



ANNUAL *R*EPORT 1994



I·C·A·C

INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

A N N U A L *R* E P O R T
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INDEPENDENT COMMISSION AGAINST CORRUPTION

The Hon Max Willis MLC
President
Legislative Council
Parliament House
SYDNEY NSW 2000

The Hon K R Rozzoli MP
Speaker
Legislative Assembly
Parliament House
SYDNEY NSW 2000

Dear Gentlemen

In accordance with s76 of the Independent Commission Against Corruption Act 1988, the Commission hereby furnishes to each of you for presentation to Parliament the ICAC Annual Report for the year ended 30 June 1994.

The Report has been prepared in accordance with the requirements of the Independent Commission Against Corruption Act 1988 and the Annual Reports (Departments) Act 1985.

If Parliament is not in session when this report is ready for publication, I recommend, pursuant to s78 of the Independent Commission Against Corruption Act 1988, that the Report be made public forthwith.

Yours faithfully

A handwritten signature in black ink, appearing to read 'K J Holland', with a stylized flourish at the end.

K J Holland QC

Acting Commissioner

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I N T R O D U C T I O N

The Independent Commission Against Corruption (ICAC) was established in March 1989 by an Act of the NSW Parliament. The Commission's charter is to expose and minimise corruption in the NSW public sector.

The Commission operates independently of the State Government and is accountable to the people of NSW through the Parliament. All NSW public sector departments, statutory authorities, local governments, and public officials are covered by the ICAC's charter.

The Commission's three main functions as set out in the Independent Commission Against Corruption Act 1988 are:

■ **Investigation**

Exposing and deterring corrupt conduct by investigating and reporting on allegations of corruption;

■ **Corruption Prevention**

Working with the public sector to reduce and prevent corruption opportunities by improving procedures and operating systems; and

■ **Education**

Demonstrating the detrimental effects of corruption and the benefits of reduction strategies to reduce corruption by education of the community and public sector authorities.

Complaints from the community and reports from public sector authorities are the major sources of ICAC work. The Commission must also act on references from Parliament and can work on taskforces with other agencies, such as the NSW Police Service.

The Commission may initiate its own investigations and corruption prevention work.

The Commission's long-term strategies are based on the ICAC 1993-95 Corporate Plan objectives, which are:

- facilitating public understanding;
- improving public sector integrity;
- meeting statutory accountabilities;
- ensuring effective corporate management; and
- ensuring equitable personnel practices.

COMMISSION HIGHLIGHTS FOR 1993-94

- The ICAC Investigation into the Relationship Between Police and Criminals resulted in recommendations for major systemic changes to the NSW Police Service's handling of informants, the management of criminal investigations and recordkeeping.
- The ICAC's research report *Unravelling Corruption* was released. It provides Australia's largest and most thorough examination of public sector employee attitudes towards corruption in the workplace. Information from the survey will be used in targeting the Commission's education and corruption prevention work.
- There was a 58 per cent rise in notifications of alleged or suspected corrupt conduct by public sector agencies, partly attributable to a Commission campaign to improve agency compliance.
- An ICAC study, still being finalised, indicated that of the Commission's investigation report recommendations, half have been adopted, with more in the process of being implemented.
- In principle agreement was reached on an enterprise agreement which will significantly add to ICAC efficiency and improve staff employment conditions.
- The number of corruption prevention advices in response to agency requests increased by nearly 50 per cent.
- More than 64,400 copies of ICAC reports and other publications were publicly distributed - the great majority at the direct request of individuals and organisations.
- The Parliament referred two matters for investigation: the Collins v Ryan defamation action, and alleged police protection of paedophiles.
- An independent audit of the ICAC's system for reporting to the Operations Review Committee confirmed proper controls exist to ensure statutory and procedural responsibilities are met.
- Major corruption prevention reports, *Trips and Traps* (public sector travel payments), *Taken for Granted?* (accountability for government grants) and *Sponsorship Principles* (probity in negotiating private sector financial support), were launched to positive agency and community response.
- Increased staff and resources allocated to education work have boosted the ICAC's ability to address the causes of corruption and inform the community about its effects.
- Parliament gave the ICAC authority to assist in maintaining public sector integrity in the organisation of the 2000 Olympic Games by placing the Sydney Organising Committee of the Olympic Games under the Commission's statutory charter.
- The ICAC's latest community attitude survey showed 92 per cent of the community considered public sector corruption to be a problem, while 82 per cent believed the Commission had helped make the public sector more accountable.
- The ICAC established an equal employment opportunity committee and drafted a management plan for EEO work.
- The Commission underspent its budget allocation by \$1.58 million or 11 per cent of the total.



Former Commissioner Ian Temby QC, addressed a crowded media conference after Parliament was presented with the ICAC Report on Investigation into the Relationship Between Police and Criminals (Milloo Report) in February.

ACTING COMMISSIONER'S OVERVIEW

1993-94 was a most significant and challenging year for the Commission. (Particular highlights of the year are summarised on the previous page.)

In March 1994 Commissioner Ian Temby QC, the founding Commissioner, completed his five year term of office. Under his guidance and leadership the Commission rapidly developed into a vigorous and effective organisation. Staff and facilities were acquired and an organisational capacity to undertake unusual and difficult work was achieved. While the experience and advice of other individuals and organisations has been of assistance in that process, the Commission has largely had to establish its own strategic and operating processes.

It has been particularly unfortunate for the State of NSW that the Commission has been without a permanent Commissioner since March. Despite the delay the Commission has continued to energetically pursue its responsibilities. However, the delay has been undesirable and not without adverse impact.

Following the completion of Mr J Mant's appointment as Acting Commissioner, I was appointed as Acting Commissioner from 27 September.

I regard the practical completion of negotiations between staff and the Commission on the Commission's first enterprise agreement as particularly beneficial. The proposed agreement removes a number of barriers to achieving more effective organisational performance and will allow the realisation of significant improvements over the next two years.

A number of important investigations and other project activities were concluded during the 12 months under review. In early 1994 Mr Temby concluded the Commission's investigation into the relationship between police and criminals. This was a complex and lengthy piece of work which dealt with issues

fundamental to the fabric of the State. The investigation combined different Commission functions which worked together in areas such as research, analysis, investigations, corruption prevention and education. Arrangements have been made for monitoring the implementation of recommendations for systems improvements included in the two investigation reports.

Unravelling Corruption, a study of the views and understanding of corruption by public sector employees, was a major research initiative. The report, issued in April 1994, contains a wealth of information which will assist both the Commission and public sector agencies in devising educational and prevention strategies. The study was designed to improve understanding of certain types of conduct that people judged to be corrupt and to identify factors that might hinder their acting against such corruption.

One of the key features of the Commission's specialised role is its ability to consider matters rapidly and efficiently. In September 1993 the Commission received Terms of Reference from the Parliament for an investigation into circumstances surrounding a defamation action between the Treasurer of New South Wales and a public servant. The Commissioner released the investigation report in January 1994.

In early 1994 the Commission began a project to review the results of recommendations made in previous investigation reports. It is highly encouraging that of the 22 reports studied so far about half the recommendations made have been implemented. These include the adoption of a code of conduct in local government, the establishment of the Pecuniary Interest Tribunal and systems improvements within the Department of Housing.

Recommendations not adopted include those concerning the laws relating to bribery and official corruption. The Commission also continued to actively monitor its corruption prevention report recommendations.

ACTING COMMISSIONER'S OVERVIEW

There has been considerable liaison between the Commission and the Royal Commission into the NSW Police Service. Significant amounts of material have been supplied to the Royal Commission and substantial resources devoted to that task and to briefing Royal Commission personnel. The two Commissions are working co-operatively, notwithstanding the considerable overlap in their jurisdictions.

In March 1994 the Parliament instructed this Commission to investigate certain matters concerning the alleged police protection of paedophiles. The Terms of Reference of the Royal Commission contain a similar reference. The ICAC has continued to pursue the investigation with the full agreement of the Royal Commission and an interim report will be presented to the Parliament by October 1994. The question of how the matter is to be further pursued will then be resolved.

In last year's Annual Report Commissioner Temby welcomed the prospect of amendments to the Act in a manner generally consistent with the May 1993 report by the Parliamentary Committee on the ICAC.

In concluding, it is necessary for me to note that notwithstanding the May 1993 report there had been no apparent progress at 30 June 1994 in adopting or implementing its recommendations. At the time of furnishing this Report it is noted that the matter is under consideration in the Parliament.

A handwritten signature in black ink, appearing to read 'K J Holland', with a stylized flourish at the end.

K J Holland QC
Acting Commissioner

1 UNDERSTANDING CORRUPTION

CORPORATE PLAN OBJECTIVE

Facilitating Public Understanding

Community understanding about the nature of corruption and its insidious effects is essential to the ICAC's long-term success.

Changing public attitudes to corruption is a key Commission strategy. This year effort was directed to raising awareness through information and education activities, as well as expanding the Commission's knowledge base through research.

During the year the Commission adopted a new education strategy which identifies different audiences according to their needs and devises programs targeted to each group's particular requirements. The ICAC is committed to increasing staff and resources for this work. Some staff recruitment was achieved by the end of the reporting period.

INFORMATION AND EDUCATION ACTIVITIES

PUBLICATIONS

During 1993-94 the Commission published 12 reports and discussion papers. These are listed in Appendix 2. A total of 54 investigation, corruption prevention and research reports and discussion papers have been published since the Commission's inception in March 1989.

All ICAC reports are available free of charge. They are distributed widely by mailing list or upon request to public sector organisations, relevant private sector organisations, libraries, educational institutions and individuals.

Following a survey of the distribution and use of ICAC reports, a number of improvements were implemented. Summaries of lengthier reports are prepared and distributed to most general readers, who may also contact the Commission to obtain the full report. Reports also contain summaries. The availability of reports was also more widely advertised,

increasing requests, while mailing lists were improved to make distribution more focussed.

FILM AND VIDEO COMPETITION

Debra Niski was judged the winner of the Commission-sponsored film and video competition for NSW tertiary students. Nine entries were received from across the State for the competition, which sought representations of social and institutional corruption.



The ICAC's statewide film and video competition for tertiary students was won by Deborah Niski with her work "Vindication". The competition sought representations of social and institutional corruption. Further such community participation events are being planned by the Commission.

Competition judges included television presenter Annette Shun Wah, broadcaster and writer Phillip Adams, ABC-TV producer Sandra Levy, and Australian Film Commission member Stuart Cunningham. The \$3,000 first prize was presented at the Australian Film Institute cinema in Sydney in November, where a selection of entries was shown to an invited audience. The Commission intends to conduct further community participation events involving wider audiences to increase awareness of corruption.

NATIONAL FIELD DAYS

Thousands of Commission publications were distributed to the public from an ICAC marquee at the National Field Days exhibition

near Orange in November. More than 57,000 people attended the three-day event, which featured many government agencies associated with rural education/information services and the primary production industry.

The two ICAC officers who staffed the marquee talked with many visitors interested in the Commission's work, thus expanding community understanding of the ICAC's role and functions.



As part of its community education function, the Commission erected a marquee at the National Field Days near Orange in November. The field days, which promotes a range of services and products to rural areas, attracted more than 57,000 people, many of whom visited the marquee to collect information about the Commission or talk with education officers about ICAC functions.

SCHOOL EDUCATION

The Commission began a project to develop curriculum materials for use in the teaching of legal studies in all NSW high schools. The education kit, supports that part of the syllabus dealing with the individual and the State and will contain print and video material. It will focus attention on corruption and the ICAC's role in dealing with it.

The work is being conducted with expert advice and assistance from an advisory group comprising a legal studies teacher, a legal studies examiner and members of the Legal Studies Syllabus Committee.

The project, contracted to Film Australia, aims to improve the knowledge and understanding

of corruption issues among legal studies students. It is due for completion, promotion and distribution in late 1994.

Commission officers addressed seven schools and eight community groups during 1993-94.

MEDIA RELATIONS

Good communication with the community through the media is essential in publicising the Commission's work and objectives. Much emphasis is given to trying to ensure accuracy and fairness in reports of ICAC activities.

Media facilities provided by the Commission include a separate room for journalists' use during hearings or the release of reports, easy access to public transcripts from recent hearings, and special seating in the Major Hearing Room.

Extensive media coverage of ICAC activities continued throughout the year. Particular attention was placed on the *Report into the Investigation into the Relationship Between Police and Criminals*, the investigation into Collins v Ryan, and the end of Mr Ian Temby's term as Commissioner.

To ensure greater community awareness of the Commission's broad range of activities, particular emphasis was placed on publicising the release of corruption prevention and research reports and discussion papers.

A number of joint media activities took place with other public sector agencies during the reporting period; these included the Department of Courts Administration, the Police Service, the Department of Sport, Recreation and Racing, the Social Policy Directorate, and Taronga Zoo. The NRMA also participated in a joint launch with the Commission.

Several senior ICAC staff were interviewed by the press and electronic media on particular

Commission activities, as well as more general matters relating to the nature of corruption.

Thirty-one media statements were issued by the Commission during 1993-94; they are listed in Appendix 1.

COMMUNITY ATTITUDE SURVEY

In November the Commission conducted a telephone survey to obtain information about the community's attitude towards various aspects of corruption, in addition to its understanding of and support for the ICAC. Results from the survey of 502 people throughout NSW were released in March and revealed that:

- 92 per cent believed corruption is a problem in the NSW public sector, while 55 per cent believe this to be of a serious nature;
- 84 per cent disagreed that most public sector corruption was too trivial to bother reporting;
- 58 per cent of people disagreed that conduct must be illegal to be corrupt;
- 80 per cent believed the ICAC had successfully exposed some of the corruption in the public sector, while 82 per cent said the Commission was helping to make the public sector more accountable;
- 90 per cent believed the ICAC had increased awareness about corruption in the NSW public sector.

The survey also asked about the public's perceptions of the effects of corruption. The worst rated effects were the intangible consequences, such as disillusionment and loss of confidence in public authorities. Financial costs were much less frequently mentioned.

Information obtained from the survey is being used to better inform education and communication strategies.

FUTURE DIRECTIONS

In the next year, the Commission will implement its commitment to increase resources for education activities. A short video explaining the ICAC's work will be completed, as will the school curriculum project, which is expected to be used throughout the State. Opportunities to use similar material in other courses and training activities will be examined.

The Commission will also launch a revised guarantee of service, to be titled Commitment to Service and Standards. It will explain the Commission's activities and focus the expectations of those who deal with the ICAC.

The segmentation of different audiences according to their particular needs will allow targeted programs to be identified and implemented. Particular emphasis will be given to public sector programs and undertaking co-operative activities with other agencies.



Education resources of the Commission were expanded during 1993-94. New education officers Salli Browning and David Pieper (pictured above) discuss the development of new programs.

2 MINIMISING CORRUPTION

CORPORATE PLAN OBJECTIVE

Improving Public Sector Integrity

Real and lasting improvements to public sector integrity can occur only when public sector organisations and their employees are committed to performing in a responsible and accountable way.



ICAC Director of Corruption Prevention Peter Gifford (centre) discusses aspects of a Commission report with Senior Corruption Prevention Officers Anne Howard and Warwick Smith. Advice to public sector agencies by corruption prevention officers increased by nearly 50 per cent during the reporting period.

Probity needs to be integrated in corporate management.

To facilitate such improvements, the Commission works with public sector managers and staff to develop and implement systems for the prevention or minimisation of corruption. Central to this approach is the principle that prevention is more effective than cure in ensuring probity.

The Commission's work in assisting agencies to minimise corruption uses a three pronged strategy:

- advising government agencies on improvements to procedures and practices;
- examining the operations of public sector management systems, then recommending changes to reduce corruption opportunities; and
- increasing the corruption awareness of public officials through seminars, conferences and publications.

INCREASING THE KNOWLEDGE BASE

Pioneering research into the perception of corruption by public servants is increasing the Commission's effectiveness in targeting education and corruption prevention programs.

Unravelling Corruption: A Public Sector Perspective was released in April.

The report describes NSW public sector employees' understanding of corruption and their attitudes to taking action about potentially corrupt activities.

A questionnaire was distributed to a random sample of 1,978 NSW public sector employees between May and August 1993.

A total of 1,313 of these questionnaires were completed and returned, giving a good response rate of 66.4 per cent.

The survey questionnaire included brief details of 12 scenarios depicting different types of conduct which could occur in any public sector organisation.

Respondents were asked to judge how desirable, harmful or justified was the conduct in each scenario, as well as whether it constituted corrupt conduct. Respondents were also asked what they would do when confronted by each scenario.

The results highlighted the extent of the differences among individuals in their understanding of what is corrupt. This lack of a precise common understanding adds to the difficulty of combating corruption.

The information gathered by the study is of value to all public sector organisations in their efforts to minimise corruption.

Two seminars to explore the implications of the material were attended by almost 70 private and public sector participants.

BROADENING THE FOCUS

BROADENING THE FOCUS ON ORGANISATIONS ASSISTED AND ISSUES COVERED

A broadening of focus aims to ensure the Commission's work is of value to the widest possible audience.

A number of corruption prevention activities completed or in progress in the reporting period are assisting a wide range of public sector agencies on issues which arise in most or all agencies.

Travel payments systems are needed in all public sector organisations. *Trips and Traps - Travel in the NSW Public Sector* contained recommendations to help agencies assess the effectiveness of their travel payment systems and implement reforms to reduce corruption opportunities. Research for the report included analysis of State and local government travel payment systems and reviews of policies from a sample of public sector agencies. More than 5000 copies of *Trips and Traps* have been distributed to senior management and staff responsible for travel payments in the public sector.

Many government agencies make grants to non-government organisations and local government to provide public services.

A large number of funding programs now exist providing funds for one-off projects, for recurrent expenditure and for capital works projects. Complaints and reports received by the Commission suggested that the management of funding programs did not always focus efficiently on accountability requirements. In some instances this resulted in funds being inappropriately spent, projects mismanaged and desired outcomes not achieved. The Commission chose to undertake a project that would be relevant to funding

organisations generally rather than investigate individual matters. *Taken for Granted? Better Management of Government Grants* was launched in March and provided eight principles identifying accountability mechanisms for managers to incorporate into the public sector grant process. These included protocols for deciding who should receive grants and scrutiny of how money is spent.

Taken for Granted? was widely distributed to public sector organisations. A project summary was distributed to promote awareness of proper procedures among organisations receiving government funds.



ICAC Executive Director Paul Seshold discusses aspects of the research *Unravelling Corruption: A Public Sector Perspective* with Research Unit Manager Dr Angela Gorta (left) Research Officer Suzie Forell and Media Manager Mark Davis. *Unravelling Corruption* was Australia's most extensive survey of public sector employees' perceptions of, and attitudes to, corruption.

Pitfalls or Probity, 15 case studies on problems in tendering and purchasing in the public sector, was published in June 1993 and described in last year's annual report. In 1993-94, some 11,000 copies were made available in response to requests; extracts from and references to the publication were included by many organisations in their publications and policy documents and many reported on its value as a training tool for staff involved in tendering and purchasing activities.

In the reporting period the Commission increased its focus on the reduction of

opportunities for corruption in the expanding interface between the public and private sectors. This included actions to increase understanding of the ethical practices, conduct and culture of the two environments and to support initiatives in both sectors towards high levels of probity and integrity in the dealings between them.

Sponsorship is increasingly used by the public sector as a way of resourcing activities. After receiving many requests for advice on this issue, the Commission developed a number of general principles for government agencies seeking corporate sector contributions. The Commission consulted with public and private sector organisations in developing ten sponsorship principles which were issued in November. These were designed to assist agencies to develop guidelines specific to their own needs and structures. Approximately 5000 copies of the sponsorship brochure have been distributed to a wide variety of government agencies, private sector organisations and industry associations.

A review of the Commission's 1992 *Plant Hire (Heavy Machinery)* report was begun during the year. Information from a survey of councils by the Local Government and Shires Associations of NSW formed the basis of the review. The survey showed that local government regarded the report as useful in identifying systemic weaknesses and improving the integrity of their procedures governing this area of frequent interaction with the private sector.

A further project underway which focuses on the interface between private and public sectors relates to contracting services. It aims to provide principles and material to assist agencies in their selection and better use of providers of services like legal advising and real estate.

Educative presentations to conferences and seminars for the public sector are an effective strategy to achieve the desired broader focus. In Goulburn and Orange, regional seminars involved managers from State and local

government organisations and focused on minimising corruption in their areas of concern. Involvement in the Chief Executives' Conference and the Senior Management Residential Conference in May was useful in generating high level discussion of integrity and probity issues and the Commission's role in advising and assisting organisations.

Continuing involvement in conferences organised by professional associations has ensured that the Commission reaches a wide cross-section of managers and employees, in both public and private sectors. Topics have ranged from probity issues in purchasing and tendering, through corruption and fraud prevention strategies to ethics and accountability.

The Institute of Chartered Accountants, Australia invited Commissioner Temby to launch its national initiative, Members Ethical Counselling Service, to assist the promotion of probity and the resolution of ethical issues faced by its members. The Institution of Engineers, Australia invited the Commission's participation in a major seminar on Improving Public Sector Integrity in Tendering.

The Commission and the Australian Council for Infrastructure Development jointly organised a seminar in April to discuss probity and corruption prevention issues in major development projects involving the private sector. This approach was well received and arrangements were being made for further seminars or workshops on the same issues.

Appendix 2 lists the Commission's contributions to seminars, workshops, conferences and training during the reporting period.

In 1993-94 the Public Accounts Committee issued two reports on the subject of infrastructure management and financing. The first report recommended action that might be taken by the Commission in its corruption prevention work to improve probity in the

increasing involvement of the private sector in provision of public infrastructure.

The recommendations focused broadly on:

- improving understanding between the ICAC and public/private organisations involved in infrastructure projects;
- devising and publishing broad principles for the contract tendering process; and
- conducting corruption prevention education for senior public servants and private sector managers.

The Commission adopted the thrust of the Committee's recommendations and sought to achieve the desired outcomes in the most cost-effective manner. Some of the strategies are outlined above.

ASSISTING INDIVIDUAL AGENCIES

ASSISTING INDIVIDUAL AGENCY INITIATIVES TO IMPROVE PUBLIC SECTOR INTEGRITY

The systems issues which arose from the Commission's *Inquiry into the Relationship between Police and Criminals* were the subject of the Second Report of that inquiry, released in April 1994. The report contained 16 recommendations related to management of police informants, improving the management of criminal investigations, record keeping, police and prosecutions, and misconduct by, and complaints about, police officers.

Extensive joint work by the Commission and the NSW Police Service and use of case studies, discussion papers and discussion groups ensured the relevance and assisted the acceptability of the report's recommendations. The Commission and the NSW Police Service will monitor jointly the implementation of those recommendations and report on their

effectiveness to both Commissioners, relevant ministers and the public at the end of 1995.



The ICAC is working with the NSW Police Service to monitor a series of improvements to corruption prevention and accountability strategies within the Service. Many of these originated from the Commission's Investigation into the Relationship Between Police and Criminals. Former ICAC Commissioner Ian Temby, QC, and Police Commissioner Tony Lauer are pictured at the media launch of the corruption prevention project A High Risk Area: Management of Criminal Investigations in October. Photo by Lynette Payton.

Evidence suggests more public sector agencies are accepting their responsibility to improve public sector integrity. One indicator is the number and nature of requests from agencies for advice and assistance from the Commission. The number of advices responding to requests was just under 120, an increase of nearly 50 per cent on 1992-93. An increasing proportion of those requests sought comment on policies, practices and procedures aimed at minimising corruption. Others sought advice on the use of principles or other guidance from the Commission in developing their own framework for minimising corruption. Examples include advice to the NSW Police Service on the development of their Corruption Prevention Strategy and Plan and comments to

the Department of Health on its Code of Conduct and, later, its Fraud and Corruption Prevention Strategy.

A wide range of departments and agencies sought Commission involvement in seminars, workshops and other activities aimed at raising awareness and developing approaches to minimise corruption. An important initiative was taken by the Department of Health in inviting the Commission to work with it and the NSW Trades and Labour Council to develop a training program for managers and supervisors on Ethics and Accountability in NSW Health. At the end of the reporting period the training program material was being finalised for launch in September 1994.

To assess the usefulness of an earlier project report on *Cash Handling in Hospitals* a monitoring project was undertaken in conjunction with the Department of Health.

CO-OPERATIVE EFFORTS WITH GOVERNMENT

CO-OPERATIVE EFFORTS WITH CENTRAL POLICY UNITS OF GOVERNMENT

Central policy units of government assist agencies in implementing government policy by issuing guidelines and standards. In the reporting period the Commission took up opportunities to work with such units and contribute to the guidelines and standards.

With the Office of Public Management, the Commission began work on a joint review of Public Sector Codes of Conduct. This review of agencies' approaches to developing and implementing codes of conduct aims to assist them further to ensure the codes are active policy documents contributing to the creation of an ethical organisational culture. The Office also sought and included advice from the Commission on probity aspects in the

Contracting and Market Testing Policy issued early in 1994.

Following consultation with the Commission, Premier's Memorandum 93-34: ICAC Advice on Major Development Proposals was issued to encourage Ministers to ensure their agencies consult with the Commission during project development where special or unique circumstances might raise issues of public sector probity.

Other examples of co-operative efforts with central units of government included:

- comments on *Fraud Prevention Strategies*, a publication of the Office of Public Management (OPM) based on work by the Auditor-General's Office to assist public sector organisations to improve their performance in preventing fraud and corruption; the Commission was involved in workshops aimed at assisting agencies in implementing the guidelines;
- advice to the Construction Policy Steering Committee on probity references and corruption prevention issues in the *Capital Project Procurement Manual* launched in late 1993; the manual also includes Conflict of Interest Guidelines;
- continuing involvement with OPM, Public Works Department, Commercial Services Group and Property Services Group in the development of *Procurement and Disposal Guidelines*, a document designed to meet the increasing demand for knowledge about tendering and contracting;
- suggestions to the Department of Local Government and Co-operatives on their draft *Model Code of Conduct* for local government and their *Local Government Tendering Regulations*;
- advising and assisting the Premier's Department in the development of guideline material for private sector involvement in the provision of infrastructure for the 2000 Olympic Games.

FUTURE DIRECTIONS

In 1994-95 the Commission will continue the directions referred to above namely:

- broadening the focus on organisations and issues covered;
- working collaboratively with central policy units; and
- increasing the attention to the public/private sector interface whilst continuing to assist individual agencies.

It will evaluate the effectiveness of its advice and work with agencies and the private sector to explore ways of making its advice more relevant and useful to them.

Some areas of local government where corruption prevention approaches will be finalised are planning and development systems and conflicts of interest other than pecuniary interests. The Commission will also seek to develop practical ways of addressing the issues which arise in the conduct of former public officials, especially in their employment by organisations doing business with government.

3 COMBATING CORRUPTION

CORPORATE PLAN OBJECTIVE

Meeting Statutory Accountabilities

The Commission has been given wide-ranging powers under the ICAC Act as a result of the perception that traditional methods have been ineffectual in combating corruption.

In exercising these powers and discharging its responsibilities, the Commission must act and be seen to act in an accountable, principled and lawful way. This is particularly important in the conduct of investigations, hearings and in reporting on its work. Fair treatment of all those who are involved in its processes is a priority for the Commission.

INVESTIGATIONS, FUNCTIONS AND POWERS

An investigation may be commenced by the Commission from one of four sources:

- the ICAC's own initiative;
- a complaint made by any person;
- a reference from both Houses of Parliament;
- a report made by the head of a public sector agency.



The ICAC legal team is led by the Solicitor to the Commission, Gail Furness, who is pictured discussing aspects of the ICAC computer system with Information Technology Unit officer Laurie Chan.

A matter referred by Parliament must be fully investigated, otherwise the Commission has a discretion whether or not to conduct an investigation, subject to consultation with the Operations Review Committee (ORC). This Committee's composition and functions are described in this Chapter.

The Commission has adopted an internal procedure to ensure that it exercises its considerable powers only in appropriate circumstances. Terms of reference are drafted establishing the parameters of an investigation and are signed by the Commissioner at the start of every formal investigation. Coercive powers are used only in formal investigations.

POWERS

A public authority or public official may be required by the Commission to produce a statement of information (under s21 of the ICAC Act) and any person may be required to produce specific documents or things (s22). Both powers are exercised by written notice.

The Commission issued 19 s21 notices and 286 s22 notices during the reporting period, most of the latter related to the investigation into aspects of Randwick City Council.

ICAC officers authorised in writing by the Commissioner may enter specified premises occupied by a public authority or public official, inspect any document or thing in the premises and take copies of any document (s23). Five s23 notices were issued in 1993-94.

On application by an ICAC officer, an authorised justice or the Commissioner may issue a search warrant if satisfied reasonable grounds exist for doing so (s40). An officer may apply for a search warrant to enter premises in which he or she reasonably believes there are things connected with an ICAC investigation.

The Commission continued its policy of generally seeking search warrants from authorised justices. During 1993-94 no

warrants were issued by the Commissioner, 60 search warrants were sought and obtained from authorised justices.

Section 19 of the ICAC Act allows the Commission to apply for a warrant to use a listening device under the Listening Devices Act 1984. The ICAC obtained 13 such warrants from judges of the NSW Supreme Court during the reporting period.

Recording of telephone calls is available to the ICAC under the Telecommunications (Interceptions) Act 1979, providing a warrant is obtained that relates to the investigation of specific offences mentioned in the Act. As these offences do not include corruption, the Commission's use of this power is limited, and one warrant was issued by a judge of the Federal Court during 1993-94.



A number of national and international officials involved in fighting corruption visited the Commission to speak with ICAC officers during 1993-94. Among them was one of Italy's leading anti-corruption prosecutors Antonio Di Pietro, seen talking with Acting Commissioner John Mant in April. Mr Di Pietro also addressed a general meeting of Commission staff and took questions about his work.

For the purpose of ensuring statutory compliance, the NSW Ombudsman is required to inspect the records maintained by ICAC in relation to telephone interception activities. Such inspections were conducted on 24 September 1993 and the 25 May 1994.

HEARINGS

Hearings are held for the purposes of an investigation (s30), and the ICAC can summon a person to appear at a hearing to give evidence or produce documents, or both (s35).

During 1993-94, 146 such summonses were issued, while 12 orders directing the NSW Department of Corrective Services to produce prisoners before the Commission were made (s39).

The Commissioner or an Assistant Commissioner can conduct hearings, which can be public, private or a combination of both (s31).

In deciding whether to hold hearings in public or private, the Commission must have regard for any matter related to the public interest.

Persons allowed to be present during a private hearing are subject to the direction of the Commission (s31), which may also prohibit the publication of evidence from a hearing (s112).

The Commission generally permits legal representation for any witness at a hearing, while any person or group with a substantial and direct interest in the same matter may also be allowed legal representation.

Procedures for conducting hearings and matters to be considered when deciding if proceedings should be public or private have been published by the Commission. These procedures are available on request.

When public hearings occur or an investigation originates from a Parliamentary reference, the Commission must provide a report to Parliament. Reports into any other ICAC investigation may also be prepared (s74).

Hearings were held in six investigations during 1993-94 and 132 people gave evidence.

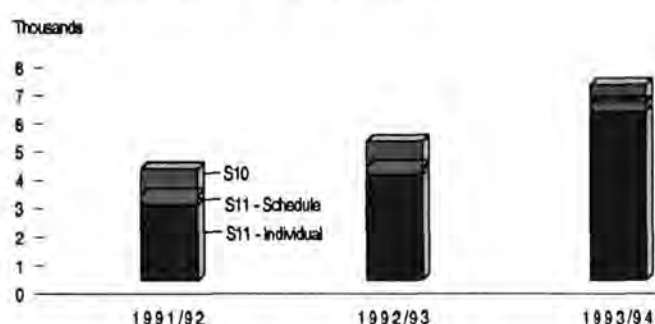
Matter	Public Hearing Days	Private Hearing Days	Both
Randwick City Council (No. 61)	25.5	8.5	9
Police and Criminals (No. 39)	15	8	18
Police and Confidential Information (No. 67)	-	1.5	-
Conduct of Brian Zouch (No. 47)	3	-	-
Port Stephens Council (No. 70)	-	1.5	-
A Statutory Authority (No. 62)	-	0.5	-
TOTAL	43.5	20	27

MATTERS RECEIVED BY THE COMMISSION

The Commission continued to receive a large amount of information about corrupt conduct in the form of complaints from the public under s10 of the ICAC Act and reports of corrupt conduct from public authorities under s11.

The total number of items received by the Commission has increased in each of the past three years as indicated by the following graph:

ITEMS RECEIVED 1991/92 TO 1993/94



Erratum:

The identification of s11 schedule and s11 individual complaints in the graph above has been transposed.

Some authorities with a large number of matters to report, such as the NSW Police Service and the Department of Local Government, meet this responsibility by regularly providing a schedule of matters.

All matters received by the Commission are classified into one of eight categories to ensure that Commission resources are applied properly.

Briefly, these are:

- **Public complaints**, which concern or may concern corrupt conduct by any person, as long as that conduct affects (or could adversely affect, directly or indirectly), the honest or impartial exercise of official functions by any public official or public authority and could constitute a criminal or disciplinary offence, or grounds for dismissal;
- **Public sector authority reports** must be supplied to the Commission under s11 of the ICAC Act. Principal officers from such authorities provide these reports when they have a reasonable suspicion that a matter concerns or may concern corrupt conduct;
- **Information** which itself does not constitute a complaint of corrupt conduct but does concern a circumstance or situation with the potential for corruption;
- **Enquiry** is where information is sought from the ICAC, usually by a member of the public, as to whether a particular situation might indicate corrupt conduct;
- **Dissemination from other government agencies** (not from the NSW public sector) of information about potential corrupt conduct. The National Crime Authority, the Australian Federal Police and the Commonwealth Ombudsman are among agencies providing such information;
- **ICAC initiatives** are enquiries started by the Commission without a complaint or report having been received. Such matters can, for example, be prompted by media reports;

- **Referral from Parliament** relates to that section of the ICAC Act which allows referral of a matter for investigation, following a resolution by both Houses of Parliament. Two referrals were made during 1993-94;
- **Outside jurisdiction** refers to matters which have no connection with the NSW public sector. People making complaints outside ICAC jurisdiction are, where possible, referred to an appropriate agency.

COMPLAINTS FROM THE PUBLIC

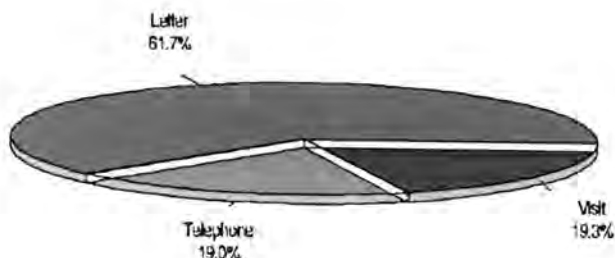
The number of complaints from the public, received under s10, decreased from 928 in 1992-93 to 642 in 1993-94.

In evidence before the Parliamentary Joint Committee on the ICAC, given on 15 October 1993, Commissioner Temby commented on the fall in the number of complaints when public hearings were not being held in early 1993.

Monthly registrations of complaints from the public were at reduced levels for the first six months of 1994, a period which included only one investigation involving public hearings.

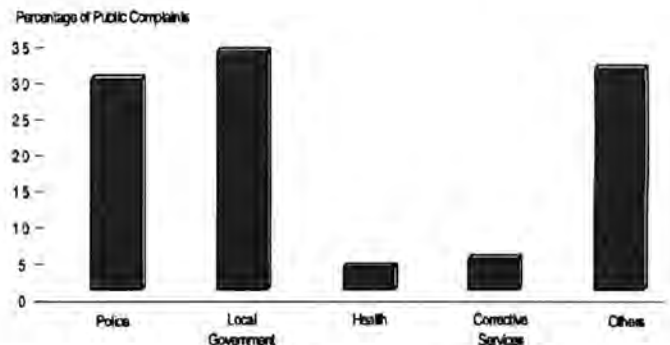
Complaints are received by letter, telephone or personal visit. The source of s10 complaints during the reporting period follows.

SOURCE OF S10 COMPLAINTS



The public authorities subject to s10 complaints were:

PUBLIC AUTHORITIES SUBJECT TO S10 COMPLAINTS



The number of matters classified as outside jurisdiction was 140, an increase of 26.

REPORTS FROM PUBLIC AUTHORITIES

In the 1992-93 Annual Report, the Commission commented on the difficulties in ensuring adequate reporting of corrupt conduct by some public authorities.

Over the past 12 months considerable effort has gone into a campaign to provide information to public authorities and to encourage better reporting.

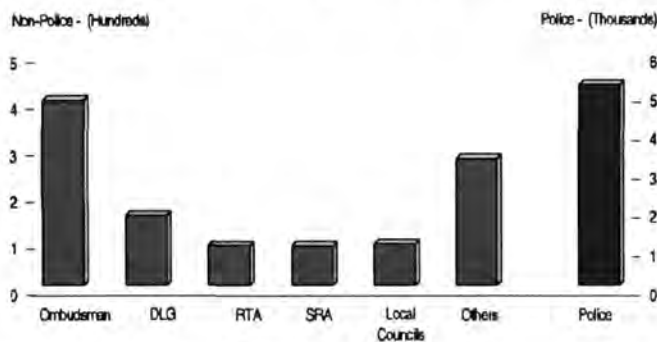
Revised guidelines for the reporting of corrupt conduct were issued and appear in Appendix 5. The new guidelines were circulated in January 1994 to all principal officers in NSW and were followed by a series of seminars to provide more information and to enable discussion about the reporting requirements under s11.

The campaign resulted in a significant increase in the number of matters reported both by schedule and individually. The number of matters reported by schedule increased by

60 per cent and the number reported individually increased by 26 per cent compared with 1992-1993. The individual s11 reports particularly increased following circulation of the new guidelines.

The graph below indicates the number of items received from those authorities (police and non-police) which have reported a large number of items in the past 12 months.

AUTHORITIES – NUMBERS OF ITEMS RECEIVED



DLG = Department of Local Government

The increase in matters reported by schedule results particularly from an increase of 2,137 matters included in the NSW Police Service schedules following system improvements. In addition more agencies have adopted schedule reporting.

FUTURE DIRECTIONS

FUTURE DIRECTIONS FOR THE ASSESSMENTS WORK OF THE COMMISSION

A new operational plan for the assessment work, adopted in February 1994, shifts the focus of work from s10 complaints to s11 reports of corrupt conduct. Considerable effort has been directed to developing liaison relationships with public sector agencies to facilitate s11 reporting. This strategy will continue.

PREVIOUS INVESTIGATIONS REVIEW

REVIEW OF PREVIOUS INVESTIGATION REPORT RECOMMENDATIONS

Work began on a study to determine the extent of adoption of recommendations from previous investigation reports. The project will provide a system of recording and structuring information which can be readily adapted to similar work with future investigation reports. The project will also highlight follow-up work required by the Commission to assist the implementation of outstanding recommendations.



Notifications of alleged or suspected corrupt conduct by public sector agencies rose 58 per cent during the reporting period, partly due to an ICAC campaign for better compliance. The Director of Operational Services, Tim Robinson (pictured above with assessment officer Sue Nevin-Taylor) is responsible for the ICAC's assessments work, as well as security and technical services.

Twenty-two reports have been studied so far. Measures dealing with about half the recommendations made have been implemented.

Significant changes included:

- A number of Commission investigation reports have considered tendering. Through initiatives by the ICAC, NSW Government and OPM, significant changes to tendering have occurred in NSW. A working group was established in February 1994 to produce procurement and disposal guidelines for endorsement by the Government.
- A code of conduct for local government has been established under the Local Government Act. The Act also established the Pecuniary Interest Tribunal. The new Local Government Act contains a definition of pecuniary interest similar to that suggested by the Commission in its *Conflict of Interest Report*. The new Act requires disclosure of pecuniary interests where a person is deciding a matter under delegated authority or providing a report on a matter to council. Failure to disclose a pecuniary interest is no longer a criminal offence.
- A new Act, the Driving Instructors Act, was proclaimed in 1992. Under this Act a driving instructor must complete an approved driver's instruction course to be issued with a licence and all existing licensees are required to complete the training course within three years. Certain persons are prohibited from conducting driving schools. New penalties have been introduced under the Act.
- The RTA has introduced a computerised knowledge test. Testing of drivers is now undertaken by police as agents for the RTA. RTA or police testing officers are now precluded from testing close friends or relatives.
- Further safeguards on the issuing of photo licences prevent the issuing of licences in fictitious identities without detection. Driving instructors are now issued with a photo licence.

- The Police Regulations have been changed to provide that a police officer should not be victimised for providing information about another officer where a sincere belief was held that a complaint was justified. The rationale of the change was to offer whistleblowers greater protection and to provide an objective rather than a subjective test.

INVESTIGATION REPORTS TO PARLIAMENT

A SUMMARY OF INVESTIGATION REPORTS TO PARLIAMENT

During 1993-94 the ICAC published investigation and corruption prevention reports which covered a wide range of government departments and agencies. Five investigation reports were furnished to Parliament.

Summaries of these reports follow.

INVESTIGATION INTO THE CONDUCT OF BRIAN ZOUCHE (NOVEMBER 1993)

Assistant Commissioner Peter McClellan, QC, inquired into the conduct of Brian Zouch, a former Deputy Mayor of Coffs Harbour City Council, in relation to his dealings with developers in the Coffs Harbour area between September 1987 and September 1991.

The investigation concerned the relationship between Mr Zouch and two local property developers, Robert Johnson and Leslie Merton. Both men had paid considerable sums of money to Mr Zouch or the newspaper he owned, the *Sawtell-Toormina Advertiser*.

After a series of public and private hearings, Assistant Commissioner McClellan concluded that payments made by Mr Johnson were not corrupt, that some payments made by Mr Merton were corrupt, and that Mr Zouch had

acted corruptly. The report recommended that the Director of Public Prosecutions consider the prosecution of the latter two men on bribery and secret commission offences.

INVESTIGATION INTO COLLINS V RYAN (JANUARY 1994)

This investigation looked at circumstances surrounding the settlement of a defamation action between NSW Treasurer Peter Collins and Dr Michael Ryan of the NSW Health Department.

Mr Collins began the proceedings when he was Opposition health spokesperson after a letter written by Dr Ryan appeared in a Wollongong newspaper in January 1988. The action was lost in December 1992 and Mr Collins appealed. Shortly before the matter was to be heard a settlement was reached which substantially allowed each party to pay its own costs.

As the Health Department could have recovered between \$37,000 and \$56,000 from Mr Collins for the cost of Dr Ryan's legal expenses if such a settlement had not been reached, questions in State Parliament asked whether Mr Collins, as a government minister, had influenced the Health Department to accept the settlement.

Parliament referred the matter to the ICAC. Assistant Commissioner Kevin Holland, QC, conducted the investigation and reported that no attempt was made by any minister or other government officer to influence the Health Department in its deliberations or the making of its decision. Senior public servants involved in the settlement were also found to have acted with complete propriety.

In line with the ICAC's responsibility to consider public sector procedures, the report recommended guidelines be developed for indemnifying public servants for legal costs associated with their duties. Such indemnities would be moderated by the Crown Solicitor.

The Commission also sought development of a policy stating when and how public servants in their official capacity can respond to the media.

INVESTIGATION INTO THE RELATIONSHIP BETWEEN POLICE AND CRIMINALS — FIRST REPORT (FEBRUARY 1994)

The police and criminals investigation, known as Operation Milloo, was the ICAC's most difficult and complex to date. The investigation began in August 1991, with hearings held over a 12-month period. It examined the relationship between certain NSW police officers, particularly detectives, and criminals dating back to January 1975.

Police activities which came under particular attention were associations between some police and criminals, police prosecutions and the way some of them were "fixed", the work of the Gaming Squad, and related subjects, such as handling of complaints by one police officer against another.

Arthur Stanley Smith was a significant witness at the hearings. He had alleged that certain current and former police officers had assisted him in the commission of serious crimes and, in some cases, had actively participated in certain offences.

Smith was a professional criminal and, accordingly, the Commission decided any corrupt conduct findings against individuals would not be made on the basis of his evidence unless it was corroborated in a relevant sense. In many cases such corroboration was present. Sometimes it was found on official police or other records. Tapes of legally intercepted telephone conversations provided strong support for some of what Smith said. The report concluded that for more than a decade Smith was helped by various police officers who gave him confidential information, "looked after" him when charges were laid or seemed likely and generally acted contrary to their sworn duty.

The investigation went far beyond the allegations of Smith, and, in fact, more than half of the matters dealt with were unrelated to him. Evidence emerged of improper relationships between those in business, gaming operators and police. It was found that some criminal prosecutions had been compromised by police, either for their own purposes or at the behest of criminal associates in return for money. In addition, complaint handling procedures were not followed and/or responsible officers who informed on corrupt colleagues were treated badly by the Police Service.

The Milloo Report found 10 people (nine of whom were serving or former police officers) had acted corruptly, and statements that consideration be given to criminal and/or disciplinary action were made against 15 people. Consequently, the Director of Public Prosecutions has commenced proceedings against a number of people and the NSW Police Service has begun disciplinary action against several officers.

INVESTIGATION INTO THE RELATIONSHIP BETWEEN POLICE AND CRIMINALS - SECOND REPORT (APRIL 1994)

Systemic deficiencies identified by the Milloo investigation were the subject of the second report described in Chapter 2 of this report.

MATTERS RELATING TO POLICE AND CONFIDENTIAL INFORMATION (JUNE 1994)

This matter was referred to the ICAC after it was discovered that several criminals possessed copies of the NSW Police Service State Intelligence Group's (SIG) Major Active Criminal (MAC) List. The list included details of known criminals, their associates, types of activity for which the person was known or suspected and the identity of police interested in the individual.

Several major faults with the SIG's information security procedures were identified in the report, which also criticised the attitude of the group's commander towards such matters as being "of grave concern".

The report found that the unauthorised release of the MAC List "is an example of the environment which can be created which does not discourage but permits corrupt behaviour."

Recommendations to improve the security of confidential police information and staff vetting at the SIG were contained in the report.

EXTERNAL COSTS OF INVESTIGATIONS

The external costs of the investigations completed during the year are reported in Appendix 12.

CONTINUING INVESTIGATIONS

Investigation 61, which began in 1993, continues to examine the conduct of councillors and officers of the Randwick City Council in the processing of development and building applications and the relationship between councillors, officers and developers. Hearings were held in November and December 1993, February, March, April, May and June 1994.

Investigation 67, on matters relating to police and confidential information has been the subject of a report to Parliament. The majority of this investigation has been completed, however some matters remain outstanding.

Investigation 69 is examining an allegation that a former employee of a public authority received a corrupt payment in return for allocating a cleaning contract.

Investigation 70 is examining the relationship between property developers and Port

Stephens councillors and council officers, with particular reference to conflicts of interest and includes systemic issues.

Investigation 71 was referred to the Commission by both Houses of Parliament. The Commission is required to investigate whether some NSW police officers have protected paedophiles from investigation or prosecution, and whether the relationship between the Police Service and other public authorities has adversely affected the investigation and prosecution of paedophiles. An interim report will be provided to Parliament by 1 October 1994.

Investigation 72 is examining a number of complaints concerning the activities of some people involved in the administration of a statutory authority.

In addition to the formal investigations described above, a number of other significant preliminary investigations are currently being undertaken.

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

Prosecutions against 56 individuals were started during the reporting year as a result of ICAC investigations and reports, while disciplinary proceedings were commenced against 5 public officials named in Commission reports. A list of prosecutions and disciplinary proceedings appears in Appendix 6.

LIAISON WITH LAW ENFORCEMENT AGENCIES

The Commission continued to liaise with a range of State and Federal law enforcement organisations. Assistance and information is given to them and by them in response to requests. Matters outside ICAC jurisdiction may be referred to appropriate agencies.

In 1993-94 information was exchanged with the Australian Federal Police, the Australian Bureau of Criminal Intelligence, the National Crime Authority and the NSW Police Service.

JUDICIAL REVIEW AND DECISIONS

CORNWALL CONTEMPT CHARGES

The ICAC commenced Supreme Court proceedings in March 1993 certifying a contempt of the Commission by Deborah Cornwall, a Sydney journalist. This matter was reported in the Commission's last Annual Report.

On 6 July 1993, Justice Abadee found that Ms Cornwall had committed a contempt and imposed a two-month suspended sentence conditional on her performing 90 hours community service with Redfern Legal Centre.

Ms Cornwall has appealed this decision, and the appeal is still to be heard.

PARLIAMENTARY COMMITTEE ON THE ICAC

The Parliamentary Committee on the ICAC was established by the ICAC Act to monitor and review Commission activities and to examine ICAC reports on relevant matters and trends in corrupt conduct. Reconsideration of particular ICAC operational decisions relating to investigations or complaints is not part of the Committee's role.

Members of the Committee during the reporting period were:

Mr MJ Kerr, MP (Chairman), Mr BJ Gaudry, MP, Mr JE Hatton, MP, Mr PR Nagle, MP, Mr J H Turner, MP, Mr AA Tink, MP, the Hon JC Burnswoods, MLC, the Hon DJ Gay, MLC, (Vice-Chairman), and the Hon SB Mutch, MLC.

The Committee requests the Commissioner to give evidence before it in public hearings twice yearly, refers unsolicited complaints from the public to the ICAC for response, and conducts inquiries into particular areas of relevance to the work of the Commission.

During the reporting period, the Commissioner gave evidence to the Committee on 15 October and 4 March. The Committee met with the Commission's Operations Review Committee on 4 February.



The Commission has three main functions under the ICAC Act 1988: investigation, corruption prevention, and education. In addition to housing over 120 staff, the Commission's Redfern premises also contain a major and a minor hearing room, which are used for public and private hearings.

LEGAL CHANGES AFFECTING THE COMMISSION

LEGAL CHANGES AFFECTING THE COMMISSION OR USERS OF COMMISSION SERVICES

SYDNEY ORGANISING COMMITTEE FOR THE OLYMPIC GAMES ACT 1993

Section 64 of the Sydney Organising Committee for the Olympic Games (SOCOG) Act 1993 declares that SOCOG is a public authority for the purposes of the ICAC Act, thus bringing it under the Commission's jurisdiction.

REVIEW OF THE ICAC ACT

As the last Annual Report noted, the Parliamentary Committee on the ICAC released its Review of ICAC Act on 2 June 1993. The Commission understands that the matters it recommended be referred to the Law Reform Commission have not yet been referred. The Government has not adopted the recommendations.

RECOMMENDED LEGAL CHANGES

The legal changes recommended by the Commission were as follows:

JURY ACT 1977

The Commission requested an exemption from jury service for its staff, their spouses or defacto partners. Exemptions exist for the Ombudsman, the Director of Public Prosecutions, members of the NSW Crime Commission and, in some cases, the staff of such bodies, their spouses or defacto partners.

The Attorney-General's Department has advised that the issue of jury exemption is being reviewed by a Jury Task Force and the Australian Institute of Judicial Administrators. The ICAC's request will be considered after that review.

CRIMINAL RECORDS ACT 1991

The Commission sought an exemption from the provisions of s12 of the Criminal Records Act in relation to assessing prospective ICAC employees.

The legislation provides that a person is not required to disclose information concerning spent convictions and that any question concerning a person's criminal history be taken to refer to convictions which are not spent.

The Act excludes applications by a person to various positions, including police and prison officers, from the requirement not to disclose previous convictions. The making of a regulation exempting the ICAC from the Act's provision in this regard has been approved by the Attorney-General.

NEW SOUTH WALES GAMING AND BETTING LAWS

The NSW Chief Secretary's Department sought the ICAC's views on a review of the State's gaming and betting laws.

The Commission submitted that consideration be given to whether certain gambling activities should continue to be proscribed and to shifting the onus of proof onto the accused in gaming matters once certain threshold factors are established. The introduction of forfeiture provisions was also supported.

PRIVACY AND DATA PROTECTION BILL 1994

The Commission made a submission to the Parliamentary Select Committee enquiry into data protection and privacy related matters. The submission included recommendations concerning matters in the ICAC *Investigation into the Unauthorised Release of Government Information*. The Commission maintained that the Bill should be amended to prohibit unauthorised dealings in confidential information, that unauthorised dealings in confidential corporate information should be prohibited, and that the powers of the Privacy Commissioner should be broadened.

PROTECTED DISCLOSURES BILL 1994

As mentioned in the last Annual Report, the Commission made submissions concerning proposed whistleblower protection legislation to a parliamentary committee. The committee's report, published in June 1993, gave rise to the Protected Disclosures Bill 1993.

The Commission noted that the Bill failed to adopt the legislation committee's recommendations concerning the requirement that government agencies develop internal procedures for receiving and acting on disclosures.

Additionally, the Commission expressed concern that the Bill would deny protection where a disclosure involved solely questioning the merits of government policy. The Bill was further amended and introduced to Parliament on 21 April 1994. It has yet to be passed.

OPERATIONS REVIEW COMMITTEE (ORC)

The Operations Review Committee (ORC) provides advice on the ICAC's performance of its investigative functions, especially in relation to matters brought to the Commission by members of the public.

The Committee comprises eight members, four of whom represent community views, while the remainder are senior officers from public sector organisations. Based on s59 of the ICAC Act, which outlines ORC functions, the Committee resolved in May 1989 that its terms of reference would be to:

- advise the Commissioner whether the ICAC should discontinue or not commence investigation of a complaint;
- advise the Commissioner at least every three months whether the ICAC should continue an investigation;
- advise the Commissioner whether the ICAC should discontinue an investigation conducted by its own initiative or on a report made to it;
- receive from the Commissioner a report relating to the completion of an investigation;
- advise the Commissioner on any matters referred to it by him; and
- bring to the Commissioner's attention any matters relating to the operations of the ICAC which the Committee considers important.

ORC STRUCTURE AND OPERATIONS

The ORC is required under the ICAC Act to meet at least once every three months but generally convenes monthly on Commission

premises, with the Commissioner as Chairperson.

A quorum comprises five members, one of which must be the Commissioner or an Assistant Commissioner.

ORC membership at the end of the reporting period was Acting Commissioner John Mant, Assistant Commissioner Peter McClellan QC, Mr Laurie Glanfield, Director-General Attorney-General's Department, Mr Tony Lauer, APM, NSW Police Commissioner, Rev Bruce Ballantine-Jones, President of the Anglican Church League, Ms Carmel Niland, company principal, Mr John Bragg, chartered accountant and Ms Felicity Wardhaugh, a solicitor in private practice. Ms Wardhaugh replaced Mr Daniel Brezniak, who left the ORC in March 1994.

The latter four members represent the community on the ORC; they are appointed by the Governor on the recommendation of the Premier and with the concurrence of the Commissioner.

Reports on each complaint set out its circumstances, the extent of inquiries undertaken, an assessment of the matter and a recommendation as to any further action by the Commission.

These reports are given to Committee members one week prior to each meeting, enabling them to individually consider each matter. Any reports a member wishes to discuss are identified at the meeting, and the Committee then determines what recommendation it will make to the Commissioner. If a matter is not identified, the recommendation in the report is adopted by the ORC.

Complex matters are occasionally held over for a later meeting to allow members to examine

OPERATIONS REVIEW COMMITTEE (ORC)

files and consider the matter in greater detail. The ORC can also ask that further inquiries be conducted, with the results reported to the Committee. Additionally, regular reports of current investigations are submitted to the ORC for its information.

Reports from public authorities under s11 of the ICAC Act are not reported to the ORC unless they result in an investigation.

The ORC met eight times during 1993-94. The October 1993 meeting was cancelled due to lack of quorum. Delay in replacing Mr Brezniak was primarily responsible for the cancellation of a further two meetings in 1994.

The number of reports submitted to the ORC fell during the reporting period.

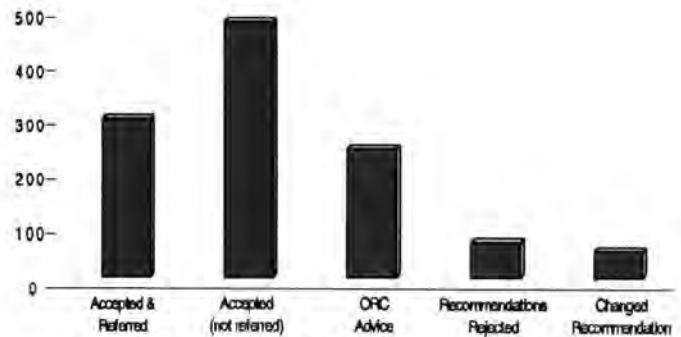
The Committee considered 726 reports in comparison with 1027 reports the previous year, a reduction of approximately 29 per cent. This reflects the fall in complaints received and the consideration of an unusually large number of reports in the previous year. A total of 696 complaints was finalised.

- During 1993-94 726 reports were considered by the ORC (an average of 66 per meeting) representing a total of 995 matters.
- The disparity in numbers occurs because a report can deal with more than one matter which may be reported to the Committee more than once.
- 291 matters were referred to other agencies, 223 of these were in accordance with recommendations made by ICAC officers, while the remainder were at the ORC's instigation.
- The ORC provided advice in relation to 235 matters.
- The Committee did not accept the recommendations of ICAC officers in respect of 65 matters; 48 of those recommendations were altered significantly by the Committee.

- 109 status reports were presented to the Committee. These reports are submitted to the ORC when a matter, not incorporated into a formal investigation, has been in the Commission six months or more. A report is required every month thereafter until the matter is finalised.

The purpose of status reporting is to ensure that matters are being processed in a timely fashion. This safeguard was introduced in July 1992 for all matters which had been in the Commission for 18 months or more. This period was reduced to six months in April 1993.

ORC ADVICE IN THE REPORTING YEAR



ISSUES PAPER

In August the Commission prepared an issues paper entitled *Composition of the Operations Review Committee and Reporting by the Committee on its Activities*. Issues explored in the paper included whether the ICAC Commissioner or the Police Commissioner should sit on the ORC, the appropriateness of the number of community members on the Committee, and whether the ORC should report to Parliament.

The paper proved useful in generating discussion of pertinent issues among Committee members and between the ORC and the Parliamentary Joint Committee, with which annual meetings are held.

The Commission intends to pursue the ORC's recommendations from the paper.

TRAINING

Two ORC members, Mr Glanfield and Rev Ballantine-Jones, addressed a training session for ICAC staff in June. The purpose was to inform Commission officers about the expectations of the Committee, in addition to providing a forum where staff and Committee members could discuss issues relevant to ORC work. Both ORC members and ICAC staff found the session beneficial. The ORC has recommended that such training sessions become an annual event.

Where necessary remedial action is recommended and implemented at the time the audit is completed. This procedure commenced in March 1994.

AUDITING OF ORC REPORTS

In January the Commission engaged Mr A Waldon, an internal audit consultant, to ascertain the extent to which the Commission is meeting its statutory and procedural obligations in reporting to the ORC.

The audit addressed whether the classification system for matters had been correctly applied. The auditor's opinion was that the risk of avoiding reporting to the ORC was remote and no cases of incorrect classification were identified.

The audit also tested the effectiveness of controls that ensure that details of complaints are referred to the ORC. Audit testing did not reveal any clear discrepancy in the classification of matters or any significant omission in referring complaints to the ORC.

Suggestions were made for systems improvement and appropriate training conducted.

QUALITY ASSURANCE

An audit is also performed by the Commission on a random sample of reports submitted to the Committee each month. The reports, together with any associated files, are examined to ensure that information being presented is adequate and accurate. The results are forwarded to the Commissioner and the Committee every six months.

4 CORPORATE MANAGEMENT

CORPORATE PLAN OBJECTIVE

Ensuring Effective Corporate Management

The Commission aims to operate as a model agency in its internal management practices as well as in achieving its statutory objectives.

A number of significant developments occurred during the reporting period:

- the multi-disciplinary team approach was extended to more aspects of ICAC work, particularly in the Parliamentary reference into alleged police protection of paedophiles;
- the internal audit coverage of the Commission was extended to additional areas and brought forward to permit reporting in the Annual Report;
- components of the ICAC's corporate computer information system were substantially redeveloped;
- all policies and procedures relating to the use of the Commission's formal powers under the Act were reviewed and developed as needed.

STATUTORY APPOINTMENTS

The Commissioner is appointed by the Governor for a term not exceeding five years under the ICAC Act. In addition to exercising the ICAC's statutory functions and powers, the Commissioner also acts as Chief Executive.

The first ICAC Commissioner, Ian Temby QC, completed his five-year term on 13 March. Mr Temby practised law in Western Australia from 1966 and was made a Queen's Counsel in 1980. He was appointed the first Director of Public Prosecutions for the Commonwealth of Australia in 1984, a position he held until shortly before taking up the Commissioner's job.

John Mant was appointed Acting Commissioner upon Mr Temby's departure. Mr Mant, a lawyer and town planner, was at that time an Assistant Commissioner conducting the Randwick City Council investigation.

John Mant has been in private practice as solicitor, first as a partner at Davenport and Mant in the late 1960's, and then as a partner in Phillips Fox, Sydney, from 1987 to 1993. He has held a number of senior public service positions and has been a consultant to State and local governments. In 1992 and 1993 he conducted Commissions of Inquiry into the New South Wales Department of Housing and certain related customer service bodies.

In June, the State Government nominated the head of the NSW Supreme Court Commercial Division, Justice BSJ O'Keefe as the new Commissioner. At the end of the reporting period Mr Mant continued as Acting Commissioner.

Assistant Commissioners can be appointed by the Governor, with the Commissioner's concurrence, to assist the ICAC in matters as required. The appointment of Mr Peter McClellan QC, as Assistant Commissioner continued throughout the year.



The ICAC was established in March 1989 under the Independent Commission Against Corruption Act 1988. Its charter is to expose and minimise corruption in the NSW public sector. The Commission operates separately from the State Government and is responsible to the people of NSW through the Parliament.

There were no major changes to the ICAC's staff establishment levels, assets or budget allocation.

Two Assistant Commissioners were appointed during the reporting period:

- Kevin Holland QC, conducted the investigation into the defamation action between NSW Treasurer Peter Collins and Dr Michael Ryan of the NSW Health Department. Mr Holland was appointed in October for three months.
- Mr John Mant commenced an inquiry into relationships between property developers, councillors and officers of Randwick City Council. Mr Mant was appointed in November.

MANAGEMENT STRUCTURE

The position of Director of Operations, which had been vacant since October 1992, and one General Counsel position were deleted during the year. There were no other significant alterations to the Commission's management structure. An organisation chart appears in Appendix 7.

During the year the Commission established an Investigations Committee with the brief to provide advice in relation to the

commencement of formal investigations and continuing strategic corporate direction to the Commission's formal investigation work.

SENIOR MANAGEMENT

The senior management committee meets weekly to assist the Commissioner in managing the Commission and to discuss strategic, operational and policy matters. A number of changes occurred in senior management personnel during 1993-94. The senior management team at 30 June comprised:

Paul Seshold, Executive Director, appointed February 1993. Mr Seshold is responsible for the functions of Education, Research, Media, Administrative and Corporate Services. The Corruption Prevention Department also reports to the Executive Director. Mr Seshold joined the Commission from the private sector where his career included a number of senior commercial roles and appointment as Chief Executive of a manufacturing company. A graduate in Computational Science and Master of Science in Operational Research, Mr Seshold has particular expertise in strategic planning and management.

Peter Darlaston, Director of Investigations, appointed March 1994. Mr Darlaston is a member of the Australian Federal Police and holds the rank of Detective Superintendent. After serving as a police officer in the United Kingdom from 1967 to 1970, Mr Darlaston joined the AFP's predecessor, the Commonwealth Police Force, and served in various positions, including AFP liaison officer in Hong Kong, principal investigator to Tasmania's Carter Royal Commission and a secondment to the National Crime Authority.

Gail Furness, Solicitor to the Commission, appointed July 1993. Ms Furness is responsible for the Legal Department, which provides legal services and policy advice to the Commission.



In addition to being a member of senior management ICAC General Counsel Simon Strelton was the Commission's Staff Grievance Mediator during 1993-94. The staff grievance mediation policy allows resolution of staff grievances in a confidential, non-threatening way.

Ms Furness holds a Bachelor of Arts, Honours Law, and Master of Laws degrees. She has practiced in a range of areas throughout the public and private sectors, including administrative law and policy work.

Tim Robinson, Director of Operational Services, appointed December 1990, joined the Commission in November 1989. Mr Robinson is a former Australian Federal Police superintendent, whose 17-year police career covered the areas of fraud, organised crime and operations support.

Mr Robinson is responsible for the Commission's complaints assessment work and the functions of security, technical services and property. He is also responsible for servicing the Operations Review Committee.

Peter Gifford, Director of Corruption Prevention, appointed May 1993. Mr Gifford, who holds degrees in Arts and Economics, has worked in many areas of public sector corporate and line management, including five years as foundation director of the Merit Protection and Review Agency.

Mr Gifford has considerable experience in liaising and negotiating with the private sector and all levels of government.

Simon Stretton, General Counsel, joined the Commission in May 1992 after spending two years as General Counsel at the NSW Crime Commission. Mr Stretton, a barrister with extensive criminal law experience, has a Law Degree and Diploma in Legal Practice. He has published a range of articles on ethics and public administration. Mr Stretton is also the ICAC staff Grievance Mediator.

The following members of senior management left the ICAC during the reporting period:

- Ms Deborah Sweeney, Solicitor to the Commission (July)
- Mr Geoff Schuberg, Director of Investigations (November)
- Mr Greg Smith, General Counsel (November)

MANAGEMENT FUNCTIONS

The Commission is organised into five departments: Legal, Investigations, Corruption Prevention, Operational Services, and Education and Administration.

LEGAL DEPARTMENT

The Commission's lawyers provide a variety of legal and policy services, mainly connected with the ICAC's investigative functions. In addition to ensuring the Commission's work is performed lawfully and fairly, the department provides legal support to investigations and hearings. This includes preparing statutory notices for obtaining evidence, examining material obtained by investigators, liaising with witnesses, and instructing counsel in hearings.

The Department liaises with the Director of Public Prosecutions in relation to any prosecutions commenced following an investigation. It also represents the Commission in litigation.



Most ICAC investigators have a police background. Investigation staff largely come from the NSW Police Service, the Australian Federal Police, the National Crime Authority, Australian Customs Service, the armed forces, ASIO and the Hong Kong ICAC. A new Director of Investigations, Peter Darlaston, was appointed in March. Mr Darlaston is pictured (second from right) talking with staff members (from left, investigator Narelle Parsons, analyst Daniel Lee and investigator Richard Laws).

INVESTIGATIONS DEPARTMENT

The Department comprises five investigation teams and the Strategic Intelligence Research Group (SIRG). Team structures are flexible but generally comprise a chief investigator, two senior investigators, three investigators, an analyst, and a support officer. Currently, most investigators have a police background, with approximately one-third on two-year secondments from the NSW Police Service. Other investigators have come from the Australian Federal Police, the National Crime Authority, Australian Customs Service, the Australian armed forces, ASIO and the Hong Kong ICAC.

SIRG collects, collates and analyses information received from various sources to identify areas or patterns of corruption that may require further investigation. The group also provides strategic advice to investigation teams.

After the establishment of the Royal Commission into the NSW Police Service in May, liaison was established to allow it access to relevant ICAC information. It is anticipated that some ICAC investigators and analytical staff will be seconded to the Royal Commission during 1994-95.

CORRUPTION PREVENTION DEPARTMENT

The Corruption Prevention Department's work in improving public sector integrity is detailed in Chapter 2. Its completed and current projects are listed in Appendix 4 and its contribution through seminars and conferences, etc is included in Appendix 3.

OPERATIONAL SERVICES DEPARTMENT

The Operational Services Department provides operational support throughout the Commission. It includes the Assessment Section, Security Section, Technical Services Group, and Property Section.



Various corruption prevention guidelines to improve the probity of public sector agencies were produced by the ICAC during the reporting period; the matters covered included public sector travel payments, accountability for grants, and sponsorship principles. Corruption prevention staff, such as Leigh Elliot (pictured above) work with many agencies to improve or introduce systems designed to improve integrity.

ASSESSMENT SECTION

This section addresses all reports and complaints of corrupt conduct received by the Commission, conducts interviews with complainants, assesses the information received and liaises with public sector organisations.

SECURITY SECTION

The Security Section is responsible for the development and implementation of a protective security program for the Commission's staff and property, as well as its information and operations security.

A review of the ICAC's physical security requirements during 1993-94 resulted in significant annual cost savings. The Section continued to develop links with other law enforcement agencies and provided advice to a Commonwealth government department on security for chief executives.

TECHNICAL SERVICES GROUP

This group provides a broad range of technical services, including technological advice and analysis of seized and surrendered computer disks, together with the control and issue of operational equipment used to support

Commission activities. The group's staff possess broad technical and operational skills.

The group also liaised with other law enforcement agencies throughout Australia on information technology exchanges during 1993-94. This applied particularly to the ICAC's enhancement of audio tapes from authorised listening devices.

PROPERTY SECTION

The Property Section manages, controls and disposes of the large numbers of documents and material obtained during the Commission's work. This involves registering and tracking thousands of individual items, a significant number of which become exhibits at ICAC hearings or are used in criminal prosecutions.

ADMINISTRATION AND EDUCATION DEPARTMENT

The Department provides education, research and media services to assist the Commission's objectives. Other Departmental responsibilities include finance, records, information technology, information services and personnel. The Commission's education and media functions are described in Chapter 1.



The Commission published 12 investigation and corruption prevention reports and discussion papers during 1993-94. A range of matters was covered, including the Investigation into the Relationship Between Police and Criminals, Sponsorship Principles, public sector travel payments, and accountability for government grants.

RESEARCH UNIT

The Research Unit expands the information base for pursuing the Commission's statutory responsibilities. It achieves this by conducting original empirical research on corruption issues, providing support for major investigations and monitoring and/or evaluating Commission initiatives.

The unit also assists other ICAC areas to conduct their own research and links the Commission to researchers in related fields. Significant research contributions have been made to the Commission's investigation into alleged police protection of paedophiles.

Two of the unit's major activities are described in Chapters 1 and 2.

PERSONNEL UNIT

This unit provides a wide range of personnel and human resource services to the Commission. These include recruitment, payroll and assisting with all staff-related matters.

The main focus of the unit during the reporting year was supporting the Enterprise Bargaining process with the provision of information and advice. Personnel staff also successfully implemented the Commission's payroll and leave management computer system. Previously payroll matters were handled by another government department.

RECORDS UNIT

The unit manages the ICAC's current records and archives; it also supplies hearing transcripts, and traces and controls the movement of documents throughout the Commission.

During the reporting period, records management principles were extended to assist with the control and retrieval of electronic files through the use of structured directories and agreed document naming conventions.

INFORMATION SERVICES UNIT

The unit provides a range of library and information services, including reference and research, to all areas of the Commission. On-line computer systems are a major resource within the unit.

INFORMATION TECHNOLOGY UNIT

The unit is responsible for ensuring the Commission has functional and reliable computer services. The unit currently supports three Unix-based minicomputers, a database management system, image processing equipment and a Commission-wide Ethernet-based network. This provides the Commission with the benefits of full security over access to information, resource sharing and network software cost savings.

During 1993-94 the Commission's hardware was upgraded with the addition of a third minicomputer. The property module of the ICAC's corporate computer information system was substantially redeveloped. The system uses document imaging techniques and will reduce reliance on hard copy documentation. The in-house Help Desk, which provides assistance to users of the ICAC's 120 personal computers, was also improved. Network availability was in excess of 99 per cent during the reporting period. Unplanned downtime was less than three hours.

A substantial Commission-wide training program on general computer packages and specialised systems took place utilising in-house facilities. A disaster recovery plan to reinstate data retrieval services in the event of fire, water damage or system collapse was also developed.

FINANCE UNIT AND SERVICES UNIT

The Finance Unit provides accounting and budgetary services to the Commission. The Services Unit is responsible for procuring goods and services, in addition to managing accommodation, building maintenance and ICAC assets.

The Finance Unit was reorganised to improve its capacity to deliver services. This included the adoption of an amended internal chart of accounts to enhance management accounting reports for cost centre managers.

Commission finances come from the Consolidated Fund. As a body listed under Schedule Three of the Public Finance and Audit Act 1983, the ICAC prepares annual accounts in accordance with the Annual Reports (Departments) Act 1985.

Audited financial statements, including notes, appear in Appendix 9. The Auditor-General's report on the ICAC's 1992-93 audit noted some accounting procedural areas where cost-effective opportunities existed to improve the reliability of information and reduce risks. These recommendations were implemented.



As part of the Commission's community education programme, an outdoor poster advertising campaign began in 1992-1993 and continued into the early part of the new reporting year. 120 posters, of the type pictured above, were displayed at railway stations and major road junctions around Sydney.

ADDITIONAL FINANCIAL INFORMATION

INTERNAL AUDIT

The internal or management audit of the Commission's accounting, control practices and procedures is conducted by the Auditor-General.

The audit coverage was extended from a broad based audit of financial systems to a series of more detailed examinations of critical high risk areas, which included:

- purchases and disbursements;
- journals;
- payroll and leave recording, including the new payroll system; and
- aspects of the ICAC's information technology plan.

The audit was completed in May to suit the financial and reporting cycle. It identified a number of areas for further cost-effective improvements of ICAC policies and practices. The Auditor-General's recommendations were agreed to by the Commission.

FINANCIAL OUTCOMES

The Commission underspent its budget allocation by \$1.586 million, or 11 per cent of the total. This was attributable to:

- a cost reduction campaign lowered expenditure in a number of budget items;
- staffing levels were significantly below budget levels and unplanned personnel turnover rates were above estimates;
- the lower level of formal investigation activity resulted in savings in expense items such as legal costs and other hearing-related items;
- \$176,000 allocated for specific items was not spent.

MAJOR ASSETS AND MAJOR ACQUISITIONS

Major assets held by the Commission comprise leasehold improvements, computers, technical plant and equipment. Approximately \$200,000 was spent on capital equipment in 1993-94. Costs associated with the redevelopment of the Commission's computerised property registration system

were capitalised. Other funds were spent on asset replacements and technical equipment.

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

During the financial year the Commission granted \$2,000 to the St. James Ethics Centre to assist with funding a series of workshops for NSW parliamentarians on various ethical issues.

INSURANCE AND RISK MANAGEMENT

During 1993-94, the Commission reviewed a number of work practices and processes in conjunction with the Occupational Health and Safety Committee. These included a manual handling survey and the implementation of a reporting and rectification procedure for dealing with health and safety problems. The Commission's retained risk accounts show a total surplus of \$1,168 as at 30 June.

COST OF PRINTING ANNUAL REPORT

A total of 3,000 copies of the Annual Report for the year ending 30 June 1994 were published at a total cost of \$5.78 per copy.

A computer-readable form was supplied to the NSW Parliament and the Auditor-General.

The Commission's pursuit of equitable personnel practices includes provision of a safe and satisfying work environment, which attracts, retains and develops staff, encourages co-operative working relationships and rewards good performance. Respect for staff is an important Commission value. Personnel policies and practices aim to reinforce this.

Major achievements in the staff area during the reporting period were:

- in principle agreement between the Commission and staff on an enterprise agreement;
- the new ICAC payroll system became fully operational in July;
- an Equal Employment Opportunity Committee was established in October and has drafted a management plan for EEO work;
- the Occupational Health and Safety Committee conducted a series of workplace inspections to identify areas for improvement.

ENTERPRISE AGREEMENT

Enterprise bargaining discussions proceeded throughout the year. Extensive briefings and discussions were held, initially with the assistance of an external consultant, to learn about the process and to determine the best way to achieve agreement.

A joint management-staff Enterprise Bargaining Group, which included a representative of the Public Service Association, was formed to conduct the detailed discussions and prepare an agreement for review by all stakeholders. The group received training in cooperative negotiations, and much of the detailed work was achieved by small working parties. Widespread input was sought and obtained from staff throughout the Commission.

The proposed enterprise agreement was completed by the Enterprise Bargaining Group in June. A broad range of topics is covered by the agreement, including job evaluation, a single salary structure, conditions of employment, training and development, establishment of a Commission Consultative Group and a performance management system.

The Commission and staff expect the proposed agreement will bring major benefits by more closely aligning their interests. The agreement focuses heavily on issues which caused particular difficulties in developing the ICAC's efficiency and effectiveness. Following review by external stakeholders, including the Premier, the Commission hopes the agreement will be signed by the Commission and the Public Service Association and then registered with the NSW Industrial Relations Commission during October 1994.



The use of multi-disciplinary teams for major ICAC work was expanded during 1993-94 to draw on the expertise of staff throughout the Commission. The team members pictured above worked on the Investigation into Alleged Police Protection of Paedophiles.

CONDITIONS OF EMPLOYMENT

All Commission staff are employed on contract and are not subject to the provisions of the Public Sector Management Act 1988. Personnel join the Commission on secondment from the public sector or directly from the public or private sectors.

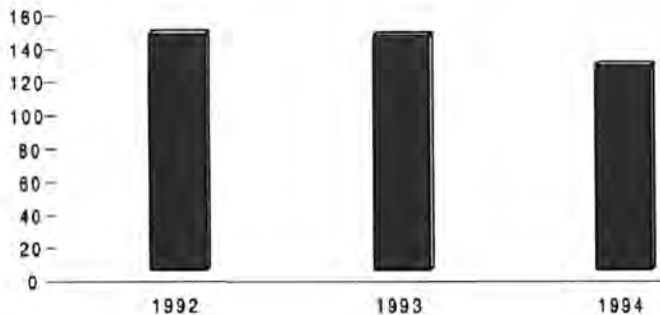
STAFF

ICAC personnel policies and procedures are set with the agreement of the Premier. While a number of these matters have been adopted from the public sector, some have been modified to facilitate the Commission's work.

STAFFING

A range of staff are employed to conduct Commission work. Where appropriate, however, services are contracted out, such as the recording of hearings, production of transcript and security services. At the end of the reporting period, 123 staff were employed by the Commission, including 11 temporary staff and 42 seconded public sector personnel. The following table shows the numbers of staff employed by the ICAC since 1992.

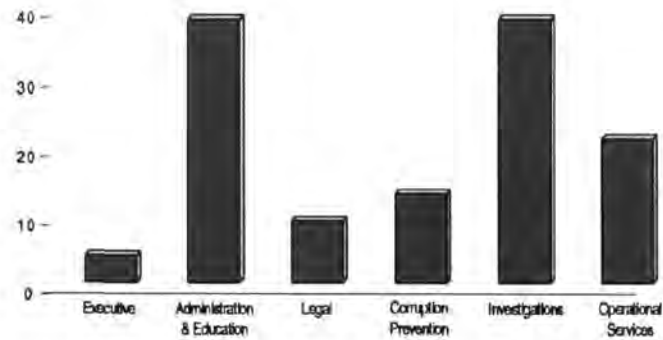
STAFF LEVELS 1992-1994



RECRUITMENT

ICAC staff appointments are made on the basis of merit, with most positions being advertised in the press. A selection committee with Commission and external representatives is responsible for recommending the best candidate after the consideration of written applications, assessment at interview and comments of referees. A stringent probity assessment, including detailed examination of personal and financial information, is carried out on each appointee.

AREAS OF STAFF EMPLOYMENT AS AT JUNE 1994



A total of 27 positions were filled during the year, including the senior management roles of Solicitor to the Commission and Director of Investigations. Recruitment campaigns were also conducted for:

- Accountant
- Assessment Officers
- Assistant Analyst
- Chief Investigators
- Corruption Prevention Officers
- Investigators
- Education Manager
- Media Manager
- PC Support Officers
- Principal Lawyers
- Project Officers
- Research Officer
- Senior Lawyers
- Senior Corruption Prevention Officers
- Senior Investigators
- Senior Assessment Officers
- Support Officers
- Principal Corruption Prevention Officer

WAGES AND SALARIES

Salaries, wages, allowances and conditions of employment, where not established by any other law, are set with the Premier's agreement.

The Commissioner's salary is linked to that of a puisne Supreme Court judge. This was revised

STAFF

by the Statutory and Other Officers Review Tribunal on 31 March.

Senior managers are appointed on term contracts, and although not members of the NSW Senior Executive Service (SES), their salaries and conditions are linked to that service. Consequently, the March 1994 rise in SES remuneration flowed to ICAC senior management.

Changes to staff salary levels have occurred during the reporting year. Some staff received a four per cent wage rise from January following the Industrial Relations Commission's judgement with respect to the Administrative and Clerical Officers Award.



Another international visitor to the Commission was Subhash Gupta from the Indian Central Vigilance Committee, seen here in June with Acting Commissioner John Mant inside the Major Hearing Room. The Central Vigilance Committee is responsible for fighting public sector corruption throughout India.

Simultaneously with the negotiation of the enterprise agreement, the Commission retained consultants to conduct a job evaluation exercise and advise on a unified salary structure for all staff. By year end, benchmark positions covering more than 70 per cent of ICAC staff

had been evaluated and a new salary structure proposed.

Staff participated as job analysts and, with senior management, as job evaluation panellists and members of the classification committee. The enterprise agreement provides for the salary structure to be implemented after the agreement is registered.

The liability of recreation leave and long service leave for ICAC employees at the end of the reporting period was as follows:

Recreation Leave	—	\$418,780
Extended Leave	—	\$473,709

EQUAL EMPLOYMENT OPPORTUNITY

The Commission is not covered by the NSW Government's EEO legislation under Part IXA of the Anti-Discrimination Act. However the Commission has recognised the significance of equal opportunity in the workplace and has decided to introduce an EEO program.

The Commission's equal employment opportunity committee was established in November. Its membership reflects the diverse staffing of the ICAC. An EEO policy was adopted by the Commission in April after a proposal by the committee and consultation with staff. An EEO management plan was also being finalised by the committee at year end.

Distribution of one EEO target group at year end 30 June 1994 was as follows:

Annual Salary	Total Staff	Women
Below \$29,554	8	8 100%
\$29,555 - \$37,400	34	27.5 82%
\$37,401 - \$48,365	29	9 31%
\$48,366 - \$60,457	27	9 33%
Above \$60,458	14	2 14%
Total	112	57.5 50%

Note: Excludes temporary staff

ICAC staff have been surveyed concerning EEO issues and the results will be incorporated in the management plan, which is expected to be lodged with the Director of Equal Opportunity in Public Employment in October 1994.

PERFORMANCE MANAGEMENT

The Commission has a performance review and appraisal system for all staff. Appraisals are conducted after a six-month probationary period and, thereafter, on appointment anniversary dates.

The enterprise agreement incorporates a new performance management system, which will assist the Commission and staff in setting work objectives and improvement plans. It is intended the new system will be implemented in late 1994.

STAFF DEVELOPMENT AND TRAINING

A range of training courses was conducted during the year. Many of these courses related to computer training and were usually conducted on the Commission's premises. These included training for new staff on the ICAC network, instruction for staff on software packages widely used in the Commission, and training on specialised packages for particular aspects of the Commission's work. The software package instruction was provided by external trainers. ICAC staff conducted the other courses.

Staff training was provided on preparing and making presentations, media skills, telephone skills, dealing with complainants, enterprise bargaining, job evaluation, team building, and time management.

An important component of the staff development activities has been temporary

secondment of staff to other parts of the Commission. A number of such transfers occurred in corruption prevention, assessments and investigations. A staff member was seconded in April to the NSW Department of Local Government for six months while the Commission obtained the temporary services of a Department employee. A similar secondment occurred with the Office of the Director of Public Prosecutions. Such arrangements are planned to continue in 1994-95.

In conjunction with the Commission's increasing use of multi-disciplinary teams, two groups of staff working on particular matters attended team building courses to improve their effectiveness.

Staff continued to attend relevant external conferences and seminars to receive specialised training and skill development. A senior investigator attended the Hong Kong ICAC Command Course in January. At year end 12 staff members were undertaking tertiary study through the Commission's study assistance scheme.

The enterprise agreement includes a focus on training and development needs and policies. A new policy is to be developed and implemented during 1994-95.

OCCUPATIONAL HEALTH AND SAFETY

The Commission's Occupational Health and Safety Committee is responsible for researching and keeping abreast of continually changing occupational health and safety issues, in support of the ICAC's commitment to develop and maintain a safe, healthy work environment, the committee conducts workplace inspections throughout the Commission and makes recommendations for remedial action. All committee members are trained formally in accordance with the Occupational Health and Safety Act.



The development of curriculum material to assist the teaching of Legal Studies in NSW high schools was among the Commission's education initiatives for 1993-94. The material, which includes a video presentation, aims to have students address corruption issues through their own responsible action and understanding. ICAC Education Manager Yvonne Miles (pictured above left) discusses the project with Education Officer Salli Browning.

The seven-member committee met five times during 1993-94. A number of matters were addressed and recommendations implemented, these included:

- eye testing for VDU operators throughout the Commission;
- ergonomic training for Commission employees;
- review the rehabilitation policy;
- a manual handling survey; and
- fire awareness and safety courses.

The committee will conduct more workplace inspections during 1994-95; become more involved in the enterprise bargaining process, and consider the issue of wheelchair access to the Commission.

STAFF GRIEVANCE MEDIATION

The Commission's grievance mediation procedure allows staff grievances to be aired and resolved in a confidential, non-threatening way. Any aspects of a problem that could

affect future working relationships may also be addressed.

The ICAC Grievance Mediator is General Counsel Mr Simon Stretton. He is a qualified Lawyer Engaged in Alternative Dispute Resolution mediator and an Australian Commercial Disputes Centre Industrial and Commercial Mediation Course examiner. Ms Anne Howard, a Senior Corruption Prevention Officer, was associate mediator during 1993-94.

During the reporting period three formal mediations occurred and the grievances were successfully addressed. On several other occasions staff informally discussed problems with the mediator.

OVERSEAS VISITS

An investigator conducted inquiries in connection with operational matters in New Zealand during September.

The Commissioner and Director of Corruption Prevention attended the Sixth International Anti-Corruption Conference at Cancun, Mexico, in November.

In January, a senior investigator completed the Hong Kong ICAC's Command Course, which enhances the effectiveness of people managing criminal investigations.

During February, the Executive Director attended a seminar in Hong Kong on Corruption Related Crime and held discussions with local ICAC officers on corruption prevention and community education topics.

APPENDIX 1

M E D I A S T A T E M E N T S

8 September 1993	Commissioner Temby addresses statements by Deborah Cornwall after her Supreme Court appearance.
15 September 1993	Comment by the Commission on material supplied by the Health Minister concerning a defamation action involving the Hon. Peter Collins QC, and Dr Michael Ryan.
1 October 1993	Announcement of Kevin Holland QC, as Assistant Commissioner inquiring into aspects of the Collins v Ryan & Ors defamation case.
12 October 1993	Announcement of the ICAC 1992-93 Annual Report.
20 October 1993	Comment by Commissioner Temby about a missing Police Intelligence report.
27 October 1993	Announcement of Mark Davis as ICAC Media Manager.
1 November 1993	Submissions sought on Management of Criminal Investigations Discussion Paper.
9 November 1993	Release of the ICAC report into the conduct of Brian Zouch.
15 November 1993	Announcement of John Mant as Assistant Commissioner to conduct Randwick City Council Investigation.
15 November 1993	ICAC stand at the Australian National Field Days, Orange, announced.
17 November 1993	ICAC seminar for public servants at the Department of Agriculture Head Office, Orange, announced.
18 November 1993	Commissioner Temby launches Sponsorship Principles for the NSW public sector.
18 November 1993	Comment on information received from National Crime Authority.
23 November 1993	Announcement of a function to name the ICAC Film and Video competition winner.
26 November 1993	Media arrangements for the Randwick investigation's first hearing day.
2 December 1993	Announcement of Commissioner Ian Temby as main speaker at the National Documentary Conference.
14 January 1994	Comment on the sentencing of former Waverley Council Chief Planner Donald Stait.
28 January 1994	Report of investigation into the Collins v Ryan & Ors is released.
17 February 1994	ICAC Guidelines for Accountability in Public Sector Travel announced.
24 February 1994	First Report on the Investigation into the Relationship between Police and Criminals is released.
2 March 1994	Results of the ICAC community attitude survey are released.
3 March 1994	Comments on the ICAC investigation into alleged Police Protection of Paedophiles.

MEDIA STATEMENTS

8 March 1994	Commissioner Temby and Police Commissioner Lauer jointly launch a new plan for handling criminal informants.
10 March 1994	Commissioner Temby's "farewell" media conference is announced.
30 March 1994	ICAC Guidelines for the handling of Government Grants are released.
13 April 1994	Release of the second report on the Investigation into the Relationship between Police and Criminals is announced.
27 April 1994	The ICAC research paper, Unravelling Corruption, is released.
11 May 1994	Comment about the appointment of new Commissioner.
12 May 1994	Comment about the State Government's commitment to the ICAC.
10 June 1994	A formal investigation into matters concerning Port Stephens Council is announced.
28 June 1994	Tabling of the report on the Release of Confidential Police Information is announced.

APPENDIX 2

COMMISSION PUBLICATIONS 1993-1994

INVESTIGATION REPORTS

Report on Investigation into the Conduct of Brian Zouch, November 1993

Report on Investigation into Collins v Ryan, January 1994

Report on Investigation into the Relationship between Police and Criminals: First Report, February 1994 ("Milloo 1")

Report on Investigation into the Relationship between Police and Criminals: Second Report, April 1994 ("Milloo 2")

Report on Investigation into Matters Relating to Police and Confidential Information, June 1994

CORRUPTION PREVENTION REPORTS

A High Risk Area - The Management of Criminal Investigations - A Discussion Paper, October 1993

Sponsorship Principles - A Discussion Paper, August 1993

Sponsorship Principles, November 1993

Trips and Traps - Travel in the NSW Public Sector, February 1994

Taken for Granted? - Better Management of Government Grants Report, March 1994

RESEARCH REPORTS

Unravelling Corruption: A Public Sector Perspective. Research Report 1, and Summary Report, April 1994

OTHER PUBLICATIONS

Annual Report 1992-93

Guidelines for Reporting Corrupt Conduct, January 1994

APPENDIX 3

CONTRIBUTIONS TO SEMINARS, CONFERENCES, WORKSHOPS & TRAINING

WITH STATE AND LOCAL GOVERNMENT AGENCIES AND GROUPS

ORGANISATION/EVENT	TOPIC
Building Industry Task Force	Corruption prevention issues
Department of Corrective Services Audit Branch	Overview of ICAC, Section 11 reporting, corruption prevention
Department of Health Auditors	Cash handling – methods of monitoring
Department of School Education	Responding to reports of possible fraud, risk assessment
Ethnic Affairs Commission	Corruption opportunities, ethical behaviour, code of conduct
ICAC Regional Seminars for State and Local Government officers <ul style="list-style-type: none"> ■ Goulburn ■ Orange 	Overview of ICAC, tendering and purchasing, corruption prevention
NSW Aboriginal Lands Council Northern Tablelands	Overview of ICAC, understanding corruption, corruption prevention
NSW Fire Brigades	Reporting corrupt conduct
NSW Police Service <ul style="list-style-type: none"> ■ Cumberland District Patrol Commanders and Chiefs of Detectives ■ Police Academy, Goulburn Management of Major Investigation Course ■ Internal Affairs Branch Investigator Courses ■ Discussion groups in various districts 	Work management systems Maintaining the integrity of major investigations Overview of ICAC, reporting corrupt conduct Management of criminal investigations
Premier's Department <ul style="list-style-type: none"> ■ Workshops ■ Seminar ■ Senior Management Residential Conference ■ Senior Executive Service Orientation Programs ■ Chief Executives Conference 	Tendering and purchasing – theory and practice Fraud and corruption prevention - a strategic approach "Hypothetical" on privatisation process Accountability in government Promoting integrity
Rural Lands Protection Board	Tendering, codes of conduct
State Government Agencies	Section 11 reporting to the ICAC

CONTRIBUTIONS TO SEMINARS, CONFERENCES, WORKSHOPS & TRAINING

WITH OTHER GOVERNMENT AND PROFESSIONAL BODIES

ORGANISATION/EVENT	TOPIC
Australian and New Zealand Society of Criminology Conference	Corruption: consensus, cognisance or confusion? Public sector employees' understanding of corruption
Australian Federal Police	Management issues in major investigations
Australian Institute of Purchasing and Materials Management	Contemporary ethical dilemmas
Australian Public Service Commission Seminar Series	An ethical public servant
Australian Security Intelligence Organisation	Maintaining an ethical environment
Australian Society of Certified Practising Accountants Conferences	The essentials of reporting fraud, Outsourcing in the public sector
Criminal Justice Commission (Qld)	Selling your secrets
Institute of Chartered Accountants, Australia	Launch of Members Ethical Counselling Service
Institute of Criminology	Cost-effective eradication of workplace fraud
Institution of Engineers, Australia	Improving public sector integrity in tendering
Institute of Municipal Management	Ethics - fear or favour
Local Government and Shires Associations	Pecuniary interests
Royal Institute of Public Administration Australia	
■ Workshop	Fraud, ethics and accountability – the cost!
■ National Conference	Integrating integrity into organisational vision
■ Conference	Government and the media
■ Partnering Conference	Contemporary challenges in partnering
■ Conference	Accountability in secure organisations
■ Ethics Seminar	Ethics and the public servant
University of Canberra	
Australian Centre for Local Government Studies	Maintaining integrity in the tendering process
University of New South Wales	
Public Sector Research Centre	Probity issues in tendering
University of Sydney	
Graduate School of Business - Institute of Transport Studies	Creating an ethical environment
University of Western Sydney	Overview of ICAC, corruption prevention procedures

CONTRIBUTIONS TO SEMINARS, CONFERENCES, WORKSHOPS & TRAINING

IN CONFERENCES

COMMERCIAL, INDUSTRY OR NON-GOVERNMENT, WHERE
TOPICS COVERED INCLUDED:

Tendering and Contractor Selection Techniques
Strategic Government Purchasing
Probity and Ethics in Tendering and Purchasing
General Anti-Corruption Guidelines and Investigative Mechanisms
Corruption prevention strategies
Contracting out in the public sector
Accountability, codes of conduct and preventing corruption
Ethical reformation of the public sector
ICAC investigation into the unauthorised release of government information
The trade of illegal information in the public sector - implications for security
Preventing and fighting corruption as a government priority
How to be Australia - Citizenship and the Neighbourhood
Management of informants
Integrity issues at the public/private sector interface
How should we tackle corruption in public life?
Documenting corruption

APPENDIX 4

CORRUPTION PREVENTION PROJECTS 1993-1994

PROJECTS COMPLETED

- Accountability for Government Grants - see Chapter 2.
- TAFE Teaching Equipment - A project dealing with private use by teachers of TAFE's teaching equipment; report provided to TAFE in September 1993.
- Travel Payments Systems - see Chapter 2.
- Sponsorships - Guiding principles - see Chapter 2.
- Management of Criminal Investigations in the NSW Police Service - see Chapter 2.

PROJECTS IN PROGRESS

- Contracting services - see Chapter 2.
- Internal Reporting Systems - A project to update the 1990 guidelines and to complement intended protected disclosures legislation.
- Conduct of former public officials - A project being undertaken in collaboration with departments and agencies to overcome problems which have arisen, to identify areas of risk and to develop practical ways of addressing those risks.
- Aboriginal Lands Councils - Cooperative work with State and local councils to maintain and develop skills in preventing corruption amongst those who carry out the functions of the councils.
- Relationships between property developers and councillors and council officers (Port Stephens Council) - see Chapter 3.
- Review of Public Sector Agency Codes of Conduct - see Chapter 2.
- Development of Procurement and Disposal Guidelines - see Chapter 2.
- Systemic issues in alleged police officers' protection of paedophiles - see Chapter 3.
- Administration of development of control systems by Councils - a project arising from the investigation into Randwick City Council and focussing on policy and procedural issues.

MONITORING PROJECTS COMPLETED

- Disposal of NSW government vehicles - Concluded that NSW Supply Service had introduced comprehensive and extensive measures and management controls to oversight the vehicle disposal process. A small number of policy issues remain to be decided.
- Driver Licensing - All recommendations implemented except where otherwise agreed on the basis of future information; the Commission continues to provide advice and assistance to the Roads and Traffic Authority on developments in the driver licensing process.

CORRUPTION PREVENTION PROJECTS 1993-1994

- Allocation of boat moorings - Concluded that all major recommendations have been implemented satisfactorily; agreed position reached with the Authority in regard to cancellations of licences and discretionary powers of boating services officers. Authority was requested to advise when computer systems full operational.

MONITORING PROJECTS IN PROGRESS

- Cash handling in hospitals - see Chapter 2 - report will be published later in 1994.
- Implementation of recommendations in Second Report on inquiry into Relationships between Police and Criminals - see Chapter 2.
- Plant hire (heavy machinery) - see Chapter 2.

APPENDIX 5

GUIDELINES FOR REPORTING CORRUPT CONDUCT (EXTRACT – JANUARY 1994)

OBLIGATIONS UNDER THE ICAC ACT

To effectively carry out its functions and objectives the Commission requires the assistance of the general public and of public authorities over which it has jurisdiction.

Section 11(2) of the Act requires the Ombudsman, the Commissioner of Police and principal officers of government departments and other agencies to report suspected corrupt conduct to the Commission. This enables the Commission to develop a knowledge of possible corruption in the NSW public sector and to appropriately direct its work.

While the Commission is NSW's primary anti-corruption agency it is not solely responsible for the detection, investigation and prevention of corruption. The Act does not affect obligations to report or refer matters to other bodies such as the Police, the Auditor-General or the Ombudsman or to carry out disciplinary procedures as required. Reporting criminal matters to the Commission should not delay such matters being reported to the Police Service.

Matters must be reported to the Commission regardless of any duty of secrecy or other restriction on disclosure.

CORRUPT CONDUCT DEFINED

Under the Act, corrupt conduct can be defined as dishonest or partial exercise of official function by a public official. Conduct of a person who is not a public official when it adversely affects the impartial or honest exercise of official functions by a public official, comes within the definition. When necessary the Act can be referred to or the ICAC consulted.

MEETINGS OBLIGATIONS UNDER SECTION 11

PRINCIPAL OFFICER

The "principal officer" is the person who heads the authority, its most senior officer or the person who usually presides at its meetings. The Commission should be contacted for advice if an agency is unclear who is the "principal officer".

DUTY TO REPORT CORRUPT CONDUCT AND DELEGATION

The duty to report belongs to the principal officer and cannot be delegated. Where another person is acting as principal officer during periods of leave or other absence, the duty applies to that person.

REASONABLE GROUNDS

Section 11 requires that the principal officer report "any matter that the officer suspects on reasonable grounds concerns or may concern corrupt conduct".

GUIDELINES FOR REPORTING CORRUPT CONDUCT (EXTRACT - JAN 1994)

"Suspects on reasonable grounds" means there is a real possibility that corrupt conduct is or may be involved. Certainly, proof is not necessary. Authorities are encouraged to contact the Commission to discuss particular matters that they may be unsure about or to seek clarification on any issue of reporting corrupt conduct.

TIMELINESS

The Act contains no provision permitting delay. As soon as a reasonable suspicion is formed that corrupt conduct is or may be involved, there must be a report made to the ICAC.

INTERNAL SYSTEMS

Organisations must have adequate internal systems to enable corrupt conduct to be reported to the principal officer. Mechanisms for internal reporting are necessary for preliminary investigation and development of corrupt prevention measures. Assistance and resources are available from the Commission to assist with development of internal reporting systems.

CONFIDENTIALITY

It is important that reports to the Commission be made without advising the persons(s) to whom the report relates, and without publicity. Confidential handling of reports helps avoid prejudicing the investigation and unnecessary hurt or embarrassment to individuals.

Where the complaint originated from outside the department or agency, the Commission would prefer that the complainant not be advised of the referral until the Commission responds to the department or agency. Where the complaint is made from within the agency confidential advice to the employee that the matter has been referred may be warranted.

PROTECTION FROM DEFAMATION ACTION

Because a statutory duty is being performed, reports made in good faith are protected from defamation action, even if the suspicion on which it is based turns out to be groundless. See also Defamation Act 1974, s17K.

SIGNIFICANCE OF MATTERS TO BE REPORTED AND METHOD OF REPORTING

SERIOUS MATTERS

Serious matters need to be reported to the Commission as soon as the authority becomes aware of them. Matters regarded as serious include corrupt conduct or possible corrupt conduct which it is suspected incorporates one or more of the following characteristics:

- serious criminal offences, including those relating to corrupt offences such as bribery;
- the payment of secret commissions and so on;
- an organised scheme or plan;
- systematic practices occurring over time or involving a number of staff;
- public officials who hold senior or sensitive positions;
- misconduct sufficient to result in dismissal;

GUIDELINES FOR REPORTING CORRUPT CONDUCT (EXTRACT - JAN 1994)

- persons who have obtained or expect to obtain money or other benefit or advantage which in the circumstances could not be regarded as merely token;
- matters which may commence as minor matters but subsequently change significantly in scope and nature.

The most insignificant or trivial matters are excluded from the definition of "corrupt conduct". To be corrupt, conduct must also involve:

- a criminal offence under New South Wales law or any other law which could apply in the particular circumstances; or
- a disciplinary offence which could lead to disciplinary action under any law including regulations; or
- reasonable grounds to dismiss or terminate the services of a public official.

MINOR MATTERS

Minor matters meeting the definition of corrupt conduct are also included in the reporting requirement.

With prior approval of the Commission, public authorities may arrange to report certain minor matters by way of a monthly or quarterly schedule. Matters suitable for inclusion in the schedule, which can be described as **corrupt conduct**, are:

- those normally and routinely dealt with by the internal audit function of the authority and which do not require reference to an external agency other than suspected minor criminal offences being referred to the Police Service;
- minor matters of misconduct by public officials which are likely to result in a warning, counselling, transfer or demotion.

APPENDIX 6

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

DISCIPLINARY PROCEEDINGS

OPERATION 20 (TAMBA) REPORT ON UNAUTHORISED RELEASE OF CONFIDENTIAL INFORMATION

Name	Nature of Offences Recommended	Date of Action	Result
Naylor, Stephen Craig	Police discipline	15.7.93	Reprimanded by District Commander.
Playford, Colin Wesley	Police discipline	24.2.93	Suspended with pay from 22.2.92 to 24.2.93. On restricted duties since 24.2.93.
Waddell, James Macbeth	Police discipline	13.8.93	Laying of disciplinary charges awaiting outcome of criminal proceedings.

OPERATION 39 (MILLOO) REPORT ON RELATIONSHIP BETWEEN POLICE AND CRIMINALS

Name	Nature of Offences Recommended	Date of Action	Result
Myatt, Robert	Police discipline	15.5.94	Charged with two disciplinary offences under Reg. 9 Police Service Regulations. For hearing 26.9.94.
Spence, Kenneth Malcolm	Police discipline	9.3.94	Charged with four disciplinary offences under Reg. 9 Police Service Regulations.
Wedderburn, Colin Francis	Police discipline	9.3.94	Charged with two disciplinary offences under Reg. 9 Police Service Regulations.

PROSECUTIONS

OPERATION 1 (ALPHA) REPORT ON INVESTIGATION RELATING TO STAIT, DAINFORD AND WAVERLEY COUNCIL

Name	Nature of Offences Recommended	Date of Action	Result
Balog, Tibor	Aid and abet giving of corrupt commissions	8.12.93	Convicted of 4 offences. Fined \$10,000, received 500 hours of community service and 3 year good behaviour bond.
Stait, Donald	Receive corrupt commission	14.1.94	Convicted of 4 offences. Fined \$10,000, received 500 hours of community service and a 3 year good behaviour bond.

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

OPERATION 2 (BARRACUDA) REPORT ON NORTH COAST LAND DEVELOPMENT

Name	Nature of Offences Recommended	Date of Action	Result
Cassell, Barry John	False evidence	4.5.94	Appeal on 4 convictions for hearing 28.11.94.
Glynn, Paul Edward	Bribery	17.2.94	Dismissal of Crown appeal against judgement for Glynn quashing ex-officio indictment.
	Make false statement with intention to obtain financial benefit.	20.6.94	Two Informations laid. For hearing 20.2.95
Hogan, Thomas Edward	Bribery	19.7.93	Committed for trial for 1 offence.
	False evidence	4.5.94	Appeal on 1 conviction. For hearing 19.10.94.
Munro, Roger Gareth	Bribery	23.7.93	Ex officio indictment laid for 1 offence.
		20.4.94	Three additional Informations laid.

OPERATION 8 (ITA) REPORT ON INVESTIGATION INTO DRIVER LICENSING

Name	Nature of Offences Recommended	Date of Action	Result
Aristodemou, Anthony	False evidence	15.10.93	Convicted of 2 offences with third count no-billed. Two months gaol; appealed, appeal dismissed.
Cataldo, Mario	False evidence	4.2.94	Convicted of 2 offences. Fined \$3,000, received 200 hours of community service and 3 year good behaviour bond.
Dandachli, G	False evidence	17.8.93	Dismissed
Helou, S	False evidence	26.8.93	Dismissed
Kalergis, Nicholas	False evidence	30.9.93	Convicted of 2 offences. Received 80 hours community service for each offence to be served concurrently.
Lawes, Keith	False evidence	30.8.93	Convicted of 2 offences. Fined \$750 per offence and good behaviour bond on 1 offence.
Manton, Kenneth J	False evidence	6.8.93	Convicted of 3 offences. 100 hours community service per offence to be served cumulatively.
Peponis, John	False evidence	6.8.93	Convicted of 2 offences. 80 hours community service on each offence to be served concurrently.
Sexton Paul A	False evidence	17.9.93	Convicted of 2 offences. 60 hours community service on one offence, recognisance on second offence.

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

OPERATION 9 (LAUREL) REPORT ON INVESTIGATION INTO STATE RAIL DEPOT AT CHULLORA

Name	Nature of Offences Recommended	Date of Action	Result
Harris, Simone M	Make false statement with intention to obtain financial benefit	23.9.93	Convicted. Fined \$1,000 and 3 years' good behaviour bond.
Mychalewycz, Oleh R	Make false statement with intention to obtain financial benefit	23.9.93	Convicted. Ordered to perform 500 hours community service.

OPERATION 20 (TAMBA) REPORT ON UNAUTHORISED RELEASE OF CONFIDENTIAL INFORMATION

Name	Nature of Offences Recommended	Date of Action	Result
Barnes, Harry John	False evidence	15.6.94	Convicted of 2 offences. Fined \$2,000 and 18 months good behaviour bond.
Barnes, Suzanne J	False evidence and destruction of documents	15.6.94	Fined \$2,000 and placed on good behaviour bond for 18 months for giving false evidence. Fined \$1,500 and placed on same bond for destruction of documents.
Bentley, Reginald	Three offences of conspiracy to bribe.	15.12.93	Pleaded not guilty. Committal hearing 10.10.94.
Byass, Kay	False evidence	25.11.93	Discharged.
Darlington, Colin William	20 offences of corruptly giving a benefit.	3.5.94	Informations laid. Adjourned for mention to 20.10.94. Defendant making representations to DPP.
Ebbes, Peter	False evidence	12.11.93	Fined \$400.
Frazer, Graham W	False evidence	8.7.93	Fined \$1,000 and placed on good behaviour bond for 2 years.
Gurney, Robert	Destruction of documents and procuring false testimony.	20.4.94	Information laid. Committal hearing 21.9.94.
Hahn, Stephen	False evidence	15.12.93	Information laid. Committed to District Court for trial.
Lewis, Mark	Corruptly give a benefit and unauthorised access to computer data	12.5.94	Fined \$1,000 and placed on a good behaviour bond for 2 years.
Loughlin, John	False evidence	9.2.94	Fined \$750 and placed on good behaviour bond for 2 years.

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

OPERATION 20 (TAMBA) REPORT ON UNAUTHORISED RELEASE OF CONFIDENTIAL INFORMATION (CONT'D)

Name	Nature of Offences Recommended	Date of Action	Result
Mailey, Richard	Two conspiracy to bribe offences and two offences of false evidence.	20.2.94	Set down for committal hearing 5.12.94.
Persson, Dorothy	Destruction of documents	23.5.94	Dismissed. Appeal pending.
Playford, Colin Wesley	8 counts of unauthorised access to computer data.	3.5.94	Listed for further mention.
Robertson, David	Eight offences of unauthorised access to computer data.	3.5.94	Awaiting committal hearing.
Robinson, Kevin	False evidence	18.4.94	Committal hearing 15.11.94.
Scott, John	One offence of conspiracy to bribe and two offences of corruptly giving reward.	21.9.93	Committed for trial.
	Two offence of false evidence.	21.11.93	Awaiting committal date.
Sibraa, Gregory	2 counts of soliciting disclosure of Social Security information	2.2.94	300 hours of Community service, \$2,000 fine and 3 year good behaviour bond.
Stewart, Kingsley James	Disclosure of information by Commonwealth officer	22.4.94	Part heard. Adjourned to 30.1.95.
Wegerich, Frances	False evidence	12.5.94	Convicted of two offences. Fined \$500 and placed on good behaviour bond.
Wells, Gary Arthur	Three offences of conspiracy to bribe.	15.12.93	For sentence 22.9.94.
	Three offences of conspiracy to bribe.	10.2.94	For sentence 22.9.94.
	False evidence	27.4.94	For sentence 22.9.94.

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

OPERATION 23 (WALLOW) REPORT ON HARASSING TELEPHONE CALLS MADE TO EDGAR AZZOPARDI

Name	Nature of Offences Recommended	Date of Action	Result
Brown, Peter	False evidence	22.4.94	Convicted of 2 offences. Sentenced to 100 hours community service. Appeal by Brown dismissed.

OPERATION 31 (HELIX) REPORT ON ROAD WORKS IN THE SHIRE OF KYOGLE

Name	Nature of Offences Recommended	Date of Action	Result
Stanfield, Harold John	False evidence	4.2.94	Convicted of 1 offence and fined \$250. Second offence was proved and dealt with pursuant to s.556A of Crimes Act. Appealed. Awaiting hearing date.

OPERATION 39 (MILLOO) REPORT ON RELATIONSHIP BETWEEN POLICE AND CRIMINALS

Name	Nature of Offences Recommended	Date of Action	Result
Spence, Kenneth Malcolm	Conspiracy to pervert the course of justice and accepting a bribe	12.5.94	Informations laid. Committal hearing listed for 26.9.94.

OPERATION 40 (MIMOSA) INVESTIGATION INTO SYDNEY CITY COUNCIL

Name	Nature of Offences Recommended	Date of Action	Result
Robbie, Helen	Forgery Offences	1.10.93	Proved - dealt with pursuant to s.556A Crimes Act.

OPERATION 44 (ALLI) REPORT INTO STATE RAIL AUTHORITY NORTHERN REGION

Name	Nature of Offences Recommended	Date of Action	Result
Bell, David Brian	Make false statement with intention to obtain financial benefit	25.4.94	266 charges for mention 4.10.94 to fix hearing date.

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

OPERATION 44 (ALLI) REPORT INTO STATE RAIL AUTHORITY NORTHERN REGION (CONT'D)

Name	Nature of Offences Recommended	Date of Action	Result
Child, Ronald Thomas	Make false statement with intention to obtain financial benefit.	21.4.94	92 charges set down for hearing 6.2.95.
	False evidence	17.6.94	Information laid. Set down for hearing 6.2.95.
Davies, Ian Neil	Make false statement with intention to obtain financial benefit.	24.5.94	92 charges set down for hearing 6.2.95.
Davies, Philip George	Make false statement with intention to obtain financial benefit.	31.3.94	150 charges set down for hearing 6.2.95. 2020 charges for mention 4.10.94.
Gillart, Michael Christopher	Provide corrupt commission	19.5.94	4 charges for hearing 6.2.95.
Greber, Trevor Raymond	Make false statement with intention to obtain financial benefit.	24.5.94	1058 charges for mention 4.10.94.
Hay, June Margaret	Aid and abet receipt of corrupt payment.	24.3.94	Committed for trial on 3 charges.
Hay, William Ross	Receive corrupt payment	24.3.94	Committed for trial on 3 charges.

OPERATION 51 (INDEX) INVESTIGATION INTO FRAUD ON THE STATE RAIL AUTHORITY

Name	Nature of Offences Recommended	Date of Action	Result
McInnes, Paul Bruce	Brief to DPP	17.9.93	Prosecuted for 12 offences of making a false or misleading statement with intent to obtain a financial advantage, 4 offences of corruptly receiving a benefit, 1 offence of attempting to dishonestly obtain a financial advantage by deception and 1 offence of corruptly soliciting a benefit. Convicted of 8 offences of making a false or misleading statement with intent to obtain a financial advantage and 2 offences of corruptly receiving a benefit. Sentenced to a minimum term of 2 years and 3 months imprisonment for each conviction.

PROSECUTIONS AND DISCIPLINARY PROCEEDINGS

OPERATION 55 (ORBIT) INVESTIGATION INTO CONDUCT OF EDISON, ADAM AND THE SRA SOUTHERN ENGINEERING REGION

Name	Nature of Offences Recommended	Date of Action	Result
Edison, Marcus Adam	3 offences corruptly solicit bribe, 10 offences corruptly received bribe, 11 offences accessory before the fact of obtaining a benefit by deception.	29.7.93	Sentenced to 18 months imprisonment, appealed, but during the appeal hearing, pleaded guilty to 1 offence of corruptly soliciting a bribe; 10 offences of corruptly receiving bribe and 2 offences of aiding and abetting the obtaining of a benefit by deception.
Xuereb, Julian J	9 offences of corruptly giving a bribe, 11 offences of obtaining a benefit by deception, 1 offence aid & abet the corrupt soliciting of a bribe.	29.7.93	Sentenced to 12 months periodic detention, after pleading guilty to 1 offence of aiding & abetting the corrupt soliciting of a bribe; 9 offences of corrupt giving of a bribe and 2 offences obtaining benefit by deception.

OPERATION 62 (TAPDANCE) INVESTIGATION INTO THE RELATIONSHIP BETWEEN BRIAN O'MARA AND EMPLOYEES OF THE WATER BOARD.

Name	Nature of Offences Recommended	Date of Action	Result
O'Mara, Brian	Obtain benefit by deception	17.3.94	Fined \$2,000 and ordered to pay \$1,200 compensation.

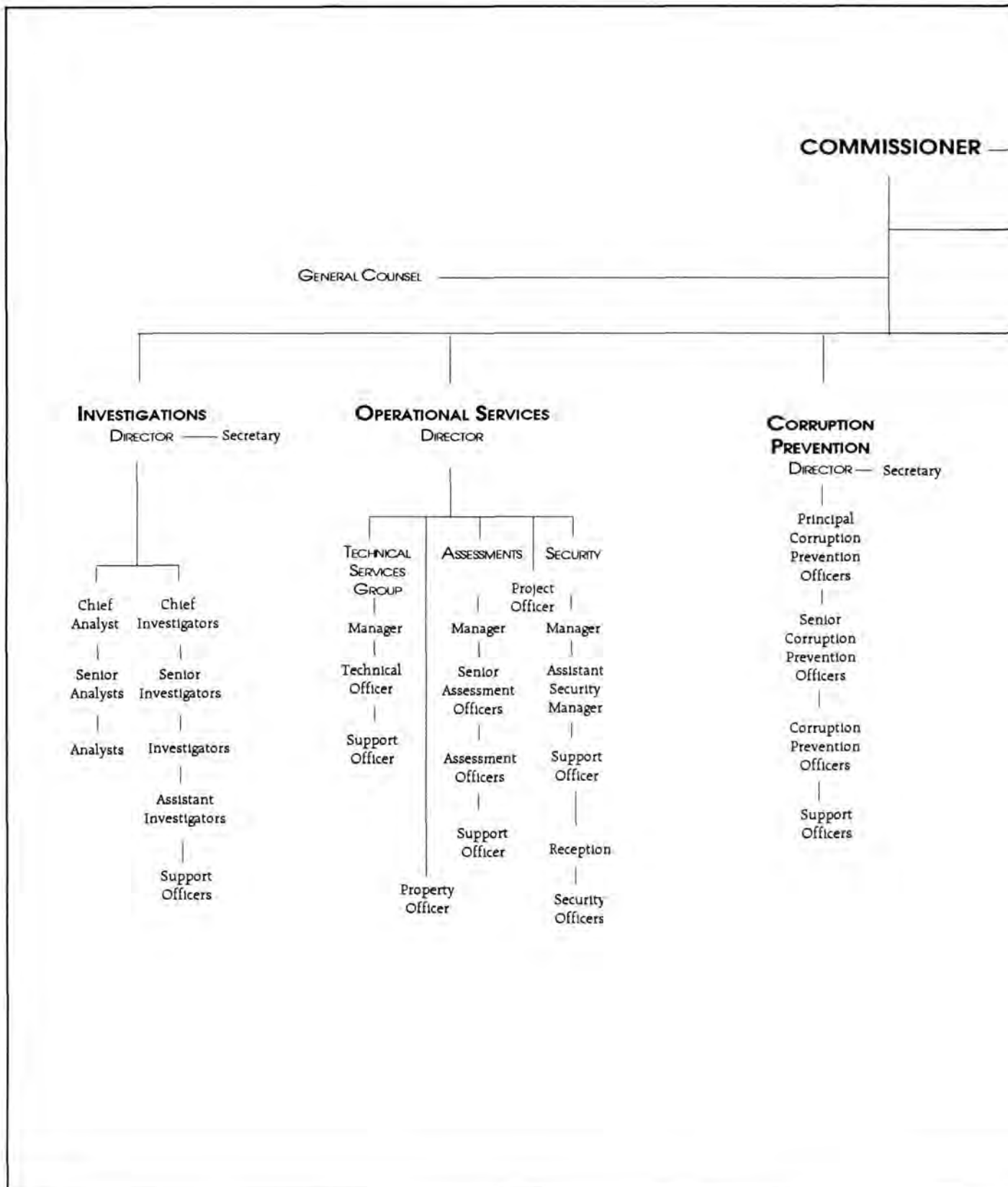
OTHER PROSECUTIONS

Name	Nature of Offences Recommended	Date of Action	Result
Byrne, John Michael	Obtaining property by deception	3.1.94	Pleaded not guilty. Hearing date 12.7.94.
Stefanic, Albin	Corruptly give a benefit	15.3.94	Convicted. Placed on 12 months good behaviour bond. Forfeiture order made under Confiscation of Proceeds of Crime Act.

Note: References to "false evidence" refer to offences under s87 ICAC Act 1988.

APPENDIX 7

ORGANISATION CHART



ORGANISATION CHART

Executive Assistant

ASSISTANT COMMISSIONER(S)

LEGAL SOLICITOR TO THE COMMISSION

Secretary

ADMINISTRATION & EDUCATION

EXECUTIVE DIRECTOR

Secretary

Principal
Lawyers

Senior
Lawyers

Lawyers

Legal
Assistant

Support
Officer

FINANCE & OFFICE
SERVICES
Manager

Accountant

Assistant
Accountant

Accounts
Clerks

Office
Services
Manager

Purchasing
Officer

Services
Officer

Driver

RECORDS
Manager

Archivist
Records
Clerk

Transcript
Assistant

Support
Officer

EDUCATION
Manager

Education
Officers

Education
Assistant

MEDIA
Manager

PERSONNEL
Manager

Word
Processing
Supervisor

WP
Operators

Personnel
Officer

Assistant
Personnel
Officer

Assistant
Recruitment
Officer

INFORMATION
SERVICES
Manager

Information
Services
Officer

Information
Services
Assistant

INFORMATION
TECHNOLOGY
Manager

Systems
Administrator
PC Administrator

Database
Administrator

PC Support
Officers

Support
Officer

RESEARCH
Manager

Research
Officer

APPENDIX 8

F R E E D O M O F I N F O R M A T I O N

STATEMENT OF AFFAIRS

Every agency covered by the Freedom of Information Act 1989 is required by that Act to publish an Annual Statement of Affairs. The Commission's administrative and educational matters are included in the operations of the Act, while certain of the Commission's operations are exempt. The exempt matters are: corruption prevention, complaint handling and investigative and report functions.

The Commission is committed to public awareness and involvement in its activities. General inquiries by post, telephone or visit are welcome. Where an inquiry cannot be satisfied through such contact, then formal application can be made to the FOI Co-ordinator.

COMMISSION CONTACT DETAILS

Address: ICAC
191 Cleveland Street
REDFERN NSW 2016

Postal Address: ICAC
GPO Box 500
SYDNEY NSW 2001

Office hours: 8:00am - 6:00pm,
Monday to Friday

Telephone

Enquiries: (02) 318 5999 or **Toll Free:** 008 463 913 / 008 463 909

Facsimile: (02) 699 8067

FREEDOM OF INFORMATION PROCEDURES

Arrangements can be made to obtain, or to inspect, copies of available documents at the Commission by contacting the FOI Co-ordinator. The Commission's FOI Co-ordinator is the Executive Director.

Formal requests made under the FOI Act for access to documents held by the Commission should be accompanied by a \$20 application fee and be sent to the Commission's FOI Co-ordinator. Persons wishing to be considered for a reduction in fees should set out reasons with their applications.

STRUCTURE AND FUNCTIONS

The Commission's organisation structure is set out in Appendix 7.

The functions of the Commission are, broadly, investigative, corruption prevention and public education; they are described more fully in the body of this Annual Report.

EFFECT OF FUNCTIONS ON THE PUBLIC AND ARRANGEMENTS FOR PUBLIC PARTICIPATION

The public can participate directly in the Commission's work by providing information to the Commission about suspected corrupt conduct in the public sector. That information can be provided by telephone, letter or personal visit.

Four members of the public are members of the Operations Review Committee, which has the role of ensuring that the Commission properly deals with complaints received from the public.

Members of the public can attend and observe the Commission's public hearings, which are advertised in metropolitan newspapers for Sydney hearings, and metropolitan and regional or country newspapers for hearings outside Sydney. Public hearings are also listed in the Sydney Morning Herald law listings.

Members of the public can obtain Commission reports on investigations, and view most transcript and documentary evidence from hearings. Anyone wishing to read transcript is welcome to contact the Commission and make arrangements to visit the premises for this purpose.

The Commission is accountable to the public through the Parliament, most specifically through the Parliamentary Joint Committee on the ICAC. Members of the public can make comments to the Committee about how the Commission does its work and suggest changes. Members of the public can also make such comments directly to the Commission.

DOCUMENTS HELD BY THE COMMISSION

The following categories of Commission documents are covered by the FOI Act:

- research reports;
- administrative policy documents (such as personnel policies); and
- general administration documents (such as accounts and staff records).

Members of the public may contact the FOI Co-ordinator to clarify which documents may be available under FOI legislation.

Commission publications, available free of charge, are listed at Appendix 2 of this Annual Report. They include investigation reports, corruption prevention reports and education material. The Commission also publishes brochures about the Commission's activities and procedures.

FREEDOM OF INFORMATION REQUESTS IN 1993-1994

During the year to 30 June 1994 the Commission received two applications under the Freedom of Information Act. The requests were for exempt documents and documents covered by legal professional privilege. Accordingly the requests were rejected.

APPENDIX 9

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 1994

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 under Accrual Accounting for Inner Budget Sector Entities, the applicable clauses of the Public Finance and Audit (Departments) Regulation and the Treasurer's Directions;
- b. the statements exhibit a true and fair view of the financial position and transactions of the Commission; and
- c. there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



John Mant
Acting Commissioner

16th September, 1994

FINANCIAL STATEMENTS



BOX 12 GPO
SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT INDEPENDENT COMMISSION AGAINST CORRUPTION

To Members of the New South Wales Parliament and Commissioner

Scope

I have audited the accounts of the Independent Commission Against Corruption for the year ended 30 June 1994. The preparation and presentation of the financial statements consisting of the statement of financial position, operating statement and statement of cash flows, together with the notes thereto, and the information contained therein is the responsibility of the Commissioner. My responsibility is to express an opinion on these statements to Members of the New South Wales Parliament and Commissioner based on my audit as required by Sections 34 and 45F(1) of the *Public Finance and Audit Act 1983*. My responsibility does not extend here to an assessment of the assumptions used in formulating budget figures disclosed in the financial statements.

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the requirements of the *Public Finance and Audit Act 1983*, and Australian accounting standards so as to present a view which is consistent with my understanding of the Commission's financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion, the financial statements of the Independent Commission Against Corruption comply with Section 45E of the Act and present fairly in accordance with applicable Accounting Standards the financial position of the Commission as at 30 June 1994 and the results of its operations and its cash flows for the year then ended.

A handwritten signature in dark ink, appearing to read "A.C. Harris".

A.C. HARRIS

SYDNEY
21 September 1994

FINANCIAL STATEMENTS

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 1994

	Notes	Actual 1993-94 \$'000	Budget 1993-94 \$'000	Actual 1992-93 \$'000
EXPENSES				
Operating Expenses				
Employee related	4(a)	7,812	8,442	7,935
Other operating expenses	4(b)	3,205	4,001	4,052
Maintenance		240	200	139
Depreciation	4(c)	1,308	1,300	1,264
Other services				
Legal Services		457	700	860
Other	4(d)	78	-	-
TOTAL EXPENSES		13,100	14,643	14,250
REVENUES				
Sale of transcripts		12	50	29
Other	5	59	-	9
TOTAL REVENUES		71	50	38
Net gain/(loss) on disposal of computer equipment, plant & equipment		7	-	(16)
NET COST OF SERVICES	17	13,022	14,593	14,228
GOVERNMENT CONTRIBUTIONS				
Consolidated Fund Recurrent Appropriation	16(b)	11,740	12,743	12,573
Consolidated Fund Capital Appropriation	16(b)	192	200	760
Acceptance by the State of Department liabilities	2(a),4(a) 16(b)	680	550	414
Surplus/(deficit) for the year	11	(410)	(1,100)	(481)
Accumulated surplus at the beginning of the year	11	5,787	5,787	6,268
ACCUMULATED SURPLUS AT THE END OF THE YEAR	11	5,377	4,687	5,787

The accompanying notes form part of these statements

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 1994

	Notes	Actual 1993-94 \$'000	Budget 1993-94 \$'000	Actual 1992-93 \$'000
CURRENT ASSETS				
Cash	6	785	3	445
Receivables	7(a)	37	25	25
Prepayments		83	118	118
Other		-	-	-
TOTAL CURRENT ASSETS		905	146	588
NON CURRENT ASSETS				
Leasehold Improvements	8	3,338	3,339	3,679
Computer Equipment	8	1,438	1,470	1,980
Plant & Equipment	8	524	551	801
TOTAL NON-CURRENT ASSETS		5,300	5,360	6,460
TOTAL ASSETS		6,205	5,506	7,048
CURRENT LIABILITIES				
Creditors	9	409	364	806
Provision for Employee entitlements	10	419	455	455
TOTAL LIABILITIES		828	819	1,261
NET ASSETS		5,377	4,687	5,787
EQUITY				
Accumulated surplus	11	5,377	4,687	5,787
TOTAL EQUITY	11	5,377	4,687	5,787

The accompanying notes form part of these statements

FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1994

	Notes	Actual 1993-94 \$'000	Budget 1993-94 \$'000	Actual 1992-93 \$'000
CASH FLOW FROM OPERATING ACTIVITIES				
PAYMENTS				
Employee related		(7,580)	(8,334)	(7,450)
Maintenance & working		(3,383)	(4,201)	(4,232)
Legal & other costs		(550)	(700)	(911)
		(11,513)	(13,235)	(12,593)
RECEIPTS				
Sale of transcript		19	50	29
Other		40	-	23
		59	50	52
TOTAL NET CASH OUTFLOW ON OPERATING ACTIVITIES	17	(11,454)	(13,185)	(12,541)
CASH FLOW FROM INVESTING ACTIVITIES				
Purchases of computer equipment, plant & equipment	18	(181)	(200)	(782)
Proceeds from disposal of computer equipment, plant & equipment	18	43	-	25
TOTAL NET OUTFLOW ON INVESTING ACTIVITIES		(138)	(200)	(757)
NET CASH OUTFLOW FROM OPERATING & INVESTING ACTIVITIES		(11,592)	(13,385)	(13,298)
GOVERNMENT FUNDING ACTIVITIES				
Consolidated Fund Recurrent appropriation	16(b)	11,740	12,743	12,573
Consolidated Fund Capital appropriation	16(b)	192	200	760
TOTAL NET CASH PROVIDED BY GOVERNMENT		11,932	12,943	13,333
NET INCREASE/(DECREASE) IN CASH		340	(442)	35
Opening cash balance	6	445	445	410
CLOSING CASH BALANCE		785	3	445

The accompanying notes form part of these statements

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1994

1. THE REPORTING ENTITY

The Commission is constituted by the Independent Commission Against Corruption Act 1988. These financial statements report on all the operating activities under the control of the Commission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Commission's financial statements have been prepared in accordance with Statements of Accounting Concepts, applicable Australian Accounting Standards, the requirements of the Public Finance and Audit Act and Regulations, and the Financial Reporting Directives published in the Financial Reporting Code for Inner Budget Sector Entities.

The Operating Statement and Statement of Financial Position are prepared on an accrual basis. The Cash Flow Statement is prepared on a cash basis using the "direct method".

The Commission's financial objectives do not include the generation of profit. The Commission is deemed to be a not-for-profit entity in relation to AAS10 and is therefore exempt from the "recoverable amount" test.

The financial report is prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars (\$1,000).

(A) EMPLOYEE RELATED EXPENSES

The cost of employee entitlements to long service leave and superannuation are included in employee related expenses. However, as the Commission's liabilities for long service leave and certain approved superannuation schemes are assumed by the State, the Commission accounts for these liabilities as having been extinguished resulting in non-monetary revenue described as "Acceptance by the State of Department liabilities". Liabilities assumed by the State for the current year were \$680,000. The amounts expected to be paid to employees for their pro-rata entitlement to recreation leave are accrued annually at current pay rates.

(B) GOVERNMENT CONTRIBUTIONS

Monetary and non-monetary resources which are allocated to the Commission by the Government and which are controlled by the Commission are recognised as revenues of the financial period in which they are received. Non-monetary allocations are recognised at fair value.

(C) FIXED ASSETS CAPITALISATION POLICY

During the current financial year the Commission's capitalisation policy was amended to apply to items of property and equipment acquired with an expected life in excess of one year and with a value of \$2,000 or more. Values are determined on an asset-by-asset basis, although composite items and groups of related items are considered together for the purposes of determining asset values. The previous policy stipulated a value of \$1,000. The change in policy resulted in items costing \$9,769 being expensed during the year instead of being capitalised.

FINANCIAL STATEMENTS

(D) VALUATION OF ASSETS

The historical cost method is used for the recognition of the Commission's assets.

(i) Leasehold Improvements

Leasehold Improvements are valued at cost and have been assessed by Commission officers to be equal to the written down book value as at 30 June 1994.

(ii) Computer Equipment, Plant and Equipment

The value of computer equipment, plant and equipment has been assessed by Commission officers to be equal to the written down book value as at 30th June 1994.

(E) DEPRECIATION

Depreciation is provided on a straight line basis over the estimated life of the assets.

3. BUDGET REVIEW

The actual net cost of services was \$1.571 million below the original budget estimate. \$176,000 of this variance was attributed to below budget expenditure on particular items for which specific funding is provided.

The underlying variance was attributable to three main factors:

- (a) The Commission's staffing levels were on average 9% below budget forecasts.
- (b) The level of formal investigations activity was below budget expectations which generated savings, particularly in legal costs, transcript fees and other related items.
- (c) The Commission commenced a cost reduction programme which resulted in savings in a number of budget items such as security services.

4. OPERATING EXPENSES

	1994 \$'000	1993 \$'000
(a) Employee Related Expenses comprise the following items:		
Salaries and Wages	6,096	6,813
Payroll and Fringe benefit tax	476	469
Recreation leave	438	70
Workers compensation	47	35
Other	75	134
	7,132	7,521
Liabilities Accepted by the State		
Superannuation entitlements	456	390
Long service leave	224	24
	680	414
TOTAL	7,812	7,935

FINANCIAL STATEMENTS

4. OPERATING EXPENSES (CONT'D)

	1994 \$'000	1993 \$'000
(b) Other Operating Expenses are as follows:		
Building expenses		
Rent, rates & cleaning	1,033	1,021
Subsistence and transport		
Travelling, removal and subsistence	88	193
Motor vehicles	85	137
Freight	19	20
Fees for services		
Consultancies	89	182
External audit fees	7	6
Transcript fees	77	114
Fees for services	238	302
Contract security services	399	587
Other fees	139	82
General expenses		
Advertising and publicity	77	105
Books and periodicals	38	39
Gas and electricity	116	162
Postal and telephone	215	227
Printing	182	270
Stores, stationery, provisions etc	78	68
Lease of office equipment & fittings	24	140
Minor expenses	10	10
Technical supplies	15	36
Computer supplies	29	25
Other	247	326
TOTAL	3,205	4,052

(c) Depreciation is charged as follows:

Leasehold improvements	341	348
Computer equipment	611	574
Plant and equipment	356	342
TOTAL	1,308	1,264

(d) Other

A net amount of \$78,400 was paid towards a development approval by South Sydney Council. Payment was in lieu of the provision of car parking under the Council's parking code and Section 94 of the Environmental Planning Assessment Act.

FINANCIAL STATEMENTS

5. REVENUES - OTHER

Included in the amount shown as other revenue is an amount of \$36,622 being interest earned on the Commission's bank account as calculated under the Treasury Cash Management System. This system was not in existence during the previous year. Accordingly no interest income was previously earned by the Commission.

6. CURRENT ASSETS - CASH

	1994 \$'000	1993 \$'000
Cash at Treasury	-	442
Cash at bank	784	2
Cash on hand	1	1
	785	445

All these items are considered to be cash for the statement of cash flow purposes.

7. CURRENT ASSETS - RECEIVABLES

	1994 \$'000	1993 \$'000
(a) Transcript Debtors	-	7
Advances	17	18
Other	1	-
Accrued Income	19	-
	37	25

(b) Bad Debts written off	-	-
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Note No provision has been made for doubtful debts as all amounts are considered recoverable.

FINANCIAL STATEMENTS

8. NON-CURRENT ASSETS - LEASEHOLD IMPROVEMENTS, COMPUTER EQUIPMENT, PLANT & EQUIPMENT

	Leasehold Improvements \$'000	Computer Equipment \$'000	Plant & Equipment \$'000	Total \$'000
At Cost				
Balance 1 July 1993	4,949	3,055	1,772	9,776
Additions	-	74	110	184
Disposals	-	(16)	(57)	(73)
Balance 30 June 1994	4,949	3,113	1,825	9,887
Accumulated Depreciation				
Balance 1 July 1993	1,270	1,075	971	3,316
Depreciation for the year	341	611	356	1,308
Write back on disposal	-	(11)	(26)	(37)
Balance 30 June 1994	1,611	1,675	1,301	4,587
Written Down Value At 30th June, 1994	3,338	1,438	524	5,300

9. CURRENT LIABILITIES - CREDITORS

	1994 \$'000	1993 \$'000
Operating activities		
Employee related payments	107	529
Maintenance and working	275	238
Legal & other costs	24	39
	406	806
Investing activities		
Plant and equipment	3	-
	409	806

FINANCIAL STATEMENTS

10. CURRENT LIABILITIES - PROVISION FOR EMPLOYEE ENTITLEMENTS

	1994 \$'000	1993 \$'000
Operating activities		
Recreational leave	419	455
The movement in the provision for employee recreational leave is as follows:		
Balance at start of year	455	385
Increase/(Decrease) in provision	(36)	70
Balance at end of year	419	455

Recreation Leave covers employees accrued annual leave entitlements at 30th June, 1994.

11. EQUITY - ACCUMULATED SURPLUS/(DEFICIT)

Balance at start of year	5,787	6,268
Operating result for the year	(410)	(481)
Balance at end of year	5,377	5,787

12. UNCLAIMED MONIES

All amounts unclaimed are forwarded to the Treasury for credit of Special Deposits Unclaimed Monies Account and are available for refund from that account.

Sums totalling \$539 were forwarded in 1993-94 (\$10,647 in 1992-93).

No unclaimed amounts are being held in the accounts of the Commission in excess of two years.

13. COMMITMENTS FOR EXPENDITURE

	1994 \$'000	1993 \$'000
(a) Capital commitments		
Aggregate capital expenditure contracted for at balance date but not provided for in accounts payable:		
Not later than one year	23	-
Later than one year but not later than 2 years	-	-
Later than 2 years but not later than 5 years	-	-
Later than 5 years	-	-
	23	-

FINANCIAL STATEMENTS

	1994 \$'000	1993 \$'000
(b) Lease commitments		
Aggregate operating lease expenditure contracted for at balance date but not provided for in the accounts:		
Not later than one year	974	952
Later than one year but not later than 2 years	956	944
Later than 2 years but not later than 5 years	2,502	2,814
Later than 5 years	-	626
	4,432	5,336
Representing:		
Cancellable operating leases	-	-
Non-cancellable operating leases	4,432	5,336
	4,432	5,336
Commitments in relation to non-cancellable operating leases are payable as follows:		
Not later than one year	974	952
Later than one year but not later than 2 years	956	944
Later than 2 years but not later than 5 years	2,502	2,814
Later than 5 years	-	626
	4,432	5,336

14. CONTINGENT LIABILITIES

There are no known material contingent liabilities.

FINANCIAL STATEMENTS

15. PROGRAM INFORMATION

	Notes	Program		Organisation	
	(a)	1994	1993	1994	1993
		\$'000	\$'000	\$'000	\$'000
Total Expenses		(13,100)	(14,250)	(13,100)	(14,250)
Revenues					
Sale of transcripts		12	29	12	29
Other revenue		59	9	59	9
Gain/(loss) on disposal of non-current assets		7	(16)	7	(16)
NET COST OF SERVICES		(13,022)	(14,228)	(13,022)	(14,228)
Government contributions	(b)	12,612	13,747	12,612	13,747
Operating result after Consolidated Fund appropriations		(410)	(481)	(410)	(481)
TOTAL ASSETS		6,205	7,048	6,205	7,048

16. PROGRAM INFORMATION

Notes:

(a) Program

Investigation, Community Education and Prevention of Corruption

Objective(s): To minimise corrupt activities and enhance the efficiency and integrity of government administration.

(b) Government Contributions

	Program		Organisation	
	1994	1993	1994	1993
	\$'000	\$'000	\$'000	\$'000
Consolidated Fund Recurrent appropriation	11,740	12,573	11,740	12,573
Consolidated Fund Capital appropriation	192	760	192	760
State Acceptance of Liabilities	680	414	680	414
	12,612	13,747	12,612	13,747

FINANCIAL STATEMENTS

17. RECONCILIATION OF NET COST OF SERVICES TO NET CASH USED ON OPERATING ACTIVITIES

	1994 \$'000	1993 \$'000
Net Cost of Services	(13,022)	(14,228)
Increase/(Decrease) in Liabilities		
Provision for employee entitlements	(36)	70
Accounts Payable	(400)	(65)
(Increase)/Decrease in assets		
Prepayments	35	(26)
Accounts Receivable	(12)	14
Adjustment for Non Cash Items		
Depreciation	1,308	1,264
Liabilities accepted by State	680	414
Net Gain/(Loss) on disposal of assets	(7)	16
NET CASH USED ON OPERATING ACTIVITIES	(11,454)	(12,541)

18. NOTES TO CASH FLOW STATEMENT

	1994 \$'000	1993 \$'000
Purchases of Plant & equipment		
Additions at cost	184	775
Decrease/(increase) in creditors	(3)	7
Cash paid	181	782
Disposal of Plant & equipment		
Cost or value	73	124
Less:		
Accumulated depreciation	37	83
	36	41
Gain/(loss) on sale	7	(16)
Cash received	43	25

END OF AUDITED FINANCIAL STATEMENTS

APPENDIX 10

PAYMENT PERFORMANCE INDICATORS

ACCOUNTS PAYABLE

	Current \$	30 Days \$	60 Days \$	90 Days \$	Total \$
1st Quarter	236,131	-	-	-	236,131
2nd Quarter	80,366	-	-	-	80,366
3rd Quarter	-	-	-	-	-
4th Quarter	2,880	-	-	-	2,880

PAYMENTS ON TIME

	Accounts Paid on Time Target %	Actual %	Amount Paid on Time \$	Amount Paid \$
1st Quarter	90	88	715,617	779,144
2nd Quarter	90	87	833,424	934,725
3rd Quarter	95	91	981,712	1,054,443
4th Quarter	95	85	721,680	879,393
Annual Average	95	88	3,301,913	3,647,704

COMMENTARY:

The Commission's performance during the financial year, in particular in April was affected by particular staffing and procedural problems. The Commission altered its procedures regarding the payment of accounts and during the month of June reached its target of 95% of accounts paid on time.

The Commission did not forfeit any discounts available and there was no interest charged on the payments not made on time.

APPENDIX 11

C O N S U L T A N C I E S

OVER \$30,000

During 1993-94 the Commission engaged Organisation Consulting Resources Pty Ltd to implement a job evaluation system and assist in the design of a new job grading and salary structure. The work, which cost \$46,500, was conducted as part of the Commission's enterprise bargaining process.

UNDER \$30,000

The Commission spent a total of \$42,500 for specialised services from seven different consultants, each at an individual cost of less than \$30,000. The consultants and services were:

- **O U Norman Enterprises Pty Ltd**
Computer Project Management Advice
- **Havens, Kirkwood & Meertens Architects**
Advice on Office Alterations
- **Sadon Holdings Ltd**
Advice on Enterprise Bargaining
- **The Roy Morgan Research Centre Pty Ltd**
Public Opinion Survey
- **Allan Waldon**
Audit of Commission compliance with ORC Requirements
- **Byrnes & Associates**
Advice on Town Planning

APPENDIX 12

EXTERNAL COSTS OF INVESTIGATION COMPLETED AND PUBLICLY REPORTED ON DURING 1993-94

Matter	Year	Transcript Costs \$	Legal Counsel Costs \$	Report Costs \$	Witness Expenses \$	Total External Costs \$
Relationship between Police and Criminals (Milloo)	1991/92	2,057	16,975	-	47,076	66,108
	1992/93	90,396	837,350	-	99,482	1,027,228
	1993/94	30,929	348,673	87,870	21,705	489,177
TOTAL		123,382	1,202,998	87,870	168,263	1,582,513
Conduct of Brian Zouch (Dilli)	1992/93	6,764	-	-	6,793	13,557
	1993/94	3,924	19,235	9,140	5,538	37,837
TOTAL		10,688	19,235	9,140	12,331	51,394
Collins v Ryan (Helium)	1993/94	-	66,500	11,350	14	77,864
Release of Confidential Information (Proton)	1993/94	1,440	9,600	3,212	736	14,988

Note: The figures given above are for costs incurred external to the Commission.
Accordingly they exclude, for example, Commission staff salary and overhead allocations.

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