



**New South Wales
Crime Commission**

**Annual Report
2006/07**

New South Wales Crime Commission

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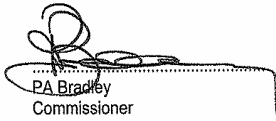
Business Hours: Reception
7:30am to 6:30pm, Monday to Friday

31 October 2007

To the Management Committee of the
New South Wales Crime Commission

I am pleased to submit to you the Commission's annual report and financial statements for the year ended 30 June 2007 for tabling in Parliament. It complies with the provisions of the *New South Wales Crime Commission Act 1985*, the *Annual Reports (Departments) Act 1985*, the *Public Finance and Audit Act 1983* and Government policy.

Yours sincerely,



PA Bradley
Commissioner

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ABBREVIATIONS

| | |
|-----------|--|
| ACC | Australian Crime Commission |
| ACS | Australian Customs Service |
| ASIO | Australian Security Intelligence Organisation |
| ATO | Australian Taxation Office |
| ATS | Amphetamine-type substances |
| AUSTRAC | Australian Transaction Reports and Analysis Centre |
| CAR Act | <i>Criminal Assets Recovery Act 1990</i> |
| COPOC Act | <i>Confiscation of Proceeds of Crime Act 1989</i> |
| DPP | Director of Public Prosecutions |
| ICAC | Independent Commission Against Corruption |
| ICTF | Identity Crime Task Force |
| JACG | Joint Asian Crime Group |
| NSWCC | New South Wales Crime Commission |
| NSWP | New South Wales Police Force |
| PIC | Police Integrity Commission |
| SES | Senior Executive Service |

COMMISSION MEMBERSHIP

Section 5 of the *New South Wales Crime Commission Act 1985* provides for one Commissioner and, if necessary, one or more Assistant Commissioners. During 2006/07, Mr Phillip Bradley was the Commissioner of the NSW Crime Commission.

There were no Assistant Commissioners during the reporting period.

Mr John Giorgiutti was appointed to act as Commissioner between 8 July 2006 and 16 July 2006 (inclusive) and between 2 March 2007 and 4 March 2007 (inclusive).

SENIOR STAFF DURING 2006/07

Director and Solicitor to the Commission

John Giorgiutti (June 1990)

Assistant Director, Financial Investigations

Jonathan Spark, BEc, CPA (September 1997)

Assistant Director, Investigations

Tim O'Connor (June 1999)

Assistant Director, Investigations

Mark Standen (March 1996)

Assistant Director, Operations Support

Alison Brook, MMgt (October 1993)

PROGRAM OBJECTIVES AND DESCRIPTION

Program objective

To combat illegal drug trafficking, and organised and other crime, in New South Wales.

Program description

Targeting high-level drug traffickers and persons involved in organised crime.

Obtaining evidence for the prosecution of those persons and/or the confiscation of their assets.

Furnishing reports relating to illegal drug trafficking and organised crime.

Disseminating information, intelligence, and investigatory, technological and analytical expertise.

Restraining and confiscating property under the *Criminal Assets Recovery Act 1990 (CAR Act)*.

OVERVIEW OF 2006/07

During the year the Commission maintained a level of output in its investigation and confiscation operations consistent with recent years.

Under the *Criminal Assets Recovery Act 1990* 131 new matters were commenced in the Supreme Court and orders made in favour of the Commission as plaintiff totalling \$20,968,061 (including costs). The confiscation orders result in payment into a statutory account administered by the Treasurer. The funds in that account may be applied to purposes including assistance for victims of crime, law enforcement and crime prevention programs, safer communities programs and drug rehabilitation and education. A growing proportion of confiscated assets is applied directly to victims.

In the criminal investigation area, the Commission received five new References relating mainly to murder and other crimes of violence, as well as suspected jury tampering. The Commission also had three of its References reviewed and reissued, covering a range of organised and serious criminal activities.

The chart below indicates the level of activity rather than performance or outcomes. The cost to the

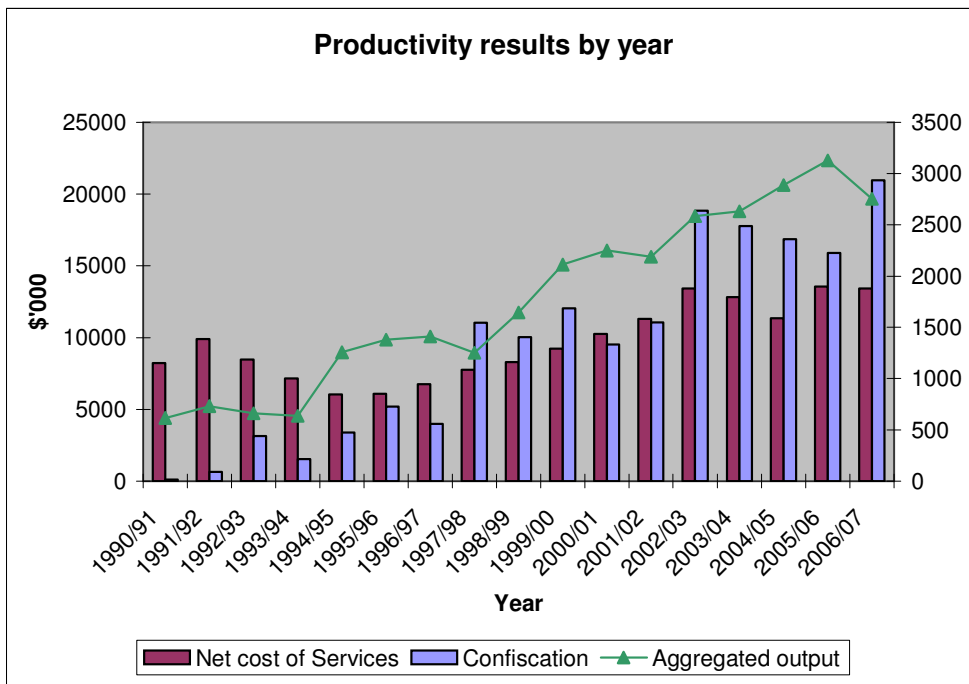
Government of this work may be summarised as follows:

| | |
|--------------------------------|---------------------|
| Cash spent (including capital) | \$13,490,000 |
| Other costs to Government | 473,000 |
| Total | \$13,963,000 |

| | |
|---------------|-------------|
| Capital spent | \$1,341,000 |
|---------------|-------------|

The Commission submits its Results and Services Plan to NSW Treasury each year. The Results Indicators and Service Measures are included at Appendix G of this report.

The work of partner agencies, particularly the NSW Police Force, contributed to these results. The Commission continues to work towards higher levels of collaboration with partner agencies in order to realise the most efficient operating environment. In the area of money laundering, which is a feature of most of the investigations referred to the Commission, constructive relationships exist with State and Commonwealth agencies, especially AUSTRAC, as well as financial institutions operating in NSW. These relationships feed into the confiscation process as well as money laundering investigations.



Note: The above chart sets out the Commission's net cost of services, realisable confiscation orders and aggregated output for each year since 1990/91. Aggregated output refers to the incidence of use of the Commission's powers. See also Appendix G for an excerpt from the Commission's Results and Services Plan.

CHAPTER ONE

ESTABLISHMENT AND FUNCTIONS

ESTABLISHMENT

- 1.1 The Commission was established in January 1986 as a statutory corporation.

LEGISLATION GOVERNING THE COMMISSION

- 1.2 The Commission is constituted under the *New South Wales Crime Commission Act 1985* (as amended) (the Act), which provides for a Commissioner and one or more Assistant Commissioners. During the reporting period, the Commission was constituted by one full-time Commissioner, who has 'special legal qualifications' and is appointed by the Governor.
- 1.3 The *CAR Act* provides for the confiscation of the assets of those involved in serious crime related activity through civil proceedings in the Supreme Court. The Commission has primary responsibility for the administration of the *CAR Act*.

CHARTER

- 1.4 The Commission's charter is to combat illegal drug trafficking, and organised and other crime, in New South Wales.

FUNCTIONS AND OBJECTIVES

- 1.5 The principal objective of the Commission is to reduce the incidence of illegal drug trafficking. A second objective is to reduce the incidence of organised and other crime.
- 1.6 The principal functions of the Commission are as follows:
- . investigate matters relating to 'relevant criminal activity'
 - . assemble admissible evidence for submission to the Director of Public Prosecutions
 - . review police inquiries
 - . furnish reports relating to illegal drug trafficking and organised crime
 - . disseminate investigatory, technological and analytical expertise

. make applications for the restraint and confiscation of property under the *CAR Act*.

RESPONSIBLE MINISTER

- 1.7 The Minister for Police has responsibility for the Act and the *CAR Act*, and is the Presiding Member of the Commission's Management Committee.

MANAGEMENT COMMITTEE

- 1.8 During 2006/07, the Management Committee comprised the Minister for Police, the Hon C Scully, MP as Presiding Member (from 1 July 2006 until 25 October 2006), the Hon J Watkins, MP as Presiding Member (from 26 October 2006 until 2 April 2007), and the Hon D Campbell, MP (from 2 April 2007 until 30 June 2007); the Commissioner of Police, Mr K Moroney, APM; the Chairman of the Board of the Australian Crime Commission, Mr M Keelty, APM; and Mr PA Bradley, as the Commissioner of the Commission.
- 1.9 The principal functions of the Management Committee are to:

- . refer (by written notice) relevant criminal activities to the Commission for investigation
- . refer (by written notice) to the Commission, for review, police inquiries into matters relating to any criminal activities
- . arrange for police task forces to assist the Commission to carry out investigations into matters relating to relevant criminal activities
- . give directions and furnish guidelines for the purpose of coordinating any such investigations
- . review and monitor generally the work of the Commission
- . coordinate (by giving approvals) the operations of the Commission with other bodies.

- 1.10 The Management Committee met on five occasions during the year.
- 1.11 The meetings were minuted in accordance with the Act.
- 1.12 The Commissioner reports to the Committee in terms of its functions at each meeting.

- 1.13 Between meetings, on an ad hoc basis, the Commissioner informs the Minister and members of significant events.
- 1.14 The Commission reports on its operations annually in accordance with section 31 of the Act. That report is incorporated in this annual report and is transmitted through the Committee to the Minister. Under section 31, the Minister may give directions regarding the manner and time of preparation, but not the content of the report. The Minister is required to lay a copy of the report before each House of Parliament.

MEETINGS OF THE COMMISSION

- 1.15 The Commission convenes meetings with the Director and the Assistant Directors, who together form the Management Team. These meetings contribute to the coordinated management of the operational and support areas of the Commission. They are usually held weekly.
- 1.16 There are various other meetings held within the Commission for operational and administrative purposes. These include fortnightly meetings with operational teams, fortnightly meetings with members of joint task forces, weekly or fortnightly meetings with each of the operational teams, monthly meetings with staff from the Information and Communications Technology Team and regular and *ad hoc* meetings with other groups within and outside the organisation.

CHAPTER TWO

INVESTIGATIONS

FUNCTIONS AND POWERS OF THE COMMISSION

- 2.1 Section 6 of the Act requires the Commission to investigate matters relating to relevant criminal activity referred to it by the Management Committee, to assemble admissible evidence of relevant offences and to furnish that evidence to the Director of Public Prosecutions.
- 2.2 The Commission may also review a police inquiry pursuant to a Management Committee Reference and may exercise functions under the CAR Act.
- 2.3 As defined in section 3 of the Act, 'relevant criminal activity' means 'any circumstances implying, or any allegations, that a relevant offence may have been, or may be being, or may be about to be, committed.'
- 2.4 'Relevant offence' is also defined in section 3 of the Act. It includes:
- . a serious drug offence
 - . a serious offence that involves a serious fraud
 - . any other offence for which the Management Committee is satisfied that the use of the Commission's functions to investigate the offence is in the public interest, and the use of the Commission's functions may be necessary for the investigation.
- 2.5 To perform its function of investigating serious organised crime, the Commission has been given powers that are greater than normal policing powers, including the following:
- . the power to conduct hearings *in camera* at which witnesses may be compelled to give evidence and produce documents
 - . the power to compel the production of documents and things relevant to an investigation by the Commission
 - . the power to apply for special search warrants.
- 2.6 The services of NSW Police task forces are made available to assist the Commission, pursuant to section 27A of the Act. Members of these task forces have the usual police powers and remain under the command and control of the Commissioner of Police.

Personnel from other State or Commonwealth agencies often join the Commission in operations, bringing additional powers and skills to the process.

MANAGEMENT OF INVESTIGATIONS

- 2.7 Investigations of matters referred to the Commission are usually conducted by teams comprising members of the NSW Police Force (NSWP) and Commission staff. Frequently staff from agencies such as ACC, AUSTRAC, AFP, ACS, ICAC, and ASIO are involved.
- 2.8 As in previous years, during 2006/07 much of the Commission's investigative work related to drug trafficking, under several ongoing References. This work was undertaken mainly by NSWP task forces and Commission staff. Other task forces were established to deal with *ad hoc* References on subjects such as murder.
- 2.9 Task force police officers and Commission staff have day-to-day carriage of investigations and report to the Commission through operations meetings. Police in task forces report through, and are supervised within, the NSWP command structure.
- 2.10 With few exceptions, the results of criminal investigation work are the outcome of joint operations with other agencies, mainly the NSWP. The Commission's contribution to these operations varies from case to case. The Commission deliberately limits its involvement to matters where it can make the greatest contribution, having regard to its resources and special powers.
- 2.11 The arrangements with police are embodied in 'Directions and Guidelines' issued by the Management Committee. These arrangements are between the Management Committee and the Police Commissioner in accordance with section 27A of the Act.
- 2.12 Central to the arrangement is the maintenance of the command structure within the NSWP. Section 27(A) specifically provides that the police task forces are 'under the direction and control of the Commissioner of Police' and subject to the 'Directions and Guidelines' of the Management Committee. The Commission seeks to preserve command and control arrangements within each of the agencies with which it acts jointly. Such agencies include the NSWP, AFP, ACC, ICAC, and ASIO.

MATTERS REFERRED TO THE COMMISSION

- 2.13 During the year, the Commission was referred five new References. Three existing References were revised and reissued.
- 2.14 Arrests resulting from Commission investigations during the year are summarised in this chapter.
- 2.15 The Management Committee is provided with reports on the progress being made in each Reference at each meeting.
- 2.16 For public interest reasons and because of the requirements of the Act that individuals not be named, full details of operational activities are not provided in this report. The following information relates to investigations conducted under References that were active in 2006/07.

offences involving heroin, associated money laundering and violent crime. The Reference has been reviewed on several occasions with the most recent *Dalgety IV* Reference referred on 21 November 2005. [5 arrests, 41 charges]

Reference *Ebenezer IV* referred on 21 November 2005

- 2.22 On 10 December 2001, the Management Committee referred the *Ebenezer* Reference to the Commission to investigate computer related crime. The Reference has been reviewed twice with the *Ebenezer IV* Reference being referred on 21 November 2005.
- 2.23 The Commission works with the NSWSP in a joint task force in relation to computer crime matters. [20 arrests, 144 charges]

ACTIVE REFERENCES

Note: Statistical data relating to investigations conducted during the year are set out in tables in Appendix F. Numbers of arrests and charges relating to each Reference are also set out at the end of each of the following paragraphs.

- 2.17 In almost all of the matters referred to it, the Commission worked with NSWSP task forces established under the Act.

Reference *Azure VII*, referred on 14 February 2005

- 2.18 The Commission has been investigating drug trafficking and other crimes by persons in the Australian/Lebanese community for many years, under the *Azure* Reference. The Reference has been reissued on several occasions and the range of offences has been widened. Most recently, *Azure VII* was referred on 14 February 2005. [5 arrests, 17 charges]

Reference *Gecko VI*, referred on 21 November 2005

- 2.24 The Commission has been investigating drug trafficking and other crimes by persons in the Australian/South-East Asian communities for many years, under the *Gecko* Reference. The Reference has been reissued on several occasions. Most recently, *Gecko VI* was referred on 21 November 2005.

- 2.25 The Commission continues to work closely with officers from the NSWSP and the Joint Asian Crime Group (JACG) on investigations under this Reference. [97 arrests, 331 charges (including JACG statistics)]

Reference *Gladesville IV*, referred on 21 November 2005

- 2.26 On 14 October 2002, the Management Committee referred the *Gladesville* Reference to the Commission to investigate the cultivation of cannabis in NSW. The Reference has been reviewed on a number of occasions and on 21 November 2005 the *Gladesville IV* Reference was referred. [10 arrests, 38 charges]

Reference *Carinda*, referred on 26 July 2004

- 2.19 On 26 July 2004, the Management Committee referred the *Carinda* Reference to the Commission to investigate offences relating to identity fraud and identity theft.
- 2.20 The Commission works primarily with officers from the Identity Crime Task Force (ICTF), which includes the AFP, NSWSP, ACS, and the ACC. [12 arrests, 503 charges]

Reference *Gymea VI*, referred on 21 November 2005

- 2.27 On 12 September 1996, the *Gymea* Reference was referred to the Commission to investigate organised crime; drug importation, manufacture and distribution; theft; fraud; gaming; and associated money laundering carried out by nominated criminal groups operating in and around Sydney. The *Gymea* Reference has been reissued on a number of occasions. Most recently, the

Reference *Dalgety IV*, referred on 21 November 2005

- 2.21 On 10 December 2001, the Management Committee referred the *Dalgety* Reference to the Commission to investigate serious drug

Gynea VI Reference was referred on 21 November 2005. [12 arrests, 16 charges]

Reference *Huntley VIII*, referred on 14 May 2007

2.28 On 23 December 2002, the Management Committee referred the *Huntley* Reference to the Commission to investigate matters associated with terrorist acts in NSW. The Reference has been reissued on a number of occasions. Most recently *Huntley VIII* was issued on 14 May 2007.

2.29 The Commission works closely with the NSWSP in respect of this matter. Investigations under this Reference depend on close cooperation with State and Commonwealth agencies. [3 arrests, 41 charges]

Reference *Jurien*, referred on 22 January 2003

2.30 On 22 January 2003, the Management Committee referred the *Jurien* Reference to the Commission to investigate the murder of Dimitri De-Baz at Sefton on 13 December 2002. [1 arrest, 1 charge]

Reference *Kareela II*, referred on 21 November 2005

2.31 On 3 March 2003, the Management Committee referred the *Kareela* Reference to the Commission to investigate serious armed robbery offences, as well as offences that may be committed in association with armed robberies. The Reference was reviewed on 21 November 2005, and the *Kareela II* Reference was granted. [8 arrests, 18 charges]

Reference *Kempsey II*, referred on 19 June 2006

2.32 On 21 November 2005, the Management Committee referred the *Kempsey* Reference to the Commission to investigate criminal activity by persons in the Australian/Assyrian community. The Reference was reviewed on 19 June 2006, and the *Kempsey II* Reference was referred. [8 arrests, 38 charges]

Reference *Kingsvale VI*, referred on 21 November 2005

2.33 On 16 March 1998, the Management Committee referred the *Kingsvale* Reference to the Commission to investigate money laundering. The Reference has been reissued on a number of occasions. Most recently, *Kingsvale VI* was referred on 21 November 2005.

2.34 Most other References involving drug trafficking also authorise the Commission to investigate money laundering in relation to the drug trafficking specified in the Reference.

2.35 Investigations under this Reference often lead to action under the CAR Act. The value of assets seized arising from investigations under the *Kingsvale V* Reference in the reporting year was \$4,328,104. [1 arrest, 5 charges]

Reference *Limerick*, referred on 21 November 2005

2.36 On 21 November 2005, the Management Committee referred the *Limerick* Reference to the Commission to investigate money laundering and trafficking of drugs by a number of named persons and organisations. [0 arrests, 0 charges]

Reference *Nashua*, referred on 31 July 2006

2.37 On 31 July 2006, the Management Committee referred the *Nashua* Reference to the Commission to investigate the murder of Christian Minotte at Mount Prichard on 17 April 2006. [0 arrests, 0 charges]

Reference *Oaklands*, referred on 3 October 2006

2.38 On 3 October 2006, the Management Committee referred the *Oaklands* Reference to the Commission to investigate the murder of Terry Falconer in November 2001, the deaths of Albert and Francis Perish in June 1993, and the disappearance and suspected death of Ian Draper in August 2001. [0 arrests, 0 charges]

Reference *Perisher*, referred on 3 October 2006

2.39 On 3 October 2006, the Management Committee referred the *Perisher* Reference to the Commission to investigate the attempted murder of a person in Haymarket on 8 October 2002. [0 arrests, 0 charges]

Reference *Putney V*, referred on 31 July 2006

2.40 On 9 August 1999, the Management Committee referred the *Putney* Reference to the Commission to investigate firearms trafficking. The Reference has been reviewed a number of times, and on 31 July 2006 the *Putney V* Reference was granted. [0 arrests, 0 charges]

Reference Quambone, referred on 30 April 2007

2.41 On 30 April 2007, the Management Committee referred the *Quambone* Reference to the Commission to investigate the death of Roy Maggs on 30 December 2006. [0 arrests, 0 charges]

Reference Rossmore, referred on 30 April 2007

2.42 On 30 April 2007, the Management Committee referred the *Rossmore* Reference to the Commission to investigate the possible improper influence of a jury and/or court officials relating to a trial conducted in the NSW District Court. [0 arrests, 0 charges]

Reference Strathfield III, referred on 21 November 2005

2.43 On 30 July 2003, the Management Committee referred the *Strathfield* Reference to the Commission to investigate large-scale outdoor cannabis cultivation by identities associated with Italian/Australian organised crime. The Reference has been reissued twice, and *Strathfield III* was referred on 21 November 2005. [4 arrests, 9 charges]

Reference Ultimo II, referred on 15 June 2004

2.44 The *Ultimo* Reference was referred to the Commission on 20 October 2003 to investigate serious criminal activity conducted by members of the Australian / Middle-Eastern community within an area in south-western Sydney. *Ultimo II* was referred on 15 June 2004. [14 arrests, 53 charges]

Reference Vacy VII, referred on 21 November 2005

2.45 The Commission has been investigating the manufacture and supply of amphetamines and psychotropic drugs and associated money laundering offences for many years under the *Vacy* Reference, first referred by the Management Committee on 2 November 1993. The Reference has been reissued on several occasions. Most recently, *Vacy VII* was referred on 21 November 2005. [124 arrests, 686 charges]

Reference Valentine, referred on 14 November 2003

2.46 On 14 November 2003, the Management Committee referred the *Valentine* Reference to the Commission to investigate 'ram-raids' - break and enter offences on commercial premises using stolen high-performance vehicles. [44 arrests, 168 charges]

Reference Waratah VII, referred on 21 November 2005

2.47 The Commission has been investigating the supply of cocaine under the *Waratah* Reference. The Reference has been reissued on several occasions. Most recently, *Waratah VII* was referred on 21 November 2005. [42 arrests, 220 charges]

2.48 In Operation *Waratah/Schoale* more than \$16 million was seized in cash, with additional assets being seized for the purpose of confiscation under the *CAR Act*.

Reference Zeehan IV, referred on 30 April 2007

2.49 On 3 September 2001, the Management Committee referred the *Zeehan* Reference to the Commission to investigate organised motor vehicle rebirthing and offences involving motor vehicle theft. The Reference has been reissued on a number of occasions. Most recently, *Zeehan V* was referred on 30 April 2007. [1 arrest, 7 charges]

Reference Zetland VII, referred on 21 November 2005

2.50 The Commission has been investigating the illegal activities of outlaw motorcycle gangs under the *Zetland* Reference, which was issued on 27 September 1994. The Reference has been reissued on several occasions. Most recently, *Zetland VII* was referred on 21 November 2005. [34 arrests, 146 charges]

INVESTIGATIVE TOOLS

2.51 The Commission has a number of investigative tools at its disposal. In particular, special powers to interrogate persons and obtain documents are available under the Act, as well as powers under the CAR Act, the *Listening Devices Act 1984*, the *Search Warrants Act 1985*, the *Telecommunications (Interception and Access) Act 1979*, the *Law Enforcement (Controlled Operations) Act 1998* and the *Law Enforcement and National Security (Assumed Identities) Act 1998*. Some statistical details are listed below.

New South Wales Crime Commission Act 1985

| | Total |
|--|-------|
| 2.52 Section 16 summons to appear | 122 |
| Section 17 notices to produce | 1489 |
| Section 10 notices to government agencies to produce | 291 |

Listening Devices Act 1984

2.53 During 2006/07, 61 warrants, including renewals (maximum 21 days), were granted to the Commission. These figures do not include warrants sought by police working in task forces related to the References.

Telecommunications (Interception and Access) Act 1979

2.54 During 2006/07, the Commission made 790 applications under the *Telecommunications (Interception and Access) Act 1979*. Two applications were refused by Administrative Appeals Tribunal members. A total of 788 warrants were issued, comprising 660 original warrants and 128 renewals. During the year 438 arrests arising out of telecommunications interception were made.

Law Enforcement (Controlled Operations) Act 1987

2.55 During 2006/07, twelve controlled operations were approved.

Search warrants

2.56 During 2006/07, one search warrant was issued under the Act.

2.57 59 property tracking warrants were issued under section 45 of the CAR Act.

2.58 No search warrants were issued under section 38(1) of the CAR Act.

2.59 Several warrants were issued under the *Search Warrants Act* to police working on Commission References.

Arrest warrants under section 18AA (non-appearance) of the NSW Crime Commission Act 1985

2.60 One warrant was issued during 2006/07.

Assumed identities under the Law Enforcement and National Security (Assumed Identities) Act 1998

2.61 The Commission did not approve the establishment of any assumed identities during 2006/07. No assumed identities were revoked.

DISSEMINATION OF INFORMATION

2.62 In addition to the normal exchange of information between agencies working with the Commission, information is formally disseminated to other law enforcement agencies and relevant bodies. During 2006/07, the Commission disseminated material relating to a range of suspected criminal activities to other organisations on 283 occasions. The Management Committee approved these disseminations.

2.63 Organisations receiving disseminated material included NSWSP, AFP, ASIO, Australian Crime Commission, Police Integrity Commission, Australian Taxation Office, Queensland Police, Australian Customs Service, Queensland Crime and Misconduct Commission, Victoria Police, US Consulate, NSW DPP, Attorney-General's Department, ICAC, Commonwealth DPP, Crown Solicitor's Office, Centrelink, Australian Hi-Tech Crime Centre, NSW Public Trustee, Australian Securities and Investments Commission, NSW Law Society and a number of private organisations.

PROSECUTIONS

2.64 Pursuant to section 31(2)(e) of its Act, the Commission is required to report the extent to which its investigations have resulted in the prosecution of persons for offences. The report must not identify persons suspected of having committed offences or persons who have committed offences, unless those persons have been convicted.

2.65 During 2006/07, police assigned to Commission References arrested 445 persons and laid 2,482 charges. These figures can be compared with 425 arrests and 2,168 charges in 2005/06.

- 2.66 The numbers of arrests and charges are a quantitative indication only. Some matters that may involve the commitment of large amounts of resources may result in a single charge against a significant offender. Other matters involving multiple offenders/charges may proceed to arrest with relatively little commitment of resources.
- 2.67 Charges laid in 2006/07 and previous years of the Commission's operations are at various stages in the prosecution process.
- 2.68 A table summarising arrests made and charges laid in connection with Commission References in 2006/07 can be found in Appendix F.

DRUG TRAFFICKING AND ORGANISED CRIME

- 2.69 The Commission is required to report on patterns and trends in the nature and scope of drug trafficking and other organised crime observed during the year.
- 2.70 The Commission observes trends which relate to the matters it investigates subject to a Reference, in conjunction with the NSW and other law enforcement agencies. These References cover a range of criminal activities. They include crimes relating to drug supply and manufacture, money laundering, identity crime, computer crime, fraud, armed robbery, murder and terrorism.
- 2.71 The Commission continues to combine the functions of criminal investigation and asset confiscation, which are intrinsically linked as the profit motive is crucial to the conduct of serious organised crime, especially drug trafficking.
- 2.72 The supply and trafficking of prohibited drugs remains a profitable endeavour. There are profits being made through the importation of cocaine, which can be bought in North America for around \$20,000 per kilogram (less in South America) and sold for up to \$200,000 per kilogram in Australia. During the course of the year the Commission has seized, restrained and forfeited many millions in cash associated with a cocaine trafficking syndicate.
- 2.73 Similarly, ecstasy tablets can be brought into Australia in bulk for around 75 cents per pill and on-sold (at wholesale prices) for \$12 to \$17 per pill. They can realise up to \$50 per pill on the streets and in nightclubs. European syndicates, which are responsible for some of the larger importations of ecstasy, expect a much higher profit margin by selling their product into the Australian market than in the more competitive European market.
- 2.74 The pattern is repeated with ice and other amphetamine-type substances (ATS).
- 2.75 It is suspected that more effective screening and detection techniques for ecstasy tablets used by the ACS have led to importers of MDMA favouring liquid and powder forms, which can then be made into ecstasy tablets locally. Detection in these forms is less likely. One kilogram of MDMA powder is able to produce 4,000 ecstasy pills, when combined with a binding agent and other admixtures.
- 2.76 There has also been an increase in the availability of amphetamine precursors, often imported on a large scale. The importation and sale of precursor chemicals can also be very profitable, without the sellers needing to become involved with the actual production of the final illicit drug product. In many clandestine laboratories located during the year, imported precursors were being converted into amphetamines. The Commission has previously reported on the prevalence of ATS due to ready access to precursor chemicals.
- 2.77 Effective interdiction impacts the supply and the risk of financial loss. Effective criminal investigations affect the risk for the perpetrators and effective confiscation attacks the principal motivation. If these three facets of the supply side of the illicit commodity market effectively combine, there can be a substantial impact on supplier activity. However, the profit margins referred to above remain a fundamental problem where demand is relatively inflexible.
- 2.78 Profitable drug-related activities create a large pool of money which needs to be effectively laundered, creating a correspondingly large market for efficient money laundering services. Estimates vary widely as to the monetary value of laundered funds. Recent research by the Australian Institute of Criminology serves to confirm the difficulty in quantifying the value of laundered funds. It also confirms that most of the illicit funds are the proceeds of fraud, especially revenue fraud. Whatever the amount, the research indicates that the amount recovered through confiscation action is a small proportion of the total.
- 2.79 New, difficult-to-trace methodologies for money laundering continue to be identified, particularly through online money transfer mechanisms which allow the anonymous transfer of large sums of money.
- 2.80 Historically, there have been few prosecutions relating to money laundering offences since they were introduced almost two decades ago. Commonwealth and state jurisdictions have changed money laundering

offence provisions to deal with impediments to successful prosecutions, especially proof of knowledge of the predicate crime. Notwithstanding these changes, money laundering remains a relatively low-risk endeavour. In the absence of prosecutions at a level commensurate with the incidence of money laundering, asset confiscation remains the most effective response. Most of the specific investigations of money launderers have been conducted in this context, though there is an increasing emphasis on criminal investigation.

- 2.81 The proceeds of drug crime have contributed to the growth of an industry devoted to money laundering. The goal of most money launderers is to have illicit cash placed within the mainstream financial system in the form of liquid or other assets or to be available in a jurisdiction where expenditure will not attract unwanted attention.
- 2.82 Sending money offshore to acquire assets or return them in the guise of gifts, inheritances or earnings using official money exchanges, remittance dealers and a range of other devices, remains a popular methodology. Anecdotal evidence suggests that the outflow of funds from Australia amounts to millions of dollars per week. Disproving the claimed source of the money remains a challenge for local authorities as not all overseas jurisdictions cooperate to the necessary level with financial institutions. The mutual assistance process remains slow and cumbersome for those seeking to conduct timely and efficient investigations and litigation.
- 2.83 Notwithstanding the sophistication and resources applied to anti-money laundering measures in Australia, the banks remain vulnerable to abuses by persons structuring transactions. The Commission had sought more far-reaching reforms to the *Anti-Money Laundering and Counter-Terrorism Financing Act* enacted by the Commonwealth during the year. While the Commission continues to enjoy cooperative relationships with major banks, there remain opportunities for money launderers to abuse banks through methods which are relatively simple.
- 2.84 Some providers of financial services are very willing to facilitate money laundering. Some are established for that specific purpose.
- 2.85 The courts are recognising the seriousness of the offence type at the highest level in NSW with substantial custodial penalties being imposed on persons who abuse the

financial systems to make large commissions from money laundering services.

- 2.86 In other areas of organised criminal activity, the trend lines are fairly stable. Dominant criminal groups continue to accumulate wealth with a view to bankrolling more legitimate businesses which will enable them to enjoy a lifestyle beyond the reach of law enforcement. Some of the more obvious gangs and traditional groupings continue to diversify in terms of drug types, crime types and criminal associations.
- 2.87 There is continuing volatility among outlaw motorcycle gangs with rivalry occasionally finding expression in serious violence as it has done in the past. All groups, as in the general community, continue to increase their level of sophistication, especially in the area of communications and financial arrangements. The increasing availability of Internet Protocol and online commerce threatens the capacity of law enforcement to detect communications and transactions which have formed such a critical part of the evidence adduced to prove organised crimes in the past.
- 2.88 At the baser levels, violence remains an effective tool to secure financial arrangements, extort moneys from business and competitors, suborn witnesses and thereby impair the administration of justice.
- 2.89 Other forms of crime, especially identity crime, online fraud and denial of service attacks, threaten general commerce and hinder the potential for online banking and other economic activity.

LEGAL CHANGE

- 2.90 There have been no significant amendments during the reporting year to the *New South Wales Crime Commission Act 1985* or the *Criminal Assets Recovery Act 1990*. The Commission has a well-developed proposal for further amendment to its establishing Act.
- 2.91 Assent has now been given to the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)*. Certain amending legislation referred to in the previous reporting period has also commenced.
- 2.92 The Commission also continues to contribute to legislative reform relevant to its functions, both at state and federal levels.

CHAPTER THREE

CONFISCATION

BACKGROUND

- 3.1 The Commission administers the CAR Act.
- 3.2 There are three principal objects of the CAR Act:
- . to provide for the confiscation, without requiring a conviction, of property of a person if the Supreme Court finds it to be more probable than not that the person has engaged in serious crime related activities
 - . to enable the proceeds of serious crime related activities to be recovered as a debt due to the Crown
 - . to enable law enforcement authorities to effectively identify and recover property.
- 3.3 A serious crime related activity is:
- (i) a serious drug trafficking offence under the *Drug Misuse and Trafficking Act 1985*
 - (ii) an offence punishable by imprisonment for five years or more and involving theft, fraud, obtaining financial benefit from the crime of another, money laundering, extortion, violence, bribery, corruption, harbouring criminals, blackmail, obtaining or offering a secret commission, perverting the course of justice, tax or revenue evasion, illegal gambling, forgery or homicide
 - (iii) certain firearm offences under section 51B of the Firearms Act 1996
 - (iv) a drug premises offence
 - (v) sexual servitude, child prostitution and pornography offences
 - (vi) dishonestly destroying or damaging property (to the value of more than \$500)
 - (vii) an offence under the laws of the Commonwealth or a place outside NSW (including outside Australia) which, if the offence had been committed in the State, would be a serious criminal offence
 - (viii) possession of precursors for the manufacture or production of prohibited drugs

- (ix) an offence of attempting to commit, or of conspiracy or incitement to commit, or of aiding and abetting an offence referred to above.

3.4 The CAR Act provides for the Commission to make application to the Supreme Court for:

- . restraining orders preventing dealings with the property of persons reasonably suspected of having engaged in serious crime related activity or of persons whose interests in property are reasonably suspected of being property derived from serious crime related activity
- . assets forfeiture orders for the forfeiture of property subject to a restraining order
- . proceeds assessment orders assessing the value of proceeds derived by a person from illegal activities of that person or another person
- . search warrants, production orders and monitoring orders to allow property, documents and information to be obtained, so that property and the sources of that property can be located and identified.

3.5 Assets forfeiture orders and proceeds assessment orders can only be obtained if the Commission can establish, upon the civil onus of proof, that the person whose suspected serious criminal activity was the basis of the restraining order did, in fact, engage in a serious criminal activity within a six-year period prior to the making of the Commission's application.

RESTRAINING ORDERS

3.6 During 2006/07, the Commission obtained 131 restraining orders under the CAR Act, compared with 155 for the previous year. In all cases in which the Commission obtained restraining orders, the Commission filed a summons seeking either an assets forfeiture order or a proceeds assessment order, or both, within the two working day period provided in section 10(9) of the CAR Act.

3.7 1888 restraining orders have been obtained under the CAR Act since 3 August 1990 as indicated below:

| Year | Restraining orders |
|--------------|--------------------|
| 1990/91 | 57 |
| 1991/92 | 59 |
| 1992/93 | 24 |
| 1993/94 | 44 |
| 1994/95 | 73 |
| 1995/96 | 95 |
| 1996/97 | 145 |
| 1997/98 | 166 |
| 1998/99 | 101 |
| 1999/00 | 156 |
| 2000/01 | 118 |
| 2001/02 | 159 |
| 2002/03 | 105 |
| 2003/04 | 129 |
| 2004/05 | 171 |
| 2005/06 | 155 |
| 2006/07 | 131 |
| Total | 1888 |

3.8 Potential subjects of confiscation proceedings are now well aware of the impact of the CAR Act and other proceeds of crime legislation and are devoting greater effort and resources to the laundering of crime proceeds and the concealment of their assets. Commonly, aliases or the names of other persons are used to conceal the identity of the beneficial owner of assets. All law enforcement agencies, including the Commission, have to work harder to identify and restrain property and have allocated an increasing proportion of resources to pre-litigation investigation work.

3.9 The restraining orders obtained during 2006/07 followed referrals from the sources set out below:

| Referring agency | Orders | Estimated value |
|--------------------------------------|------------|---------------------|
| NSWP | 98 | 25,193,777 |
| NSWCC | 2 | 223,832 |
| NSWP/NSWCC | 21 | 19,880,436 |
| NSWP/AFP/ NSWCC | 2 | 1,500,000 |
| NSWP/AUSTRAC | 3 | 4,038,808 |
| ICAC | 1 | 18,000 |
| JACG (AFP/NSWP/ACS/ ACC/NSWCC) | 4 | 846,861 |
| Total | 131 | \$51,701,714 |

ASSETS FORFEITURE ORDERS AND PROCEEDS ASSESSMENT ORDERS

3.10 A proceeds assessment order is directed at recovering monies that can be shown to have been generated by illegal activity, whereas an assets forfeiture order attaches

to as much of a person's property as cannot be shown to have been lawfully acquired.

3.11 During 2006/07, the Commission completed 68 applications for assets forfeiture orders, usually by way of negotiated settlement without proceeding to a trial of issues. The Commission obtained orders that property having an approximate total value of \$14,182,417 be forfeited to the Crown. The property forfeited included motor vehicles, jewellery, real property, cash and funds held in bank accounts.

3.12 During 2006/07, the Commission completed 35 applications for proceeds assessment orders, usually by negotiated settlement, resulting in orders that a total amount of \$3,582,080 be paid to the Treasurer.

3.13 The following tables enable a comparison to be made between the results detailed above and those presented in the last sixteen annual reports.

| Year | Assets forfeiture orders | Proceeds assessment orders | Total confiscation orders |
|--------------|--------------------------|----------------------------|---------------------------|
| 1990/91 | 4 | 1 | 5 |
| 1991/92 | 18 | 1 | 19 |
| 1992/93 | 26 | 10 | 36 |
| 1993/94 | 16 | 2 | 18 |
| 1994/95 | 33 | 5 | 38 |
| 1995/96 | 57 | 24 | 81 |
| 1996/97 | 50 | 17 | 67 |
| 1997/98 | 128 | 46 | 174 |
| 1998/99 | 82 | 40 | 122 |
| 1999/00 | 84 | 31 | 115 |
| 2000/01 | 70 | 18 | 88 |
| 2001/02 | 50 | 26 | 76 |
| 2002/03 | 80 | 44 | 124 |
| 2003/04 | 64 | 42 | 106 |
| 2004/05 | 39 | 67 | 106 |
| 2005/06 | 64 | 59 | 123 |
| 2006/07 | 68 | 35 | 103 |
| Total | 933 | 468 | 1401 |

| Year | Assets forfeiture orders (realisable amount) | Proceeds assessment orders (realisable amount) | Total realisable Confiscation orders |
|--------------|--|--|--------------------------------------|
| 90/91 | 118,515 | Nil | 118,515 |
| 91/92 | 650,000 | 500 | 650,500 |
| 92/93 | 2,673,528 | 450,000 | 3,123,528 |
| 93/94 | 1,298,000 | 230,000 | 1,528,000 |
| 94/95 | 3,031,739 | 344,900 | 3,376,639 |
| 95/96 | 3,567,890 | 1,537,118 | 5,105,008 |
| 96/97 | 3,193,943 | 789,402 | 3,983,345 |
| 97/98 | 7,500,712 | 2,651,580 | 10,152,292 |
| 98/99 | 4,681,108 | 4,704,931 | 9,386,039 |
| 99/00 | 8,916,853 | 2,098,446 | 11,015,299 |
| 00/01 | 7,937,925 | 807,000 | 8,744,925 |
| 01/02 | 6,895,958 | 2,516,009 | 9,411,967 |
| 02/03 | 12,961,349 | 3,730,787 | 16,692,136 |
| 03/04 | 10,015,578 | 5,189,116 | 15,204,694 |
| 04/05 | 3,950,146 | 10,118,597 | 14,068,743 |
| 05/06 | 5,472,793 | 7,652,734 | 13,125,527 |
| 06/07 | 14,182,417 | 3,582,080 | 17,764,497 |
| Total | \$97,048,454 | \$46,403,200 | \$143,451,654 |

3.14 It is useful to compare the results since the commencement of the CAR Act on 3 August 1990 with the cost to government of the confiscation litigation function.

3.15 The following table illustrates the comparison:

| Year | Realisable confiscation orders (including legal costs recovered) | Cost of confiscation litigation function |
|--------------|--|--|
| 1990/91 | 118,515 | 1,630,000 |
| 1991/92 | 650,500 | 2,320,000 |
| 1992/93 | 3,123,528 | 2,694,000 |
| 1993/94 | 1,528,000 | 2,081,000 |
| 1994/95 | 3,376,639 | 1,641,404 |
| 1995/96 | 5,196,108 | 1,697,727 |
| 1996/97 | 4,000,345 | 1,175,802 |
| 1997/98 | 11,025,605 | 1,613,330 |
| 1998/99 | 10,039,970 | 2,243,000 |
| 1999/00 | 12,046,483 | 2,199,923 |
| 2000/01 | 9,515,138 | 2,141,737 |
| 2001/02 | 11,071,060 | 2,073,817 |
| 2002/03 | 18,846,681 | 2,519,706 |
| 2003/04 | 17,770,223 | 2,945,999 |
| 2004/05 | 16,845,100 | 2,761,766 |
| 2005/06 | 15,893,022 | 2,899,694 |
| 2006/07 | 20,968,061 | 3,193,195 |
| Total | \$162,014,978 | \$37,832,100 |

3.16 The sources of referrals for the total amount of realisable confiscation orders, including legal costs recovered for the 2006/07 year, being \$20,968,061 are as follows:

| Referring agency | Confiscation and cost orders | Amount |
|------------------|------------------------------|---------------------|
| NSWP | 74 | 8,473,983 |
| NSWCC | 1 | 42,449 |
| NSWP/NSWCC | 25 | 5,564,559 |
| NSWCC/NSWP/AFP | 5 | 620,235 |
| ACC | 2 | 550,379 |
| ICAC | 2 | 138,000 |
| NSWP/AUSTRAC | 3 | 3,860,104 |
| NSWP/NSWCC/ACC | 3 | 1,718,352 |
| Total | 115 | \$20,968,061 |

3.17 Of the total amount of realisable confiscation orders and costs recovered, 68.2% related to matters involving drug offences and the balance related to offences as follows:

| Offence | Amount | % |
|------------------|--------------------|-------------|
| Money laundering | 5,054,304 | 24.1 |
| Fraud | 1,057,000 | 5.0 |
| Theft/Receiving | 560,174 | 2.7 |
| Total | \$6,671,478 | 31.8 |

3.18 Of the total amount of \$20,968,061 an amount of \$226,674 was recovered for the compensation of victims of theft in two separate proceedings.

3.19 Seven applications to exclude property from an assets forfeiture order are outstanding. The applications were lodged in respect of property valued at \$1,863,521. Six of these applications, in respect of property valued at \$1,623,000, relate to asset forfeiture orders made in the 2005/06 year and the seventh relates to an asset forfeiture order made this year.

3.20 The Supreme Court heard and discussed two applications to exclude property from two asset forfeiture orders. The applications related to property valued at \$97,500 that had been forfeited in 2004/05.

PRODUCTION ORDERS

3.21 Section 33(1) of the CAR Act provides that an authorised officer who has reasonable grounds for suspecting that a person has possession or control of property-tracking documents may apply, *ex parte*, to the Supreme Court for an order against that person requiring that person to produce to the Commission such documents as are in that person's possession or control, or, in the case of bankers' books, to produce all relevant documents for inspection by the Commission.

3.22 Production orders are the means by which documents relevant to proceedings commenced by the Commission are obtained, unless the person against whom proceedings have been commenced also falls within the terms of a Commission Reference. During 2006/07, the Commission applied for and obtained 13 production orders. 939 notices to produce pursuant to section 17 of the NSW Crime Commission Act were also issued in respect of confiscation matters that fell within a Commission Reference.

SEARCH WARRANTS

- 3.23 An authorised officer of the Commission, which includes a member of the NSW Police, may apply, in certain circumstances, to an authorised justice for the issue of a warrant pursuant to section 38 of the CAR Act, to search premises for serious crime derived property, illegally acquired property, evidence of a serious crime related activity, evidence of illegal activity of a person reasonably suspected of having been engaged in serious crime related activities and property that is subject to a restraining order.
- 3.24 In 2006/07, no search warrants were issued pursuant to these provisions.
- 3.25 Pursuant to sections 44 and 45 of the CAR Act, an authorised officer of the Commission, which includes a member of the NSW Police, may apply to the Supreme Court for a warrant authorising the search of premises for property-tracking documents.
- 3.26 During 2006/07, the Commission successfully applied for the issue of 59 warrants under these provisions.

MONITORING ORDERS

- 3.27 Section 48 of the CAR Act provides that an authorised officer may make an *ex parte* application to the Supreme Court for a monitoring order. Such orders direct financial institutions to give the Commission financial information obtained by the institution about transactions conducted by a particular person with the institution.
- 3.28 In 2006/07, no monitoring orders were applied for pursuant to these provisions. The fact that no monitoring orders were sought by the Commission is due, in part, to the fact that the Commission made extensive use of section 51 of the CAR Act, which enables financial institutions to provide information to the Commission upon request.

THE DPP OFFICES

- 3.29 The offices of the state and Commonwealth Directors of Public Prosecutions each have a statutory role to play in the area of forfeiture of criminal assets through the *Confiscation of Proceeds of Crime Act 1989* (NSW) (COPOC Act), the *Customs Act 1901* (Cth), the *Proceeds of Crime Act 1987* (Cth), and the *Proceeds of Crime Act 2002* (Cth).
- 3.30 The Commission has maintained its links with both offices and liaises with them in respect of operational and policy matters.

THE COPOC ACT

- 3.31 A regulation pursuant to the COPOC Act empowers the Commission to take proceedings for restraint and forfeiture of tainted property in indictable drug matters under the *Drug Misuse and Trafficking Act*. The purpose of this regulation is to minimise overlap in functions of the NSW Director of Public Prosecutions and the Commission in respect of the forfeiture of the property of persons involved in drug crime.
- 3.32 Each matter referred to the Commission for assessment of confiscation action under the CAR Act is also assessed for confiscation action under the COPOC Act.
- 3.33 During 2006/07, no restraining orders were obtained under the COPOC Act.

AUSTRALIAN TAXATION OFFICE

- 3.34 The Commission continues to refer appropriate matters to the ATO for investigation. One such referral resulted in assessments being raised by the ATO this year totalling in excess of \$4 million.
- 3.35 During 1995/96, the Commission and the ATO entered into a memorandum of understanding that set guidelines for dealing in matters of mutual interest. The Commission maintains good working relations with the ATO.

FINANCIAL INSTITUTIONS

- 3.36 As a result of the large numbers of production orders obtained under the CAR Act and notices issued under section 17 of the NSW Crime Commission Act, the Commission has established close liaison with the state's major banks and building societies.

3.37 Section 51 of the CAR Act provides:

(1) If a financial institution has reasonable grounds for believing that information it has about a transaction with the institution:

- (a) might be relevant to an investigation of a serious criminal activity or the making of a confiscation order, or
- (b) might otherwise be of assistance in the enforcement of this Act or the regulations,

the institution may give the information to the Commission.

3.38 The Commission has obtained information pursuant to section 51 on numerous occasions.

3.39 The assistance provided by both banking and other financial institutions has been essential to the confiscation function.

INTERNATIONAL INQUIRIES

3.40 In an increasing number of matters investigated by the Commission, there has been evidence to suggest the removal of funds offshore and the acquisition of property in foreign jurisdictions. In such cases, the Commission has made requests through the Commonwealth Attorney-General's Department for documents relevant to the Commission's investigations to be obtained from foreign jurisdictions. The Commission's experience of such inquiries has been that long delays are involved. However, liaison with the Commonwealth Attorney-General's Department is ongoing.

3.41 The Commission is continuing to detect offshore assets of offenders and is concentrating more effort in the tracing of assets in foreign jurisdictions.

SUPREME COURT AND DISTRICT COURT

3.42 The work generated by the confiscation function continued to place demands upon the resources of the Supreme Court, in particular upon the Criminal Registry and Common Law listing staff. The assistance provided by those staff has facilitated the operations of the Commission, as has the assistance given by the District Court Criminal Registry, which provides access to files and certificates of conviction.

3.43 At the end of the year, the number of matters before the Supreme Court was 117.

NSW POLICE FORCE STATE CRIME COMMAND AND OTHER POLICE

3.44 The contribution of the NSW Police to the litigation commenced by the Commission has been substantial.

3.45 During 2006/07, 531 matters were referred to the Commission for assessment of confiscation action under the CAR Act and/or the COPOC Act.

3.46 The following table sets out the number of matters referred to the Commission each year since 3 August 1990:

| Year | Number |
|--------------|-------------|
| 1990/91 | 346 |
| 1991/92 | 637 |
| 1992/93 | 828 |
| 1993/94 | 898 |
| 1994/95 | 832 |
| 1995/96 | 674 |
| 1996/97 | 432 |
| 1997/98 | 381 |
| 1998/99 | 566 |
| 1999/00 | 650 |
| 2000/01 | 531 |
| 2001/02 | 361 |
| 2002/03 | 212 |
| 2003/04 | 76 |
| 2004/05 | 141 |
| 2005/06 | 296 |
| 2006/07 | 531 |
| Total | 8392 |

3.47 The number of referrals has increased markedly over the first few years. This trend is expected to continue as major improvements have been made to the NSW Police Asset Confiscation Branch's data capture and referral processes.

3.48 The Commission and the NSW Police Asset Confiscation Branch continue to enjoy a healthy and productive relationship.

PUBLIC TRUSTEE

3.49 The Public Trustee has two significant roles under the CAR Act: the first is the management of property placed in its control pursuant to orders obtained under sections 10 and 12; the second is the realisation of property subject to forfeiture or proceeds assessment orders under the CAR Act. Close liaison with the Public Trustee has been established to ensure that, in those matters where property has been placed in the Trustee's control, property forfeited is recovered.

CONFISCATED PROCEEDS ACCOUNT

- 3.50 Monies realised from the sale of property forfeited under the CAR Act and monies received by the Treasurer pursuant to proceeds assessment orders are credited to an account administered by the Treasurer called the Confiscated Proceeds Account. The proceeds of that account may be applied to administering the CAR Act, victims' compensation, law enforcement, drug rehabilitation and drug education.
- 3.51 A Recovered Assets Pool was created in 2004/05 by direction of the NSW Treasurer, in consultation with the Minister. Sufficient funds are drawn on the Confiscated Proceeds Account to ensure that up to \$2 million is available each year to be allocated to assist in the funding of selected police criminal investigations.

TRAINING

- 3.52 There is a continuing need for law enforcement to improve its ability to identify, locate and recover laundered proceeds of crime and assets in both local and foreign jurisdictions. The Commission has gained significant experience and skills in those areas since the commencement of the CAR Act.
- 3.53 During the year officers from the Financial Investigations Team gave presentations to NSWP and participated in seminars conducted in-house.

CHAPTER FOUR

GENERAL MANAGEMENT

- 4.1 Mr Phillip Bradley is the Commissioner and the sole Member of the Commission. He is also the Chief Executive Officer.
- 4.2 Mr John Giorgiutti is the Director of the Commission and Solicitor to the Commission.
- 4.3 The Commission is divided into several operational and support teams. Each team is headed by an Assistant Director.
- 4.4 The Commissioner, Director and Assistant Directors constitute the Management Team, which is responsible for the Commission's strategic planning and for the achievement of its aims and objectives.
- 4.5 The structure of the organisation can be found in Appendix E.

ADMINISTRATIVE OFFICE

- 4.6 The Commission's address, telephone number, facsimile number and DX address, web site and business hours of its office are recorded on the inside front cover of this report.

STAFFING

- 4.7 At the end of the reporting year, the number of permanent staff employed by the Commission was 110. The categories of staff comprising the establishment are tabulated below. Staffing levels of the previous three years is included for comparison.

| | 06/07 | 05/06 | 04/05 | 03/04 |
|--------------------|------------|------------|------------|------------|
| Statutory officers | 1 | 1 | 1 | 1 |
| SES | 0 | 0 | 0 | 0 |
| PSM Act | 7 | 7 | 8 | 9 |
| Direct employees | 102 | 97 | 98 | 105 |
| Total | 110 | 105 | 107 | 115 |

Additionally, the Commission employs a fluctuating number of casual staff.

SENIOR EXECUTIVE SERVICE POSITIONS

- 4.8 During the reporting year, there were no officers employed as Senior Executives under the *Public Sector Employment and Management Act 2002*.

- 4.9 The Management Team includes the following:

- . Director and Solicitor to the Commission
- . Assistant Director, Investigations (two positions)
- . Assistant Director, Financial Investigations
- . Assistant Director, Operations Support.

- 4.10 Each of these officers is employed pursuant to a contract of employment that provides for review on an annual basis. These contracts do not provide for levels, as SES contracts do. The terms of the contracts are expressly confidential. In those cases where performance review was tied to salary, each officer's performance was assessed and incremental adjustment to remuneration was made.
- 4.11 A summary of responsibilities can be found in Appendix D.
- 4.12 The Commissioner is not part of the Chief Executive Service. His appointment is pursuant to the Act. Remuneration is set by the Statutory and Other Offices Remuneration Tribunal. As an independent statutory officeholder, he is not subject to formal performance appraisal. His remuneration package was set by the tribunal in October 2006 at \$368,515.

EQUAL EMPLOYMENT OPPORTUNITY

- 4.13 The Commission's Equal Employment Opportunity (EEO) statistics for 2006/07 have been completed in the context of the NSW Department of Premier and Cabinet's annual workforce survey.
- 4.14 The Commission works with the NSW Department of Premier and Cabinet to develop strategies to enhance employment equity.
- 4.15 The following tables contain EEO statistics for 2006/07. Comparative data from past years can be found in previous annual reports of the Commission.
- 4.16 Representation and recruitment of EEO target groups (Aboriginal or Torres Strait Islanders (ATSI), people with a physical disability, people from a racial, ethnic or religious minority (REMG), and women):

| Target group | Total staff 2006/07 | Recruited 2006/07 |
|--------------|---------------------|-------------------|
| All | 110 | 11 |
| ATSI | 0 (0%) | 0 |
| Disabled | 4 (4%) | 0 |
| REMG | 32 (29%) | 1 (9%) |
| Women | 56 (51%) | 3 (27%) |

- 4.17 Representation of EEO target groups by level in 2006/07 (for the purpose of this table, staff are given public service equivalent grades depending upon salary):

| Grade | Total staff | Women | REMG |
|----------------|-------------|-----------------|-----------------|
| Above Grade 12 | 17 | 3 (18%) | 5 (29%) |
| Grades 10 – 12 | 15 | 6 (40%) | 4 (27%) |
| Grades 6 – 9 | 21 | 13 (62%) | 5 (24%) |
| Grades 3 – 5 | 32 | 19 (59%) | 9 (28%) |
| Grades 1 – 2 | 6 | 3 (50%) | 2 (33%) |
| CO1 – Grade 1 | 8 | 6 (75%) | 3 (38%) |
| Below CO1 | 11 | 6 (55%) | 4 (36%) |
| Total | 110 | 56 (51%) | 32 (29%) |

- 4.18 During the year the Commission recruited 4 trainees. A total of 24 trainees have been recruited over the past seven years under the government's trainee scheme. This program has been successful and the Commission plans to recruit more trainee officers in 2007/08.

STAFF TRAINING

- 4.19 The Commission continued its successful program of information seminars for staff during the year. The sessions are available to all staff and cover a wide variety of topics related to law enforcement and public sector employment. The sessions were attended by a large proportion of staff.
- 4.20 Several staff attended external courses for a range of purposes during the year.
- 4.21 A number of staff undertake tertiary courses relevant to their work, out of normal office hours, and take advantage of the Commission's study leave provisions throughout each academic year.

NSW GOVERNMENT ACTION PLAN FOR WOMEN

- 4.22 The NSW Government policy adopts principles of access, equity, rights and participation of women in the life and business of the State.
- 4.23 The Commission recognises the role it plays in the promotion of the policy. 51% of the Commission's staff is female, and there is female representation at the senior executive level.
- 4.24 As an agency working in the area of criminal justice, the Commission acknowledges and is committed to its responsibilities in respect of women's access to justice and equality before the law.

CODE OF CONDUCT / ETHICS

- 4.25 The Commission has a code of conduct for all staff and an additional code for senior officers. All staff have signed undertakings to comply with the code(s).
- 4.26 The Commission reviewed its code for staff during the year, ethics awareness training sessions were held for all staff.

OVERSEAS VISITS

- 4.27 One official overseas trip was made in 2006/07. A representative from the Commission attended an international conference on Balkan organised crime in the USA. The total cost of the trip was \$5,000.

OCCUPATIONAL HEALTH AND SAFETY

- 4.28 During the year, the Commission's staff representative and its OH&S officer jointly conducted OH&S audits. Matters identified as posing safety risks were rectified.
- 4.29 During 2006/07, the Commission made two new claims for workers' compensation resulting in a loss of 1 working day.

THE ENVIRONMENT

- 4.30 The Commission is conscious of the impact of its operations on the environment and regularly reviews its waste and recycling policies, energy and water consumption and purchasing practices.
- 4.31 The Commission purchases 50% of its electricity from renewable energy sources.
- 4.32 Recycling remains high on the Commission's environment priorities, and awareness campaigns are regularly undertaken to promote staff awareness.

ELECTRONIC INFORMATION MANAGEMENT

- 4.33 The Commission has a substantial investment in information and communications technology (ICT). This includes internal information processing, access to external databases online, and delivery systems for electronic surveillance. The total investment in ICT is in excess of \$12 million, with new acquisitions and upgrades occurring each year to maintain a modern system. Most ICT equipment has a limited useful life and depreciation rates are high. The Commission now has eleven staff dedicated to the ICT function and has continuing alliances with other agencies for

the economic gathering and delivery of telephone interception product.

4.34 During the course of the year the Commission completed a major upgrade to its telecommunications interception system. Enhancements will be undertaken in 2007/08.

4.35 The Commission has also adopted the NSW Government Agreement on Microsoft software which realises significant savings to the Commission in the acquisition of software and upgrades.

INTERNAL AUDIT

4.36 The Commission has an Internal Audit Committee with an independent Chair. It undertakes a range of audits and performance reviews on specified subject areas throughout the year. The committee reports to the Commission's Management Committee regularly.

RESEARCH AND DEVELOPMENT

4.37 The Commission did not conduct any research and development work (as defined by Australian Accounting Standard AAS513) during 2006/07.

CONSULTANTS

4.38 Nine consultants were retained during 2006/07 to provide advice to the Commission's ICT staff and finance staff on software upgrades. The total cost of the consultancies was \$32,725.66.

SERVICES TO THE PUBLIC

4.39 By reason of its statutory aims, objectives, functions and operational activities, the Commission does not provide services direct to the public, although members of the public often contact the Commission directly to provide information. Investigations are sometimes launched on the basis of such information.

4.40 Consequently, the Commission does not usually receive complaints or consumer suggestions. It is not possible, therefore, for the Commission to report on services improved or changed as a result of such complaints or suggestions, as required by the legislation. For the same reasons, the Commission has not developed standard times for providing services, with the exception of payment of accounts.

4.41 The Commission has a formal system for registering and dealing with complaints.

FREEDOM OF INFORMATION

4.42 The Commission received four requests for information under the *Freedom of Information Act 1989* (NSW) during 2006/07, one of which was subsequently withdrawn.

4.43 The Commission has an exemption under the Act in respect of investigative and reporting functions.

4.44 Requests under the Freedom of Information Act for access to documents (other than those relating to its investigative and reporting functions) in the possession of the Commission should be directed in writing to the Commissioner.

4.45 Inquiries concerning fees and procedures for inspecting or obtaining Commission documents, including 'Statements of Affairs', should be made to the Assistant Director, Operations Support, between the hours of 9.00 am and 5.00 pm, Monday to Friday.

PUBLICATIONS

4.46 Commission annual reports are available to the public after tabling in Parliament. Reports of the years 1993/94 to 2006/07 are available electronically on the Commission's website.

PRIVACY

4.47 The Commission continues to comply with the Privacy Management Plan.

4.48 The Commission is unaware of any breaches or alleged breaches of that plan or the *Privacy and Personal Information Act 1998*.

4.49 Complaints and internal reviews under the Act:

| | |
|--|---|
| Complaints made against the Commission | 0 |
| Internal reviews conducted by the Commission | 0 |
| Internal reviews conducted by the Privacy Commission | 0 |
| Internal reviews conducted by the Administrative Decisions Tribunal and its appeal panel | 0 |

ETHNIC AFFAIRS PRIORITIES REPORT

- 4.50 The Commission endorses the Government's principles of multiculturalism, and is committed to their implementation within its workplace and operational activities.
- 4.51 The Commission's Management Team has agreed on a management plan in accordance with the principles set out in the *Community Relations Commission and Principles of Multiculturalism Act 2000*.
- 4.52 The Commission provides interpreters whenever they are required during its formal and informal interaction with people from non-English speaking backgrounds.
- 4.53 The Commission employs a number of specialist linguists on its staff.
- 4.54 The Commission employs staff whose role it is to advise on cultural issues.
- 4.55 The Commission conducts awareness training on cultural issues for its staff and police with whom the Commission works.

ACCOUNT PAYMENT PERFORMANCE

| Qtr | Current | <30 days overdue | 30-60 days overdue | 60-90 days overdue | >90 days overdue |
|--------|-----------|------------------|--------------------|--------------------|------------------|
| Sep 06 | \$305,260 | \$11,463 | \$0 | \$0 | -\$13 |
| Dec 06 | \$217,360 | \$0 | \$0 | \$0 | -\$13 |
| Mar 07 | \$72,333 | \$0 | \$0 | \$0 | -\$13 |
| Jun 07 | \$197,254 | \$0 | \$0 | \$0 | -\$13 |

| Qtr | Total accounts paid on time | | | Total paid | |
|--------|-----------------------------|----------|-----------|------------|--|
| | Target % | Actual % | \$ | \$ | |
| Sep 06 | 85.0 | 99.49 | 2,431,519 | 2,444,017 | |
| Dec 06 | 85.0 | 100.00 | 2,454,480 | 2,454,480 | |
| Mar 07 | 85.0 | 100.00 | 2,805,677 | 2,805,638 | |
| Jun 07 | 85.0 | 100.00 | 2,787,500 | 2,787,461 | |

STORES AND EQUIPMENT

- 4.56 The following table shows expenditure on stores and stationery, information technology equipment, furniture and office equipment.

| | Expenditure |
|---------------------------|------------------|
| Stores and Stationery | \$70,753 |
| Office equipment | 16,933 |
| Office furniture | 2,931 |
| Info technology equipment | 35,911 |
| Total | \$126,528 |

VALUE OF STAFF LEAVE

- 4.57 The values of accrued annual leave, including applicable leave loading and on-costs, and extended leave at 30 June 2007 were \$815,148 and \$2,199,904 respectively. The Crown has assumed \$2,022,272 of the extended leave liability on behalf of the Commission.
- 4.58 Both of these amounts were calculated in accordance with AAS30 'Accounting for employee leave entitlements', using the present value method for extended leave.

MAJOR ASSETS PURCHASED

- 4.59 The Commission acquired the following assets during 2006/07:

| Asset | Value |
|-------------------------|--------------------|
| Building refurbishment | \$69,527 |
| PCs/Printers | 128,692 |
| Servers | 255,610 |
| Computer software | 93,633 |
| Other IT equipment | 82,417 |
| Surveillance equipment | 34,980 |
| Other plant & equipment | 14,172 |
| Safes | 5,443 |
| Motor vehicles | 62,030 |
| Other surveillance | 290,354 |
| Lift upgrade | 304,000 |
| | \$1,340,858 |

REAL PROPERTY

- 4.60 The Commission owns two pieces of real estate in NSW.
- 4.61 In 1993/94 the Commission acquired premises at 453 Kent Street Sydney for \$5.7 million. During 2004/05 the premises were independently revalued at \$11 million. This was further reviewed in 2006/07 with a new valuation at \$13.5 million, representing fair market value at 30 June 2007.
- 4.62 The Commission also acquired additional office space in 2002/03 at a cost of \$2.6 million. During 2004/05 those premises were independently revalued at \$2.75 million. This was further reviewed in 2006/07 with a new

valuation at \$3.250 million, representing fair market value at 30 June 2007.

- 4.63 The cost of refurbishments in 2006/07 totalled \$70,617.

INSURANCE

- 4.64 The Commission insures against a range of risks, including workers' compensation, damage caused by and to motor vehicles, property damage and public liability, through the New South Wales Treasury Managed Fund. In 2006/07, the Commission made ten claims (compared to thirteen in 2005/06). Of these claims, nine related to motor vehicles (six in 2005/06), and one related to property claims (seven in 2005/06).

RISK MANAGEMENT

- 4.65 The Commission has a risk management policy, a disaster recovery plan and a business continuity plan.

- 4.66 Consideration has been given to various risks, such as:

- . physical and psychological injury to personnel;
- . insurable losses;
- . information leaks;
- . loss of information and exhibits (including electronic information);
- . corruption, misconduct or fraud;
- . loss of theft or money;
- . loss of credibility;
- . loss of personnel.

- 4.67 Each of these risks can impact on the ability of the Commission to achieve its objectives.

- 4.68 The Commission has in place various policies and practices made known to all staff and others working with the Commission in order to prevent, as far as possible, the occurrence of any of the above risks. All staff of the Commission (including police working on Commission investigations) are required to undertake to comply with all policies and practices – they also sign secrecy undertakings, pursuant to section 29 of the Act. Additionally, the Commission's internal audit processes ensure that risks are reviewed, and new areas identified.

GRANTS TO COMMUNITY ORGANISATIONS

- 4.69 The Commission did not provide any grants to community organisations in 2006/07.

CONTRACTING AND MARKET TESTING

- 4.70 The Commission has formed the view that the functions it market-tested in previous years could be performed more efficiently and cost-effectively by Commission staff. A significant factor in these decisions is the need to preserve security.

CREDIT CARDS

- 4.71 The Commission has two corporate credit cards with Westpac, each with an approved credit limit. In accordance with Treasury Best Practice Guidelines, the Commission has a credit card policy, governing use of the cards.

- 4.72 Quarterly credit card compliance surveys are submitted to NSW Treasury documenting frequency and amounts of transactions, lost or stolen cards, fraud and misuse and details of any cash advances.

- 4.73 In accordance with the Commission's internal policy, no cash advances were made during the year from the credit card account.

COST OF ANNUAL REPORT

- 4.74 There were no consultants retained for any aspect of the preparation of the Commission's Annual Report. Printing costs totalled \$908.00, excluding GST. Each year's report is published on the Commission's website.

FINANCIAL STATEMENTS

- 4.75 Audited statements for 2006/07 can be found at Appendix A.

**NEW SOUTH WALES CRIME COMMISSION
CONSOLIDATED
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

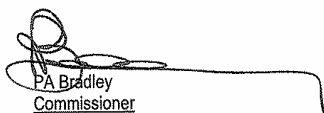
New South Wales Crime Commission

**Financial Report for the
year ended 30 June 2007**


STATEMENT BY COMMISSIONER

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Financial Reporting Code for Budget Dependent General Government Sector Agencies*, the *Public Finance and Audit Regulation 2005*, the *Treasurer's Directions* and applicable Australian Accounting Standards.
- (b) The statements present a true and fair view of the financial position as at 30 June 2007 and transactions of the Commission for the year then ended.
- (c) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.



PA Bradley
Commissioner



Katie Bourne
Chief Financial Officer

Dated: 24 October 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

New South Wales Crime Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the New South Wales Crime Commission (the Commission), which comprises the balance sheet as at 30 June 2007, and the operating statement, statement of recognised income and expense, cash flow statement, and summary of compliance with financial directives for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Commission as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of 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 Commission's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Commission,
- that it has carried out its activities effectively, efficiently and economically,
- about the effectiveness of its internal controls, or
- on the assumptions used in formulating the budget figures disclosed in the financial report.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Carr FCPA
Director, Financial Audit Services

24 October 2007
SYDNEY

NEW SOUTH WALES CRIME COMMISSION
Operating Statement for the Year Ended 30 June 2007

| | Notes | Actual 2007 \$'000 | <u>Consolidated</u> Budget 2007 \$'000 | Actual 2006 \$'000 | <u>Statutory Corporation</u> Actual 2007 \$'000 | Actual 2006 \$'000 |
|---|-------|--------------------------|---|--------------------------|--|--------------------------|
| Expenses excluding losses | | | | | | |
| Operating expenses | | | | | | |
| Employee related | 2(a) | 11,000 | 11,581 | 10,682 | - | 6,578 |
| Other operating expenses | 2(b) | 3,892 | 4,207 | 3,901 | 3,892 | 3,901 |
| Personnel services expenses | 2(c) | - | - | - | 10,527 | 3,841 |
| Depreciation and amortisation | 2(d) | 1,376 | 1,333 | 1,812 | 1,376 | 1,812 |
| Other expenses | 2(e) | 409 | 431 | 77 | 409 | 77 |
| Total expenses excluding losses | | 16,677 | 17,552 | 16,472 | 16,204 | 16,209 |
| Less: | | | | | | |
| Revenue | | | | | | |
| Investment revenue | 3(a) | 47 | 30 | 31 | 47 | 31 |
| Other revenue | 3(b) | 3,223 | 3,367 | 2,897 | 3,223 | 2,897 |
| Total revenue | | 3,270 | 3,397 | 2,928 | 3,270 | 2,928 |
| Loss on disposal of non-current assets | 4 | (9) | (3) | (3) | (9) | (3) |
| Net cost of services | 23 | 13,416 | 14,158 | 13,547 | 12,943 | 13,284 |
| Government contributions | | | | | | |
| Recurrent appropriation | 5 | 12,149 | 12,194 | 11,563 | 12,149 | 11,563 |
| Capital appropriation | 5 | 717 | 2,561 | 1,586 | 717 | 1,586 |
| Acceptance by the Crown Entity of employee benefits and other liabilities | 6 | 473 | - | 361 | - | 98 |
| Total government contributions | | 13,339 | 14,755 | 13,510 | 12,866 | 13,247 |
| SURPLUS / (DEFICIT) FOR THE YEAR | | (77) | 597 | (37) | (77) | (37) |

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Statement of Recognised Income and Expense for the Year Ended 30 June 2007

| Notes | <u>Consolidated</u> | | | <u>Statutory Corporation</u> | |
|---|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|
| | Actual 2007 \$'000 | Budget 2007 \$'000 | Actual 2006 \$'000 | Actual 2007 \$'000 | Actual 2006 \$'000 |
| Net increase in property, plant and equipment asset revaluation reserve | 3,473 | - | - | 3,473 | - |
| TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY | <u>3,473</u> | <u>-</u> | <u>-</u> | <u>3,473</u> | <u>-</u> |
| Surplus/(Deficit) for the year | <u>(77)</u> | <u>597</u> | <u>(37)</u> | <u>(77)</u> | <u>(37)</u> |
| 20 | <u><u>3,396</u></u> | <u><u>597</u></u> | <u><u>(37)</u></u> | <u><u>3,396</u></u> | <u><u>(37)</u></u> |

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Balance Sheet as at 30 June 2007

| | Notes | <u>Consolidated</u> | | | <u>Statutory Corporation</u> | |
|--------------------------------------|-------|--------------------------|--------------------------|--------------------------|------------------------------|--------------------------|
| | | Actual 2007 \$'000 | Budget 2007 \$'000 | Actual 2006 \$'000 | Actual 2007 \$'000 | Actual 2006 \$'000 |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | 8 | 1,419 | 444 | 537 | 1,419 | 537 |
| Receivables | 9 | 2,736 | 1,873 | 2,273 | 2,437 | 2,010 |
| Total Current Assets | | <u>4,155</u> | <u>2,317</u> | <u>2,810</u> | <u>3,856</u> | <u>2,547</u> |
| Non-Current Assets | | | | | | |
| Receivables | 10 | 89 | 160 | 57 | - | - |
| Property, plant and equipment | 11 | | | | | |
| - Land and Buildings | | 16,750 | 13,266 | 13,491 | 16,750 | 13,491 |
| - Plant & Equipment | | 3,332 | 5,661 | 3,713 | 3,332 | 3,713 |
| - Capital work in progress | 13 | 344 | - | - | 344 | - |
| Intangible assets | 12 | 181 | 381 | 254 | 181 | 254 |
| Total Non-Current Assets | | <u>20,696</u> | <u>19,468</u> | <u>17,515</u> | <u>20,607</u> | <u>17,458</u> |
| Total Assets | | <u>24,851</u> | <u>21,785</u> | <u>20,325</u> | <u>24,463</u> | <u>20,005</u> |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Payables | 14 | 924 | 660 | 615 | 897 | 594 |
| Borrowings | 15 | 299 | 413 | 263 | - | - |
| Provisions | 16 | 893 | 780 | 856 | 1,020 | 885 |
| Other | 17 | 624 | - | - | 624 | - |
| Total Current Liabilities | | <u>2,740</u> | <u>1,853</u> | <u>1,734</u> | <u>2,541</u> | <u>1,479</u> |
| Non-Current Liabilities | | | | | | |
| Provisions | 18 | 100 | 179 | 8 | - | - |
| Borrowings | 19 | 89 | 139 | 57 | - | - |
| Total Non-Current Liabilities | | <u>189</u> | <u>318</u> | <u>65</u> | <u>-</u> | <u>-</u> |
| Total Liabilities | | <u>2,929</u> | <u>2,171</u> | <u>1,799</u> | <u>2,541</u> | <u>1,479</u> |
| Net Assets | | <u>21,922</u> | <u>19,614</u> | <u>18,526</u> | <u>21,922</u> | <u>18,526</u> |
| EQUITY | | | | | | |
| Reserves | 20 | 10,786 | 7,313 | 7,313 | 10,786 | 7,313 |
| Accumulated funds | | 11,136 | 12,301 | 11,213 | 11,136 | 11,213 |
| Total Equity | | <u>21,922</u> | <u>19,614</u> | <u>18,526</u> | <u>21,922</u> | <u>18,526</u> |

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION
Cash Flow Statement for the Year Ended 30 June 2007

| Notes | Actual 2007 \$'000 | Consolidated | | Statutory Corporation | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | | Budget 2007 \$'000 | Actual 2006 \$'000 | Actual 2007 \$'000 | Actual 2006 \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Payments | | | | | |
| Employee related | (10,394) | (11,109) | (10,299) | (10,394) | (10,299) |
| Finance costs | - | - | (7) | - | (7) |
| Other | (4,481) | (4,952) | (4,605) | (4,481) | (4,605) |
| Total Payments | <u>(14,875)</u> | <u>(16,061)</u> | <u>(14,911)</u> | <u>(14,875)</u> | <u>(14,911)</u> |
| Receipts | | | | | |
| Sale of goods and services | 66 | 3 | 46 | 66 | 46 |
| Interest received | 41 | 30 | 21 | 41 | 21 |
| Other | 3,220 | 3,555 | 3,392 | 3,220 | 3,392 |
| Total Receipts | <u>3,327</u> | <u>3,588</u> | <u>3,459</u> | <u>3,327</u> | <u>3,459</u> |
| Cash Flows From Government | | | | | |
| Recurrent appropriation | 12,149 | 12,194 | 11,563 | 12,149 | 11,563 |
| Capital appropriation | 1,341 | 2,561 | 1,586 | 1,341 | 1,586 |
| Cash reimbursements from the Crown Entity | - | - | - | - | - |
| Cash transfers to Consolidated Fund | - | - | - | - | - |
| Net Cash Flows From Government | <u>13,490</u> | <u>14,755</u> | <u>13,149</u> | <u>13,490</u> | <u>13,149</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | 23 <u>1,942</u> | <u>2,282</u> | <u>1,697</u> | <u>1,942</u> | <u>1,697</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale of plant and equipment | - | - | - | - | - |
| Purchases of land and buildings and plant and equipment | (613) | (2,461) | (1,427) | (613) | (1,427) |
| Other | (100) | (100) | (25) | (100) | (25) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | <u>(713)</u> | <u>(2,561)</u> | <u>(1,452)</u> | <u>(713)</u> | <u>(1,452)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Repayments of borrowings and advances | (347) | - | (232) | (347) | (232) |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | <u>(347)</u> | <u>-</u> | <u>(232)</u> | <u>(347)</u> | <u>(232)</u> |
| NET INCREASE/(DECREASE) IN CASH | | | | | |
| Opening cash and cash equivalents | 537 | 723 | 524 | 537 | 524 |
| CLOSING CASH AND CASH EQUIVALENTS | 8 <u>1,419</u> | <u>444</u> | <u>537</u> | <u>1,419</u> | <u>537</u> |

The accompanying notes form part of these statements.

NEW SOUTH WALES CRIME COMMISSION
Summary of Compliance with Financial Directives

| | 2007 | | | | 2006 | | | |
|---|-----------------|---|---------------|---|-----------------|---|---------------|---|
| | RECURRENT APP'N | EXPENDITURE ON NET CLAIM / ON CONSOLIDATED FUND | CAPITAL APP'N | EXPENDITURE ON NET CLAIM / ON CONSOLIDATED FUND | RECURRENT APP'N | EXPENDITURE ON NET CLAIM / ON CONSOLIDATED FUND | CAPITAL APP'N | EXPENDITURE ON NET CLAIM / ON CONSOLIDATED FUND |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| ORIGINAL BUDGET APPROPRIATION / EXPENDITURE | | | | | | | | |
| • Appropriation Act | 12,194 | 12,149 | 2,561 | 717 | 11,489 | 11,489 | 2,586 | 1,586 |
| • Additional Appropriations | - | - | - | - | - | - | - | - |
| • s 21a PF&AA – special appropriation | - | - | - | - | - | - | - | - |
| • s 24 PF&AA – transfers of functions between departments | - | - | - | - | - | - | - | - |
| • s 26 PF&AA – Commonwealth specific purpose payments | - | - | - | - | - | - | - | - |
| | <u>12,194</u> | <u>12,149</u> | <u>2,561</u> | <u>717</u> | <u>11,489</u> | <u>11,489</u> | <u>2,586</u> | <u>1,586</u> |
| OTHER APPROPRIATIONS / EXPENDITURE | | | | | | | | |
| • Treasurer's Advance | - | - | - | - | 100 | 74 | - | - |
| • Section 22 – expenditure for certain works and services | - | - | - | - | - | - | - | - |
| • Transfers to / from another agency (s27 of the Appropriation Act) | (45) | - | (220) | - | - | - | - | - |
| | <u>(45)</u> | <u>12,149</u> | <u>(220)</u> | <u>-</u> | <u>100</u> | <u>74</u> | <u>-</u> | <u>-</u> |
| Total appropriations / Expenditure / Net claim on Consolidated Fund (includes transfer payments) | 12,149 | 12,149 | 2,341 | 717 | 11,589 | 11,563 | 2,586 | 1,586 |
| <u>Amount drawn down against appropriation</u> | | 12,149 | | 1,341 | - | 11,563 | - | 1,586 |
| <i>Liability to Consolidated Fund*</i> | | - | | 624 | | - | | - |

* The 'Liability to Consolidated Fund' represents the difference between the 'Amount drawn down against appropriation' and the 'Total expenditure/ Net claim on Consolidated Fund'

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Reporting entity*

The New South Wales Crime Commission, as a reporting entity, comprises all the entities under its control, namely: The Office of the New South Wales Crime Commission and the New South Wales Crime Commission Division (created on 17 March 2006).

In the process of preparing the consolidated financial report for the economic entity consisting of the controlled entities, all inter-entity transactions and balances have been eliminated.

The New South Wales Crime Commission is a NSW government department. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

This consolidated financial report for the year ended 30 June 2007 has been authorised for issue by the Commissioner on 24 October 2007.

(b) *Basis of preparation*

The Commission's financial report is a general-purpose financial report which has been prepared in accordance with:

- * applicable Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AEIFRS)) and Interpretations.
- * the requirements of the *Public Finance and Audit Act* and Regulations; and
- * the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer.

Property, plant and equipment, assets held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial report items are prepared in accordance with the historical cost convention.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) *Statement of compliance*

The consolidated financial statements and notes comply with Australian Accounting Standards, which include AEIFRS.

(d) *Administered Activities*

The Commission administers, but does not control, certain activities on behalf of the Crown Entity. It is accountable for the transactions relating to those activities but does not have the discretion, for example, to deploy the resources for the Commission's own objectives.

Transactions and balances relating to the administered activities are not recognised as the Commission's revenues, expenses, assets and liabilities, but are disclosed in the accompanying schedules as Administered Assets.

(e) *Income recognition*

Income is measured at the fair value of the consideration or contribution received or receivable. Additional comments regarding the accounting policies for the recognition of income are discussed below.

(i) Parliamentary appropriations and contributions

Parliamentary appropriations and contributions (including grants and donations) are generally recognised as income when the agency obtains control over the assets comprising the appropriations/contributions. Control over appropriations and contributions are normally obtained upon the receipt of cash.

An exception to the above is when appropriations are unspent at year end. In this case, the authority to spend the money lapses and generally the unspent amount must be repaid to the Consolidated Fund in the following financial year. As a result, unspent appropriations are accounted for as liabilities rather than revenue.

(ii) Professional costs recovered

Income from professional costs recovered comprises revenue awarded to the Commission from litigation proceedings. This income is recognised following the making of a costs order by a court.

(iii) Investment income

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(f) *Employee benefits and other Provisions*

As a result of the amendments to the Public Sector Employment and Management Act 2002, the New South Wales Crime Commission Division and the Office of the New South Wales Crime Commission are responsible for employees and employee-related liabilities of the New South Wales Crime Commission.

(i) *Salaries and wages, annual leave, sick leave and on-costs*

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that fall due wholly within 12 months of the reporting date are recognised and measured in respect of employees' services up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

The Commission measures long-term annual leave at nominal value, rather than at present value as the financial impact of discounting on the portion of the long-term leave is not material.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(ii) *Long service leave and superannuation*

The agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Long service leave on-costs are not assumed by the Crown Entity and are the responsibility of the Commission except for the related on-costs and annual leave accruing while on long service leave.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(g) *Borrowing costs*

Borrowing costs are recognised as expenses in the period in which they are incurred in accordance with Treasury's mandate to general government sector agencies.

(h) *Insurance*

The agency's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government agencies. The expense (premium) is determined by the Fund Manager based on past experience.

(i) *Accounting for the Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST, except where:

- * the amount of GST incurred by the agency as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense
- * receivables and payables are stated with the amount of GST included.

(j) *Acquisitions of assets*

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the agency. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition.

Fair value is the amount for which an asset could be exchanged between a knowledgeable, willing buyer and a knowledgeable, willing parties in an arm's length transaction.

Where payment for an item is deferred beyond normal credit terms, its cost is the cash price equivalent, i.e. the deferred payment amount is effectively discounted at an asset-specific rate.

(k) *Capitalisation Thresholds*

Plant and equipment and Intangible Assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(l) *Revaluation of Property, Plant and Equipment*

Physical non-current assets are valued in accordance with the 'Guidelines for the Valuation of Physical Non-Current Assets at Fair Value' (TPP 07-01). This policy adopts fair value in accordance with AASB 116 *Property, Plant & Equipment* and AASB 140 *Investment Property*.

Property, plant and equipment is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant & equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

The Commission revalues each class of property, plant and equipment at least every 5 years or with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2007 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation is separately restated.

For other assets, any balances of accumulated depreciation existing at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the surplus/deficit, the increment is recognised immediately as revenue in the surplus/deficit.

Revaluation decrements are recognised immediately as expenses in the surplus/deficit, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation reserve in respect of that asset is transferred to accumulated funds.

(m) *Impairment of Property, Plant & Equipment*

As a not-for-profit entity with no cash generating units, the Commission is effectively exempted from AASB 136 *Impairment of Assets and impairment testing*. This is because AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, for an asset already measured at fair value, impairment can only arise if selling costs are material. Selling costs are regarded as immaterial.

(n) *Depreciation of property, plant & equipment*

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the entity.

All material separately identifiable component assets are recognised and depreciated over their shorter useful lives, including those components that in effect represent major periodic maintenance.

Land is not a depreciable asset. The rates of depreciation applied to relevant categories of assets are set out in the following table and are consistent with those used in 2005/06.

| Depreciation asset category | Rate (%) |
|---|-----------------|
| Building | 3.33 |
| Computer equipment | 33.30 |
| Motor vehicles | 15.00 |
| Office equipment: furniture/fitings | 7.50 |
| Office equipment: mechanical/electronic | 10.00 |

- (o) *Maintenance and repairs*
The costs of day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.
- (p) *Leased assets*
A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.
Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. Operating lease payments are charged to the Operating Statement in the periods in which they are incurred.
- (q) *Intangible Assets*
The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the agency and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value at the date of acquisition.
The useful lives of intangible assets are assessed to be finite.
Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the agency's intangible assets, the assets are carried at cost less any accumulated amortisation.
The Commission's intangible assets are amortised using the straight-line method over a period of 3 years (for computer software).
In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the agency is effectively exempted from impairment testing (refer Note 1(l)).
- (r) *Loans and Receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Any changes are accounted for in the Operating Statement when impaired, derecognised or through the amortisation process.
Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. Bad debts are written off as incurred.
- (s) *Other Assets*
Other assets are recognised on a cost basis.
- (t) *Payables*
These amounts represent liabilities for goods and services provided to the agency and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.
- (u) *Borrowings*
The finance lease liability is determined in accordance with AAS 17 "Leases".
- (v) *Budgeted amounts*
The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments for the effects of additional appropriations, s 21A, s 24 and/or s 26 of the *Public Finance and Audit Act 1983*.

The budgeted amounts in the Operating Statement and the Cash Flow Statement are generally based on the amounts disclosed in the NSW Budget Papers (as adjusted above). However, in the Balance Sheet, the amounts vary from the Budget Papers, as the opening balances of the budgeted amounts are based on carried forward actual amounts, i.e. per the audited financial statements (rather than carried forward estimates).

(w) *New Australian Accounting Standards issued but not yet effective*

The following new Accounting Standards have not been applied and are not yet effective:

- AASB 7 *Financial Instruments: Disclosures*;
- AASB 2005-10 amendments to AASB 7 *Financial Instruments: Disclosures*
- AASB 101 *Presentation of Financial Statements*
- AASB 123 and AASB 2007-6 *Borrowing Costs*
- AASB1049 *Financial reporting by General Government Sector*
- AASB 2007-4 re *Australian Additions to and Deletions from IFRSs*
- AASB2007-5 re *Inventories held for distribution by not-for-profit entities*

While the impact of these standards in the period of initial application has not been specifically quantified, they are not expected to materially impact the financial report.

2. EXPENSES EXCLUDING LOSSES

| | <u>Consolidated</u> | | <u>Statutory Corporation</u> | |
|---|---------------------|---------------|------------------------------|---------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> |
| (a) Employee related expenses | | | | |
| Salaries and wages (including annual leave) | 9,050 | 8,877 | - | 5,270 |
| Superannuation – defined benefit plans | 122 | 93 | - | 93 |
| Superannuation – defined contribution plans | 612 | 612 | - | 607 |
| Long service leave | 358 | 263 | - | (164) |
| Workers' compensation insurance | 79 | 85 | - | 85 |
| Payroll tax and fringe benefit tax | 606 | 574 | - | 574 |
| Other | 173 | 178 | - | 113 |
| | <u>11,000</u> | <u>10,682</u> | <u>-</u> | <u>6,578</u> |
| (b) Other operating expenses | | | | |
| Auditor's remuneration – audit or review of the financial reports | 26 | 24 | 26 | 24 |
| Bad and doubtful debts | - | 83 | - | 83 |
| Insurance | 29 | 49 | 29 | 49 |
| Office utilities | 303 | 319 | 303 | 319 |
| Office supplies | 1,764 | 1,867 | 1,764 | 1,867 |
| Computer services | 226 | 298 | 226 | 298 |
| Travel expenses | 60 | 49 | 60 | 49 |
| Motor vehicle expenses | 22 | 1 | 22 | 1 |
| Service fees | 907 | 853 | 907 | 853 |
| Maintenance | 414 | 128 | 414 | 128 |
| Other | 141 | 230 | 141 | 230 |
| | <u>3,892</u> | <u>3,901</u> | <u>3,892</u> | <u>3,901</u> |
| (c) Personnel services expenses | | | | |
| NSW Crime Commission Division | - | - | 10,030 | 3,362 |
| Office of the NSW Crime Commission | - | - | 497 | 479 |
| | <u>-</u> | <u>-</u> | <u>10,527</u> | <u>3,841</u> |
| (d) Depreciation and amortisation expense | | | | |
| Depreciation | | | | |
| - Building | 214 | 259 | 214 | 259 |
| - Plant & equipment | 282 | 274 | 282 | 274 |
| - Computer equipment | 679 | 1,121 | 679 | 1,121 |
| - Motor vehicles | 28 | 14 | 28 | 14 |
| Amortisation – Software | 173 | 144 | 173 | 144 |
| | <u>1,376</u> | <u>1,812</u> | <u>1,376</u> | <u>1,812</u> |
| (e) Other expenses | | | | |
| Witness protection | 409 | 77 | 409 | 77 |
| | <u>409</u> | <u>77</u> | <u>409</u> | <u>77</u> |

3. REVENUES

| | <u>Consolidated</u> | | <u>Statutory Corporation</u> | |
|------------------------------|---------------------|----------------|------------------------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| (a) Investment income | | | | |
| Interest | 47 | 31 | 47 | 31 |
| | <u>47</u> | <u>31</u> | <u>47</u> | <u>31</u> |
| (b) Other revenue | | | | |
| Professional costs recovered | 3,183 | 2,804 | 3,183 | 2,804 |
| Miscellaneous | 40 | 93 | 40 | 93 |
| | <u>3,223</u> | <u>2,897</u> | <u>3,223</u> | <u>2,897</u> |

4. GAIN / (LOSS) ON DISPOSAL OF NON-CURRENT ASSETS

| | | | | |
|--|------------|------------|------------|------------|
| Written down value of assets sold/scrapped | (41) | (3) | (41) | (3) |
| Proceeds from disposal | 32 | - | 32 | - |
| | <u>(9)</u> | <u>(3)</u> | <u>(9)</u> | <u>(3)</u> |

5. APPROPRIATIONS

Recurrent appropriations

| | | | | |
|---|---------------|---------------|---------------|---------------|
| Total recurrent drawdowns from Treasury (per Summary of Compliance) | 12,149 | 11,563 | 12,149 | 11,563 |
| Less: Liability to Consolidated Fund (per Summary of Compliance) | - | - | - | - |
| | <u>12,149</u> | <u>11,563</u> | <u>12,149</u> | <u>11,563</u> |

Comprising:

| | | | | |
|--|---------------|---------------|---------------|---------------|
| Recurrent appropriations (per Operating Statement) | 12,149 | 11,563 | 12,149 | 11,563 |
| Transfer payments | - | - | - | - |
| | <u>12,149</u> | <u>11,563</u> | <u>12,149</u> | <u>11,563</u> |

Capital appropriations

| | | | | |
|---|------------|--------------|------------|--------------|
| Total capital drawdowns from Treasury (per Summary of Compliance) | 1,341 | 1,586 | 1,341 | 1,586 |
| Less: Liability to Consolidated Fund (per Summary of Compliance) | 624 | - | 624 | - |
| | <u>717</u> | <u>1,586</u> | <u>717</u> | <u>1,586</u> |

Comprising:

| | | | | |
|--|------------|--------------|------------|--------------|
| Capital appropriations (per Operating Statement) | 717 | 1,586 | 717 | 1,586 |
| Transfer payments | - | - | - | - |
| | <u>717</u> | <u>1,586</u> | <u>717</u> | <u>1,586</u> |

6. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Entity or other government agencies:

| | Consolidated | | Statutory Corporation | |
|--------------------|---------------------|---------------|------------------------------|---------------|
| | 2007 | 2006 | 2007 | 2006 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Superannuation | 122 | 93 | - | 93 |
| Long service leave | 344 | 263 | - | - |
| Payroll tax | 7 | 5 | - | 5 |
| | <u>473</u> | <u>361</u> | <u>-</u> | <u>98</u> |

7. PROGRAMS / ACTIVITIES OF THE AGENCY

46.1.1 Combating Crime

Objective: To combat illegal drug trafficking and organised crime in New South Wales

The Commission has only one program.

8. CURRENT ASSETS – CASH & CASH EQUIVALENTS

| | | | | |
|--------------------------|--------------|------------|--------------|------------|
| Cash at bank and on hand | <u>1,419</u> | <u>537</u> | <u>1,419</u> | <u>537</u> |
| | <u>1,419</u> | <u>537</u> | <u>1,419</u> | <u>537</u> |

For the purposes of the Cash Flow Statement, cash and cash equivalents includes cash on hand and cash at bank.

The Commission has 2 corporate credit cards with Westpac Bank with a combined limit of \$10,000. The credit cards are paid in full at the end of each month via direct debit from the operating account.

9. CURRENT ASSETS – RECEIVABLES

| | | | | |
|-------------------------------------|--------------|--------------|--------------|--------------|
| Interest receivable | 16 | 10 | 16 | 10 |
| Operational expenses to be recouped | 69 | 93 | 69 | 93 |
| Professional costs to be recovered | 2,152 | 1,598 | 2,152 | 1,598 |
| Employee debtors | 299 | 263 | - | - |
| Other debtors | 35 | 107 | 35 | 107 |
| Less: Allowance for impairment * | (77) | (77) | (77) | (77) |
| Prepayments | 242 | 279 | 242 | 279 |
| | <u>2,736</u> | <u>2,273</u> | <u>2,437</u> | <u>2,010</u> |

* Allowance for impairment is related to professional costs to be recovered.

10. NON-CURRENT ASSETS – RECEIVABLES

| | | | | |
|------------------|-----------|-----------|----------|----------|
| Employee Debtors | <u>89</u> | <u>57</u> | <u>-</u> | <u>-</u> |
| | <u>89</u> | <u>57</u> | <u>-</u> | <u>-</u> |

11. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

| | <u>Consolidated</u> | | | <u>Statutory Corporation</u> | | |
|--------------------------|------------------------------|-------------------------------|-----------------|------------------------------|-------------------------------|-----------------|
| | Land and buildings \$'000 | Plant and equipment \$'000 | Total \$'000 | Land and buildings \$'000 | Plant and equipment \$'000 | Total \$'000 |
| At 1 July 2006 | | | | | | |
| Gross Carrying amount | 13,750 | 13,581 | 27,331 | 13,750 | 13,581 | 27,331 |
| Accumulated depreciation | (259) | (9,868) | (10,127) | (259) | (9,868) | (10,127) |
| Net carrying amount * | <u>13,491</u> | <u>3,713</u> | <u>17,204</u> | <u>13,491</u> | <u>3,713</u> | <u>17,204</u> |
| At 30 June 2007 | | | | | | |
| Gross Carrying amount | 16,750 | 13,342 | 30,092 | 16,750 | 13,342 | 30,092 |
| Accumulated depreciation | - | (10,010) | (10,010) | - | (10,010) | (10,010) |
| Net carrying amount * | <u>16,750</u> | <u>3,332</u> | <u>20,082</u> | <u>16,750</u> | <u>3,332</u> | <u>20,082</u> |

* This equates to fair value.

Reconciliation

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below.

| | Land and buildings \$'000 | Plant and equipment \$'000 | Total \$'000 | Land and buildings \$'000 | Plant and equipment \$'000 | Total \$'000 |
|---|------------------------------|-------------------------------|-----------------|------------------------------|-------------------------------|-----------------|
| Year ended 30 June 2007 | | | | | | |
| Net carrying amount at start of year | 13,491 | 3,713 | 17,204 | 13,491 | 3,713 | 17,204 |
| Additions | - | 654 | 654 | - | 654 | 654 |
| Disposals | - | (46) | (46) | - | (46) | (46) |
| Depreciation expense | (214) | (989) | (1,203) | (214) | (989) | (1,203) |
| Net revaluation increment less revaluation decrements | 3,473 | - | 3,473 | 3,473 | - | 3,473 |
| Net carrying amount at end of year | <u>16,750</u> | <u>3,332</u> | <u>20,082</u> | <u>16,750</u> | <u>3,332</u> | <u>20,082</u> |
| At 1 July 2005 | | | | | | |
| Gross Carrying Amount | 13,750 | 12,162 | 25,912 | 13,750 | 12,162 | 25,912 |
| Accumulated depreciation | - | (8,674) | (8,674) | - | (8,674) | (8,674) |
| Net carrying amount * | <u>13,750</u> | <u>3,488</u> | <u>17,238</u> | <u>13,750</u> | <u>3,488</u> | <u>17,238</u> |
| At 30 June 2006 | | | | | | |
| At Fair Value | 13,750 | 13,581 | 27,331 | 13,750 | 13,581 | 27,331 |
| Accumulated depreciation | (259) | (9,868) | (10,127) | (259) | (9,868) | (10,127) |
| Net carrying amount* | <u>13,491</u> | <u>3,713</u> | <u>17,204</u> | <u>13,491</u> | <u>3,713</u> | <u>17,204</u> |

* This equates to fair value.

Reconciliation

A reconciliation of the carrying amount of each class of property, plant & equipment at the beginning and end of the previous reporting period is set out below.

| | <u>Consolidated</u> | | | <u>Statutory Corporation</u> | | |
|--------------------------------------|------------------------------|-------------------------------|-----------------|------------------------------|-------------------------------|-----------------|
| | Land and buildings \$'000 | Plant and equipment \$'000 | Total \$'000 | Land and buildings \$'000 | Plant and equipment \$'000 | Total \$'000 |
| Year ended 30 June 2006 | | | | | | |
| Net carrying amount at start of year | 13,750 | 3,488 | 17,238 | 13,750 | 3,488 | 17,238 |
| Additions | - | 1,637 | 1,637 | - | 1,637 | 1,637 |
| Disposals | - | (3) | (3) | - | (3) | (3) |
| Depreciation expense | (259) | (1,409) | (1,668) | (259) | (1,409) | (1,668) |
| Net carrying amount at end of year | <u>13,491</u> | <u>3,713</u> | <u>17,204</u> | <u>13,491</u> | <u>3,713</u> | <u>17,204</u> |

12. INTANGIBLE ASSETS

| | <u>Consolidated</u> | <u>Statutory Corporation</u> |
|--|---------------------|------------------------------|
| | 2007 \$'000 | 2007 \$'000 |
| Software | | |
| As at 30 June 2007 | | |
| Cost (gross carrying amount) | 896 | 896 |
| Accumulated amortisation | (715) | (715) |
| Net carrying amount | <u>181</u> | <u>181</u> |
| Year ended 30 June 2007 | | |
| Net carrying amount at start of year | 254 | 254 |
| Additions (from internal development or acquired separately) | 100 | 100 |
| Amortisation (recognised in "depreciation and amortisation") | (173) | (173) |
| Net carrying amount at end of year | <u>181</u> | <u>181</u> |
| As at 30 June 2006 | | |
| Cost (gross carrying amount) | 796 | 796 |
| Accumulated amortisation | (542) | (542) |
| Net carrying amount at end of year | <u>254</u> | <u>254</u> |
| Year ended 30 June 2006 | | |
| Net carrying amount at start of year | 352 | 352 |
| Additions (from internal development or acquired separately) | 46 | 46 |
| Amortisation (recognised in "depreciation and amortisation") | (144) | (144) |
| Net carrying amount at end of year | <u>254</u> | <u>254</u> |

13. CAPITAL WORK IN PROGRESS

| | <u>Consolidated</u> | | <u>Statutory Corporation</u> | |
|--|---------------------|----------------|------------------------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Capital work in progress at balance date | 344 | - | 344 | - |
| | <u>344</u> | <u>-</u> | <u>344</u> | <u>-</u> |

14. CURRENT LIABILITIES – PAYABLES

| | | | | |
|--------------------------------------|------------|------------|------------|------------|
| Accrued salaries, wages and on-costs | 27 | 21 | - | - |
| Creditors | 277 | 436 | 277 | 436 |
| Accrued other operating expenses | 276 | 158 | 276 | 158 |
| Accrued capital expenditure | 344 | - | 344 | - |
| | <u>924</u> | <u>615</u> | <u>897</u> | <u>594</u> |

15. CURRENT LIABILITIES - BORROWINGS

| | | | | |
|------------------|------------|------------|---|---|
| Unsecured | | | | |
| Finance leases | 299 | 263 | - | - |
| | <u>299</u> | <u>263</u> | | |

16. CURRENT LIABILITIES – PROVISIONS

| | | | | |
|---|------------|------------|--------------|------------|
| Employee benefits and related on-costs | | | | |
| Provision for personnel services | - | - | 1,020 | 885 |
| Annual leave | 725 | 701 | - | - |
| Lon Service Leave on-costs | 168 | 155 | - | - |
| Total provisions | <u>893</u> | <u>856</u> | <u>1,020</u> | <u>885</u> |

17. CURRENT LIABILITIES – OTHER

| | | | | |
|--------------------------------|------------|----------|------------|----------|
| Liability to Consolidated Fund | 624 | - | 624 | - |
| | <u>624</u> | <u>-</u> | <u>624</u> | <u>-</u> |

18. NON-CURRENT LIABILITIES – PROVISIONS

| | | | | |
|---|--------------|------------|----------|----------|
| Employee benefits and related on-costs | | | | |
| Annual Leave | 91 | - | - | - |
| Long Service Leave on-costs | 9 | 8 | - | - |
| Total provisions | <u>100</u> | <u>8</u> | <u>-</u> | <u>-</u> |
| Aggregate employee benefits and related on-costs | | | | |
| Provisions – current | 893 | 856 | - | - |
| Provisions – non-current | 100 | 8 | - | - |
| Accrued salaries, wages and on-costs (Note 13) | 24 | 21 | - | - |
| | <u>1,017</u> | <u>885</u> | <u>-</u> | <u>-</u> |

19. NON-CURRENT LIABILITIES – INTEREST BEARING LIABILITIES

| | | | | |
|------------------|-----------|-----------|----------|----------|
| Unsecured | | | | |
| Finance leases | 89 | 57 | - | - |
| | <u>89</u> | <u>57</u> | <u>-</u> | <u>-</u> |

20. CHANGES IN EQUITY

| | Accumulated funds | | Asset revaluation reserve | | Total equity | |
|--|-------------------|----------------|---------------------------|----------------|----------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Balance at the beginning of the financial year | 11,213 | 11,250 | 7,313 | 7,313 | 18,526 | 18,563 |
| <u>Changes in equity – other than transactions with owners as owners</u> | | | | | | |
| Surplus / (deficit) for the year | (77) | (37) | - | - | (77) | (37) |
| Increment on revaluation of: Land and buildings | - | - | 3,473 | - | 3,473 | - |
| Total | <u>(77)</u> | <u>(37)</u> | <u>3,473</u> | <u>7,313</u> | <u>3,396</u> | <u>(37)</u> |
| Balance at the end of the financial year | <u>11,136</u> | <u>11,213</u> | <u>10,786</u> | <u>7,313</u> | <u>21,922</u> | <u>18,526</u> |

21. COMMITMENTS FOR EXPENDITURE

(a) Capital Commitments

Aggregate capital expenditure for the acquisition of surveillance equipment and information technology equipment contracted for at balance date and not provided for:

| | Consolidated | | Statutory Corporation | |
|------------------------------|----------------|----------------|-----------------------|----------------|
| | 2007 \$'000 | 2006 \$'000 | 2007 \$'000 | 2006 \$'000 |
| Not later than one year | 287 | - | - | - |
| Total (including GST) | <u>287</u> | <u>-</u> | <u>-</u> | <u>-</u> |

(b) Finance Lease Commitments

The Commission has a master finance lease with the Commonwealth Bank of Australia and Westpac Bank relating to the leasing of motor vehicles on behalf of certain employees for salary packages. These leases are entered into pursuant to a contract with the employee, wherein the employee fully indemnifies the Commission in relation to any costs and liabilities. These leases have been disclosed to Treasury and the Commission has approval under the Public Authorities (Financial Arrangements) Act, 1987.

Minimum lease payment commitments in relation to finance leases payable as follows:

| | | | | |
|---|------------|------------|----------|----------|
| Not later than one year | 299 | 263 | - | - |
| Later than one year and not later than five years | 89 | 57 | - | - |
| Minimum lease payments | 388 | 320 | - | - |
| Less: future finance charges | (18) | (16) | - | - |
| Present value of minimum lease payments | <u>370</u> | <u>304</u> | <u>-</u> | <u>-</u> |

The present value of finance lease commitments is as follows:

| | | | | |
|---|-----|-----|---|---|
| Not later than one year | 299 | 263 | - | - |
| Later than one year and not later than five years | 89 | 57 | - | - |

There were no material 'Other Expenditure Commitments' at year end.

22. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

As at 30 June 2007 the Commission had 117 litigation cases (109 in 2006) in progress and had incurred costs on these cases during 2006-07. The Commission expects to recover costs in the following year as the litigation proceedings are finalised.

22. BUDGET REVIEW

Net cost of services

The actual net cost of services (NCOS) was less than budget by \$742,000. Total expenses were less than budget by \$875,000, however total revenue was also less than budget by \$127,000.

Assets and liabilities

Total assets were higher than budget by more than \$3 million, largely due to higher cash balances and receivables and an increase in the value of land and buildings. The Commission was allocated additional capital during 2006/07 for expenditure on data interception technology and equipment. Due to varying factors, the Commission did not draw down on \$1 million of its capital allocation. The Commission also transferred \$220,000 of its capital allocation to NSW Police Force and the Ministry for Police.

Cash flows

The actual net cash flows from operating activities is \$337,000 less than budget. This is primarily due to the Commission not drawing down its full capital allocation. Payments from operating activities and total receipts are both under budget as well.

23. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

| | <u>Consolidated</u> | | <u>Statutory Corporation</u> | |
|---|---------------------|---------------|------------------------------|---------------|
| | <u>2007</u> | <u>2006</u> | <u>2007</u> | <u>2006</u> |
| | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> | <u>\$'000</u> |
| Net cash used on operating activities | 1,942 | 1,697 | 1,942 | 1,697 |
| Cash flows from government / appropriations | (13,490) | (13,149) | (13,490) | (13,149) |
| Acceptance by the Crown Entity of employee benefits and other liabilities | (473) | (361) | | (361) |
| Depreciation & amortisation | (1,376) | (1,812) | (1,376) | (1,812) |
| | - | (33) | - | (33) |
| Allowance for impairment | | | | |
| Decrease / (increase) in provisions | (129) | (86) | (129) | (86) |
| Increase / (decrease) in receivables and other assets | 497 | (74) | 497 | (74) |
| Decrease / (Increase) in creditors | (378) | 274 | (378) | 274 |
| Net (loss) / gain on sale of plant and equipment | (9) | (3) | (9) | (3) |
| Net cost of services | (13,416) | (13,547) | (12,943) | (13,547) |

24. ADMINISTERED ASSETS

Administered Assets

During the course of its operations in criminal investigations and confiscation action, funds come into the hands of the Commission in respect of which there is no clear position as to its title or disposition. These funds are paid into an Escrow account pending determination of such issues. The account is interest bearing and it is reconciled as to principal and interest on a regular basis. The balance of the account is not treated as an asset of the Commission. The balance of the Escrow Account was \$83,512.78 as at 30 June 2007. The funds are to be administered by the Public Trustee in the future and an amount of \$17,848,493.42 was being held on behalf of the NSW Crime Commission at 30 June 2007 – total of \$17,932,006.20 (\$1,878,346.73 as at 30 June 2006).

25. FINANCIAL INSTRUMENTS

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments for speculative purposes. The Commission does not use financial derivatives.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unofficial cash rate adjusted for a management fee to Treasury.

Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. The credit risk is the carrying amount (net of any allowance for impairment). No interest is earned on trade debtors. The carrying amount approximates fair value.

Bank Overdraft

The Commission does not have any bank overdraft facility.

Trade creditors and accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 219.01 allows the Minister to award interest for late payment.

26. AFTER BALANCE DATE EVENTS

There were no after balance date events.

End of audited financial report

**NEW SOUTH WALES CRIME COMMISSION DIVISION
(Special Purpose Service Entity)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

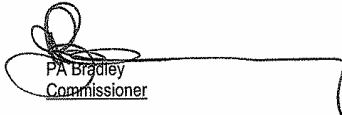
New South Wales Crime Commission Division

**Financial Statements for the
Year Ended 30 June 2007**

STATEMENT BY COMMISSIONER

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (d) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005, the *Treasurer's Directions* and applicable Australian Accounting Standards.
- (e) The statements present a true and fair view of the financial position as at 30 June 2006 and transactions of the Commission for the period then ended.
- (f) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.



PA Bradley
Commissioner



Katie Bourne
Chief Financial Officer

Dated: 24 October 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

New South Wales Crime Commission Division

To Members of the New South Wales Parliament

I have audited the accompanying financial report of New South Wales Crime Commission Division (the Division), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Division as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Division,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Carr, FCPA
Director, Financial Audit Services

24 October 2007
SYDNEY

NEW SOUTH WALES CRIME COMMISSION DIVISION
Income Statement for the Year Ended 30 June 2007

| | Notes | Actual 2007 \$'000 | Actual 17/03/06 to 30/06/06 \$'000 |
|---|-------|--------------------------|---|
| Revenue | | | |
| Personnel services – NSW Crime Commission | 2 | 10,030 | 3,348 |
| Other | 2 | 395 | 263 |
| Expenses | | | |
| Employee related | 3 | <u>10,425</u> | <u>3,611</u> |
| Surplus for the year | | <u>0</u> | <u>0</u> |

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION DIVISION
Statement of Recognised Income and Expense for the Year Ended 30 June 2007

| Notes | Actual 2007 \$'000 | Actual 17/03/06 – 30/06/06 \$'000 |
|---|--------------------------|--|
| Net increase/(decrease) in property, plant and equipment asset revaluation reserve | - | - |
| TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY | <u>-</u> | <u>-</u> |
| Surplus/(Deficit) for the year | - | - |
| TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR | <u>-</u> | <u>-</u> |

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION DIVISION
Balance Sheet as at 30 June 2007

| | Notes | Actual 2007 \$'000 | Actual 2006 \$'000 |
|--------------------------------------|-------|--------------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Receivables | 4 | 1,237 | 1,076 |
| Total Current Assets | | <u>1,237</u> | <u>1,076</u> |
| Non-Current Assets | | | |
| Receivables | 5 | 89 | 57 |
| Total Non-Current Assets | | <u>89</u> | <u>57</u> |
| Total Assets | | <u><u>1,326</u></u> | <u><u>1,133</u></u> |
| | | | |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 6 | 25 | 20 |
| Borrowings | 7 | 299 | 263 |
| Provisions | 8 | 814 | 786 |
| Total Current Liabilities | | <u>1,138</u> | <u>1,069</u> |
| Total Non-Current Liabilities | | | |
| Provisions | 9 | 99 | 7 |
| Borrowings | 10 | 89 | 57 |
| Total Non-Current Liabilities | | <u>188</u> | <u>64</u> |
| Total Liabilities | | <u><u>1,326</u></u> | <u><u>1,133</u></u> |
| | | | |
| Net Assets | | <u>-</u> | <u>-</u> |
| | | | |
| EQUITY | | | |
| Accumulated funds | | - | - |
| Total Equity | | <u>-</u> | <u>-</u> |

The accompanying notes form part of these financial statements.

NEW SOUTH WALES CRIME COMMISSION DIVISION
Cash Flow Statement for the Year Ended 30 June 2007

| | Notes | Actual 2007 \$'000 | Actual 2006 \$'000 |
|---|-------|--------------------------|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Payments | | | |
| Employee related | | 10,425 | 3,611 |
| Total Payments | | <u>10,425</u> | <u>3,611</u> |
| Receipts | | | |
| Other | | 10,030 | 3,611 |
| Total Receipts | | <u>10,030</u> | <u>3,611</u> |
| Cash Flows From Government | | | |
| Cash reimbursements from the Crown Entity | | 395 | - |
| Net Cash Flows From Government | | <u>395</u> | <u>-</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | | <u>-</u> | <u>-</u> |
| NET INCREASE/(DECREASE) IN CASH | | | |
| Opening cash and cash equivalents | | - | - |
| CLOSING CASH AND CASH EQUIVALENTS | | <u>-</u> | <u>-</u> |

The accompanying notes form part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The New South Wales Crime Commission Division is a division of the Government Service, established pursuant to Part 3 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity (as profit is not its principal objective). It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 453-463 Kent St, Sydney.

The New South Wales Crime Commission Division's objective is to provide personnel services to the New South Wales Crime Commission.

The New South Wales Crime Commission Division commenced operations on 17 March 2006 when it assumed responsibility for the employees and employee-related liabilities of the New South Wales Crime Commission. The assumed liabilities were recognised on 17 March 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by the Commissioner on 24 October 2007.

(b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of the Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AIFRS)) and Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See notes 8 and 9.

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Comparative Information

The comparative figures are for the period 17 March 2006 (the date of commencement) to 30 June 2006.

(d) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

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If there is objective evidence at year-end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to become irrecoverable. Any other gain or loss arising when a receivable is derecognised is also recognised in the income statement.

(f) *Payables*

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is no certainty as the amount and timing of settlement.

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A payable is recognised when a present obligation arises under the contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

(g) *Employee benefit provisions and expenses*

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

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Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Long-term annual leave is measured at nominal value, rather than at present value as the financial impact of discounting on the portion of the long-term leave is not material.

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Long service leave on-costs are not assumed by the Crown Entity and are the responsibility of the Commission except for the related on-costs and annual leave accruing while on long service leave.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(h) *Leased assets*

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased assets, and operating leases under which the lessor effectively retains all such risks and benefits.

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the commencement of the lease term. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

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- (i) *New Australian Accounting Standards issued but not yet effective*
 The following new Accounting Standards have not been applied and are not yet effective:
AASB 7 Financial Instruments: Disclosures;
AASB 2005-10 amendments to AASB 7 Financial Instruments: Disclosures
AASB 101 Presentation of Financial Statements
AASB 123 and AASB 2007-6 Borrowing Costs
AASB1049 Financial reporting by General Government Sector
AASB 2007-4 re Australian Additions to and Deletions from IFRSs
AASB2007-5 re Inventories held for distribution by not-for-profit entities

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While the impact of these standards in the period of initial application has not been specifically quantified, they are not expected to materially affect the financial report.

| | 2007 \$'000 | 2006 \$'000 |
|--|------------------------------|------------------------------|
| 2. REVENUES | | |
| Personnel Services – NSW Crime Commission | 10,030 | 3,348 |
| Other Revenue | 395 | 263 |
| | <u>10,425</u> | <u>3,611</u> |
| 3. EXPENSES | | |
| Employee related expenses | 10,425 | 3,611 |
| | <u>10,425</u> | <u>3,611</u> |
| 4. CURRENT ASSETS – RECEIVABLES | | |
| Employee Debtors | 299 | 263 |
| NSW Crime Commission | 938 | 813 |
| | <u>1,237</u> | <u>1,076</u> |
| 5. NON-CURRENT ASSETS – RECEIVABLES | | |
| Employee Debtors | 89 | 57 |
| | <u>89</u> | <u>57</u> |
| 6. CURRENT LIABILITIES – PAYABLES | | |
| Accrued salaries, wages and on-costs | 25 | 20 |
| | <u>25</u> | <u>20</u> |
| 7. CURRENT LIABILITIES - BORROWINGS | | |
| Unsecured | | |
| Finance leases | 299 | 263 |
| | <u>299</u> | <u>263</u> |

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8. **CURRENT LIABILITIES – PROVISIONS**

| | 2007 \$'000 | 2006 \$'000 |
|---|----------------|----------------|
| Employee benefits and related on-costs | | |
| Annual leave | 664 | 647 |
| Long Service Leave on-costs | 150 | 139 |
| Total provisions | <u>814</u> | <u>786</u> |

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9. **NON-CURRENT LIABILITIES – PROVISIONS**

| | | |
|---|-----------|----------|
| Employee benefits and related on-costs | | |
| Long Service Leave on-costs | 8 | 7 |
| Annual leave | 91 | - |
| | <u>99</u> | <u>7</u> |

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10. **NON-CURRENT LIABILITIES – BORROWINGS**

| | | |
|------------------|-----------|-----------|
| Unsecured | | |
| Finance leases | 89 | 57 |
| | <u>89</u> | <u>57</u> |

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11. **COMMITMENTS FOR EXPENDITURE**

The Division has a master finance lease with the Commonwealth Bank of Australia relating to the leasing of motor vehicles on behalf of certain employees for salary packages. These leases are entered into pursuant to a contract with the employee, wherein the employee fully indemnifies the Division in relation to any costs and liabilities. This lease has been disclosed to Treasury.

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Minimum lease payment commitments in relation to finance leases payable as follows:

Finance Lease Commitments

| | | |
|---|------------|------------|
| Not later than one year | 299 | 263 |
| Later than one year and not later than five years | 89 | 57 |
| Minimum lease payments | 388 | 320 |
| Less: future finance charges | (18) | (16) |
| Present value of minimum lease payments | <u>370</u> | <u>304</u> |

The present value of finance lease commitments is as follows:

| | | |
|---|-----|-----|
| Not later than one year | 299 | 263 |
| Later than one year and not later than five years | 89 | 57 |
| Classified as: | | |
| Current (Note 5) | 299 | 263 |
| Non current (Note 11) | 89 | 57 |

There are no other capital or operating commitments for 2006/07.

12. **FINANCIAL INSTRUMENTS**

The Division's principal financial instruments are outlined below. These financial instruments arise directly from the Division's operations or are required to finance the Division's operations. The Division does not enter into or trade financial instruments for speculative purposes. The Division does not use financial derivatives.

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Receivables

All receivables are from the NSW Crime Commission. As such, there is no credit risk or interest risk in relation to these balances. The carrying amount approximates fair value.

End of audited financial report

**OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
(Special Purpose Service Entity)**

**FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2007**

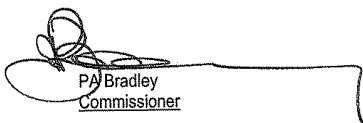
Office of the New South Wales Crime Commission

Financial Statements for the
Year Ended 30 June 2007


STATEMENT BY COMMISSIONER

Pursuant to section 45F of the *Public Finance and Audit Act 1983*, I state that:

- (a) The accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Public Finance and Audit Regulation 2005, the *Treasurer's Directions* and applicable Australian Accounting Standards.
- (b) The statements present a true and fair view of the financial position as at 30 June 2007 and transactions of the Commission for the year then ended.
- (c) There are no circumstances that would render any particulars included in the Financial Statements misleading or inaccurate.



PA Bradley
Commissioner



Katie Bourne
Chief Financial Officer

Dated: 24 October 2007



GPO BOX 12
Sydney NSW 2001

INDEPENDENT AUDITOR'S REPORT

Office of the New South Wales Crime Commission

To Members of the New South Wales Parliament

I have audited the accompanying financial report of the Office of the New South Wales Crime Commission (the Office), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of recognised income and expense and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Auditor's Opinion

In my opinion, the financial report:

- presents fairly, in all material respects, the financial position of the Office as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations)
- is in accordance with section 45E of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2005.

Commissioner's Responsibility for the Financial Report

The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the PF&A Act. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of 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 and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Commissioner, as well as evaluating the overall presentation of the financial report.

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

My opinion does *not* provide assurance:

- about the future viability of the Office,
- that it has carried out its activities effectively, efficiently and economically, or
- about the effectiveness of its internal controls.

Independence

In conducting this audit, the Audit Office has complied with the independence requirements of the Australian Auditing Standards and other relevant ethical requirements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.



Peter Carr, FCPA
Director, Financial Audit Services

24 October 2007
SYDNEY

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Income Statement for the Year Ended 30 June 2007

| | Notes | Actual 2007 \$'000 | Actual 2006 \$'000 |
|---|-------|--------------------------|--------------------------|
| Revenue | | | |
| Personnel Services – NSW Crime Commission | 2 | 497 | 479 |
| Other | 2 | 78 | |
| Expenses | | | |
| Employee related | 3 | <u>575</u> | <u>479</u> |
| Surplus for the year | | <u>0</u> | <u>0</u> |

The accompanying notes form part of these financial statements.

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Statement of Recognised Income and Expense for the Year Ended 30 June 2007

| Notes | Actual 2007 \$'000 | Actual 2006 \$'000 |
|---|--------------------------|--------------------------|
| Net increase/(decrease) in property, plant and equipment asset revaluation reserve | - | - |
| TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY | <u>-</u> | <u>-</u> |
| Surplus/(Deficit) for the year | - | - |
| TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR | <u><u>-</u></u> | <u><u>-</u></u> |

The accompanying notes form part of these financial statements.

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Balance Sheet as at 30 June 2007

| | Notes | Actual 2007 \$'000 | Actual 2006 \$'000 |
|--------------------------------------|-------|--------------------------|--------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Receivables | 4 | 81 | 73 |
| Total Current Assets | | <u>81</u> | <u>73</u> |
| Total Assets | | <u><u>81</u></u> | <u><u>73</u></u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 5 | 1 | 1 |
| Provisions | 6 | 79 | 71 |
| Total Current Liabilities | | <u>80</u> | <u>72</u> |
| Total Non-Current Liabilities | | | |
| Provisions | 7 | 1 | 1 |
| Total Non-Current Liabilities | | <u>1</u> | <u>1</u> |
| Total Liabilities | | <u><u>81</u></u> | <u><u>73</u></u> |
| Net Assets | | <u>-</u> | <u>-</u> |
| EQUITY | | | |
| Accumulated funds | | <u>-</u> | <u>-</u> |
| Total Equity | | <u><u>-</u></u> | <u><u>-</u></u> |

The accompanying notes form part of these financial statements.

OFFICE OF THE NEW SOUTH WALES CRIME COMMISSION
Cash Flow Statement for the Year Ended 30 June 2007

| | Actual 2007 \$'000 | Actual 2006 \$'000 |
|---|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Payments | | |
| Employee related | 575 | 479 |
| Total Payments | 575 | 479 |
| Receipts | | |
| Other | 497 | 479 |
| Total Receipts | 497 | 479 |
| Cash Flows From Government | | |
| Cash reimbursements from the Crown Entity | 78 | - |
| Net Cash Flows From Government | 78 | - |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | - | - |
| NET INCREASE/(DECREASE) IN CASH | - | - |
| Opening cash and cash equivalents | - | - |
| CLOSING CASH AND CASH EQUIVALENTS | - | - |

The accompanying notes form part of these statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting entity

The Office of the New South Wales Crime Commission is a division of the Government Service, established pursuant to Part 1 of Schedule 1 to the *Public Sector Employment and Management Act 2002*. It is a not-for-profit entity (as profit is not its principal objective). It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 453-463 Kent St, Sydney.

The Office of the New South Wales Crime Commission's objective is to provide personnel services to the New South Wales Crime Commission.

The Office of the New South Wales Crime Commission commenced operations on 1 July 2006 when it assumed responsibility for the employees and employee-related liabilities of the New South Wales Crime Commission. The assumed liabilities were recognised on 1 July 2006 together with an offsetting receivable representing the related funding due from the former employer.

The financial report was authorised for issue by the Commissioner on 24 October 2007.

(b) Basis of preparation

This is a general purpose financial report prepared in accordance with the requirements of the Australian Accounting Standards (which include Australian equivalents to International Financial Reporting Standards (AIFRS)) and Interpretations, the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2005*, and specific directions issued by the Treasurer.

Generally, the historical cost basis of accounting has been adopted and the financial report does not take into account changing money values or current valuations. However, certain provisions are measured at fair value. See notes 6 and 7.

The accrual basis of accounting has been adopted in the preparation of the financial report, except for cash flow information.

Management's judgements, key assumptions and estimates are disclosed in the relevant notes to the financial report.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Comparative Information

The comparative figures are for the period 1 July 2006 (the date of commencement) to 30 June 2006.

(d) Income

Income is measured at the fair value of the consideration received or receivable. Revenue from the rendering of personnel services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(e) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short-term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial. An invoiced receivable is due for settlement within thirty days of invoicing.

If there is objective evidence at year-end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the income statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to become irrecoverable. Any other gain or loss arising when a receivable is derecognised is also recognised in the income statement.

(f) Payables

Payables include accrued wages, salaries and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is no certainty as the amount and timing of settlement.

A payable is recognised when a present obligation arises under the contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short-term payable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

(g) *Employee benefit provisions and expenses*

Provisions are made for liabilities of uncertain amount or uncertain timing of settlement.

Employee benefit provisions represent expected amounts payable in the future in respect of unused entitlements accumulated as at the reporting date. Liabilities associated with, but that are not, employee benefits (such as payroll tax) are recognised separately.

Long-term annual leave is measured at nominal value, rather than at present value as the financial impact of discounting on the portion of the long-term leave is not material.

All other employee benefit liabilities (ie for benefits falling due wholly within twelve months after reporting date) are assessed by management and are measured at the undiscounted amount of the estimated future payments.

The agency's liabilities for long service leave and defined benefit superannuation are assumed by the Crown Entity. The agency accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as 'Acceptance by the Crown Entity of employee benefits and other liabilities'.

Long service leave is measured on a present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 07/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Long service leave on-costs are not assumed by the Crown Entity and are the responsibility of the Commission except for the related on-costs and annual leave accruing while on long service leave.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(h) *New Australian Accounting Standards issued but not yet effective*

The following new Accounting Standards have not been applied and are not yet effective:

AASB 7 *Financial Instruments: Disclosures*;

AASB 2005-10 amendments to AASB 7 *Financial Instruments: Disclosures*

AASB 101 *Presentation of Financial Statements*

AASB 123 and AASB 2007-6 *Borrowing Costs*

AASB1049 *Financial reporting by General Government Sector*

AASB 2007-4 re *Australian Additions to and Deletions from IFRSs*

AASB2007-5 re *Inventories held for distribution by not-for-profit entities*

While the impact of these standards in the period of initial application has not been specifically quantified, they are not expected to materially affect the financial report.

| | 2007 \$'000 | 2006 \$'000 |
|---|----------------|----------------|
| 2. REVENUES | | |
| Other revenue Personnel Services – NSW Crime Commission | 497 | 479 |
| Other Revenue | 78 | - |
| | <u>575</u> | <u>479</u> |
| 3. EXPENSES | | |
| Employee related expenses | 575 | 479 |
| | <u>575</u> | <u>479</u> |
| 4. CURRENT ASSETS – RECEIVABLES | | |
| NSW Crime Commission | 81 | 73 |
| | <u>81</u> | <u>73</u> |
| 5. CURRENT LIABILITIES – PAYABLES | | |
| Accrued salaries, wages and on-costs | 1 | 1 |
| | <u>1</u> | <u>1</u> |
| 6. CURRENT LIABILITIES – PROVISIONS | | |
| Employee benefits and related on-costs | | |
| Annual leave | 60 | 54 |
| Long Service Leave on-costs | 19 | 17 |
| Total provisions | <u>79</u> | <u>71</u> |
| 7. NON-CURRENT LIABILITIES – PROVISIONS | | |
| Employee benefits and related on-costs | | |
| Long Service Leave on-costs | 1 | 1 |
| | <u>1</u> | <u>1</u> |

8. FINANCIAL INSTRUMENTS

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations or are required to finance the Commission's operations. The Commission does not enter into or trade financial instruments for speculative purposes. The Commission does not use financial derivatives.

Receivables

All receivables are from the NSW Crime Commission. As such, there is no credit risk or interest risk in relation to these balances. The carrying amount approximates fair value.

End of audited financial report

**Performance statements for the year ended 30
June 2007**

Mr Phillip A Bradley
Commissioner
Appointed on 17 July 1989

The Annual Reports (Departments) Act 1985 requires that officers at or above the level of SES 5 be the subject of a performance statement.

The Commissioner of the NSW Crime Commission is not part of the CES and has accountability and responsibilities that differ from most other chief executive officers.

Mr John M Giorgiutti
Solicitor to the Commission and Director
Appointed on 2 July 1990

Mr Giorgiutti is the Solicitor to the Commission, and has oversight of all legal issues affecting the Commission, and reports to the Commissioner. He also takes a leading role in respect of ICT issues. Mr Giorgiutti is a member of the Commission's Management Team.

Mr Jon Spark
Assistant Director, Financial Investigations
Appointed on 15 September 1997

Mr Spark has been the Assistant Director, Financial Investigations since January 2006 (although he has been employed by the Commission in another capacity since September 1997), and is in charge of the Financial Investigation Team in the management of the Commission's confiscation functions. Mr Spark is also a member of the Commission's Management Team.

Mr Mark Standen
Assistant Director, Investigations
Appointed on 4 March 1996

Mr Standen is the Assistant Director, Investigations, in charge of the overall direction of criminal investigations in respect of a number of Commission References, and particularly the *Gymea* Reference. He is also a member of the Commission's Management Team.

Mr Tim O'Connor
Assistant Director, Investigations
Appointed firstly on 1 October 1997 and recommenced in that role on 21 June 1999 after a short period of absence.

Mr O'Connor is the Assistant Director, Investigations, in charge of the overall direction of criminal investigations in respect of several Commission References. Mr O'Connor is a member of the Commission's Management Team.

Ms Alison Brook
Assistant Director, Operations Support
Appointed on 26 October 1993

Ms Brook has oversight of the Commission's corporate services. She also manages support functions that are specific to a law enforcement environment. She manages the Commission's response in respect of one Reference. Ms Brook is also involved in the development of policies on some emerging crime issues. She is a member of the Commission's Management Team.

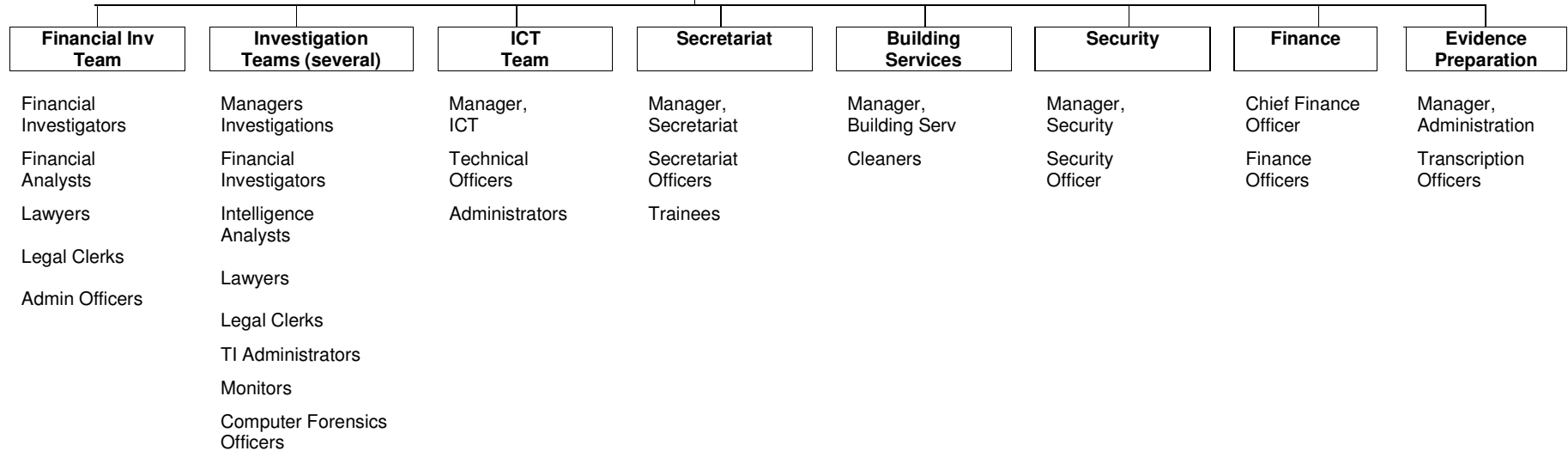
The performance of each of the above officers in their respective roles during 2006/07 has been deemed by the Commissioner to be satisfactory.

Organisation Chart as at 30 June 2007

The Management Committee
 Minister for Police (Presiding Member)
 Commissioner of NSW Police Force
 Chairman of the Board, ACC/Commissioner of AFP
 Commissioner NSWCC

The Commission

The Management Team
 Commissioner (P Bradley)
 Director/Solicitor to the Commission (J Giorgiutti)
 Assistant Director, Investigations (T O'Connor)
 Assistant Director, Investigations (M Standen)
 Assistant Director, Financial Investigations (J Spark)
 Assistant Director, Operations Support (A Brook)



Arrests and charges

| Reference | Arrests | Charges |
|------------------------|------------|--------------|
| Azure VII | 5 | 17 |
| <i>Carinda</i> | 12 | 503 |
| <i>Dalgety IV</i> | 5 | 41 |
| <i>Ebenezer IV</i> | 20 | 144 |
| <i>Gecko VI</i> | 97 | 331 |
| <i>Gladesville IV</i> | 10 | 38 |
| <i>Gymea VI</i> | 12 | 16 |
| <i>Huntley VIII</i> | 3 | 41 |
| <i>Jurien</i> | 1 | 1 |
| <i>Kareela II</i> | 8 | 18 |
| <i>Kempsey II</i> | 8 | 38 |
| <i>Kingsvale VI</i> | 1 | 5 |
| <i>Strathfield III</i> | 4 | 9 |
| <i>Ultimo II</i> | 14 | 53 |
| <i>Vacy VII</i> | 124 | 686 |
| <i>Valentine</i> | 44 | 168 |
| <i>Waratah VII</i> | 42 | 220 |
| <i>Zeehan IV</i> | 1 | 7 |
| <i>Zetland VII</i> | 34 | 146 |
| Total | 445 | 2,482 |

Cash Seized

| Reference | Cash Seized AUD |
|-----------------------|---------------------|
| <i>Carinda</i> | \$22,382 |
| <i>Dalgety IV</i> | 105,000 |
| <i>Ebenezer IV</i> | 10,395 |
| <i>Gecko VI</i> | 5,346,254 |
| <i>Gladesville IV</i> | 50,000 |
| <i>Gymea VI</i> | 136,490 |
| <i>Ultimo II</i> | 241,293 |
| <i>Vacy VII</i> | 341,385 |
| <i>Valentine</i> | 88,835 |
| <i>Waratah VII</i> | 16,065,844 |
| <i>Zetland VII</i> | 5,916 |
| Total | \$22,413,794 |

Note:

US\$11,451 and NZ\$5,000 were also seized under Carinda.
US\$6,855 was also seized under Vacy VII.

Seizures

| | <i>Dalgety IV</i> | <i>Ebenezer IV</i> | <i>Gecko VI</i> | <i>Gladesville IV</i> | <i>Gynea VI</i> | <i>Strathfield III</i> | <i>Ultimo II</i> | <i>Vacy VII</i> | <i>Waratah VII</i> | <i>Zetland VII</i> | TOTAL |
|---------------------------|-------------------|--------------------|-----------------|-----------------------|-----------------|------------------------|------------------|-----------------|--------------------|--------------------|-----------------------|
| Amphetamine | | 25g | | 5g | | | | | 1,673g | 523g | 2,226 |
| Amphetamine tablets | | | | | | | | | | 50 | 50 |
| Amphetamine – <i>ice</i> | | 14g | 5,199g | | | | | 3,388g | 2g | | 8,603g |
| Cannabis plants | | | | 1,111 | | 2,346 | | 175 | | | 3,632 |
| Cannabis leaf | | | | 21,526g | 1,000g | | | 12,819g | 18,076g | | 53,421g |
| Cannabis head | | | | | | | | | | 1,400g | 1,400g |
| Cocaine | 5g | | 152,721g | | 1,000g | | 79g | 1,558g* | | | 155,363 |
| Ecstasy powder | | | 64,000g | | | | 41g | 8,816g | 890g | | 73,747g |
| Ecstasy tablets | | | 17,700g | | | | 88g | 1,373 | 101 | 2,042 | 17,788g 3,516 tabs |
| Heroin | 90g | | 5,450g | | | | | 107g | | | 5,647g |
| Methylamphetamine Powder | | | | | | | | 728g | | | 728g |
| Methylamphetamine Tablets | | | 145 | | | | | | | | 145 |
| LSD tablets | | | | | | | | 29,995 | | | 29,995 |

*Additionally, another agency seized 21,000g cocaine interstate on the basis of intelligence arising out of a Commission investigation.

Drug seizures do not appear for References under which small quantities were seized.

Large quantities of precursor chemicals for the production of amphetamine-type-substances as well as cutting agents were seized during the year under a number of References.

A large number of false identity documents (licences, passports, birth certificates, Medicare cards, false banking documents and blank documents were seized during the year under the *Carinda*, *Ebenezer* and other References.

Significant quantities of firearms and other weapons, military ordnance, quantities of ammunition, explosives and material used in the production of explosive devices were seized under various References, as were a range of items such as capsicum spray. Large quantities of computers (and associated equipment), mobile phones, pill presses, hydroponic equipment, ATM machine, poker machines, speed boats, jet skis, electrical equipment were seized. Other stolen goods were recovered, such as motor vehicles, motor bikes, designer clothing and household goods.

Excerpt from Results and Services Plan

Result Indicators

| Result | Result Indicators | 03/04 | 04/05 | 05/06 | 06/07 |
|--|--|---------|---------|---------|---------|
| High level drug traffickers and other serious criminals are investigated through the use of the Commission's coercive and other special powers | Aggregated annual statistics on the use of the Commission's coercive powers. Numbers of uses: | 2,632 | 2,887 | 3,128 | 2,751 |
| Restrain and confiscate the assets of serious criminals | The \$ amount of annual realisable confiscation orders – the proceeds of which are transferred into the NSW Confiscation Proceeds Account. | \$17.8m | \$16.8m | \$15.9m | \$20.9m |

Service Measures

| Service Group | 06/07 | Service Measures | 03/04 | 04/05 | 05/06 | 06/07 | Key result Area |
|-------------------------------|---|--|---------------------------------------|--|---------------------------------------|---------------------------------------|--|
| The Commission | \$14,821,000 Recurrent budget plus legal costs recovered | Number of s10 and 17 Notices issued Number of s16 Summonses issued | 1,602 137 | 1,810 167 | 2,073 139 | 1,780 122 | Effectively combating illegal drug trafficking, and organised and other crime in NSW |
| Criminal Investigation Teams | \$11,627,805 | Number of current References Number of arrests Number of charges Number of telecommunications interception warrants granted Number of listening device warrants granted Number of controlled operations | 31 468 1,803 824 69 12 | 28 405 1,913 795 115 26 | 32 432 2,180 833 83 12 | 26 445 2,482 788 61 12 | Effectively combating illegal drug trafficking, and organised and other crime in NSW |
| Financial Investigation Teams | \$3,193,195 | Number of realisable confiscation orders Number of matters in the Supreme Court list Value of realisable confiscation orders Percentage of matters settled out of court | 119 106 \$17.8m 87% | 126 123 \$16.8m 91% | 123 109 \$15.9m 93% | 103 117 \$20.9m 96% | Effectively combating illegal drug trafficking, and organised and other crime in NSW |

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