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### **2006/07 PICCC ANNUAL REPORT**

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## PRELIMINARY OBSERVATIONS

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This is my third Annual Report to Parliament as Parliamentary Inspector, and my second Annual Report covering a full 12 months reporting period. I was appointed in January 2004 (as was the first Commissioner for Corruption and Crime, Mr Kevin Hammond), so the first Annual Report covered only a six-month period.

Section 203 of the Corruption and Crime Commission Act requires the Parliamentary Inspector to prepare, within 3 months of 30 June each year, a report as to his or her "general activities" during that year, and to cause it to be laid before each House of Parliament, or dealt with under Section 206 (where a House is not sitting) within 21 days of the preparation of the Report.

One of the functions of the Parliamentary Inspector is to "deal with matter of misconduct" on the part of the Commission and its officers. During the reporting period, I have found no evidence of any "misconduct" by any Commission officer.

During the reporting period, I have received a total of 42 complaints either referred to my by the Commission, or made directly to me.

It also continues to be necessary for me to clarify and explain the function of the Parliamentary Inspector to members of the public, to dispel the misconception held by some, that the Inspector performs an appellate role, where a member of the public is dissatisfied with a conclusion reached by the Commission with respect to his or her complaint. That, of course, is not the Inspector's function. However, in "assessing the effectiveness and appropriateness of the Commission's procedures" (Act, s.195(1)(c)) it may be necessary to review and revisit the subject matter of a complaint, to ensure that it has been properly and fairly assessed by the Commission.

I am satisfied that the Commission has, during the reporting period, fulfilled its statutory functions effectively and appropriately.

It is not appropriate (nor indeed would it be proper) in a report on the Parliamentary Inspector's "general activities", to refer to specific cases. This report covers, in general terms, a number of matters including:

- Complaints and matters referred to the Inspector,
- Co-operation by the Corruption and Crime Commission,
- The operations of the Commission,
- Acting Parliamentary Inspector, and
- Reports to the Standing Committee

but does refer to two specific cases, which have already been the subject of reports made public.

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## 1. ROLE AND FUNCTIONS OF THE PARLIAMENTARY INSPECTOR

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The Office of the Parliamentary Inspector of the Corruption and Crime Commission is established by section 188 of the *Corruption and Crime Commission Act*.

I was appointed as the Parliamentary Inspector on 1 January 2004, pursuant to section 189, by the Governor by Commission under the Public Seal of the State of Western Australia, on the recommendation of the Premier.

A most important aspect of the office is that it is not an office in the public service. The Parliamentary Inspector is an officer of Parliament and is responsible to the Joint Standing Committee, established pursuant to section 216A and comprising an equal number of members appointed by each House of Parliament and to assist it in the performance of that Committee's functions.

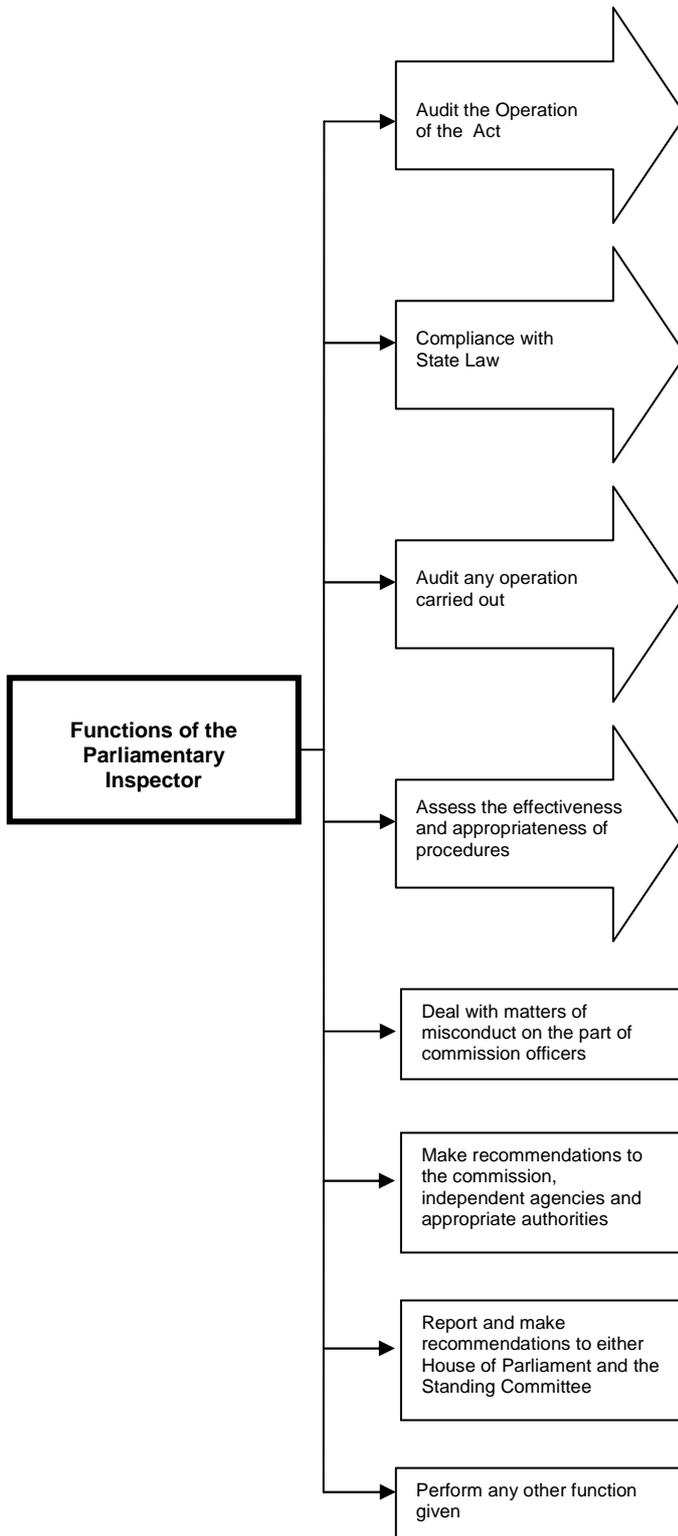
The Parliamentary Inspector has the following functions (s195)

- (aa) to audit the operation of the Act;
- (a) to audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State;
  - (b) to deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector;
- (cc) to audit any operation carried out pursuant to the powers conferred or made available by this Act;
- (c) to assess the effectiveness and appropriateness of the Commission's procedures;
- (d) to make recommendations to the Commission, independent agencies and appropriate authorities;
- (e) to report and make recommendations to either House of Parliament and the Standing Committee;
- (f) to perform any other function given to the Parliamentary Inspector under this or another Act

These functions may be performed on the Parliamentary Inspector's own initiative; at the request of the Minister; in response to a matter reported to the Parliamentary Inspector; or in response to a reference by either House of Parliament, the Standing Committee or the Commission.

The Inspector may report to the Parliament or to the Standing Committee at any time on matters affecting the Commission, including the operational effectiveness and requirements of the Commission; or on any administrative or general policy matter relating to the functions of the Parliamentary Inspector. The Inspector is also obliged to report annually to the Parliament about his or her general activities during the year, and this report may be prepared in conjunction with the Annual Report required under the *Financial Administration and Audit Act*.

The key functions are summarised below.



## **1.1 ANALYSIS OF THE AUDIT AND OTHER FUNCTIONS OF THE INSPECTOR**

The term "audit" is not defined in the Act. What follows is my analysis of each of the "functions" listed in section 195.

### **(aa) to audit the operation of the Act**

This clause was inserted in response to a recommendation by the Legislation Committee of the Legislative Council. It is not clear from the Committee's report precisely what was intended by this provision. On the face of it, it appears to require the Inspector to identify any shortcomings in the Act, by means of independent review of its operation, without the need to resort to a full scale Parliamentary review. It is probable that the intent was to provide an independent mechanism for initiating minor amendments, rather than a full-scale review.

This function could be performed on a periodic basis, either by reviewing the operation of the Act as a whole, or by reviewing a selected component of the Act. Components might be selected by the Inspector as a result of his or her own observations, or as a result of a request from the Minister, Parliament, the Commission or other stakeholders.

It could take the form of an inquiry, calling for submissions, through research and/or audit by the Inspector's staff, or by a combination of these approaches.

I have approached this issue on the basis that I will discuss any perceived shortcomings in the operation of the Act with the Commissioner, and report any such matters to the Standing Committee, with my recommendation.

### **(a) to audit the operations of the Commission for the purpose of monitoring compliance with the laws of the State**

This function enables the Parliamentary Inspector to provide assurance that the Commission does not use secrecy or confidentiality provisions to prevent normal accountability mechanisms from applying, and to ensure that it does not operate "above the law".

Similar provisions appear in corresponding legislation in other States. To date, I have performed this function by seeking an assurance from the Commission as to compliance, examining its method of operation, and satisfying myself that there are systems in place to ensure compliance.

As a result of the increased and wide-ranging activities of the Commission, I am in the process of engaging a suitably qualified and experienced full time assistant. The duties of that officer will include the conduct, under my general supervision, of a systematic audit, on a daily basis, of the Commission's operations. The position was advertised, a short list of applicants compiled and interviewed, and the approved applicant notified. However, shortly before he was due to take up the position, the applicant decided, for personal reasons, not to take up the position, which will therefore have to be re-advertised.

**(b) to deal with matters of misconduct on the part of the Commission, officers of the Commission and officers of the Parliamentary Inspector**

This function has hitherto been performed on a reactive basis. That is to say, I act upon (by investigating) complaints received by me, either by referral from the Commissioner, when a complaint of misconduct by Commission officers comes to the notice of the Commissioner, or directly from a complainant, or by referral from the Standing Committee, or by others (such as the Attorney General). When the full time assistant to the Parliamentary Inspector commences their duties, the audit may give rise to a more pro-active performance of this function.

To ensure that members of the public are aware that they may refer to me, in the event of dissatisfaction with the Commission, a website has been developed, explaining the role of the Parliamentary Commissioner, and how to make complaints. Furthermore, members of the public dealing with the Commission are given written information by the Commission, which includes notification of the role of the Parliamentary Inspector.

**(cc) to audit any operation carried out pursuant to the powers conferred or made available by this Act**

This provision was inserted in response to a recommendation by the Legislation Committee of the Legislative Council. The report of the Committee makes clear its intent:

*"Given the CCC's extensive coercive powers, the Committee recommends an amendment which provides that the Parliamentary Inspector is to have the ability to directly audit any operation carried out pursuant to the powers conferred or made available by the CCC Act. This will include operations conducted by the Police Service using exceptional powers granted by the CCC pursuant to the organised crime function."*

This function enables the Inspector to examine in detail any operation, using the special powers conferred under the Act. It is similar to that of the Inspector of the Police Integrity Commission in New South Wales, who has direct access to that Commission's operational information via a room within the Commission's premises.

These audits may be undertaken:

- at the request of the Minister;
- at the request of Parliament; or
- on the Inspector's own initiative, in which case operations could be selected:
- at random;
- on a risk assessment basis (such as where the use of special powers is extensive); or
- on a public interest basis.

In the reporting period, I have not received any request by the Minister, or reference by the Standing Committee or either House of Parliament, to perform this audit function in relation either to any specific operation of the Commission or generally.

With the appointment of the full time assistant, referred to earlier, it is proposed, as part of the audit function, to examine selected operations involving the use by either the Commission, or the police, of the special powers made available under the Act, to determine if the operation and the use of special powers:

- complies with the legislation in terms of the mandatory procedures for authorisation, monitoring, reporting and other accountability conditions;
- has conformed to the policies and procedures established by the Commission,
- has been conducted in a timely manner; and
- has involved reasonable use of the special powers under the circumstance of the case.

The outcomes from this form of monitoring would be:

- reduced risk of unnecessary use of or abuse of the special powers from awareness that such operations may be independently monitored;
- procedural improvements resulting from the Inspector's reports on observed deficiencies; and
- improvements to or refinement of the legislation relating to special powers.

### **(c) to assess the effectiveness and appropriateness of the Commission's procedures**

This function requires the Parliamentary Inspector to monitor the specific procedures associated with functions and powers unique to the Commission.

In New South Wales, the Inspector of the Police Integrity Commission conducted an inquiry into the practices and procedures of PIC with particular reference to the conduct of its hearings. His inquiry was conducted largely by calling for submissions, combined with some consultations. An outcome of the inquiry was the endorsement of many of PIC's practices, to recommend improvements with respect to others, and to recommend the development of guidelines.

### **Functions (d), (e) and (f)**

See above. These functions are, I think, self-explanatory, and require no analysis.

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## 2. POWERS OF THE PARLIAMENTARY INSPECTOR

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The Parliamentary Inspector has power to do all things necessary or convenient for the performance of the Parliamentary Inspector's functions.

The Commission is to notify the Parliamentary Inspector whenever it receives an allegation that concerns, or may concern, an officer of the Commission and at any time the Parliamentary Inspector may review the Commission's acts and proceedings with respect to its consideration of such an allegation. During the reporting period, the Commission has given me 3 such notifications.

Upon such a review, the Parliamentary Inspector may notify the Commission that the matter is to be removed to the Parliamentary Inspector for consideration and determination.

On receipt of such a notice, the Commission is to comply with its terms.

Upon removal, the Parliamentary Inspector may annul the Commission's determination and substitute another.

Where the Parliamentary Inspector proposes to act under the above section, the Commission must be given a reasonable opportunity to show cause why its determination should not be annulled.

The Parliamentary Inspector must not undertake a review of a matter that arises from, or can be dealt with under, a jurisdiction created by, or that is subject to, the *Industrial Relations Act 1979*. This provision has, in several instances, caused me to advise complainants that their complaints are not within my jurisdiction.

An issue has arisen, recently, as to the interpretation of certain provisions of the Act concerning the Parliamentary Inspector's powers in relation to operations of the Commission, and the extent to which Section 198 of the Act would prevent the Parliamentary Inspector from dealing with matters involving an ongoing operation of the Commission. That issue is yet to be fully resolved.

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### **3. THE OFFICE**

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The Parliamentary Inspector's Office has suitable office premises within the Perth Central Business District. The postal address of this office is Locked Bag 123, Perth Business Centre WA 6849. The office telephone number is (08) 9323 2222 and the facsimile number is (08) 9325 3280. The email address is [piccc@piccc.wa.gov.au](mailto:piccc@piccc.wa.gov.au) and the website address is [www.piccc.wa.gov.au](http://www.piccc.wa.gov.au).

The position of Parliamentary Inspector is not a full time one. Although a modest office has been provided for my use at the premises occupied by the Corruption and Crime Commission, I have so far found it convenient to operate the Inspectorate from my barrister's chambers, at 45 St Georges Terrace Perth, and to use my personal secretarial staff for matters related to the Corruption and Crime Commission and my duties as Parliamentary Inspector. The Inspector does not have any staff, at present, engaged specifically as a staff member of the Inspectorate, however a full time assistant, suitably qualified, is in the process of being engaged as referred to earlier (see p. 4). Suitable premises, separate from where the Commission is located, are also being sought.

The Parliamentary Inspector's office operates appropriate computer systems, which are maintained by the office, and back up tapes are kept off site for extra security.

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## **4. RECORD-KEEPING PLAN**

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The *State Records Act 2000* requires at section 19 that each agency has a record-keeping plan. The Parliamentary Inspector's Office has a record keeping plan which was finalised on 31 July 2005.

The TRIM Context system of electronic record keeping is currently in place, which will ultimately improve easy access to the recorded information.

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## **5. REPORT ON OPERATIONS**

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### **5.1 REFERRALS**

During the reporting period the Inspectorate received 42 referrals.

### **5.2 NATURE OF REFERRALS**

Most of the referrals were allegations that a complaint made to the Commission was not dealt with by the Commission in a manner which was satisfactory to the complainant. In some cases, the subject matter of the complaint did not come within the Commission's jurisdiction, or after investigation, the Commission had been unable to find prima facie evidence of misconduct.

Matters referred to me frequently involve consideration of considerable documentary material, as well as correspondence with the complainant, and occasionally interviewing the complainant and others said to be able to verify the complaint. I also receive, from time to time, (several times each week) telephone calls from members of the public, who may have called me directly, without having gone to the Commission, (I direct them to the Commission if they wish to raise a matter which prima facie falls within the Commission's jurisdiction); or who wish me to deal with a complaint which the Commission has rejected.

### **5.3 CO-OPERATION OF THE COMMISSION**

I have, consistently, received the utmost co-operation and assistance from the Commissioner, Mr Kevin Hammond, and the Commission Officers. I met with the Commissioner as the occasion arises, ie when necessary; and held regular monthly meetings with him.

### **5.4 MONITORING THE COMMISSION'S OPERATIONS**

Apart from receiving referrals from the Commission, the Commissioner keeps me informed of matters which are of public importance and significance. I have, from time to time, attended both public and private hearings conducted by the Commissioner, as an observer, and am satisfied that such hearings are conducted properly and in accordance with the law.

### **5.5 REPORTS TO THE STANDING COMMITTEE**

By Section 201 of the Act, I may at any time, if I consider it appropriate to do so, make a referral to the Standing Committee on, inter alia, any matters affecting the Commission, including the operational effectiveness and requirements of the Commission.

In discussion with the Standing Committee, I have agreed that, where a matter relating to the Commission arises, which may be seen to one of public interest, I will endeavour to confer with the Standing Committee, before deciding whether to intervene.

## 5.6 PERFORMANCE INDICATORS

A review of the Parliamentary Inspector for the Corruption and Crime Commission (PICCC) outcome statement and key performance indicators (KPIs) was undertaken in February 2007 to more accurately represent the role of the office. A submission for the review was endorsed by the Outcome Structure Review Group in March 2007.

As a result of the review, the previous outcome statement, "The integrity and effectiveness of the Corruption and Crime Commission is ensured", was replaced with "An informed Parliament on the integrity of the Corruption and Crime Commission."

The new suite of key performance indicators which will measure the new outcome statement will be introduced in 2007/08. These performance indicators include:

- Number of investigations completed where no breaches of legislation were found;
- Average cost per investigation/case; and
- Cost of audit function as a percentage of total cost of operations.

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## 6. OPERATION OF THE COMMISSION

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The Commission has published "Notification Guidelines" to inform relevant agencies (and the public) of the functions of the Commission and how to notify suspected misconduct.

I have reviewed the Guidelines and am satisfied that they provide accurate and helpful information, which can be obtained on the Commission's website.

The Commissioner has been careful to ensure that any matter which might arguably come within my function, is referred to me. He has also kept me informed on matters pertaining to the Commission's operation, and is always available to confer with me as required.

All complaints against Commission staff are placed on the relevant file, which is forwarded to me by the Commissioner himself, and the complainant is informed of that.

The Commission's website explains the role of the Parliamentary Inspector and how complaints against the Commission may be forwarded to me.

I consider that during the reporting period the Commission has established a sound framework for ensuring that its various functions, as detailed in Part 2, Division 2, of the Act, are being adequately addressed, they being, specifically:

- Prevention and Education;
- Misconduct investigations;
- Police Royal Commission; and
- Functions in relation to the (former) Anti-Corruption Commission.

I also consider that all complaints of misconduct received by the Commission are thoroughly assessed, and that the basis of the Commission's decision on whether to proceed further, to an investigation is valid, taking into account, among other things, the age of the matter, the degree of public importance or interest, as well as the significance to the individual complainant.

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## 7. FINANCIAL STATEMENTS

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### AUDITOR GENERAL

#### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements and controls of the Parliamentary Inspector of the Corruption and Crime Commission.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

#### Parliamentary Inspector's Responsibility for the Financial Statements

The Parliamentary Inspector is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements and controls based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

#### Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Parliamentary Inspector of the Corruption and Crime Commission at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions; and
- (ii) the controls exercised by the Parliamentary Inspector of the Corruption and Crime Commission provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

COLIN MURPHY  
AUDITOR GENERAL  
25 September 2007

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

**PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION**  
**CERTIFICATION OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2007**

The accompanying financial statements of the Parliamentary Inspector of the Corruption and Crime Commission have been prepared in compliance with the provisions of the Financial Management Act 2006 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

*A. Andersson*

A Andersson  
Chief Finance Officer

Date: *25 September 2007*



M McCusker QC  
Accountable Officer

Date: *25 September 2007*

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**Income Statement**

*For the year ended 30 June  
2007*

	Note	<b>2007</b>	<b>2006</b>
		<u>\$</u>	<u>\$</u>
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expenses	4	133,673	144,691
Supplies and services	5	35,745	43,276
Depreciation	6	5,271	89,335
Accommodation expenses	7	-	30,987
Capital user charge	8	28,376	32,600
Other expenses	9	<u>10,170</u>	<u>19,757</u>
<b>Total cost of services</b>		<u>213,235</u>	<u>360,646</u>
<b>NET COST OF SERVICES</b>		<u>213,235</u>	<u>360,646</u>
<b>INCOME FROM STATE GOVERNMENT</b>			
	10		
Service appropriations		529,000	505,000
Resources received free of charge		<u>26,273</u>	<u>24,309</u>
<b>Total income from State Government</b>		<u>555,273</u>	<u>529,309</u>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<u>342,038</u>	<u>168,663</u>

The Income Statement should be read in conjunction with the accompanying notes.

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**Balance Sheet**

*As at 30 June 2007*

	Note	<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18	781,383	441,363
Receivables	11	388	735
Amounts receivable for services	12	10,000	10,000
Other assets	13	-	637
<b>Total Current Assets</b>		<b>791,771</b>	<b>452,735</b>
<b>Non-Current Assets</b>			
Amounts receivable for services	12	21,000	14,000
Property, plant and equipment	14	14,596	19,867
<b>Total Non-Current Assets</b>		<b>35,596</b>	<b>33,867</b>
<b>TOTAL ASSETS</b>		<b>827,367</b>	<b>486,602</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	15	-	1,294
Other liabilities	16	482	461
<b>Total Current Liabilities</b>		<b>482</b>	<b>1,755</b>
<b>TOTAL LIABILITIES</b>		<b>482</b>	<b>1,755</b>
<b>NET ASSETS</b>		<b>826,885</b>	<b>484,847</b>
<b>EQUITY</b>			
Contributed equity	17	160,000	160,000
Accumulated surplus		666,885	324,847
<b>TOTAL EQUITY</b>		<b>826,885</b>	<b>484,847</b>

The Balance Sheet should be read in conjunction with the accompanying notes.

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**Statement of Changes in Equity**

*For the year ended 30 June 2007*

	Note	<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
<b>BALANCE OF EQUITY AT START OF PERIOD</b>		<u>484,847</u>	<u>306,184</u>
<b>Contributed Equity</b>	17		
Balance at start of period		160,000	150,000
Capital contributions		<u>-</u>	<u>10,000</u>
Balance at end of period		<u>160,000</u>	<u>160,000</u>
<b>Accumulated Surplus</b>	17		
Balance at start of period		324,847	156,184
Surplus/ (deficit) for the period		<u>342,038</u>	<u>168,663</u>
Balance at end of period		<u>666,885</u>	<u>324,847</u>
<b>BALANCE OF EQUITY AT END OF PERIOD</b>		<u>826,885</u>	<u>484,847</u>
Total income and expense for the period		<u>342,038</u>	<u>168,663</u>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

PARLIAMENTARY INSPECTOR OF THE CORRUPTION AND CRIME COMMISSION

**Cash Flow Statement**

*For the year ended 30 June 2007*

	Note	<b>2007</b>	<b>2006</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriations		512,000	488,000
Holding account drawdowns		10,000	-
Capital contributions		-	10,000
<b>Net cash provided by State Government</b>		<b>522,000</b>	<b>498,000</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(133,652)	(144,230)
Supplies and services		(20,299)	(40,010)
Accommodation		-	(30,987)
Capital user charge		(28,376)	(32,600)
GST payments on purchases		(1,123)	(7,019)
<b>Receipts</b>			
GST receipts from taxation authority		1,470	9,021
<b>Net cash provided by/(used in) operating activities</b>	18	<b>(181,980)</b>	<b>(245,825)</b>
<b>Net increase in cash and cash equivalents</b>		<b>340,020</b>	<b>252,175</b>
Cash and cash equivalents at start of period		441,363	189,188
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	18	<b>781,383</b>	<b>441,363</b>

The Cash Flow Statement should be read in conjunction with the accompanying notes.

## **1 Australian Equivalents to International Financial Reporting Standards**

### **General**

The financial statements for the Parliamentary Inspector of the Corruption and Crime Commission (the "Commission" for the purpose of these notes) for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Commission has adopted, where relevant to its operations, new and revised standards and interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

The Australian Accounting Interpretations are adopted through AASB 1048 'Interpretation and Application of Standards' and are classified into those corresponding to International Accounting Standards Board (IASB) Interpretations and those only applicable in Australia.

The AASB has decided to maintain the Statements of Accounting Concepts (SAC 1 and SAC 2) and has continued to revise and maintain accounting standards and the interpretations that are of particular relevance to the Australian environment, especially those that deal more specifically with not-for-profit entity issues and/or do not have an equivalent IASB Standard or Interpretation.

### **Early Adoption of Standards**

The Commission cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No standards and interpretations that have been issued or amended but are not yet effective have been early adopted by the Commission for the financial year ended 30 June 2007.

## **2 Summary of Significant Accounting Policies**

### **(a) General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions (TI's). Several of these are modified by the TI's to vary the application, disclosure, format and wording. For example, AASB 116 requires land and buildings to be measured at cost or fair value; TI 954 mandates the fair value option.

The Financial Management Act and the TI's are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Modifications or clarifications to accounting standards through the TI's are to provide certainty and ensure consistency and appropriate reporting across the public sector.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

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**(b) Basis of Preparation**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest dollar.

**(c) Reporting Entity**

The reporting entity comprises the Commission and no other related bodies.

**(d) Contributed Equity**

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as Contributions by Owners (at the time of, or prior to, transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

**(e) Income**

**Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

*Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control transfer to the purchaser and can be measured reliably.

*Rendering of services*

Revenue is recognised upon delivery of the service to the client or by reference to the stage of completion of the transaction.

*Service appropriations*

Service appropriations are recognised as revenues at nominal value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited into the Commission's bank account or credited to the holding account held at the Department of Treasury and Finance. See note 10 'Income from State Government' for further detail.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

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**(f) Property, Plant and Equipment**

*Capitalisation/Expensing of assets*

Items of property, plant and equipment costing \$1,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$1,000 are recognised as an expense in the Income Statement (other than where they form part of a group of similar items which are significant in total).

*Initial recognition and measurement*

All items of property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

*Subsequent measurement*

After recognition as an asset, the cost model is used for the measurement of property, plant and equipment. Items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. See note 14 'Property, Plant and Equipment'.

*Depreciation*

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is calculated using the straight line method, using rates which are periodically reviewed. Estimated useful lives for each class of depreciable asset are:

Office equipment	10 years
Computers	5 years
Leasehold improvements	10 years

**(g) Impairment of Assets**

Property, plant and equipment are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less cost to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of asset is reviewed annually to verify that the accumulated depreciation reflects the level of consumption or expiration of assets' future economic benefits and to evaluate any impairment risk from falling replacement costs.

See note 2(l) 'Receivables' for impairment of receivables.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

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**(h) Financial Instruments**

The Commission has two categories of financial instrument:

- loans and receivables (cash and cash equivalents, receivables)
- non-trading financial liabilities (payables)

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

**(i) Cash and Cash Equivalents**

For the purpose of the Cash Flow Statement, cash and cash equivalents are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

**(j) Accrued Salaries**

Accrued salaries (see note 16 'Other Liabilities') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value.

**(k) Amounts Receivable for Services (Holding Account)**

The Commission receives funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement. See also note 10 'Income from State Government' and note 12 'Amounts Receivable for Services'.

**(l) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See also note 2(h) 'Financial Instruments' and note 11 'Receivables'.

An allowance for impairment of receivables can only be raised if there is objective evidence of impairment.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

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**(m) Payables**

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See also note 2(h) 'Financial Instruments' and note 15 'Payables'.

**(n) Superannuation Expense**

The superannuation expense in the Income Statement represents defined contribution plans - Employer contributions paid to the West State Superannuation (WSS) Scheme and the Government Employees Superannuation Board Super (GESBS) Scheme.

Members of the Commission commencing employment prior to 16 April 2007 became non-contributory members of the WSS Scheme. Members of the Commission commencing employment on or after 16 April 2007 became members of the GESBS Scheme. Both of these schemes are accumulation schemes. The Committee makes concurrent contributions to the Government Employees Superannuation Board (GESB) on behalf of members of the Commission in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. The WSS Scheme and the GESBS Scheme are defined contribution schemes as these contributions extinguish all liabilities in respect of the WSS Scheme and the GESBS Scheme.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Committee in the current year.

**(o) Resources Received Free of Charge**

Resources received free of charge that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

**(p) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

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**3 Disclosure of Changes in Accounting Policy and Estimates**

**Future Impact of Australian Accounting Standards not yet operative**

The Commission cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Commission has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative, of the Commission's exposure to risks, enhanced disclosure regarding components of the Commission's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Commission does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

2. AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Commission does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Commission is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated; other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

5. AASB 2007-5 'Amendment to Australian Accounting Standard - Inventories Held for Distribution by Not-for-Profit Entities [AASB 102]'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Department does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

6. AASB Interpretation 4 'Determining whether an Arrangement contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Commission has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Commission if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Commission has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Commission has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

The following Australian Accounting Standards and Interpretations are not applicable to the Commission as they will have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' - paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Interim Financial Reporting and Impairment'
Interpretation 11	'AASB 2 - Group and Treasury Share Transactions'

**Notes to the Financial Statements**

For the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>4 Employee Benefits Expenses</b>		
Salaries and wages	122,638	132,782
Superannuation (West State)	11,035	11,909
	<u>133,673</u>	<u>144,691</u>
<b>5 Supplies and Services</b>		
Goods and supplies	910	1,587
Services and contracts	8,562	17,380
Resources received free of charge (note 10)	26,273	24,309
	<u>35,745</u>	<u>43,276</u>
<b>6 Depreciation</b>		
Office equipment and computers	5,271	4,257
Leasehold improvements	-	85,078
	<u>5,271</u>	<u>89,335</u>
<b>7 Accommodation Expenses</b>		
Building rental operating lease expenses	-	30,987
	<u>-</u>	<u>30,987</u>
<p>Since December 2005, the PICCC no longer have any leased premises. The only employee of the PICCC, Malcolm McCusker, now works from his own law chambers.</p>		
<b>8 Capital User Charge</b>		
Capital user charge	28,376	32,600
	<u>28,376</u>	<u>32,600</u>
<p>The charge was a levy applied by Government for the use of its capital. In 2006-07, the final year in which the charge was levied, a single payment was made equal to the appropriation for 2006-07 less any adjustment relating to 2005-06.</p>		
<b>9 Other Expenses</b>		
Communication expenses	8,519	6,646
Other expenses <sup>(a)</sup>	1,651	13,111
	<u>10,170</u>	<u>19,757</u>

<sup>(a)</sup> Includes bank fees; freight charges; other insurance; rates; court transcripts; electricity; staff travel and accommodation; and staff training.

**Notes to the Financial Statements**

For the year ended 30 June 2007

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
<b>10 Income from State Government</b>		
Appropriation revenue received during the year:		
Service appropriations <sup>(a)</sup>	529,000	505,000
	<u>529,000</u>	<u>505,000</u>
Resources received free of charge <sup>(b)</sup>		
Determined on the basis of the following estimates provided by agencies:		
Department of the Attorney General		
- accounting, human resources and information technology services	24,530	21,390
Department of Housing and Works		
- property management services	1,743	2,919
	<u>26,273</u>	<u>24,309</u>
	<u>555,273</u>	<u>529,309</u>

<sup>(a)</sup> Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

<sup>(b)</sup> Where assets or services have been received free of charge or for nominal cost, the Commission recognises revenue (except where the contributions of assets or services are in the nature of contributions by owners in which case the Commission shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

**11 Receivables**

GST receivable	388	735
	<u>388</u>	<u>735</u>

**12 Amounts Receivable for Services**

Current	10,000	10,000
Non-current	21,000	14,000
	<u>31,000</u>	<u>24,000</u>

This represents the non-cash component of service appropriations. See note 2(k) 'Amounts Receivable for Services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.

**13 Other Assets**

Prepayments	-	637
	<u>-</u>	<u>637</u>

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

	2007 \$	2006 \$
<b>14 Property, Plant and Equipment</b>		
<u>Office equipment and computers</u>		
At cost	29,418	29,418
Accumulated depreciation	(14,822)	(9,551)
	14,596	19,867
<u>Leasehold improvements</u>		
At cost	139,100	139,100
Accumulated depreciation	(139,100)	(139,100)
	-	-
	14,596	19,867
<u>Reconciliation</u>		
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out below.		
<u>Office equipment and computers</u>		
Carrying amount at start of period	19,867	24,124
Depreciation	(5,271)	(4,257)
Carrying amount at end of period	14,596	19,867
<u>Leasehold improvements</u>		
Carrying amount at start of period	-	85,078
Depreciation	-	(85,078)
Carrying amount at end of period	-	-
<b>15 Payables</b>		
Trade and other creditors	-	1,294
	-	1,294
<b>16 Other Liabilities</b>		
Accrued salaries	482	461
	482	461

**Notes to the Financial Statements**

For the year ended 30 June 2007

	2007 \$	2006 \$
<b>17 Equity</b>		
Equity represents the residual interest in the net assets of the Commission. The Government holds the equity interest in the Commission on behalf of the community.		
Contributed equity		
Balance at start of period	160,000	150,000
Capital contributions <sup>(a)</sup>	-	10,000
Balance at end of period	<u>160,000</u>	<u>160,000</u>
Accumulated surplus		
Balance at start of period	324,847	156,184
Result for the period	342,038	168,663
Balance at end of period	<u>666,885</u>	<u>324,847</u>

<sup>(a)</sup> Capital contributions (appropriations) have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and are credited directly to equity.

**18 Notes to the Cash Flow Statement**

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash and cash equivalents	781,383	441,363
	<u>781,383</u>	<u>441,363</u>

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

Net cost of services	(213,235)	(360,646)
Non-cash items:		
Depreciation	5,271	89,335
Resources received free of charge	26,273	24,309
(Increase)/decrease in assets:		
Other current assets	637	(637)
Increase/(decrease) in liabilities:		
Current payables	(1,294)	(649)
Other current liabilities	21	461
Net change in GST receivable	347	2,002
Net cash provided by/(used in) operating activities	<u>(181,980)</u>	<u>(245,825)</u>

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

**19 Explanatory Statement**

Significant variations between estimates and actual results for income and expense are shown below. Explanations are provided in accordance with TI 945.

Significant variations are considered to be those greater than 5% or \$7,000.

**Significant variances between estimate and actual for 2007 - Total appropriation to deliver services:**

	<b>Actual</b>	<b>Estimate</b>
	<b>2007</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Employee benefits expenses	133,673	183,000
Supplies and services	35,745	313,000
Depreciation	5,271	17,000
Accommodation expenses	-	56,000
Capital user charge	28,376	16,000

Employee benefits expenses

The budget estimate includes administration support. This function was carried out by the Department of the Attorney General on a "resources free of charge" basis.

Supplies and services

The budget estimate included \$250,000 for employment of contract staff to undertake an audit of the Commission. The audit was not undertaken.

Depreciation expense

Certain office equipment was not purchased although budgeted for, because the Commission operated from private legal offices.

Accommodation expenses

Office accommodation was not required because the Commission operated from private legal offices.

Capital user charge

The asset base was higher than budget due to retained cash.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

**Significant variances between actuals for 2006 and 2007 - Total appropriation to deliver services:**

	Actual 2007 \$	Actual 2006 \$
<b>Expenses</b>	<hr/>	<hr/>
Employee benefits expenses	133,673	144,691
Depreciation	5,271	89,335
Accommodation expenses	-	30,987
Other expenses	10,170	19,757

Employee benefits expenses

The 2005/06 costs include administration support. In the 2006/07 financial year, this function was carried out by the Department of the Attorney General on a "resources free of charge" basis.

Depreciation expense

Office equipment assets were disposed of in 2005/06, when accommodation relinquished.

Accommodation expenses

Office accommodation relinquished as the Commission started to operate from private legal offices.

Other expenses

Other expenses reduced when office accommodation relinquished.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

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**20 Financial Instruments**

**(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Commission are cash and cash equivalents, receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

*Credit risk*

The Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

*Liquidity risk*

The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

*Cash flow interest rate risk*

The Commission is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing, and it has no borrowings.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

**(b) Financial Instrument Disclosures**

*Interest Rate Risk Exposure*

The following table details the Commission's exposure to interest rate risk as at the balance sheet date:

	Weighted average effective interest rate	Variable interest rate	Fixed interest rate maturities			Non interest bearing	Total
			Within 1 year	1 to 5 years	More than 5 years		
<b>2007</b>	%	\$	\$	\$	\$	\$	
<b>Financial assets</b>							
Cash and cash equivalents						781,383	781,383
Receivables						388	388
Amounts receivable for services						31,000	31,000
		-	-	-	-	812,771	812,771
<b>Financial liabilities</b>							
Other liabilities						482	482
		-	-	-	-	482	482
Net financial assets/(liabilities)		-	-	-	-	812,289	812,289
<b>2006</b>							
Financial assets						466,735	466,735
Financial liabilities						1,755	1,755
Net financial assets/(liabilities)		-	-	-	-	464,980	464,980

*Net Fair Values*

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**Notes to the Financial Statements**

*For the year ended 30 June 2007*

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	<u>2007</u>	<u>2006</u>
	\$	\$
<b>21 Remuneration of Members of the Commission</b>		
<u>Remuneration of Members of the Commission</u>		
Total remuneration of members of the Commission:	<u>133,652</u>	<u>144,691</u>

The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the Commission.

No member of the Commission is a member of the Pension Scheme.

**22 Remuneration of Auditor**

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	<u>10,500</u>	<u>7,000</u>
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The expense is included in note 5 'Supplies and Services'. It is an estimate for the audit fees incurred during the financial year ended 30 June 2007 (estimate for 2006 was \$5,800).

**23 Supplementary Financial Information**

- There were no losses of public moneys or other public property through theft or default during the financial year (2006: nil).
- There were no write offs of public money or other public property during the financial year (2006: nil).
- There were no gifts of public property during the financial year (2006: nil).
- There were no contingent liabilities as at 30 June 2007 (2006: nil).
- There were no events occurring after the balance date at the end of the financial year.
- The Commission had no related bodies during the financial year (2006: nil).
- The Commission had no affiliated bodies during the financial year (2006: nil).