		587	611
Other revenue	3	204	82
Total Revenue		52,086	50,836
Gains on disposal of assets	4	78	41
Total Income from Continuing Operations		52,164	50,877
Expenses from Continuing Operations			
Employee expenses	5	35,868	36,005
Supplies and services	7	12,141	10,763
Depreciation and amortisation	8	2,550	2,544
Finance costs	9	72	58
Other expenses	10	951	651
Total Expenses from Continuing Operations		51,582	50,021
Operating Result from Continuing Operations		582	856
Total Comprehensive Income		582	856

The accompanying notes form part of these statements.

Statement of Financial Position

as at 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Current Assets			
Cash and cash equivalents	11	12,038	9,269
Receivables	12	658	952
Other current assets	13	496	507
Total Current Assets		13,192	10,728
Non-Current Assets			
Intangible assets	14	394	511
Property, plant and equipment	15	13,006	13,202
Other non-current assets	13	17	6
Total Non-Current Assets		13,417	13,719
Total Assets		26,609	24,447
Current Liabilities			
Payables	16	3,765	2,437
Lease liabilities	17	309	309
Accrued employee benefits	18	2,658	2,178
Other current liabilities	20	2	2
Total Current Liabilities		6,734	4,926
Non-Current Liabilities			
Lease liabilities	17	2,443	2,825
Provisions	19	1,956	1,802
Total Non-Current Liabilities		4,399	4,627
Total Liabilities		11,133	9,553
Net Assets		15,476	14,894
Equity			
Contributed equity		12,221	12,221
Accumulated surplus		3,247	2,665
Asset revaluation surplus		8	8
Total Equity		15,476	14,894

The accompanying notes form part of these statements.

Statement of Changes in Equity

for the year ended 30 June 2014

	Accumulated Surplus	Asset Revaluation Surplus	Contributed Equity	TOTAL
	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2012	1,809	8	13,572	15,389
Operating result from continuing operations	856	–	–	856
<i>Transactions with Owners as Owners:</i>				
- Non Appropriated equity withdrawal	–	–	(1,351)	(1,351)
Balance as at 30 June 2013	2,665	8	12,221	14,894
Balance as at 1 July 2013	2,665	8	12,221	14,894
Operating result from continuing operations	582	–	–	582
<i>Transactions with Owners as Owners:</i>				
- Non Appropriated equity withdrawal	–	–	–	–
Balance as at 30 June 2014	3,247	8	12,221	15,476

The accompanying notes form part of these statements.

Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 \$'000	2013 \$'000
Cash flows from operating activities			
Inflows			
Grants and other contributions		50,752	49,668
Interest receipts		563	650
GST input tax credits from ATO		2,313	2,187
GST collected from customers		68	35
Other		205	94
Outflows			
Employee expenses		(36,986)	(37,974)
Supplies and services		(9,191)	(10,393)
GST paid to suppliers		(2,440)	(2,185)
GST remitted to ATO		(28)	(32)
Other		(260)	(170)
Net cash provided by operating activities	21	4,996	1,880
Cash flows from investing activities			
Inflows			
Sales of property, plant and equipment		182	217
Outflows			
Payments for property, plant and equipment		(2,409)	(1,052)
Net cash used in investing activities		(2,227)	(835)
Cash flows from financing activities			
Outflows			
Equity withdrawals		–	(1,351)
Net cash used in financing activities		–	(1,351)
Net increase in cash and cash equivalents		2,769	(306)
Cash and cash equivalents at beginning of financial year		9,269	9,575
Cash and cash equivalents at end of financial year	11	12,038	9,269

The accompanying notes form part of these statements.

Notes to and forming part of the Financial Statements 2013–14

Objectives and principal activities of the Commission

Note 1	Summary of Significant Accounting Policies
Note 2	Grants and Other Contributions
Note 3	Other Revenue
Note 4	Gains on Disposal of Assets
Note 5	Employee Expenses
Note 6	Key Management Personnel and Remuneration Expenses
Note 7	Supplies and Services
Note 8	Depreciation and Amortisation
Note 9	Finance Costs
Note 10	Other Expenses
Note 11	Cash and Cash Equivalents
Note 12	Receivables
Note 13	Other Assets
Note 14	Intangible Assets
Note 15	Property, Plant and Equipment
Note 16	Payables
Note 17	Lease Liabilities
Note 18	Accrued Employee Benefits
Note 19	Provisions
Note 20	Other Current Liabilities
Note 21	Reconciliation of Operating Result to Net Cash from Operating Activities
Note 22	Commitments for Expenditure
Note 23	Contingencies
Note 24	Financial Instruments
Note 25	Trust Transactions and Balances
Note 26	Australian Public Sector Anti-Corruption Conference (APSACC)
Note 27	Events Occurring after Balance Date

Notes to and forming part of the Financial Statements 2013–14

Objectives and principal activities of the Crime and Misconduct Commission

The objectives of the Commission are threefold.

1. *Reduced impact of major crime in Queensland*

The Crime and Misconduct Commission (CMC) 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. In addition, 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. *A trustworthy public sector**

The Commission is charged with improving integrity and reducing the incidence of misconduct in Queensland's public sector agencies. Our jurisdiction covers misconduct* within the police service, public service departments, statutory authorities, government-owned corporations, universities, local governments, courts, prisons and state elected officials. The Commission receives and assesses complaints about misconduct, investigates the most serious official misconduct, takes a lead role in working with public sector agencies to develop and maintain effective integrity systems and build their capacity to prevent and deal with misconduct, monitors how these agencies deal with complaints, and undertakes related research, intelligence and misconduct prevention activities. The Commission also has a legislative role of conducting research into police powers and methods of operation and undertakes misconduct-related research required by legislation or referred by the government.

3. *An effective witness protection service*

The Commission provides the State's Witness Protection Program for persons who are in need of protection and who are in danger because of helping a law enforcement agency. The Commission works in close cooperation with all witness protection units in Australia and New Zealand. Although the majority of witness protection referrals are received from the QPS, referrals can also be received from other state or Commonwealth law enforcement agencies.

Refer to Note 27.

*Misconduct is official misconduct and police misconduct.

Note 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 Queensland Treasury and Trade's Minimum Reporting Requirements for the year ending 30 June 2014, 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 2013–14

(b) The Reporting Entity

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

(c) 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.

(d) Trust Transactions and Balances

The Commission undertakes certain trustee transactions on behalf of individuals as a result of operational activities. The Commission also undertakes trustee transactions when it acts as host of the Australian Public Sector Anti-Corruption Conference (APSACC).

As the Commission acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in Note 25 and Note 26 respectively. Applicable audit arrangements are also shown.

(e) Grants and Contributions

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

Contributed assets are recognised at their fair value. The accounting treatment for contributions of goods or services is explained in Note 1(s).

(f) Interest

Interest revenue is recognised as the interest accrues.

(g) Special Payments

Special payments include ex gratia expenditure and other expenditure that the Commission is not contractually or legally obligated to make to other parties. In compliance with the *Financial and Performance Management Standard 2009*, the Commission maintains a register setting out details of all special payments greater than \$5000. The total of all special payments (including those of \$5000 or less) is disclosed separately within Other Expenses (Note 10). However, descriptions of the nature of special payments are only provided for special payments greater than \$5000.

(h) 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.

(i) Receivables

Receivables consist of:

- Contractual receivables, such as trade debtors and accrued interest income
- Statutory receivables for GST input tax credits receivable

Contractual receivables are classified as financial instruments (Refer Note 1(u) and Note 24). Statutory receivables are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments as they do not arise from a contract.

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.

Notes to and forming part of the Financial Statements 2013–14

(i) Receivables (cont'd)

The collectability of receivables is assessed periodically with allowance being made for impairment if required. All known bad debts were written off as at 30 June 2014.

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.

(j) Prepayments

Invoices paid in advance for goods and services yet to be received are recognised as a prepayment if the value of the invoice is greater than or equal to \$1000. Recognition occurs at the time the invoice is processed for payment.

(k) 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.

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*.

(l) Property, Plant and Equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of \$5000 are capitalised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed in the year of acquisition.

Routine maintenance, repair costs and minor renewal costs are expensed as incurred.

(m) 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*, AASB 13 *Fair Value Measurement* and Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation.

The Commission's heritage and cultural assets comprises of artwork. The Commission makes an assessment of the fair value of the artwork on an annual basis, with a comprehensive revaluation undertaken by an independent professional valuer at least once every five years.

The Commission revalued its artwork during the 2011–12 financial year (refer to Note 15). As at 30 June 2014, the revalued amount has been judged by the management of the Commission to materially represent their fair value.

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost.

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.

Plant and equipment, including leasehold improvements and associated work in progress are recognised at cost in accordance with Queensland Treasury and Trade's *Non-Current Asset Policies for the Queensland Public Sector*. The carrying amounts for plant and equipment measured at cost approximate their fair value.

Materiality concepts under AASB 1031 *Materiality* are considered in determining whether the difference in the carrying amount and the fair value of an asset is material.

Notes to and forming part of the Financial Statements 2013–14

(n) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Unobservable inputs are data, assumptions and judgements that are not available publically, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Commission include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Commission's assets/liabilities and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Commission for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

None of the Commission's valuations of assets or liabilities are eligible for categorisation into level 1 and 2 of the fair value hierarchy. More specific fair value information about the Commission's Property, Plant and Equipment is outlined in Note 15.

(o) Intangible Assets

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 assets have a zero residual value.

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

Software

The Commission's intangible assets consist of software for the Electronic Document and Records Management System (eDRMS) and the Web Content and Intranet Management System. The design, licensing and implementation costs of the software has been capitalised and is amortised on a straight-line basis over the period of the expected benefit to the Commission (refer to Note 14).

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

Property, plant and equipment are 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.

Notes to and forming part of the Financial Statements 2013–14

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

Assets and software under construction (work-in-progress) are not depreciated or amortised 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.

The useful lives of plant and equipment and intangible assets consisting of software 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 %
Plant and Equipment:	
General and technical equipment and furniture	1.5 – 26.1
Computer equipment	8.9 – 48.9
Motor vehicles	6.4 – 34.5
Leasehold improvements	7.7 – 15.5
Intangible Assets:	
Software	11.1 – 27.0

Heritage and cultural assets, which are considered to have an indefinite useful life, are not depreciated. Items comprising the Commission's technical library are expensed on acquisition.

(q) Impairment of Non-Current Assets

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

All non-current assets are assessed for indicators of impairment on an annual basis. The Commission did not impair any assets during the financial year.

(r) Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment.

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement. Finance leases effectively transfer substantially all risks and benefits incidental to ownership from the lessor to the lessee. Under an operating lease, the lessor retains substantially all the risks and benefits.

Operating lease payments are recognised as an expense on a straight-line basis as representative of the time pattern of benefits derived from the leased assets, even if the payments are not on that basis. Differences between lease expense recognised and payments made are recorded as a deferred lease liability.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

The Commission does not hold any finance leases.

Notes to and forming part of the Financial Statements 2013–14

(s) Services Received Free of Charge or for Nominal Value

Contributions of services are recognised only if the services 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.

(t) Payables

Payables consist of:

- Contractual payables, such as trade creditors and police salary reimbursements to the Queensland Police Service.
- Statutory payables, such as payroll tax and fringe benefits tax payable.

Contractual payables are classified as financial instruments (Refer Note 1(u)). Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments as they do not arise from a contract.

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

(u) 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.

Recognition

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

Classification

Financial instruments are classified and measured as follows:

- 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 or for hedging. Apart from cash and cash equivalents, the Commission holds no financial assets at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Commission are included in Note 24.

(v) 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.

Notes to and forming part of the Financial Statements 2013–14

(v) Employee Benefits (cont'd)

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.

As the Commission expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

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.

Not all annual leave entitlements are expected to be paid within 12 months therefore, in accordance with AASB 119 *Employee Benefits*, the value of annual leave owing at the end of the reporting period is measured as "other long term employee benefits" and recognised at its present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity, after projecting the remuneration rates expected to apply at the time of likely settlement. However, as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period, the full value of the annual leave liability is classified as a current liability under accrued employee benefits, in accordance with AASB 101 *Presentation of Financial Statements*.

Refer to Note 1(ad) and Note 18.

Long service leave

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

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

Superannuation

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

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

Key Management Personnel and Remuneration

Key executive management personnel and remuneration disclosures are made in accordance with section 5 of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury and Trade. Refer to Note 6 for the disclosures on key executive management personnel and remuneration.

Notes to and forming part of the Financial Statements 2013–14

(w) Provisions

Provisions are recorded when the Commission has a present obligation, either legal or constructive, as a result of a past event, and the amount of the provision can be reliably measured.

They are recognised at the amount expected at reporting date for which the obligation will be settled in a future period. Where the settlement of the obligation is expected after 12 or more months, the obligation is discounted to the present value using the appropriate discount rate. The amounts recognised as provisions in relation to the dismantling, removal and restoration of assets in accordance with “make good” provisions of leasing arrangements have been included in the cost of the leasehold improvement assets.

(x) Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Refer to Note 23.

(y) 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.

(z) Taxation

The Commission is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Commission. GST credits receivable from and payable to the ATO are recognised (refer to Note 12).

(aa) Accounting Estimates and Judgments

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

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

- Valuation of Property, Plant and Equipment – (Note 15)
- Accrued Employee Benefits (Note 18)
- Provisions (Note 19)
- Commitments for Expenditure (Note 22)
- Contingencies (Note 23).
- Depreciation and Amortisation (Note 8)

The Australian government passed its Clean Energy Act in November 2011 which resulted in the introduction of a price on carbon emissions made by Australian businesses from 1 July 2012.

The government plans to abolish the tax from 1 July 2014. Given the nature of activities performed at the Commission, the withdrawal of the carbon pricing mechanism is not expected to have a significant impact on the Commission’s critical accounting estimates, assumptions and management judgments.

Notes to and forming part of the Financial Statements 2013–14

(ab) Issuance of Financial Statements

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

(ac) Rounding and Comparatives

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

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

(ad) New and Revised Accounting Standards

Accounting policies applied during 2012–13 were only amended where required by Australian accounting standards. Australian accounting standard changes applicable for the first time for 2013–14 have had minimal effect on the Commission's financial statements, as explained below.

AASB 13 *Fair Value Measurement* became effective from reporting periods beginning on or after 1 January 2013. AASB 13 sets out a new definition of "fair value", as well as new principles to be applied when determining the fair value of assets and liabilities. The new requirements apply to all of the Commission's assets and liabilities (excluding leases) that are measured and/or disclosed at fair value or another measurement based on fair value.

The impacts of AASB 13 relate to the fair value measurement methodologies used, and financial statement disclosures made, in respect of such assets and liabilities.

The Commission's artwork is the only item of property, plant and equipment which is measured at fair value. The valuation methodologies (including instructions to valuers, data used and assumptions made) relating to this asset were reviewed during the financial year and assessed as compliant with AASB 13.

AASB 13 has required more information to be disclosed in relation to fair value measurements for both assets and liabilities. For those fair value measurements that are substantially based on data that is "not observable" (i.e. accessible outside the Commission), the amount of information disclosed has increased. Note 1(n) explains some of the principles underpinning the additional fair value information disclosed. Note 15, Property, plant and equipment, sets out this additional information.

A revised version of AASB 119 *Employee Benefits* became effective for reporting periods beginning on or after 1 January 2013. The revised AASB 119 includes changed criteria for accounting for employee benefit liabilities as "short-term employee benefits".

Under the revised AASB 119, "short-term benefits" will only include benefits that are expected to be wholly settled before 12 months after the end of the reporting period in which the employees provide the associated service. If that criterion is not met, such benefits will need to be categorised and accounted for as "other long-term employee benefits", which may comprise both current and non-current components.

Based on prior history, it is not expected that staff annual leave entitlements will be wholly settled within 12 months of the end of the reporting period. Therefore, these entitlements are now measured according to the AASB 119 requirements for other "long-term employee benefits". Refer to note 1(v) and Note 18.

The revised AASB 119 clarifies the concept of "termination benefits" and the revised recognition criteria for termination benefit liabilities. If termination benefits meet the AASB 119 timeframe criterion for "short-term employee benefits", they will be measured according to the AASB 119 requirements for "short-term employee benefits. Otherwise, termination benefits need to be measured according to the AASB 119 requirements for "other long-term employee benefits".

Notes to and forming part of the Financial Statements 2013–14

(ad) New and Revised Accounting Standards (cont'd)

Under the revised standard, the recognition and measurement of employer obligations for “other long-term employee benefits” will need to be accounted for according to most of the requirements for defined benefit plans.

The change in criterion has no impact on reporting requirements for long service leave entitlements as the Commission is a member of the Queensland Government’s long service leave central scheme, which holds the liability on whole-of-government basis. The revised AASB also includes changed requirements for the measurement of employer liabilities/assets arising from defined benefit plans, and the measurement and presentation of changes in such liabilities/assets.

The Commission only contributes to the QSuper defined benefit plan, and the corresponding QSuper employer benefit obligation is held by the State. Therefore, these changes to AASB 119 will have no impact on the Commission.

AASB 1053 *Application of Tiers of Australian Accounting Standards* became effective for reporting periods beginning on or after 1 July 2013. AASB 1053 establishes a differential financial reporting framework for preparing general purpose financial statements, consisting of two tiers of reporting requirements. Tier 1 requirements comprise the full range of AASB recognition, presentation and disclosure requirements, while Tier 2 requires fewer disclosures.

Pursuant to AASB 1053, public sector entities such as the Commission may adopt Tier 2 requirements for their general purpose financial statements. However, AASB 1053 acknowledges the power of the regulator to require application of the Tier 1 requirements. In the case of the Commission, Queensland Treasury and Trade is the regulator. Queensland Treasury and Trade’s policy decision requires the Commission to adopt Tier 1 reporting requirements. Therefore, the release of AASB 1053 and associated amending standards will have no impact on the Commission.

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

At the date of authorisation of the financial report, new or amended Australian Accounting Standards and Interpretations relevant to the Commission (as listed below) had been issued, which have mandatory application dates for future reporting periods.

Standard/Interpretation	Applicable for annual reporting periods beginning on or after:
AASB 9 <i>Financial Instruments</i>	1 January 2017
AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2017
AASB 1055 <i>Budgetary Reporting</i>	1 July 2014

AASB 9 *Financial Instruments* (December 2010) and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* will change the requirements for the classification, measurement and disclosures associated with financial assets. Under the new requirements, financial assets will be more simply classified according to whether they are measured at amortised cost or fair value.

Notes to and forming part of the Financial Statements 2013–14

(ad) New and Revised Accounting Standards (cont'd)

Pursuant to AASB 9, financial assets can only be measured at amortised cost if two conditions are met.

One of these conditions is that the asset must be held within a business model whose objective is to hold assets in order to collect contractual cash flows. The other condition is that the contractual terms of the asset give rise on specified dates to cash flows that are the sole payments of principal and interest on the principal amount outstanding.

Assuming no change in the types of transactions that the Commission enters into, it is not expected that any of the Commission's financial assets will meet the criteria in AASB 9 to be measured at amortised cost. Therefore, as from the 2017–18 financial statements, all of the Commission's financial assets will be required to be classified as "financial assets required to be measured at fair value through profit or loss" (instead of the measurement classifications presently used in Note 1(u) and Note 24).

In the case of the Commission's receivables, as they are short term in nature, the carrying amount is considered to be a reasonable approximation of fair value.

AASB 1055 *Budgetary Reporting* applies from reporting periods beginning on or after 1 July 2014. From that date, based on what is currently published in the 2014–15 Queensland Government's Service Delivery Statements, the Commission will need to include the original budgeted statements for the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and Statement of Cash Flows, in these financial statements.

These budgeted statements will need to be presented consistently with the corresponding (actual) financial statements, and will be accompanied by explanations of major variances between the actual amounts and the corresponding original budgeted figures.

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 2013–14

	2014 \$'000	2013 \$'000
Note 2: Grants and Other Contributions		
Queensland Government grant	50,752	49,661
Goods and services received below fair value*	543	475
Other	–	7
Total	51,295	50,143
*Received from		
	Goods/Services	
Department of Science, Information Technology, Innovation and the Arts	Archival services	294
Queensland Police Service	Salary and training costs	157
Australian Security Academy Pty Ltd	Training provided	24
Total	543	475
Note 3: Other Revenue		
Australian Public Sector Anti-Corruption Conference (APSACC)*	102	–
Car parking	36	44
Sundry revenue	66	38
Total	204	82
*Refer to Note 26.		
Note 4: Gains on Disposal of Assets		
Gains from disposal of property, plant and equipment	78	41
Total	78	41
Note 5: Employee Expenses		
Employee Benefits		
Wages and salaries	25,991	25,440
Annual leave expense*	1,808	1,698
Employer superannuation contributions*	3,531	3,542
Long service leave levy*	606	598
Termination benefits	128	1,019
Other employee benefits	1,555	1,484
Employee Related Expenses		
Workers compensation premium*	270	382
Payroll tax*	1,564	1,546
Other employee related expenses	415	296
Total	35,868	36,005
*Refer to Note 1 (v).		

Notes to and forming part of the Financial Statements 2013–14

Note 5: Employee Expenses (cont'd)

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

	2014	2013
Number of employees	329	303

Note 6: Key Management Personnel and Remuneration Expenses

(a) 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.

	2014 \$'000	2013 \$'000
Judith Bell (term expired 2 June 2013)	–	43
Phillip Nase (term expired 5 November 2013)	17	47
Marilyn McMeniman	47	47
George Fox	47	47
Michael Keelty (6 December 2013 to 30 June 2014)	26	–
Sydney Williams (commenced 6 December 2013)	26	–
Total	163	184

Refer to Note 27.

Notes to and forming part of the Financial Statements 2013–14

Note 6: Key Management Personnel and Remuneration Expenses (cont'd)

(b) Key Management Personnel*

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Commission as a whole during 2013–14. Further information on these positions can be found in the body of the Annual Report under the section relating to leadership and executive management.

Position	Responsibilities	Current Incumbents	
		Contract classification and appointment authority	Date appointed to position (Date resigned from position)
Chairperson	Responsible for the efficient, effective and economic administration of the Commission.	Acting – CEO / <i>Crime and Misconduct Act 2001</i>	22 May 2013
Assistant Commissioner, Misconduct	Responsible for participating collaboratively in the overall management of the Commission — in particular, to achieve objectives set by the Commission for the performance of its function to improve the integrity of and to reduce the incidence of misconduct in the public sector.	Acting – SES4 / <i>Crime and Misconduct Act 2001</i>	2 April 2013
Assistant Commissioner, Crime	Responsible for participating collaboratively in the overall management of the Commission — in particular, to achieve objectives set by the Commission for the performance of its major Crime, Proceeds of Crime and Intelligence functions.	Current – SES4 / <i>Crime and Misconduct Act 2001</i>	9 January 2012
Executive General Manager	Responsible for participating collaboratively in the overall management of the Commission and, in particular, to achieve objectives set by the Commission for overall organisational performance and corporate service functions.	Outgoing – SES4 / <i>Crime and Misconduct Act 2001</i>	27 April 2011 to 27 December 2013
		Acting – SES4 / <i>Crime and Misconduct Act 2001</i>	29 November 2013 to 30 June 2014

*Refer to Note 27.

Notes to and forming part of the Financial Statements 2013–14

Note 6: Key Management Personnel and Remuneration Expenses (cont'd)

(c) Remuneration Expenses

Chief Executive's Remuneration

The remuneration paid to the Chairperson is determined by the Governor-in-Council and is equivalent to the superannuable salary of the President of the Court of Appeal as provided for under the *Judicial Remuneration Act 2007*.

For the 2013–14 year, the remuneration of judicial personnel increased by 2.4% in accordance with Remuneration Tribunal determination 2013/12.

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

The Chairperson is not eligible for a performance bonus.

Senior Executive Remuneration

Remuneration policy for the Commission's senior executive personnel is based on rates set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*, and approved by the Minister. The remuneration and other terms of employment for the key executive management personnel are specified in employment contracts.

For the 2013–14 year, the remuneration of senior executive personnel increased by 2.2% in accordance with government policy.

Remuneration expenses for key management personnel comprise the following components:

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

Notes to and forming part of the Financial Statements 2013–14

Note 6: Key Management Personnel and Remuneration Expenses (cont'd)

(c) Remuneration Expenses (cont'd)

1 July 2013 – 30 June 2014

Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Acting Chairperson 22 May 2013 to current	495	-	11	53	-	559
Acting Assistant Commissioner, Misconduct 2 April 2013 to current	223	-	-	26	-	249
Assistant Commissioner, Crime	54	16	5	5	-	80
Acting Assistant Commissioner, Crime 2 April 2013 to 1 April 2014	161	-	-	15	-	176
Executive General Manager – up to 27 December 2013	116	-	3	12	67	198
Acting Executive General Manager 29 November 2013 to 30 June 2014	125	-	-	12	-	137
Total Remuneration	1,174	16	19	123	67	1,399

Notes to and forming part of the Financial Statements 2013–14

Position	Short-Term Employee Expenses		Long-Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
Chairperson – up to 3 April 2013	365	26	17	40	11	459
Acting Chairperson Various periods during the financial year	116	–	–	8	–	124
Acting Chairperson 22 May 2013 to current	53	–	1	6	–	60
Assistant Commissioner, Misconduct – up to 22 May 2013	132	22	4	14	2	174
Acting Assistant Commissioner, Misconduct 2 April 2013 to current	52	–	–	7	–	59
Assistant Commissioner, Crime	160	21	5	18	–	204
Acting Assistant Commissioner, Crime 2 April 2013 to current	54	–	–	4	–	58
Executive General Manager	229	–	18	23	–	270
Director, Office of the Commission – up to 6 July 2012	4	–	–	–	–	4
Total Remuneration	1,165	69	45	120	13	1,412

1 July 2012 – 30 June 2013

Notes to and forming part of the Financial Statements 2013–14

	2014	2013
	\$'000	\$'000
Note 7: Supplies and Services		
Rental expense – operating lease	4,348	4,399
Computer maintenance and software	1,320	779
Consultants and contractors	450	396
Corporate service providers	119	127
Electricity	343	293
Furniture and equipment (non asset)	798	224
Telecommunications and access costs	1,229	1,147
Legal costs	806	723
Building and equipment maintenance	379	369
Motor vehicles	431	475
Operational expenses	613	584
Security	466	445
Travel	396	354
Other supplies and services	443	448
Total	12,141	10,763

Note 8: Depreciation and Amortisation

Depreciation and amortisation were incurred in respect of:

Motor vehicles	377	365
Computer equipment	469	485
General and technical equipment	202	197
Leasehold improvements	1,385	1,382
Software	117	115
Total	2,550	2,544

Note 9: Finance Costs

Unwinding the discount*	72	58
Total	72	58

* Finance costs relate to the unwinding of the discount for the provision for restoration costs. Also refer to Note 19.

Notes to and forming part of the Financial Statements 2013–14

	2014 \$'000	2013 \$'000
Note 10: Other Expenses		
External audit fees*	64	62
Insurance	31	29
Services received free of charge (see Note 2)	543	475
Losses from disposal of property, plant and equipment	150	6
Special payments**		
Ex-gratia payments	41	69
APSACC – seed money for future conferences (see Note 26)	102	–
Sundry expenses	20	10
Total	951	651

* Total audit fees paid to the Queensland Audit Office relating to the 2013–14 financial statements are estimated to be \$64,000 (2013: \$64,000). There are no non-audit services included in this amount.

**Included in special payments is an amount of \$41,304 (2013: \$38,930) paid to external legal counsel for legal assistance provided to staff involved with the Parliamentary Crime and Misconduct Committee (PCMC) Inquiry into the release and destruction of Fitzgerald Inquiry documents, in March 2013.

Refer to Note 1(g).

Note 11: Cash and Cash Equivalents

Imprest accounts	25	25
Cash at bank	462	1,946
Term deposits*	11,551	7,298
Total	12,038	9,269

* Term deposits are held with major banking institutions, and earned interest rates between 3.21 % and 4.44% (2013: 3.93% and 5.9%). Included in term deposits is a bank guarantee of \$48,600 pursuant to a lease agreement.

Note 12: Receivables

Contractual Receivables		
Trade debtors*	4	14
Long service leave reimbursements	59	463
Interest receivable	108	84
Sundry debtors*	20	12
	191	573
Statutory Receivables		
GST receivable	511	384
GST payable	(44)	(5)
	467	379
Total	658	952

* As at reporting date, there were no debtors that required an allowance for impairment.

Refer to Note 1(i).

Notes to and forming part of the Financial Statements 2013–14

	2014 \$'000	2013 \$'000
Note 13: Other Assets		
Current		
Prepayments	496	507
Total	496	507
Non-Current		
Prepayments	17	6
Total	17	6
Note 14: Intangible Assets		
Software		
At cost	752	752
Less: Accumulated amortisation	(358)	(241)
	394	511
Total	394	511
Intangibles Reconciliation		
Software		
Carrying amount at 1 July	511	626
Amortisation*	(117)	(115)
Carrying amount at 30 June	394	511

The Commission's software comprises software licensing and implementation costs (including capitalised salary costs) for the TRIM Electronic Document and Records Management System (\$0.540m) and the Web Content and Intranet Management System (\$0.212m). The cost of the software is being amortised on a straight-line basis over the period of the expected benefit to the Commission, namely, 9 and 4 years respectively.

As at 30 June 2014, the TRIM Electronic Document and Records Management System had a remaining useful life of 5 years and a carrying amount of \$0.310m, whilst the Web Content and Intranet Management System had a remaining useful life of 1.5 years and a carrying amount of \$0.084m. Refer to Note 1(o).

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

Notes to and forming part of the Financial Statements 2013–14

	2014	2013
	\$'000	\$'000
Note 15: Property, Plant and Equipment		
Motor vehicles:		
At cost	1,396	1,134
Less: Accumulated depreciation	(469)	(436)
	<u>927</u>	<u>698</u>
Computer equipment:		
At cost	2,740	2,364
Less: Accumulated depreciation	(1,303)	(987)
	<u>1,437</u>	<u>1,377</u>
General and technical equipment:		
At cost	1,743	1,590
Less: Accumulated depreciation	(672)	(901)
	<u>1,071</u>	<u>689</u>
Leasehold improvements:		
At cost	16,994	16,476
Less: Accumulated depreciation	(7,456)	(6,071)
	<u>9,538</u>	<u>10,405</u>
Cultural and art assets:		
At fair value	33	33
Total	<u>13,006</u>	<u>13,202</u>

The Commission has plant and equipment with an original cost of \$0.807m (2013: \$1.703m) and a written down value of zero still being used in the provision of services.

As at 30 June 2014, the Commission had plant and equipment with an original cost of \$0.253m and a written down value of zero awaiting disposal. It is anticipated that these assets will be disposed of in the first quarter of the 2014–15 financial year.

Notes to and forming part of the Financial Statements 2013–14

Note 15: Property, Plant and Equipment (cont'd)

Property, Plant and Equipment Reconciliation	Motor vehicles		Computer equipment		General and technical equipment		Leasehold improvements#		Cultural and art assets (Level 3)##		Work in progress		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Carrying amount at 1 July	698	753	1,377	1,403	689	785	10,405	11,941	33	33	–	–	13,202	14,915
Acquisitions	712	488	528	459	709	104	–	–	–	–	459	–	2,408	1,051
Disposals	(106)	(178)	–	–	(148)	(3)	–	–	–	–	–	–	(254)	(181)
Transfers between classes	–	–	–	–	23	–	436	–	–	–	(459)	–	–	–
Restoration cost adjustment#	–	–	–	–	–	–	82	(154)	–	–	–	–	82	(154)
Depreciation	(377)	(365)	(468)	(485)	(202)	(197)	(1,385)	(1,382)	–	–	–	–	(2,432)	(2,429)
Carrying amount at 30 June	927	698	1,437	1,377	1,071	689	9,538	10,405	33	33	–	–	13,006	13,202

Included in leasehold improvements is an amount of \$1.689m (2013: \$1.607m) for the estimate of restoration costs for the leased premises, which has been recognised as a provision. The estimate of restoration costs was reassessed as at 30 June 2014 and discounted to reflect the present value of these obligations using a rate that reflects current market assessments and risks specific to the liability. Refer to Note 19.

Relates to categorisation of fair values recognised as at 30 June 2014.

Notes to and forming part of the Financial Statements 2013–14

Note 15: Property, Plant and Equipment (cont'd)

Level 3 significant valuation inputs and relationship to fair value

Description	Fair Value at 30 June 2014
Artwork	\$33,000

The Commission revalued its artwork during the 2011–12 financial year. The valuation was performed by Jan Manton of Jan Manton Art, an approved valuer of Contemporary Australian Art since 1970. As there is no active market for the Commission's cultural assets, the valuation methodology was based on the value of previous pieces of art sold by the artist, Sebastian Di Mauro.

As at 30 June 2014, the revalued amount has been judged by the management of the Commission to materially represent their fair value. The Commission considers that changes in unobservable inputs to a different amount would not result in a significantly higher or lower fair value measurement.

Refer to Notes 1(m) and 1(n).

Note 16: Payables

Contractual Payables

Trade creditors	1,625	1,074
Queensland Police Service*	2,010	1,244
	3,635	2,318

Statutory Payables

Payroll Tax	95	84
Fringe Benefits Tax	35	34
Withholding Tax	–	1
	130	119

Total

2014	2013
\$'000	\$'000

3,765	2,437
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3,765	2,437
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* Reimbursement of staff salaries and related on-costs for police seconded to the Commission.

Refer to Note 1(t).

Note 17: Lease Liabilities

Current

Lease incentive liability	309	309
Total	309	309

Non-Current

Lease incentive liability	1,820	2,129
Deferred lease liability	623	696
Total	2,443	2,825

Refer to Note 1(r).

Notes to and forming part of the Financial Statements 2013–14

	2014 \$'000	2013 \$'000
Note 18: Accrued Employee Benefits		
Wages outstanding	430	72
Annual leave entitlements	2,111	1,988
Long service leave levy payable	117	118
Total	2,658	2,178

Note 19: Provisions		
Restoration costs	1,956	1,802
Total	1,956	1,802

Movements in provisions

Restoration Costs

Balance at 1 July	1,802	1,898
Provision recognised	82	(154)
Unwinding the discount	72	58
Balance at 30 June	1,956	1,802

The provision for restoration costs relate to clauses in the lease agreement for Green Square and the offsite premises which require the CMC to restore the leased premises to their original condition. The estimate of the restoration costs has been included in the cost of the leasehold assets.

Refer to Note 15.

The provision has been discounted to reflect the present value of these obligations using a rate that reflects current market assessments and risks specific to the liability.

Note 20: Other Current Liabilities

Unearned revenue	2	2
Total	2	2

Notes to and forming part of the Financial Statements 2013–14

	2014 \$'000	2013 \$'000
Note 21: Reconciliation of Operating Result to Net Cash from Operating Activities		
Operating result from continuing operations	582	856
Depreciation and amortisation expense	2,550	2,544
Losses on disposal of property, plant and equipment	150	6
Gains on disposal of property, plant and equipment	(78)	(41)
Unwinding the discount on provision for restoration costs	72	58
Change in asset and liabilities:		
(Increase)/decrease in trade debtors	10	9
(Increase)/decrease in GST input tax receivable	(127)	2
(Increase)/decrease in long service leave reimbursement receivable	404	(390)
(Increase)/decrease in interest receivable	(24)	38
(Increase)/decrease in other receivables	(8)	3
(Increase)/decrease in prepayments	–	5
Increase/(decrease) in accounts payable	1,329	(694)
Increase/(decrease) in accrued employee benefits	479	(296)
Increase/(decrease) in GST payable	39	5
Increase/(decrease) in lease liability	(382)	(224)
Increase/(decrease) in unearned revenue	–	(1)
Net cash from operating activities	4,996	1,880

Note 22: Commitments for Expenditure

(a) Non-Cancellable Operating Lease

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

Not later than one year	5,448	5,257
Later than one year and not later than five years	5,427	10,914
Total	10,875	16,171

Operating leases are entered into as a means of acquiring access to office accommodation, equipment and storage facilities.

Operating leases for accommodation have a renewal option that is exercisable at market prices.

Lease payments are generally fixed, and no lease arrangements create restrictions on other financing transactions.

Notes to and forming part of the Financial Statements 2013–14

	2014 \$'000	2013 \$'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	119	136
Later than one year and not later than five years	201	37
Total	320	173
(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	56	–
Total	56	–
(d) Other Expenditure Commitments		
Other expenditure inclusive of anticipated GST, committed at the end of the period but not recognised in the accounts, are as follows:		
Payable:		
Not later than one year	954	580
Later than one year and not later than five years	425	11
Total	1,379	591

Note 23: Contingencies

Litigation in progress

As at 30 June 2014, the following cases were ongoing before various courts, naming the Commission as either an applicant or respondent:

	2014 Number of cases	2013 Number of cases
Court of Appeal/High Court	5	2
Supreme Court	5	5
Queensland Civil and Administrative Tribunal (QCAT)	4	9
Family Court	–	1
Total	14	17

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.

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 2013–14

Note 24: Financial Instruments

(a) *Categorisation of Financial Instruments*

The Commission has the following categories of financial assets and financial liabilities. The amounts disclosed exclude statutory amounts (e.g. GST receivable and fringe benefits tax payable). Refer to Notes 1(i) and (t).

Category:	Note	2014 \$'000	2013 \$'000
Financial assets			
Cash and cash equivalents	11	12,038	9,269
Contractual receivables	12	191	573
Total		12,229	9,842
Financial liabilities			
Contractual payables	16	3,635	2,318
Total		3,635	2,318

(b) *Financial Risk Management*

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

The Commission provides written principles for overall risk management as well as policies covering specific areas. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Commission.

All financial risk is managed by the Strategy and Services Division under policies approved by the Commission.

The Commission measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method
Credit risk	Ageing analysis
Liquidity risk	Sensitivity analysis
Market risk	Interest rate sensitivity analysis

(c) *Credit Risk Exposure*

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment.

Notes to and forming part of the Financial Statements 2013–14

(c) Credit Risk Exposure (cont'd)

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

Category:	Maximum Exposure to Credit Risk	Note	2014 \$'000	2013 \$'000
Financial Assets				
Cash and cash equivalents		11	12,013	9,244
Contractual receivables		12	191	573
Total			12,204	9,817

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. Credit risk in relation to trade debtors is also monitored by management by reviewing the ageing of receivables on a monthly basis.

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position. Ageing of past due but not impaired financial assets are disclosed in the following tables:

2014 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	–	–	–	–	–

2013 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	–	–	–	8	8
Total	–	–	–	8	8

(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 sufficient levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.

Notes to and forming part of the Financial Statements 2013–14

(d) Liquidity Risk (cont'd)

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.

		2014 Payable in			Total
Note	< 1 year	1–5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Contractual payables	16	3,635	–	–	3,635
Total		3,635	–	–	3,635

		2013 Payable in			Total
Note	< 1 year	1–5 years	> 5 years		
		\$'000	\$'000	\$'000	\$'000
Financial liabilities					
Contractual payables	16	2,318	–	–	2,318
Total		2,318	–	–	2,318

(e) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk — namely, currency risk, interest rate risk and other price risk.

The Commission does not trade in foreign currency and is not exposed to significant foreign currency risk through its payables relating to purchases of supplies from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

The Commission is not materially exposed to commodity price changes.

The Commission is exposed to interest rate risk through cash deposited in interest bearing accounts. Management monitors movement in interest rates on a regular basis.

The Commission does not undertake any hedging in relation to interest risk, and manages its risk as per the liquidity risk management strategy articulated in the Commission's Financial Management Practice Manual.

(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 net income 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 \$120,130 (2013: \$92,440). This is mainly attributable to the Commission's exposure to variable interest rates on cash deposited in interest bearing accounts.

Notes to and forming part of the Financial Statements 2013–14

(f) *Interest Rate Sensitivity Analysis (cont'd)*

Financial Instrument	Carrying amount \$'000	2014 Interest rate risk			
		-1%		+1%	
		Operating Result \$'000	Equity \$'000	Operating Result \$'000	Equity \$'000
Cash and cash equivalents	12,013	(120)	(120)	120	120
Potential impact		(120)	(120)	120	120

Financial Instrument	Carrying amount \$'000	2013 Interest rate risk			
		-1%		+1%	
		Operating Result \$'000	Equity \$'000	Operating Result \$'000	Equity \$'000
Cash and cash equivalents	9,244	(92)	(92)	92	92
Potential impact		(92)	(92)	92	92

(g) *Fair Value*

The Commission considers that the carrying amount of receivables and payables is a fair approximation of their fair value because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

Note 25: Trust Transactions and Balances

At 30 June 2014, the Commission held \$15,151 (2013: \$9,361) in trust for a number of benefactors as a result of operational activities.

The Queensland Audit Office performed a review of the Commission's trust transactions for 2013–14.

Notes to and forming part of the Financial Statements 2013–14

Note 26: Australian Public Sector Anti-Corruption Conference (APSACC)

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

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

APSACC 2013 was hosted by the ICAC in Sydney in November 2013. As at 30 June 2014, the accounts for APSACC 2013 had been finalised and reflect a surplus of \$435,765. All parties have agreed to retain the surplus funds as seed money to fund the future conference, rather than being distributed to the agencies. (Refer to Note 3 and Note 10.)

The Commission will host the next Australian Public Sector Anti-Corruption Conference in November 2015.

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

Note 27: Events Occurring after Balance Date

The Commission underwent three major reviews during the 2012–13 financial year — namely, the review of the *Crime and Misconduct Act 2001* and related matters by the Independent Advisory Panel, the Parliamentary Crime and Misconduct Committee Inquiry into the release and destruction of Fitzgerald Inquiry documents, and the administrative review of the Commission by Michael Keelty AO.

The *Crime and Misconduct and Other Legislation Amendment Act 2014* was passed on 21 May 2014 as a consequence of the recommendations from these reviews, and came into effect from 1 July 2014.

The new legislation changes the focus of the renamed Crime and Corruption Commission (CCC) to investigating serious corrupt conduct. In addition to changes in the Commission's misconduct jurisdiction, there are changes to the Commission's research and prevention functions, and administrative and governance arrangements.

Commissioners will now comprise a Chairman, a part-time Deputy Chairman, 2 part-time Ordinary Commissioners and a Chief Executive Officer. The commissioners are responsible for providing strategic leadership and direction for the performance of the Commission's functions.

The Chairman is the Chair of the Commission and is responsible for the proper performance of the Commission's functions. The Chairman is not subject to the direction of the commissioners in the performance of a function or exercise of a power in an investigation, hearing, operation or other proceeding under the Act or another Act.

The Chief Executive Officer is responsible for the administration of the Commission and must perform the functions and exercise the powers delegated to the Chief Executive Officer either under section 269 of the Act or by the Chairman.

Additionally, under the new provisions, the title of Assistant Commissioner, Misconduct and Assistant Commissioner, Crime has been renamed Senior Executive Officer (Corruption) and Senior Executive Officer (Crime), respectively.

Effective 1 July 2014, the Commission has put in place an organisational structure to ensure that it best meets the requirements of the *Crime and Corruption Act 2001* and the outcomes of the administrative review of the Commission.

Certificate of the Crime and Misconduct Commission

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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Crime and Misconduct Commission for the financial year ended 30 June 2014 and of the financial position of the Commission at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to financial reporting throughout the reporting period.

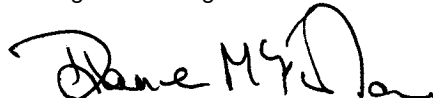
Sighted and signed



Radhika Munien CPA
Finance and Administration Manager
Crime and Corruption Commission

Date: 26 August 2014

Sighted and signed



Dianne McFarlane
Acting Chief Executive Officer
Crime and Corruption Commission

Date: 26 August 2014

Independent Auditor's Report

To the Crime and Corruption Commission

Report on the Financial Report

I have audited the accompanying financial report of the Crime and Misconduct Commission, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Acting Chief Executive Officer and the Finance and Administration Manager.

The Commission's Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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

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

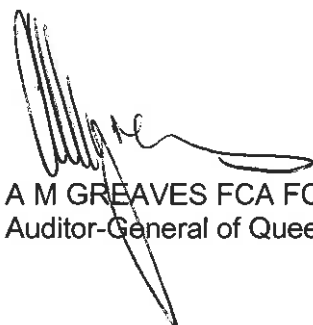
Opinion

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

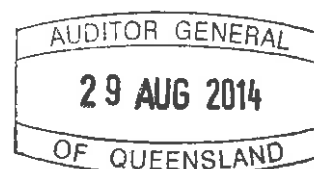
- (a) I have received all the information and explanations which I have required
- (b) in my opinion:
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Crime and Misconduct Commission for the financial year 1 July 2013 to 30 June 2014 and of the financial position as at the end of that year; and

Other Matters - Electronic Presentation of the Audited Financial Report

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



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane

Appendix 1:

CMC Service Delivery Statement performance, 2009–10 to 2013–14

Table 13. Service Area: Crime Fighting and Prevention

Service standards (SDS)	2009–10	2010–11	2011–12	2012–13	2013–14
Percentage of targeted criminal entities which are disrupted as a result of CMC crime investigations	95	96	95	100	100
Net value of criminal proceeds restrained (\$'000)	19543	14 116	20858	17091	13 799
Net value of assets forfeited (\$'000)	5568	9325	7007	16983	7 654
Percentage of coercive hearings that add value to major crime investigations	n/a	n/a	93	100	100
Expenses to achieve strategic objective in Crime Fighting and Prevention services	\$14.5m	\$16.4m	\$17.6m	\$16.4m	\$21.5m

Table 14. Service Area: Public Sector Integrity

Service standards (SDS)	2009–10	2010–11	2011–12	2012–13	2013–14
Percentage of recommendations to agencies accepted ¹	n/a	n/a	96	95	98
Median days to finalise a review matter ²	n/a	n/a	14	13	12
Percentage of investigated matters finalised within 12 months	90	60	79	78	77
Expenses to achieve strategic objective in Public Sector Integrity services	\$24.4m	\$27.6m	\$29.6m	\$27.7m	\$25.2m

1. In 2010–11, the CMC began measuring the percentage of recommendations to agencies not accepted, with a non-acceptance figure of 12 per cent being achieved. This service standard was reworded in 2011–12 to measure, instead, recommendations accepted.
2. Before 2011–12, this service standard measured the percentage of reviewed matters finalised within 4 weeks.

Table 15. Service Area: Witness Protection

Service standards (SDS)	2009–10	2010–11	2011–12	2012–13	2013–14
Median time (hours) to conduct initial witness protection assessment ¹	n/a	n/a	n/a	n/a	18
Expenses to achieve strategic objective in Witness Protection services	\$5.2m	\$5.9m	\$6.3m	\$5.9m	\$4.9m

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

Appendix 2:

CMC Audit Committee and Risk Management Committee

Table 16. Membership of the Risk Management Committee (1 July 2013 to 31 December 2013)

Name	Position	No. of meetings attended / Total held
Ms Marita Corbett ¹	Chair (external)	2 / 2
Vacant	Commissioner	-
Ms Dianne McFarlane ²	Acting Executive General Manager	0 / 2
Mr Andrew Stapleton	Manager, Electronic Collections Unit	2 / 2
Mr Rob Hutchings	General Counsel	1 / 2
Ms Karyn Worth	Senior Adviser, Performance Management and Governance	2 / 2
Mr Brendan Clarke	Internal Auditor (standing invitation)	1 / 2
Ms Edith Mendelle ³	Executive General Manager	1 / 2

1. Ms Corbett was paid \$2625 for her services as the committee Chair in 2013–14.
2. Acting Executive General Manager effective from 29 November 2013.
3. Last meeting attended 10 September 2013.

Table 17. Membership of the Audit Committee (1 July 2013 to 31 December 2013)

Name	Position	No. of meetings attended / Total held
Mr Peter Dowling ¹	Chair (external)	2 / 2
Mr Mike Meintjes ¹	External member	2 / 2
Mr Philip Nase ²	Commissioner	1 / 2
Mr David Goody	Manager, Proceeds of Crime	2 / 2
Mr David Honeyman	Principal Adviser, Misconduct Prevention	1 / 2
<i>Ex-officio members</i>		
Dr Ken Levy RFD	Acting Chairperson	2 / 2
Ms Dianne McFarlane ³	Acting Executive General Manager	1 / 2
Mr Brendan Clark	Internal Auditor	1 / 2
Ms Edith Mendelle ⁴	Executive General Manager	1 / 2

1. Remuneration details can be found on page 44.
2. Term ended 5 November 2013.
3. Acting Executive General Manager effective 29 November 2013.
4. Last meeting attended 26 August 2013.

Appendix 3:

Executive Leadership Group

Current members and their responsibilities on other internal and external committees, as at 30 June 2014

Executive member	Committee membership	Responsibility
Dr Ken Levy RFD, BA, BCom, LLB, PhD, FCA, FCPA, MAPS, CTA Acting Chairperson	Commission Audit and Risk Management Committee Budget Management Committee Crime Reference Committee Crime Operations Review Committee Information Steering Committee Misconduct Operations Review Committee Human Research Ethics Advisory Panel Research Committee Agency Appointments Review Committee Controlled Operations Committee Integrity Committee Justice Statutory Authority Group Implementation Panel ¹	Chair ex officio Chair member member member member Chair Chair Chair member member member member
Mr Paxton Booth LLB, BCom Acting Assistant Commissioner, Misconduct	Commission Budget Management Committee Misconduct Assessment Committee Misconduct Operations Review Committee Research Committee Information Steering Committee	ex officio member Chair Chair member member
Ms Kathleen Florian BA, LLB (Hons) Assistant Commissioner, Crime	Commission Budget Management Committee Crime Reference Committee Crime Intelligence & Research Review Committee Crime Operations Review Committee Research Committee Information Steering Committee Queensland Joint Management Group Prostitution Licensing Authority	ex officio member Chair Chair Chair member member member statutory member
Ms Dianne McFarlane BA, LLB Acting Executive General Manager	Commission Audit and Risk Management Committee Budget Management Committee Business Continuity Committee Information Steering Committee Workplace Health & Safety Committee Witness Protection Advisory Committee Agency Appointments Review Committee	ex officio ex officio member Chair Chair Chair member member

1. The Implementation Panel was appointed by government to progress outcomes from the review of the Crime and Misconduct Act as well as some recommendations from the PCMC Report No. 90.

Index

- Attorney-General, Commonwealth 47
- Australian and New Zealand Witness Protection Committee 31, 33
- Australia New Zealand Policing Advisory Agency 33
- Australian Commission for Law Enforcement Integrity 4
- Australian Crime Commission 4
- Australian Crime Forum 33
- Australian Public Sector Anti-Corruption Conference 30
- Barlow, Joel 28, 29
- Browne, Dina 48
- cannabis 14
- Chairperson of CMC (role) 2, 9, 31, 35, 38, 43, 47, 48
see also Ken Levy
- CMC – see Crime and Misconduct Commission
- coal seam gas projects, independent report on approval process
for 26
- Commission (board of CMC) 2, 35–8, 43, 44, 46, 47
- Commissioner for Children and Young People and Child
Guardian 9
- Commissioner of Police – see Queensland Police Service
- Commissioners for Police Service Reviews 48, 49, 50
- Commonwealth aggravated networking offence 12
- Commonwealth Ombudsman 46
- community safety plans in discrete Indigenous communities, CMC
audit of 24
- Complaints 16, 18–20, 21, 25–6
against government-owned corporations 18
against local government officials 18, 25
against police 18, 21
against public sector officials 18, 25–6
allegation types by sector 21, 25
assessment of 19, 21, 25–6
independent assessment of public sector complaints 26
involving incidents with Indigenous people 21
referrals to agencies 19, 21
sources of 18
- ContactNT® 10
- Controlled Operations Committee 47
- Coroner, State 23
- Corruption and Crime Commission (WA) 4
- corruption within units of public administration, Crime and
Corruption Commission focus on 30
- Court of Appeal, Queensland 23, 24
- Crime 2, 5, 7–15, 35, 99
assets forfeited 7, 8, 11
assets restrained 7, 8, 9, 10, 11
criminal motorcycle gangs 3, 5, 7, 9, 12, 13, 15, 19, 20, 23, 39
criminal paedophilia 2, 7, 9, 12, 13
cross-border collaboration in fighting crime 9, 10, 12
drugs 2, 5, 7, 8, 9, 12, 13, 14, 31
fraud 2, 13, 28–9
hearings 2, 3, 5, 7, 8, 9, 12–14, 15
homicide 13, 14
intelligence collection priorities 15
internet-based offending 12
investigations 5, 7, 8, 9, 10, 12, 15
money laundering 2, 12, 13
murder 12, 13, 14, 31
Operation Lithium 10
organised crime 7, 9–10, 12, 14, 15
prevention 2, 7, 14–15
proceeds of crime 2, 3, 5, 7, 8, 9, 10–11, 15
terrorism 7, 9, 15
violence 13
weapons-related 7, 9, 12, 13, 14, 15
- Crime and Corruption Act 2001* 6, 16, 28, 30, 34, 40, 41
- Crime and Corruption Commission 6, 30
- Crime and Misconduct Act 2001* 2, 3, 12, 14, 18, 23, 26, 30, 34,
35, 38, 46, 47
- Crime and Misconduct and Other Legislation Amendment Act
2014* 4, 6, 37, 38
- Crime and Misconduct Commission (see also Complaints, Crime,
Misconduct, Witness Protection)
- Achievement and Capability Planning framework 40
- Agency Appointment Review Committee 40
- Audit and Risk Management Committee 35, 43, 44, 56, 100
- Budget Management Committee 35, 56
- Business Continuity Committee 46
- business continuity program 46
- CMC Certified Agreement 2009 39
- CMC Employees Award – State 2012 39
- Code of Conduct 40, 41
- Corporate Risk Register 43
- Courageous Conversations pilot training program 40
- Crime Reference Committee 9, 15
- Employee Assistance Program 41
- Executive Leadership Group 38, 101

- external auditing 44, 47, 56
- financial statements 57–98
- financial summary 3, 51–6
- fraud and corruption control program, independent audit of 34, 43, 45
- General Counsel 35
- governance 34, 42–7
- hearings 2, 3, 5
- induction program for new staff 41
- Information Technology Disaster Recovery Plan 46
- inquiries, public 3
- internal auditing 35, 43, 44, 46, 56
- Legal Services Unit 35
- Minister 4, 35, 42, 47
- operating environment 3–4
- Operational Plan 42
- organisational structure, review of 5, 6, 34, 40
- performance 5–6
- professional development 40
- purpose 2
- records management framework 5, 34, 45–6
- research and intelligence 2
- revenue 3, 51–2
- Risk Management Committee – see Audit and Risk Management Committee
- risk management framework 43
- Service Delivery Statement 8, 17, 32, 42, 99
- staff 2, 7, 39–41
- Staff Wellness Program 41
- stakeholders 4
- Strategic Plan 5, 22, 42
- telecommunications interception 2, 3, 46, 47
- TRIM recordkeeping system 45, 46
- values 2
- vision 2
- website 15, 28, 42, 47
- workforce continuity program 34, 40
- workforce management and planning 40
- Workplace Health and Safety Charter 41
- Workplace Health and Safety Committee 35
- Criminal Justice Commission 2, 48
- criminal motorcycle gangs – see Crime
- Cronos "vulnerable victims" general referral 13
- departments, state
 - Innovation, Information, Economy, Sport and Recreation 28
 - Justice and Attorney-General 4, 47
 - National Parks, Recreation, Sport and Racing 28
 - Queensland Health 26, 28–9, 30
 - Transport and Main Roads 27
 - Treasury 42, 43, 44, 56
- Director of Public Prosecutions
 - Commonwealth 12
 - Queensland 4, 10, 12, 16, 17, 20, 26, 28, 45
- Dowling, Peter 44, 100
- Driscoll, Scott 27
- drugs – see Crime
- Eigen, Peter 30
- Emerson, Scott 29
- Facing the facts* (CMC guide 2007) 29
- Financial and Performance Management Standard 2009* 44
- Fitzgerald Inquiry documents 3, 34, 43, 45, 47
- Flavell, Scott 57
- Flegg, Bruce 27
- Forno, Gary 27
- Fox, George (CMC Commissioner) 36, 37
- Fraud, financial management and accountability in the Queensland public sector* (CMC report 2013) 28
- Health Quality and Complaints Commission 4
- Hearn, Rose Gill 30
- Hospital and Health Services, information sessions for 30
- Implementation Panel for outcomes of the review of the *Crime and Misconduct Act 2001* and some PCMC Inquiry recommendations 1, 3
- Independent Advisory Panel review of the *Crime and Misconduct Act 2001* 3, 18
- Independent Broad-based Anti-Corruption Commission (Vic) 4
- Independent Commission Against Corruption (NSW) 4
- Independent Review of the Queensland Police Complaints, Discipline and Misconduct System (SETS Review) 22
- Integrity Commission (Tas) 4
- Integrity Commissioner 4

- Joint Assessment Committee (CMC/QPS) 21
- Jones, Justice Stanley 26
- Keelty, Michael (Acting CMC Commissioner) 36, 37
 administrative review of CMC 3
- legislation
- Criminal Code Act 1899* 22, 27, 28
 - Criminal Proceeds Confiscation Act 2002* 3, 8, 10, 11
 - Evidence Act 1977* 47
 - Financial Accountability Act 2009* 43, 44, 47, 56
 - Health Insurance Act 1971* (Cwlth) 26
 - Penalties and Sentences Act 1992* 11
 - Police Powers and Responsibilities Act 2000* 3, 47
 - Police Service Administration Act 1990* 3, 48
 - Public Records Act 2002* 45
 - Public Sector Ethics Act 1994* 41
 - Telecommunications Interception Act 2009 (Qld)* 3, 47
 - Telecommunications (Interception and Access) Act 1979* (Cwlth) 3, 47
 - Whistleblowers Protection Act 1994* 49
 - Witness Protection Act 2000* 3
 - Work Health and Safety Act 2011* 41
- Levy, Ken (Acting CMC Chairperson) 36, 37, 44, 100, 101
- McMeniman, Professor Marilyn (CMC Commissioner) 36, 37
- Malu Sara*, sinking of 23–4
- Meintjes, Mike 44, 100
- methylamphetamine 10, 14
- Misconduct (see also Complaints) 2, 16–30, 35, 99
- audits of QPS and other public sector agencies by CMC 19, 23, 29
 - hearings 20, 22
 - in university sector 27
 - investigations into 5, 16, 17, 19–20, 22, 26–9
 - monitoring role of CMC 16, 17, 19, 22–4, 29
 - Operation Lockjaw 22
 - Operation Quince 22
 - outsourcing of public sector agency investigations 19, 29
 - performance 17
 - prevention activities 2, 5, 16, 29–30
 - research 24
 - work with government-owned corporations 4, 16
 - work with local governments 16, 25, 26
 - work with public sector agencies 2, 4, 5, 16, 25–30
 - work with the QPS 16, 21–4
- Mullins, Pat 48
- Nase, Philip (former CMC Commissioner) 37, 100
- new and emerging psychoactive substances market, CMC
 assessment of 14
- New South Wales Crime Commission 4
- Office of Police Integrity (Vic) 4
- Ombudsman's Office (Qld) 4
- organised crime — see Crime
- paedophilia, criminal — see Crime
- Parliamentary Crime and Misconduct Commissioner 4, 35, 46
- Parliamentary Crime and Misconduct Committee 3, 4, 35, 36, 38, 42, 46–7, 56
- Parliamentary Crime and Misconduct Committee Inquiry into the CMC's release and destruction of Fitzgerald Commission of Inquiry documents 3, 45, 47
- Police, Commissioner of — see Queensland Police Service
- police — see Queensland Police Service
- Police Integrity Commission (NSW) 4
- Police Service Reviews 48–50
- precursor chemicals 10
- PricewaterhouseCoopers 45
- Privacy Commissioner 4
- proceeds of crime — see Crime
- pseudoephedrine 10
- Public Interest Monitor 4, 47
- Public Service Commission 4, 40
- Public Service Commissioner 3
- Public Trustee of Queensland 4, 10
- QPS — see Queensland Police Service
- Queensland Audit Office 4, 26, 44, 47, 56
- Queensland Civil and Administrative Tribunal 17, 23, 24
- Queensland Crime Commission 2

- Queensland Health — see department, state
- Queensland Police Service
 - Central Convenor's Unit 48
 - Child Protection Investigation Units 12
 - CMC work with 7, 8, 10, 12, 16, 21–4, 32
 - Commissioner of Police 9, 17, 47, 48, 49
 - complaints against police 18, 21
 - disciplinary processes 22, 23–4, 48
 - Ethical Standards Command 21, 22
 - Merit Selection Standard 49
 - officers' perceptions of QPS ethical culture, CMC survey of 24
 - police discharge of firearms 23
 - police interviewing police, CMC research into 24
 - police misconduct, CMC investigations into 21–4
 - police-related deaths 23
 - Police Service Reviews 48–50
 - police use of force 24
 - policing research by CMC 24
 - Queensland Police Leadership Framework 49
 - Recruitment and Selection Policy 49
 - Task Force Argos 12
 - Task Force Maxima 13
- Queensland Police Union of Employees 48
- Queensland State Archives 34, 43, 45
- Restoring order* (CMC report 2009) 24
- Right of private practice: Senior Medical Officer conduct* (Queensland Audit Office report) 26
- Senior Medical Officers (Queensland Health) and right of private practice — independent assessment of Queensland Audit Office audit 26
- serious drug offender confiscation order scheme 3, 7, 8, 9, 11
- SETS Review — see Independent Review of the Queensland Police Complaints, Discipline and Misconduct System
- Supreme Court of Queensland 11, 47, 49
- tattoo industry, infiltration by criminal motorcycle gangs 9
- unexplained wealth order scheme 3, 7, 8, 9, 11
- University of Queensland 28
- wastewater analysis for drug use monitoring, CMC report on 14
- Williams, Sydney (Acting CMC Commissioner) 1, 36, 37
- Witness Protection 2, 5, 31–3, 35, 47, 99
 - collaboration with peer agencies 33
 - marketing protection services to other agencies 32
 - national witness protection course 31, 33
 - witness identity protection certificates 47
 - Witness Protection Advisory Committee 31
- Wood, Hon. James 30

Abbreviations

ACC	Australian Crime Commission
ACP	Achievement and Capability Planning
APSACC	Australian Public Sector Anti-Corruption Conference
CCC	Crime and Corruption Commission
CEO	chief executive officer
CM Act	<i>Crime and Misconduct Act 2001</i>
CMC	Crime and Misconduct Commission
CMG	criminal motorcycle gang
CPCA	<i>Criminal Proceeds Confiscation Act 2002</i>
DPP	Director of Public Prosecutions
DJAG	Department of Justice and Attorney-General
ELG	Executive Leadership Group
FTE	full-time equivalent
FYC	first-year constable
HHS	Hospital and Health Service
IT	information technology
JAC	Joint Assessment Committee
LEA	law enforcement agency
NPS	new and emerging psychoactive substances
NSW	New South Wales
ODPP	Office of the Director of Public Prosecutions
PCMC	Parliamentary Crime and Misconduct Committee
PwC	PricewaterhouseCoopers
PSAA	<i>Police Service Administration Act 1990</i>
QAO	Queensland Audit Office
QCAT	Queensland Civil and Administrative Tribunal
QPS	Queensland Police Service
QSA	Queensland State Archives
RAP	restricted access period
RoPP	right of private practice
SDS	Service Delivery Statement
SEC	senior executive service
SMO	Senior Medical Officer
Tas	Tasmania
Vic	Victoria
WA	Western Australia
WHS	workplace health and safety
WPP	witness protection program

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