



INDEPENDENT COMMISSION AGAINST CORRUPTION

The Hon. Dr Meredith Burgmann MLC
President
Legislative Council
Parliament House
Sydney NSW 2000

The Hon. John Aquilina MP
Speaker
Legislative Assembly
Parliament House
Sydney NSW 2000

31 October 2005

Madam President

Mr Speaker

The ICAC's Annual Report for the year ended 30 June 2005 has been published in accordance with the *Independent Commission Against Corruption Act 1988*, and the *Annual Reports (Departments) Act 1985*.

In accordance with section 76 of the *Independent Commission Against Corruption Act*, I am pleased to furnish the Annual Report to each of you for presentation to Parliament.

Yours faithfully

A handwritten signature in dark blue ink, appearing to read 'Jerrold Cripps', is written over the typed name and title.

The Hon. Jerrold Cripps QC
Commissioner

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Commissioner's foreword

**2004–2005 has been a year of review,
change and achievement for the ICAC.**

An independent review of the ICAC Act, which governs the operations of the Commission, resulted in a number of amendments to the Act. The most important of these has been the establishment of an Inspector of the ICAC, an oversight role the Commission has been advocating for some time.

A major change in November 2004 was the expiry of the five-year term of Irene Moss AO as Commissioner and my subsequent appointment. I would like to take this opportunity to thank Irene for her contribution to the organisation which of course extended into the 2004–2005 financial year.

The excellent work of the ICAC has continued with a number of significant investigations and corruption prevention initiatives. Such success is a reflection of the ICAC's dedicated and professional staff and the effectiveness of its procedures and processes.

Review of the ICAC Act

The review of the ICAC Act was announced in June 2004 by the Premier and completed by Bruce McClintock SC in January 2005. The majority of the review's recommendations – including the establishment of the Inspector of the ICAC – were subsequently passed by the NSW Parliament.

The Inspector of the ICAC is responsible for overseeing the Commission's use of its investigative powers and for investigating any complaints against staff. The position is independent of the ICAC and Graham Kelly has been appointed as the inaugural Inspector from 1 July 2005.

As a result of the review, a number of other amendments have been made to the ICAC Act. These amendments include renaming public hearings 'public inquiries' and private hearings 'compulsory examinations', providing additional information about investigations and the time taken to complete them in the annual report, specifying the objectives of the ICAC Act, and confirming the Commission's independence and accountability.

Investigations

The ICAC commenced seven category 1 investigations, the principal investigations, and continued to work on 10 other category 1 matters carried over from the previous year.

There were also 94 days of public hearings and 43 private hearings. The ICAC presented six investigation reports to the NSW Parliament with recommendations that the Director of Public Prosecutions consider the prosecution of a total of 12 individuals for criminal offences. The reports also contained 37 corruption prevention recommendations. This dramatic increase in hearing activity associated with investigations placed some strain on the ICAC's already stretched resources.

Two of the major investigations exposed corruption in relation to the construction industry in New South Wales – one involving contractor builder licences issued by the Office of Fair Trading, and the other certificates of competency issued by WorkCover. These investigations revealed evidence of serious and systemic corruption with the potential to compromise construction and safety standards both in New South Wales and Australia-wide.

Another major investigation included an inquiry into allegations of bribery and blackmail involving local developers and two councillors at Strathfield Municipal Council. In the investigation report the ICAC recommended charges be considered against six individuals, including a councillor and the former mayor.

The ICAC also examined the handling of plagiarism allegations at the University of Newcastle's Graduate School of Business which resulted in findings of corrupt conduct against two individuals. In another matter, the ICAC recommended the consideration of criminal proceedings against six individuals involved in financial and property dealings at the Koombahtoo Local Aboriginal Land Council at Lake Macquarie.

During the year the ICAC also investigated allegations that former Health Minister Craig Knowles MP threatened and intimidated nurses who complained to him about perceived maladministration and misconduct within the former South Western Sydney Area Health Service. It concluded the allegations could not be substantiated and made no findings of corrupt conduct.

In March 2005, the Strategic Operations Division completed an internal review to ensure investigation processes remained efficient and effective. The review identified a number of possible improvements relating to procedures and reporting systems, training requirements and team interaction.



Corruption prevention

The ICAC provides a range of specific and general corruption prevention advice to public sector staff and organisations. In 2004–2005, the ICAC's corruption prevention advice service dealt with 333 calls and emails, providing immediate advice and assistance.

The ICAC also responded to 48 written requests for corruption prevention advice, and finalised 67 matters with agencies where complaints or reports were more appropriately dealt with through a corruption prevention response than an investigation.

Corruption prevention staff also worked as part of the investigative team for all category 1 investigations commenced in 2004–2005, and developed specific corruption prevention recommendations for public sector agencies – including 37 recommendations for investigation reports.

During the year the ICAC delivered its innovative Rural and Regional Outreach Strategy (RAROS) program in the Illawarra and Central Coast regions. These two five-day visits included training workshops for public sector staff, discussions with council staff and councillors, visits to public sector agencies to discuss corruption resistance, and workshops for local high school students.

Other corruption prevention initiatives during the year included a jointly produced ICAC and Crime and Misconduct Commission (CMC) of Queensland resource called *Managing Conflicts of Interest in the Public Sector*. Launched in November 2004, this better practice guide provides strategies and options for identifying and managing conflicts of interest for public sector organisations.

The ICAC also co-organised, with the NSW Ombudsman and Institute of Public Administration Australia NSW Division (IPAA), the 5th National Investigations Symposium in November 2004. This successful two-day event was held to enhance the fact finding capabilities of public sector staff tasked with conducting investigations and attracted 224 delegates from across Australia and the region.

A final comment

Finally, previous annual reports have contained warnings that further budget cuts could adversely affect the work of the Commission. It is unfortunately necessary to reiterate and, in the light of recent decisions by government, to heighten such warnings.

Over the past two years the ICAC has been required to make budget savings of over \$500,000 and is expected to make a further saving of more than \$300,000 over the next two years. Further, in 2004–05 the increase in investigation activity resulted in a rise of \$647,000 in external legal and transcript fees, with the Commission being required to seek an extra \$400,000 from Government to assist in meeting these expenses. In addition to these budgetary constraints the ICAC has been advised that all costs for the establishment of the Inspector of the ICAC are to be borne by the Commission itself. These costs amount to \$382,000 from recurrent expenditure and \$162,000 from capital expenditure.

The burden on the ICAC is contrary to a recommendation in the recent review of the ICAC Act in which it was stated that the Inspector of the ICAC should be financed separately to maintain the independence of the office.

Moreover, and again contrary to a recommendation in the review, the Operations Review Committee (ORC) has not been disbanded with the consequence that the ICAC remains obliged to continue to meet the expense of supporting it.

Such a financial burden is occurring during a period of growth in corruption complaints – these have risen from 1,882 matters in 2001–2002 to 2,886 in 2003–2004 and totalled 2,511 in 2004–2005. It is of great concern that these budgetary cuts will have a detrimental impact on the Commission's functions of investigating and preventing corrupt conduct.



The Hon. Jerrold Cripps QC



INDEPENDENT
COMMISSION
AGAINST
CORRUPTION



Results for 2004–2005

- The ICAC Charter
- Performance against objectives
- New statutory reporting requirements

The ICAC Charter

The Independent Commission Against Corruption (ICAC) was established by the *Independent Commission Against Corruption Act 1988* (the ICAC Act) in response to growing community concern about the integrity of public administration in New South Wales.

The ICAC discharges its principal functions under the ICAC Act by:

- targeting serious and systemic corruption and corruption opportunities in the NSW public sector
- establishing facts and referring matters to others to consider prosecution, discipline and prevention actions
- recommending systemic changes to prevent corruption from recurring
- conducting hearings and preparing reports on our investigations
- giving public sector agencies advice, guidance and information
- reinforcing with each public sector agency its responsibility for minimising corruption
- deterring corruption through investigation and public exposure
- promoting an ethical climate so that public sector agencies and individuals are encouraged to act against corruption.

This report sets out the activities and performance of the ICAC in the 2004–2005 financial year.

Performance against objectives

The ICAC Strategic Plan 2003–2007 sets out specific objectives against four key result areas.

These are:

- investigating corruption
- preventing corruption
- accountability
- our organisation.

In 2004–2005 the ICAC worked towards these objectives. Each division in the organisation developed a divisional operational plan, aligned with the ICAC corporate plan and strategic plan, and reported against its operational plan to the executive management group on a quarterly basis.

Table 1 highlights results in 2004–2005 compared with the previous two years.

Table 2 provides a more detailed summary of the 2004–2005 results against each objective. Additional details for each key result area can be found in later chapters of this report.

Table 1: 2004–2005 results at a glance

Result indicator	2004–2005	2003–2004	2002–2003
Key result area: Investigating corruption			
Complaints, reports and information received	2,511	2,886	1,882
Average time taken to deal with complaints (days)	41.2	N/A†	N/A†
Preliminary investigations started	41	136	105
Category 2 investigations started	3	23	N/A†
Category 1 investigations started	7	11	29*
Investigations finalised in 6 months	30	N/A†	N/A†
Public hearing days	94	33	18
Investigation reports to Parliament	6	10	5
Prosecutions arising from ICAC investigations	9	6	10
Key result area: Preventing corruption			
Telephone/email requests for corruption prevention advice	333	322	242
Written requests for corruption prevention advice	48	53	64
Corruption prevention advice in relation to complaints of corrupt conduct	67	53	60
Rural and regional outreach strategy visits	2	2	2
Speaker presentations delivered	43	32	58
Training sessions delivered	45	37	39
Corruption prevention recommendations in investigation reports	37	92	30
Percentage of corruption prevention recommendations in investigation reports implemented	95%	90%	92%
Number of website visitors	41,875	45,660	31,508
Key result area: Accountability			
Operations Review Committee meetings	6	6	6
Number of matters considered by the Operations Review Committee	1,731	1,807	1,353
Percentage of recommendations accepted by the Operations Review Committee	77.4%	82%	80%
Parliamentary Joint Committee meetings	2	2	2
NSW Ombudsman inspections of telephone intercept and controlled operations records	4	3	3
Key result area: Our organisation			
Average FTE staff numbers	112.6	111	101
Participants in training activities	380	780	593

* A system of categorising investigations as preliminary, category 1 and category 2 was introduced in 2003–2004. Before that time investigations were categorised as preliminary or formal investigations.

† Not available.

Table 2: 2004–2005 Results**Objective****Achievements****Key result area: Investigating corruption**

Take a proactive approach to detecting and investigating corrupt conduct

- received and assessed 2,511 matters from public sector staff, public sector agencies and members of the public
- conducted 274 preliminary enquiries*
- started 10 investigations and 41 preliminary investigations, and continued work on 14 investigations and 20 preliminary investigations carried over from 2003–2004
- finalised 30 investigations within six months of receipt of the matter
- held 94 days of public hearings in relation to eight investigations and issued 43 summonses for private hearings

Tailor approaches in dealing with corruption prevention issues identified through investigations

- made 37 specific corruption prevention recommendations in public investigation reports
- developed new corruption prevention initiatives from investigation work, such as the universities training module
- incorporated information and examples from relevant investigations and complaints/reports into ICAC training materials

Ensure a best practice approach for all investigations

- maintained an integrated approach to investigations, with a lawyer and a corruption prevention officer assigned to all major investigations
- held fortnightly meetings of the investigations management group to monitor and review current investigations
- exercised all statutory and investigative powers in accordance with statutory requirements
- conducted an internal review of the investigation process and an assessment of the functions of the surveillance and technical unit – formerly the strategic risk assessment unit

Enhance complaint handling processes

- provided information to complainants on the ICAC's response to complaints of suspected corrupt conduct
- reviewed and redesigned the online complaints form to make it easier to use and understand

Develop strategic alliances to optimise investigative outcomes

- exchanged intelligence with NSW Police, the Australian Federal Police, the Australian Crime Commission, the NSW Crime Commission and the NSW Police Integrity Commission (PIC) to assist ICAC investigations
- provided information under the ICAC Act to law enforcement and other agencies on 28 occasions
- continued to receive support from NSW Police under the terms of the Memorandum of Understanding signed in 2002
- worked closely with the PIC, including receiving specialist technical support and resources to assist with gathering evidence of corrupt conduct
- received technical assistance from the NSW Crime Commission
- organised and participated in joint training exercises with the Australian Federal Police, the Australian Customs Service and the Australian Taxation Office

* This term covers enquiries undertaken by the Assessments section.

Objective

Achievements

Key result area: Preventing corruption

Provide a range of strategies to develop the public sector's capacity to resist and respond appropriately to corruption

- conducted training and education programs in two regional areas in NSW
- provided 45 training sessions to public sector agencies
- jointly produced *Managing Conflicts of Interest in the Public Sector* resources with the Crime and Misconduct Commission (CMC), Queensland
- jointly hosted the 5th National Investigations Symposium in November 2004 with the NSW Ombudsman and Institute of Public Administration Australia (NSW Division)
- actively participated in the Protected Disclosures Act Implementation Steering Committee (PDAISC)

Provide guidance and advice to the NSW public sector on issues that may lead to corrupt conduct if unchecked

- responded to 333 telephone/email requests and 48 written requests for corruption prevention advice
- provided corruption prevention advice in relation to 67 complaints/reports of corrupt conduct
- produced and distributed two editions of the *Corruption Matters* newspaper, providing information on ICAC investigations and corruption prevention issues to around 7000 recipients

Improve community confidence in reporting corruption

- undertook a number of community education presentations providing information about the ICAC and its services to key representatives of community groups and networks
- implemented specific communication strategies for Chinese and Arabic-speaking communities to build on interest in the ICAC's investigation into the relationship between certain Strathfield councillors and developers

Objective

Achievements

Key result area: Accountability

Provide timely, accurate and relevant reporting to the Operations Review Committee and the NSW Parliamentary Joint Committee

- convened six meetings of the Operations Review Committee (ORC) and considered a total of 1,731 matters – the majority of recommendations made by the ICAC were accepted with no or only minor alterations
- randomly audited 15 reports presented to each ORC meeting – of the 90 reports audited, only two had minor errors or omissions
- attended two hearings of the Parliamentary Joint Committee on the ICAC and provided timely and accurate responses to questions on notice

Ensure delivery of agreed business outputs

- had operational plans for 2004–2005 in place for all divisions, aligned to the ICAC strategic plan
- provided quarterly reports against all divisional operational plans to the executive management group
- put performance agreements in place for all staff, based on performance measures identified in divisional operational plans

Ensure all business activity complies with all regulatory requirements and standards requirements

- provided all central agency reports and returns by due dates, in compliance with relevant legislation and to specified standards
- had four compliance inspections by the Ombudsman of telecommunications interceptions and controlled operations records
- received one audit under section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1998* that did not disclose any fraudulent or other criminal behaviour

Report publicly about the work of the Commission

- put transcripts of eight public hearings and two private hearings (subsequently made public) on the ICAC website
- published six investigation reports, with recommendations that the DPP consider the prosecution of a total of 12 people for criminal offences
- placed all publications produced in 2004–2005 on the ICAC website
- made enhancements to the ICAC website, including redesigning the homepage and making changes to improve navigation and functionality
- produced and distributed the *ICAC Annual Report 2003–2004* and *Corruption Matters No. 24* and *25*
- undertook 43 public speaking engagements and briefings on the work of the ICAC

Objective

Achievements

Key result area: Our organisation

Continue to develop as a learning organisation that embraces a culture of continuous improvement, excellence and sharing of knowledge

- promoted the ICAC's learning strategy with 380 participants attending training activities and completed the leadership program introduced for senior managers
- prepared learning and development plans as part of staff performance agreements to support and facilitate their professional development

Provide a safe, equitable, productive and satisfying workplace

- developed, reviewed or updated policies covering areas such as human resources, information technology, use of ICAC property and investigations
- provided a comprehensive induction program for all new staff, incorporating OH&S and security requirements
- conducted a staff climate survey to determine staff views on a range of internal issues and identify opportunities for improvement
- implemented an internet-based secure remote access facility to allow staff who work in the field to have mobile on-line remote access that provides an efficient interface with the ICAC's systems and network
- undertook specific initiatives in accordance with the ICAC's Ethnic Affairs Priorities Statement, Disability Action Plan, Spokeswomen's Program and the NSW Government Action Plan for Women
- completed 14 risk assessments in relation to seven hearings to help mitigate any exceptional risks for ICAC staff
- developed and endorsed a business continuity management strategy and a detailed plan to ensure the ICAC could restore services to the public as soon as possible after a major incident

Be a lead agency in our governance and corporate infrastructure

- established an audit committee to oversee business risks and governance issues including the internal audit function
- completed the assessment and identification of accounting policy changes required for the full adoption of Australian equivalents to international financial reporting standards for the presentation of ICAC financial statements
- maintained a comprehensive internal governance structure, with a number of internal committees each operating to a formal charter – an executive management group, investigations management group, prevention management group and IT steering committee
- ensured staff input to decisions affecting them through regular meetings of the commission consultative group, OH&S committee, and access and equity committee

Monitor our performance to ensure work quality and effective resource management

- had quarterly reports against divisional operational plans accepted by the executive management group
- planned and approved activities, monitored progress and considered and resolved any issues through regular meetings of ICAC internal governance committees

New statutory reporting requirements

The *Independent Commission Against Corruption (Amendment) Act 2005* (the ICAC Amendment Act) made significant amendments to the ICAC Act. Please see page 87 for further details. All of the new provisions have now come into operation.

One of the amendments involves additional reporting requirements under section 76(2)(b). This section requires the ICAC to provide statistical information about its investigations.

Section 76(2)(b) did not come into operation until 1 July 2005 and therefore does not have to be reported against until the 2005–2006 annual report. However, as much of the information required is already collected as part of the ICAC's development of performance indicators, the ICAC decided to report against section 76(2)(b) in this year's report.

It is important to note that only a small percentage of the total number of complaints received are referred for further investigation. The first task after the ICAC receives a complaint is to assess if it is within the ICAC's jurisdiction – involves a public official, corrupt conduct etc – and if it requires further investigation.

The assessment stage is part of the process of assessing whether a complaint requires or calls for further investigation and is not considered part of the 'investigation' of any complaint. The result of the assessment process may be a recommendation that the matter should not be further investigated by the ICAC – it is then referred to the Operations Review Committee for their advice.

The ICAC regards a matter as being 'investigated' when it is referred by the assessment panel to either the Strategic Operations or Legal Divisions for further investigation.

Section 10 of the ICAC Act deals with complaints of corrupt conduct. A report of suspected corrupt conduct is made under section 11. As a result of further amendments arising from the ICAC Amendment Act, private hearings and public hearings are, from 1 July 2005, referred to as compulsory examinations and public inquiries respectively. In this report the terminology of 'hearings' will still be used. Future reports will use the new terminology of compulsory examinations and public inquiries.

Tables 3, 3a, 3b and 3c contain the initial reporting for section 76(2)(b) of the ICAC Amendment Act.

Table 3: Report under new section 76(2)(b)

Section	Reporting requirement	Result
76(2)(b)(ba)(i)	Time interval between the lodging of each complaint and the Commission deciding to investigate the complaint	see Table 3a for details
76(2)(b)(ba)(ii)	Number of complaints commenced to be investigated but not finally dealt with during the year	7
76(2)(b)(ba)(iii)	Average time taken to deal with complaints	41.2 days
	Actual time taken to investigate any matter in respect of which a report is made	see Table 3b for details
76(2)(b)(ba)(iv)	Total number of private hearings conducted during the year	43
	Total number of public hearings conducted during the year	8
76(2)(b)(ba)(v)	Number of days spent during the year in conducting public hearings	94 days
76(2)(b)(ba)(vi)	Time interval between the completion of each public hearing conducted during the year and the furnishing of a report on the matter	see Table 3c for details

Table 3a: Time interval between the lodging of each complaint and the ICAC deciding to investigate the complaint

Date received	Decision to investigate	Time interval (days)
12/07/2004	15/07/2004	3
26/07/2004	10/08/2004	15
28/07/2004	09/09/2004	43
29/07/2004	05/08/2004	7
01/08/2004	03/08/2004	2
03/08/2004	05/08/2004	2
03/08/2004	05/08/2004	2
05/08/2004	24/08/2004	19
16/08/2004	09/09/2004	24
19/08/2004	26/08/2004	7
31/08/2004	21/09/2004	21
08/09/2004	14/09/2004	6
29/09/2004	21/10/2004	22
12/10/2004	19/10/2004	7
18/10/2004	02/11/2004	15
01/11/2004	30/11/2004	29
02/11/2004	25/01/2005	84
05/11/2004	20/01/2005	76
16/11/2004	30/11/2004	14
13/12/2004	03/02/2005	52
21/12/2004	23/12/2004	2
23/12/2004	06/01/2005	14
04/01/2005	18/01/2005	14
05/01/2005	11/01/2005	6
08/02/2005	17/02/2005	9
16/02/2005	22/02/2005	6
17/02/2005	22/02/2005	5
24/02/2005	08/03/2005	12
06/04/2005	21/04/2005	15
11/04/2005	26/05/2005	45
12/04/2005	16/06/2005	65
22/06/2005	14/07/2005	22

Table 3b: Actual time taken to investigate any matter for which a report is made

For section 11 reports investigated and completed in 2004–2005:

Investigation classification	Date received	Date completed	Time taken to investigate (days)
Category 1	21/03/03	17/12/04	637
Category 1	2/07/99	1/04/05	2100*
Category 2	8/09/03	22/10/04	410
Preliminary investigation	5/11/03	27/07/04	265
Preliminary investigation	4/12/03	24/08/04	264
Preliminary investigation	30/12/03	24/08/04	238
Preliminary investigation	4/02/04	18/08/04	196
Preliminary investigation	19/03/04	27/07/04	130
Category 2	25/03/04	14/09/04	173
Preliminary investigation	17/05/04	27/10/04	163
Preliminary investigation	3/06/04	27/10/04	146
Preliminary investigation	17/06/04	21/06/05	369
Preliminary investigation	1/07/04	28/09/04	89
Preliminary investigation	5/08/04	1/02/05	180
Preliminary investigation	9/08/04	16/05/05	280
Preliminary investigation	1/09/04	17/12/04	107
Preliminary investigation	7/09/04	17/12/04	101
Preliminary investigation	21/12/04	1/02/05	42
Preliminary investigation	16/12/04	10/10/05	145
Preliminary investigation	25/02/05	5/05/05	39
Preliminary investigation	25/02/05	5/05/05	39
Preliminary investigation	10/05/05	21/06/05	42

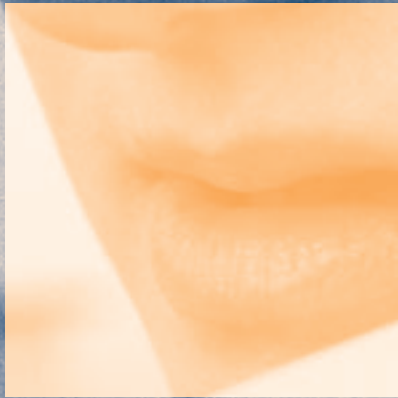
* Report on investigation into certain transactions of Koopahtoo Local Aboriginal Land Council (April 2005). This investigation examined a number of allegations received between July 1999 and June 2002. The full background to the investigation is set out in the ICAC's investigation report.

Table 3c: Time interval between the completion of each public hearing and the issuing of a report on the matter

Public hearing	Date public hearing complete*	Date investigation report tabled	Time interval (days)
Investigation into the conduct of the Hon. Peter Breen MLC	10/09/04	17/12/04	98
Investigation into the alleged mistreatment of nurses	3/11/04	13/04/05	161
Investigation into certain transactions of the Koopahtoo Local Aboriginal Land Council	3/12/04	1/04/05	119
Investigation into the University of Newcastle's handling of plagiarism allegations	18/01/05	30/06/05	163
Investigation into the relationship between certain Strathfield City councillors and developers	8/03/05	23/06/05	107
Investigation into planning decisions relating to the Orange Grove Centre	22/04/05	11/08/05	111
Investigation into activity associated with applying for and obtaining contractor builders' licences	10/06/05	N/A	N/A
Investigation into conduct of officers of the WorkCover Licensing Unit**	N/A	N/A	N/A

* The ICAC considers a public hearing to be complete as of the date of receipt of final submissions from parties who were granted leave to appear at the hearing.

** Public hearing conducted in June 2005 but final submissions not due until July 2005.



Assessing complaints and reports

- Overview
- The assessment process
- Profile of matters received
- Complaints from the public (section 10 complaints)
- Protected disclosures
- Reports from public sector agencies (section 11 reports)
- Initial decisions by assessment panel
- Referrals to public sector agencies (section 53/54 reports)
- Combating 'everyday' corruption

In 2004–2005, the ICAC:

- received and assessed 877 complaints from members of the public containing 1,350 allegations
- received and assessed 257 protected disclosures containing 489 allegations
- received and assessed 516 reports from NSW public sector agencies
- undertook 274 preliminary enquiries
- reviewed and redesigned the ICAC online complaints form to make it easier to use and understand.

Overview

Every year the ICAC receives a large number of complaints and reports about suspected corrupt conduct from principal officers of NSW public authorities, public sector staff or officials, and members of the public.

These complaints and reports provide the impetus for much of the ICAC's investigative work. They also highlight corruption risk areas and trends that assist the ICAC in targeting corruption prevention work.

Principal officers of NSW public authorities have an obligation under section 11 of the ICAC Act to report reasonably suspected corrupt conduct to the ICAC. The ICAC liaises with these agencies and provides advice on reporting procedures and their obligations. It also actively encourages all members of the public and public sector staff to report any concerns about suspected corrupt conduct.

This year the ICAC began collecting data from telephone callers to help develop strategies to improve accessibility to certain community groups. This data includes whether the caller identifies as being from a non-English speaking background (NESB), what language they speak, what their main source of information is, and how they found out about the ICAC. For more information about the ICAC's work with the NESB community, please see the 'Preventing corruption' chapter.

Complaints to the ICAC may be made in writing, by telephone, by email, in person or online via a complaints form on the ICAC website – www.icac.nsw.gov.au. In 2004–2005, this online complaints form was redesigned to make it easier to understand and more user-friendly.

The assessment process

All new matters are received by the assessments section and formally registered onto a database. Assessment staff make any necessary enquiries with the complainant, the public sector agency involved or other bodies to help them assess the information provided.

All matters are then reported to the assessment panel – an internal ICAC committee that is responsible for determining what action, if any, should be taken in regard to matters received. The reports sent to the assessment panel include the allegations made, the outcome of any enquiries conducted, an initial assessment of the matter, and recommendations for proposed action.

In 2004–2005, some minor enhancements were made to the complaint recording and case management database to increase its efficiency and user friendliness.

Profile of matters received

In 2004–2005 the ICAC received a total of 2,511 matters. These included 877 section 10 complaints, 257 protected disclosures and 516 section 11 reports.

The number of matters received in 2004–2005 was slightly lower than in the previous year. Table 4 provides an analysis of the matters reported to the assessment panel in 2004–2005. The decisions made by the panel are set out in Table 5.

Complaints from the public (section 10 complaints)

Under section 10 of the ICAC Act, any person can make a complaint about suspected corrupt conduct. The ICAC refers to complaints made by members of the public – as well as those made by public sector staff that are not categorised as protected disclosures – as section 10 complaints.

In 2004–2005 the ICAC received 877 section 10 complaints, containing 1,350 allegations.

The areas of workplace activity most frequently mentioned in the section 10 complaints received this year were:

- building and development applications – mentioned in 29.4% of the section 10 complaints received
- law enforcement – general (8.7%)
- employment practices (8.2%)
- disposal of public assets (7.6%)
- law enforcement – courts and tribunals (6.8%).

Table 4: Matters received by category in 2004–2005, compared to previous two years

Category	2002–2003	2003–2004	2004–2005
Section 10 Complaints involving an allegation of corrupt conduct. These may be made by any person, such as a member of the public.	691	901	877
Protected disclosure Complaints made by public sector employees that meet the criteria of the <i>Protected Disclosures Act 1994</i> . Complaints that do not meet the criteria are treated as section 10 complaints.	213	306	257
Section 11* Reports from the principal officers of NSW public authorities, such as chief executive officers of public sector agencies or general managers of councils. Under section 11 of the ICAC Act, these officers have an obligation to inform the ICAC of suspected corrupt conduct.	620	677	516
Information Information provided by members of the public about a situation that may have potential for corruption, but which does not include an allegation of corruption.	209	320	393
Referrals from Parliament Matters referred to the ICAC by resolution of both Houses of the NSW Parliament – section 73 of the ICAC Act.	0	0	0
Enquiry** A request for advice from the ICAC, by either a member of the public or a NSW public sector employee, about whether a particular situation might indicate corrupt conduct.	11	306	228
Own initiative Matters initiated by the ICAC itself without a complaint or referral being received. These may arise from other matters being investigated or from media reports.	3	5	5
Outside jurisdiction*** These matters do not involve the NSW public sector. They are, if possible, referred to another agency that can deal with the complaint.	130	356	228
Dissemination Information suggesting corrupt conduct usually provided by government agencies other than NSW agencies – such as the Australian Federal Police, the Australian Crime Commission or the Commonwealth Ombudsman.	4	12	4
Intelligence report General intelligence information provided by government agencies.	5	3	3
Total	1,882	2,886	2,511

Notes: * This figure represents the number of section 11 reports received. As some agencies report by schedule, some reports contain more than one matter.

** Until July 2003, only written enquiries were recorded by the ICAC. From 1 July 2003 all enquiries, including telephone calls, have been recorded.

*** Until July 2003, these figures referred to written complaints only. Since 1 July 2003, the ICAC also records details of telephone complaints involving matters outside the ICAC's jurisdiction.

The types of misconduct most frequently alleged in the section 10 complaints received were:

- breach of policy or procedures – 21.1% of all section 10 allegations made
- collusion (16.1%)
- favouritism or nepotism (14.9%)
- fabricating or falsifying information, forgery or fraud (12.1%)
- failure to disclose or an abuse of conflict of interest (11.9%).

Table 8 in Appendix 1 provides a full list of the type of allegations in section 10 complaints made to the ICAC.

Protected disclosures

Public sector employees who raise suspected corrupt conduct matters with the ICAC may receive the protection of the *Protected Disclosures Act 1994*.

Protected disclosures are treated as a special class of section 10 complaints. This is because they are an important source of information about potential corrupt conduct – given the employee's 'insider' status – and because the Protected Disclosures Act requires the complaint to be handled with special attention because of the position of the complainant within the agency concerned.

During 2004–2005, the ICAC received 257 protected disclosures containing 489 allegations.

The areas of workplace activity most frequently mentioned in the protected disclosures received in 2004–2005 were:

- employment practices – mentioned in 30% of the protected disclosures received
- staff management (19.8%)
- disposal of public assets (9.7%)
- building and development applications (8.6%)
- purchase of goods and services, tendering and contracts (8.2%).

The types of misconduct most frequently alleged in protected disclosures made in 2004–2005 were:

- breach of policy or procedure – mentioned in 32.7% of the protected disclosures received
- favouritism or nepotism (29.2%)
- harassment or victimisation (21.8%)
- failure to disclose or an abuse of conflict of interest (21.8%)
- misuse or theft of public resources (15.6%).

A full list of the type of allegations made in protected disclosures to the ICAC during 2004–2005 is in Table 8 in Appendix 1.

Reports from public sector agencies (section 11 reports)

Section 11 of the ICAC Act requires principal officers of NSW public authorities, such as chief executive officers and directors-general of state government agencies and general managers of councils, to report suspected corrupt conduct to the ICAC.

In 2004–2005, the ICAC received 516 section 11 reports from principal officers containing 851 allegations. Agencies making section 11 reports to the ICAC usually make them individually as the need arises. However some larger agencies have long-standing arrangements to report minor matters by schedule on a regular basis. Therefore, in addition to the 516 individual section 11 reports, the ICAC also received notification by schedule of over 800 minor matters.

As well as alerting the ICAC to specific instances of known or suspected corrupt conduct, section 11 reports provide useful insights into emerging corruption risks and can also help identify system weaknesses within the public sector. Section 11 reports regularly form the basis for corruption prevention advice and publications.

The areas of workplace activity most frequently mentioned in the section 11 reports received in 2004–2005 were:

- employment practices – mentioned in 15.3% of the section 11 reports received
- use of public resources (12.8%)
- cash or card handling (9.7%)
- building and development applications (8.9%)
- licensing, qualifications, certificates and regulations (8.3%).

The types of misconduct most frequently reported by principal officers were:

- misuse or theft of public resources – mentioned in 29.8% of section 11 reports received
- breach of policies or procedures (28%)
- fabricating or falsifying information, forgery or fraud (20.5%)
- bribery, gifts or secret commissions (13.4%)
- favouritism and nepotism (8.9%).

The assessments section provides advice to principal officers who may be unsure about what they should report to the ICAC, when they should report it, and the type of information required. They can be contacted from 9am to 5pm on weekdays, through the ICAC's central telephone number – 02 8281 5999.

Initial decisions by the assessment panel

All matters received are assessed and reported to the assessment panel. Each matter is assessed individually to determine the appropriate course of action. If a matter is complex or requires enquiries before an appropriate course of action can be determined, it may be reported to the assessment panel on several occasions.

The assessment panel consists of the Deputy Commissioner and the Executive Directors of the Strategic Operations Division, the Corruption Prevention, Education and Research Division and the Legal Division or their delegates. The panel usually meets twice a week.

For each matter, the assessment panel considers issues relating to jurisdiction, the seriousness and/or systemic nature of the complaint, whether it is being or could be adequately handled by another agency, and the opportunities for identifying serious and systemic corrupt conduct.

The panel will then make one of five decisions:

1. Referral or no action by the ICAC

The ICAC's role is to focus on the more serious or systemic aspects of corruption. This is now provided for in section 12A of the ICAC Act. A significant number of the matters the ICAC receives can be appropriately referred to other investigating agencies – such as the NSW Ombudsman, the Department of Local Government or the Health Care Complaints Commission. Some may be disciplinary or administrative matters that can be referred to the agency concerned. Other matters may have already been adequately dealt with by the agency making the notification.

Many other matters do not relate to corrupt conduct as defined in the ICAC Act and do not warrant any action by the ICAC, other than to notify the person who provided the information of the ICAC's decision. After considering the results of any initial enquiries made, the panel decides whether a matter should be referred or does not warrant any further action.

CASE STUDIES

The ICAC encourages public sector agencies to take an active role in managing corruption complaints. This year the ICAC received two section 11 reports involving allegations of attempted bribery. For these two reports it was determined the agencies involved were able to respond adequately to the allegations. These allegations provide intelligence for the ICAC about corruption risks and can inform corruption prevention, education and research activities.

Driving lessons

The Roads and Traffic Authority (RTA) reported allegations by an applicant for a driving test. The applicant alleged that the driving school she had been having lessons with told her she needed more lessons, harassed her and told her she would not pass if she did the test. She further alleged that an RTA Motor Registry driver testing officer purposely failed her in the test – allegedly in return for a bribe of \$500 from the driving school who wanted to gain further revenue from continued driving lessons.

Council fine

A council reported an allegation of attempted bribery by the neighbour of a councillor. The neighbour allegedly approached the councillor on behalf of a business acquaintance who had incurred a fine for having an overloaded truck. The truck apparently lost its load on the way to its delivery destination. The neighbour allegedly asked the councillor for help in getting his acquaintance's fine waived. The councillor advised her neighbour she could not personally intervene in the matter and referred the request to the council's general manager. Council subsequently wrote to the neighbour informing him of the seriousness of the allegation and that it had been reported to the ICAC.

2. Request an investigation and report by another agency

If an allegation of corrupt conduct is made about an agency the ICAC may, after consultation, require the agency to conduct an internal investigation and then report its findings to the ICAC (sections 53 and 54 of the ICAC Act).

3. Preliminary enquiries

If the panel decides that a matter should be considered further – but may not yet warrant a full investigation – preliminary enquiries can be undertaken. Depending on the outcome of these enquiries, it may be decided that a matter should not be pursued further or should be referred to another agency. In some cases, the matter may become the subject of an ICAC investigation.

4. Corruption prevention

If a matter appears to involve mainly systemic issues – or the allegations made have been dealt with but wider problems appear to exist – enquiries may be undertaken by corruption prevention staff to further evaluate the situation or give advice about how to prevent the problem happening again.

5. Referral to Strategic Operations or Legal Divisions for further action

If a matter is referred to the Strategic Operations or Legal Divisions for further action, this action may include a preliminary or a full investigation. Only a small number of matters received will meet the criteria for a full investigation. These matters must be within the jurisdiction of the ICAC, appear to be serious, or be matters with potential to expose significant or systemic corrupt conduct.

Table 5: Action taken by the ICAC in response to matters received (compared to previous two years) – analysis of assessment panel decisions

Assessment panel decision	Total		
	2002–2003	2003–2004	2004–2005
Immediate referral or no action taken by the ICAC	1460 (77.5%)	2,500 (84.2%)	2,306 (85.7%)
Matters acted upon by the ICAC			
Referred to assessments section for further enquiries (includes s.53/54 referrals)	159 (8.5%)	246 (8.3%)	274 (10.2%)
Referred to corruption prevention unit for further action	129 (6.9%)	55 (1.9%)	39 (1.4%)
Referred to Strategic Operations or Legal Divisions for further preliminary or full investigation	134 (7.1%)	169 (5.7%)	72 (2.7%)
Total number of matters acted upon by the ICAC	422 (22.4%)	470 (15.8%)	385 (14.3%)
Total number of matters*	1,882	2,970**	2,691**

* The totals here may be different to the total of all matters received during the year. This table records decisions made during the reporting year. In some cases, more than one decision will apply to each matter. Some matters received towards the end of a reporting year will not be assessed until the beginning of the next reporting year. The figures for 2002–2003 also exclude telephone matters classed at the outset as information or outside jurisdiction – these were not recorded until 1 July 2003.

**From July 2003 telephone enquiries about whether a matter might involve corrupt conduct and telephone complaints involving matters outside the ICAC's jurisdiction were recorded (see Table 1) and are included in totals from 2003–2004 onwards. This means that totals from 2003–2004 onwards cannot be directly compared to totals for previous years.

Referrals to public sector agencies (section 53/54 reports)

In addition to referring matters that are outside jurisdiction to another appropriate agency, the ICAC can also refer a matter within jurisdiction to another agency for them to investigate and report back to the ICAC. These referrals are made under section 53 of the ICAC Act, after consultation with the agency involved. The investigation report from the agency is requested under section 54. In 2004–2005, the ICAC referred 27 matters for investigation under the section 53/54 provisions.

A matter is referred to an agency under sections 53 and 54 if it is considered the agency has the capacity to investigate the matter. A matter is not referred to an agency if the investigation might be compromised or the agency lacks the capacity to conduct the investigation and report on it.

CASE STUDY

Driving while disqualified?

In 2004–2005, the ICAC referred the following allegations to the Roads and Traffic Authority (RTA).

The ICAC received allegations about a person who had been convicted of drink driving offences and had subsequently been disqualified from driving. The complainant allegedly witnessed this person driving a motor vehicle after his conviction. The complainant contacted NSW Police who acknowledged the driver's disqualification status. The police noted however that, according to the RTA's records, the driver's licence status was 'current'. The police suggested the complainant contact the RTA. The complainant also advised the ICAC that a relative of the disqualified driver was employed by the RTA.

Given the RTA's knowledge of relevant licensing procedures and their access to relevant documents and internal databases, the ICAC considered that the RTA would be best placed to investigate the matter and then report its findings.

During the course of the RTA's investigation, it was revealed that the disqualified driver had been sanctioned to be part of the alcohol interlock program. In this program, an alcohol interlock device – an electronic breath test device wired to the ignition of the car – is installed in the participant's vehicle. The car will not start if the breath sample is above a pre-set alcohol limit. In addition, although the RTA confirmed that the driver did have a relative employed by the RTA, they found no evidence to support the inference of possible corrupt conduct involving the relative.

Through the RTA's enquiries, the ICAC was able to conclude that the allegations were unlikely to involve corrupt conduct on the part of a NSW public official.

Combating 'everyday' corruption

The ICAC receives a diverse range of complaints and reports each year. While public sector staff in NSW may believe that corruption is not something that affects their day-to-day working life, in reality corrupt conduct is often much more systemic than it is serious.

However combating this type of corruption can be just as important to an agency, given the potential it has to affect their efficiency and reputation. The following case studies highlight some of the more systemic, but perhaps less complex, types of corruption reported. They also show that continued corruption prevention and code of conduct education is vital for any public sector agency.

CASE STUDIES

Misuse of official letterhead – 1

An employee of a public sector agency was found to have been using official letterhead when writing in a private capacity. The agency discovered letters by the employee about various outstanding personal bills written on official letterhead. In the letters, the employee claimed that he had been unable to pay his bills earlier as he had been hospitalised due to a serious accident. This statement was untrue. The agency considered that the employee's use of the letterhead could be perceived as an attempt to give veracity to his claims and be treated more favourably by the firms he was writing to. The agency decided that the employee had breached their code of conduct and engaged in misconduct.

Misuse of official letterhead – 2

The NSW Ambulance Service reported that an employee used the service's letterhead to write two letters to his wife's employer, a health care organisation. The letters were complaints about his wife's manager. The employee was counselled that the use of the letterhead was a misuse of public resources and authority – as there was a clear implication that the letters sought to apply pressure on the management of the health care organisation. The employee has given assurances that this would not happen again.

CASE STUDIES

False employment history

A registered nurse employed by an area health service had applied for a bank loan. She had given the bank a document on area health service letterhead stating an earnings amount in excess of her actual salary. The Manager of Human Resources then undertook an investigation which also highlighted that the employee had misstated her employment history.

In the employment details provided during recruitment, the employee had stated that she had been working as a registered nurse from 1993 onwards. However information provided by the Nurses Registration Board identified that she was first registered as a registered nurse in 1997. As she had been paid at a rate commensurate with 1993 registration, this had resulted in an overpayment to the employee of more than \$11,500. The area health service terminated her employment.

Undertaking private work

A concern arose within an area health service that an employee was using her work computer to do private work of a commercial nature during work hours. At a meeting called to discuss these concerns, the employee admitted to making telephone calls and using her work computer to do private work, but said that these tasks were done during her work breaks and using her mobile phone. The employee was given notice that her computer would be examined.

The area health service engaged a company to examine the employee's computer hard drive. The files retrieved, including some that the employee had deleted once she was put on notice that her computer would be examined, showed that she had been misusing official resources to do private work during work time. When the evidence was put to the employee, she resigned. Her employment papers note that she should not be re-employed on the basis of proven misconduct. The area health service has introduced a number of measures to prevent similar incidents from occurring, including advising employees that random checks will be conducted on their computers.

Downloading inappropriate material

An area health service reported that an employee inappropriately downloaded nude pictures and pornographic material (but not paedophilic) onto his work computer's hard drive. The employee was also found to have used a local modem to access the internet to download the images. The local modem was used to bypass the area health service's internet filtering and logging facilities. The employee immediately resigned once the allegations were put to him.



Investigating corruption

- Overview
- The investigation process
- Investigations in 2004–2005
- Investigation reports
- Investigation outcomes
- The year ahead

In 2004–2005, the ICAC:

- started seven category 1 investigations, three category 2 investigations and 41 preliminary investigations, and continued work on 10 category 1 investigations, four category 2 investigations and 20 preliminary investigations carried over from last year
- held 94 days of public hearings in relation to eight investigations and 43 private hearings
- conducted three controlled operations, and was granted 103 warrants for the use of listening devices and 56 warrants for telecommunication intercepts
- exercised formal powers under sections 21, 22, 23, 35 and 40 of the ICAC Act on 645 occasions
- provided information under the ICAC Act to law enforcement and other agencies on 28 occasions
- published six investigation reports, with recommendations that the DPP consider prosecuting 12 people for criminal offences
- reviewed the investigation process, assessed the functions of the surveillance and technical unit, and made a range of better practice improvements.

Overview

Investigations are a major part of the ICAC's work and complement its corruption prevention and education functions.

The Strategic Operations Division has primary responsibility for conducting ICAC investigations. It uses both overt and covert techniques in investigations, including the coercive powers granted to the ICAC under the Act. The division consists of two units – the investigations unit and the surveillance and technical unit.

The Legal Division has primary responsibility for organising and conducting hearings. Hearings can be held in public, in private or a combination of public and private depending on what is in the public interest. Hearings can be a vital investigative tool as well as an important mechanism for both exposing corruption and educating the public about corruption.

Investigations unit

The ICAC has three levels of investigations – preliminary investigations, category 2 investigations and category 1 investigations. There are a range of issues – such as the seriousness or systemic nature of the corrupt conduct and the use of a range of ICAC resources and powers – that need to be considered for an investigation to be escalated to category 2 or 1. Staff work collaboratively on investigations and a lawyer and corruption prevention officer were assigned to the investigation team for each category 1 investigation started this year.

In 2004–2005, the ICAC reviewed its investigation process and identified a number of opportunities for improvement. As a result, some reporting systems have been amended, a training and development working group set up to determine staff training priorities, and office space has been reconfigured to improve interaction between investigation teams. In addition, the investigations management group met fortnightly to ensure investigations were prioritised appropriately, to review strategy and progress on investigations, and to provide direction on critical operational decisions.

The ICAC also reviewed its operations manual and updated 16 procedures to reflect recent changes to the ICAC Act and changes in ICAC practice. A number of other procedures are in the process of being reviewed and developed and will be finalised in 2005–2006.

During the year the ICAC started using new hearing room facilities that permit copies of documents and electronically-acquired product to be presented on-screen in the hearing room for all participants and observers to see. Telephone intercept product and surveillance footage is able to be played during hearings and provides compelling evidence of both corrupt and criminal behaviour.

Surveillance and technical unit

The surveillance and technical unit has three sections – surveillance, product management and technical services. The surveillance section undertakes physical surveillance to identify and monitor people of interest to the ICAC who may be involved in corrupt activity. The product management section collects, manages and stores electronically acquired evidence and intelligence. The technical services section provides specialised technical surveillance capability to support investigations.

In 2004–2005, the ICAC completed an assessment of the functions of the unit and identified a number of issues. Operating procedures have since been updated in a range of areas, an equipment audit has been completed, some new equipment purchased and staff provided with additional training opportunities. In addition, the intelligence function was reorganised and is now focused within the investigation teams. This means that future strategic intelligence projects will be undertaken by multi-skilled teams from across the ICAC. The name of the unit was changed from the strategic risk assessment unit to the surveillance and technical unit in April 2005 to better reflect its current role and function.

This year networking with other surveillance units was increased to keep abreast of the latest surveillance methodology, training and equipment. This networking also created opportunities for a number of joint surveillance operations where the ICAC assisted other law enforcement agencies. This helps staff to maintain and develop skills and is useful if the ICAC needs surveillance assistance in the future.

Equipment and products to support technical surveillance are constantly developing and changing. In 2004–2005 the ICAC commenced a three-year equipment purchasing program to ensure it remains up-to-date with changes in technology and new products available in the market.

Legal Division

The Legal Division provides high quality, accurate and timely legal services to assist the ICAC perform its principal functions and exercise its statutory powers in a lawful, effective, ethical and accountable way.

Lawyers participate in the planning and conduct of investigations. They have primary responsibility for preparing statutory notices and summonses and reviewing applications for search warrants, listening device warrants, telecommunications interception warrants and controlled operations. ICAC lawyers organise and coordinate hearings, including acting as counsel and instructing counsel. The Legal Division is also responsible for training ICAC staff in the role of hearing associate, providing training and updates to staff on changes to relevant laws and legal developments affecting operations, and providing general legal and policy advice on issues affecting those operations.

The investigation process

In 2004–2005, the ICAC continued its commitment to undertaking quality investigations, using state-of-the-art technical capabilities, and improving the way in which investigations are managed.

The ICAC uses a range of investigative techniques, both overt and covert, to pursue allegations of corrupt conduct. The decision as to which investigative techniques should be used is made on a case-by-case basis. Factors such as the nature of the conduct, whether it has occurred in the past or is still occurring, whether there are witnesses and/or documents to provide evidentiary support to the allegations, and the seriousness of the conduct are all taken into account.

Sometimes, conducting a number of interviews may be all that is required to complete an investigation. More complex matters may require financial and data analysis, physical surveillance and the use of statutory powers including search warrants, listening devices and telephone intercepts.

The use of these statutory powers and surveillance techniques require sufficient grounds and appropriate authority. The applications are drafted by investigators and then submitted to the lawyer attached to the relevant investigation for review. The application must then be submitted to the Executive Director, Legal for final approval to make sure it meets all regulatory and evidentiary requirements before being submitted to the appropriate authorities.

ICAC hearings may be held in public or in private. This decision is based on what is in the public interest. The ICAC has the power to compel people to appear before hearings and produce documents and other items such as a computer hard disk drives.

The ICAC also has the power to compel witnesses to answer questions when summoned to appear at a hearing, regardless of whether the answers will tend to incriminate them. If a witness makes an objection to answering a question, they still have to answer the question but their answer is not admissible as evidence against them in any later civil or criminal proceedings.

When allegations are made to the ICAC, there is no presumption that the person against whom an allegation has been made has engaged in corrupt conduct or committed a criminal offence. It is the ICAC's role to find out what has occurred – on the basis of fact or evidence – and then decide whether any person's conduct amounts to corrupt conduct as defined in the ICAC Act.

The ICAC can recommend that disciplinary action or dismissal be considered and, if there is sufficient evidence, that the Director of Public Prosecution consider criminal prosecution.

The success of an ICAC investigation should not just be measured by the number of findings of corrupt conduct or recommendations for prosecution. A successful investigation can also be one that shows that a person has not engaged in corrupt conduct. The investigation can help 'clear the air' as to what has occurred and clear a person's name. An ICAC investigation may also reveal procedural or systemic issues that need to be addressed to minimise future opportunities for corrupt conduct.

Investigations in 2004–2005

This year the ICAC started seven category 1 investigations, three category 2 investigations and 41 preliminary investigations. It also continued to work on 10 category 1 investigations, four category 2 investigations and 20 preliminary investigations carried over from the previous year.

In 2004–2005 there was a decrease in the number of preliminary investigations started compared with 2003–2004. There are a number of factors that may have contributed to this. Firstly, the 'Assessing complaints and reports' chapter reports a moderate increase (an additional 28 matters) in the number of more detailed enquiries undertaken by the assessments section.

CASE STUDY

Operation Ambrosia

In 2004–2005 the ICAC undertook an investigation into conduct associated with the issuing of contractor builder licences. The size and complexity of alleged corrupt conduct in this investigation resulted in public hearings being conducted in a number of stages.

Contractor builder licences are issued by the Office of Fair Trading (OFT) and there are a number of ways to obtain a licence in New South Wales. The most common way is for an applicant to have a relevant qualification, such as an Associate Diploma of Applied Science in building, and two year's relevant experience in the building industry. Another way is for the applicant to show they have 20 years experience and then pass a builder licence skills assessment at the Building Industry Skills Centre (BISC).

Public hearings in August 2004 dealt with people applying for a building licence under the 20 year rule. The hearings showed that people associated with a company called Quatra Consulting Group Pty Ltd had arranged for false references to be presented to the OFT. Applicants got other builders to agree to provide false references or created them themselves. They were then able to satisfy OFT they had 20 years of relevant experience.

It was also suggested that there were weaknesses in the BISC assessment process. Applicants sitting the skills assessment can arrange for an interpreter if one is needed. The ICAC was advised that a particular interpreter would, for a fee, provide the correct answers to the BISC assessor on behalf of the applicant.

In March 2005 the ICAC conducted further public hearings dealing with applications for building licences based on fraudulent diplomas issued by the Australian College of Technology, and fraudulently issued Technical and Further Education (TAFE) diplomas.

The Australian College of Technology was accredited by the NSW Vocational, Education and Training Accreditation Board (VETAB) to conduct courses and provide the qualification of Diploma of Structural Engineering. One of the principals of the college issued 29 fraudulent diplomas in structural engineering and falsified transcripts of courses undertaken and completed. Applications were then submitted to the OFT using these fraudulent documents – and two licences were issued based upon this information. The remaining 27 applications were refused as the OFT became concerned at the number of applications submitted over a short period that contained the same qualifications.

In the case of the TAFE diplomas, a former employee with access to TAFE computer records had altered the names and other details on 134 authentic records by substituting the details of potential applicants for builders licences. These potential applicants were not entitled to these qualifications. Once again, the TAFE diplomas and transcripts were used to support applications to the OFT and building licences – including some electrical licences – were issued to 96 applicants.

The evidence at the ICAC public hearings raised concerns about the qualifications and experience of people licensed to undertake building and associated trades, and confirmed that there are many who are prepared to pay large sums of money to cheat the system.

The implications of this activity are serious. Licences issued in New South Wales can be used to obtain work in other states and territories under a national certification system. Any deficiencies in the licensing of builders in one state can have an impact on construction standards and safety throughout the entire country.

The ICAC will complete its report on this investigation in 2005–2006.

Secondly, the ICAC conducted a number of sizeable category 1 investigations in 2004–2005 and when it received similar allegations they were automatically added to the appropriate category 1 investigation, rather than being dealt with as preliminary investigations. For example, one investigation included 19 related matters referred for investigation and another had 14 matters. Finally, ICAC investigations focus on allegations that indicate serious or systemic corruption.

Two extensive category 1 investigations were conducted in 2004–2005. One dealt with contractor builder licences issued by the Office of Fair Trading (Operation Ambrosia) and another with certificates of competency issued by WorkCover under the *Occupational Health and Safety Regulation 2001* (Operation Cassowary). There was evidence of serious and systemic corruption that could impact on construction and safety standards in both New South Wales and Australia-wide.

The ICAC also conducted a number of other investigations into, for example:

- Allegations of corrupt conduct in connection with the handling of plagiarism in assignments submitted by postgraduate students enrolled at an offshore campus of the University of Newcastle's Graduate School of Business. Please see case study 'Public hearings into conduct in relation to a cover-up of university plagiarism' on page 31.
- Alleged misconduct associated with the former South Western Sydney Area Health Service – including the conduct of the Hon. Craig Knowles MP towards four nurses from Campbelltown and Camden Hospitals, the conduct of Mr Knowles towards a nurse from Fairfield Hospital, Giselle Simmons, during a workshop held at the University of Technology Sydney and the circumstances surrounding the subsequent treatment of Ms Simmons.
- Matters relating to the Orange Grove retail outlet to establish if any corrupt conduct had occurred in relation to the decision by Liverpool City Council to grant a development consent to Gazcorp Pty Ltd for use of the premises as a warehouse clearance outlet centre, and the refusal by the Minister Assisting the Minister for Infrastructure and Planning to make Liverpool Local Environment Plan Amendment No. 92 to permit the premises to continue to operate as a retail outlet centre.

CASE STUDY

Operation Cassowary

The ICAC undertook an investigation into the conduct of staff of the WorkCover licensing unit to identify whether any staff member or other person had engaged in corrupt conduct, and to check the adequacy of the systems for issuing certificates of competency under the *Occupational Health and Safety Regulation 2001*.

The prescribed process for obtaining a certificate of competency involves an accredited assessor doing an assessment in accordance with WorkCover guidelines. If a person is assessed as competent, the assessor issues a notice of satisfactory assessment. This document is sent to WorkCover with an application and a scheduled fee. Based on that material, staff in the licensing unit at WorkCover issue a certificate of competency in relation to the machinery or type of work.

Last year, the ICAC conducted Operation Cassandra – an investigation into the corrupt activities of WorkCover accredited assessors. It found that a number of accredited assessors were issuing notices of satisfactory assessment where no assessment or no proper assessment had taken place. The ICAC recommended that WorkCover improve their risk management practices associated with issuing certificates of competency, particularly the assessment process.

This year Operation Cassowary has disclosed evidence of a substantial scheme generating the production of false certificates of competency for people responsible for carrying out and supervising construction work. This scheme again bypassed the systems put in place to ensure that such certificates are properly issued.

The ICAC report on this investigation will be completed in 2005–2006.

- Allegations of corrupt conduct by councillors on Strathfield Council and other persons in relation to development applications and property development in the Strathfield area; this also included allegations of bribery of the then Mayor and a developer.
- Land dealings by the Koombahtoo Local Aboriginal Land Council (KLALC) at Lake Macquarie. Please see case study on page 33.

Full details of all ICAC investigations in 2004–2005, including transcripts of hearings and copies of investigation reports, are available on the ICAC website at www.icac.nsw.gov.au.

Use of statutory powers

ICAC investigations focus on gathering admissible evidence to support subsequent potential prosecutions. In many cases, it is the use of statutory powers that enables such evidence to be collected.

Table 6 shows the statutory powers used by the ICAC in 2004–2005 compared to the two previous years.

The marked increase in summonses under section 35 reflects an increase in hearings – both public and private – held in 2004–2005.

The number of notices requiring production of documents (section 22) has also remained high at 314 in 2003–2004 and 378 in 2004–2005. This is a result of the ICAC's focus on gathering admissible evidence and using financial analysis and profiling as an investigative strategy.

The following case study highlights the way in which statutory powers are used to investigate matters.

Public and private hearings

If the ICAC decides to conduct hearings into a matter, the Commissioner has to consider whether the hearings should be held in public or private or both. The reasons for hearings being held in public are quite different to those for private hearings. Public hearings are only held if it is judged to be in the public interest to do so.

A range of factors may be relevant when considering 'the public interest'. They include the investigative purpose and value of the hearings, their deterrent effect, their educative value – particularly in relation to widespread or systemic corruption – and the accountability and transparency of ICAC investigations.

Public hearings facilitate wide exposure of corrupt conduct and can be an important mechanism for educating the public about corruption. They act as an important deterrent to corrupt conduct and provide a mechanism for public officials and others to be publicly accountable for their actions. Public hearings may also encourage others to come forward with relevant and useful information.

CASE STUDY

Operation Cordoba

This investigation dealt with the circumstances surrounding the payment of money by Mr Melhem (Michael) Saklaoui to the then Mayor of Strathfield Municipal Council, Mr Alfred Tze-Shung Tsang. The circumstances included the relationship between certain councillors on Strathfield Council, certain developers and others in relation to property developments in the area.

Mr Tsang attended the ICAC on 3 August 2004. He said that a developer, whom he knew as Michael Saklaoui, had given him \$2,500 in cash during a lunch on 23 July 2004 and had offered him \$200,000 if an application by Mr Saklaoui to develop a car park site and adjacent properties in South Strathfield was successful.

Some days after the lunch, Strathfield Councillor John Abi-Saab asked to meet Mr Tsang and told him that he had been told that Mr Tsang was corrupt and that certain people had a tape recording of him receiving a bribe. Mr Abi-Saab subsequently placed pressure on Mr Tsang to resign as mayor, telling him if he did so the recording would not be made public.

In the course of its investigation the ICAC obtained a number of listening device and telecommunication intercept warrants, conducted a controlled operation and executed a number of search warrants. It also held a number of private hearings which heard evidence from nine people and a public hearing in January-February 2005 that heard evidence from 13 people.

The ICAC's investigation established that the recording of the lunch on 23 July 2004 was part of an elaborate plot – involving Mr Saklaoui and Mr Abi-Saab – to remove Mr Tsang as mayor, but for him to stay on as a councillor. The purpose was to ensure that certain rezoning proposals went ahead. A number of developers, including Mr Saklaoui, had been adversely affected financially by Mr Tsang's decision not to support the rezoning.

Findings of corrupt conduct were made against Alfred Tsang, Michael Saklaoui, John Abi-Saab and Scott Allman. Scott Allman was then a serving police officer who recorded conversations contrary to the provisions of the *Listening Devices Act 1984* and failed in his duty to report a criminal offence – the acceptance of a bribe – to NSW Police.

Hearings may be held in private to maintain the integrity of the investigation, protect the identity of a witness or informant, or protect the reputation of individuals from untested or unverified evidence. Private hearings are often used in the early stages of an investigation and in some cases sufficient evidence is obtained through private hearings for the ICAC to report findings without the need to conduct public hearings.

In 2004–2005, the ICAC held 94 days of public hearings for eight investigations. The larger number of hearing days compared to last year was due to the nature and complexity of a number of the matters investigated. This increase impacted heavily on the ICAC's budget, with a rise in legal and transcript costs from \$387,000 in 2003–2004 to \$1,034,000 in 2004–2005.

Some of the investigations the ICAC conducted public hearings for included the investigations into certain transactions of Koopahtoo Local Aboriginal Land Council, the relationship between certain Strathfield councillors and developers, the handling of plagiarism allegations by the University of Newcastle, the Orange Grove matter, and activities associated with applications for contractor builder licences.

The transcripts of eight public hearings and two private hearings (that were subsequently made public) were added to the ICAC website this year. This helps to make the hearings process more transparent and accessible, particularly for members of the public who cannot attend hearings in person.

CASE STUDY

Public hearings into conduct in relation to a cover-up of university plagiarism

In 2003, a sessional lecturer with Newcastle University made an allegation to the ICAC of corrupt conduct in connection with the handling of plagiarism in assignments submitted by postgraduate students enrolled at an offshore campus of the University of Newcastle's Graduate School of Business. The allegation related to how university staff had handled a report that 15 students at Institute WIRA in Malaysia had substantially plagiarised the contents of course assignments.

The ICAC decided it was in the public interest to investigate this matter. This was because the allegation related not just to maintaining academic integrity by detecting and preventing plagiarism, but also raised serious questions about the proper and effective management of this issue by the university. Both private and public hearings were held as part of this investigation and the ICAC took evidence from a total of 16 witnesses.

As a result of the hearings, the ICAC found corrupt conduct on the part of two senior university staff. They had failed to apply the university's plagiarism policy and properly investigate the original plagiarism allegations – to avoid any potential adverse consequences that the allegations may have had for the university's offshore program. This motive was entirely illegitimate as it undermined academic standards by effectively sidelining the proper investigative procedures required under the plagiarism policy.

Table 6: Exercise of statutory powers

Power	2002–2003	2003–2004	2004–2005
Summonses to give evidence or produce documents or both at a hearing (section 35 of the ICAC Act)	129	147	240
Warrant for the arrest of a witness (section 36)	0	0	1
Order for a prisoner to appear before the ICAC (section 39)	0	0	0
Search warrant (section 40)	11	26	11
Notice for public authority/official to produce a statement of information (section 21)	11	10	11
Notice requiring production of documents (section 22)	258	314	378
Notice authorising ICAC officer(s) to enter premises occupied by public authority/official and inspect any document or thing and copy any document (section 23)	6	7	5
Listening device warrant (subject to the <i>Listening Devices Act</i> 1984)	36	73	103
Telecommunications interception warrant (subject to the <i>Telecommunications (Interception) Act</i> 1979)	38	34	56
Controlled operation authorised (subject to the <i>Law Enforcement (Controlled Operations) Act</i> 1997)	7	7	3
Acquisition and use of assumed identities (subject to the <i>Law Enforcement and National Security (Assumed Identities) Act</i> 1998 and the <i>Crimes Act</i> 1914 (Cwth))	12	15	7

Strategic partnerships and liaison with other agencies

ICAC staff work cooperatively with other agencies and participate in a range of committees such as the:

- Inter Agency Technical Committee (IATC) – this is a forum for intercepting agencies to foster commonality in delivery standards and monitoring centres for telecommunications interception
- Interception Consultative Committee (ICC) – the agency coordinator uses this committee to consult with the agencies under section 7A of the *Telecommunications Act 1997*
- Law Enforcement Advisory Committee (LEAC) – this is a forum for consultation between the communications industry and law enforcement and national security agencies, and includes representatives from the Department of Communications, Information Technology and the Arts and the Attorney-General's Department
- NSW Digital Evidence Group – includes all major law enforcement agencies operating in NSW and meets regularly to discuss issues related to the acquisition, storage and management of digital evidence obtained via computer forensics and analysis
- Special Networks Committee (SNC) – a forum for intercepting agencies to discuss telecommunications interception capability projects and related contractual issues.

During 2004–2005 the ICAC also:

- provided information under the ICAC Act to law enforcement and other agencies on 28 occasions
- exchanged intelligence with NSW Police, the Australian Federal Police, the Australian Crime Commission, the NSW Crime Commission and the NSW Police Integrity Commission
- received operational support from NSW Police in, for example, the execution of search warrants to minimise risk to ICAC staff and the community
- worked closely with the PIC at an individual and organisational level, including receiving specialist technical support and resources from the PIC to assist with gathering evidence of corrupt conduct
- received technical assistance from the NSW Crime Commission
- organised and participated in joint training exercises with the Australian Federal Police, the Australian Customs Service and the Australian Taxation Office.

Joint training exercises and surveillance operations give staff the opportunity to witness first hand the standards and methods of operation of other surveillance teams.

Investigation reports

The ICAC is required, under the ICAC Act, to prepare reports on matters referred by both Houses of the NSW Parliament and matters involving public hearings. These reports are presented to the Presiding Officer of each House and they arrange for the reports to be tabled in Parliament. Each Presiding Officer has the discretion to make ICAC reports public immediately on presentation.

The ICAC can also conduct hearings in private but produce a public report setting out its findings if it is in the public interest to do so.

In 2004–2005, the ICAC presented six investigation reports to Parliament. All the reports were immediately made public.

- *Report on investigation into the introduction of contraband into the Metropolitan Remand and Reception Centre, Silverwater* (September 2004)
- *Report on investigation into the conduct of the Hon. Peter Breen MLC* (December 2004)
- *Report on investigation into certain transactions of Koompahtoo Local Aboriginal Land Council* (April 2005)
- *Report on investigation into the alleged mistreatment of nurses* (April 2005)
- *Report on investigation into the relationship between Strathfield councillors and developers* (June 2005)
- *Report on investigation into the University of Newcastle's handling of plagiarism allegations* (June 2005).

In October 2004 the ICAC also produced a report, under section 14(2) of the ICAC Act, for the Minister for Education and Training about the use of fraudulent documentation to obtain enrolment in three New South Wales universities.

Recommendations were made in these reports that:

- the Director of Public Prosecutions consider prosecuting 12 people for criminal offences
- one public official be considered for disciplinary action
- public sector agencies implement 37 specific corruption prevention recommendations to prevent a re-occurrence of corrupt conduct.

Investigation outcomes

The ICAC does not have a direct role in any prosecutions or disciplinary action arising from its investigations. This is because the ICAC is a fact-finding and investigative body, not a court or disciplinary body.

When preparing investigation reports, in respect of each 'affected person', the ICAC includes a statement as to whether or not in all the circumstances, it is of the opinion that consideration should be given to the following:

- (a) obtaining the advice of the Director of Public Prosecutions with respect to the prosecution of the person for a specified criminal offence;
- (b) the taking of action against the person for a specified disciplinary offence;
- (c) the taking of action against the person as a public official on specified grounds, with a view to dismissing, dispensing with the services of or otherwise terminating the services of the public official.

An 'affected person' includes a person against whom, in the Commission's opinion, substantial allegations have been made in the course of or in connection with the investigation concerned.

The Director of Public Prosecutions is then responsible for considering prosecution action and conducting any actual prosecution proceedings. Taking disciplinary action or action to dismiss or terminate a person's employment is a matter for their employer.

In 2004–2005 nine people were convicted of various offences as a result of prosecutions arising from ICAC investigations. Their sentences included imprisonment, community service, good behaviour bonds and fines.

For a detailed list of the prosecutions and disciplinary actions taken after ICAC investigations this year, please see Appendix 2.

CASE STUDY

Koompahtoo land dealings

In April 2005, the ICAC released a report on its investigation into land dealings by the Koompahtoo Local Aboriginal Land Council (KLALC) at Lake Macquarie.

The report made corrupt conduct findings against eight people and recommended that consideration be given to the prosecution of six people for various criminal offences – including Bill Smith, the former chairperson of KLALC, and Stephen Griffen, the former treasurer.

In July 1997, the KLALC entered into a joint venture with Sanpine Pty Ltd to undertake a residential development on a large parcel of land at Morisset near Lake Macquarie, owned by the KLALC.

The investigation found that Mr Smith, as KLALC chairperson, had accepted the position of Aboriginal liaison officer to the joint venture in circumstances where there was a clear conflict of interest, had accepted payment in return for procuring and conveying the consent of KLALC to the installation of a rising sewer main across KLALC land, and had procured the registration by the Land Titles Office of transfers of land from KLALC knowing the transfer documents contained false information.

The ICAC also investigated a number of other transactions involving the KLALC.

The ICAC found that KLALC's decision-making processes were marred by a lack of transparency and by mismanagement and factionalism, and this highlighted the need for legislative review and reform. Seven recommendations were also made to the NSW Government to reduce the risk of corrupt conduct in relation to land held by Aboriginal land councils in New South Wales.

The year ahead

In 2005–2006 the ICAC plans to:

- focus investigative activities on serious and systemic corrupt conduct
- focus investigative resources on obtaining admissible evidence to support any subsequent prosecution
- develop the skills of investigative staff through the newly created training and development working group
- implement actions from the internal review of investigations process
- continue to review and update the operations manual.



Preventing corruption

- Overview
- Advice
- Education
- Training
- Publications and projects
- Investigation and analysis
- The year ahead

In 2004–2005, the ICAC:

- responded to 333 telephone and email requests and 48 written requests for corruption prevention advice
- provided corruption prevention advice in relation to 67 complaints/reports of corrupt conduct
- made 37 specific corruption prevention recommendations in investigation reports
- conducted training, education and information exchange programs in two regional areas in NSW
- responded to 43 requests for speakers and provided 45 training sessions to agencies
- jointly hosted the 5th National Investigations Symposium in November 2004 with the NSW Ombudsman and Institute of Public Administration Australia (NSW Division)
- jointly produced *Managing Conflicts of Interest in the Public Sector* resources with the Crime and Misconduct Commission (CMC) Queensland
- participated in a collaborative project that is the first national study of the management of internal witnesses in public sector agencies.

Overview

Staff in the Corruption Prevention, Education and Research Division provide a range of corruption prevention advice and training resources to public sector agencies and their staff, and undertake projects to educate the wider community about corruption and how to report it.

Advice

Advising public sector agencies and councils on ways to minimise opportunities for corrupt conduct is one of the ICAC's principal functions. Many agencies have been able to avoid or minimise corruption risks by acting on advice from the ICAC.

Requests for corruption prevention advice

In 2004–2005 the ICAC responded to 333 telephone and email requests for advice and 48 written requests. These responses covered 474 different issues, relating to 19 risk or risk management areas.

ICAC advice addresses specific corruption risks faced by individual agencies, as well as broader issues concerning the development of corruption-resistant systems across an organisation. In some cases the ICAC has provided advice to members of the public about corruption prevention practices that should be followed by the public sector.

Table 7: Corruption advice provided in 2004–2005 compared to two previous years

Risk/risk management area	2002–2003	%	2003–2004	%	2004–2005	%
Procurement and disposal	93	25	106	22	64	14
Employment issues and practices	34	9	37	8	20	4
Conflicts of interest	70	19	75	15	69	15
Corruption prevention planning	8	2	21	4	8	2
Codes of conduct	31	8	27	5	12	3
Gifts and benefits	5	1	35	7	28	6
Cash handling	3	1	1	0	0	0
General ICAC information	32	9	27	5	62	13
Public/private sector interface	12	3	12	2	33	7
Confidential information	1	0	8	2	5	1
Sponsorship	15	4	24	5	29	6
Government grants	3	1	3	1	4	1
Protected disclosures and internal reporting	5	1	13	3	25	5
Misappropriation/misuse of public resources	18	5	19	4	4	1
Election issues	0	0	3	1	7	1
Maladministration	0	0	6	1	1	0
Fraud	2	1	18	4	3	1
Regulatory functions	2	1	29	6	46	10
Miscellaneous	39	10	27	5	54	11
Total	373	100	491	100	474	100

In 2004–2005, the most common areas where advice was provided concerned procurement and disposal and conflicts of interest. This reflects the importance of tendering, contracting and general procurement as key functions in most public sector agencies. Many of the requests received concerned proposals from agencies to directly negotiate with a private sector proponent. The ICAC does not endorse or authorise these proposals, but does provide general advice about the corruption risks that need to be considered by agencies in their decision-making process and if they decide to proceed with a directly negotiated arrangement. The following case study highlights the type of advice provided in this situation.

CASE STUDY

Direct negotiations

The ICAC was contacted by a state government trust for advice about a proposal to directly negotiate with a proponent to sell some land. The land was adjacent to land owned by the proponent. The trust had never received a benefit from the land and was looking to sell it and maximise its benefit from the sale. The proceeds from the sale would be used for projects that were in the public interest. The proponent was offering market value for the land and the relevant minister had approved the sale.

The ICAC met with representatives from the trust to discuss the sale of the land. The trust was concerned about the way in which the proponent could use the land in the future. The land was currently open space – and the trust was keen that it should remain so – and was looking at ways of controlling the use of the land in the sale process.

The ICAC advised that in deciding whether or not to directly negotiate with the proponent, the trust needed to have clear, justifiable and documented reasons for directly negotiating rather than going to market. These reasons needed to address issues concerning value for money and the public interest.

It was suggested that the trust could consult with the local council about the use of the land, and also obtain legal advice about whether it was possible to control the use of the land in the sale process. It could also conduct an expression of interest about the use of the site.

The ICAC also advised that if the trust decided to proceed with the direct negotiation it would need to make sure that full and accurate records were kept of the negotiation and any conflicts of interest were declared and managed appropriately.

Conflicts of interest can underlie some of the corruption risks associated with procurement. In 2004–2005 many of the requests for advice about conflicts of interest also concerned the responsibilities of local councillors, particularly their regulatory functions. These issues are reflected in the following case study.

CASE STUDY

Conflicts of interest

In 2004, the ICAC provided advice to a NSW council in relation to conflicts of interest. A councillor was employed in a field that regularly brought his employment into conflict with his public duties. There was nothing corrupt about this councillor's conduct, but it was clear that new boundaries needed to be placed around his conflicting roles. Because elected councillors serve the community in a part-time capacity and receive only a small allowance, conflicts in relation to secondary employment are common.

ICAC officers met with councillors and staff and discussed options for improving disclosure mechanisms that would increase transparency and allow the councillor to better segregate his public and private roles.

ICAC recommendations to council made their recording of conflicts of interest more transparent and improved compliance with section 449 of the *Local Government Act 1993*. In addition, council adopted a recommendation that it establish audit trails in relation to the release of information that could be used for private purposes. The ICAC also provided training in the new model code of conduct for NSW councils.

Preliminary enquiries and corruption prevention advice

Each year the ICAC receives a large number of reports and complaints of suspected corrupt conduct. After assessing each matter, the ICAC may undertake preliminary enquiries to get more information and decide what further action may be required. These preliminary enquiries often result in providing specific corruption prevention advice to the agencies concerned, as the matters often arise because of systems weaknesses in the organisation. The ICAC finalised 67 such matters in 2004–2005.

The following case study outlines a typical corruption prevention resolution to a matter.

CASE STUDY

Corruption prevention advice on complaints of corrupt conduct

A woman complained to the ICAC after a relative's car was impounded by council staff from outside her house. The complainant claimed that council had not made 'all reasonable inquiries' to find out the name and address of the owner of the vehicle – as is required under the *Impounding Act 1993* – before impounding the car. She also disputed council's valuation of the car as being worth less than \$500. Under the Impounding Act, a car may be destroyed if its value is less than \$500. The car was not destroyed, but was damaged while it was being transported to the impounding yard.

The complainant alleged that this incident was part of a wider scheme involving the deliberate undervaluing of impounded vehicles, and collusion between council staff and wreckers so that car parts could be sold for personal gain. This claim was not supported by evidence.

In response to ICAC enquiries, council advised that they had received a complaint that the car had been parked outside the house for several weeks and appeared to have been abandoned. They wrote to the registered owner at an interstate address advising that the car would be impounded if the owner did not contact council within three days. After not receiving a response within the timeframe, council impounded the car and assessed its value as being less than \$500. The vehicle was taken to council's impounding yard. The complainant learnt of this and retrieved the vehicle. She was compensated for the damage caused during the impounding.

The ICAC was satisfied that there was insufficient information to indicate that the council had acted corruptly. However, the ICAC was concerned that council did not have a specific policy or procedure for impounding vehicles – other than to follow the broad requirements set out in the Impounding Act. For example, the Act does not specify what comprises 'all reasonable enquiries' or the procedures councils should follow in valuing abandoned vehicles. This lack of clarity could lead to a number of corruption risks in the impounding process.

The ICAC recommended that council write an impounding policy incorporating the requirements of the relevant legislation and key corruption resistance measures.

This would minimise the risk that:

- council staff or contractors could deliberately undervalue vehicles for personal gain
- valuables could be stolen from vehicles during the impounding process or in the impounding yard
- improper relationships could develop between council staff and car wreckers or purchasers
- vehicles could be impounded before reasonable enquiries had been made
- vehicles could deliberately be disposed of below market value, and particular dealers or contractors could be favoured in the disposal process.

Council put considerable thought and effort into writing this policy, which was commendable.

Education

Rural and Regional Outreach Strategy (RAROS)

The Rural and Regional Outreach Strategy (RAROS) was developed to provide corruption prevention advice and resources to rural and regional New South Wales. Two RAROS training, education and awareness programs have been run per year since 2001.

RAROS programs are planned in consultation with the public sector agencies and their staff in the region. They include training workshops for public sector staff, meetings and discussions with council staff and councillors, visits to public sector agencies to discuss corruption resistance, workshops with students at local secondary schools and interviews with local media.

During 2004–2005, the ICAC conducted a five-day RAROS program in the Illawarra region in November 2004 and a five-day program in the Central Coast region in May 2005.

The Illawarra program included a workshop for staff who work directly with the high proportion of Illawarra residents of non-English speaking background (NESB). The workshop was arranged through the Illawarra Regional Office of the Community Relations Commission and delivered at the Illawarra Migrant Resource Centre. Also part of the Illawarra RAROS program was a liaison visit to the University of Wollongong.

The Central Coast program included the delivery of corruption risk management workshops to staff of councils, state agencies, an area health service and members of Aboriginal Land Councils, with the latter workshop in particular attracting strong demand. The program also included the delivery of a new protected disclosures training module, co-presented by staff of the NSW Ombudsman and the Department of Local Government, and liaison visits to a range of organisations and facilities including the Department of Juvenile Justice, Department of Housing and Kariong Detention Centre.

Participant feedback from the RAROS workshops, presentations and liaison visits indicated a high degree of satisfaction. These events were perceived to be interesting, useful and relevant to the needs of regional public sector agencies and their staff. Speakers were evaluated as being knowledgeable and the workshops were generally perceived to be of an appropriate pitch and duration.

5th National Investigations Symposium

The National Investigations Symposium (NIS) is a joint initiative of the ICAC, the NSW Ombudsman and the Institute of Public Administration Australia NSW Division (IPAA). It is a two-day event that attracts delegates from across Australia and the region. The 5th NIS was held on 4–5 November 2004 and had 224 delegates, a higher than usual number.

The NIS aims to enhance the fact-finding capabilities of public sector staff who have to conduct investigations. It also aims to increase the capacity of NSW agencies and councils to effectively deal with referrals from the ICAC to investigate matters and to effectively manage protected disclosures.

An evaluation survey completed by 29% of delegates showed that:

- 98% of respondents learnt something at the symposium that was useful for their work
- 88% thought the symposium was beneficial to the performance of their duties
- 85% indicated that the symposium was a good networking opportunity
- 71% said the symposium met their personal/professional objectives and 27% said it partly met their objectives
- 43 respondents or 73% said that they would attend the 6th National Investigations Symposium in 2006 while the other 16 respondents (27%) indicated that they might attend.

The 6th NIS will be held on 2-3 November 2006 and planning with partner agencies has already started.

Non-English speaking background (NESB) project – stage three

The non-English speaking background (NESB) project is a multi-faceted communications project aimed at raising awareness in the NESB community of corruption in the NSW public sector and the role of the ICAC. Stage three of the project started in November 2004 and focuses on embedding the key messages of the project into the day-to-day work of public sector staff, including ICAC staff.

One of the main components of stage three has been the development of a new training module – *Increasing the awareness of corruption in culturally and linguistically diverse communities*. This workshop is designed for multicultural officers working within the public sector and the NGO sector. It aims to provide this particular workforce with the multilingual resources, knowledge and training needed to communicate key messages about public sector corruption and the role of the ICAC to NESB people. The first workshop was planned to run in partnership with the Centre for Community Welfare Training in August 2005.

Actions taken in 2004–2005 to embed the project objectives into the day-to-day work of ICAC staff include:

- developing guidelines to help corruption prevention staff provide specific advice to agencies on systems that will help ensure effective communication with NESB communities
- having a new demographic field in the ICAC complaints recording and case management system to find out the number of callers from a non-English speaking background, and where complainants received information on how to make a complaint to the ICAC
- implementing specific communication strategies to build on interest among Chinese and Arabic-speaking communities in the public phase of the Operation Cordoba investigation – the relationship between certain Strathfield councillors and developers.

Community education

An important aspect of the ICAC's education and public affairs work is community education. In 2004–2005 the ICAC undertook a number of activities that predominantly targeted NESB communities.

The Hunter Regional Advisory Council of the Community Relations Commission (CRC) requested a presentation on the ICAC and an overview of its services. This presentation was given in November 2004 to advisory council members – who have strong links and networks with ethnic community groups in the Hunter region – and departmental representatives from NSW government human services agencies.

In December 2004, a presentation was provided to the Chinese community in response to a request from the community services worker at the City of Sydney Council. The request specifically related to the potential misuse of *lai see* – gifts of small cash amounts in red envelopes, traditionally given to children and young people during Chinese New Year.

In February 2005, public hearings were held as part of the ICAC's investigation into the relationship between certain Strathfield councillors and developers. The ICAC took the opportunity to capitalise on interest in the Operation Cordoba hearings, particularly from Chinese and Arabic-speaking communities, to raise awareness of the role and functions of the ICAC among these communities. Activities included radio interviews in Cantonese on the Sydney Chinese Radio program and a feature story on the ICAC in the Australian Chinese Weekly. The Arabic radio campaign, part of the first phase of the NESB communications project, was also run again on the popular community station – Radio 2Moro.

Corruption Matters

Corruption Matters is the bi-annual newspaper that provides information on ICAC investigations and corruption prevention issues, initiatives and resources. The ICAC produces 11,000 copies of the newspaper. About 7,000 copies are distributed to recipients throughout the NSW public sector (including local government) and the rest are kept for distribution on request and through Rural and Regional Outreach Strategy (RAROS) programs and other events. Each issue of *Corruption Matters* is also posted on the ICAC website.

In 2004–2005 the ICAC produced two issues of *Corruption Matters* – Number 24 in November 2004 and Number 25 in June 2005 – and conducted a survey of readers. A thematic focus was introduced this year, with a page focusing on local government in both issues and a page focusing on a specific sector in each issue – the health sector in issue Number 24 and the university sector in issue Number 25. Both issues also included columns from the NSW Ombudsman and the Audit Office of New South Wales on topical governance issues. Publication of these issues resulted in enquiries about forthcoming training and requests for ICAC resources and services.

ICAC website

The ICAC made significant enhancements to its website in 2004–2005. The homepage was completely redesigned and other changes were made to improve navigation and functionality. Specific enhancements included direct hot-button links to key content, highlighting multilingual resources and local government content, expanding the listings of ICAC news and events, an improved search function and a reconfigured investigations and enquiries section. The new website went live in May 2005 and the ICAC has received positive feedback from users.

Training

A strategic approach to training

In 2004–2005 the ICAC reviewed its training strategy and delivery to ensure that the ICAC's training capacity was utilised as effectively and efficiently as possible, and that procedures were in place to evaluate and prioritise requests received for training and presentations to a wide variety of audiences.

During the year the ICAC provided training to a wide range of public sector agencies and their staff, as well as presentations to organisations and groups of staff from various jurisdictions. Please see Appendix 12 for a complete list of the training sessions and presentations delivered this year.

CASE STUDY

Targeted training – a focus on management

In March 2005 the ICAC was approached by the Department of State and Regional Development to develop and deliver a training program for senior managers as part of their management development program. This is a program of six training modules aimed at developing the knowledge, skills and expertise of all the department's managers.

The ICAC saw this as an ideal opportunity to work directly with an agency to deliver tailored corruption prevention messages to a senior management audience. The workshop, delivered on 13 April 2005, focused on good management practice in recognising and responding to corruption and the role of managers in building and maintaining integrity within the organisation. The ICAC training officer worked with senior staff from the department who suggested specific issues to be covered and provided advice on policy and procedures.

Each training request received is individually assessed and training materials are customised for the specific audience by, for example, including appropriate case studies. Feedback from participants is also used to help evaluate training resources and delivery methods.

In 2004–2005 the ICAC initiated a project to survey the training and internal communication resources of public sector agencies throughout New South Wales. This survey, which will be undertaken in 2005–2006, aims to gather information which will help the ICAC to interact effectively with the internal training and communication processes already operating within public sector agencies.

CASE STUDY

Planning for change

NSW Young Planners is a private industry association of students and planners with less than five years work experience. Members meet quarterly to discuss topical issues within their profession and network with others starting their careers.

The ICAC was invited by NSW Young Planners to present at their Winter Speak on 9 June 2005. The presentation focused on corruption risks in the planning system and ICAC recommendations for reform in this area. The group was also particularly interested in discussing topical investigations, including the recent investigation into certain developers and Strathfield councillors.

Planning and development are consistently identified as functions at risk of corruption. The ICAC has dealt with these issues in its investigations and corruption prevention work over recent years, particularly the role of local government in planning and development decisions.

ICAC staff found this group to be an enthusiastic and interested audience who showed a real commitment to the future of planning and development in NSW. Though not all members of the association work in the public sector, many work for private developers and intersect regularly with the public sector during their working life – in, for example, dealings with councils and tendering for public sector projects.

This presentation was a valuable opportunity to educate and influence young planners about the concept of public duty, the associated responsibilities of the NSW public sector and the role and functions of the ICAC. This will hopefully help lay strong foundations for positive and ethical interactions between the public and private sector in planning and development in the future.

ANU/ICAC anti-corruption course

For the past seven years the ICAC has worked in partnership with the Australian National University (ANU) to deliver a postgraduate course unit in corruption and anti-corruption. This successful and internationally recognised course is designed for middle and senior managers from public sector agencies around the world. It aims to help participants to devise strategies to make their organisations more corruption-resistant. The 2004 course was held in November at the ANU campus in Canberra and at a venue in Sydney.

A key element of the course is assisting senior managers to understand the causes of corruption and the measures they can adopt to prevent it. From the ICAC's perspective, the value of the course is its practical focus and the participation of NSW public sector managers who, after completing the course, can incorporate these insights into their day-to-day work. The unit can count towards a masters degree at the ANU's Asia Pacific School of Economics and Government.

The ICAC offers scholarships to NSW public sector staff to attend the course and receives a large number of applications each year. Ten scholarships were granted for the 2004 course, including four to staff from rural and regional NSW.

Training and the Rural and Regional Outreach Strategy (RAROS)

The regional visits programs continue to be an important means of providing training to public sector staff in regional areas and this year there were around 300 participants in RAROS training sessions. The popular fact-finder and corruption risk management workshops offered as part of the training component of RAROS have been supplemented in 2004–2005 with a new workshop on protected disclosures.

Protected disclosures training modules

These new training modules have been developed to provide public sector staff with a good understanding of protected disclosures legislation in NSW. There are complementary versions for staff and managers, both of which address legal obligations under the *Protected Disclosures Act 1994* which covers all NSW public sector agencies.

The modules inform staff of their obligations and protections and explain the role management can play to encourage and support reporting of serious misconduct within their agency. They will be rolled out in a series of train-the-trainer sessions conducted by the ICAC and the NSW Ombudsman in 2005–2006.

The modules can be customised by agencies to incorporate their own internal reporting procedures, related policies and codes.

Investigation skills training

The ICAC's one-day fact-finder workshops focus on the investigative process. They are intended to equip public sector staff who may have to conduct an internal investigation with the skills to do this fairly and effectively. A written resource – *Fact Finder: A 20 step guide to conducting an inquiry in your organisation* – complements the workshops.

The fact-finder workshops are offered in-house to requesting organisations and to a general audience through a strategic alliance with the Institute of Public Administration of Australia (IPAA). They are also conducted as part of the RAROS program.

Five fact-finder workshops were held in 2004–2005 and evaluations of these workshops were consistently positive.

Publications and projects

Please see Appendix 11 for a complete list of corruption prevention and research publications released in 2004–2005.

Managing conflicts of interest

On 9 November 2004, the ICAC and the Crime and Misconduct Commission (CMC) Queensland launched the jointly produced *Managing Conflicts of Interest in the Public Sector* resources at a media conference in Sydney.

These joint resources were developed from the ICAC's Conflict of Interest Expert Workshop in June 2003 that was attended by a range of experts from major comparable jurisdictions within Australia, New Zealand and the OECD. The partnership with the CMC enabled the ICAC to pool the knowledge and resources held by each agency and avoid duplication of effort.

The resources are better practice guides that provide strategies and options for identifying and managing conflicts of interest. There is also a generic training package for public sector agencies to use after they have finalised their conflicts of interest policies and procedures. The training package aims to raise employee capacity to identify conflicts of interest and understand their agency's policies and procedures for declaring conflicts of interest. It provides guidance for agencies to incorporate their own relevant legislation, case studies, policies and procedures for delivery to their staff.

The ICAC/CMC resources are consistent with the Organisation for Economic Cooperation and Development (OECD) guidelines for managing conflicts of interest in the public sector.

There are four separate publications:

- a managers' toolkit for conflicts of interest policy development and implementation, including a generic training module for customising by agencies and councils in NSW and Queensland
- a conflicts of interest policy guideline document
- a brochure for staff about identifying conflicts of interest
- a management brochure about identifying and managing conflicts of interest.

The supporting promotion strategy targeted public sector agencies and councils and encouraged them to order copies of the resources. The strategy was conducted from October to June 2005 and included print and electronic direct mail and promotions, feature articles in public sector publications, website postings and point of sale marketing at stands and displays. The ICAC will do additional promotional work in 2005–2006 to ensure greater knowledge and use of these resources.

Whistling while they work project

The ICAC was part of a research grant application to the Australian Research Council (ARC) to undertake a national collaborative project to enhance the theory and practice of internal witness management in public sector agencies. The application was successful and the ARC granted \$585,000 for the three-year research project. Including contributions from industry partners, this project now has funding of over \$1 million.

The project involves over 10 integrity institutions and represents the first national study of internal witness management. The objectives of the research are to describe and compare organisational experience under varying public interest disclosure regimes across the Australian public sector. By identifying and promoting current best practice in workplace responses to whistleblowing, the project will identify further initiatives and strategies for preventing, reducing and addressing reprisals and other whistleblowing-related conflicts.

The ICAC is an industry partner and member of the project steering committee. Its role includes project oversight, contributing to research methodology, attending project meetings and workshops, assisting in results interpretation, and developing project recommendations. During 2004–2005, the steering committee met once in Brisbane and held various informal discussions about methodology, sampling and survey instrument design.

Corruption resistance and the NSW public health sector

Since 2003 the ICAC has been working closely with NSW Health and area health services to strengthen corruption risk management in the public health sector.

In 2004–2005, the ICAC had planned to consult with relevant parties in the health sector about the problems they face in addressing corruption risks. This consultation was delayed because of the introduction of the health reforms associated with NSW Health's Planning Better Health program, and the consequent changes to area health services. This consultation will now be held in 2005–2006.

Research update

The research function involves supporting and informing the ICAC's corruption prevention and education work, and providing information on corruption and prevention in the public sector. The ICAC undertakes discrete research projects that help to focus preventive work, conducts surveys to inform programs and publications, and evaluates ICAC training programs.

During 2004–2005 the ICAC evaluated its major training functions – the RAROS programs in the Illawarra and Central Coast, and its contribution to the ANU/ICAC corruption and anti-corruption course.

The ICAC also reviewed its corruption resistance review (CRR) program in response to the public sector's greater attention to policies and procedures that improve governance and a demonstrated need for more focus on implementation and compliance. For this reason no new CRRs were started in 2004–2005, although agencies can still do their own corruption resistance review by using the tool provided in the ICAC's 2002 publication *Do-it-yourself Corruption Resistance Guide*.

Update on a number of publications

This year the ICAC developed and revised a number of corruption prevention publications. In the 2003–2004 annual report the ICAC indicated that in 2004–2005 it planned to prepare a publication on the nature of identity fraud and its impact on the NSW public sector, and complete the revision of publications on probity auditing and advising, direct negotiations in contracting and tendering, and managing gifts and benefits. Due to competing priorities caused by corruption prevention work on investigations and some fluctuation in staffing levels, these publications were not completed.

An update on work on these publications is provided below.

- The revised probity auditing and advising publication is now scheduled to be released in 2005–2006. This publication will supersede *Probity Auditing: When, Why and How* (December 1996) and update parts of *Contracting for Services: The Probity Perspective* (May 1995).
- The direct negotiations in contracting and tendering publication is a revision and expansion of *Direct Negotiations in Procurement and Disposals: Dealing Directly with Proponents* (June 1997). The revised publication will address the corruption risks that attach to newer forms of infrastructure and service provision such as alliance contracting and public private partnerships. This publication is now scheduled to be released in 2005–2006.
- An initial draft of a publication about the protection of proof of identity documents and identity fraud has been completed and is currently under review. This publication is now scheduled to be released in 2005–2006.
- The revised guidelines on managing sponsorship arrangements is in draft form and currently under review. This will replace the previous publication *And now a word from our Sponsor: Review of the ICAC Sponsorship Principles* (1995) and is scheduled for release in 2005–2006.
- An initial draft of the gifts and benefits publication has been produced, targeted to public sector agencies. It is a revision of *Gifts, Benefits or Just Plain Bribes?* (June 1999) and updates corruption prevention advice and provides information in a more useful format. It is planned to finalise this publication in 2005–2006.

Investigation and analysis

As well as investigating specific allegations of corrupt conduct, the ICAC analyses organisational systems that may have created opportunities for corrupt conduct to occur. The ICAC looks at relevant legislation, policies, procedures and work practices in the agencies concerned, and the nature of the environment and context in which the allegations of corrupt conduct occurred.

All category 1 investigations have a corruption prevention staff member working as part of the investigation team.

They review relevant policies and procedures to identify any weaknesses or gaps, gather information about day-to-day practices – particularly if they are different from documented policies and procedures – and check what steps have been taken to implement good corruption risk management practices. These may include educating staff about policies and procedures and the values and ethics of the organisation.

This analysis helps the ICAC understand the environment in which the corrupt or improper conduct took place, the problems that occurred, and how they were able to happen – and provides the basis for corruption prevention recommendations. The ICAC makes specific recommendations on ways in which corrupt conduct may be prevented and advises affected agencies of changes in practices and procedures necessary to reduce the likelihood of the occurrence of corrupt conduct.

In 2004–2005, corruption prevention staff worked on seven new category 1 investigations and made 37 corruption prevention recommendations in six investigation reports and one report under section 14(2) of the ICAC Act.

The corruption prevention analysis that occurs during an investigation can also lead to corruption prevention initiatives that have a wider application than just the agency being investigated.

CASE STUDY

Corruption prevention initiatives – training module

In 2005 the ICAC reported on the investigation of an allegation that academic staff at the University of Newcastle had responded improperly when a part-time lecturer reported student plagiarism in the course he was teaching. The investigation revealed a range of systemic and institutional factors centring largely on the responsibilities of academic staff in administrative roles such as heads of school, program directors, heads of faculty and vice chancellors. The most critical issues involved compliance with policies and procedures, maintaining records of important decisions and events, recognising and managing conflicts of interest, and managing complaints and internal investigations.

The ICAC believes that these factors are not exclusive to the University of Newcastle and is currently piloting a training module for universities that addresses these factors in the context of the corruption risks faced by the higher education sector.

The following case study is an example of the way that information discovered in the course of an investigation can lead directly to recommendations about improving the way an organisation does its work.

CASE STUDY

Corruption prevention recommendations

In early 2004 the ICAC investigated allegations that the Hon Peter Breen MLC misused parliamentary resources and allowances. The misuse related to his use of parliamentary resources, including his staff, to write books and a computer program for publication and sale. These resources are provided to Members of Parliament (MPs) to assist them in performing their parliamentary duties.

No findings of corrupt conduct were made, but it was apparent that some aspects of the parliamentary entitlements system were either not clear to those who had to comply with them or could be misunderstood. For example, Mr Breen gave evidence that he believed that his work on the book and the computer program constituted parliamentary duties. The ICAC recommended that MPs should be given sufficient guidance about the accepted meaning of the term 'parliamentary duties' for them to be sure that they are not in breach of their obligations.

The ICAC also examined whether Mr Breen had claimed a travel allowance – intended to cover a non-metropolitan MP's costs of attending Parliament – when his principal place of residence was not outside Sydney. The investigation found that there is no definition of an MP's principal place of residence and that having one would reduce the opportunity for misuse of the entitlement.

To encourage the compliance of MPs and their staff with the rules for using parliamentary entitlements, the ICAC recommended several systems improvements. These included clarifying the terms 'parliamentary duties' and 'principal place of residence' and improving the induction programs for MPs and their staff when they first enter the parliamentary environment.

In developing these recommendations the ICAC examined arrangements for comparable parliamentary entitlements in similar jurisdictions including Victoria, Queensland, the Commonwealth, New Zealand, Canada and the United Kingdom.

Reporting investigation outcomes online

After the ICAC makes specific corruption prevention recommendations to a public sector agency, the agency is required to report its progress in implementing these recommendations. These progress reports are posted on the ICAC website (previously reported as the 'recos on the web' project). The aim of this project is to let the community know the action that agencies have taken to implement ICAC recommendations.

In 2004–2005, the ICAC improved its website to make these reports more accessible and to ensure that all information relating to a particular investigation is clearly linked.

Please see Appendix 3 for a summary of the progress reports received in 2004–2005.

The year ahead

In 2005–2006 the ICAC plans to:

- finalise revised publications on probity auditing and advising, direct negotiations in contracting and tendering, managing sponsorship and gifts and benefits
- finalise a corruption prevention publication on identity fraud
- conduct training, education and information exchange programs in two new regional areas in NSW
- roll-out the protected disclosures train-the-trainer sessions
- develop flexible train-the-trainer solutions for public sector agencies on a range of corruption-related issues.



Accountability and governance

- Overview
- Changes to the ICAC Act in 2004–2005
- External governance
- Internal governance
- Accounting for the use of statutory powers
- The year ahead

In 2004–2005, the ICAC:

- appeared before two hearings of the Parliamentary Joint Committee on the ICAC
- convened six meetings of the Operations Review Committee (ORC) which considered 1,731 matters relating to complaints and investigations – the majority of recommendations were accepted with no or only minor alterations
- had four compliance inspections by the NSW Ombudsman of telephone interceptions and controlled operations records
- developed a new strategic plan for 2005–2009 to reflect the amendments to the ICAC Act
- received one audit under section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1988* that did not disclose any fraudulent or other criminal behaviour.

Overview

The ICAC operates independently from the NSW Parliament, the Government and the judiciary. This independence is critical because the ICAC's jurisdiction allows it to investigate all public officials, including Members of Parliament and members of the judiciary.

The ICAC Act also confers significant powers and discretion on the ICAC Commissioner and ICAC staff so it is important that there is a comprehensive governance framework in place to make sure that it is accountable and transparent.

In 2004–2005 this governance framework was augmented with the establishment of the Inspector of the ICAC under the *Independent Commission Against Corruption (Amendment) Act 2005*.

The three main features of the ICAC's external governance framework are:

- the Parliamentary Joint Committee on the ICAC (PJC)
- the Office of the Inspector of the ICAC
- the Operations Review Committee (ORC).

The ICAC is also accountable for its work through:

- inspections of records of telephone interceptions and controlled operations by the NSW Ombudsman
- case-by-case reporting on the use of listening devices to the Attorney-General of NSW and the judge who issued the warrant
- the application of freedom of information and privacy laws, with exemption for operational matters
- accountability to the NSW Treasury and Audit Office for the proper expenditure of funds
- annual reporting requirements, including those in the ICAC Act.

The ICAC's actions are also reviewable by the Supreme Court to ensure the proper exercise of its functions and powers.

In addition, the ICAC has implemented a range of measures to maximise accountability to the community for its day-to-day work. These measures include publishing and distributing ICAC investigation reports, posting public hearing transcripts on the ICAC website, and providing advice to individuals about the ICAC response to any complaint they make concerning corrupt conduct.

Changes to the ICAC Act in 2004–2005

ICAC Act amendment

In June 2004 the Premier announced that the *Independent Commission Against Corruption Act 1988* (the ICAC Act) would be reviewed to determine whether the terms of the Act remain appropriate for securing the ICAC's objectives.

The Hon. Justice Jerrold Cripps QC was appointed by the Premier to do the review, with a scheduled completion date of 29 October 2004. Justice Cripps withdrew from the review when he was appointed as ICAC Commissioner, and Mr Bruce McClintock SC took over and completed the review.

The McClintock report made a number of recommendations to amend the ICAC Act. These were considered in the drafting of the *Independent Commission Against Corruption (Amendment) Bill 2005* which was introduced into the Legislative Assembly on 23 February, passed through both Houses and was assented to on 14 April 2005.

The most significant change is the establishment from 1 July 2005 of an independent Inspector of the ICAC.

The Independent Commission Against Corruption (Amendment) Act also:

- requires that, as far as practicable, the ICAC direct its attention to serious and systemic corrupt conduct (commenced 6 June 2005)
- renames public hearings as ‘public inquiries’ and private hearings as ‘compulsory examinations’ to better reflect the fact that the ICAC exercises administrative investigative, not judicial, functions (commenced 1 July 2005)
- requires the ICAC to include additional information about its investigations and the time taken to complete them in its annual report (commenced 1 July 2005)
- requires the ICAC to provide reasons to complainants and reporting officials for not investigating allegations of corruption (commenced 6 June 2005)
- restricts the power of the ICAC to refer contempts of the ICAC to the Supreme Court and clarifies the procedures for punishing such contempts (commenced 6 June 2005)
- creates offences of threatening counsel assisting the ICAC or legal practitioners or witnesses appearing before the ICAC (commenced 6 June 2005)
- transfers responsibility for investigating allegations of misconduct against civilian employees of NSW Police to the Police Integrity Commission (commenced 6 June 2005).

Amendments to the ICAC strategic plan

The amendments to the ICAC Act impacted on the ICAC strategic plan 2003–2007 so a new strategic plan for 2005–2009 has been prepared, which comes into effect from 1 July 2005.

The revisions to the ICAC strategic plan include:

- replacing investigating corruption with exposing corruption as a key result area
- inserting the Inspector of the ICAC in the objective ‘provide timely, accurate and relevant reporting to the Operations Review Committee and NSW Parliamentary Joint Committee’ under the accountability key result area and deleting the objective ‘ensure delivery of agreed business outputs’
- changing the objective ‘improve community confidence in reporting corruption’ to ‘promote community awareness and confidence in reporting corruption’ under the preventing corruption key result area

- revising the performance measures for investigating corruption – now exposing corruption – so that they are now:
 - matters reported to the ICAC
 - each matter assessed within appropriate timeframes and average time taken
 - investigations undertaken
 - each investigation completed within appropriate timeframes
 - corrupt conduct findings made
 - compulsory examination and public inquiry days held
 - reports produced
 - information on matters investigated required under section 76(2)(b) of the ICAC Act.

External governance

Parliamentary Joint Committee on the ICAC

The Parliamentary Joint Committee (PJC) consists of 11 Members of Parliament, selected from both the Legislative Assembly and Legislative Council. The current committee was constituted in May 2003 and consists of representatives from the government, opposition parties and the crossbench – the minor parties and independents.

The current members of the PJC are:

- The Hon. Kim Yeadon MP (Chair)
- The Hon. Peter Primrose MLC (Vice-Chair)
- The Hon. Jenny Gardiner MLC
- Reverend the Hon. Fred Nile MLC – resigned 30 August 2004, reappointed 10 November 2004
- Ms Kristina Keneally MP
- Mr John Mills MP
- Mr Paul Pearce MP
- Mr John Price MP
- Mr Anthony Roberts MP
- Mr Andrew Tink MP
- Mr John Turner MP

The PJC is responsible for monitoring and reviewing ICAC activities and reports. It can also examine trends in corruption, but does not investigate particular conduct or reconsider decisions the ICAC has made on individual matters.

The PJC holds general meetings and briefings with the ICAC, prepares discussion papers, conducts hearings on issues where the views of interested parties are sought, and considers matters raised by other Members of Parliament or members of the public.

During 2004–2005 the ICAC appeared before the PJC on two separate occasions. On 9 November 2004 the PJC held a private hearing with the outgoing Commissioner, Irene Moss AO. The newly appointed Commissioner, the Hon. Jerrold Cripps QC, appeared with the ICAC executive on 6 April 2005 in a public hearing to examine the ICAC's 2003–2004 annual report.

Inspector of the ICAC

The Office of the Inspector of the ICAC was established under the *Independent Commission Against Corruption (Amendment) Act 2005* which was assented to on 14 April 2005.

The Inspector is responsible for overseeing the ICAC's use of investigative powers, investigating any complaints against staff, and monitoring compliance with the law and any delays in the conduct of investigations or unreasonable invasions of privacy.

Mr Graham Kelly was appointed as Inspector of the ICAC on 1 July 2005.

Operations Review Committee

The Operations Review Committee (ORC) is responsible for ensuring that the ICAC is accountable for decisions about whether to investigate complaints of corrupt conduct made by members of the public. The committee advises the ICAC whether it should not commence or discontinue an investigation into an allegation of corrupt conduct – and the ICAC has to consult the ORC before a complaint can be closed.

The ORC has to consider a significant number of matters and issues each meeting. To assist members, ORC papers are provided approximately two weeks in advance of meetings. At each meeting, ORC members advise the Commissioner to accept, reject or modify recommendations made in the papers. They can also request further information about a particular matter.

The ORC has eight members:

- the ICAC Commissioner, who is the Chairperson of the ORC (Ms Irene Moss AO until 13 November 2004, then the Hon. Jerrold Cripps QC)
- an Assistant Commissioner, nominated by the ICAC Commissioner (Mr John Pritchard)
- a person appointed by the Governor on the recommendation of the Attorney-General and with the concurrence of the ICAC Commissioner (Mr Laurie Glanfield AM, Director General, Attorney-General's Department)
- the Commissioner of Police (Mr Ken Moroney APM)
- four people appointed by the Governor on the recommendation of the Minister responsible for the ICAC Act, with the concurrence of the ICAC Commissioner, to represent community views:
 - Reverend Harry Herbert, Executive Director, Uniting Care
 - Dr Suzanne Jamieson, Department of Work and Organisational Studies, The University of Sydney
 - Ms Merrilyn Walton, Department of Medical Evaluation, Faculty of Medicine, The University of Sydney
 - Mr Greg Ross, Consultant, Eakin McCaffery Cox (appointed 22 May 2005 replacing Ms Jill Segal, Chairman, Banking and Financial Services Ombudsman).

The ICAC thanks all ORC members, past and present, for their dedicated service this year.

ORC advice during the year

The ICAC is required by the ICAC Act to consult with the ORC on a regular basis and at least once every three months.

In 2004–2005 the ORC met six times and considered 1,731 matters – comprising 1,897 individual files – relating to complaints and investigations. A number of matters were considered by the ORC on more than one occasion. Of the matters considered, 385 matters were considered by a schedule of information.

Of the remaining 1,346 matters, the ORC:

- accepted the recommendation made in relation to 1,041 matters without any alteration or comment (77.2%)
- accepted reports on the status of 192 matters (14.2%)
- made specific comments or alterations to the recommendation before accepting the report on 96 matters (7.1%)

- did not accept the recommendation and sought further information and required further reports to be prepared for 17 matters (1.3%).

Compliance with duty to report

The ICAC undertakes regular reviews and audits to ensure compliance with reporting obligations and the quality of reports to the ORC.

Fifteen reports submitted to each ORC meeting are randomly audited internally to ensure that the allegations have been presented accurately and the material on file supports the recommendation. A total of 90 reports were audited and all except two accurately presented the allegations. There was a minor omission or error in these two that did not affect the assessment of the reports. All the reports contained an accurate summary of the enquiries undertaken, and the results of those enquiries supported the assessments and recommendations made in the report.

The ICAC presented reports on these audits to the ORC meetings in October 2004, February 2005 and June 2005.

Internal governance

The ICAC has an internal committee system to oversee major operations, programs and projects. The key governance committees are the investigations management group, the prevention management group and the executive management group.

The ICAC also has a range of other internal committees for issues such as equal employment opportunity (EEO) and occupational health and safety (OH&S). These committees are discussed in the chapter, 'Our people – our organisation'.

Investigations management group

The investigations management group (IMG) oversees ICAC investigations and hearings.

The members are the:

- Commissioner
- Deputy Commissioner
- Executive Director, Legal and Solicitor to the Commission
- Executive Director, Corruption Prevention, Education and Research
- Executive Director, Strategic Operations.

The IMG meets fortnightly and is advised by chief investigators, deputy chief investigators and the operations advisor. Regular monthly or fortnightly updates are provided to keep the IMG well-informed on progress and developments for each investigation.

In March 2005, the IMG charter was modified and deputy chief investigators and the operations advisor are no longer required to attend committee meetings. Chief investigators have the main management and operational responsibility for investigations. This change reduces the size of the committee and allows deputy chief investigators to remain focused on operational matters.

Prevention management group (PMG)

The prevention management group oversees ICAC corruption prevention, education and research activities.

The members are the same as the investigations management group with the addition of the Executive Director, Corporate Services.

The PMG meets monthly and reviews ongoing progress reports for corruption prevention, education and research projects. It was formerly known as the operations management committee. The new title, which came into effect in August 2004, was adopted to more accurately reflect its functions.

Executive management group

The executive management group (EMG) meets fortnightly and is responsible for:

- advancing the ICAC's corporate and strategic directions
- reviewing, developing and endorsing ICAC policies and procedures
- overseeing corporate planning and budgeting
- supporting the ICAC's commitment to business improvement initiatives and key result areas
- providing strategic oversight and promoting organisation-wide ownership of corporate projects
- ensuring the efficient deployment of ICAC resources.

Membership of the EMG includes the Commissioner, Deputy Commissioner and all Executive Directors.

Accounting for the use of statutory powers

Under the *Law Enforcement and National Security (Assumed Identities) Act 1998*, the ICAC is required to report on the use of assumed identities. In 2004–2005 the ICAC acquired seven new assumed identities, varied four existing identities and revoked five identities.

Assumed identities were granted and used by staff in surveillance operations on people of interest in ICAC investigations and to maintain covert arrangements. Other duties were undertaken in the course of investigations, including controlled operations, to acquire intelligence and evidence.

The records for 2004–2005 were audited under section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1988*. This audit identified that the ICAC had complied with all aspects of the legislation during the reporting year. No fraudulent or other criminal activity was involved.

The NSW Ombudsman inspects the ICAC's records of telephone interceptions and controlled operations to ensure compliance with statutory obligations. In 2004–2005, the Ombudsman conducted four inspections and found the ICAC had complied with the relevant legislation.

The year ahead

In 2005–2006 the ICAC plans to:

- provide adequate and timely information and reports to the Parliamentary Joint Committee, the Operations Review Committee and the new Inspector of the ICAC
- develop measurement systems to allow the ICAC to efficiently and effectively report additional information about investigations as required under the new section 76(2)(b) of the ICAC Act.



Our people – our organisation

- Overview
- Staffing
- Appointment of Assistant Commissioners
- Human resources issues
- Risk management
- Information management and technology
- Shared corporate services
- The year ahead

In 2004–2005, the ICAC:

- had 380 participants attend training activities and completed the leadership program for senior managers
- implemented a revised staff performance management system for all staff
- developed and implemented the business continuity plan
- acquired, commissioned and integrated new IT equipment to replace formerly leased IT equipment
- implemented an internet-based secure remote access facility to allow staff who work in the field to have mobile on-line remote access that provides an efficient interface with the ICAC's systems and network
- set up an audit committee to oversee business risks and governance issues, including the internal audit function
- completed assessing and identifying accounting policy changes required for the full adoption of Australian equivalents to international financial reporting standards for presenting ICAC financial statements.

Overview

ICAC staff need quality corporate support and infrastructure services to deliver a high standard of operational performance. The Corporate Services Division provides customer-focused business services, solutions and advice in areas such as business planning, human resources, risk management, financial management, procurement and information technology.

Staffing

At 30 June 2005, there were 113 staff employed by the ICAC in established positions. This figure does not include contract staff employed to cover staff vacancies and absences, or staff currently on secondment to other public sector agencies.

The average number of full time equivalent (FTE) staff during 2004–2005 was 112.6, an increase of 0.4 FTEs from the previous year. The slight increase in the average number of FTEs can be attributed to the stability of divisional structures and a lower separation rate of employees across the ICAC.

The ICAC has an executive unit and five divisions. A number of changes within the executive team occurred during 2004–2005. Irene Moss AO completed her five-year term as Commissioner on 13 November 2004 and the new Commissioner, the Hon. Jerrold Cripps QC, started his five-year term on 14 November 2004.

In 2005, after external merit recruitment, staff were appointed to three vacant SES positions within the ICAC.

- John Pritchard, formally Executive Director of Legal and Solicitor to the ICAC, was appointed for a four-year term as the Deputy Commissioner.
- Roy Waldon, formally a principal lawyer with the ICAC, was appointed to the position of Executive Director of Legal and Solicitor to the ICAC.
- Clive Small, who was originally engaged on a temporary twelve-month contract to fill the position of Executive Director of Strategic Operations, was appointed to this position on a five-year contract.

Please see Appendix 14 for an organisational chart of the ICAC.

Table 5: Average FTE staff numbers by division

Division or unit	2002–2003	2003–2004	2004–2005
Executive	5.1	5.0	4.9
Corporate Services	18.8	21.5	20.8
Corruption Prevention, Education & Research	19.0	21.9	22.8
Legal	9.5	10.7	9.6
Strategic Operations	39.2	39.8	41.4
Assessments	9.6	12.4	13.1

Our new Commissioner

Jerrold Cripps has been a member of the judiciary for 15 years, serving as Judge of the New South Wales Supreme Court and Court of Appeal, Chief Judge of the New South Wales Land and Environment Court, and Judge of the District Court of New South Wales.

He has served on a range of tribunals and committees including Chair of the Electoral Districts Commission, Chair of the National Electricity Tribunal, Chair of the Legal Aid Commission of New South Wales, and as a member of the Court of Arbitration of Sport.

He has also been a member of the Judicial Commission of New South Wales, President of the New South Wales Anti-Discrimination Board, a part-time Commissioner of the New South Wales Law Reform Commission and Chair of the Australian Commercial Dispute Centre.

Jerrold Cripps holds the degrees of Bachelor of Laws and Master of Laws from the University of Sydney. He was admitted to the Bar of New South Wales in 1959 and was appointed Queen's Counsel in 1974.

Appointment of Assistant Commissioners

Under section 6, part 2 of the ICAC Act the Governor, with the concurrence of the Commissioner, may appoint one or more Assistant Commissioners to assist the Commissioner as required.

The Deputy Commissioner, Mr John Pritchard, presides over hearings as an Assistant Commissioner, assists the Commissioner in the exercise of the ICAC's powers, and oversees the management of significant strategic corporate and business issues.

During the year, the following Assistant Commissioners presided over specific ICAC investigations.

- Mr John Basten QC, 1 July 2004 to 31 October 2004 – conducted hearings for ICAC's investigation into the Kompahtoo Local Aboriginal Land Council (Operation Unicorn).
- The Hon. John Clarke QC, 1 July 2004 to 27 February 2005 – conducted hearings for ICAC's investigation into the South Western Sydney Area Health Service (Operation Jardine).
- Mr Peter Hastings QC, 1 July 2004 to 5 January 2005 – conducted hearings for ICAC's investigation into the Hon. Peter Breen MLC (Operation Triton).
- Mr Peter Hall QC, 1 July 2004 to 28 February 2005 – conducted hearings for ICAC's investigation into Newcastle University (Operation Orion).
- Mr Ian Harrison SC, 22 September 2004 to 31 May 2005 – conducted hearings for ICAC's investigation into Orange Grove (Operation Sirius).

In addition, Mr Peter Johnson SC was appointed as an Assistant Commissioner from 8 September 2004 to January 2005 but did not preside over any hearings due to his appointment as a Judge of the Supreme Court in February 2005.

The Commissioner, the Hon. Jerrold Cripps QC, conducted hearings for Operation Cordoba, Operation Ambrosia and Operation Cassowary.

Human resources issues

Conditions of employment and movement in salaries

A new ICAC Award was gazetted on 3 September 2004 (IRC No. 3173 of 2004). On 23 February 2005 the Public Service Association (PSA) and the ICAC signed a consent arrangement to bring the ICAC Award into line with a salary offer for Crown employees. This included an increase to salary rates and relevant allowances by 4% payable from the first pay period on or after 1 July 2004, and a further 4% payable from the first pay period on or after 1 July 2005.

Non-salary enhancements were also agreed to and included:

- the introduction of paid parental leave of one week at full pay or two weeks at half pay
- an increase in paid maternity and adoption leave to 14 weeks at full pay or 28 weeks at half pay
- access to pro-rata extended leave after seven years service
- allowing employees to take a period of extended leave at double pay – an employee may use his or her entitlement to two months extended leave by taking one month leave and receiving two months pay for that one month period
- public holidays that fall while an employee is on a period of extended leave will be paid and not debited from his or her leave entitlement.

Industrial relations

In June 2004, following the finalisation of award negotiations between the PSA and the ICAC, an application was filed with the Industrial Relations Commission (IRC) to make a new enterprise award under section 11 of the *Industrial Relations Act 1996*. This application sought terms that:

- increased the rates of pay to provide for the 5% salary increase in July 2003
- clarified the meaning and operation of a number of clauses in the award
- included new conditions on casual appointments and rates, probationary periods of employment, time off in lieu of additional time worked, calculations of higher duties allowances and availability of salary packaging.

This new ICAC Award (IRC No. 3173 of 2004) was gazetted on 3 September 2004.

In May 2005, the PSA and Professional Officers Association Amalgamated Union of New South Wales filed an application with the IRC under section 17 of the Industrial Relations Act to vary the ICAC Award. This variation sought to vary the award in accordance with the consent arrangement signed by the PSA and the ICAC on 23 February 2005. The IRC approved the new ICAC Award (No. 2251 of 2005) on 11 May 2005. This will form the new conditions of employment after it is gazetted in 2005–2006.

In December 2003, proceedings against the ICAC were started by a former member of staff for an unfair contract claim under section 106 of the Industrial Relations Act. A settlement was reached between the parties in September 2004 before it proceeded to final hearing.

Policies and procedures

During 2004–2005 the ICAC developed, reviewed or updated 20 policies covering a range of key areas including:

- misconduct, unsatisfactory performance and serious offences
- higher duties
- overtime and overtime meal allowance
- leave entitlements – extended, military, maternity, parental, adoption, study time and examination leave
- flexible work arrangements
- flexible working hours
- working at home on a short term basis
- employment of people with disabilities
- employee assistance program
- the ICAC Award 2004
- mail opening and fax policy
- internet access
- records management
- firearms policy – now included in the operations manual
- protected disclosures
- use of ICAC vehicles
- energy management.

Other policies that have been developed or updated and are awaiting sign-off from the executive and commission consultative group, and ratification by the Commissioner, include:

- IT security policy
- information management and technology (IM&T) policies and procedures
- electronic mail policy and procedures
- manual handling policy
- fraud and corruption prevention strategy and guidelines.

All ICAC policies and procedures are available to staff on the ICAC intranet.

Learning and development

The ICAC is committed to its staff and their ongoing career and personal development. Staff have the opportunity to act in higher duties and take up secondments to other agencies if this is operationally viable.

A learning and development plan is included in each staff member's performance agreement. The ICAC's intranet training page provides information on upcoming external training events including conferences, registered training providers and other relevant websites.

Career development initiatives by individual staff are encouraged. During 2004–2005, five staff used the ICAC's study time and examination leave provisions and one staff member was selected for a NSW Government-funded position in the public sector executive development program. This program has been designed to develop and equip staff for future leadership roles.

In 2003–2004 the ICAC introduced an internal leadership program to develop the management skills and competencies of senior managers. In 2004–2005 the University of Technology (UTS) helped deliver the program's final two modules – achieving results creatively and strategic thinking. Each module included a team project designed to improve a current workplace procedure and enhance networking opportunities and teamwork among senior managers.

A corporate on-line training program, Robodemo, has been introduced to provide training in the ICAC's electronic records management system (TRIM). This is a good training tool for new staff and provides refresher training for existing staff.

ICAC staff attended a variety of forums, seminars and training courses to enhance their existing skills and develop new skills for career progression. In 2004–2005, there were 380 participants in various forms of training in the key learning streams of information technology, leadership and management, organisational development, project management, risk management and technical skills. Please see Appendix 21 for divisional attendance under each learning stream.

This year there was a reduction in the number of staff who participated in training sessions – 380 compared to 780 in 2003–2004. This is largely due to the introduction of the TRIM electronic records management system and the employee self service module last year, and the training provided for staff to use these systems.

In 2004–2005 the ICAC conducted in-house training sessions for 45 staff including:

- grievance support officer training for newly appointed grievance support officers
- grievance handling training for existing and newly appointed managers
- EEO, grievance and diversity training and OH&S awareness training for new staff.

Training delivered by external providers under the ICAC's risk management learning and development stream included de-dramatising disasters, protective security, personal security vetting and emergency warden training.

To keep abreast of best practice in fraud investigation, two staff members completed a residential course in commercial crime which was developed in collaboration with industry, NSW Police and the fraud squad.

As part of the ICAC's OH&S strategy, five staff in the Strategic Operations Division undertook defensive driver training and the newly-appointed first aid officers undertook first aid training.

To raise staff awareness of the needs of people with a mental illness and provide guidance on how to most effectively and sensitively communicate with them, 10 staff directly involved with ICAC clients undertook external training in awareness of mental illness.

Performance management

The revised performance management system was implemented in 2004–2005. As part of the new system, all staff are required to prepare performance agreements that are linked to ICAC objectives and performance targets and include organisational-wide core competencies and individual position accountabilities. The new system has now been in place for 12 months and, in preparation for the 2005–2006 performance agreements, the template will be reviewed by a group with representatives from each division.

Risk management

To strengthen risk management systems, the ICAC has developed a fraud and corruption risk model template for undertaking risk assessments and quantifying the level, nature and forms of risks to be managed. The model assigns risk mitigation action to all divisions of the organisation as well as to specific staff. The risks identified cover general risks of fraud that apply to all staff, such as secondary employment and recording leave, as well as risks specific to particular business units such as payroll and IT. The model will involve staff across the business units in risk management and encourage a workplace culture that is conducive to the principles of effective risk management.

The NSW Government requires all public sector agencies to have a business continuity management plan to enable them to restore their services to the public as soon as possible following a major incident – including terrorism – and minimise an incident's impact. In 2004–2005 the ICAC developed and endorsed a business continuity management strategy and a detailed business continuity management plan. This plan not only meets the needs of the current heightened security environment, but also facilitates efficient return to service delivery in the shortest possible time.

The physical security risk assessment – one of the risk management initiatives the ICAC developed in 2003–2004 to comply with AS/NZS 4360 – was reviewed and updated in 2004–2005 and some additional controls, including strengthened egress security, were put in place.

In May 2004 the ICAC developed a hearing risk assessment template to mitigate any special risks arising from public and private hearings. These risks may relate to members of the public, witnesses, ICAC staff or assets and reputation. The template proved to be successful in identifying potential risks and ensuring adequate risk mitigation controls and treatments were established for each proceeding. In 2004–2005 the ICAC completed 14 hearing risk assessments for seven hearings.

The OH&S risk model was developed to comply with the WorkCover NSW risk matrix rating for OH&S hazards. It enables OH&S hazards and risks to be identified, treated and managed in compliance with the ICAC's risk management policy and framework. A major benefit of the model is that it documents all hazards identified and the associated mitigation processes. In 2004–2005 four risks were reported, assessed and successfully treated.

Audit committee and internal audit

During 2004–2005 the ICAC set up an audit committee to oversee business risks and governance issues.

The committee also oversees the ICAC's responsibilities relating to:

- financial reporting practices
- maintaining comprehensive accounting policies and practices
- management and internal controls
- internal audit.

Internal audits help to maximise the ICAC's effectiveness and efficiency in specific activities and processes. The ICAC has appointed independent auditors to do internal audits on an annual basis in line with its three-year audit plan.

Three audit projects completed during 2004–2005 have been reviewed by the audit committee. They focused on the effectiveness and efficiency of:

- the ICAC corporate system (ICS) applications security – resulting in improved information and user access controls and password security
- the fraud and corruption risk management practices – resulting in the development of a fraud and corruption prevention strategy and guidelines
- financial services – resulting in improved checking and verification procedures when changing supplier records and the consideration of various options for marking asset parts for stock control purposes.

Australian equivalents to international financial reporting standards implementation

During 2004–2005 the ICAC completed an assessment and identification of accounting policy changes arising from the full adoption of the Australian equivalents to international financial reporting standards (AIFRS). Minor changes were made to the financial statements for the year ending 30 June 2005, including the separate disclosure of computer software.

Information management and technology

As most of the initiatives in the information management and technology (IM&T) strategic plan 2001–2006 had been accomplished, a new IM&T strategic plan for 2004–2007 was developed this year.

Some key information technology initiatives completed in 2004–2005 are set out below.

Internet-based remote access

A number of ICAC staff work in the field and need a secure and reliable online remote access facility to access the ICAC network and systems. An internet-based secure remote access facility was implemented in March 2005. This has allowed staff to access the network and systems securely using wired or unwired (mobile) broadband internet and has greatly enhanced the operational capabilities of field staff.

Improvements in the complaint handling and case management system (ICS)

During 2004–2005, the improvements to the ICAC's complaint handling and case management system (ICS) included:

- new security features
- additional demographics information
- improved data and system administration functionality
- enhanced information reporting – such as quarterly management and performance reporting programs for complaint handling.

Further enhancements will be made to help produce the new reports required under the section 76(2)(b) amendments to the ICAC Act.

In addition, preliminary planning for a replacement strategy for the ICS has started. The ICS was initially developed in 1991 as a complaint handling system. Over the years the system has been modified and enhanced to cater for investigation and case management, with a large scale upgrade carried out after the business process redesign project completed by KPMG in 2001. Because of all these modifications and enhancements, the system has become very complex and difficult to maintain. In addition the system is written in 'PowerBuilder', an outdated technology, and there have been difficulties finding appropriately skilled staff to maintain it.

Enhancements in investigation and surveillance technology

In 2004–2005 the ICAC enhanced its investigation and surveillance technology by:

- developing improved facilities for listening device monitoring and recording
- introducing secure and reliable computer software to facilitate the electronic disclosure of information to law enforcement agencies
- undertaking additional computer forensics training to increase its capabilities in the use of computer forensic software
- implementing automated document scanning for seized documents for high quality presentation at hearings and internal circulation
- upgrading video editing software to provide better performance in video production.

Purchase and deployment of IT infrastructure

In 2004–2005 the ICAC acquired a new storage area network (SAN) system to alleviate the ongoing problem of running out of disk space on various servers. The ICAC also replaced all leased IT infrastructure which included the procurement, deployment and migration/integration of servers, desktop and notebook computers, printers and network equipment.

The deployment and integration/migration was primarily carried out by ICAC staff which resulted in considerable savings on contractor expenses.

Shared corporate services

The NSW government promotes shared corporate services strategies to enable public sector agencies to improve their delivery of corporate services, realise the benefits of technologies and reduce costs. In October 2004 the ICAC entered into a shared corporate service arrangement with the Health Care Complaints Commission (HCCC) on a fee-for-service basis.

The ICAC now provides corporate service support to the HCCC in:

- corporate planning and risk management
- financial planning and financial management
- human resources advice
- information communications and technology planning and advice
- IT technical support services.

The year ahead

In 2005–2006 the ICAC plans to:

- complete a feasibility study of a range of complaint handling and case management processing options, develop a business case and start the business process redesign work for replacing the current ICS
- review and implement portable document scanning to scan documentary evidence in the field and reduce the need to bring this material on-site
- update the fraud and corruption prevention policy to clarify new reporting responsibilities to the Inspector of the ICAC
- review the effectiveness of staff learning and development programs in enhancing key competency areas, particularly those associated with operational activities
- review the intranet and electronic self-service payroll features and human resource capabilities and assess the potential to expand these facilities
- review and extend the range of corporate services provided to the Health Care Complaints Commission.



Financial statements

- Statement by Commissioner
- Independent Audit Report
- Statement of financial performance for year ended 30 June 2005
- Statement of financial position as at 30 June 2005
- Statement of cash flows for year ended 30 June 2005
- Summary of compliance with financial directives for year ended 30 June 2005
- Notes to the financial statements



INDEPENDENT COMMISSION AGAINST CORRUPTION

Financial statements for the year ended 30 June 2005

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

- a. the accompanying financial statements have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the Financial Reporting Code for Budget Dependent Agencies, the applicable clauses of the Public Finance and Audit (General) Regulation 2000 and the Treasurer's Directions;
- b. the financial 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.

A handwritten signature in black ink, appearing to read 'J. Cripps', is positioned above the printed name of the Commissioner.

The Hon. Jerrold Cripps QC
Commissioner

20 October 2005



GPO BOX 12
SYDNEY NSW 2001

Independent Audit Report

Independent Commission Against Corruption

To Members of the New South Wales Parliament

Audit Opinion

In my opinion, the financial report of the Independent Commission Against Corruption:

- (a) presents fairly the Commission's financial position as at 30 June 2005 and its financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and
- (b) complies with section 45E of the *Public Finance and Audit Act 1983* (the Act).

My opinion should be read in conjunction with the rest of this report.

The Commissioner's Role

The financial report is the responsibility of the Commissioner of the Independent Commission Against Corruption. It consists of the statement of financial position, the statement of financial performance, the statement of cash flows, the summary of compliance with financial directives and the accompanying notes.

The Auditor's Role and the Audit Scope

As required by the Act, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides *reasonable assurance* to members of the New South Wales Parliament that the financial report is free of *material* misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- ☐ evaluated the accounting policies and significant accounting estimates used by the Commissioner in preparing the financial report, and
- ☐ examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does *not* guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the Commissioner had not fulfilled his reporting obligations.

My opinion does *not* provide assurance:

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

Audit Independence

The Audit Office complies with all applicable independence requirements of Australian professional ethical pronouncements. The Act further promotes independence by:

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

R J Sendt
Auditor General
SYDNEY
20 October 2005

Statement of Financial Performance

For the year ended 30 June 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
Expenses				
Operating Expenses				
Employee related	2(a)	11,759	11,718	11,558
Other operating expenses	2(b)	5,638	4,072	4,872
Repairs and maintenance		167	200	202
Depreciation and amortisation	2(c)	433	460	543
Total Expenses		17,997	16,450	17,175
Less:				
Retained Revenue				
Sale of goods and services	3(a)	11	10	7
Investment income	3(b)	23	20	34
Grant and Contributions	3(c)	0	0	234
Other revenue	3(d)	493	35	641
Total Retained Revenue		527	65	916
Gain/(loss) on disposal of non-current assets	4	0	0	(52)
Net Cost of Services	19	17,470	16,385	16,311
Government Contributions				
Recurrent appropriation	5	16,383	15,165	15,330
Capital appropriation	5	979	240	574
Acceptance by the Crown Entity of employee benefits and other liabilities	7	1,192	1,063	1,187
Total Government Contributions		18,554	16,468	17,091
SURPLUS/(DEFICIT) FOR THE YEAR FROM ORDINARY ACTIVITIES		1,084	83	780
NON-OWNER TRANSACTION CHANGES IN EQUITY				
Net increase in asset revaluation reserve		0	0	0
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS RECOGNISED DIRECTLY IN EQUITY		0	0	0
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	16	1,084	83	780

The accompanying notes form part of these statements

Statement of Financial Position

As at 30 June 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
ASSETS				
Current Assets				
Cash	9	1,039	32	34
Receivables	10	108	250	225
Other	11	309	367	367
Total Current Assets		1,456	649	626
Non-Current Assets				
Property, Plant and Equipment	12	1,991	1,225	1,445
Total Non-Current Assets		1,991	1,225	1,445
Total Assets		3,447	1,874	2,071
LIABILITIES				
Current Liabilities				
Payables	13	135	160	146
Provisions	14	985	803	1,097
Other	15	409	22	22
Total Current Liabilities		1,529	985	1,265
Non Current Liabilities				
Provisions	14	179	151	151
Total Non-Current Liabilities		179	151	151
Total Liabilities		1,708	1,136	1,416
Net Assets		1,739	738	655
EQUITY				
Assets Revaluation Reserve		428	428	428
Accumulated funds	16	1,311	310	227
Total Equity		1,739	738	655

The accompanying notes form part of these statements

Statement of Cash Flows

For the year ended 30 June 2005

	Notes	Actual 2005 \$'000	Budget 2005 \$'000	Actual 2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(11,028)	(11,228)	(10,786)
Other		(6,657)	(4,940)	(5,729)
Total Payments		(17,685)	(16,168)	(16,515)
Receipts				
Sale of goods and services		11	9	7
Interest received		23	14	34
GST Refund received		824	0	730
Other		476	465	287
Total Receipts		1,334	488	1,058
Cash Flows From Government				
Recurrent appropriation	5	16,781	15,165	15,330
Capital appropriation	5	990	240	574
Cash reimbursements from the Crown Entity		586	513	507
Cash transfers to the Consolidated Fund		(22)	0	(383)
Net Cash Flows from Government		18,335	15,918	16,028
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	1,984	238	571
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment	4	0	0	0
Purchases of plant and equipment		(979)	(240)	(574)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(979)	(240)	(574)
NET INCREASE/(DECREASE) IN CASH		1,005	(2)	(3)
Opening cash and cash equivalents		34	12	37
CLOSING CASH AND CASH EQUIVALENTS	9	1,039	10	34

The accompanying notes form part of these statements

Summary of Compliance with Financial Directives

For the year ended 30 June 2005

	2005				2004			
	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Recurrent Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000	Capital Appropriation \$'000	Expenditure/ Net Claim on Consolidated Fund \$'000
Original Budget Appropriation/ Expenditure								
Appropriation Act	15,165	15,165	240	240	15,347	15,330	579	574
Additional Appropriations								
S21A PF&AA – special appropriation								
S24 PF&AA – transfer of functions between departments								
S26 PF&AA – Commonwealth specific purpose payments								
	15,165	15,165	240	240	15,347	15,330	579	574
Other Appropriations/ Expenditure								
Treasurer's Advance	1,616	1,218	750	739				
Section 22 – expenditure for certain works and services								
Transfers from another agency (Section 27 of the Appropriation Act)								
	1,616	1,218	750	739	0	0	0	0
Total Appropriations Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	16,781	16,383	990	979	15,347	15,330	579	574
Amount drawn down against Appropriation		16,781		990		15,347		579
Liability to Consolidated Fund*		398		11		17		5

The Summary of Compliance is based on the assumption that Consolidated Fund moneys are spent first (except where otherwise identified or prescribed).

The "Liability to Consolidated Fund" represents the difference between the "Amount drawn down against Appropriation" and the "Total Expenditure/Net Claim on Consolidated Fund".

The accompanying notes form part of these statements

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Commission is constituted by the Independent Commission Against Corruption Act 1988. The main objective of the Commission is to minimise corrupt activities and enhance the integrity of the NSW public sector administration. These financial statements report on all the operating activities under the control of the Commission.

The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

(b) Basis of Accounting

The Commission's financial statements are a general-purpose financial report which has been prepared on an accruals basis and in accordance with:

- applicable Australian Accounting Standards;
- other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- Urgent Issues Group (UIG) Consensus Views;
- the requirements of the Public Finance and Audit Act 1983 and Regulations 2000; and
- the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent General Government Sector Agencies or issued by the Treasurer under section 9(2) of the Act.

Where there are inconsistencies between the above requirements, the legislative provisions have prevailed.

In the absence of a specific Accounting Standard, other authoritative pronouncement of the AASB or UIG Consensus View, the hierarchy of other pronouncements as outlined in AAS6 "Accounting Policies" is considered.

The financial statements are prepared in accordance with the historical cost convention, except for leasehold improvement non-current assets which are recorded at valuation.

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

(c) Revenue Recognition

Revenue is recognised when the Commission has control of the good or right to receive, it is probable that the economic benefits will flow to the Commission and the amount of revenue can be measured reliably. Additional comment regarding the accounting policies for the recognition of revenue are discussed below.

(i) Parliamentary Appropriations

Parliamentary appropriations are generally recognised as revenues when the Commission obtains control over the assets comprising the appropriations. Control over appropriations is normally obtained upon the receipt of cash.

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

The liability is disclosed in Note 15 as part of "Current liabilities – Other". This amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods and Services

Revenue from the sale of goods and services comprises revenue from the provision of products and services including user charges. User charges are recognised as revenue when the Commission obtains control of the assets that result from them.

(iii) Investment income

Interest revenue is recognised as it accrues.

(d) Employee benefits

(i) Salaries and Wages, Annual Leave, Sick Leave and On Costs

Liabilities for salaries and wages and annual leave are recognised and measured in respect of employees' services up to the reporting date at nominal amounts based on the amounts expected to be paid when the liabilities are settled.

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

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

(ii) Long Service Leave and Superannuation

The Commission's liabilities for long service leave and superannuation are assumed by the Crown Entity. The Commission accounts for the liability as having been extinguished resulting in the amount assumed being shown as part of the non-monetary revenue item described as "Acceptance by the Crown Entity of Employee Benefits and other Liabilities".

Long service leave is measured on a present value basis for all employees with five or more years of service. This is pursuant to the requirements of AASB 1028. This standard requires that employee benefit liabilities that are expected to be settled more than 12 months after the reporting date, must be measured as the present value of the estimated future cash outflows to be made by the employer in respect of services provided by employees up to the reporting date. This calculation takes into account future increases in remuneration rates as they will increase the amount that the employer is required to pay to settle the liability.

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

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

(iii) Other Provisions

Other provisions exist when the entity has a present legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. These provisions are recognised when it is probable that a future sacrifice of economic benefits will be required and the amount can be measured reliably.

(e) Insurance

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

(f) Accounting for the Goods and Services Tax (GST)

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

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

(g) Acquisitions of Assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Commission. Cost is determined as the fair value of the assets given as consideration plus the costs incidental to the acquisition.

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

(h) Property, Plant and Equipment

Property, plant and equipment acquired with an expected life in excess of one year and with a value of \$5,000 or more individually are capitalised. Values are determined on an asset-by-asset basis, although items that form part of a network are aggregated as a single asset and depreciated if their total value exceeds \$5,000.

Computer software that is not integral to the related hardware were reclassified as computer software, where previously they were recognised as part of computer equipment.

(i) Revaluation of Physical Non-Current Assets

Physical non-current assets are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 03-02). This policy adopts fair value in accordance with AASB 1041 from financial years beginning on or after 1 July 2002.

Where available, fair value is determined having regards to the highest and best use of the asset on the basis of current market selling prices for the same or similar assets. Where market selling price is not available, the asset's fair value is measured as its market buying price i.e. the replacement cost of the asset's remaining future economic benefits. The Commission is a not-for-profit entity with no cash generating operations.

Each class of physical non-current assets is revalued every five years and with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date.

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

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

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

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

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

Revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

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

(j) Depreciation of Non-Current Physical Assets

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the Commission. The Commission's leasehold improvements when constructed were projected to have a useful life of fifteen years or the unexpired period of the lease. The Commission's computer equipment, plant and equipment, when purchased, are projected to have a useful life of five years.

The Commission reviewed the depreciation rate for computer equipment and computer software and applied a revised useful life estimate of four years to purchases made in 2004-05.

(k) Maintenance and repairs

The costs of maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

(l) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. The Commission has no finance lease arrangements.

Operating lease payments are charged to the Statement of Financial Performance in the periods in which they are incurred.

(m) Receivables

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis. Receivables are recognised and carried at cost based on the original invoice amount less a provision for any uncollectable. Bad debts are written off. A provision for doubtful debts is raised when some doubt as to collection exists. No interest is earned on trade debtors.

(n) Other assets

Prepayments are recognised on a cost basis.

(o) Trade Creditors and Accruals

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in Treasurer's Direction 219.01. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. Treasurer's Direction 210.01 allows the Minister to award interest for late payment. No interest was applied during the year (30 June 2004 – \$Nil).

(p) Budgeted amounts

The budgeted amounts are drawn from the budgets as formulated at the beginning of the financial year and with any adjustments the effects of additional appropriations, s21A, s24 and/or s 26 of the Public Finance and Audit Act 1983.

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

(q) Australian Equivalents to International Financial Reporting Standards (AIFRS)

The Independent Commission Against Corruption (ICAC) will apply the Australian equivalents to International Financial Reporting Standards (AIFRS) from 2005–06.

The following strategy is being implemented to manage the transition to AIFRS:

- (i) The Commission's Executive Director, Corporate Services is overseeing the transition. The Manager, Finance is responsible for the project and reports regularly to the Commission's Executive on progress against the plan.
- (ii) The following phases that need to be undertaken have been identified:
 - a. analyse all exposure drafts of standards as they become available
 - b. assess the impacts of all significant changes in finalised standards
 - c. raise awareness and keep the Executive Director, Corporate Services informed
 - d. develop new or changed policies and guidance as necessary, and
 - e. provide training as required.
- (iii) To date phases a to e have been completed with phase e expected to be on-going as required.

The ICAC has determined the key areas where changes in accounting policies are likely to impact the financial report. Some of these impacts arise because AIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts are likely to arise from options in AIFRS. To ensure consistency at the whole-of-government level, NSW Treasury has advised agencies of options it is likely to mandate for the NSW Public Sector. The impacts disclosed below reflect Treasury's likely mandates (referred to as 'indicative mandates').

The ICAC is a budget-dependent (and non-profit) agency and it is not anticipated that there will be any financial impact of AIFRS on ICAC's equity and profit/loss. The ICAC also does not anticipate any material impacts on its cash flows. The actual effects of the transition may differ from the estimated figures below because of pending changes to the AIFRS, including the UIG Interpretations and/or emerging accepted practice in their interpretations and application. The ICAC's accounting policies may also be affected by a proposed standard to harmonise accounting standards with Government Finance Statistics (GFS). However, the impact is uncertain because it depends on when this standard is finalised and whether it can be adopted in 2005–06.

The adoption of AASB 138 will also result in certain reclassifications from property, plant and equipment to intangible assets (e.g., computer software and easements) to the value of \$379,000.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
2. EXPENSES		
(a) Employee related expenses		
Salaries and wages (including Recreation Leave)	9,624	9,264
Superannuation	859	770
Long service leave	167	498
Workers Compensation Insurance	139	121
Contractor & temporary assistance	124	262
Payroll tax and fringe benefits tax	846	643
	11,759	11,558
(b) Other operating expenses		
Auditor's remuneration		
– audit or review of the financial reports	28	31
Bad and doubtful debts	0	1
Operating lease rental expense	2,998	2,377
Insurance	36	48
Cleaning	18	29
Electricity	39	44
Travelling, air fares and subsistence	58	53
Motor vehicles	14	15
Consultancies	25	19
External Legal fees	860	330
Transcript fees	174	57
Fees for services	131	257
Contract security services	169	197
Training	132	222
Advertising and publicity	71	112
Books and subscriptions	83	65
Postal and telephone	142	137
Printing	77	133
Stores and specialised supplies	98	159
Minor computer equipment/licences	94	225
Courier & Freight	9	10
Other	382	351
	5,638	4,872

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
(c) Depreciation and amortisation		
Depreciation		
Computer equipment	140	59
Plant and equipment	72	97
Computer software	151	101
	363	257
Amortisation		
Leasehold improvements	70	286
	433	543
3. REVENUES		
(a) Sale of goods and services		
Sale of transcripts	2	0
Presentation and Seminar Fees	9	7
	11	7
(b) Investment Income		
Interest	23	34
	23	34
(c) Grants & Contributions		
Special Allocation – Working Capital	0	234
	0	234
(d) Other revenue		
Sub-lease rental income	397	603
Other	96	38
	493	641
4 GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS		
Gain on disposal of plant and equipment		
Proceeds from disposal	0	0
Written down value of assets disposed	0	(52)
	0	(52)

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
5. APPROPRIATIONS		
Recurrent appropriations		
Total recurrent draw downs from Treasury (per Summary of Compliance)	16,781	15,347
Less: Liability to Consolidated Fund * (per Summary of Compliance)	(398)	(17)
	16,383	15,330
Comprising:		
Recurrent appropriations (per Statement of Financial Performance)	16,383	15,330
Capital appropriations		
Total capital draw downs from Treasury (per Summary of Compliance)	990	579
Less: Liability to Consolidated Fund (per Summary of Compliance)	(11)	(5)
	979	574
Comprising:		
Capital appropriations (per Statement of Financial Performance)	979	574
* The liability to Consolidated Fund is recognised in the Statement of Financial Position as a Current Liability – Other		
6. INDIVIDUALLY SIGNIFICANT ITEMS		
Operating lease – rental expense (Redfern lease)	787	56
	787	56
<p>The lease of the former ICAC premises at Redfern expired in February 2005. The Commission was required to undertake 'make good' building works as part of the hand back lease contract conditions. The ICAC's property manager at State Property, Department of Commerce engaged quantity surveyors to assess the cost of the make good requirements and the figure of \$1,115,000 (including GST) was agreed between the parties. The NSW Treasury approved funding to the amount of \$1,100,000. The rental expense includes negotiated savings of approximately \$228,000 from the early termination of the lease.</p>		
	2005 \$'000	2004 \$'000
7. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES		
The following liabilities and/or expenses have been assumed by the Crown Entity:		
Superannuation	859	770
Long service leave	270	371
Payroll tax (on employer superannuation contributions)	63	46
	1,192	1,187

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

8. PROGRAM/ACTIVITIES OF THE COMMISSION

The Independent Commission Against Corruption operates under a single program for Treasury reporting purposes. For the 2004–2005 financial year this program was identified as 5.1.1 Investigation, Community Education and Prevention of Corruption.

Program Objective

To minimise corrupt activities and enhance the efficiency and integrity of government administration.

Program Description

Investigation of possible corrupt conduct, advice for public authorities on ways in which to prevent corrupt conduct and education of the community about the detrimental effects of corruption.

	2005 \$'000	2004 \$'000
9. CURRENT ASSETS – CASH		
Cash at bank and on hand	1,039	34
	1,039	34
For the purposes of the Statement of Cash Flows, cash includes cash on hand, cash at bank and bank overdraft. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11 am unofficial cash rate adjusted for a management fee to Treasury. The average interest rate during the period was 4.33%. The average rate for the year ended 2003–04 was 3.99%.		
Cash assets recognised in the Statement of Financial Position are reconciled to cash at the end of the financial year as shown in the Statement of Cash Flows as follows:		
Cash (per Statement of Financial Position)	1,039	34
Closing Cash and Cash Equivalents (Per Statement of Cash Flows)	1,039	34
Included in Cash at Bank is a restricted asset of \$409,000; this represents a liability to Consolidated Fund.		
10. CURRENT ASSETS – RECEIVABLES		
Sale of goods and services	24	3
Other receivables	84	222
	108	225
11. CURRENT ASSETS – OTHER		
Prepayments	309	367
	309	367

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
12. NON CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT		
(i) Plant and Equipment		
At Cost	1,375	1,316
Accumulated Depreciation	(1,137)	(1,129)
	238	187
(ii) Computer Equipment		
At Cost	1,193	576
Accumulated Depreciation	(201)	(124)
	992	452
(iii) Leasehold Improvements		
At Cost	574	5,340
Accumulated Amortisation	(192)	(4,901)
	382	439
(iv) Computer Software		
At Cost	974	811
Accumulated Depreciation	(595)	(444)
	379	367
Total Property Plant and Equipment at Fair Value	1,991	1,445

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Leasehold Improvements \$'000	Computer Equipment \$'000	Plant & Equipment \$'000	Computer Software \$'000	Total \$'000
2005					
Carrying amount at start of year	439	819	187	0	1,445
Additions	13	819	124	23	979
Disposals	(4,779)	(63)	(64)	0	(4,906)
Transfer	0	(367)	0	367	0
Net revaluation increments	0	0	0	0	0
Depreciation/amortisation w/b on disposal	4,779	63	64	0	4,906
Depreciation/amortisation expense	(70)	(280)	(72)	(11)	(433)
Carrying amount at end of year	382	991	239	379	1,991

Computer equipment carrying amount at end of year 2003–04 of \$367,000 was restated as computer software.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
13. CURRENT LIABILITIES – PAYABLES		
Accrued salaries, wages and on-costs	6	18
Creditors	0	0
Accrued Expenses	129	128
	135	146
14. CURRENT/NON CURRENT LIABILITIES – PROVISIONS		
Current		
Employee benefits and related on-costs		
Recreation leave (includes annual leave loading)	902	770
Payroll tax and fringe benefits tax payable	78	0
LSL Oncosts not Assumed by Crown	5	93
Provision for Redfern lease loss	0	234
	985	1,097
Non Current		
Employee benefits and related on-costs		
LSL Oncosts not Assumed by Crown	48	151
Provision for payroll tax on long service leave	131	0
Provision for Redfern lease loss	0	0
	179	151
Aggregate employee benefits and related on-costs		
Provision – current	985	863
Provision – non current	179	151
Accrued salaries, wages and on-costs (Note 13)	6	18
	1,170	1,032
Movements in other provisions		
Movements in each class of provision during the financial year, other than employee benefits, are set out below:		
	2005 \$'000	2004 \$'000
Current		
Carrying amount at the beginning of financial year	234	320
Reductions in provisions from payments or other sacrifices	(234)	(86)
Carrying amount at end of financial year	0	234
Non Current		
Carrying amount at the beginning of financial year	0	237
Reductions in provisions from payments or other sacrifices	0	(237)
Carrying amount at end of financial year	0	0

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

	2005 \$'000	2004 \$'000
15. CURRENT/NON-CURRENT LIABILITIES – OTHER		
Recurrent Allocation	398	17
Capital Allocation	11	5
Liability to Consolidated Fund	409	22
16. CHANGES IN EQUITY		
Accumulated Funds as at 1 July	227	(553)
Surplus/(Deficit) for the year	1,084	780
Accumulated Funds as at 30 June	1,311	227
17. COMMITMENTS FOR EXPENDITURE		
(a) Other Expenditure Commitments		
Aggregate other expenditure for the acquisition of goods/services contracted for at balance date and not provided for:		
Not later than one year	62	45
Later than one year and not later than five years	0	0
Later than five years	0	0
Total (including GST)	62	45
(b) Operating Lease Commitments		
Future non-cancellable operating lease rental not provided for and payable:		
Not later than one year	1,737	1,690
Later than one year and not later than five years	5,742	6,271
Later than five years	0	453
Total (including GST)	7,479	8,414

The total "operating lease commitments" above includes potential input tax credits of \$680,000 (30 June 2004 – \$765,000) that are expected to be recoverable from the ATO.

The operating lease commitments represent the eight-year lease for the current premises, photocopiers and motor vehicle leases.

Notes to and forming part of the Financial Statements

For the year ended 30 June 2005

18. CONTINGENT LIABILITIES

There are no known significant contingent liabilities at the balance date (30 June 2004 – \$Nil).

19. BUDGET REVIEW

Net cost of services

There was a variance between budgeted and actual net cost of services of \$1.085M which can be attributed to unanticipated early termination of the Commission's leased premises at Redfern in November 2004 and savings in leased IT equipment, and delays between staff resignation and recruitment.

Assets and liabilities

Current assets were \$807,000 higher than budget due to an increase in the Commission's cash balances.

Current liabilities were \$544,000 higher than budget due to an increase in the liability to consolidated fund for the 2004–05 financial year of \$409,000 as compared to \$22,000 for the 2003–04 year.

	2005 \$'000	2004 \$'000
20. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES		
Net Cash Used on Operating Activities	1,984	571
Depreciation and amortisation	(433)	(543)
Acceptance by Crown Entity of employee benefits and other liabilities	(1,192)	(1,187)
Decrease/(increase) in provision for employee entitlements	(150)	(285)
Decrease/(increase) in other provisions	234	334
Increase/(decrease) in prepayments and other assets	(176)	(28)
Decrease/(increase) in payables	12	400
Net gain/(loss) on sale of assets	0	(52)
Consolidated Fund Recurrent Allocation	(16,781)	(15,330)
Consolidated Fund Capital Allocation	(990)	(574)
Liability to Consolidated Fund	22	383
Net Cost of Services	(17,470)	(16,311)

End of audited financial statements



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Appendix 1 ■ Complaints profile

Table 8: Allegations contained in complaints and notifications (section 10, section 11 and protected disclosures) and other matters received during 2004–2005

	Section 10	Section 11	Protected disclosures	Total (incl. other matters received)	%*
Assault/sexual assault/misconduct/harassment	15	36	9	70	2.1
Breach of policy/procedure	185	144	84	464	14.1
Bribery/gift/secret commission	95	69	17	204	6.2
Collusion	141	45	28	250	7.6
Drug/alcohol traffic or use	3	15	2	27	0.8
Fabricating or falsifying information/fraud/forgery	106	106	31	271	8.2
Failure to advertise properly eg tenders	18	3	9	33	1.0
Failure to disclose conflict of interest/Abuse of conflict of interest	104	46	40	212	6.4
Failure to take action/negligence	104	19	24	189	5.7
Favouritism/nepotism	131	46	75	273	8.3
Harassment/victimisation/discrimination	87	23	56	202	6.1
Improper use of information	53	40	15	123	3.7
Lack of accountability	52	14	22	113	3.4
Misuse of public resources/theft	80	154	39	294	8.9
Perverting the course of justice/tampering with evidence/perjury	36	5	3	54	1.6
Threats/extortion/blackmail/undue influence	44	23	18	91	2.8
Other/unspecified corrupt conduct	96	63	17	425	12.9
Total allegations	1,350	851	489	3,295	99.8

* Represents proportion of total allegations for year. Total does not add up to 100% due to rounding.

Table 9: Allegations by type received during 2004–2005, compared to previous two years

	2002–2003	%	2003–2004	%	2004–2005	%*
Assault/sexual assault/misconduct/harassment	71	2.7	106	3.0	70	2.1
Breach of policy/procedure	282	10.9	358	10.1	464	14.1
Bribery/gift/secret commission	261	10.1	215	6.1	204	6.2
Collusion	124	4.8	143	4.0	250	7.6
Fabricating or falsifying information/fraud/forgery	200	7.7	327	9.2	271	8.2
Failure to disclose/abuse of conflict of interest	176	6.8	209	5.9	212	6.4
Failure to document information/lack of internal documents/lack of systems**	40	1.5	64	1.8	–	–
Failure to properly advertise eg tenders	45	1.7	60	1.7	33	1.0
Failure to take action/negligence	166	6.4	223	6.3	189	5.7
Favouritism/nepotism	319	12.3	400	11.3	273	8.3
Harassment/victimisation/discrimination	142	5.5	224	6.3	202	6.1
Improper use of information	107	4.1	207	5.8	123	3.7
Lack of accountability***	–	–	3	0.1	113	3.4
Misuse of public resources/theft	349	13.5	367	10.3	294	8.9
Perverting the course of justice/evidence tampering	47	1.8	78	2.2	54	1.6
Threats/extortion/blackmail/undue influence	51	2.0	85	2.4	91	2.8
Trafficking and/or use of drugs/alcohol	26	1.0	36	1.0	27	0.8
Other/unspecified corrupt conduct	83	3.2	135	3.8	425	12.9
Total allegations	2,593	100	3,550	100	3,295	99.8

* Represents proportion of total allegations for year. 2004–2005 figures do not add up to 100% due to rounding.

** Discontinued category

*** New category

Table 10: Types of workplace activity described in complaints and notifications (section 10, section 11 and protected disclosures) and other matters received during 2004–2005

	Section 10	Section 11	Protected disclosures	Total (inc. other matters received)	%*
Allocation of paid hours	1	2	4	7	0.3
Allocation of public goods and services	44	23	9	87	3.6
Building and development applications	258	46	22	410	16.8
Cash/card handling	8	50	6	67	2.7
Codes of conduct	23	42	17	90	3.7
Dismissal	7	0	3	11	0.5
Disposal of public assets	67	38	25	156	6.4
E-Corruption/IT Security	3	6	0	9	0.4
Elections	9	2	2	17	0.7
Employment practices	72	79	77	260	10.6
Government grants	6	2	1	14	0.6
Internal reporting	7	17	17	47	1.9
Law enforcement (general)	76	35	9	176	7.2
Law enforcement (courts/tribunals)	60	3	1	80	3.3
Licensing/qualifications/certificates/regulation	47	43	5	115	4.7
Purchase of goods and services/tendering/contracts	30	42	21	112	4.6
Post-separation employment	0	1	0	1	0.04
Secondary employment	2	14	7	25	1.0
Sponsorship	0	0	1	1	0.04
Staff management	23	14	51	106	4.3
Use of confidential information	35	18	8	75	3.1
Use of public resources	44	66	17	137	5.6
Other/unspecified area of workplace activity	147	69	24	440	18.0
Total activities	969	612	327	2,443	100

*Represents proportion of total allegations for year.

Table 11: Types of workplace activity for all matters received during 2004–2005, compared to previous two years

	2002–2003	%*	2003–2004	%	2004–2005	%
Allocation of paid hours**	-	-	-	-	7	0.3
Allocation of public goods and services**	-	-	-	-	87	3.6
Building and development applications	434	16.7	407	14.6	410	16.7
Cash/card handling	-	-	4	0.1	67	2.7
Codes of conduct	-	-	5	0.2	90	3.7
Dismissal**	-	-	-	-	11	0.5
Disposal of public assets	51	2.0	54	1.9	156	6.4
Elections	23	0.9	36	1.3	17	0.7
Employment practices	-	-	18	0.6	260	10.7
E-Corruption/IT Security**	-	-	-	-	9	0.4
Government grants**	-	-	-	-	14	0.6
Government services***	191	7.4	231	8.3	-	-
Internal reporting**	-	-	-	-	47	1.9
Law enforcement (general)	316	12.2	333	11.9	176	7.2
Law enforcement (courts and tribunals)**	-	-	-	-	80	3.3
Licensing/qualifications/certificates/regulation	66	2.5	79	2.6	115	4.7
Post-separation employment**	-	-	-	-	1	0.04
Purchase of goods and services	294	11.3	160	5.7	112	4.6
Reporting corruption***	19	0.7	62	2.2	-	-
Secondary employment**	-	-	-	-	25	1.0
Sponsorship**	-	-	-	-	1	0.04
Staff management**	-	-	-	-	106	4.3
Staff matters	429	16.5	547	19.6	-	-
Use of information	106	4.1	69	2.5	75	3.1
Use of public resources	386	14.9	358	12.8	137	5.6
Other/unspecified area of workplace activity	278	10.7	428	15.3	440	18.0
Total activities	2,593	100	2,791	100	2,443	100

* Represents proportion of total allegations for year.

** New category

*** Discontinued category

Appendix 2 ■ Prosecutions and disciplinary actions in 2004–2005 arising from ICAC investigations

Table 12: Prosecution proceedings during 2004–2005

Please note that the date in brackets next to the investigation name is the date the investigation report was published.

Investigation into aspects of the greyhound racing industry (Operation Muffat) (Aug 2000)

Name	Ronald Henry Gill
Nature of offences recommended	s.249B Crimes Act (corrupt rewards); 8 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	DPP's requisitions on brief answered by ICAC on 20/5/05
Result	Awaiting final advice from DPP

Name	Kenneth Edward Howe
Nature of offences recommended	s.249B Crimes Act (corrupt rewards)
Action/advice received	DPP's requisitions on brief answered by ICAC on 20/5/05
Result	Awaiting final advice from DPP

Name	Raymond Thomas King
Nature of offences recommended	s.249F Crimes Act (aiding, abetting corrupt rewards)
Action/advice received	DPP's requisitions on brief answered by ICAC on 20/5/05
Result	Awaiting final advice from DPP

Name	Andrea Sarcasmo
Nature of offences recommended	s.249B Crimes Act (corrupt rewards); 6 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	DPP's requisitions on brief answered by ICAC on 20/5/05
Result	Awaiting final advice from DPP

Investigation into matters concerning John Kite and the National Parks and Wildlife Service (Operation Meteor) (Dec 2001)

Name	John Kite
Nature of offences recommended	2 x s.319 Crimes Act (attempt to pervert the course of justice); 2 x s.327 Crimes Act (perjury); 3 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	On 7/5/04 DPP advice received to proceed with 55 x s.87 and 1 x s.319
Result	29/3/05 committed to stand trial at Sydney District Court on all charges – for trial 7/11/05

Investigation into the conduct of Rockdale City Council Councillors and others (Operation Trophy) (July 2002)

Name	Andrew Smyrnis
Nature of offences recommended	s.249B(1) Crimes Act (corruptly solicit/receive payments) or conspiracy to commit bribery; s.87 ICAC Act (false or misleading evidence)
Action/advice received	DPP advised sufficient evidence to proceed on 2 x s.249B Crimes Act and 18 x s.87 ICAC Act; Court Attendance Notices served 11/5/04 and 10/6/04
Result	Convicted on plea of guilty to 1 x s.249B Crimes Act and 2 x s.87 ICAC Act (other offences on schedule) on 5/11/04, sentenced to 3 years imprisonment (to be served by way of periodic detention)

Name	Adam McCormick
Nature of offences recommended	s.249B(1) Crimes Act (corruptly solicit/receive payments) or conspiracy to commit bribery; s.87 ICAC Act (false or misleading evidence)
Action/advice received	In 07/04 and 11/04 DPP advised sufficient evidence to proceed on 2 x s.249B Crimes Act, 12 x s.87 ICAC Act
Result	Fixed for trial 24/10/05

Name	Manuel Limberis
Nature of offences recommended	s.249F Crimes Act (aiding, abetting receipt of corrupt benefit) or conspiracy to commit bribery; s.87 ICAC Act (false or misleading evidence)
Action/advice received	16/6/04 served with Court Attendance Notices for 1 x s.249F Crimes Act and 5 x s.87 ICAC Act
Result	Convicted on plea of guilty on 16/6/04 to 1 x s.87 ICAC Act and 1 x s.249F Crimes Act (other offences on schedule), awaiting sentence

Name	Tony Retsos
Nature of offences recommended	1 x s.249F Crimes Act (aiding, abetting receipt of corrupt benefit) or conspiracy to commit bribery; 1 x s.87 ICAC Act (false or misleading evidence)
Action/advice received	29/6/04 first mention, 1 x s.249F Crimes Act and 37 x s.87 ICAC Act
Result	Convicted on plea of guilty on 12/5/04 to 1 x s.249F Crimes Act and 3 x s.87 ICAC Act (other offences on schedule), sentenced to 3 years imprisonment (to be served by way of periodic detention) and fined \$80,000

Name	Terry Andriotakis
Nature of offences recommended	s.249B(2) Crimes Act (corruptly offer/give benefit) or conspiracy to commit bribery
Action/advice received	23/2/04 DPP advised sufficient evidence to proceed on 1 x s.249B Crimes Act; Court Attendance Notice served on 27/7/04
Result	Convicted on plea of guilty on 20/10/04 to 1 x s.249B Crimes Act, ordered to enter into a bond to be of good behaviour for 12 months and fined \$1000

Investigation into the conduct of officers of the Department of Housing (Operation Hotspur) (May 2003)

Name	Steven Klimoski
Nature of offences recommended	s.249B Crimes Act (corruptly solicit/receive payments)
Action/advice received	30/1/04 DPP advised 2 x s.249B
Result	Convicted on plea of guilty and sentenced on 24/9/04 to 6 months imprisonment (to be served by way of periodic detention); ordered to make restitution in the amount of \$2000

Name	Anthony Severino
Nature of offences recommended	s.87 ICAC Act (false or misleading evidence); s.249F Crimes Act (aiding, abetting receipt of corrupt benefit)
Action/advice received	30/1/04 DPP advise 1 x s.87 ICAC Act and 1 x s.249F Crimes Act
Result	Convicted on plea of guilty and sentenced on 24/9/04 to 6 months imprisonment (suspended)

Investigation into the conduct of former MLC Malcolm Jones (Operation Athens) (July 2003)

Name	Malcolm Jones
Nature of offences recommended	ss.178BA (obtaining money by deception) and/or 178BB Crimes Act (obtaining money by false or misleading statement); s.87 ICAC Act (false or misleading evidence)
Action/advice received	2/4/04 interim advice received from DPP that sufficient evidence available re ss.178BA and/or 178BB Crimes Act; insufficient evidence re s.87 ICAC Act
Result	7/3/05 final DPP advice received declining to proceed on remaining matters on evidential and discretionary grounds

Investigation into the conduct of certain senior officers of the NSW Grains Board (Operation Agnelli) (Aug 2003)

Name	Graham Lawrence
Nature of offences recommended	s.176 Crimes Act 1900 (director or officer publishing fraudulent statements)
Action/advice received	DPP made requisitions on brief on 25/10/04
Result	Answering DPP's requisitions

Name	John Fitzgerald
Nature of offences recommended	s.176 Crimes Act 1900 (director or officer publishing fraudulent statements)
Action/advice received	DPP made requisitions on brief on 25/10/04
Result	Answering DPP's requisitions

Name	Darren Bizzell
Nature of offences recommended	ss.156 (larceny by a servant), 178BA (obtaining money by deception) and 178BB Crimes Act 1900 (obtaining money by false or misleading statement)
Action/advice received	DPP made requisitions on brief on 25/10/04
Result	Answering DPP's requisitions

Investigation into the theft of zoological specimens from the Australian Museum (Operation Savoy) (Sep 2003)

Name	Richard Anthony Kolomy
Nature of offences recommended	1 x s.527C Crimes Act (unlawful possession of property)
Action/advice received	Court Attendance Notice for 1 x s.527C Crimes Act served on 10/9/03
Result	Convicted and sentenced on 25/10/04, ordered to perform 100 hours of community service and fined \$660

Name	Daniel Deys
Nature of offences recommended	1 x s.117 Crimes Act (larceny)
Action/advice received	25/8/03 brief to DPP for advice
Result	10/8/04 DPP advised insufficient evidence to proceed.

Name	Damien John Stanioch
Nature of offences recommended	s.188 Crimes Act (receiving stolen property)
Action/advice received	10/11/03 brief to DPP for advice
Result	22/9/04 DPP advised insufficient evidence to proceed

Name	Hendrikus (Hank) Van Leeuwen
Nature of offences recommended	s.156 Crimes Act (Larceny as a Servant); s.188 Crimes Act (Dispose of Stolen Property)
Action/advice received	Committed on 1/6/05 to Sydney District Court on 199 x s.156 of the Crimes Act and 36 x s.188 of the Crimes Act
Result	For arraignment 16/9/05

Investigation into the awarding of contracts by officers of Integral Energy (Operation Grenache) (Sep 2003)

Name	Dennis Neville Hall
Nature of offences recommended	19 x s.157 Crimes Act (embezzlement)
Action/advice received	Failed to appear on 23/9/04 and warrant issued; arrested on 29/6/05 and refused bail
Result	Awaiting outcome

Investigation into applications made to the Office of Fair Trading for builders and trade licences (Operation Squirrel) (November 2003)

Name	Tony Sassine
Nature of offences recommended	s.178B Crimes Act 1900 (obtaining benefit by deception); s.301(1) and 301(2) of the Crimes Act 1900 (make and use false instrument)
Action/advice received	11/3/05 DPP advised sufficient evidence to proceed on 15 x s.301(2) Crimes Act 1900 and 4 x s.178BA Crimes Act 1900; Court Attendance Notices served on 26/5/05
Result	Awaiting outcome

Name	Raymond Khalifeh
Nature of offences recommended	s.87 ICAC Act 1988 (give false and/or misleading evidence)
Action/advice received	11/3/05 DPP advised sufficient evidence to proceed on 2 x s.87 ICAC Act 1988; Court Attendance Notices served on 26/5/05
Result	Awaiting outcome

Investigation into Mr Glen Oakley's use of false academic qualifications (Operation Bosco) (December 2003)

Name	Glen Oakley
Nature of offences recommended	s.301(2) Crimes Act (make false instrument) and s.178BB (make false statement)
Action/advice received	26/11/04 DPP advised sufficient evidence to proceed on 13 x s.301(2) Crimes Act (make false instrument) and 4 x s.178BB (make false statement)
Result	Court Attendance Notices issued 20/6/05; warrants issued as information suggests Oakley has left jurisdiction

Investigation into the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre (Operation Centaur) (Feb 2004)

Name	Cale David Urošević
Nature of offences recommended	s.249B(1) Crimes Act (corrupt rewards)
Action/advice received	30/6/04 DPP advice 2 x s.249B(1)
Result	Court Attendance Notices served 4/8/04, plea of not guilty, trial 15/4/05 – sentenced 15/7/05 and convicted one count s.249B(1) Crimes Act, Community Service Order (500 hours)

Investigation into the conduct of the Hon. J Richard Face (Operation Wingate) (June 2004)

Name	J. Richard Face
Nature of offences recommended	1 x Misconduct in Public Office (common law); 1x s80(c) ICAC Act (wilfully make false statement)
Action/advice received	8/11/04 DPP advised sufficient evidence to proceed re s80(c); insufficient evidence re Misconduct in Public Office
Result	Convicted on plea of guilty on 23/12/04, fined \$2000 and ordered to enter recognisance to be of good behaviour for 12 months

Investigation into relationship between certain Strathfield Councillors and developers (Operation Cordoba) (June 2005)

Name	John Abi-Saab
Nature of offences recommended	s.100A of the Crimes Act (blackmail by threat to publish), s.87 (give false/misleading evidence), s.80(c) (wilfully make false statement) and s.89 (procure false testimony) of the ICAC Act, s.112 of the ICAC Act (publish contrary to direction)
Action/advice received	1/3/05 Court Attendance Notices served for 2 x s.112 ICAC Act; briefs being assembled for other matters
Result	Awaiting outcome

Name	Geoffrey Howe
Nature of offences recommended	s.112 (publish contrary to direction), s.80(c) (wilfully make false statement) and s.87 (give false/misleading evidence) of the ICAC Act
Action/advice received	1/3/05 Court Attendance Notices served for 1 x s.112 ICAC Act; advice received from DPP on 27/7/05 – s80(c) ICAC Act (wilfully make false statement); s80(c) ICAC Act (mislead Commission officer); 2 x s87 ICAC Act (give false/misleading evidence)
Result	For sentence on 24/10/05

Table 13: Direct referral of prosecution brief 2004–2005**Investigation into offer of a bribe to an officer of Centennial and Moore Park Trust**

Name	Jiae (Jo) Hong
Nature of offences recommended	s.249B(2) Crimes Act (corruptly offer benefit)
Action/advice received	8/2/05 DPP advised sufficient evidence to proceed on 1 x s.249B(2) Crimes Act 1900 (give corrupt commission); Court Attendance Notice served on 6/4/05
Result	Convicted on plea of guilty on 7/6/05, fined \$2000 and ordered to enter bond to be of good behaviour for 2 years; corrupt commission of \$1000 confiscated

Investigation into the relationship between an officer of the Roads and Traffic Authority of NSW and the proprietor of a software management company

Name	Keith Smith
Nature of offences recommended	s.178BA of the Crimes Act (obtain money by deception)
Action/advice received	Brief of evidence furnished to DPP on 11/5/05
Result	Awaiting outcome

Table 14: Disciplinary action proceedings during 2004–2005**Investigation into matters concerning John Kite and the National Parks and Wildlife Service (Operation Meteor)**

Name	Susanne Ryan
Nature of offences recommended	2 x s.66(1)(b) and/or (f) of the Public Sector Management Act 1988
Action/advice received	Appeal against 4/6/04 declaration that dismissal void
Result	Appeal dismissed; matter settled 6/6/05

Investigation into matters arising from the tender for an integrated public transport ticketing system (Operation Bourbon)

Name	Anthony Kambouris
Nature of offences recommended	Information and evidence collected referred to State Rail Authority (SRA) for consideration of disciplinary proceedings
Action/advice received	28/11/03 Transport Appeals Board found 10 of the most serious counts were substantiated, four were dismissed, Kambouris was reinstated
Result	Awaiting outcome of SRA application to Supreme Court for judicial review of the decision

Appendix 3 ■ Implementation of recommendations for reform arising from ICAC investigations

If corruption prevention recommendations are made as part of an investigation report, agencies are asked to report back to the ICAC on the implementation of these recommendations. Table 15 shows the information received from agencies in 2004–2005, including the number and proportion of recommendations that agencies report have been addressed. A recommendation is considered to be addressed when it has either been implemented, where action is being taken to implement it, or where the agency has considered the recommendation and found an alternative way of addressing the issue.

Table 15

Investigation report	Last progress report	Agency responsible for implementation	Number of recommendations	Number addressed	Proportion addressed
Investigation into the conduct of an officer of Integral Energy (September 2003).	September 2004	Integral Energy	4	4	100%
Investigation into certain applications made to the Office of Fair Trading for building and trade licences (November 2003).	September 2004	Department of Fair Trading	5	3	60%
Report on the regulation of secondary employment for Members of the Legislative Assembly (September 2003).	March 2005	Legislative Assembly	14	12	86%
Investigation into the conduct of the Hon. Malcolm Jones MLC (July 2003).	April 2005	Legislative Council	3	3	100%
Investigation into the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre (February 2004).	April 2005	Department of Corrective Services	6	6	100%
Investigation into the conduct of staff and students at the University of Technology, Sydney (August 2002).	May 2005	University of Technology	48	48	100%

LEGAL REPORTING

Appendix 4 ■ The ICAC and litigation

The ICAC has been involved in one matter that has been the subject of litigation during the reporting year.

Unfair dismissal claim in the Industrial Relations Commission

In December 2003, a former ICAC employee started proceedings in the Industrial Relations Commission claiming unfair dismissal. This matter was reported in the 2003–2004 annual report. The proceedings were settled by the parties in September 2004, before hearing. The Crown Solicitor's Office acted for the ICAC in these proceedings.

Appendix 5 ■ Legal changes

There were extensive changes to the ICAC Act in 2004–2005 under the *Independent Commission Against Corruption (Amendment) Act 2005* (the Amendment Act). These changes were mainly a result of recommendations in the final report of the independent review of the ICAC Act conducted by Mr Bruce McClintock SC. This report was released on 31 January 2005. There were also some amendments that did not arise from the review or the final report. Not all changes in the Amendment Act came into operation this reporting year.

The principal changes which come into operation in 2004–2005 were:

- provisions in relation to the appointment of an independent Inspector of the ICAC to deal with complaints about the ICAC and its staff and oversee the exercise of the ICAC's powers
- a requirement that the ICAC direct its attention, so far as practicable, to corrupt conduct that is serious or systemic
- a requirement that the ICAC provide reasons to complainants and reporting officials for not investigating allegations of corruption
- the creation of offences of threatening counsel assisting the ICAC or legal practitioners or witnesses appearing before the ICAC
- a clarification of the powers of the ICAC to make findings of corrupt conduct
- a clarification of the power of the ICAC to make recommendations concerning the suspension of councillors under the *Local Government Act 1993*
- an extension of the offence under section 87 of the ICAC Act of giving false and misleading evidence so that it applies where a person gives evidence not believing it to be true – and to apply the provisions of sections 331 and 332 of the *Crimes Act 1900* to prosecutions for giving false or misleading evidence, so that it is not necessary to show which of two contradictory statements is true to convict the person who made the statements and to deny a person a right of acquittal merely because a false or misleading statement is contained in a document that contains a technical defect.

Other significant changes to the ICAC Act – including establishing the Office of the Inspector of the ICAC, changes to procedural aspects and new terms for hearings – are scheduled to begin in 2005–2006.

Appendix 6 ■ Complaints about the ICAC

The ICAC received five complaints about ICAC staff in 2004–2005, one from an internal source and four from external sources.

There were also two matters from 2003–2004 that were finalised this year – one from an internal source and one from an external source.

Both the matters from 2003–2004 were handled by the Solicitor to the Commission. No substance was found in the allegation from the internal source. The other matter resulted in disciplinary action being taken against an ICAC staff member which resulted in their dismissal.

Of the matters received in 2004–2005, four were handled by the Solicitor to the Commission and finalised in the reporting period. Of these, three were from an external source and one from an internal source.

No substance was found to the allegations from the external sources.

Disciplinary action was taken against an ICAC staff member in relation to the allegations from the internal source.

The remaining complaint from an external source was not dealt with in this reporting period, so it has been referred to the new Inspector of the ICAC.

Appendix 7 ■ Privacy and personal information

In accordance with the *Privacy and Personal Information Protection Act 1998*, the ICAC developed a privacy management plan and continued to operate in accordance with this plan during 2004–2005.

No reviews have been required or conducted under Part 5 of the Privacy and Personal Information Protection Act.

Appendix 8 ■ Statement of affairs

Each agency covered by the *Freedom of Information Act 1989* (FOI Act) is required to publish an annual statement of affairs.

The ICAC's administrative, research and education roles are covered by the FOI Act, but its corruption prevention, complaint handling, investigative and report functions are exempt.

The ICAC is committed to public awareness and involvement in its activities. General enquiries – either by post, telephone, email or visit – are welcome. If an enquiry cannot be satisfied through such contact, then a formal application can be made to the Solicitor to the Commission who is the ICAC's FOI officer.

Contact details for the ICAC are shown at the front of this annual report.

Freedom of information procedures

Arrangements can be made to obtain or inspect copies of available documents at the ICAC by contacting the Solicitor to the Commission. Formal requests made under the FOI Act for access to documents held by the ICAC should be sent to the Solicitor to the Commission and accompanied by a \$30 application fee. People wishing to be considered for a reduction in fees should set out reasons in their applications. Those holding a current health care card are eligible for a 50% reduction.

Structure and functions

The ICAC's organisational structure is shown in Appendix 14. The ICAC's main functions are to investigate allegations of corruption, prevent corruption and educate the public about corruption issues. These functions are described comprehensively in the body of the annual report.

Effect of functions on the public and arrangements for public participation

The public can participate directly in the ICAC's work by providing information about suspected corrupt conduct involving or affecting the NSW public sector. Members of the public can provide this information by telephone, letter, email or personal visit.

Four members of the public are appointed to the ICAC's Operations Review Committee. This committee makes sure the ICAC deals properly with complaints received from the public.

Members of the public can attend and observe the ICAC's public hearings. These are advertised in metropolitan newspapers for Sydney hearings, and metropolitan and regional or country newspapers for hearings outside Sydney.

Reports on ICAC investigations, and transcripts and documentary evidence from most public hearings, are available on the ICAC's website: www.icac.nsw.gov.au.

The ICAC is accountable to the public through the NSW Parliament – specifically through the Parliamentary Joint Committee on the ICAC. The functions and membership of this committee are described in this annual report. Members of the public can make comments to the committee about how the ICAC does its work and suggest changes. They can also make comments directly to the ICAC by writing to the Commissioner.

Documents held by the ICAC

The categories of ICAC documents covered by the FOI Act include:

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

Members of the public can contact the Solicitor to the Commission to clarify which documents may be available.

All the ICAC publications produced in 2004–2005 are listed in Appendix 11. They include investigation reports, corruption prevention reports and educational material. The ICAC also publishes brochures about its activities and procedures.

Appendix 9 ■ Freedom of information

Freedom of information requests in 2004–2005

Section A: Numbers of new FOI requests – information about the numbers of new FOI requests received, those processed, and those incomplete from the previous period.

FOI requests	Personal	Other	Total
A1: New (including transferred in)	1	4	5
A2: Brought forward	0	0	0
A3: Total to be processed	1	4	5
A4: Completed	1	3	4
A5: Transferred out	0	0	0
A6: Withdrawn	0	0	0
A7: Total processed	1	3	4
A8: Unfinished (carried forward)	0	1	1

Section B: What happened to completed requests?

– completed requests are those on line A4 above.

Result of FOI request	Personal	Other
B1 Granted in full	1	0
B2 Granted in part	0	0
B3 Refused	0	3
B4 Deferred	0	0
B5 Total completed	1	3

Section C: Ministerial certificates – the number of certificates issued during the period.

C1 Ministerial certificates issued	0
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Section D: Formal consultations – the number of requests requiring consultations (issued) and total number of formal consultations for the period.

	Issued	Total
D1 Number of requests requiring formal consultation(s)	0	0

Section E: Amendment of personal records – the number of requests for amendment processed during the period.

Result of amendment request	Total
E1 Result of amendment – agreed	0
E2 Result of amendment – refused	0
E3 Total	0

Section F: Notation of personal records – the number of requests for notation processed during the period.

F3 Number of requests for notation	0
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Section G: FOI requests granted in part or refused – the basis of disallowing access and the number of times each reason is cited in relation to completed requests which were granted in part or refused.

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 (application incomplete, wrongly directed)	0	0
G2 Section 22 (deposit not paid)	0	0
G3 Section 25(1) (a1) (diversion of resources)	0	0
G4 Section 25(1) (a) (exempt)	0	3
G5 Section 25(1) (b), (c), (d) (otherwise available)	0	0
G6 Section 28(1) (b) (documents not held)	0	0
G7 Section 24(2) – (deemed refused, over 21 days)	0	0
G8 Section 31(4) (released to medical practitioner)	0	0
G9 Totals	0	3

Section H: Costs and fees of requests processed during the period.

	Assessed costs	FOI fees received
H1 All completed requests	\$NIL	\$30

Section I: Discounts allowed – the numbers of FOI requests processed during the period where discounts were allowed.

Type of discount allowed	Personal	Other
I1 Public interest	1	1
I2 Financial hardship – Pensioner/child	0	0
I3 Financial hardship – Non-profit organisation	0	0
I4 Totals	1	1
I5 Significant correction of personal records	0	0

Section J: Days to process – the number of completed requests (A4) by calendar days (elapsed time) taken to process.

Elapsed time	Personal	Other
J1 0–21 days	1	3
J2 22–35 days	0	0
J3 Over 35 days	0	0
J4 Totals	1	3

Section K: Processing time – the number of completed requests (A4) by hours taken to process.

Processing hours	Personal	Other
K1 0–10 hrs	1	3
K2 11–20 hrs	0	0
K3 21–40 hrs	0	0
K4 Over 40 hrs	0	0
K5 Totals	1	3

Section L: Reviews and appeals – the number finalised during the period.

L1 Number of internal reviews finalised	1
L2 Number of Ombudsman reviews finalised	0
L3 Number of District Court appeals finalised	0

Details of internal review results – in relation to internal reviews finalised during the period.

Bases of internal review	Personal		Other	
	Upheld	Varied	Upheld	Varied
Grounds on which internal review requested	0	0	0	0
L4 Access refused	0	0	0	1
L5 Deferred	0	0	0	0
L6 Exempt matter	0	0	0	0
L7 Unreasonable charges	0	0	0	0
L8 Charge unreasonably incurred	0	0	0	0
L9 Amendment refused	0	0	0	0
L10 Totals	0	0	0	1

Comparison with previous year

In 2003–2004 the ICAC received one FOI request relating to other matters. This request was dealt with in that period.

Impact on the ICAC

The impact on the ICAC of handling these requests was minimal.

Appendix 10 ■ Participation in significant committees

AUSTRAC client liaison meetings

Participating ICAC staff members: David Casserly, Chief Investigator, Surveillance and Technical Unit and Raymond Kwan, Special Financial Investigator

Australian Transaction Reports and Analysis Centre (AUSTRAC) clients liaise with the financial transactions tracking agency on a half-yearly basis. Meetings are organised by AUSTRAC. Representatives from the ICAC and other federal and state agencies attend this meeting to discuss matters in relation to the *Financial Transaction Reports Act*.

Australian Police Professional Standards Council – Project 11 Surveillance

This council was formed to produce and formalise professional qualifications, standards and best practice across all jurisdictions in the area of surveillance.

Heads of Government Legal Departments

Participating ICAC staff member: Roy Waldon, Executive Director, Legal and Solicitor to the Commission

This group is convened by the Law Society of NSW and meets periodically throughout the year to discuss and consider issues relevant to government lawyers and legal departments.

Integrity in Government Committee

Participating ICAC staff member: Linda Waugh, Executive Director, Corruption Prevention, Education and Research

This group meets quarterly and includes representatives from the NSW Ombudsman, NSW Audit Office, NSW Premier's Department, Department of Local Government and the ICAC. It deals with integrity issues and policy in the NSW public sector.

Inter-Agency Technical Committee

Participating ICAC staff member: Paul Empson, Senior Technical Officer

The group is a sub-committee of the annual Law Enforcement Telecommunications Interception Conference. The group meets quarterly to discuss issues relating to the delivery of material from telecommunications carriers and to share solutions for overcoming technical problems. Representatives of the telecommunications carriers also attend and provide information and research results on industry initiatives and solutions.

Interception Consultative Committee (ICC)

Participating ICAC staff member: Jacques Hee Song, Special Investigator (Technical)

The ICC is made up of representatives of a number of law enforcement and investigative agencies. It deals with legal, policy and technical issues relating to the administration of interceptions. The ICAC is also represented on subcommittees providing technical advice to the ICC.

Inter-departmental Committee (IDC) for Department of Corrective Services (DCS)

Participating ICAC staff member: Stephen Osborne, Chief Investigator, Strategic Operations

The IDC meets monthly and includes representatives from state and federal law enforcement agencies, including the Police Integrity Commission and the ICAC. The committee oversees and makes decisions about the custodial witness protection program operating within DCS.

Internal Witness Advisory Committee (IWAC)

Participating ICAC staff member: Linda Waugh, Executive Director, Corruption Prevention, Education and Research

This is an advisory committee to NSW Police and includes representatives of law enforcement and complaint handling agencies and the St James Ethics Centre. It focuses on strategic matters in relation to the management and treatment of internal witnesses within NSW Police.

Joint Outreach Initiatives Network (JOIN)

Participating ICAC staff member: Bill Kokkaris, Senior Project Officer

JOIN meets bi-monthly and is a network group consisting of representatives from complaint-handling bodies. Members network and share ideas and information about each other's outreach work and identify opportunities for possible joint initiatives.

Law Enforcement Advisory Committee (LEAC)

Participating ICAC staff member: David Casserly, Chief Investigator, Surveillance and Technical Unit

The committee meets quarterly and includes representatives of law enforcement agencies, the communications industry, the Commonwealth Department of Communications, Information Technology and the Arts, and the Attorney-General's Department. The Australian Communications Authority seeks input from the LEAC to inform their administration of Parts 13–15 of the *Telecommunications Act 1997*. The LEAC also provides a forum for consultation between the communications industry and law enforcement and national security agencies.

Local Government Liaison Group

Participating ICAC staff members: Linda Waugh, Executive Director, Corruption Prevention, Education and Research and Maria Plytarias, Manager, Assessments

This group meets bi-monthly and brings together representatives from the NSW Ombudsman, the Department of Local Government and the ICAC to discuss integrity and better practice in NSW local government.

NSW Corruption Prevention Network

Participating ICAC staff member: Margaret Sutherland, Senior Corruption Prevention Officer

This is a network of public sector staff who work to promote corruption prevention strategies through corruption prevention forums. It also encourages formal and informal networks of practitioners.

NSW Digital Evidence Group

Participating ICAC staff member: Jacques Hee Song, Special Investigator (Technical)

This group meets quarterly and brings together representatives from law enforcement agencies to discuss issues relating to computer forensics and the acquisition of digital evidence.

Protected Disclosures Act Implementation Steering Committee

Participating ICAC staff member: John Pritchard, Deputy Commissioner and Linda Waugh, Executive Director, Corruption Prevention, Education and Research

This committee meets quarterly and includes representatives from law enforcement and complaints handling agencies. It aims to increase public sector awareness of the Protected Disclosures Act, reporting options and procedures and provide information and guidance about the operation of the Act.

Public Sector Liaison Group

Participating ICAC staff member: Linda Waugh, Executive Director, Corruption Prevention, Education and Research

This group meets quarterly and includes representatives from the NSW Audit Office, NSW Ombudsman and the ICAC. The role of the group is to share information about projects of mutual interest, ensure there is no overlap of projects or duplication of work, and identify opportunities for joint projects.

Public Sector Rehabilitation Coordinators Network Forum

Participating ICAC staff members: Virginia Tinson, Manager, Human Resources and Administration and Cathy Walsh, Senior Human Resources Officer

This forum is coordinated by the Treasury Managed Fund for NSW public sector agency rehabilitation (return-to-work) coordinators. The first forum was held in May 2005. The forums provide an opportunity to educate and disseminate information to agencies to assist them in managing their return-to-work programs and to encourage best practice management.

Special Networks Committee (SNC)

Participating ICAC staff member: Jacques Hee Song, Special Investigator (Technical)

This committee includes representatives of intercepting agencies and is the discussion forum for telecommunications interception capability projects and related contractual issues. It meets quarterly before the Interception Consultative Committee (ICC). The SNC minutes are reported to the ICC.

Whistling While They Work Project Steering Committee

Participating ICAC staff member: Linda Waugh, Executive Director, Corruption Prevention, Education and Research

The role of this committee is to overview the progress and direction of work on the *Whistling While They Work: Enhancing the Theory and Practice of Internal Witness Management in Public Sector Organisations* project. The project steering committee must formally meet at least once a year across the course of the three-year project.

LIAISON AWARENESS AND EDUCATION

Appendix 11 ■ ICAC publications in 2004–2005

Investigation reports

September 2004	<i>Report on investigation into the introduction of contraband into the Metropolitan Remand and Reception Centre, Silverwater (Operation Centaur)</i>
October 2004	<i>Report under section 14(2) of the ICAC Act 1988 to the Minister for Education and Training</i>
December 2004	<i>Report on investigation into the conduct of the Hon. Peter Breen MLC (Operation Triton)</i>
April 2005	<i>Report on investigation into certain transactions of Koompahtoo Local Aboriginal Land Council (Operation Unicorn)</i>
April 2005	<i>Report on investigation into the alleged mistreatment of nurses (Operation Jardine)</i>
June 2005	<i>Report on investigation into the relationship between Strathfield councillors and developers (Operation Cordoba)</i>
June 2005	<i>Report on investigation into the University of Newcastle's handling of plagiarism allegations (Operation Orion)</i>

Corruption prevention and research publications

October 2004	<i>Managing Conflicts of Interest in the Public Sector – Guidelines</i>
October 2004	<i>Identifying Conflicts of Interest in the Public Sector – Brochure</i>
October 2004	<i>Identifying and Managing Conflicts of Interest in the Public Sector – Brochure</i>
October 2004	<i>Managing Conflicts of Interest in the Public Sector – Toolkit</i>
June 2005	<i>The Local Government Amendment (Discipline) Act 2004 and the ICAC – Brochure</i>

Corporate documents

October 2004	<i>Annual Report 2003–2004</i>
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Corruption Matters newspaper

November 2004	<i>Corruption Matters No. 24</i>
June 2005	<i>Corruption Matters No. 25</i>

Appendix 12 ■ Summary of training engagements, speeches and presentations by ICAC staff during 2004–2005

Training engagements

Date	Organisation	Presenter	Subject	Location
26 July 2004	State Procurement	Catherine Hughes	The ICAC and procurement	Sydney
5 August 2004	Institute of Public Administration	Don McKenzie	Fact-finder	Sydney
26 August 2004	Blacktown City Council (two sessions)	Catherine Hughes	Introduction to the ICAC and protected disclosures	Sydney
06 September 2004	Illawarra RAROS	Lynn Atkinson, Lewis Rangott	Corruption risks management workshop	Wollongong
06 September 2004	Illawarra RAROS	Don McKenzie	Fact-finder	Wollongong
06 September 2004	Illawarra RAROS	Nicola Dunbar, Catherine Hughes, Angus Broad (Dept of Local Government)	Recognising and managing conflicts of interest	Wollongong
7 September 2004	Illawarra RAROS	Nicola Dunbar, Catherine Hughes	Corruption risk management workshop	Wollongong
7 September 2004	Illawarra RAROS	Don McKenzie	Fact-finder	Wollongong
8 September 2004	Smiths Hill High School, Year 12 Legal Studies (as part of the Illawarra RAROS)	Seckin Cetin, Bill Kokkaris	Introduction to the ICAC and corruption	Wollongong
8 September 2004	Woonona High School, Year 11 Legal Studies (as part of the Illawarra RAROS)	Andrew McCutcheon, Catherine Hughes	Introduction to the ICAC and corruption	Wollongong
8 September 2004	Local Aboriginal Land Council (as part of the Illawarra RAROS)	Lynn Atkinson, Margaret Sutherland	Corruption risks management workshop	Wollongong
10 September 2004	Migrant Services (as part of the Illawarra RAROS)	Bill Kokkaris, Seckin Cetin, Giselle Tocher	Increasing the awareness of corruption in CALD* communities	Wollongong
10 September 2004	Roads and Traffic Authority	Deidre Cooper, Alina Hughes	Corruption risk management workshop	Wollongong
14 September 2004	State Procurement	Lewis Rangott, Rigmor Berg	The ICAC and procurement	Coffs Harbour
20 September 2004	State Procurement	Catherine Hughes	The ICAC and procurement	Sydney
14 October 2004	Rural Fire Service	Catherine Hughes	Introduction to the ICAC	Sydney
18 October 2004	State Procurement	Catherine Hughes	Introduction to the ICAC	Sydney
20 October 2004	Wyong Shire Council	Lewis Rangott, Giselle Tocher	Local government code of conduct	Wyong
21 October 2004	Northern Area Health Service	Don McKenzie	Fact-finder	Sydney
1–2 November 2004	UNAFEI 7th Training Course on Corruption Control in Criminal Justice	John Pritchard	Introduction to the ICAC Case studies in corruption investigation	Japan
8 November 2004	State Procurement	Catherine Hughes	The ICAC and procurement	Sydney
11 November 2004	NSW Rural Fire Service	Giselle Tocher, Catherine Hughes	Introduction to the ICAC and corruption risks	Sydney
23 November 2004	State Procurement	Catherine Hughes	The ICAC and procurement	Wagga Wagga
23 November 2004	Australian Institute of Local Government Rangers	Catherine Hughes	Introduction to the ICAC, privacy and use of confidential information	Wagga Wagga
16 December 2004	Department of Education and Training	Alina Hughes, Catherine Hughes	Corruption risks management workshop	Wollongong
23 February 2005	Shellharbour City Council (two sessions)	Catherine Hughes	Corruption awareness for managers and supervisors	Shellharbour
24 February 2005	Shellharbour City Council (two sessions)	Catherine Hughes	Corruption awareness for managers and supervisors	Shellharbour
01 March 2005	Department of Housing	Nicola Dunbar	Ethical leadership in the public sector	Sydney

* Culturally and linguistically diverse

Date	Organisation	Presenter	Subject	Location
9 March 2005	International Seminar on Investigation and Prosecution	John Pritchard	"Strengthening the capacity of the Commission on Eradication of Corruption in Indonesia"	Jakarta, Indonesia
16 March 2005	State Procurement	Steffanie von Helle	The ICAC and procurement	Sydney
13 April 2005	Department of State and Regional Development	Catherine Hughes	Ethics, values and accountability	Sydney
18 April 2005	Office of Fair Trading	Alina Hughes, Catherine Hughes	Corruption awareness for investigators and field officers	Sydney
20 April 2005	Rural Fire Service	Don McKenzie	Fact-finder	Sydney
13 May 2005	Association for Tertiary Education Management (ATEM)	Alexandra Mills, Catherine Hughes	Corruption risks in the higher education sector	Sydney
23 May 2005	Central Coast RAROS	Don McKenzie	Fact-finder	Gosford
24 May 2005	The Entrance High, Year 11 Legal Studies (as part of the Central Coast RAROS)	Steffanie von Helle	The role and function of the ICAC	The Entrance
25 May 2005	Central Coast RAROS	Alina Hughes, Lewis Rangott, Seckin Cetin, Paul Terret (Dept of Local Government)	Corruption risk management workshop	Gosford
25 May 2005	Central Coast Health Service (as part of the Central Coast RAROS)	Nicola Dunbar, Peter Richardson	Corruption risk management workshop	Gosford
25 May 2005	Central Coast RAROS	Catherine Hughes, Steffanie von Helle, Sue Bolton	Protected disclosures train-the-trainer module	Gosford
25 May 2005	Central Coast RAROS	Don McKenzie	Fact-finder	Gosford
26 May 2005	Central Coast RAROS	Nicola Dunbar, Alexandra Mills	Corruption risk management workshop	Gosford
26 May 2005	Local Aboriginal Land Councils (as part of the Central Coast RAROS)	Lynn Atkinson, Margaret Sutherland	Corruption risk management workshop	Gosford
26 May 2005	Kincumber High School, Year 11 Legal Studies (as part of the Central Coast RAROS)	Peter Richardson	The role and function of the ICAC	Kincumber
26 May 2005	Gosford High School, Year 11 Legal Studies (as part of the Central Coast RAROS)	Sue Bolton, Bill Kokkaris	The role and function of the ICAC	Gosford
30 May 2005	State Procurement	Catherine Hughes	The ICAC and procurement	Sydney

Speeches and presentations

Date	Organisation	Presenter	Subject	Location
13 July 2004	Hong Kong ICAC	Linda Waugh, Peter Richardson, Ros Bragg, Alexandra Mills, Rod Marsh, David Burfoot, Alina Hughes, Lewis Rangott	Corruption prevention and education work of the ICAC	Sydney
16 July 2004	Association of Tertiary Education Managers (ATEM) Conference	Linda Waugh, Lynn Atkinson	Corruption proofing the higher education sector	Sydney
29 July 2004	Hong Kong Police Force	Mark Healy	Telecommunications interception, management and regulation	Sydney
6 August 2004	TAFE NSW	Linda Waugh	Round table discussion on ethics (published in the journal <i>Training Agenda</i>)	Sydney
9 August 2004	City of Sydney Council	Ros Bragg, Giselle Tocher	Introduction to the ICAC and managing conflicts of interest	Sydney
11 August 2004	NSW Rural Fire Service	Ross Bragg	Introduction to the ICAC	Coffs Harbour

Date	Organisation	Presenter	Subject	Location
13 August 2004	Commission for the Investigation of Abuse of Authority (CIAA), Nepal	Clive Small, Don McKenzie, Peter Richardson	Role and function of the ICAC	Sydney
8 September 2004	Illawarra Rural and Regional Outreach Strategy (RAROS)	John Pritchard	Introduction to the ICAC	Wollongong
9 September 2004	Wollongong Council	Linda Waugh, Maria Plytariis	Role and function of the ICAC, assessment processes and role of corruption prevention	Wollongong
10 September 2004	Southern Councils Group Quarterly Meeting (RAROS)	Linda Waugh, Greg Andrews (NSW Ombudsman), Dominic Riordan (Dept of Local Government)	The ICAC – question and answer forum	Moss Vale
13 September 2004	Delegation of judges from the People's Republic of China	John Pritchard, Linda Waugh	Overview of the ICAC	Sydney
19 September 2004	Officers of the National Counter Corruption Commission (Thailand)	Irene Moss, John Pritchard, Clive Small, Linda Waugh, Roy Waldon	Overview of the ICAC	Sydney
30 September 2004	Local government seminar conducted by the Institute of Internal Auditors	Linda Waugh, Lynn Atkinson, Lewis Rangott	Probity in local government	Sydney
26 October 2004	Ee-OZ Conference, electrical and utility industries	Don McKenzie	Introduction to the ICAC and recent investigations	Canberra
4 November 2004	Corporate fraud and crime seminar	Stephen Osborne	Corruption and corruption control	Sydney
4 November 2004	Law and finance, competitive tendering and contract management conference	Don McKenzie, Lewis Rangott	Detecting and combating corruption in the tendering process	Sydney
5 November 2004	5th National Investigations Symposium	Clive Small	Corruption control and the pursuit of integrity	Sydney
9 November 2004	Electorate officer induction training	Catherine Hughes	Introduction to the ICAC	Sydney
10 November 2004	Department of Home Affairs, Vietnam	Don McKenzie, Lynn Atkinson	Introduction to the ICAC	Sydney
12 November 2004	Canada Bay Council	Lewis Rangott, Margaret Sutherland	Code of conduct	Sydney
16 November 2004	Community Relations Commission/Hunter Regional Advisory Council	Catherine Hughes	Introduction to the ICAC	Newcastle
27 November 2004	NSW Justices' Association	Linda Waugh, Lynn Atkinson	Understanding fraud and corruption risks: case studies for JPs	Sydney
02 December 2004	Commission for the Eradication of Corruption, Indonesia (Komisi Pemberantasan Korupsi)	John Pritchard, Linda Waugh	Anti-corruption measures and structures of the ICAC	Sydney
2 December 2004	NSW Area Health Service Internal Auditors Conference	Nicola Dunbar	Key corruption risks facing the health sector	Sydney
2 December 2004	NSW Area Health Service Internal Auditors Conference	Nicola Dunbar	ICAC investigation into alleged misreporting of hospital waiting list data.	Sydney
3 December 2004	South East Sydney Area Health Service, Inquiries and Investigations Seminar	Nicola Dunbar	The ICAC and investigations into corrupt conduct	Sydney
8 December 2004	Representatives of the Chinese Machinery Industry Federation	Stephen Osborne, Nicola Dunbar	Anti-corruption and state owned enterprises	Sydney

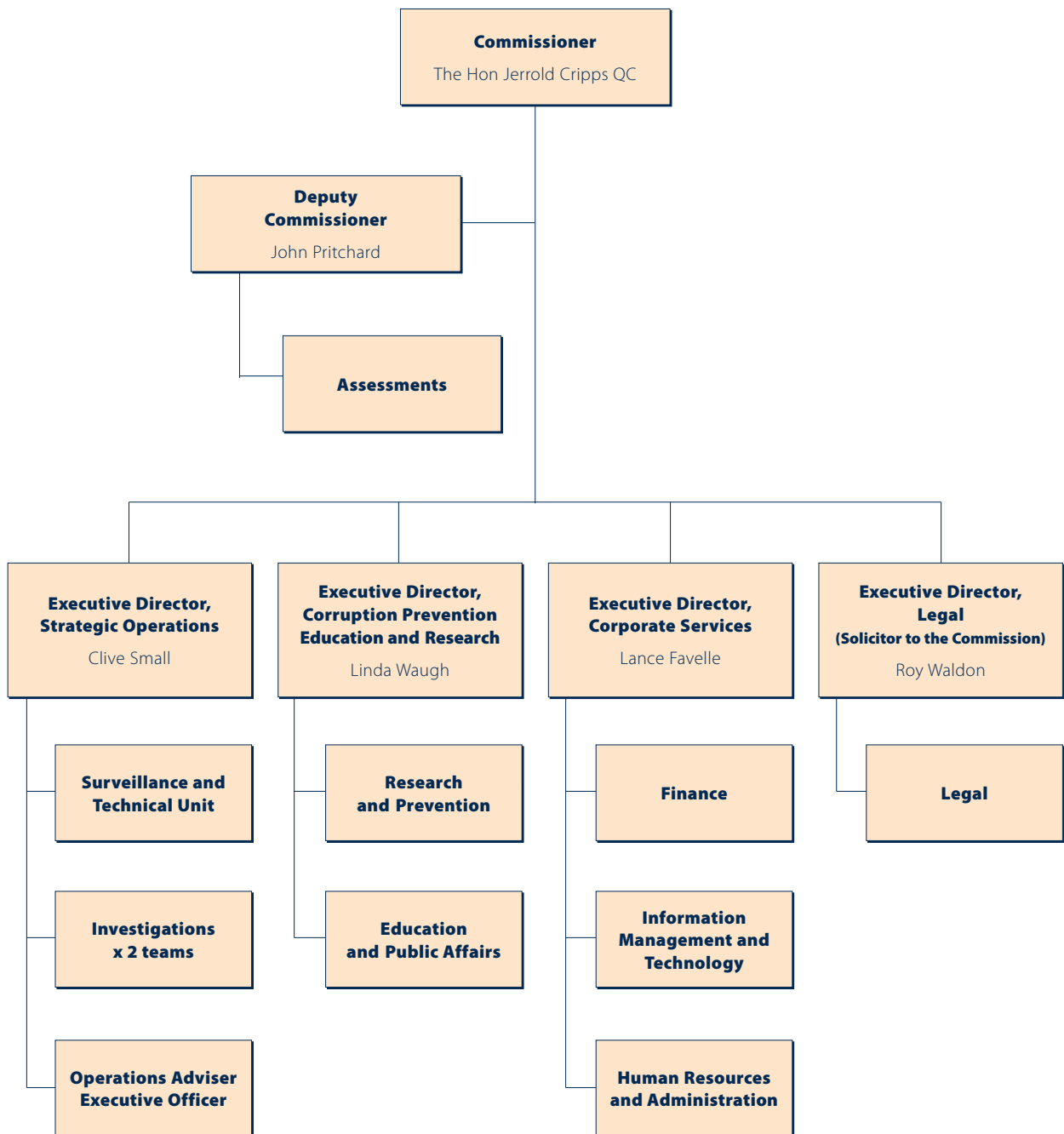
Date	Organisation	Presenter	Subject	Location
9 December 2004	City of Sydney Council, Cantonese Speaking Seniors Group	Bill Kokkaris, Catherine Hughes	Introduction to the ICAC and gift giving during Chinese New Year	Sydney
21 February 2005	Department of Commerce, Director General and Senior Executive	Linda Waugh, Maria Plytarias	Protected disclosures (question and answer session)	Sydney
14 March 2005	Standards Australia Corporate Governance Conference	Don McKenzie	Dealing with suspected fraud and corruption	Sydney
31 March 2005	Guangzhou Government delegation, People's Republic of China	Andrew McCutcheon	Overview of the ICAC	Sydney
26 April 2005	Madam Shulan Tian, Commissioner, Central Commission for Discipline Inspection and Vice Minister and Chief Commissioner of Supervision, Ministry of Education, People's Republic of China	John Pritchard Linda Waugh	Operation of the ICAC and corruption prevention	Sydney
05 May 2005	Landcom	Lewis Rangott, Seckin Cetin	Role and function of the ICAC and corruption risks	Sydney
24 May 2005	Newcastle City Council (as part of the Central Coast RAROS)	Giselle Tocher, Lewis Rangott	Local Government Act and code of conduct	Newcastle
24 May 2005	Gosford City Council (as part of the Central Coast RAROS)	Deidre Cooper, Alina Hughes, Paul Terrett (Dept of Local Government)	Local Government Act and code of conduct	Gosford
26 May 2005	Community leaders breakfast (as part of the Central Coast RAROS)	Hon. Jerrold Cripps QC	Role and function of the ICAC	Gosford
26 May 2005	Central Coast Regional Coordination Management Group (as part of the Central Coast RAROS)	Hon. Jerrold Cripps QC, John Pritchard, Linda Waugh, Greg Andrews (NSW Ombudsman), Chris Bowdler (Audit NSW)	Regulatory agencies	Wamberal
01 June 2005	Corruption and Crime Commission (WA) and Western Australian Universities Forum	Lynn Atkinson	Corruption prevention	Perth
01 June 2005	Corruption and Crime Commission (WA) – Senior management	Lynn Atkinson	The ICAC and corruption prevention	Perth
01 June 2005	Corruption and Crime Commission (WA) – general staff	Lynn Atkinson	The ICAC and corruption prevention	Perth
09 June 2005	NSW Young Planners	Giselle Tocher, Lewis Rangott	The role and function of the ICAC	Sydney
10 June 2005	Delegates from Cabinet Secretariat in Mongolia	Linda Waugh	Role, function and measuring the effectiveness of the ICAC	Sydney
20 June 2005	Parliamentary delegates from the Kingdom of Cambodia	John Pritchard	Role and function of the ICAC	Sydney

Appendix 13 ■ Overseas travel during 2004–2005

Staff member	When	Countries visited	Purpose	Cost
John Pritchard, Deputy Commissioner	29 October–8 November 2004	Japan (Tokyo and Nagano)	Visiting expert, UNAFEI (United Nations Asia and Far East Institute) 7th International Training Course on Corruption Control in Criminal Justice	UNAFEI funded all costs associated with travel, accommodation and expenses. No costs were incurred by the ICAC.
Stephen Murray, Executive Officer	12–16 December 2005	Fiji	Attend and present at the Fiji Director of Public Prosecutions (DPP) anti- corruption conference	Fiji DPP funded all costs associated with travel, accommodation and expenses. No costs were incurred by the ICAC.
John Pritchard, Deputy Commissioner	8–12 March 2005	Indonesia (Jakarta)	Presenter/speaker, Commission for the Eradication of Corruption in Indonesia (KPK), International Seminar on Modern Investigation and Prosecution	Asia Development Bank, as Technical Adviser to the KPK, funded all costs associated with travel, accommodation and expenses. No costs were incurred by the ICAC.

ORGANISATION STRUCTURE AND SES INFORMATION

Appendix 14 ■ Organisational structure



Appendix 15 ■ Chief Executive Officer and Senior Executive Service

Executive remuneration, Commissioner and Executive Officers level 5 and above

The conditions of employment for the Commissioner, the Hon. Jerrold Cripps QC, are contained in his instrument of appointment, effective on and from 14 November 2004. Similar to the ICAC's previous Commissioner, Irene Moss AO, his salary is calculated at 160% of the remuneration of a NSW Supreme Court puisne judge. The total remuneration package (inclusive of superannuation contributions) for Mr Cripps is currently \$451,960. No fringe benefits were paid for the relevant reporting period. His five-year term finishes on 13 November 2009.

Increases to the Commissioner's salary are in line with the determination provided by the Statutory and Other Officers Remuneration Tribunal (SOORT) for puisne judges. In its annual determination, SOORT awarded a 4% increase to SES Officers, effective from 1 October 2004.

Mr John Pritchard was temporarily appointed in April 2004 for a 12-month term to fill the vacant full-time Deputy Commissioner's position. On 26 April 2005, after external recruitment proceedings, he was reappointed as Deputy Commissioner. Mr Pritchard was also appointed an Assistant Commissioner by the Governor for a further four years, expiring 25 April 2009. The additional four-year appointment is in accordance with Schedule 1 Part 4 of the ICAC Act's requirement that a person may not hold the office of Assistant Commissioner for more than five years.

The Deputy Commissioner's position is remunerated at SES Officer Level 5. Mr Pritchard's remuneration in this role is a total salary package of \$220,400.

Performance of Deputy Commissioner

The ICAC is required, under annual reporting legislation, to report on the performance of any SES Officers at Level 5 or above. Mr John Pritchard, the Deputy Commissioner, is the only ICAC senior officer in this category.

Mr Pritchard oversaw the transition from the end of the term of former Commissioner Moss to the start of the term of Commissioner Cripps. As part of managing this transition, Mr Pritchard supervised the conduct of some of the more significant investigations the ICAC was undertaking at this time. This included presiding as an Assistant Commissioner over private hearings held in relation to these investigations.

Mr Pritchard also coordinated the ICAC response to the inquiry into the review of the ICAC Act. After the release of the review's final report in January 2005, he oversaw the implementation of the changes in ICAC processes and procedures arising from the amendments to the ICAC Act. He also played a key role in developing performance measures and indicators in light of the amendments to the ICAC Act.

Executive management

As at June 2005 the Executive Management Team comprised:

- Jerrold Cripps QC, Commissioner, LLB (Sydney) LLM (Sydney)
- John Pritchard, Deputy Commissioner, BA LLB (UNSW), LLM (Sydney)
- Linda Waugh, Executive Director, Corruption Prevention Education & Research, BA, Double Major in Psychology (University of Queensland), Post Grad Dip of Psychology (University of Queensland), MBA (University of Queensland)
- Lance Favelle, Executive Director, Corporate Services, B Com (UNSW) CPA (ASCPA)
- Clive Small, Executive Director, Strategic Operations, Dip of Criminology (Sydney), BA Sociology (Macquarie), Post Grad Dip in Public Sector Management (UTS)
- Mr Roy Waldon, Executive Director Legal and Solicitor to the Commission, LLB Hons (University of Tasmania)

Statistics comparing the current number of executive positions with previous years, as well as the numbers of female senior executive staff, are shown in Tables 16 and 17.

Table 16: Total number of executive staff 2004–2005 compared to previous years.

SES Level	2001–2002	2002–2003	2003–2004	2004–2005
Commissioner	1	1	1	1
Level 5	1	1	1	1
Level 3	1	1	1	1
Level 2	2	2	2	2
Level 1	1	1	1	1
Total	6	6	6	6

Table 17: Number of female senior executive staff 2004–2005 compared to previous years

Year	Number
2004–2005	1
2003–2004	2
2002–2003	1
2001–2002	2

EQUITY, DISABILITY, EAPS AND OH&S

Appendix 16 ■ Access and equity

The ICAC is committed to the principles and practices of equal employment opportunity (EEO) and applies good practice in equity and human resource management. Equity principles are incorporated into all business planning activities and management tools.

The ICAC's 2004–2005 EEO management plan was ratified by the Commissioner and outlines the practices to follow and the EEO-related objectives to achieve during the year. The plan is available to all staff on the ICAC intranet.

The access and equity committee plays a major role in monitoring and implementing equity issues within the ICAC. It includes representatives from across each division and the human resources and administration section.

The members of the committee in 2004–2005 were:

- Maria Plytarias, Assessments
- Jay Lawrence, Legal
- Yvonne Miles, Corruption Prevention, Education and Research
- Steve Osborne, Strategic Operations
- Cindy Fong, Corporate Services
- Virginia Tinson, Human Resources and Administration
- Cathy Walsh, Human Resources and Administration

Lance Favelle, Executive Director Corporate Services, is the senior management representative. Susan Hay, the ICAC's current spokeswoman, is also an active member of the committee.

In 2004–2005, the following activities have helped achieve the outcomes of the ICAC's EEO management plan.

Updating EEO data (disability) information

While collecting statistics for the ICAC's workforce profile, staff were given the opportunity to review and provide updated information on their EEO data for recording in the human resources information management system. The categories 'disability' and 'disability requiring adjustment' are two areas that can change throughout the course of a person's employment.

Grievance contact officers

Three new grievance contact officers were appointed in 2004–2005 and undertook relevant training conducted by an external consultant. The ICAC now has five grievance contact officers with representation of both genders from across the various divisions. Details of the grievance contact officers are accessible to staff on the ICAC intranet.

Enhancement of the ICAC intranet

To assist staff in their career development, all information received from external training organisations on available courses and seminars is posted on the ICAC intranet, together with relevant website addresses. Staff can then access these websites to obtain additional information and check providers' calendars of learning activities for the coming year. The ICAC's parental/childcare intranet site has been enhanced to include additional information and related website addresses.

Strategies to increase Aboriginal and Torres Strait Islanders (ATSI) representation

All job vacancies are reviewed to determine appropriateness to be advertised in Indigenous publications. Positions within each division are also being reviewed to determine their suitability to be advertised as a developmental opportunity on a temporary basis for a period of 18 months. Selected vacant positions, such as assessment officer vacancies, have been advertised in the Koori Mail to help attract potential applicants from an ATSI background.

Review of flexible work practices survey

The flexible work practices survey results were reviewed and it was agreed that an education program was needed to assist managers in making decisions about flexible work arrangements for operational type positions. Part of the learning requirements related to equity and the EEO and diversity training organised for ICAC staff covered these learning objectives.

EEO and diversity training

All new staff undertake EEO and diversity training. This training includes an outline of the ICAC's policies and procedures on EEO and discrimination, harassment and bullying, and grievances. This program has been rolled out over the last two years and has been mandatory for employees to attend. An external consultant conducted two training sessions in 2004–2005 for both management and general staff that had started at the ICAC during the year. A total of 15 staff attended these sessions.

Induction program

The ICAC's corporate induction power point presentation includes information on:

- workplace grievances, including workplace bullying
- grievance contact officers
- EEO
- discrimination and harassment
- the access and equity committee
- policies relating to access and equity issues such as flexible work arrangements and parental leave policies.

Work arrangements

The ICAC supports applications from staff to work at home on an occasional basis or at short notice, especially in emergency situations or when there are unforeseen circumstances.

Several staff were granted approval during the year to work on a temporary part-time basis to meet family, child care and other commitments.

Employee assistance program (EAP)

The ICAC provides professional and confidential counselling services for staff and their families. The employee assistance program policy was updated to include reference to the current EAP provider and services.

Staff climate survey

A staff climate survey was completed by staff in June 2005 to obtain information on a range of internal issues and identify opportunities for improving the way in which the ICAC is managed.

EEO issues such as safety and welfare, equity in the workplace, training and development opportunities, workplace integrity and organisational values, and conditions of employment were just some of 80 areas included in the staff climate survey. The survey was administered by Corporate Focus Management Consultants and 81% of staff responded to it. Results of the survey are available to staff on the ICAC intranet and will help develop EEO strategies for the 2005–2006 EEO management plan.

Recruitment and merit selection training

All newly-appointed managers and staff who will be directly involved in the recruitment and selection process undertake training in recruitment and merit selection conducted by an external consultant.

NSW government action plan for women

The NSW government action plan for women is a whole-of-government approach to improving the economic and social participation of women in NSW society. The ICAC contributes to the plan's objective to promote workplaces that are safe, equitable and responsive to all aspects of women's lives by ensuring that it has current policies, procedures and development opportunities that reflect these principles.

The ICAC provides flexible working hours, flexible working arrangements and various forms of parental leave as well as leave for family and carers' responsibilities. At the end of June 2005, 15.5% of the female staff employed by the ICAC worked on a part-time basis. During the year the flexible work arrangements and working-from-home policies were revised to allow more flexibility in ensuring a balance between work and family commitments.

The ICAC also reviewed and updated its maternity leave, adoption leave and parental leave policies to reflect the improved entitlements that were introduced as part of the ICAC Award variation that went to the Industrial Relations Commission in May 2005. The changes included the introduction of paid parental leave of one week at full pay or two weeks at half pay, an increase in paid maternity and adoption leave to 14 weeks at full pay or 28 weeks at half pay, and access to pro-rata extended leave after seven years' service.

The ICAC also upgraded its remote computer access software which – along with the issuing of equipment such as mobile phones and laptops – has ensured staff feel supported by the organisation when working in a home office environment.

The leadership program, facilitated by the University of Technology, had seven female managers attending the remaining two modules that were scheduled between July and November 2004. Also, 80% of ICAC staff granted study and examination leave for tertiary postgraduate courses were female.

The ICAC has a skilled and diverse workforce with women comprising 53% of total staff, and 95% of women earning in excess of \$50,000 per year.

Spokeswomen's program

The ICAC's spokeswoman's program supports female staff, promotes the sharing of information and ideas, and encourages networking opportunities. A major project during the year was the enhancement of the spokeswoman's intranet site, including an expanded 'resource section' which now provides an array of information tailored specifically to provide assistance to female staff in areas such as leadership, management, business and equity. A list of international websites focusing on topics of interest for women has also been included in this resource section.

As part of the program's networking activities, a session on superannuation and financial planning was provided by First State Super. This session covered issues relating to employees growing their superannuation and how much superannuation would be needed. It was specifically tailored to cover planning financially for maternity leave and the effect this leave has on superannuation.

Some of the strategies for 2005–2006 include:

- Sponsoring a female member of staff to attend the 17th Women, Management and Employment Relations Conference in July 2005. This conference focuses on EEO and workplace culture and provides an annual audit of the key issues confronting women in the workplace.
- Sponsoring five female staff, including the ICAC spokeswoman, to attend the annual Spokeswomen's Conference. The conference for 2005–2006 will be featuring presenters on a range of topics including future challenges for women, flexible work practices and influencing skills.
- Sponsoring one female staff member to participate in the 2005–2006 public sector management program. This is a course for senior staff, front line and middle managers employed in federal, state and territory, and local government agencies.

EEO and diversity program

Members of staff come from diverse backgrounds and experience. The government has established targets for the employment of people from various EEO categories. Measurement against these benchmarks provides an excellent indication of the success or otherwise of the ICAC's EEO and diversity program. Tables 18 and 19 show the percentage of ICAC staff in the various EEO target groups. Tables 20 and 21 show the gender and EEO target groups of staff by salary level and employment basis.

Table 18: Benchmarks – Trends in the representation of EEO groups

EEO group	Benchmark or target	% of total staff				
		2001	2002	2003	2004	2005
Women	50%	53%	52%	50%	51%	53%
Aboriginal people and Torres Strait Islanders	2%	1%	0%	0%	0%	0%
People whose first language was not English	20%	16%	18%	21%	22%	19%
People with a disability	12%	7%	7%	9%	11%	12%
People with a disability requiring work-related adjustment	7%	3%	1.9%	5%	4.3%	3.5%

Table 19: Trends in the distribution of EEO groups

EEO group	Benchmark or target	Distribution index				
		2001	2002	2003	2004	2005
Women	100	n/a	83	85	91	86
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a	n/a	n/a
People whose first language was not English	100	n/a	n/a	102	98	97
People with a disability	100	n/a	n/a	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a	n/a	n/a

Notes:

1. Staff numbers are as at 30 June.
2. Excludes casual staff.
3. A distribution index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The distribution index is automatically calculated by the software provided by ODEOPE.
4. The distribution index is not calculated where EEO group or non-EEO group numbers are less than 20.

Table 20: Staff numbers by salary level

Level	Total staff	Number							
		Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
< \$31,352	0	0	0	0	0	0	0	0	0
\$31,352–\$41,177	1	1	1	0	0	0	0	1	1
\$41,178–\$46,035	1	1	0	1	0	0	0	0	0
\$46,036–\$58,253	30	30	6	24	0	10	8	5	1
\$58,254–\$75,331	22	22	7	15	0	6	3	3	0
\$75,332–\$94,165	42	42	27	15	0	12	9	2	1
> \$94,165 (non SES)	11	11	7	4	0	3	2	2	1
> \$94,165 (SES)	6	6	5	1	0	0	0	0	0
TOTAL	113	113	53	60	0	31	22	13	4

Table 21: Staff numbers by employment basis

Employment basis	Total staff	Number							
		Respondents	Men	Women	Aboriginal People & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
Permanent full-time	88	88	44	44	0	27	20	13	4
Permanent part-time	8	8	0	8	0	2	1	0	0
Temporary full-time	9	9	4	5	0	2	1	0	0
Temporary part-time	2	2	0	2	0	0	0	0	0
Contract – SES	6	6	5	1	0	0	0	0	0
Contract – non SES	0	0	0	0	0	0	0	0	0
Training positions	0	0	0	0	0	0	0	0	0
Retained staff	0	0	0	0	0	0	0	0	0
Casual	0	0	0	0	0	0	0	0	0
TOTAL	113	113	53	60	0	31	22	13	4
SUBTOTALS									
Permanent	96	96	44	52	0	29	21	13	4
Temporary	11	11	4	7	0	2	1	0	0
Contract SES	6	6	5	1	0	0	0	0	0
Full-time (excluding contract)	97	97	48	49	0	29	21	13	4
Part-time (excluding contract)	10	10	0	10	0	2	1	0	0

Table 22: Employment basis for 2004–2005 compared to previous 4 years

Employment basis		2000–2001	2001–2002	2002–2003	2003–2004	2004–2005
Permanent	Full time	87	76	83	95	88
	Part time	15	9	7	6	8
Temporary	Full time	21	16	10	10	9
	Part time	3	0	0	1	2
Contract	SES	3	6	6	5	6
	Non SES	0	5	0	0	0
	Trainee	0	0	1	0	0
TOTAL		129	112	107	117	113

Tables 18–20 are calculated using data provided to the Premier's Department's Review and Reform Division for the NSW Public Sector Workforce Profile. The data relates to information about ICAC staff on a particular census date (30 June 2005).

Table 23 sets out the reported average full time equivalent staffing levels throughout the year. It provides a more accurate indication of staff trends.

Table 23: Average full-time equivalent staffing 2000–2001 to 2004–2005

Average full time equivalent staffing 2000–2001 to 2004–2005				
2000–2001	2001–2002	2002–2003	2003–2004	2004–2005
125	126	101	111	112.6

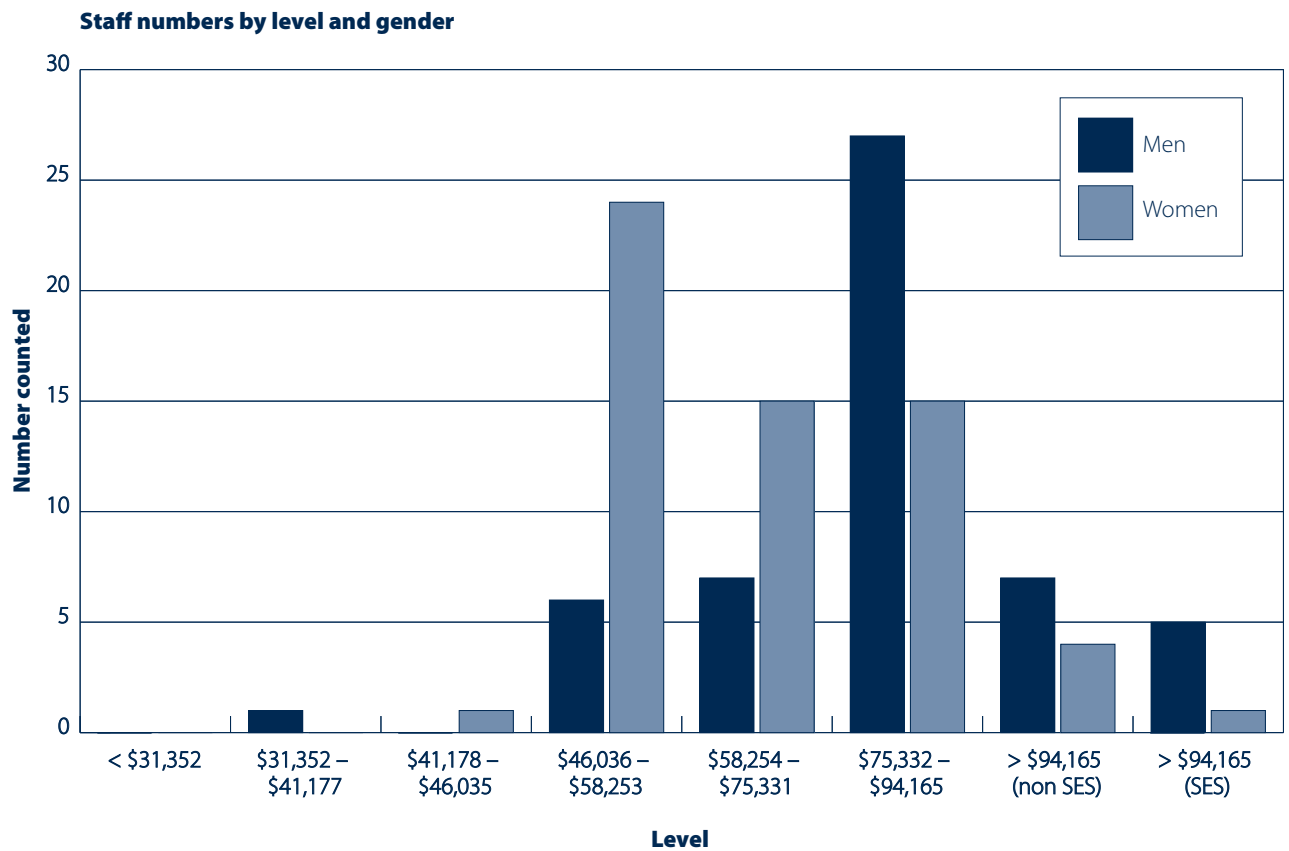
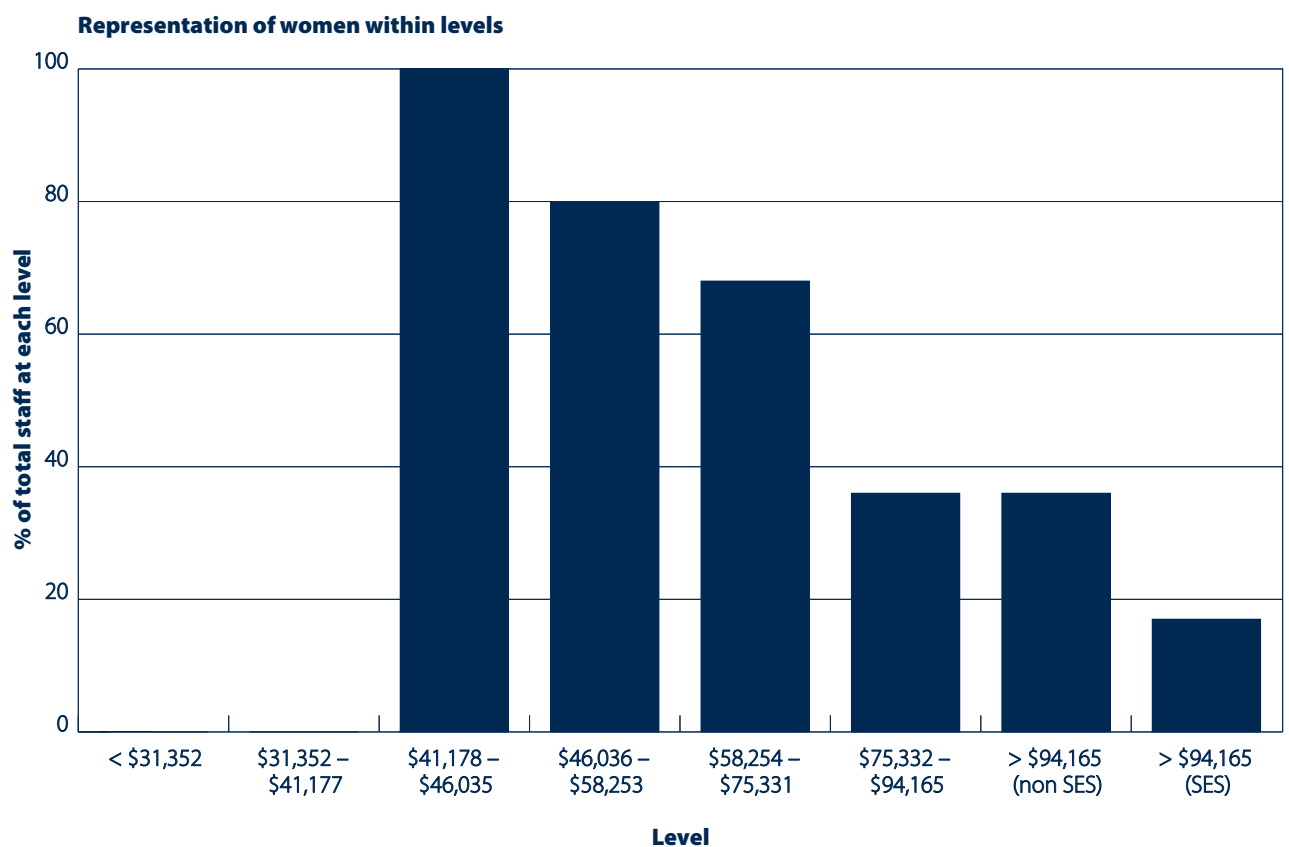
Table 24: Staff numbers by level and gender

Table 25: EEO for women


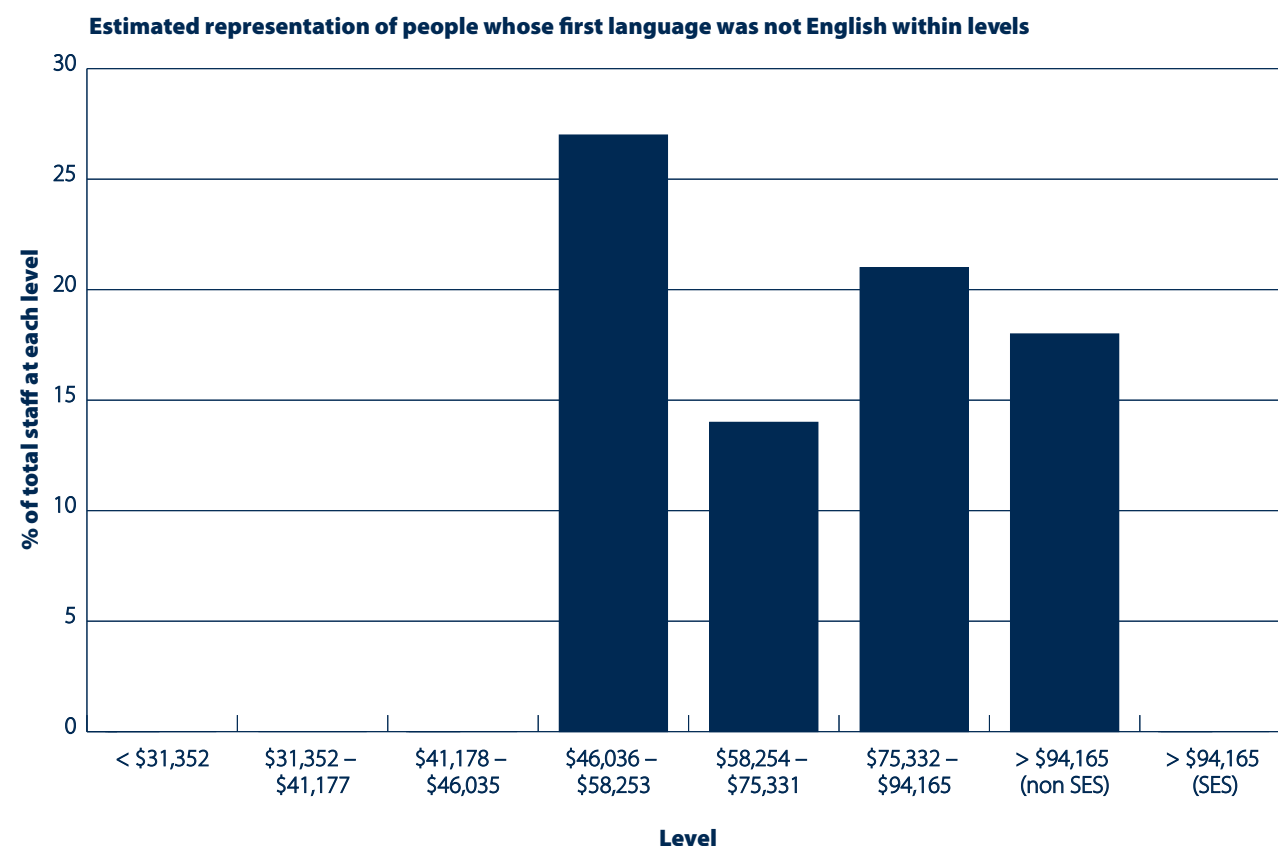
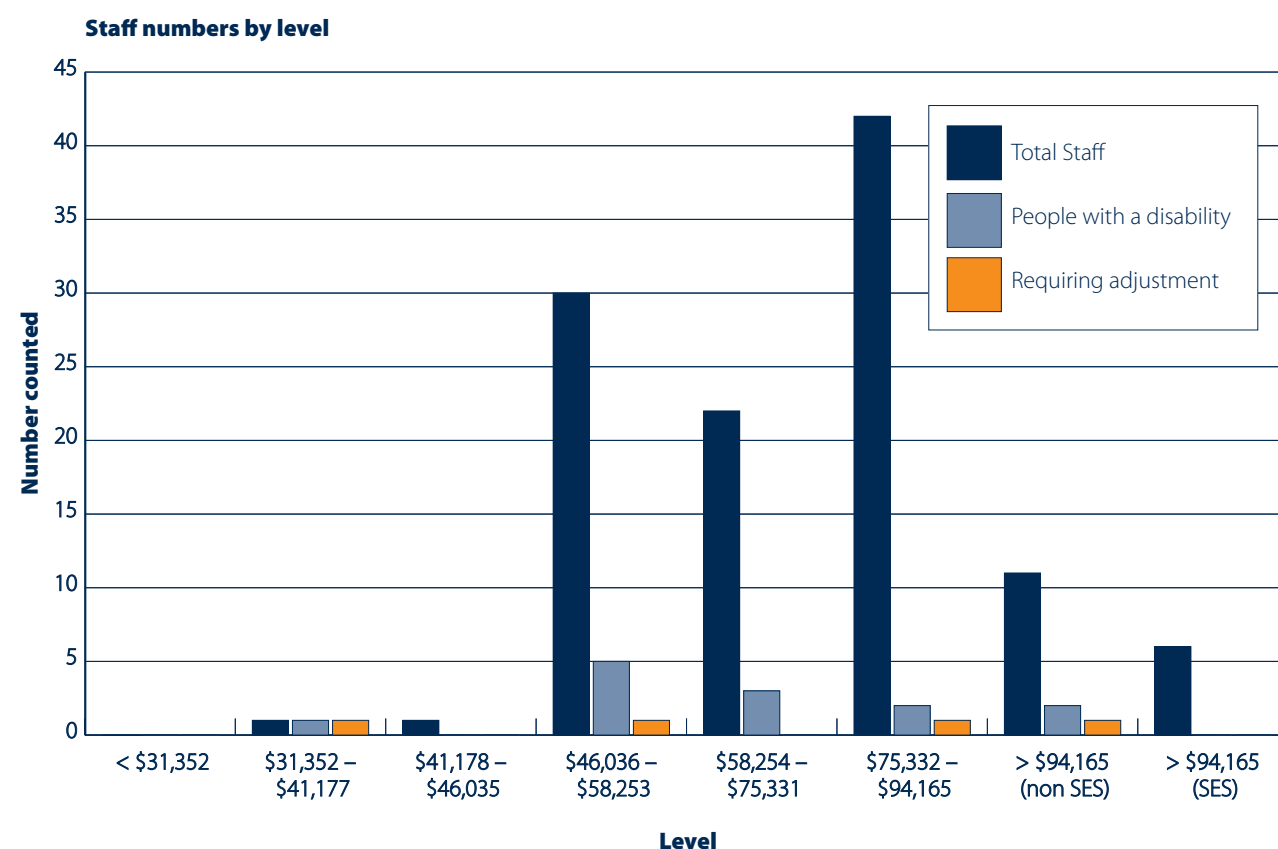
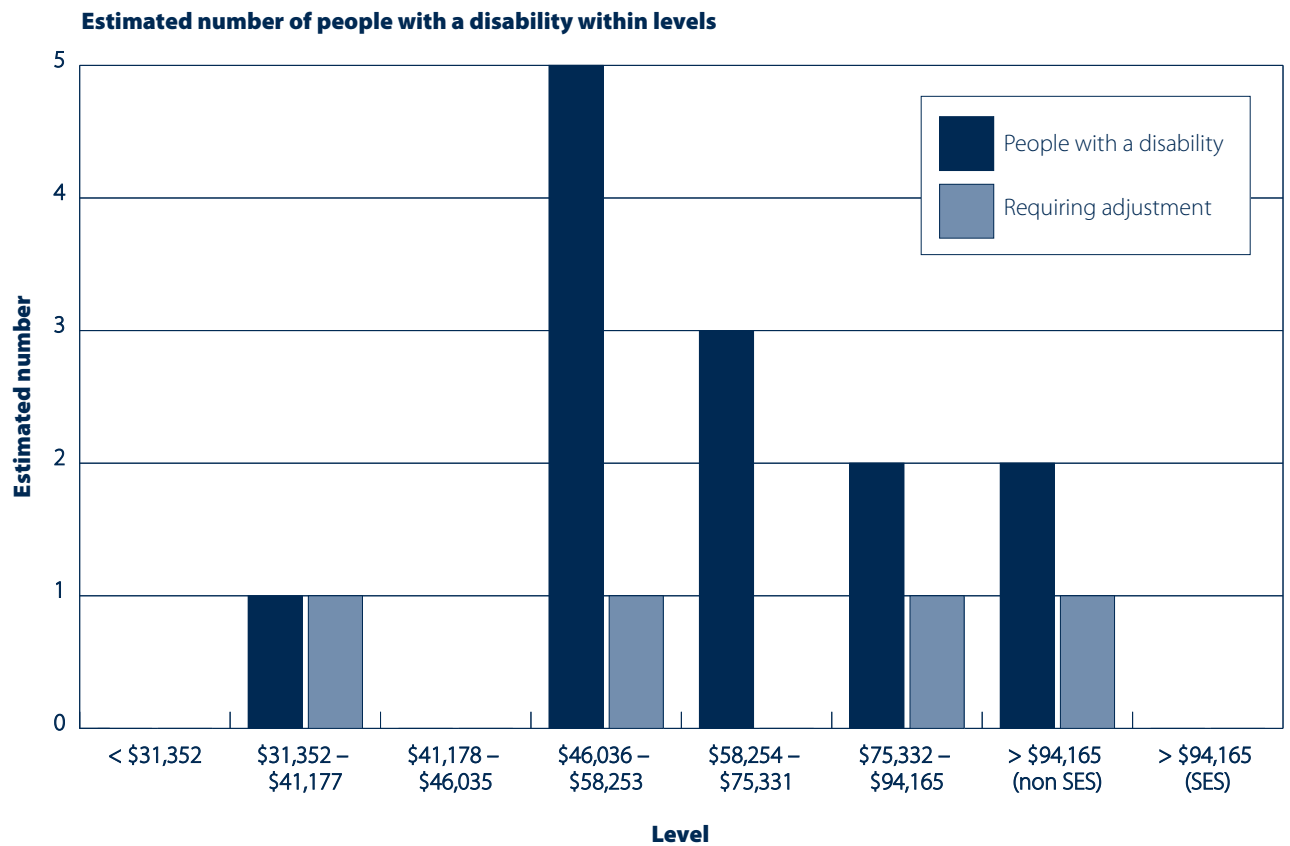
Table 26: First language other than English**Table 27: Staff with disabilities**

Table 28: Estimated number of people with a disability within levels



Appendix 17 ■ Disability action plan

The ICAC disability action plan provides a strategic framework with clear goals for improving the accessibility of ICAC services and facilities and measuring the progress towards those goals.

The ICAC executive actively consults, supports and involves other relevant ICAC committees in monitoring, reviewing and implementing the strategies identified in the disability action plan.

The major focus this year has been finalising the recommendations from the disability access audit report done by the Australian Quadriplegic Association.

During 2004–2005 the ICAC also:

- evaluated its website against government accessibility standards as part of external testing
- redesigned the website's homepage to incorporate the recommendations of the accessibility testing report eg text tags for visual elements
- made all print publications available in other formats eg ASC11 or large print
- addressed the needs of people with a disability in fire warden training and annual evaluation exercises
- provided training for assessment staff – who are directly involved in receiving complaints from clients – in 'awareness of mental illness' to help them communicate effectively and sensitively with clients
- included a reference to 'reasonable (workplace) adjustment' in all letters of offers of appointment
- reinforced its commitment to the principles of the NSW Anti-Discrimination Act 1977 in information packages issued to job applicants for ICAC vacancies
- integrated the objectives of the disability action plan into all planning and budgetary processes
- used an external consultant to prepare and coordinate return-to-work plans for staff with work-related injuries
- engaged an external consultant to undertake reasonable workplace adjustments to assist staff with disabilities in their work environment.

Disability access audit

The major focus during the year was on finalising the identified access audit report recommendations for the ICAC's premises at Piccadilly Tower, Level 20 and 21, 133 Castlereagh Street, Sydney.

For example, the ICAC installed:

- Braille signage in the entrance foyer on level 21 explaining office hours and how to access the reception area
- rails in the disabled toilets on level 20
- rails in four toilets (male and female) on levels 20 and 21
- plastic covering tubes on glass railings between levels 20 and 21.

The ICAC held a meeting with Stockland Management to discuss implementing the outstanding recommendations that they are responsible for and will continue to monitor these issues with them.

Appendix 18 ■ Ethnic affairs priorities statement

The ICAC is committed to:

- recognising the cultural and linguistic diversity of the NSW community
- respecting and accommodating these differences in its corporate activities.

During 2004–2005 the ICAC:

- developed its 2004–2005 ethnic affairs priorities statement (EAPS) management plan
- enhanced its bilingual skills directory and registration form and its accessibility to staff on the intranet
- updated the human resources induction documentation to allow new starters who identify themselves as having a second language either spoken and/or written to be immediately registered on the bilingual skills directory
- developed an intranet page listing the 2005 days of religious significance for multicultural NSW
- updated its corporate induction program's power point presentation to include reference to leave entitlements for essential religious duties and cultural obligations
- promoted the community language allowance scheme (CLAS) to staff and developed a CLAS page on the ICAC intranet
- consulted with the Government Advertising Agency for advice on the most appropriate course of action for advertising potential vacancies in ethnic media publications
- engaged accredited interpreters when required for hearings and preliminary complaints – for both telephone and face-to-face contact
- enhanced internal processes and systems to capture additional data from non-English-speaking background (NESB) telephone callers
- reviewed the feasibility of using existing TTY facilities for hearing impaired NESB complainants but found that the equipment was not suitable, so research into types of alternative equipment will be an objective of the 2005–2006 EAPS plan
- developed a training module focusing on increasing the awareness of corruption in culturally and linguistically diverse communities for community workers who deal with NESB communities, and will run a series of workshops with the Centre for Community Welfare Training in 2005–2006
- developed internal guidelines for culturally responsive public sector services and made them available to staff on the ICAC intranet
- maintained public awareness of multilingual resources through the ICAC website, presentations, public displays and information brochures
- enhanced the ICAC website to include a scroll button for highlighting multi-lingual content
- promoted the ICAC NESB campaign and resources through nominations for the Premier's public sector awards 2004
- used multilingual resources in briefings for NESB delegations and for presentations to overseas counterpart organisations and local organisations

- ran campaigns on Arabic radio and Chinese community radio
- made presentations to the Hunter Regional Interagency Committee
- made a presentation to the Chinese community on gift giving during Chinese New Year
- conducted a workshop for community workers in the Illawarra region as part of RAROS
- provided general information about the ICAC to two key Chinese language daily newspapers in Sydney – this resulted in a series of articles, including a major feature article on the work of the ICAC.

Appendix 19 ■ Commission consultative group

The Commission consultative group (CCG) enables the ICAC executive, staff and the Public Service Association (PSA) to consult on policy and issues relating to conditions of employment, and provides the opportunity for staff to raise any issues that may relate to the ICAC Award and policy or procedure.

The committee is required to meet on a monthly basis, advise on the endorsement of new and revised policies and procedures that affect staff conditions of employment, and ensure that the access and equity committee, the occupational health and safety committee and classification committee operate in accordance with the ICAC Award and other relevant legislation. The CCG provides an avenue for these corporate committees to report to the Commissioner and ensure they are appropriately represented in terms of gender and occupational grouping.

The CCG membership at the end of June 2005 was:

- Staff representatives: Bob Lewis, Corporate Services Division; Bill Kokkaris, Corruption Prevention, Education and Research Division; Andrew McCutcheon, Executive Division; John Alston, Corporate Services Division and Sharon Osborne, Strategic Operations Division (PSA delegate).
- Executive representatives: John Pritchard, Deputy Commissioner; Lance Favelle, Executive Director, Corporate Services; Linda Waugh, Executive Director, Corruption Prevention, Education and Research; Clive Small, Executive Director, Strategic Operations; Roy Waldon, Executive Director, Legal and Solicitor to the Commission.
- Human resources representative: Virginia Tinson, Manager Human Resources and Administration.
- PSA industrial officer: Rachel O'Shea.
- Secretariat: Nikki Pillett, personal assistant to the Commissioner/Deputy Commissioner.

Appendix 20 ■ Occupational health and safety

The ICAC provides a workplace that protects the health, safety and welfare of staff, clients and visitors accessing its premises. Occupational health and safety (OH&S) principles have been incorporated into all facets of business planning and operational activities. The OH&S committee is a major corporate consultative group that reviews and implements OH&S policies and practices and identifies and mitigates workplace hazards.

During 2004–2005, the ICAC achieved the following outcomes.

- As a proactive OH&S good health initiative, installed a new ergonomic program called 'Stretch Break' on every staff member's personal computer to prevent work-related injuries from overuse of a computer. The program reminds staff to take a break from their computer at regular intervals and demonstrates a range of ergonomic type exercises that staff can perform at their own workstation.
- Integrated first aid committee and reporting requirements into the mainstream activities of the OH&S committee.
- Established a quiet/sick room area for ill employees and put information about it on the ICAC intranet.
- Used a Government Insurance Office (GIO) accredited external consultant to conduct ergonomic workplace assessments of the workstations of all new staff.
- Engaged a GIO-accredited external consultant to conduct several individual staff and team workplace assessments, including for staff working in high risk areas, and then purchased the recommended ergonomic equipment.
- Organised formal training for the newly appointed first aid officer, relief first aid officer and fire wardens.
- Undertook a trial building evacuation exercise.
- Purchased new phones and hands-free kits for staff using ICAC vehicles.
- Used an external contractor to test and tag identified electrical equipment.
- Purchased a DVD 'Understanding safety in the office' to be used at OH&S presentations for new staff and as a general presentation to current staff.
- Posted OH&S committee minutes on the ICAC intranet so they were available to all staff.

Occupational health and safety (OH&S) committee

The ICAC OH&S committee meets quarterly. It reviews OH&S policies and practices, conducts quarterly workplace inspections, helps to resolve any safety issues, and makes OH&S presentations to all new staff.

The OH&S committee representatives for 2004–2005 were:

- Mark Nolan, Assessments
- Jan Daly, Legal
- Bob Lewis, Corporate Services
- Nicola Dunbar, Corruption Prevention, Education & Research
- Susan Hay, Strategic Operations
- Ian Trebble, Strategic Operations

The senior management representative is Lance Favelle, Executive Director, Corporate Services. The ICAC Assistant Risk Management Adviser, Aruni Wijetunga, is the Executive Officer of the Committee. Virginia Tinson and Cathy Walsh represent Human Resources & Administration.

Occupational health and safety incidents, injuries and claims 2004–2005

Body stress	Mental stress	Journey to/from work	Motor vehicle accident	Hitting objects	Other non specified	Heat radiation electricity	Total injuries 2004–2005	No. of workers compensation claims (provisional liability accepted)
9	nil	3	nil	1	2	1	17	3
2 claims		1 claim						

There has been a decrease in the number of work-related injuries from the previous year. There were 22 work-related injuries in 2003–2004 compared to 17 in 2004–2005. All 17 injuries were classed as minor in nature. There has also been a fall in the number of work-related injuries that resulted in a claim for workers compensation – eight claims last year compared to three this year. One of the claims this year involved an injury sustained during a journey home from work.

CORPORATE MANAGEMENT

Appendix 21 ■ Training 2004–2005

Training attendance by division and learning and development (L&D) stream in 2004–2005

Core L&D Stream	Assessments	CPE&R	Corporate Services	Executive	Legal	Strategic Operations	Total
Information technology	17	14	9	3	3	14	60
Leadership/management	6	-	6	-	9	-	21
Organisational development	22	33	31	6	14	32	138
Project management	1	-	-	-	-	-	1
Risk management	-	3	16	-	-	7	26
Technical skills	19	15	34	4	22	40	134
Total	65	65	96	13	48	93	380

Appendix 22 ■ Consultancies

In 2004–2005 the ICAC spent \$25,000 on a consultancy service. The consultant provided advisory services in relation to a staff culture survey – including design, distribution, analysis, reporting and facilitation of findings workshop – to obtain information on internal management issues and identify opportunities for improving the way in which the ICAC is managed and operated.

Appendix 23 ■ Payment performance indicators

Accounts payable 2004–2005

	Current \$	30 days \$	60 days \$	90 days \$
Jul–Sep 2004	–	–	–	–
Oct–Dec 2004	339,367	14,175	–	–
Jan–Mar 2005	77,371	1,816	–	–
Apr–Jun 2005	–	–	–	–

Payments on time 2004–2005

	Accounts paid on time		Amount paid on time \$	Amount paid \$
	Target	Actual		
Jul–Sep 2004	95%	99%	1,720,628	1,744,040
Oct–Dec 2004	95%	96%	2,602,260	2,700,733
Jan–Mar 2005	95%	96%	1,678,460	1,750,017
Apr–Jun 2005	95%	100%	1,596,738	1,598,081
Annual average	95%	98%		

Appendix 24 ■ Electronic service delivery

Within the past two years, the ICAC has developed and implemented new external and internal websites. This has allowed secure online reporting of corruption and improved accessibility and usability. The new website has also allowed improved publication of transcripts.

In terms of business applications, the implementation of the Trim Context Electronic Documents and Records Management System (EDRMS) has provided the capability for electronic self-service for staff in creating and managing documents and files. The ICAC has also added electronic self-service modules to the Aurion human resources system that provides staff with online enquiries and lodgement and approval of human resources leave applications and other transactions.

Appendix 25 ■ Insurance activities

The NSW Treasury Managed Fund (TMF) provides insurance cover for workers compensation, motor vehicles, public liability, property and miscellaneous items. Treasury recently awarded new contracts to TMF service providers, with Allianz Australia Insurance Limited becoming the ICAC claims manager for workers compensation. Although Allianz will replace GIO General Limited as the ICAC's workers compensation insurer from 1 July 2005, GIO will still be its claims manager for all other insurance categories.

The ICAC's claims management processes in fund year 2004–2005 are reflected in its deposit premiums for 2005–2006. The ICAC compares favourably to the primary pool in most lines of insurance, with reductions in workers compensation (-19%), liability (-41.9%), and property (-8.4%). There was no variation in the ICAC miscellaneous category which reflected the outcome for the primary pool.

An increase of 14% in the ICAC's motor vehicle insurance premium compared unfavourably with the nil movement for the primary pool. However, the ICAC has a small vehicle fleet which was subject to heavier than normal utilisation during 2004–2005 to meet investigation commitments. There were no major vehicle accident claims during the reporting period so the financial impact of the premium increase was only \$480.

Appendix 26 ■ Major assets

The ICAC has no major assets and does not hold any real estate. The ICAC's minor assets include leasehold improvements, computer equipment and technical plant and equipment. During 2004–2005 the ICAC concluded the lease of its former premises at Redfern, including the settlement of make good building lease costs of \$1.115 million (including GST).

Appendix 27 ■ Energy management

The ICAC is committed to the NSW Government's energy management policy, and is endeavouring to meet the requisite Australian Building Greenhouse Rating (ABGR) for its premises.

The ICAC purchases an energy mix of 10% green power and 90% conventional energy under NSW government contractual arrangements. Vehicle numbers are maintained at the minimum practicable level, and energy efficient products and equipment are purchased to try to reduce energy consumption levels.

Appendix 28 ■ Waste reduction and purchasing policy

The ICAC has individual paper recycling bins at all workstations and larger 240 litre bins on each floor. All office waste paper, cardboard and used toner cartridges are collected for recycling. The ICAC also entered into an arrangement under NSW government contractual arrangements for secure destruction services to bulk shred and recycle some of its paper based materials.

The ICAC makes maximum use of recycled-content materials. For example:

- A4 photocopy paper used is made of 50% recycled Australian pulp and 50% virgin fibre from sustainable managed plantations and saw mill wastes.
- ICAC reports and educational material are printed on recycled paper whenever cost effective and practicable.
- Recycled paper is used for printing stationery products such as ICAC A4 letterhead and envelopes, whenever suitable.

Appendix 29 ■ Code of conduct

There were no revisions to the ICAC code of conduct during 2004–2005.

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NOTE:

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Page numbers in **bold** refer to major subject areas.
Page numbers shown in *italics* refer to information included in tables.

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