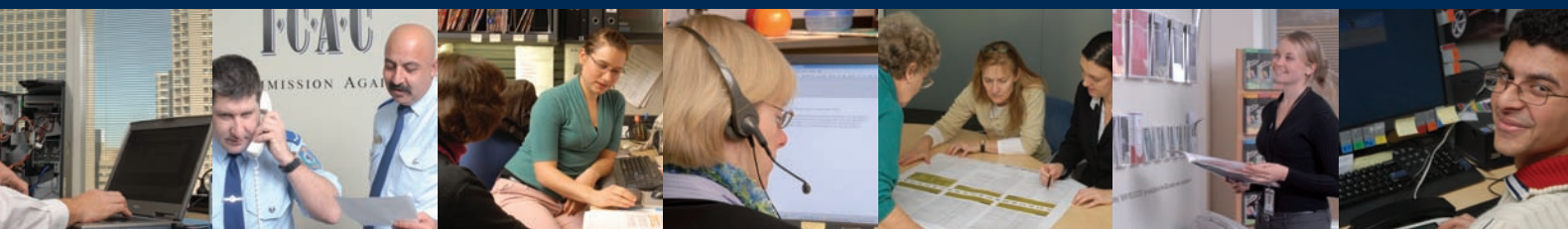


I·C·A·C

INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

Annual report 2005-2006



I·C·A·C

INDEPENDENT
COMMISSION
AGAINST
CORRUPTION



This publication is available in other formats for the vision-impaired upon request. Please advise of format needed, for example large print or as an ASCII file.

ISSN 1033-9973

© October 2006 – Copyright in this work is held by the Independent Commission Against Corruption. Division 3 of the Commonwealth *Copyright Act 1968* recognises that limited further use of this material can occur for the purposes of 'fair dealing', for example for study, research or criticism etc. However, if you wish to make use of this material other than as permitted by the *Copyright Act 1968*, please write to the ICAC at GPO Box 500, Sydney NSW 2001.

This report was produced in print and electronic formats for a total cost of \$19,550. 700 copies of the report were printed and the report is also available on the ICAC website

www.icac.nsw.gov.au.

Independent Commission Against Corruption

ADDRESS	Level 21, Piccadilly Centre, 133 Castlereagh Street, Sydney NSW 2000
POSTAL	GPO Box 500 Sydney NSW 2001
EMAIL	icac@icac.nsw.gov.au
TELEPHONE	(02) 8281 5999 or 1800 463 909 (toll-free for callers outside metropolitan Sydney)
TTY	(02) 8281 5773 (for hearing-impaired callers only)
FACSIMILE	(02) 9264 5364
WEBSITE	www.icac.nsw.gov.au
BUSINESS HOURS	9.00am – 5.00pm Monday to Friday



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 2006

Madam President
Mr Speaker

The Independent Commission Against Corruption Annual Report for the year ended 30 June 2006 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.

Pursuant to section 78(2) of the ICAC Act, I recommend that this report be made public immediately. This recommendation allows either presiding officer of the Houses of Parliament to make the report public, whether or not Parliament is in session.

Yours faithfully

A handwritten signature in dark blue ink, appearing to read 'Jerrold Cripps', written in a cursive style.

The Hon Jerrold Cripps QC
Commissioner

Contents

Commissioner's foreword	4	Chapter 5: Accountability and governance	55
		Overview	56
Chapter 1: Results for 2005–2006	7	Changes to the ICAC Act in 2005–2006	56
The ICAC Charter	8	External governance	57
Objectives	8	Internal governance	59
Key result area 1: Exposing corruption	9	Accounting for the use of statutory powers	59
Key result area 2: Preventing corruption	10		
Key result area 3: Accountability	12	Chapter 6: Our people – our organisation	61
Key result area 4: Our organisation	13	Overview	62
		Staffing	62
Chapter 2: Assessing complaints and reports	15	Assistant Commissioners	62
Overview	16	Human resources issues	63
Profile of matters received	17	Risk management	65
Complaints from the public (section 10 complaints)	18	Information management and technology	67
Protected disclosures	20	Shared corporate services	67
Review of the Protected Disclosures Act 1994	23		
Reports from public sector agencies (section 11 reports)	23	Chapter 7: Financial statements	69
Improving contact with the NESB community	25	Financial statements for the year ended 30 June 2006	70
How complaints are analysed	25	Independent Audit Report	71
The assessment process	26	Operating statement for the year ended 30 June 2006	72
Recording outcomes	29	Statement of changes in equity for the year ended 30 June 2006	73
Accounting for decisions	30	Balance sheet as at 30 June 2006	74
		Cash flow statement for the year ended 30 June 2006	75
Chapter 3: Investigating corruption	31	Summary of compliance with financial directives	76
Overview	32	Notes to the financial statements	77
Improvements	33		
The investigation process	33	Chapter 8: Appendices	91
Investigations in 2005–2006	34	Appendix 1: Complaints profile	92
Investigation reports	39	Appendix 2: Statutory reporting requirements	95
Investigation outcomes	40	Appendix 3: Prosecutions and disciplinary action in 2005–2006 arising from ICAC investigations	97
		Appendix 4: Implementation of recommendations for reform arising from ICAC investigations	103
Chapter 4: Preventing corruption	41	Appendix 5: The ICAC and litigation	104
Overview	42	Appendix 6: Legal changes	104
Advice	42	Appendix 7: Complaints about ICAC officers	105
Education and communication	45	Appendix 8: Privacy and personal information	105
Training	48	Appendix 9: Statement of affairs	105
Corruption prevention publications and projects	50		
Research	52		
Investigations and corruption prevention	53		

Appendix 10: Freedom of information	106
Appendix 11: Participation in significant committees	108
Appendix 12: ICAC publications in 2005–2006	110
Appendix 13: Summary of training engagements and presentations	111
Appendix 14: Overseas travel during 2005–2006	116
Appendix 15: Organisation chart	117
Appendix 16: Chief Executive Officer and Senior Executive Service	118
Appendix 17: Access and equity	119
Appendix 18: Disability action plan	124
Appendix 19: Ethnic affairs priorities statement	124
Appendix 20: Commission consultative group	125
Appendix 21: Occupational health and safety	126
Appendix 22: Training statistics 2005–2006	126
Appendix 23: Consultancies	127
Appendix 24: Payment performance indicators	127
Appendix 25: Electronic service delivery	127
Appendix 26: Insurance activities	127
Appendix 27: Major assets	127
Appendix 28: Energy management	128
Appendix 29: Waste reduction and purchasing policy	128
Appendix 30: Code of conduct	128
Appendix 31: Review of credit card use	128
Appendix 32: Major works in progress	128

Index	129
--------------	------------



Commissioner's foreword

2005–2006 was a year of solid achievement for the ICAC.

The ICAC received a large number of complaints and reports of suspected corrupt conduct from principal officers, public officials and members of the community, and assessed every matter received to determine the most appropriate course of action.

In 2005–2006 the ICAC investigated and exposed serious and systemic conduct across a wide spectrum of public sector activity including the exposure of a number of sophisticated schemes designed and implemented to corrupt regulatory and licensing systems.

The corrupt schemes had the potential, if they had remained undetected and unchecked, to endanger the safety of workers in the hazardous construction industry and to increase the risk of shoddy workmanship in all forms of building work. The conduct of people engaged in these schemes, if continued, would have eroded public confidence in the integrity of the regulatory and licensing system.

As well as making findings of corrupt conduct against 61 individuals in the course of 2005–2006, the ICAC analysed the relevant organisational systems and identified the weaknesses within them that created opportunities for corrupt conduct to occur. The Commission published investigation reports in which it made 78 specific corruption prevention recommendations to public sector agencies to help them reduce the likelihood of such conduct occurring in the future. In furtherance of its corruption prevention function, it published significant reports during the year including *Probity and probity advising*, *Direct negotiations* and *Sponsorship in the public sector*. The ICAC also finalised a publication to assist public sector agencies in developing effective policies, procedures and practices for managing gifts and benefits.

The ICAC also maintained active education and training programs, with two major regional outreach visits conducted during the year; the development and delivery of training resources to public sector organisations and a range of communication initiatives designed to promote awareness of the role and function of the ICAC.

In 2005–2006 the ICAC made extensive use of its investigative functions and powers to expose corruption. These included the authorised use of listening devices and the authorised interception of telephone communications. It exercised its power to compel people to attend for compulsory examination and as witnesses in public inquiries. The ICAC used its powers to compel the production of documents in the course of its investigations.

The coercive and covert powers given to the ICAC are essential if it is to effectively investigate allegations of serious and systemic corruption, which not infrequently involve sophisticated activities by complicit individuals.

In the exercise of its powers and functions the ICAC is subject to internal and external accountability, which operate to ensure the ICAC's use of its powers complies with all relevant statutory obligations and is appropriate and necessary whenever used.

In 2005 the NSW Parliament established the position of the Inspector of the ICAC. The establishment of the Office and the Inspector, Mr Graham Kelly, has the strong support of the ICAC. Reports to Parliament by the Inspector will enhance the independent oversight and public accountability of the ICAC. The establishment of the Office of the Inspector enhances the external accountability framework which includes the Parliamentary Joint Committee on the ICAC and various legislative provisions for independent review and authorisation of the ICAC's use of its investigative powers.

Consequent upon the establishment of the Office of the Inspector, Parliament amended the relevant legislation to abolish the Operations Review Committee (ORC). The ORC was an eight-member committee that operated to provide advice to the Commission as to whether it proposed not to commence an investigation or to discontinue an investigation. The establishment of the Office of the Inspector and the broad jurisdiction given to the Inspector made the function of the ORC otiose and it was dissolved

by Parliament. The ICAC wishes to acknowledge the work of members of the ORC and to thank them for their contribution to the work of the ICAC.

Corrupt conduct, as defined, is dishonest or partial conduct or the misuse of public information. Corrupt conduct is usually the result of a combination of factors such as opportunity, greed and the belief that the risk of detection is low.

To properly investigate and prevent or resist serious and systemic corruption in the public sector as mandated by Parliament the ICAC needs to understand weaknesses, if any, in systems that can create opportunities for corrupt conduct to occur.

This year a great deal of work has gone into identifying corruption risks in the development approval process and in the public health sector. The development approval project attracted a record number of submissions from members of the public and local councils and the ICAC will produce a publication setting out possible reforms and recommendations to address these risks. The Departments of Local Government and of Planning fully participated in the public discussion and the ICAC wishes to express its appreciation for the informed and constructive suggestions it received from these Departments.

For the public health project the ICAC consulted widely with stakeholders and will produce in 2006–2007 a report describing the outcomes of the consultation process. As a consequence of the consultation process, the Health Department and the ICAC have committed to jointly developing a resource that will assist the public health sector in managing particular corruption risks.

Consequent upon a number of investigations, the ICAC is in the process of developing corruption prevention guidelines on managing risks in occupation licensing and accreditation processes. This project is largely informed by the ICAC's investigative work into the fraudulent issue of building licences (Operation Ambrosia) and safety certification, and the operations of the WorkCover NSW Licensing Unit (Operation Cassowary).

The ICAC remains ready to respond efficiently and effectively to matters referred to it by way of reference or complaint or which might emerge as a result of the ICAC's inquiries and investigations into corrupt conduct. The ICAC must have the resources and skills that are needed to conduct efficient investigations, undertake corruption prevention activities and to discharge its education function. To date the ICAC has received cooperation and support from the general community as well as the government and I trust this will continue.

Yours faithfully



The Hon Jerrold Cripps QC
Commissioner



Chapter 1: Results for 2005–2006

- The ICAC charter
- Objectives
- Key result area 1: Exposing corruption
- Key result area 2: Preventing corruption
- Key result area 3: Accountability
- Key result area 4: Our organisation

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 public inquiries and producing reports on its 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.

Objectives

The ICAC Strategic Plan 2005–2009 sets out specific objectives against four key result areas:

- exposing corruption
- preventing corruption
- accountability
- our organisation.

In 2005–2006 the ICAC worked towards these objectives. Each Division in the organisation developed and worked to an annual divisional operational plan, aligned with the ICAC corporate plan and strategic plan. Each Division reported against its operational plan to the executive management group on a quarterly basis.

The following sections of this chapter provide a summary of performance for 2005–2006 against each of the above key result areas. A number of new measures were introduced in 2005–2006 and are incorporated in the following tables. Appendix 2 provides the measures which meet the statutory reporting requirements under section 76(2)(ba) of the ICAC Act. Performance results for previous years are included wherever applicable in this chapter and throughout the Annual Report.

Key result area 1: Exposing corruption

Objectives

- Detect and investigate corrupt conduct.
- Identify corruption prevention issues through investigations.
- Ensure a best practice approach for all investigations.
- Enhance complaint handling processes.
- Develop strategic alliances to optimise investigative outcomes.

Performance, workload and work-activity measures

Table 1: Analysis of all corruption exposure activities arising from complaints

Measure	2003–2004	2004–2005	2005–2006	Target 2006–2007 (where applicable)
Complaints, reports and information received	2,886	2,511	2,191	n/a ¹
Average time taken to deal with complaints (days)	n/a	41.2	45	80% within 42 days
Preliminary investigations commenced*	136	41	48	n/a
Category 2 investigations commenced*	23	3	7	n/a
Category 1 investigations commenced*	11	7	8	n/a
Investigations finalised in 6 months	n/a	30	24	n/a
% of investigations completed within 12 months	n/a	30%	82%	>90%
Number of public inquiries	5	8	4	n/a
Number of public inquiry days	33	94	27	n/a
Number of compulsory examinations	35	43	32	n/a
Number of corrupt conduct findings	18	15	61	n/a
Number of investigation reports to Parliament	10	6	7	6
Investigation reports completed within three months of completion of public inquiry	n/a	nil	30%	80%
Number of prosecutions commenced arising from investigations	6	9	15	n/a
Number of disciplinary actions commenced arising from investigations	6	0	0	n/a

* The three categories of investigations are due to be reviewed during 2006–2007

1. When n/a (not applicable) is used in the Target column, it means that these measures reflect incoming work to which the ICAC responds. The ICAC itself cannot set or control the level of incoming work.

Achievements

In 2005–2006, the ICAC:

- continued to focus its investigative activities on serious and systemic corrupt conduct, undertaking eight major investigations
- utilised the newly created Training and Development Working Group to coordinate training and skills development for investigators and analysts
- completed the implementation of actions arising from the internal review of investigations process
- updated 10 existing and created three new procedures to reflect legislative and operational changes
- continued to focus ICAC investigative resources on obtaining admissible evidence to support any subsequent prosecution with 15 prosecutions commenced arising from ICAC investigations
- continued high rate of acceptance by the Operations Review Committee of recommendations contained in all the reports submitted to it.

Looking forward

Risk assessment and management review

- review risk assessment and management procedures and practices
- develop and implement risk assessment and management training.

Operations Manual review

- review during 2006–2007 all procedures not reviewed in the last two years
- ensure new procedures are drafted and implemented and relevant training is provided.

Measurement and evaluation of work

- review the ICAC's performance management system to ensure the performance measures reflect the nature and complexity of its work
- complete review of complaint assessment processes
- enhance data capture to assist in complaint trend analysis and sector profiling.

Key result area 2: Preventing corruption

Objectives

- Provide a range of tailored strategies to develop the public sector's capacity to resist and appropriately respond to corruption.
- Provide guidance and advice to the NSW public sector on issues that may lead to corrupt conduct if unchecked.
- Promote community awareness and confidence in reporting corruption.

Performance, workload and work-activity measures

Table 2: Analysis of all corruption prevention activities

Measure	2003–2004	2004–2005	2005–2006	Target 2006–2007 (where applicable)
Telephone/email requests for corruption prevention advice	322	333	246	n/a
Written requests for corruption prevention advice	53	48	28	n/a
Corruption prevention advice in relation to complaints of corrupt conduct	53	67	50	n/a
Rural and regional outreach strategy visits	2	2	2	2
Speaker presentations delivered	32	43	33	30
Training sessions delivered	37	45	61	40
Corruption prevention recommendations in investigation reports published in the period	92	37	78	n/a
Percentage of corruption prevention recommendations in investigation reports implemented, as at 30 June 2006	90%	95%	85%	80%
Percentage of public inquiries which result in the making of corruption prevention recommendations (new measure)	-	-	-	90%
Number of website visitors	45,660	41,875	77,706	70,000
Number of external visitor sessions to ICAC website (revised measure introduced 05/06)	-	-	404,013	n/a
Number of editions of <i>Corruption Matters</i> newspaper published	2	2	2	2
Percentage of respondents to the Community Attitude Survey who believe the ICAC has succeeded in exposing corruption (new measure) ²	74%	-	-	60%
Percentage of respondents to the Community Attitude Survey willing to report corruption (new measure)	71%	-	-	60%
Number of advice tip sheets produced (new measure)	-	-	-	2
Number of prevention or research reports published (new measure)	-	-	7	3

2. The Community Attitude Survey was not conducted in 2004–2005. The results of the last survey conducted will be published in 2006–2007.

Achievements

In 2005–2006, the ICAC:

- conducted program evaluations of the two regional visits (Rural and Regional Outreach Program) which showed that participants indicated a high degree of satisfaction with ICAC workshops, presentations and liaison visits
- successfully commenced planning for the inaugural Australian Public Sector Anti-Corruption Conference 2007 in conjunction with the Queensland Crime and Misconduct Commission and the Western Australia Corruption and Crime Commission
- completed two new training modules for increasing awareness of corruption in cultural and linguistically diverse communities and on protected disclosures
- delivered the Australian National University/ICAC anti-corruption course
- published *Direct negotiations* (May 2006), *Sponsorship in the public sector* (May 2006), *Health discussion paper* (September 2005) and *Corruption risks in NSW development approval processes* (December 2005)
- made 78 corruption prevention recommendations in seven public investigation reports and one section 14 report.

Looking forward

- Continue to give priority to corruption prevention work on investigations.
- Release of *Managing gifts and benefits in the public sector*.
- Publication of a guide for principal officers (covering reporting under section 11 of the ICAC Act and conducting inquiries under section 53 and section 54 of the ICAC Act).
- Publication of a report concerning corruption risks in the NSW development approval processes.
- Publication of the *Community attitudes to corruption and the ICAC* (2005–2006) report.
- Publication of guidelines on managing corruption risks in occupational licensing.
- Publication and delivery of train-the-trainer resource on managing corruption risks in universities.
- Finalisation of training modules for Local Aboriginal Land Councils.
- Continue planning for the Australian Public Sector Anti-Corruption Conference to be held in Sydney in October 2007.
- Continue participation on the national research project on protected disclosures.

Key result area 3: Accountability

Objectives

- Provide timely, accurate and relevant reporting to the Operations Review Committee, the Inspector of the ICAC and the NSW Parliamentary Joint Committee.
- Ensure all business activity complies with all regulatory and standards requirements.
- Report publicly about the work of the Commission.

Performance, workload and work-activity measures

Table 3: Analysis of accountability activities

Measure	2003–2004	2004–2005	2005–2006	Target 2006–2007 (where applicable)
Operations Review Committee meetings	6	6	5	n/a
Number of matters considered by the Operations Review Committee	1,353	1,731	1,260	n/a
Percentage of recommendations accepted by the Operations Review Committee	97.6%	98.5%	99%	n/a
Parliamentary Joint Committee meetings	2	2	0	n/a
NSW Ombudsman inspections of telephone intercept and controlled operations records	3	4	4	n/a

Achievements

In 2005–2006, the ICAC:

- continued high rate of acceptance by ORC of ICAC reports and recommendations
- received no legal challenges to ICAC operations or contents of investigation reports
- established liaison and reporting procedures with the Inspector of the ICAC
- responded in a timely fashion to all requests for information and responses from the Inspector of the ICAC and the PJC.

Looking forward

The ORC was abolished on 26 May 2006 and from 1 July 2005, the ICAC is subject to oversight by the Inspector of the ICAC.

At the time of reporting, the Inspector had undertaken an audit of the Commission's assessment process, the outcomes of which will be reported on in the 2006–2007 ICAC Annual Report.

As part of the review of processes associated with the abolition of the ORC, the ICAC will develop indicators relevant to measuring this key result area and will also report on these in the 2006–2007 Annual Report.

Key result area 4: Our organisation

Objectives

- Continue to develop as a learning organisation that embraces a culture of continuous improvement, excellence and sharing of knowledge.
- Provide a safe, equitable, productive and satisfying workplace.
- Be a lead agency in our governance and corporate infrastructure.
- Monitor our performance to ensure work quality and effective resource management.

Performance, workload and work-activity measures

Table 4: Staff levels and training

Measure	2003–2004	2004–2005	2005–2006	Target 2006–2007 (where applicable)
Average FTE staff numbers	111	112.6	105.2	111
Participants in training activities	780	380	621	n/a
Average training days per employee	n/a†	n/a†	5.8	> 5
Speaker presentations delivered (professional recognition)	32	43	42	40

† Data not available

Achievements

In 2005–2006, the ICAC:

- promoted the ICAC's learning strategy with 621 participants attending training activities and introduced internally organised professional development forums focusing on emerging/contemporary corruption prevention issues
- prepared learning and development plans as part of staff performance agreements to support ongoing professional development
- 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
- enhanced corporate governance through the development of policies on business continuity, gifts and benefits, fraud and corruption prevention, and conflicts of interest
- implemented document scanning for both incoming mail and documents sighted under section 23 notices
- delivered 42 external speaker presentations reflecting the recognition of ICAC expertise in corruption investigation and prevention.

Looking forward

The Commission will continue to develop its staff by identifying the skills and competency requirements for each position and by targeting individual and corporate learning plans around these competencies.

Planning for the replacement of the Commission's complaint handling and case management will be completed in 2006–2007 and a business proposal submitted to government.

The conduct of investigations and activities will continue to provide opportunities for staff to work with members of teams.

The Commission will continue to explore further opportunities for involvement with other like agencies in shared corporate services arrangements.



Chapter 2: Assessing complaints and reports

- Overview
- Profile of matters received
- Complaints from the public (section 10 complaints)
- Protected disclosures
- Review of the Protected Disclosures Act 1994
- Reports from public sector agencies (section 11 reports)
- Improving contact with the NESB community
- How complaints are analysed
- The assessment process
- Recording outcomes
- Accounting for decisions

In 2005–2006, the ICAC:

- received 790 complaints from members of the public containing 1,367 allegations
- received 235 protected disclosures containing 447 allegations
- received 495 reports from NSW public sector agencies containing 859 allegations
- made 529 enquiries into 2,398 matters prior to deciding whether the matter should be closed or investigated
- received 2,191 complaints, reports and other matters, such as enquiries, matters that were outside the ICAC's jurisdiction and information unrelated to corrupt conduct
- closed 2,144 matters, some of which were received in the previous year
- took an average of 57 calendar days to complete each of the 2,144 matters finalised during the year.

Overview

During the year the ICAC received 2,191 complaints, reports and other matters from members of the public (who may complain to the ICAC under section 10 of the ICAC Act), public sector employees (who may be entitled to protection under the provisions of the *Protected Disclosures Act 1994*), and principal officers of public sector agencies, who have a duty to report suspected corrupt conduct under section 11 of the ICAC Act. (See Table 5 for details).

In the same period, the ICAC finalised and closed 2,144 matters, some of them carried forward from the previous year. The overwhelming majority of these matters were handled by the Assessments Section. The remaining matters were either dealt with by other Commission officers such as investigators, lawyers or corruption prevention staff.

Despite carrying some staff vacancies throughout the year, the Assessment Section handled all the finalised matters within an average time frame of 57 calendar days.

This included:

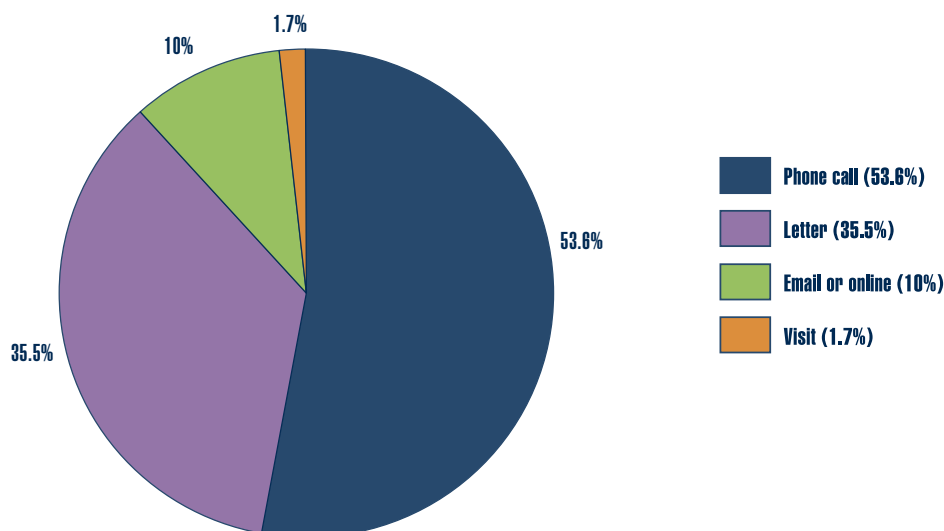
- acknowledging the receipt of all matters in writing within an average of 10 days
- where matters were finalised, advising the person or the agency reporting the matter within an average of 39 days of the ICAC's decision.

The ICAC accepts anonymous information. As examples, 17 per cent of the 790 section 10 complaints received from members of the public this year were anonymous, as were 34 per cent of the 235 protected disclosures received from public officials. Their anonymity meant that the Commission could not advise these people of its decision.

Complaints to the ICAC may be made in writing, by telephone, by email, in person or online via a complaints form on the Commission website at www.icac.nsw.gov.au.

The following figure shows the different methods used to report complaints and protected disclosures during 2005–2006.

Figure 1: Mode of initial contact (section 10 complaints and protected disclosures)*



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

Profile of matters received

In 2005–2006 the ICAC received a total of 2,191 complaints, reports and other matters, containing 3,228 allegations. The main types of workplace activities and conduct that were the subject of allegations did not vary significantly for each of these three categories. These types of matters make up the bulk of the work the Commission assesses, advises on and investigates, and each is described in more detail below. Full details are provided in Appendix 1.

Table 5: Matters received by category in 2005–2006, compared to the previous two years (with proportions of the total for each year)

Category	2003–2004	2004–2005	2005–2006
Section 10 Complaints involving an allegation of corrupt conduct. These may be made by any person, such as a member of the public.	901 (31.2%)	877 (34.9%)	790 (36.1%)
Section 11* Reports from the principal officers of NSW public authorities, such as chief executive officers of public sector agencies or general managers of local councils. Under section 11 of the ICAC Act, these officers have an obligation to inform the ICAC of suspected corrupt conduct.	677 (23.5%)	516 (20.6%)	495 (22.6%)
Information Information provided by members of the public which do not include an allegation or any information to suggest corrupt conduct.	320 (11.1%)	393 (15.7%)	304 (13.9%)
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.	306 (10.6%)	257 (10.2%)	235 (10.7%)
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.	306 (10.6%)	228 (9.1%)	192 (7.3%)
Outside jurisdiction These matters do not involve the NSW public sector, or involve NSW public authorities which are outside the ICAC's jurisdiction. They are, if possible, referred to another agency that can deal with the complaint.	356 (12.3%)	228 (9.1%)	163 (8.8%)
Dissemination Information from government agencies, usually non-NSW agencies, such as the Australian Federal Police, the Australian Crime Commission or the Commonwealth Ombudsman, about corrupt conduct that may be occurring.	12 (0.4%)	4 (0.2%)	10 (0.5%)
Own initiative Matters initiated by the ICAC without an external complaint or referral. These may arise from other matters already being investigated or from media reports.	5 (0.2%)	5 (0.2%)	2 (0.1%)
Intelligence report General intelligence information provided by government agencies.	3 (0.1%)	3 (0.1%)	0 (0%)
Referrals from Parliament Matters referred to the ICAC by resolution of both Houses of the NSW Parliament (under section 73 of the ICAC Act).	0 (0%)	0 (0%)	0 (0%)
Total	2,886	2,511	2,191

* This figure represents the number of section 11 reports received. As some agencies report by schedule, their reports may contain more than one matter. Nearly 60 schedules, containing reports on over 500 new matters, were received during the year.

The ICAC continues to receive complaints involving police officers which, since the establishment of the Police Integrity Commission (PIC) in 1996, it no longer deals with. The ICAC received more than 80 matters involving police officers during the year. The ICAC is required to refer all complaints that involve police officers to either the NSW Ombudsman or the PIC, depending on the seriousness of the allegations.

Through its Assessments Section, the Commission also refers people to other organisations where appropriate, and answers enquiries about what corrupt conduct involves, how to report a matter to the ICAC and what information is required.

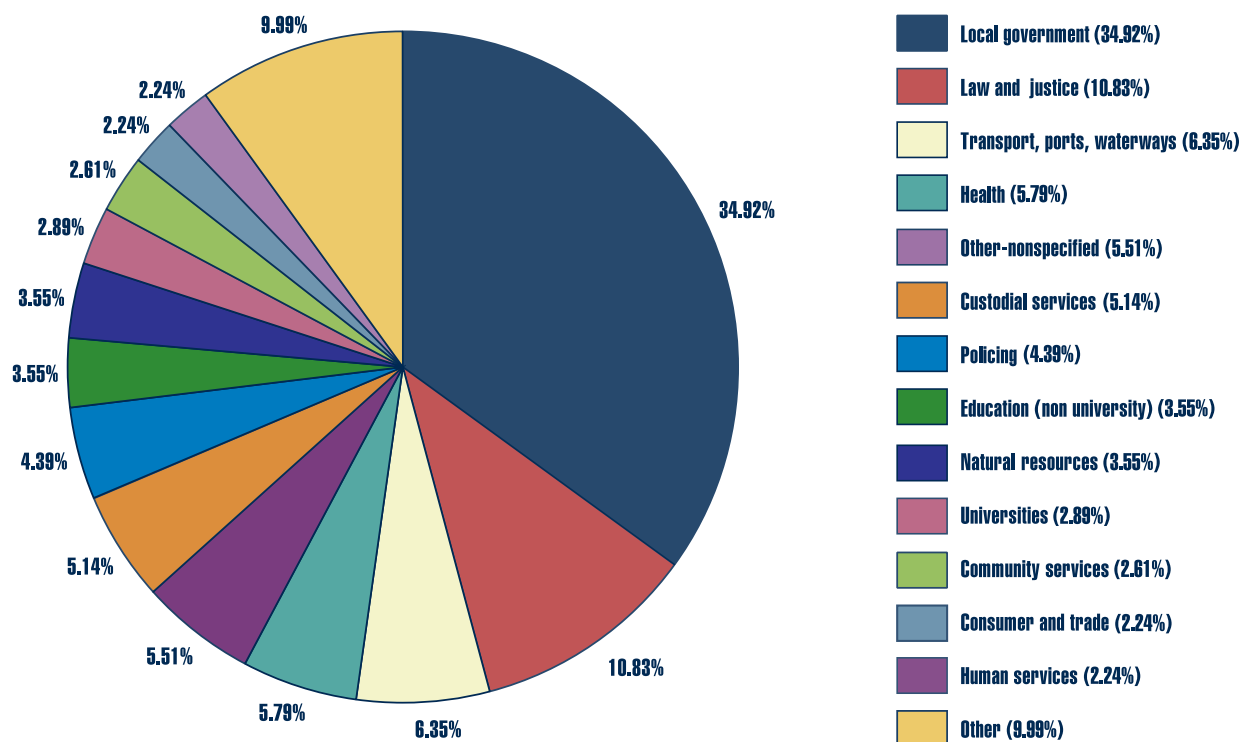
Complaints from the public (section 10 complaints)

Under section 10 of the ICAC Act, any person can make a complaint to the Commission about a matter that concerns or may concern corrupt conduct as defined in the ICAC Act. The ICAC refers to complaints made by members of the public – as well as those made by public sector employees that do not meet the criteria for protected disclosures – as ‘section 10 complaints’.

In 2005–2006 the ICAC received 790 section 10 complaints, containing 1,367 allegations. The ICAC took an average of nine calendar days to acknowledge complaints. In the case of matters finalised during the year, it took an average of 45 days from the date of receipt to advise complainants of its decision.

The government sectors about which the ICAC received allegations of corrupt conduct from members of the public are summarised in Figure 2 below.

Figure 2: Percentage of section 10 complaints received, by sector*

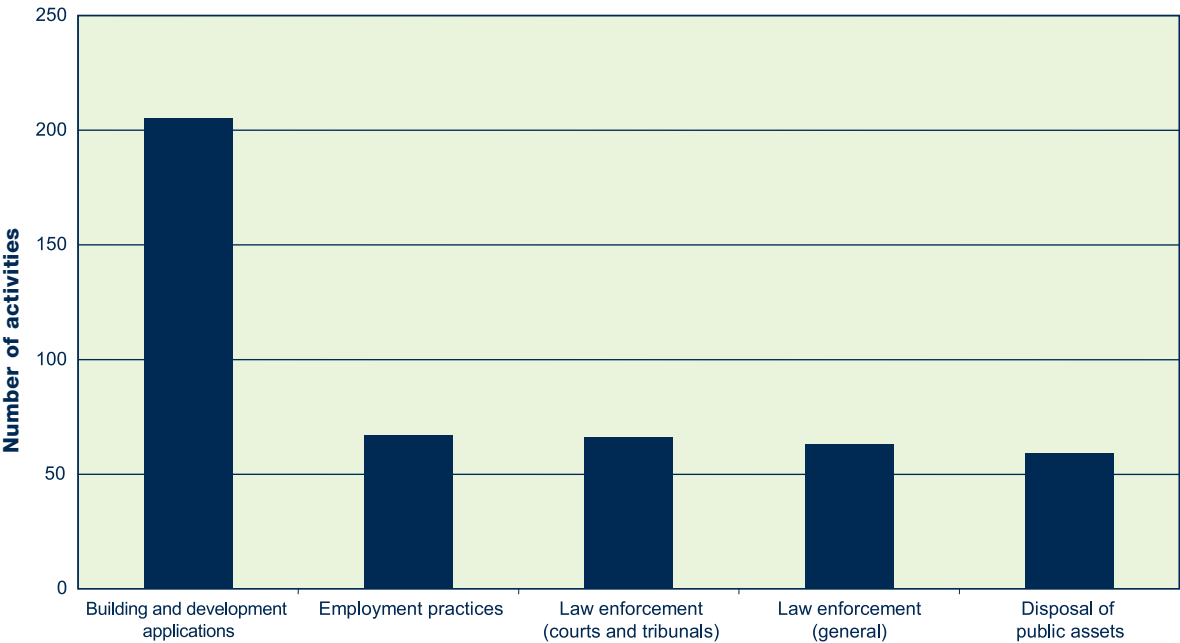


* Represents proportion of total allegations for one year. Total does not add up to 100% due to rounding.

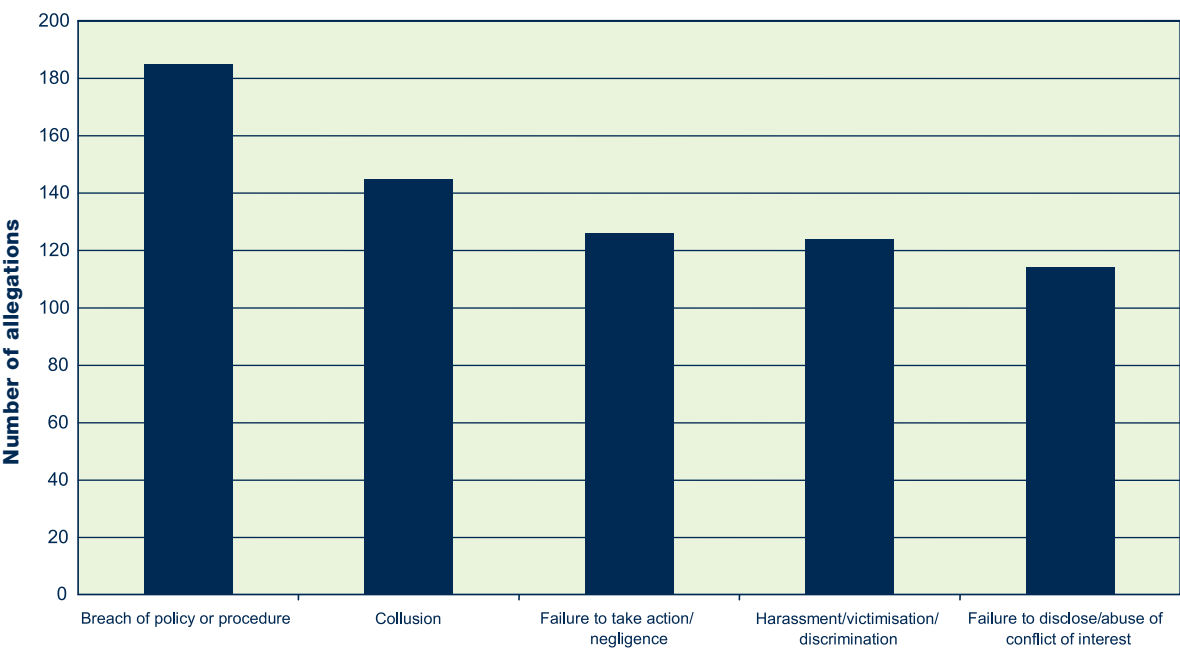
The five most frequent workplace activities about which the ICAC received complaints, as well as the five most frequent allegations, are summarised in the charts below.

Appendix 1 provides a full list of the workplace activities and types of conduct about which the ICAC received complaints.

**Figure 3: Section 10 complaints 2005–2006:
Five most frequent types of workplace activities mentioned**



**Figure 4: Section 10 complaints 2005–2006:
Five most frequent types of conduct alleged**



Protected disclosures

Public sector employees who raise suspected corrupt conduct matters with the ICAC may be entitled to receive the protection of the state's 'whistleblower' legislation, the Protected Disclosures Act, if their complaint meets certain criteria.

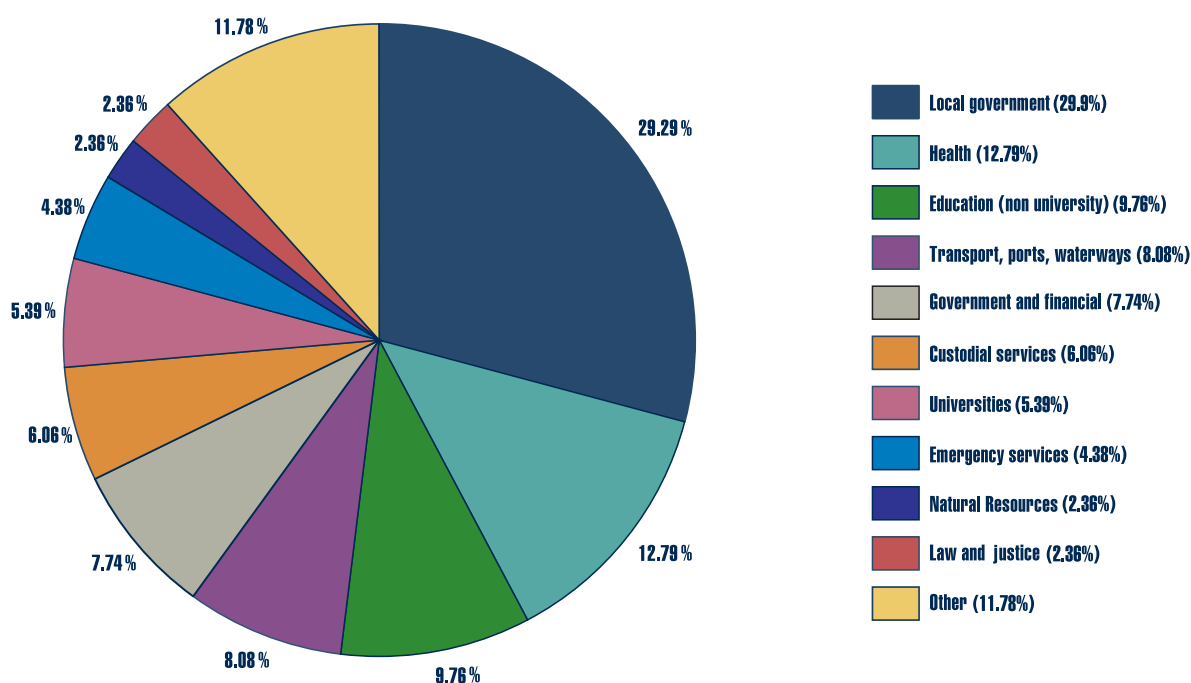
Where the ICAC classifies a matter as a protected disclosure, the Protected Disclosures Act requires certain steps to be taken in the handling of the matter. Given their 'insider' status, protected disclosure complainants are an important source of information about potential corrupt conduct within the public sector. One of the protections afforded to these complainants is that it is an offence to

take detrimental action against them in retaliation for making the disclosure, should the fact that they have made the disclosure become known.

During 2005–2006, the ICAC received 235 protected disclosures containing 447 allegations. The Commission took an average of 10 calendar days to acknowledge protected disclosures. In the case of matters finalised during the year, it took an average of 51 days from date of receipt to advise complainants of the ICAC's decision.

The figure below provides a summary of the government sectors about which the ICAC received protected disclosures during this financial year.

Figure 5: Percentage of protected disclosures received, by sector*

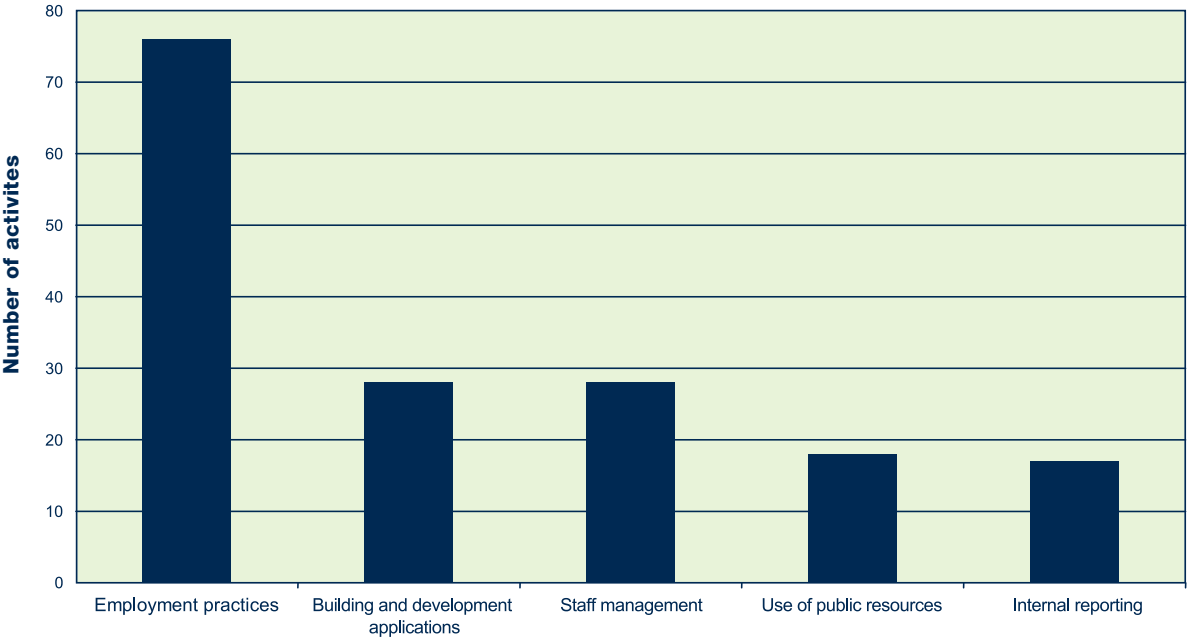


* Represents proportion of total allegations for one year. Total does not add up to 100% due to rounding.

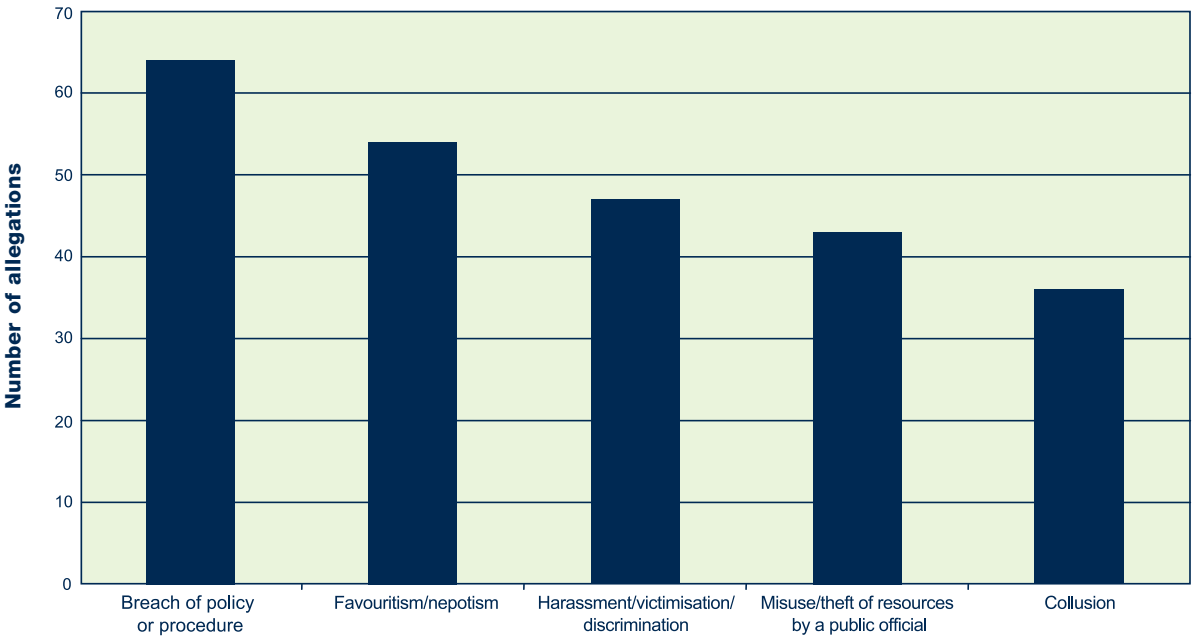
The five most frequent workplace activities about which the Commission received protected disclosures, as well as the five most frequent allegations, are summarised in the charts below.

Full lists of the types of workplace activities and allegations made in protected disclosures to the ICAC during 2005–2006 are in Appendix 1.

**Figure 6: Protected disclosures 2005–2006:
Five most frequently mentioned workplace activities**



**Figure 7: Protected disclosures 2005–2006:
Five most frequent types of conduct alleged**



Section 22 of the Protected Disclosures Act requires the Commission to consider various matters before disclosing any information which might identify the complainant. This can sometimes mean that the most appropriate action is no action at all if the complainant has good reasons for objecting to being identified.

Prior to making any enquiries about protected disclosure allegations, the ICAC seeks written authority from the complainant to be identified. Table 6 below summarises the responses received from protected disclosure complainants on the issue of being identified.

Table 6: Protected disclosures – written responses to requests to be identified as the source of the allegations

Response types	No. of responses
Consent given in writing	65
Consent not given	41
Did not return consent form	35
N/A (e.g. consent not sought or complainant anonymous)	94
Total	235

CASE STUDY

Every piece of information helps

The ICAC receives many complaints and protected disclosures that are inappropriate for it to pursue. For example, the allegations may not be sufficiently serious or they may lack the detail necessary to investigate further. In other cases, the ICAC may not have the resources available. Sometimes the ICAC refers such matters to other agencies or to the police. The following case exemplifies how a small piece of information passed on to the NSW Police by the ICAC achieved a significant result.

A person working in a NSW country town contacted the ICAC to report some information obtained in the workplace. The complainant informed the Commission that a local councillor in the area was receiving stolen goods from thieves and then selling them, in some cases back to the people they had been stolen from. The complainant did not have many specific details to give; only who may be involved and the kind of items being stolen.

Given the criminal aspects of the matter – and the lack of certainty about whether the councillor was acting in an official capacity when engaging in the alleged criminal acts – the ICAC decided to refer the matter to the NSW Police. Some months later the NSW Police advised the ICAC that it had undertaken a controlled police operation that led to a significant outcome, including criminal charges being laid against the councillor. The ICAC has informed the complainant of this outcome.

Review of the Protected Disclosures Act 1994

The Parliamentary Joint Committee on the ICAC, is continuing the review of the Protected Disclosures Act which it began in May 2005. The purpose of the review is to determine whether the policy objectives of the Protected Disclosures Act remain valid, and whether the terms of the Act remain appropriate for securing those objectives. The ICAC made a joint submission as part of its membership of the Protected Disclosures Act Implementation Steering Committee. At the time of reporting the review process was not yet complete. For more information about this Steering Committee, see Appendix 11.

Reports from public sector agencies (section 11 reports)

Section 11 of the ICAC Act requires principal officers of NSW public sector agencies, such as chief executive officers, director-generals of state government agencies and general managers of local councils, to report suspected corrupt conduct to the ICAC. The majority of matters reported by principal officers involve suspected conduct within their own organisations, although sometimes principal officers also advise the Commission of corrupt conduct they suspect within other public sector agencies.

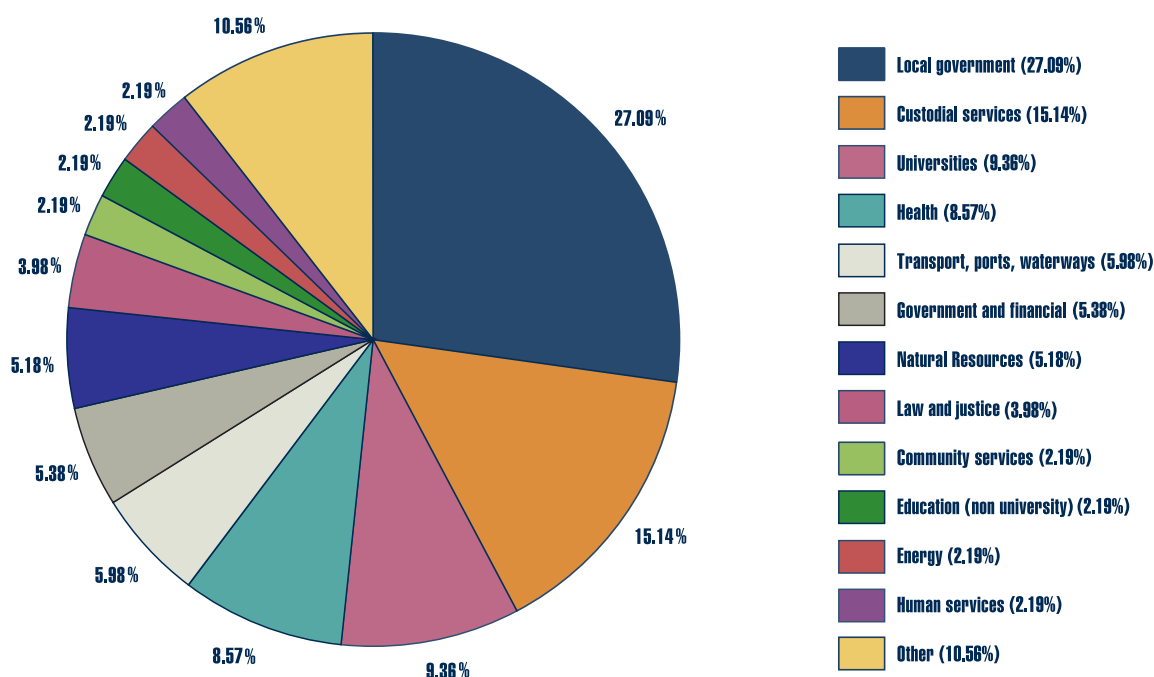
As well as alerting the ICAC to specific instances of known or suspected corrupt conduct, section 11 reports provide useful insights into emerging corruption risks and help the ICAC to identify system weaknesses within the public sector. Section 11 reports regularly form the basis for corruption prevention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

In 2005–2006, the ICAC received 495 section 11 reports containing 859 allegations. The Commission took an average of 13 calendar days to acknowledge these reports. In the case of matters finalised during the year, it took an average of 41 days from the date of receipt to advise the reporting agency of its decision.

Agencies making section 11 reports to the ICAC usually do so as the need arises. Some larger agencies, however, have long-standing arrangements to report minor matters by schedule on a regular basis. In addition to the 495 individual section 11 reports mentioned above, the ICAC also received notification by schedule of more than 500 minor matters.

The government sectors from which the ICAC received section 11 reports this year are summarised below.

Figure 8: Percentage of section 11 complaints received, by sector*

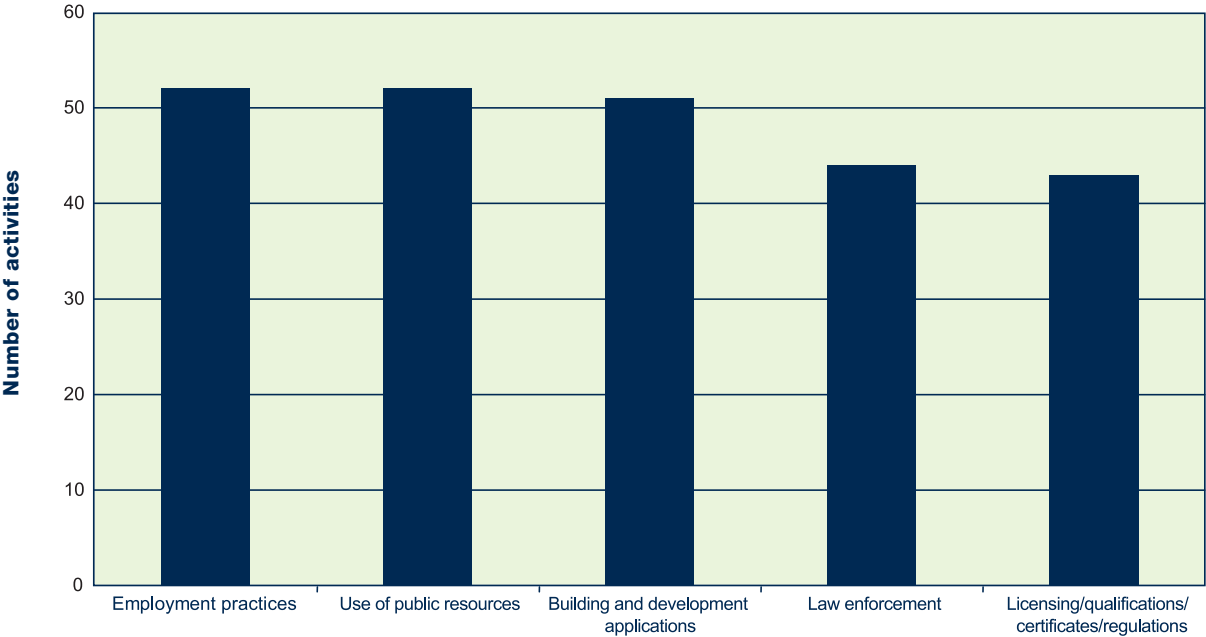


* Represents proportion of total allegations for one year. Total does not add up to 100% due to rounding.

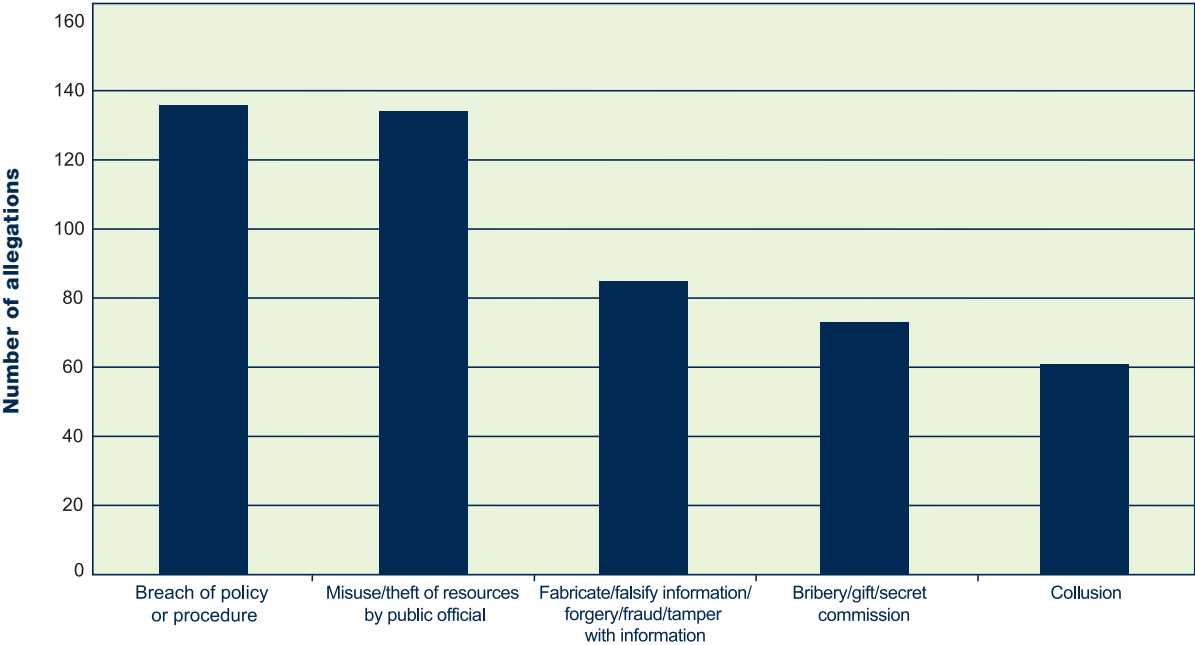
The five most frequent areas of workplace activity about which the ICAC received section 11 reports, as well as the five most frequent allegations, are summarised in the charts below.

Appendix 1 provides a full list of the workplace activities and types of conduct about which the ICAC received section 11 reports this year.

**Figure 9: Section 11 reports 2005–2006:
Five most frequently reported workplace activities**



**Figure 10: Section 11 reports 2005–2006:
Five most frequently reported allegations**



Improving contact with the NESB community

Throughout this reporting year, the ICAC collected data from all telephone callers to help develop strategies that will improve the Commission's accessibility to certain community groups. This data includes whether callers identify themselves 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. Of the 540 complaints and protected disclosures received by telephone this year, 58 people (10.74 per cent) responded that they were of non-English speaking background when asked. Further detail about the Commission's work with the NESB community is on page 46.

How complaints are analysed

The ICAC is required under section 12A of the ICAC Act to, as far as practicable, focus its attention and resources on serious and systemic corrupt conduct. The ICAC's assessment process considers:

- whether the allegations are within the ICAC's jurisdiction
- if they are serious and suggest systemic corruption risks or issues
- what information or evidence is potentially available, and ultimately
- what action, if any, the ICAC should take on a matter.

Complaints and reports from other agencies provide the impetus for much of the ICAC's investigative work. This year, section 11 reports from public sector principal officers were the largest source of information that led to an investigation.

Commission officers analyse the information received to determine whether there are trends across a particular sector, such as local government or licensing, within one particular agency, or even within a particular unit of that agency. They analyse the information to determine whether corruption is occurring, or if there are appropriate systems in place for the agencies involved to resist corruption. Complaints and reports that highlight corruption risk areas and trends help the ICAC to target its corruption prevention work (see Chapter 4 "Preventing corruption" for more information).

The ICAC also receives a lot of information which, while having substance, may not be investigated due to its relatively minor nature. In addition, the ICAC receives a lot of material that lacks substance altogether and does not warrant being investigated or otherwise pursued. These matters are generally declined or, if relevant to another agency, referred on.

It is important to note that a high number of complaints about a particular sector does not necessarily indicate significant corruption in that sector. Some areas of government, such as local government, housing and health, affect more people directly or personally because of the type of work they do or the services they deliver. There is therefore greater scope for people to complain in situations where they are personally or directly affected by a decision with which they do not agree.

In short, care has to be taken in drawing any adverse inferences from a large number of complaints about a particular agency, as this may indicate other problems, such as poor customer service, that are unrelated to corruption.

Table 7: Classification of matters where the Commission commenced an investigation in 2005–2006

Classification	No. of investigations commenced
Section 11 report	25 (45.5%)
Section 10 complaint	15 (27.3%)
Dissemination	8 (14.6%)
Protected disclosure	5 (9.1%)
Own initiative (section 20)	2 (3.6%)
Total	55 (100.1%)

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

The assessment process

The Assessments Section receives all new matters and registers them on a database. Where return contact details are provided, assessment staff acknowledge the matter, then proceed to 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 every matter received. If a matter is complex or needs further enquiries before an appropriate course of action can be determined, it may be reported to the Assessment Panel on several occasions.

The reports considered by the Assessment Panel include the allegations made, details about any supporting information, the outcome of any enquiries conducted, an initial assessment of the matter, and recommendations for future action.

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, as well as the Manager of the Assessments Section. The Panel usually meets twice a week.

For each matter, the Assessment Panel considers issues relating to jurisdiction, whether it presents opportunities for identifying serious and systemic corruption, whether it is being or could be adequately handled by another agency, and, even if corruption is not apparent, whether an agency's systems and controls put the organisation at risk of corruption.

The Panel will then make one of five decisions.

1. Refer to another agency or take no action

The ICAC's role is to focus on serious or systemic corrupt conduct as far as practicable. A significant number of the matters the ICAC receives can be appropriately referred to other investigating agencies – such as the NSW Ombudsman and the Department of Local Government. 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 reporting the matter.

Many other matters do not relate to corrupt conduct as defined in the ICAC Act and therefore 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.

2. Request an investigation and report by another agency

If an allegation of corrupt conduct is made about an agency, the ICAC has the power under sections 53 and 54 of the ICAC Act to require that agency to conduct its own internal investigation and then report its findings to the ICAC. The ICAC does this after consultation with the agency and if it is appropriate for the agency to deal with the matter. This power is usually used for relatively serious matters that an agency can adequately and properly investigate itself. In this way, the Commission oversees the investigation by the agency.

The ICAC refers matters to agencies under sections 53 and 54 only if it considers the agency can investigate the matter itself. It will not make such referrals if it considers the agency might be compromised or lacks the capacity to conduct the investigation and report on it adequately. Under the ICAC Act, the ICAC also has powers to deal with investigations or reports that it considers unsatisfactory.

3. Conduct assessment enquiries

If the Panel decides that a matter should be considered further – but may not yet warrant a full investigation – assessment enquiries may be undertaken. These enquiries may involve contacting parties for more information, conducting research, and contacting relevant agencies to ascertain whether the issues raised have been previously dealt with and what the outcome of any enquiries has been.

Depending on the outcome of assessment enquiries, the ICAC may decide to pursue the matter no further or to refer it to another agency. In some cases, assessment enquiries may lead to an ICAC investigation.

4. Provide corruption prevention analysis and/or advice

If a matter appears to mainly involve systemic issues rather than actual corruption – or the corruption allegations have been dealt with but wider problems appear to exist – corruption prevention staff may evaluate the situation and give advice to an agency to enhance its capacity to minimise the risk of corruption, or to prevent the problem happening again.

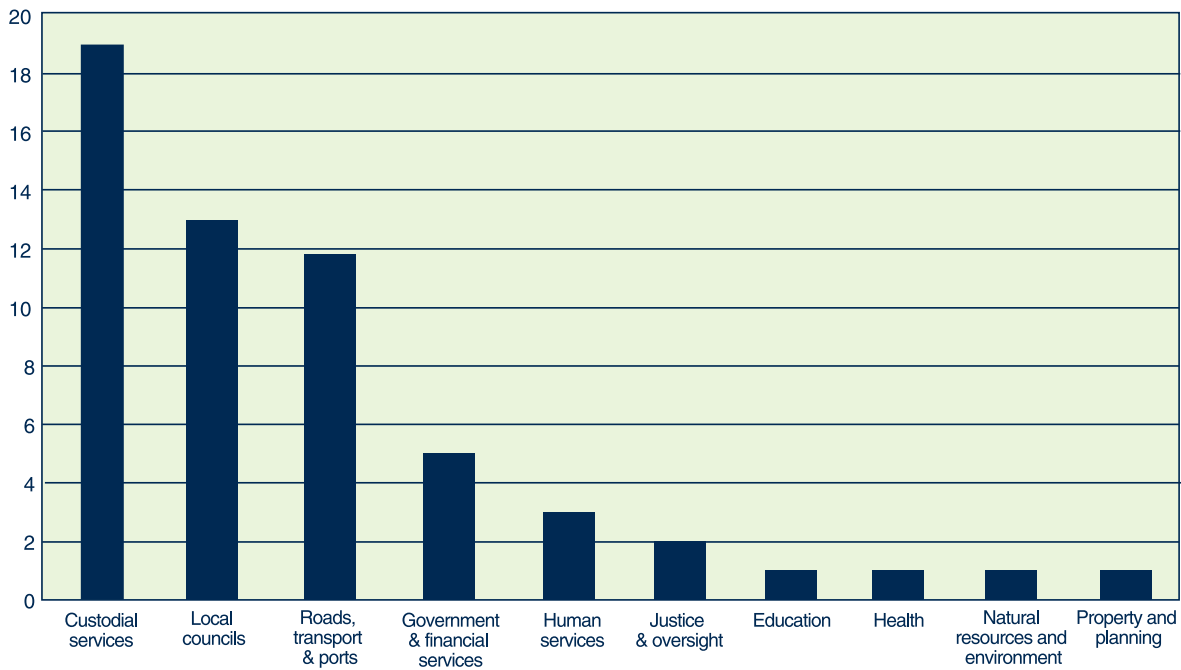
5. Undertake an investigation

If a matter is very serious and likely to need the ICAC's special powers to substantiate the allegations (such as producing evidence, undertaking a search warrant or conducting covert operations), the ICAC is likely to investigate such matters itself (see Chapter 3, 'Investigating corruption').

Such matters are usually referred to the Strategic Operations or Legal Divisions for further action, such as a preliminary or full investigation, and only a small number of matters, with the potential to expose significant or systemic corrupt conduct, will meet the criteria for a full investigation. Once a decision to investigate a matter has been made,

the matter will be overseen by a different committee, the Investigations Management Group (IMG), which also gives direction on the way each investigation is handled. Chapter 3 “Investigating corruption”, has more detail on the investigation and IMG process.

Figure 11: Number of investigations commenced in 2005/2006, by sector*



* The figures represent the number of times a sector was the subject of an investigation that commenced in 2005–2006. Some investigations involve more than one sector.

Table 8: Action taken by the Assessment Panel in 2005–2006 (compared to previous two years)

Assessment Panel decision	TOTAL		
	2003–2004**	2004–2005	2005–2006**
Decisions to decline a matter	2,500 (84.2%)	2,306 (85.7%)	2,051 (85.5%)
Immediate referral to another agency or no action taken by the ICAC (following some initial enquiries/research where needed)			
Decisions to act upon a matter			
Referred to Assessments Section for further enquiries (includes sections 53/54 referrals)	246 (8.3%)	274 (10.2%)	279 (11.6%)
Referred to Corruption Prevention Education Research Division for further action	55 (1.9%)	39 (1.4%)	15 (0.6%)
Referred to Strategic Operations or Legal Divisions for further enquiries or investigation	169 (5.7%)	72 (2.7%)	53 (2.2%)
Total number of decisions to act upon a matter	470 (15.8%)	385 (14.3%)	347 (14.5%)
TOTAL NUMBER OF DECISIONS MADE*	2,970	2,691	2,398

* This table records Assessment Panel decisions made during the reporting year. In some cases, more than one decision applies to each matter, since some matters were considered on more than one occasion. The table does not include all matters received in 2005–2006, as some matters received towards the end of a reporting year are not assessed until the beginning of the next reporting year.

** Percentages do not add up to 100% due to rounding.

CASE STUDY

Referrals to public sector agencies for investigation and a report back (sections 53 and 54)

The ICAC received an allegation that an international student studying at a NSW university had been failed for plagiarism. Although the matter was referred for investigation, the student was eventually allowed to pass. The implication of the allegation was that international students were financially valuable to the university and should not be failed.

Pursuant to its powers under sections 53 and 54 of the ICAC Act, the ICAC asked the university to investigate the matter and report back on its findings. While the ICAC found that the university's investigation was thorough and satisfactory and there was no corrupt conduct, it was apparent that the senior academic who reviewed the student's case had taken a very lax position towards the university's plagiarism policy. This created an environment of inconsistency or confusion about plagiarism and how the plagiarism policy should be enforced, which in turn could create a corruption risk for the university.

While the ICAC decided not to investigate the matter, it is making further enquiries with the university with a view to giving corruption prevention advice where appropriate.

Recording outcomes

The ICAC records outcomes on all matters once they have been closed. These include recording outcomes for its own actions, as well as known outcomes for agencies that have been the subject of an allegation. As the ICAC has wide discretion

on what to pursue, and must focus its resources on serious and systemic corruption as far as practicable, it does not know the outcome of all matters received. The table below shows the known outcomes recorded for all section 10, section 11 and protected disclosure matters that the ICAC closed during this reporting year.

Table 9: Outcomes* recorded for substantive matters closed in 2005–2006

	Complaint (section 10)	Protected Disclosure	Report (section 11)	Total
Charges recommended by the ICAC (DPP)	5	2	9	16
Disciplinary action taken by the agency: counselling	0	1	13	14
Disciplinary action taken by the agency: dismissal	0	1	20	21
Disciplinary action taken by the agency: other	1	1	22	24
Disciplinary action taken by the agency: resignation	2	1	8	11
ICAC compulsory examination (formerly called a 'private hearing')	5	2	8	15
ICAC public inquiry (formerly called a 'public hearing')	8	2	11	21
ICAC intelligence assessment completed: matter not investigated	0	0	3	3
ICAC investigation (Category 1)	11	3	15	29
ICAC investigation (Category 2)	0	0	3	3
Intelligence or technical product passed to another agency	1	0	1	2
Matter referred to another law enforcement agency	7	3	2	12
No action warranted by the subject agency	104	33	71	208
No further action taken by the ICAC	718	210	468	1,396
Referred to another agency for action	3	4	9	16
Referred to another agency for information	130	56	21	207
Systemic issue identified by ICAC	15	11	32	58
Systemic issues addressed by the agency: amendments made to policy and procedure	5	5	17	27
Systemic issues addressed by the agency: other	3	6	16	25
Systemic issues identified by the agency and recommendations made: amendments	2	5	38	45
Systemic issues identified by the agency and recommendations made: other	2	5	13	20
Total	1,022	351	800	2,173

* Total outcomes do not equal total matters closed as some matters had multiple outcomes.

Accounting for decisions

While the ICAC has very broad discretion in relation to which matters it does and does not investigate, it is required under its Act to provide written reasons for declining to investigate a complaint or report, or for discontinuing it.

The Operations Review Committee (ORC), which provided the Commissioner with advice as to whether a complaint or protected disclosure should be investigated, was abolished by Parliament in May 2006. Chapter 5 “Accountability and governance” gives more information about the ORC.

CASE STUDY

Gifts and sponsorship from a contractor

The ICAC received a section 11 report from an agency regarding some employees who were responsible for managing a contract with an external service provider. Under sections 53 and 54 of the ICAC Act, the ICAC asked the agency to investigate the matter and report its findings. The agency did so and found that an inappropriate relationship existed between some of its employees and the service provider. In particular, it found that, at the invitation of the officer, the service provider donated \$10,000 in sponsorship over two years to a sporting club of which the officer was a member; the officer accepted tickets to a World Cup rugby game; and the officer and approximately 15 other employees and their partners accepted invitations to a Christmas dinner hosted by the service provider. The agency established a ‘no gifts’ rule for the team and decided to conduct an audit of other teams dealing with the same service provider. The ICAC accepted the agency’s report and advised the agency on further measures it could take to minimise future similar conduct.

CASE STUDY

False invoices from a contractor

A health authority reported to the ICAC a \$68,640 payment to a contractor who had never been engaged, based on the contractor’s false timesheets of work.

Following discussions between the ICAC, the reporting agency and the NSW Police, the matter was handed over to the police to investigate as a criminal fraud, while the agency continued with its own internal investigation. These established that in addition to the above payment, the employee involved had authorised 11 payments totaling \$302,225 to two companies for staff training that had never taken place, had forged the signature of another officer who was purported to have certified the training approvals and had certified payment of invoices totaling \$559,212 to the same contractor. He had also split a purchase order worth \$685,735, in contravention of the agency’s policy.

Company searches revealed, among a number of other findings, that the employee was in fact a director of some of the companies for which he had approved fraudulent payments. It was apparent that the agency’s systems regarding the procurement of services and the oversight of contractual relationships were poor. The agency made numerous recommendations for reform, including a review of the relevant procurement and delegations policies, and mandatory training for staff responsible for procuring goods or services. The employee was dismissed and the police have laid charges. At the time of writing, the outcome was pending.



Chapter 3: Investigating corruption

- Overview
- Improvements
- The investigation process
- Investigations in 2005–2006
- Investigation reports
- Investigation outcomes

In 2005–2006, the ICAC:

- commenced eight category 1 investigations, seven category 2 investigations and 48 preliminary investigations
- continued work on eight category 1 investigations, no category 2 investigations and seven preliminary investigations carried over from the previous year
- held 27 days of public inquiries in relation to four investigations and 32 compulsory examinations in relation to seven investigations (including two matters which subsequently became public inquiries)
- conducted two controlled operations, and was granted 13 warrants for the use of listening devices and 17 warrants for telecommunication intercepts
- exercised formal powers under sections 21, 22, 23, 35 and 40 of the ICAC Act on 399 occasions
- provided information under the ICAC Act to law enforcement and other agencies on 23 occasions
- published seven investigation reports, with recommendations that the Department of Public Prosecution consider prosecuting 59 people for criminal offences
- completed implementing the recommendations arising from the review of the investigation process and the functions of the surveillance and technical unit that was aimed at improving the Commission's operational capabilities and streamlining of systems and processes.

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 overt and covert techniques in investigations and 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.

Both the Corruption Prevention, Education and Research Division and the Legal Division work with the Strategic Operations Division in conducting ICAC investigations. The Legal Division has primary responsibility for organising and conducting compulsory examinations and public inquiries. These can be a vital investigative tool. Public inquiries can also play an important role in educating the public about corruption and may lead to findings of corrupt conduct against a person, the referral of evidence to the Director of Public Prosecutions (DPP) for advice as to whether criminal prosecutions should be launched against any person and recommendations for change aimed at minimising or preventing corruption.

Investigations unit

The investigations unit comprises two teams, each of which includes investigators, analysts and financial investigators. The teams also have forensic capabilities.

Where assets are identified during an ICAC investigation as deriving from corrupt conduct and criminal activities, the ICAC refers the details to the New South Wales Crime Commission to initiate proceedings to confiscate these assets.

Staff work collaboratively on investigations, with a lawyer and corruption prevention officer routinely assigned to the investigation team for each category 1 investigation and, where appropriate, to other investigations as well.

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. Both product management and technical services also help maintain and operate the ICAC's public inquiry room facilities.

The surveillance section continued to network with surveillance units of other agencies, both state and federal, about the latest surveillance methodology, training and equipment, and participated in a number of joint surveillance operations with them. These joint operations helped maintain positive working relationships and fostered staff surveillance skills.

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 compulsory examinations and public inquiries, including acting as counsel and instructing counsel. The Legal Division is also responsible for training ICAC staff in the role of Associate, providing training and updates to staff on changes to relevant laws and legal developments affecting operations, assisting in briefs of evidence for submission to the DPP, and providing general legal and policy advice on issues affecting the ICAC.

Improvements

During the 2005–2006 reporting period, the ICAC continued to improve its ability to obtain and use evidence as part of its investigative function. These improvements included:

- implementing the recommendations that arose from a 2004–2005 review of investigations and the surveillance and technical unit. These are designed to improve the Division's operational capabilities, to streamline systems and processes, and improve staff skills levels.
- reallocating the intelligence function directly into each investigation team. This has resulted in a closer involvement in, and input into, investigations.
- implementing a three-year rolling surveillance equipment purchasing program, based on a complete audit of current equipment and future needs, to keep pace with advances in technical surveillance products.
- upgrading hearing room facilities so that copies of documents and electronically acquired material can be presented on-screen and telephone intercepts and surveillance footage can be played in the hearing room. This enhances the presentation of evidence relevant to the inquiry.
- an ongoing review of the ICAC Operations Manual. Ten procedures were updated and three new procedures created to reflect legislative and operational changes. The review is ongoing and ensures a best practice approach to investigations.

The investigation process

The ICAC has three levels of investigations – preliminary investigations, category 2 investigations and category 1 investigations. The seriousness and systemic nature of the corrupt conduct and the extent to which the ICAC's resources and powers are to be used are some factors that need to be considered before an investigation is escalated to category 2 or 1.

In 2005–2006, the ICAC continued its commitment to quality investigations, using state-of-the-art technology and improving the way in which investigations are carried out and managed.

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 evidence – and then decide whether any person's conduct amounts to corrupt conduct as defined in the ICAC Act.

Investigations undertaken by the ICAC are diverse in character. They range from the simple to the complex, from the past to current activities and from field surveillance, listening devices, telephone intercepts and the execution of search warrants, and interviews to paper trails. The strategies and techniques used are determined on a case-by-case basis, and, where appropriate, compulsory examinations and public inquiries are undertaken to further the investigative process and to expose corrupt conduct.

The use of statutory powers and technical surveillance techniques require sufficient grounds and appropriate authority. Applications for the exercise of these powers are drafted by investigators and submitted to the lawyer attached to the relevant investigation for review. The application is then 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.

When the ICAC determines it is in the public interest to do so, it may take evidence from witnesses in private (a compulsory examination) or in public (a public inquiry). The ICAC may decide to hold part of a public inquiry in private if doing so is in the public interest.

The ICAC has the power to compel a witness to answer questions and/or produce documents or other things when summoned to appear at a compulsory examination or public inquiry, regardless of whether the answers or production will tend to incriminate them. If a witness objects to answering a question or producing a document or item, he or she must still answer the question or produce the document or item. However, neither the answer nor the item produced is admissible as evidence against the witness in any subsequent criminal, civil or disciplinary proceedings, other than for an offence under the ICAC Act.

The success of an ICAC investigation is measured not only by the number of findings of corrupt conduct, recommendations that the advice of the DPP be obtained for prosecution of persons, or recommendations that consideration be given to the taking of disciplinary action. A successful investigation can also be one that shows that a person has not engaged in corrupt conduct and clears that person's name. An ICAC investigation may also review procedural or system issues that need to be addressed to minimise future opportunities for corrupt conduct.

Investigations in 2005–2006

The ICAC worked on 16 category 1 investigations, seven category 2 investigations and 55 preliminary investigations during the year under review. These included some investigations carried over from the previous year.

Table 1 (page 9) gives comparative statistics for the number of category 1, category 2 and preliminary investigations in previous years.

The category 1 investigation reports published during the year are listed in the Investigation Reports section on page 39. Full details of all ICAC investigations in 2005–2006, including transcripts of hearings and copies of investigation reports, are available on the ICAC website at www.icac.nsw.gov.au.

CASE STUDY

Operation Cassowary

Operation Cassowary, which commenced in mid-2004, centred on allegations that staff of the WorkCover licensing unit were part of a wide network of people who were involved in corruptly obtaining, issuing and distributing certificates of competency in exchange for money. The ICAC 2004–2005 Annual Report reported on the progress of this operation up to that time.

The implications of these corrupt activities were widespread, given that the construction industry, where most of the false certificates of competency at the centre of this investigation were used, is not only one of the heaviest users of potentially dangerous plant and equipment, but also has one of the highest rates of employee injuries. The *Occupational Health and Safety Act 2000* and the *Occupational Health and Safety Regulation 2001* make it mandatory for workers engaged in specified activities to hold certificates of competency. Workers can be legally employed in these activities only after they have been formally assessed against set competency standards by accredited assessors and granted a competency certificate.

The Cassowary investigation revealed that false certificates were made available across a broad spectrum of the construction industry, with whole companies being fitted out with false certificates for the sake of ‘convenience’. Commencing in 2000, the practice operated for about four years and expanded significantly from about 2002.

WorkCover itself estimated as many as 4,000 certificates of competency could have been improperly issued and several hundred thousand dollars paid to various members of the network for them. The outcome of the investigation was that 23 people were found to have engaged in corrupt conduct. Of these, three were former employees of WorkCover, namely Kylie Atkins, Julie Trindall and Wendy Whitcher, 16 were distributors of false licences and another four were applicants for false licences.

The ICAC also found that WorkCover had failed to respond adequately to warning signs about possible corrupt conduct and thus missed the opportunity on several earlier occasions to develop an effective corruption prevention strategy. In 2003, following an internal investigation into allegations concerning the false issue of certificates by several of the people subsequently identified in the ICAC inquiry, WorkCover had dismissed the notion that officers in the Certification Unit were vulnerable to behaving corruptly. System failures enabled the corrupt conduct to occur and continue and the offenders to feel complacent, since the likelihood of detection was minimal. In its investigation report, the Commission made a range of recommendations to minimise and prevent these activities from recurring at WorkCover. The agency accepted these recommendations and has made significant efforts to implement them.

CASE STUDY

Operation Inca

In September 2005, the Department of Corrective Services (DCS) referred to the ICAC an allegation that the Acting Deputy Governor at Parramatta Correctional Centre, Mr Jeffrey Strange, had assaulted an inmate, Mr John Lapa. He had then attempted to cover up the assault firstly by tampering with a videotape that had recorded the incident, to destroy evidence of the alleged assault, and secondly by urging other DCS officers to collaborate in the cover-up to the ICAC. Although the alleged assault of Mr Lapa was serious, it was not a matter that the ICAC would normally investigate. The attempt to destroy evidence and cover up the assault, however, was a matter for the ICAC and it began its investigation immediately.

The investigation, codenamed Operation Inca, involved the use of controlled operations, the lawful use of listening devices and telephone intercepts, interviews of witnesses and forensic examination of the video-recorder and film used at the time of the assault. Several witnesses took part in compulsory examinations and 18 witnesses gave evidence at the public inquiry held during January and February 2006.

The incident at the heart of the investigation occurred on the afternoon of 4 August 2005 when Mr Lapa was transferred from the Drug Court to the Parramatta Correctional Centre. Later that afternoon Mr Lapa, apparently affected by alcohol or other drugs, began to self-harm and correctional officers entered his cell to restrain him. In restraining him, Mr Strange used excessive force. Three days later the video of the incident was interfered with when a black screen was superimposed over the segment in which Mr Lapa was allegedly struck.

Further enquiries revealed that other officers had either failed to report the assault or had omitted any reference to it. There was also direct evidence that Mr Strange tried to influence the evidence given by an officer during the initial enquiries by the DCS.

The Commission found that Mr Strange had engaged in corrupt conduct and sought the advice of the DPP in relation to prosecuting him for attempting to pervert the course of justice under section 319 of the *Crimes Act 1900*, misleading a Commission officer under section 80 of the ICAC Act and giving false or misleading evidence under section 87 of the ICAC Act. Although the Commission made no findings of corrupt conduct against another officer, Shannon Wade, it did seek the advice of the DPP in relation to prosecution for an offence under section 87 of the ICAC Act.

The investigation also highlighted the inadequacy of some DCS systems and procedures in preventing the corrupt conduct identified and made 16 recommendations to help the DCS minimise or prevent similar corrupt conduct in the future.

Use of statutory powers

ICAC investigations focus on gathering evidence to establish whether or not corrupt conduct has occurred. The use of statutory powers is also important in obtaining

admissible evidence to support subsequent potential prosecutions.

Table 10 below shows the statutory powers used by the ICAC in 2005–2006 compared to the two previous years.

Table 10: Exercise of statutory powers

Power	2003–2004	2004–2005	2005–2006
Summonses to give evidence or produce documents or both at a compulsory examination or public inquiry (section 35 of the ICAC Act)	147	240	123
Warrant for the arrest of a witness (section 36)	0	1	0
Order for a prisoner to appear before the ICAC (section 39)	0	0	3
Search warrant (section 40)	26	11	21
Notice for public authority/official to produce a statement of information (section 21)	10	11	7
Notice requiring production of documents (section 22)	314	378	242
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)	7	5	6
Listening device warrant (subject to the <i>Listening Devices Act 1984</i>)	73	103	13
Telecommunications interception warrant (subject to the <i>Telecommunications (Interception) Act 1979</i>)	34	56	17
Controlled operation authorised (subject to the <i>Law Enforcement (Controlled Operations) Act 1997</i>)	7	3	2
Acquisition and use of assumed identities (subject to the <i>Law Enforcement and National Security (Assumed Identities) Act 1998</i> and the <i>Crimes Act 1914</i> (Cwlth))	15	7	5

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

CASE STUDY

Operation Hunter

During 2004–2005 the ICAC investigated the conduct of Faraj Harb, a clerk employed by the Attorney-General's Department of NSW in the Local Court Registry at Penrith, and other people.

The investigation revealed that Mr Harb engaged in a range of activities, including offering debt-collecting services; accessing and disseminating court data improperly and without authorisation; drafting a false letter in mitigation of a drink-driving charge and 'assisting' the person charged at his court appearance; indicating to another individual to whom he was offering 'assistance' in return for payment that he was 'higher than a lawyer'; posing as an officer of the 'Criminal Division in Penrith' who could arrange telephone surveillance; and finally pretending that a bribe would be offered to the Mayor of Fairfield to obtain final certification for a building.

The individuals targeted were, like Mr Harb and an associate, Joseph Ghanem, of non-English speaking background, primarily of Lebanese extraction, but otherwise Arabic-speaking members of the broader community. They all had poor command of English and they all demonstrated a general lack of awareness of the Australian judicial system and legal processes. Mr Harb and Mr Ghanem exploited this ignorance.

The ICAC made extensive use of its statutory powers to undertake this investigation. These powers included obtaining warrants for the coordinated use of telephone intercepts and listening devices, physical and electronic surveillance, issuing statutory notices under section 22 of the ICAC Act to produce documents and interviews with witnesses. The lawfully intercepted and recorded conversations between the persons involved produced a great deal of evidence, and led to compulsory examinations of witnesses during July 2005. This in turn led to a public inquiry that took place in August and September, and findings of corrupt conduct against Mr Harb and Mr Ghanem for various offences.

The investigation revealed weaknesses in the information security policies and systems of the Attorney-General's Department, specifically in the NSW local courts, that allowed the corrupt conduct of Mr Harb to occur and remain unchecked. The report into the investigation contained 12 corruption prevention recommendations to help the Department overcome these deficiencies.

Compulsory examinations and public inquiries

In 2005–2006, the ICAC held 27 days of public inquiries in relation to four investigations and 32 compulsory examinations in relation to seven investigations.

During the year under review the transcripts of four public inquiries and 18 compulsory examinations were made public on the ICAC website. This helps to make the process of taking evidence more transparent and accessible, particularly for members of the public who cannot attend public inquiries in person.

Where it determines it is in the public interest to do so, the ICAC can take evidence from witnesses in public (a public inquiry) or in private (a compulsory examination). The ICAC may also decide to hold part of a public inquiry in private if doing so is in the public interest.

A range of factors may be relevant when considering the public interest. Criteria for determining to conduct a compulsory examination in preference to a public inquiry or whether any part of a public inquiry should be conducted in private at all may include:

- maintaining the integrity of the investigation (it may be prejudicial to the investigation to publicly divulge the fact that the ICAC is conducting an investigation, for example by identifying witnesses or making known the extent of evidence obtained)
- protecting the reputations of people implicated in untested or unverified evidence
- obtaining information so as to determine whether further investigation is required
- the need to protect the identity of a witness or an informant
- the requirements of section 18(2) of the ICAC Act which requires that where a witness to an ICAC investigation may also be undergoing a trial, that that person's right to a fair trial is not prejudiced by a public inquiry. In other words, the ICAC must ensure that,

as far as practicable and necessary, the investigation is conducted in private during the proceedings

- any application made by, or on behalf of, those appearing before the ICAC that it is in the public interest for the evidence to be taken in private
- whether the matter involves closing submissions. Section 31(2) of the ICAC Act provides the ICAC may decide to hear closing submissions in private.

In determining whether to conduct a public inquiry, section 31 of the ICAC Act requires the ICAC to consider:

- the benefit of exposing corrupt conduct to the public
- the seriousness of the allegation or complaint being investigated
- any risk of undue prejudice to a person's reputation (including prejudice that might arise from not holding an inquiry)
- whether the public interest in exposing the matter is outweighed by the public interest in preserving the privacy of the people concerned.

Other criteria for determining to hold a public inquiry may include:

- that serious or systematic corrupt conduct is likely to be established
- that it is in the public interest to expose any corrupt conduct or systems failures widely
- that the allegations are already in the public domain and a public inquiry would provide a transparent mechanism for public officials and others to be publicly accountable for their actions
- that public exposure of issues is likely to provide those subject to false accusations or innuendo an opportunity to clear their names
- that public exposure will educate the public about serious corruption or systematic issues

- that public exposure will be an important deterrent to similar corrupt conduct by others. If people know their conduct may be subject to public exposure, they may be less likely to engage in corrupt activity
- that public exposure is likely to encourage others to come forward with information relevant to the investigation
- that public exposure of failed or inadequate systems is necessary to encourage public agencies to actively engage in reform and/or to establish public understanding of why change is necessary
- the desirability of enhancing public confidence in ICAC's operations by demonstrating the transparency and public accountability with which it conducts its investigations.

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

- the Interception Consultative Committee (ICC) – the agency coordinator uses this committee to consult with the agencies under section 7A of the *Telecommunications Act 1997*
- the 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
- the 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
- the Special Networks Committee (SNC) – a forum for intercepting agencies to discuss telecommunications interception capability projects and related contractual issues.

During 2005–2006, the ICAC also:

- provided information under the ICAC Act to law enforcement and other agencies on 23 occasions concerning crime and related activities
- exchanged intelligence with NSW Police, the Australian Federal Police, the Australian Crime Commission, the NSW Crime Commission and the NSW Police Integrity Commission (PIC)
- 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 gave staff the opportunity to witness first-hand the standards and methods of operation of other surveillance teams, streamlining systems and processes.

Investigation reports

The ICAC is required under the ICAC Act to prepare reports on matters referred by both Houses of the NSW Parliament and on matters involving public inquiries. These reports are presented to the Presiding Officer of each House who 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 produce public reports without conducting a public inquiry.

In 2005–2006, the ICAC presented seven investigation reports to Parliament. All the reports were immediately made public.

- *Report on cover-up of an assault on an inmate at Parramatta Correctional Centre* (June 2006) (Operation Inca)

- *Report on investigation into the alleged leaking of a draft Cabinet minute* (April 2006) (Operation Derwent)
- *Investigation into the conduct of an officer of the Local Court Registry at Penrith* (February 2006) (Operation Hunter)
- *Report on investigation into schemes to fraudulently obtain building licences* (December 2005) (Operation Ambrosia)
- *Report on investigation into safety certification and the operations of the WorkCover NSW Licensing Unit* (December 2005) (Operation Cassowary)
- *Report on investigation into various allegations relating to the former South Western Sydney Area Health Service* (September 2005) (Operation Jardine)
- *Report on investigation into planning decisions relating to the Orange Grove Centre* (August 2005) (Operation Sirius)

CASE STUDY

Operation Derwent

Not every report arises from a public inquiry. This investigation involved an allegation that confidential government information, about costs associated with the proposed relocation of the Sydney Cross City Motorway tunnel ventilation stack, contained in a draft Cabinet minute was provided to employees of the consortium responsible for constructing the motorway project.

The ICAC conducted an investigation which involved a number of compulsory examinations, at the conclusion of which it was clear that a consultant engaged by the Sydney Harbour Foreshore Authority had allowed an employee of one of the project consortium members to see a draft Cabinet minute containing relocation costs estimated by the Roads and Traffic Authority. The ICAC, however, was satisfied that no person had engaged in corrupt conduct or that any criminal offence was established.

In these circumstances the ICAC determined it was neither necessary nor in the public interest to conduct a public inquiry, as it would only duplicate evidence already obtained, would not further assist the ICAC and would delay reporting on the investigation.

The ICAC published a report, not only to set out what had occurred, but also to make public the weaknesses it had identified in the processes for handling material being prepared for submission to Cabinet. It made one recommendation to overcome those weaknesses, which has since been implemented.

Investigation outcomes

The ICAC is a fact finding and investigative body, not a court or disciplinary tribunal and does not conduct prosecutions or disciplinary proceedings arising from any of its investigations. It does, however, have an indirect role in prosecutions, in that it refers briefs of evidence to the DPP for its consideration of prosecution action.

When preparing investigation reports, the ICAC is required under the ICAC Act to include a statement about whether, in relation to each 'affected' person, it is of the opinion that consideration should be given to the following:

- obtaining the advice of the DPP with respect to the prosecution of the person for a specified criminal offence
- the taking of action against the person for a specified disciplinary offence
- 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 is a person described as such in any reference made by both Houses of Parliament or against whom, in the ICAC's opinion, substantial allegations have been made in the course of, or in connection with, the investigation concerned.

The DPP is responsible for considering whether any prosecution action should be taken and for conducting these proceedings. The taking of disciplinary action or action to dismiss or terminate a person's employment is a matter for the relevant employer.

ICAC investigation reports set out findings of fact and, where relevant, findings of corrupt conduct. In 2005–2006 findings of corrupt conduct were made against 61 people.

In the same period, six people were convicted of various offences as a result of prosecutions arising out of ICAC investigations. Their sentences included fines, a good behaviour bond, a community service order, periodic detention and imprisonment.

For a detailed list of the prosecutions and disciplinary actions taken this year following ICAC investigations, please see Appendix 3 on page 97.

Outcomes also include the identification of serious and systemic problems encountered in the policies, procedures and practices of the agencies being investigated. These result in recommendations specific to the agencies concerned on measures to enhance their resistance to corruption and minimise the risk of it recurring. These findings also have broad implications for the ICAC's more general corruption prevention, education and research work. This is discussed in more detail in Chapter 4.



Chapter 4: Preventing corruption

- Overview
- Advice
- Education and communication
- Training
- Corruption prevention publications and projects
- Research
- Investigations and corruption prevention

In 2005–2006, the ICAC:

- responded to 246 telephone and email requests and 28 written requests for corruption prevention advice
- provided corruption prevention advice in relation to 50 complaints/reports of corrupt conduct
- made 78 corruption prevention recommendations in seven public investigation reports and one report under section 14(2) of the ICAC Act
- conducted comprehensive outreach programs, including training, in two regional areas of NSW
- responded to 42 requests for speakers and provided 61 training sessions to agencies
- produced three new guidelines publications dealing with specific corruption risk areas, two discussion papers dealing with corruption risks in specific sectors, and finalised a comprehensive toolkit on managing gifts and benefits.

Overview

The ICAC's Corruption Prevention, Education and Research Division provides corruption prevention advice, information, training and education resources and services to NSW public sector agencies, including councils. The Division also undertakes projects to educate the wider community about corruption involving or affecting the NSW public sector and to encourage individuals to report corruption concerns.

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.

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.

Requests for corruption prevention advice

In 2005–2006 the ICAC continued to actively promote its corruption prevention advice function to public sector agencies and councils, and responded to 246 telephone and email requests for advice and 28 written requests. These responses covered 329 different issues, relating to 19 risk and risk management areas.

Table 11: Comparison of requests for corruption prevention advice received over the last three years

Risk/risk management area	2003–2004	%	2004–2005	%	2005–2006	%
Procurement and disposal	106	22	64	14	44	13
Employment issues and practices	37	8	20	4	14	4
Conflicts of interest	75	15	69	15	48	15
Corruption prevention planning	21	4	8	2	8	2
Codes of conduct	27	5	12	3	9	3
Gifts and benefits	35	7	28	6	14	4
Cash handling	1	0	0	0	0	0
General ICAC information	27	5	62	13	38	12
Public/private sector interface	12	2	33	7	12	4
Confidential information	8	2	5	1	14	4
Sponsorship	24	5	29	6	17	5
Government grants	3	1	4	1	5	2
Protected disclosures and internal reporting	13	3	25	5	9	3
Misappropriation/misuse of resources	19	4	4	1	10	3
Election issues	3	1	7	1	2	1
Maladministration	6	1	1	0	6	2
Fraud	18	4	3	1	7	2
Regulatory functions	29	6	46	10	52	16
Miscellaneous	27	5	54	11	20	6
Total	491	100	474	100	329	101*

* Please note that due to rounding, this percentage column totals 101.

CASE STUDY

ICAC Advice to Sydney Water — proposed desalination plant

In January 2006, the NSW Government announced that it would be terminating the existing selection process for engaging a consortium to construct and operate a desalination plant at Kurnell. This project had generated a great deal of public debate and was itself quite complex.

The Managing Director of Sydney Water Corporation, wrote to the ICAC seeking advice on the probity issues relating to the aborted tender process.

After meeting with Sydney Water staff, the ICAC provided advice that addressed issues such as the compensation of short-listed proponents; the management of pre-tender activities such as pilot projects and the risks associated with contracting in a highly specialised market.

In 2005–2006, the most common areas where advice was provided concerned regulatory functions, conflicts of interest, and procurement and disposal. This reflects the high number of agencies exercising regulatory functions, as well as the importance of tendering, contracting and procurement as key functions in public sector agencies.

Many of the requests received concerned agencies that were involved in contracting in highly specialised areas. Some of the requests involved further complexities, such as situations where an agency was proposing to terminate a tendering process after it had commenced. The ICAC does not endorse

or authorise agencies' proposals or actions, but does provide general advice about the corruption risks that need to be considered by agencies when dealing with such situations.

Conflicts of interest are also a common subject of requests for corruption prevention advice. In 2005–2006, many of the requests for advice about conflicts of interest also concerned the responsibilities of local councillors, particularly when they had private interests relevant to an issue that the council was involved with.

CASE STUDY

Conflict of interest regarding a local council

The general manager of a local council asked the ICAC for advice about whether a councillor had a conflict of interest in a matter where the Department of Infrastructure, Planning and Natural Resources (DIPNR) proposed to rezone Rural 1(a) land in the council area to an environmental 'green zone'.

While such rezoning effectively precludes further residential development on the land, councils may recommend that tracts bordering existing residential areas be rezoned for medium density residential development to accommodate the needs of a growing population. People do purchase Rural 1(a) land as a potential investment and the councillor owned land in the affected area.

DIPNR had invited the owners affected by the proposed rezoning and the council to put submissions to DIPNR. The council's submission would take into account both its own and residents' views and would be voted on by a full council prior to being submitted to DIPNR.

The councillor and other landowners were unhappy with DIPNR's plans and were holding meetings about the rezoning. The general manager also understood that landowners were approaching the councillor to lobby on their behalf and he was concerned that the councillor had a conflict of interest between his private interest as a landowner and his public role as an elected representative. In addition, landowners may have perceived that the councillor could influence the council's submission to DIPNR, which could be damaging to the council's reputation.

The ICAC holds the view that public officers and elected officials are also members of their community and have the same rights as other private citizens to express their views on matters that affect them. However, it is important that any conflicts be declared and managed. The ICAC was pleased to note that the council had a policy setting out the appropriate contact between council officers and councillors to minimise the risk that councillors could improperly influence planning and other decisions.

The ICAC advised that in addressing and attending meetings in his private capacity, the councillor should inform the audience that he was doing so as a resident, not as a councillor. It was suggested that the councillor should declare his conflict of interest when the matter went to council, and abstain from voting.

Preliminary enquiries and corruption prevention advice

The ICAC receives a considerable number of reports and complaints each year concerning allegations of corrupt conduct. As detailed in Chapter 1, each matter is carefully assessed by a panel of senior ICAC officers, who determine what action, if any, the ICAC will take. In many instances the ICAC will determine that a corruption prevention response is the most appropriate action it can take. The circumstances under which such a decision is made is as follows:

- the complaint or report does not warrant investigation but system deficiencies are indicated
- the inquiries or investigations are completed but there are outstanding corruption prevention issues.

Corruption prevention officers provide advice to these agencies about the measures they can implement to help strengthen their systems to minimise corruption risks. In 2005–2006 they provided advice on 50 such matters.

CASE STUDY

The ‘resident expert’

A government agency with a unit that organises financial transactions for a particular service for members of the public noticed that some refund transactions were suspicious. Following an internal audit investigation, the agency found that over two years a long-term employee had arranged 32 fraudulent transactions totalling \$320,729.50. The employee had worked with accomplices outside the agency and shared the money with them.

The case raised several corruption prevention issues, the most notable being that the employee was able to get away with fraud because she had assumed the status of a ‘resident expert’. This occurred as a result of her length of tenure (25 years) and consequent specialist knowledge and expertise.

ICAC investigations have produced evidence that resident experts can create corruption risks. Managers are more likely to give them autonomy and are less likely to scrutinise their work, while colleagues are less likely to question their actions, factors that reduce transparency and accountability. The investigation of this particular case suggests that the employee’s expert status allowed her to escape questioning by colleagues, and that the employee also knew her status would allow her to avoid monitoring by her managers.

The ICAC recommended that the agency examine other units for the presence of ‘resident experts’ with a view to emphasising:

- to managers the need to monitor all staff regardless of expertise
- to staff that they should always follow standard operating procedures
- that staff observing colleagues not following procedure should report this, and
- broadening technical knowledge across all staff within such units.

The employee was subsequently dismissed from the agency.

Education and communication

Rural and Regional Outreach Program

The ICAC's Rural and Regional Outreach Program was developed to raise awareness of the role of the ICAC and to provide corruption prevention advice and resources to rural and regional areas of New South Wales. Since 2001 the ICAC has conducted two regional visits programs per year and by November 2005, the ICAC had visited every region in New South Wales. Given the success and effectiveness of the program, the Commission decided to continue this program with the objective of visiting every region again by 2010.

ICAC staff involved in the planning, promotion and delivery of outreach programs met in November 2005 to identify enhancements for the 2006–2010 program. These included:

- regional visits in the early planning stages of each outreach program to identify appropriate venues and promote the program
- the development of a procedure for planning and conducting liaison visits
- ICAC materials to be displayed in key public access areas during regional outreach programs
- ongoing communication with outreach program participants.

Implementation of these enhancements began with the Central West outreach program in May–June 2006.

South East region outreach visit

The ICAC conducted a six-day visit to the South East region between 7 and 16 November 2005. Because of the region's size and the location of state agencies and local councils, the program was delivered in two main locations – Batemans Bay and Queanbeyan. The visit required 19 staff, 17 from the ICAC and one each from the Department of Local Government and the NSW Ombudsman's Office. The visit resulted in the delivery of presentations and training to a total of 275 participants.

The Queanbeyan program comprised training workshops in Corruption Prevention for Managers; Fact Finding (conducting internal investigations) and Corruption Risk Management for Local Aboriginal Land Councils. There were also liaison visits with Queanbeyan City Council and the NSW Aboriginal Land Council – South Zone.

The Batemans Bay program comprised training workshops in Corruption Prevention for Managers; Fact Finding, and Protected Disclosures; an information session for councillors; workshops for Legal Studies students at three local high schools; and liaison visits with Eurobodalla and Bega Valley Shire Councils.

As part of the program, the ICAC Commissioner, the Hon Jerrold Cripps QC, addressed a community leaders' breakfast in Batemans Bay and made a presentation to senior public officials at a meeting of the Regional Coordination Management Group – Southern Region. Both presentations were well received.

Central West outreach visit

The ICAC conducted a six-day visit to the Central West between 30 May and 6 June. This visit involved 22 staff from the ICAC as well as staff from the Department of Local Government and the NSW Ombudsman's Office. In total there were over 300 participants at the various events in the Central West Outreach visit, conducted in Dubbo as well as a number of other centres in the region.

The Dubbo visit comprised training workshops in Corruption Prevention for Managers (for local councils and state agencies) and Fact Finding (internal investigations training for local councils and state agencies); tailored workshops for Dubbo Local Aboriginal Land Council and the Greater Western Area Health Service); a workshop for Legal Studies students at a local high school; and liaison visits with the Departments of Education and Training, Planning, Juvenile Justice, Primary Industries and the Director of the NSW Aboriginal Land Council, Western Zone.

The ICAC Commissioner, the Hon Jerrold Cripps QC addressed community leaders at a breakfast event in Dubbo, and senior public officials in the region at special meetings of the Regional Coordination Management Group and Orana Regional Organisation of Councils. All three presentations were well received.

A number of events were held in other centres, including a training workshop for the Department of Natural Resources in Orange; a presentation to senior management and councillors at Orange City Council; liaison visits with the Department of Housing in Orange and with Cabonne, Gilgandra and Wellington Shire Councils; a workshop for Legal Studies students at Wellington High School; and tailored workshops for Trangie and Coonamble Local Aboriginal Land Councils.

Program evaluation for both visits show they were highly successful. Participant feedback indicated a high degree of satisfaction with ICAC workshops, presentations and liaison visits, which they perceived as interesting, useful and relevant to the needs of regional public authorities and staff. Speakers were evaluated as being knowledgeable and the workshops were generally considered to be of an appropriate pitch and duration.

Training delivery for Local Aboriginal Land Councils – Central West outreach program

The ICAC has developed a new training resource for NSW Local Aboriginal Land Councils (LALCs).

The ICAC's previous training with LALCs indicated that participants were enthusiastic about acquiring the practical tools to strengthen corruption resistance. However, it was clear that the training needed to better reflect the day-to-day realities faced by LALCs, and the family obligations Aboriginal people have that directly impact on their public duties – for example, managing conflicts of interests when extended family members may be work colleagues or applicants for benefits managed by a public officer.

The new resource – a package of eight training modules – was developed to provide culturally appropriate training material for LALCs and to address the corruption risks and corruption prevention strategies relevant to that sector. While each of the modules concerns a 'stand alone' topic, they are also designed to complement each other in a workshop setting, and can be adapted for presentation to audiences with different levels of experience.

The ICAC launched the new modules at half-day workshops at Dubbo, Trangie and Coonamble LALCs over three consecutive days, and invited neighbouring LALCs to attend them. The less formal setting – that is, at the LALCs rather than at a generic training venue – was conducive to whole-group discussion. Participants were encouraged to identify the possible corruption risks in LALCs, and to brainstorm the corruption prevention strategies and how they could be implemented.

Fifteen participants from seven different LALCs attended the three workshops. Participants indicated in their evaluation sheets that they had a 'better' or 'much better' understanding of each of the topics addressed. All of the participants indicated that the workshop was either 'relevant' or 'highly relevant' to the specific needs of Aboriginal Land Councils. Thirteen participants said that overall they found the workshop 'very useful', while two found it 'useful'. Participants indicated that they found whole-group discussion and case studies the 'most useful' styles of presentation.

Australian Public Sector Anti-Corruption Conference 2007

In 2005–2006 the ICAC, in conjunction with the Queensland Crime and Misconduct Commission (CMC) and the Western Australia Corruption and Crime Commission (CCC), began planning a national conference on public sector anti-corruption scheduled to take place in Sydney in October 2007.

This inaugural conference will be the first collaborative venture by all three agencies. It aims to promote awareness about corruption and official misconduct issues and to provide practical information, guidance and training to assist public sector agencies in New South Wales, Queensland and Western Australia to prevent and deter this type of conduct.

ICAC website – www.icac.nsw.gov.au

The ICAC website was extensively redesigned in 2005 and the new site went live in May 2005. In 2005–2006 external traffic to the site increased each quarter, rising from 80,846 external visitor sessions in the first quarter (June – August 2005) of the year to 118,207 external visitor sessions in the final quarter (April – June 2006).

The redesigned website homepage highlights key content, including multilingual information, access to online reporting, downloadable ICAC publications and resource materials, information on specific ICAC investigations, including public notices, transcripts and investigation outcomes, and ICAC news and events.

Non-English speaking background communications campaign

Stage 3 of the ICAC's non-English speaking background (NESB) communications campaign focused in 2005–2006 on providing multicultural community workers with information, skills and resources to enable them to communicate key messages about public sector corruption and the role of the ICAC to people of non-English speaking backgrounds.

A new training module – *Increasing awareness of corruption in cultural and linguistically diverse communities* – was developed specifically for multicultural community workers and delivered by ICAC project and training officers through the Centre for Community Cultural Welfare Training in August 2005. As part of induction programs run by the Community Relations Commission Project, staff also made two presentations to translators and interpreters about the ICAC's role and functions, reporting procedures and

multilingual information resources. Multilingual resources were posted on the ICAC internet and distributed on request, and at the Anti-Discrimination Board's seminar for African communities on 22 April 2006.

A *Guide to culturally responsive public sector services* was developed and posted on the ICAC intranet to help ICAC staff provide specific advice to agencies on effective communication with NESB communities. This guide was used in the development of the corruption prevention chapter and recommendations of the ICAC investigation report of February 2006, *Investigation into the conduct of an officer of the Local Court Registry at Penrith* (see page 36).

A new demographics field was developed for the ICAC's complaints management system and implemented on 1 July 2005 to provide baseline data with which to monitor reporting by people of non-English speaking background. During the 2005–2006 year, 10.7 per cent of section 10 complaints and protected disclosures received by phone (58 of 540) were from people who responded when asked that they were of non-English speaking background.

Bilingual ICAC staff gave interviews to SBS Turkish Radio in August 2005 and Sydney Chinese Radio in February 2006 to promote awareness of the ICAC and the importance of reporting corruption concerns, and multilingual resources were on prominent display during all ICAC public inquiries. ICAC staff also made presentations on the ICAC's NESB campaign and resources to public sector audiences through the Joint Outreach and Information Network (JOIN) and the ANU Corruption and Anti-Corruption Executive Program. They also gave a presentation to an annual meeting of communication specialists from Development Assistance Countries (DAC), hosted by AusAID in Canberra in May 2006.

Corruption Matters

Corruption Matters is the ICAC's bi-annual newspaper that gives readers up-to-date information on ICAC investigations and corruption prevention issues, initiatives and resources.

During the year under review, the ICAC produced issue number 26 of *Corruption Matters* in November 2005 and issue number 27 in May 2006. As with previous issues, they maintained a thematic focus, with a page on local government in both issues and a page on accountability in issue number 26 and on education in issue number 27. Regular columns from the NSW Ombudsman and the Audit Office of New South Wales on topical governance issues were augmented by a new column from the Department of Local Government in issue number 27.

The ICAC produced 11,000 copies of the newspaper for its November 2005 edition, some 7,000 copies of which were distributed to recipients throughout the NSW public sector, including local government. Following an update of the distribution database in early 2006, the Commission produced 8,000 copies for its May 2006 edition, of which some 5,600 were distributed throughout the NSW public sector. The remaining copies of both editions are kept for distribution on request and through the Rural and Regional Outreach Program (RAROP) and other events. Additional copies are available to the general public, along with other ICAC publications, at the Commission's reception area. Each issue of *Corruption Matters* is also posted on the ICAC website.

ICAC presentations and speaking engagements

In addition to providing training, the ICAC makes presentations to relevant audiences and forums concerned with corruption prevention and related matters. Generally, speakers are requested for their expertise and reputation in a particular field. The Commissioner and senior ICAC officers speak regularly about the developing role and function of the ICAC, while staff of the Strategic Operations Division are called upon to speak about forensic and investigative methods.

Similarly, other specialist staff speak about topical issues in local government, health, universities, regulation and other industries. The Commission's Outreach Program also provides an opportunity for staff members to present to regional forums.

During the year under review, the ICAC gave briefings to eight international delegations wishing to learn more about the way an anti-corruption body operates in the New South Wales/Australian context. The ICAC also attended two international conferences, making presentations at the United Nations Global Programme Against Corruption in Pretoria (February 2006) and the European Anti-Corruption Agencies Conference in Lisbon (May 2006).

During this period, the ICAC continued to contribute to the Procurement Certification program offered through the Department of Commerce, and to induction sessions for interpreters and translators employed through the Community Relations Commission. It also contributed to a pilot session conducted by the NSW Parliament administration for electorate officers.

CASE STUDY

Presentation to the Local Government Internal Auditors Network

The ICAC was invited to make a presentation to the Local Government Internal Auditors Network in Newcastle in March 2006.

The ICAC has an important relationship with public sector internal auditors and this presentation provided a good opportunity for ICAC officers to discuss the corruption risks associated with the development approval process in local government. When making enquiries into possible corrupt conduct, the ICAC often relies on the cooperation of internal auditors in obtaining documentary evidence and implementing corruption prevention measures.

The ICAC presentation canvassed a range of issues, including the management of non-pecuniary conflicts of interest, third party rights of appeal, land disposal and the treatment of political donations.

Training

In 2005–2006 the ICAC continued to implement its training strategy to ensure that the Commission is efficient, effective and responsive to the needs of agencies within its jurisdiction.

The ICAC continued to focus on middle and senior managers as the key audience because they are generally the people with decision-making and policy development responsibilities within an organisation. This group, along with specialist or expert staff (that is, those having responsibility for maintaining standards in governance

and corruption prevention, and management of functions such as auditing, complaint handling, procurement and investigation), form the primary target audience for ICAC training. This approach allows the ICAC to equip influential members of an organisation with key messages, which can then be disseminated to general staff through internal communications, policies and procedures.

In 2005–2006 the ICAC delivered 61 training sessions to public sector agencies and public officials (including training delivered as part of the Regional and Rural Outreach Program). For a complete list of training and presentations delivered by the ICAC in 2005–2006, refer to Appendix 13.

CASE STUDY

Working with an agency to develop and deliver training

The Powerhouse Museum asked the ICAC to deliver some training in the context of a systematic review of its organisational policies and procedures, and the development of a new brochure on workplace ethics. The museum considered that there would be benefit in having the ICAC provide training about issues of ethics, corruption and conflicts of interest.

The ICAC and the Powerhouse worked together to develop case studies and examples that focused on specific issues and situations faced by the museum. These were built into ICAC's material to provide training that was relevant and useful to the participants.

The training was delivered in two sessions. The first session was directed at the Executive Director and Associate Directors of the museum, to emphasise the role of leaders in preventing corruption and building an ethical workplace. This session was also important for informing the executive about, and gaining their support for, the second training session.

The second session was directed at the senior managers of the museum and focused on identifying corruption and conflicts of interest, options for managing conflicts of interest, and the role of managers in responding to corruption.

The senior managers were asked to evaluate their session and they indicated that they found the training useful and that their knowledge of corruption and conflicts of interest increased. The museum also received positive feedback from staff about the training and it has reported that it has received an increased number of disclosures about conflicts of interest. It attributes this increase to the training provided.

Training package for use in NSW public universities

In 2005–2006 the ICAC developed a training package for use in NSW public universities with essential information about the role and jurisdiction of the ICAC as they apply to specific case studies from the higher education sector. The package is intended to support the role that both academic and administrative managers in universities have in recognising and reducing the risk of corruption.

The package was designed to be delivered by the professional development and training staff of universities as part of in-house management training and was piloted with the assistance of the University of Wollongong, Macquarie University and the University of Western Sydney.

Managing the risk of corruption – a training package for NSW public universities and will be released in September 2006.

Internal training capacity survey

In March 2006 all local government and many public sector agencies were invited to participate in an electronic survey designed to gather information about the way organisations communicate to their staff, and what specific training resources they have available to them. The purpose of the survey was to gather information that would help the ICAC determine the most efficient and effective way to deliver training courses and services to the NSW public sector.

Approximately 100 responses were received and collated. The information provided by agencies is confidential and will be used only to assist the ICAC in program development. The data will be analysed in 2006–2007 with a view to developing responsive and targeted training resources to reflect the different needs of different agency types.

ANU/ICAC anti-corruption course

For the past eight 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. This year there were several nationalities represented, with participants coming from the Philippines, Malaysia, Papua New Guinea, India and the Solomon Islands. Many participants reported that the opportunity for networking with other international and NSW public sector professionals greatly enhanced their appreciation of the broader issues.

The course also aims to help participants devise strategies to make their organisations more corruption-resistant, and to

contextualise the learning to their own workplace. 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 ICAC offers scholarships to NSW public sector staff to attend the course and receives a large number of applications each year. Nine scholarships were granted for the 2005 course, including four staff from rural and regional NSW. Scholarship recipients are required to develop and report upon a work-based corruption prevention project as part of their participation in the course. NSW participants have demonstrated thoughtfulness and a strong understanding of the issues in these projects, and a commitment to transmit the learning across their organisations.

The 2005 course was held over two weeks in November at the ANU campus in Canberra, and one week in Sydney. During the final week, participants were introduced to the Commissioner of the ICAC and several ICAC staff, who discussed in depth the various roles and functions required to guard against corruption in the New South Wales context.

The unit can count towards a Masters degree at the ANU's Crawford School of Economics and Government.

Protected disclosures workshops

In 2005–2006 the ICAC developed two complementary training modules designed to provide public sector staff with a good understanding of protected disclosures legislation in NSW. The first of these modules is directed at general staff, and focuses on awareness and the process for making a protected disclosure. The second module builds upon this foundation, and offers suggestions and support for managers and protected disclosures coordinators to help staff make protected disclosures and to manage and implement all of the legislative conditions. The modules are designed to be flexible, allowing agencies to insert reference to their own internal policies, procedures, codes and relevant systems.

Both modules were developed in conjunction with the NSW Ombudsman's Office, with input from the Audit Office, Premier's Department, Department of Local Government, NSW Police Service and the Police Integrity Commission. The sessions are offered on a train-the-trainer model in which professional trainers, protected disclosures coordinators and other people responsible for communicating to staff, attend a half-day familiarisation session.

These sessions, which were held over three occasions during September to November 2005, were conducted jointly with the NSW Deputy Ombudsman. The sessions are intended to provide participants with an understanding of the module – so that they are confident to deliver it in their

own workplace – and an opportunity to ask more complex questions of subject-matter experts. Fifty-six participants attended the Sydney sessions, with many more also attending sessions held as part of the bi-annual Rural and Regional Outreach Program.

Investigation skills training

The ICAC's one-day Fact-Finder workshops, which focus on the investigative process, 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 workshop.

Seven Fact-Finder workshops were held in 2005–2006 and evaluations of these workshops were consistently positive.

Fact-Finder workshops are offered in-house to requesting organisations, and two sessions are generally offered as part of each rural and regional outreach visit to enable individuals from a range of organisations to attend.

The Fact-Finder publication and training module are currently being reviewed and updated. The updated publication and training module will be finalised in 2006–2007.

Corruption prevention publications and projects

In 2005–2006 the Corruption Prevention, Education and Research Division produced three new guidelines publications dealing with specific corruption risk areas, a comprehensive toolkit on managing gifts and benefits, and two discussion papers dealing respectively with corruption risks in the NSW public health sector and the development approval process.

The Division also undertook projects that will result in the publication of a comprehensive guide for principal officers on reporting corruption to the ICAC and the publication of guidelines on occupational licensing and accreditation.

These publications and projects are informed by corruption prevention work undertaken as part of ICAC investigations, as well as by analysis of complaints data, other research and corruption prevention advice provided by the Commission.

Probity and probity advising

In November 2005, the ICAC released *Probity and probity advising: Guidelines for managing public sector projects*.

This publication provides detailed advice and guidelines to help public sector project managers ensure that often-complex public sector processes are conducted in a manner that is fair, impartial and accountable.

Probity and probity advising details the importance of probity and describes the types of undertakings that might require the appointment of an independent probity adviser. It also provides guidance on the practical steps that agencies can take to establish probity in project management without having to appoint a probity adviser, and contains a checklist of possible tasks to be included in a probity plan.

Direct negotiations

In May 2006, the ICAC published its updated guidelines on direct negotiations – which are defined as exclusive negotiations between an agency and a proponent without first undergoing a genuine competitive process.

Directly negotiated arrangements, as opposed to a traditional 'open competition' approach, give rise to a number of complaints, allegations and requests for advice to the Commission. These complaints generally include allegations such as unfair advantage being conferred upon particular proponents, leaking of confidential information, bias in assessing proposals, nepotism, mismanaging conflicts of interest and excluding competition.

Direct negotiations provides NSW government agencies with advice on the risks posed by direct negotiations and the circumstances in which they may be justified. For those cases where direct negotiations are deemed appropriate, the publication provides best practice advice on how to conduct them. The publication was distributed to NSW public sector agencies and councils.

Sponsorship in the public sector

In May 2006 the ICAC released *Sponsorship in the public sector: A guide to developing policies and procedures for both receiving and granting sponsorship*. This publication replaces *And now a word from our sponsor*, published by the ICAC in 1995.

This new publication helps agencies identify and manage the corruption risks associated with sponsorship. Addressing these issues is particularly important because, in the face of increasing pressure for agencies to become more self-funding, sponsorship activity in the public sector has become more prevalent and more complex.

Sponsorship in the public sector provides a definition of sponsorship and outlines 10 general principles to be considered when entering into individual sponsorship arrangements and when developing or updating policies and procedures. It also gives comprehensive and practical guides for creating or updating policies, procedures and practices when entering into sponsorship arrangements, be they granting or receiving sponsorship.

Gifts and benefits toolkit

During the 2005–2006 financial year, the ICAC revised the 1999 publication *Gifts, Benefits or Just Plain Bribes?* The new publication, *Managing gifts and benefits in the public sector*, is a toolkit which provides corruption prevention advice and practical tools for the management of gifts and benefits for NSW public sector agencies.

The toolkit aims to give NSW public sector agencies the tools to revise, develop and implement effective and transparent gifts and benefits policies and procedures, in line with best practice.

The toolkit includes an overview of issues related to gifts and benefits, information on the process of developing a gifts and benefits policy, and issues to consider for inclusion in the policy. The publication also includes practical tools such as model gifts and benefits registers for agencies to adapt and a training module to be used with staff.

A “tip sheet” entitled *Bribery, corrupt commissions and rewards* was also produced. This publication provides information for individuals regarding what to do if they think they are offered a bribe. The tip sheet also provides information regarding the responsibilities of the agency in relation to bribery.

Strengthening the corruption resistance of the NSW public health sector

Since 2003 the ICAC has been working closely with the Department of Health and area health services on a project to strengthen the corruption resistance in the NSW public health sector.

In September 2005 the ICAC completed a discussion paper that focuses on four important corruption risk areas that affect the health sector. These risk areas are: misuse of resources; conflict between public duty and private interests and activities; inappropriate relationships between clinicians and suppliers; and corruption in responding to errors or problems in the delivery of clinical services. The ICAC discussion paper was jointly launched by the ICAC Commissioner and the Director-General of the Department of Health.

Between November 2005 and March 2006, the ICAC consulted extensively about these corruption risks with stakeholders in NSW. The consultation mainly involved face-to-face interviews and meetings, although some written submissions were also received. Participants included representatives from the area health services, industrial organisations and professional colleges.

The main aims of the consultation were to gain information about the corruption risks identified in the discussion paper and to provide an opportunity for participants to identify other corruption risks not included in the paper.

The outcomes of the consultation are summarised below. The options for improving the corruption resistance identified in the consultation will be pursued in the final phase of the project in 2006–2007.

Consulting with the NSW public health sector about corruption risks – summary of outcomes

The consultation focused on four corruption risks: misuse of resources; conflict of interest; inappropriate relationships with suppliers; and corruption in responding to errors or problems in the delivery of services.

The issue that those consulted considered the most problematic as a corruption risk was conflicts of interest. Factors that were identified as contributing to the existence of this risk were the structure of the health system in New South Wales (i.e. that doctors can work in both the public and private systems); the culture of the medical profession; lack of knowledge about conflicts of interest and public duty; and the need for better systems to deal with conflicts of interest.

The most common suggestion to strengthen corruption resistance, in all four risk areas, was to develop or provide information, guidelines or educational materials. Participants considered information on conflicts of interest, organisational ethics, public duty and expected standards of behaviour to be important. Options for delivering this information that were suggested by participants included written summaries, a video- or DVD-based package, an online education tool and a joint ICAC/Department of Health education program. Participants emphasised that it was important to have material that was targeted at the health sector and included relevant case studies and examples.

The ICAC will liaise with the Department of Health about the best way of pursuing the development of an information or education resource in the final phase of this project.

Corruption risks in NSW development approval processes

In December 2005 the ICAC released *Corruption risks in NSW development approval processes*, a discussion paper that was distributed to all NSW local councils, Members of Parliament, relevant state agencies, as well as individuals, professional associations and organisations in the planning sector. The discussion paper outlined nine areas of corruption risk in the planning system, including the conflicting roles of councillors; conflicts of interest among council staff; council land disposal; the engagement of consultants; and political donations. The paper also raised possible reform options such as support for Independent Hearing and Assessment Panels (IHAPs), a requirement for councils to record how councillors vote on planning policies and development applications, and a review of the rules governing political donations at a state level.

The ICAC received 189 submissions to the discussion paper. The ICAC also met with key stakeholders to obtain their views about the discussion paper. The feedback obtained from respondents will help the ICAC develop a final position paper with a range of options for the NSW planning system as a whole.

Principal officers' communication project

Work commenced in 2005–2006 on a project to ensure that principal officers are well-informed about the role and functions of the ICAC and their obligations under section 11 of the ICAC Act to report suspected corrupt conduct.

A comprehensive guide for principal officers was drafted in 2005–2006, covering ICAC's role and functions, jurisdiction, and reporting to the ICAC under sections 11 and 53/54 of the ICAC Act. The Guide has been reviewed by 22 state agencies and local government councils and will be finalised and distributed to principal officers in the second half of 2006. The Guide will also be incorporated into briefings for newly appointed principal officers.

Research

Whistling While They Work

The “Whistling While They Work” project is a three-year (2005–2007) collaborative national research project led by Griffith University, designed to enhance the theory and practice of internal witness management in public sector agencies. The Australian Research Council (ARC) granted \$585,000 towards the project and contributions from industry partners have taken total funding to more than \$1 million.

The project involves more than 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 on the project and a 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 2005–2006 a survey of agency practices and procedures was distributed across the four participating jurisdictions to gather information on existing practices and procedures relevant to the reporting of wrongdoing and its management. A survey of employees in public sector agencies was also piloted, printed and prepared for distribution to approximately 27,000 public sector employees.

Community attitudes to corruption and the ICAC

Since 1993 the ICAC has conducted periodic public surveys to examine community perceptions of corruption and its effects, attitudes to reporting corruption, awareness of the ICAC, and perceptions of the ICAC. The latest survey was conducted in May and June 2006. The findings of the 2006 survey are currently being analysed and a public report will be published in 2006–2007.

Investigations and corruption prevention

All major ICAC investigations have a corruption prevention staff member working as part of the investigation team. The role of this staff member is to 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.

This analysis helps the ICAC understand the environment in which the corrupt conduct occurred and provides the basis for corruption prevention recommendations made in ICAC investigation reports. 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.

Number of recommendations made in 2005–2006

In 2005–2006, corruption prevention staff worked on eight new major investigations and made 78 corruption prevention recommendations in seven public investigation reports, and one report (concerning Burwood Council in Operation Odin) under section 14(2) of the ICAC Act.

Monitoring implementation of corruption prevention recommendations

After the ICAC makes specific corruption prevention recommendations in an investigation report to a public sector agency, that agency is required to report its progress in implementing these recommendations. These progress reports are posted on the ICAC website. The aim of this program is to let the community know what action agencies have taken to implement ICAC recommendations.

In 2005–2006, the ICAC continued to publish on its website the implementation plans, progress and final reports provided by agencies.

Please see Appendix 4 for a summary of the reports received in 2005–2006.

Using the lessons learnt from investigations in other work

The corruption prevention analysis that occurs during an investigation can also lead to corruption prevention initiatives that have a wider application than just to the agency being investigated. An example is the development of training modules for particular segments of the public sector that address corruption risks exposed during an investigation.

From time to time the ICAC's investigative work also informs the development of specific publications to address corruption risks across the public sector.

Occupational licensing and accreditation project

Work continued in 2005–2006 on a project to outline the corruption risks associated with occupational licensing and accreditation in New South Wales and provide guidance for agencies to address these risks. This project is largely informed by the ICAC's investigative work, particularly its recent investigations into the fraudulent issue of building licences (Operation Ambrosia), and safety certification and the operations of the WorkCover NSW Licensing Unit (Operation Cassowary). The project will result in a guidelines publication, to be published in late 2006.



Chapter 5: Accountability and governance

- Overview
- Changes to the ICAC Act in 2005–2006
- External governance
- Internal governance
- Accounting for the use of statutory powers

In 2005–2006, the ICAC:

- convened five meetings of the Operations Review Committee (ORC), which considered 1,260 matters relating to complaints and investigations – the majority of recommendations were accepted with no or only minor alterations
- had two compliance inspections by the NSW Ombudsman of telecommunication interception records

- had two compliance inspections by the NSW Ombudsman of controlled operations records
- developed a strategic plan for 2006–2010 to reflect changes to the ICAC Act
- conducted 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
- cooperated fully with the Inspector of the ICAC.

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.

From 1 July 2005, the governance framework was augmented by the establishment of the Inspector of the ICAC.

The two 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) continued to serve as part of the external governance framework until 26 May 2006. It was abolished on that date by the *Independent Commission Against Corruption Amendment (Operations Review Committee) Act 2006* because the establishment of the Office of the Inspector of the ICAC meant the ORC was no longer necessary. The Commission supported this change.

The ICAC is also accountable for its work through:

- inspections of records of telecommunications interceptions and controlled operations by the NSW Ombudsman
- reporting to the Attorney-General of NSW and the judge who issued the warrant for the use of each listening device warrant
- the application of freedom of information and privacy laws, with exemption for certain functional 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 NSW 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 and posting public inquiry transcripts on the ICAC website. The ICAC is also required to provide reasons to complainants about the decisions it makes about complaints.

Changes to the ICAC Act in 2005–2006

The *Public Sector Employment Legislation Amendment Act 2006* came into force on 17 March 2006. It amended the ICAC Act in relation to the basis on which people are employed at the ICAC. The amendments provide that the Commissioner may appoint as members of staff of the ICAC such persons as may be necessary to enable the ICAC to exercise its functions, and that such persons are taken to be employed by the Government of New South Wales in the service of the Crown. However, the Commissioner is, for the purposes of any proceedings relating to staff held before a competent tribunal having jurisdiction to deal with such matters, taken to be the employer of the staff.

The *Independent Commission Against Corruption Amendment (Operations Review Committee) Act 2006*, which was assented to on 26 May 2006, abolished the ORC.

Amendments to the ICAC strategic plan

A new strategic plan for 2006–2010 was prepared during the year, and came into effect on 1 July 2006.

The revisions to the ICAC strategic plan:

- made “exposing corruption” a key result area (replacing “investigating corruption”)
- replaced “the Operations Review Committee” with “the Inspector of the ICAC” in the key result area of “Accountability” in the objective to “provide timely, accurate and relevant reporting”, while retaining the NSW Parliamentary Joint Committee
- deleted the objective to “ensure delivery of agreed business outputs”
- changed the objective to “improve community confidence in reporting corruption” to “promote community awareness and confidence in reporting corruption” under the key result area of “Preventing corruption”
- revised the performance measures for investigating corruption – now exposing corruption – so that they are now:
 - matters reported to the ICAC
 - each matter assessed within appropriate time frames and average time taken
 - investigations undertaken
 - each investigation completed within appropriate time frames
 - 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 MLA (Chair)
- The Hon Peter Primrose MLC (Vice-Chair)
- The Hon Jenny Gardiner MLC
- Reverend the Hon Fred Nile MLC
- Ms Kristina Keneally MLA

- Mr Malcolm Kerr MLA – from 28 March 2006
- Mr John Mills MLA
- Mr Paul Pearce MLA
- The Hon John Price MLA
- Mr Anthony Roberts MLA
- Mr Andrew Tink MLA – resigned 28 March 2006
- Mr John Turner MLA.

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 2005–2006 there were no meetings of the PJC requiring the attendance of ICAC officers. However, the Commission responded to Questions on Notice in preparation for the PJC’s review of the 2004–2005 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) was abolished as of 26 May 2006. It was responsible for ensuring that the ICAC was accountable for decisions about whether to investigate complaints of corrupt conduct made by members of the public. The committee advised the ICAC whether it should commence, not commence or discontinue an investigation into an allegation of corrupt conduct. The ICAC was required to consult the ORC before a complaint could be closed.

The ORC had to consider a significant number of matters and issues at each meeting. To assist members, ORC papers

were provided approximately two weeks in advance of meetings. At each meeting, ORC members advised the Commissioner to accept, reject or modify recommendations made in the papers. They could also request further information about a particular matter.

The ORC comprised eight members:

- the ICAC Commissioner, who is the Chairperson of the ORC (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 Marilyn 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 the ORC members for their dedicated service.

ORC advice during the year

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

In 2005–2006 the ORC met five times and considered 1,260 matters relating to complaints and investigations. A number of matters were considered by the ORC on more than one occasion.

Of the matters considered, 257 matters were assessed by the ICAC as being 'information' rather than involving allegations of corrupt conduct. These matters were reported to the ORC by way of schedule. The ORC agreed with the ICAC's assessment for all of these matters.

Of the remaining 1,003 matters, the ORC:

- accepted the recommendation made in relation to 868 matters without any alteration or comment (87 per cent)
- accepted reports on the status of 92 matters (9 per cent)
- made specific comments or alterations to the recommendation before accepting the report on 34 matters (3 per cent)
- did not accept the recommendation and sought further information and required further reports to be prepared for 9 matters (1 per cent).

Compliance with duty to report

The ICAC undertook 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 were randomly audited to ensure that the allegations were presented accurately and the material on file supported the recommendation.

Three audits were conducted during the year. A total of 90 reports were audited and all except one accurately presented the allegations. There was a minor factual error in one report that did not affect the assessment of the report. All the reports contained an accurate summary of the enquiries undertaken. However, in one case the recommendation not to investigate the matter was made before the receipt of all requested information. In another case one possible avenue of enquiry had not been explored before the report was prepared.

The ICAC presented reports on two of the audits to the ORC meetings in October 2005 and February 2006. While the third audit was conducted prior to the scheduled meeting in June 2006, the meeting was not held because the ORC was abolished.

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 Chapter 6, “Our people – our organisation”.

Investigations management group

The Investigations Management Group (IMG) oversees ICAC investigations and hearings.

The members are:

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

The IMG meets fortnightly and is advised by chief investigators, deputy chief investigators and the operations adviser. Regular monthly or fortnightly updates are provided to keep the IMG well-informed on progress and developments for each investigation, including progress with writing of investigation reports, preparation of prosecution briefs of evidence for submission to the Director of Public Prosecutions, and the general progress of prosecutions arising from ICAC investigations.

Prevention management group

The Prevention Management Group (PMG) 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.

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 2005–2006 the ICAC acquired five new assumed identities, varied two existing identities and revoked eight identities.

Assumed identities were granted and used by staff in surveillance operations on people of interest in ICAC investigations and to maintain covert arrangements.

The records for 2005–2006 were audited under section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1998*. Subject to one minor exception, which was remedied, 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 telecommunication interceptions and controlled operations to ensure compliance with statutory obligations. In 2005–2006, the Ombudsman conducted two inspections of the ICAC's telecommunication interception records and two inspections of the ICAC's controlled operations records. The Ombudsman found that the records complied with the relevant legislative requirements.



Chapter 6: Our people – our organisation

- Overview
- Staffing
- Assistant Commissioners
- Human resources issues
- Risk management
- Information management and technology
- Shared corporate services

In 2005–2006, the ICAC:

- had 621 participants attend training activities, including internally organised professional development forums
- enhanced corporate governance through the development of policies on business continuity, gifts and benefits, fraud and corruption prevention and conflicts of interest
- implemented document scanning for both incoming mail and documents sighted under section 23 notices
- completed the initial development of a corporate performance information system to provide management with performance and statistical information from one single point using its intranet technology
- in presenting its financial statements for 2005–2006, fully adopted Australian equivalents to international financial reporting standards.

Overview

There is a community expectation that the ICAC will deliver a consistently high standard of organisational performance. This expectation is shared by ICAC staff who require quality corporate support and infrastructure services to enhance their operational performance. The Corporate Services Division provides customer-focused business services and solutions and strategic policy advice in the areas of business planning, human resources, learning and staff development, finance administration, risk management, procurement and office services, and information management and technology.

Staffing

At 30 June 2006 there were 110 staff employed by the Commission in a range of permanent and temporary positions. Ninety-five staff were permanent, nine were temporary and six staff members were employed to the equivalent of the Senior Executive Service. Ninety-five per cent of the Commission's employees are full-time and five per cent of staff are on a part-time work arrangement. The Commission's average number of full-time equivalent employees (FTE) during 2005–2006 was 105.2, a decrease of 7.4 FTEs from the previous year. The decrease in

employees during the year can be attributed to resignations and the time taken to recruit and put new staff through the security clearance process. The fact that two staff were on secondment to other agencies and two were on leave without pay for the majority of the reporting period also contributed to this reduction.

Assistant Commissioners

The ICAC Act permits the Governor to appoint Assistant Commissioners with the Commissioner's concurrence, to assist the ICAC as the Commissioner requires.

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 issues.

The Commission conducted 32 compulsory examinations during the reporting period. All of the reporting period's public inquiries were conducted by the Commissioner, the Hon Jerrold Cripps QC, and included public inquiries for Operation Hunter, Operation Inca, Operation Aztec and Operation Cadmus.

Table 12: Average staff numbers by division

Division	2002–2003	2003–2004	2004–2005	2005–2006
Executive	5.1	5.0	4.9	4
Corporate Services	18.8	21.5	20.8	18.0
Corruption Prevention, Education & Research	19.0	21.9	22.8	21.8
Legal	9.5	10.7	9.6	9.3
Strategic Operations	39.2	39.8	41.4	40.0
Assessments	9.6	12.4	13.1	11.9

Human resources issues

Conditions of employment and movement in salaries and allowances

The ICAC Award variation that was submitted to the Industrial Relations Commission (IRC) in May 2005 was gazetted in October 2005. This award variation (Award No. 2251 of 2005) provided for a salary increase of 4 per cent for staff employed under the award, effective from 1 July 2005. The increase of 4 per cent was also applied to relevant allowances, such as the community language allowance scheme (CLAS) and the First Aid Officer's allowance.

The Statutory and Other Offices Remuneration Tribunal (SOORT) determined a performance-based increase of 4 per cent for SES officers and the Commissioner, effective from 1 October 2005.

The Commission applied the provisions of the Family Provisions Test Case that were more beneficial than those already experienced by staff from the date of the IRC's decision on 19 December 2005. These provisions included:

- an obligation for the employer to communicate with an employee on parental leave about their position
- the right to request up to two years unpaid parental leave
- the right to request up to eight weeks simultaneous unpaid parental leave
- the right to request return to part-time work until the child reaches school age.

Industrial relations

On 30 October 2005, a variation to the ICAC Award (No. 2251 of 2005) that had been filed in May 2005 under a consent agreement with the PSA was gazetted. This variation provided for new conditions of employment as well as the 4 per cent salary increase effective from 1 July 2005.

The Commission, in line with the wider NSW public sector, filed an application for an award variation with the IRC on 30 January 2006. This was to comply with the terms of the Memorandum of Understanding (MOU) between the NSW Government and Unions NSW in relation to the Family Provisions Test Case. Like other NSW Government agencies, the Commission already provides conditions of employment that are equivalent to or more beneficial than many of the provisions of the Family Provisions Test Case, so variations to the award consisted of only the more beneficial provisions.

In addition to the Family Test Case variation (IRC matter 397 of 2006), the Public Employment Office, on behalf of the Commission, filed an application for an award variation with the IRC. The award variation concerned the insertion of the Secure Employment Test Case model clause relating to the

OH&S obligations of an employer when engaging labour hire workers and contractors.

In response to the Commonwealth Government's Work Choices legislation, the NSW Government introduced the *Public Sector Employment Legislation Amendment Act 2006*. This Act, which came into force on 17 March 2006, made certain public sector employees the direct employees of the Government, rather than individual statutory corporations.

As part of the changes associated with the introduction of the new legislation, the Government made amendments to the ICAC Act to ensure all Commission officers would be employed by the Government of New South Wales in the service of the Crown from the time the Act came into effect. To allow the Commissioner to continue to exercise his employment functions under the ICAC Act, a new employer entity titled the "Commissioner for the Independent Commission Against Corruption" was established and all Commission officers were transferred for employment purposes into this new entity. As a result, the Independent Commission Against Corruption hires personnel services from the new entity.

In January 2006, the ICAC entered into negotiations with the Public Services Association of NSW (PSA) to establish a new ICAC award. This award will replace the ICAC Award No. 2251 of 2005 and will provide for the next two salary increases of 4 per cent each for ICAC officers paid under the award.

The ICAC, its officers and the PSA have maintained a strong commitment to joint consultation. The Commission Consultative Group (CCG) ensures that workplace issues, policies and procedures, and organisational changes are discussed and resolved quickly and effectively.

There were no industrial disputes involving the ICAC or the Commissioner for the ICAC during the reporting period.

Policies and procedures

The ICAC has more than 90 policies relating to conditions of employment, EEO, OH&S, ethical practice and administrative requirements. All ICAC policies and procedures are available to staff on the ICAC intranet.

During 2005–2006, the ICAC developed four new policies with accompanying procedures. Under the banner of risk management and governance, the ICAC developed a manual handling policy and procedures, a business continuity policy, a gifts and benefits policy (which includes an online reporting feature), and a conflicts of interest policy.

Other policies and procedures reviewed and/or updated during the reporting period as a result of changes to legislation, NSW Government procedures or providers of services that were approved by the CCG and endorsed by the Commissioner included:

- waste reduction and purchasing policy
- loss or damage to private property policy
- performance management policy
- recruitment and merit selection policy
- occupational health & safety policy
- employee assistance program policy
- other parent leave policy
- adoption leave policy
- maternity leave policy
- workplace injury management & workers compensation policy
- policy and practice in relation to the media
- use of Commission vehicle policy
- telephone policy
- electronic mail policy and procedures
- ICAC presentation policy
- information management and technology (IM&T) policies and procedures
- information management and technology (IM&T) security policy
- family and community service leave and carer's leave policy
- study time and examination leave policy
- external requests for training and speaking engagements policy
- anti-tailgating procedure.

Learning and development

The ICAC appreciates that one of its main assets is its staff and their skills and experience, and encourages all staff to participate in a range of learning and development activities to expand their technical, operational and strategic skills.

During 2005–2006, ICAC staff enhanced their skills and knowledge through a range of learning arenas, such as forums, seminars, conferences and external training courses. A total of 621 participants undertook training in ICAC's six core learning streams. The average number of training days per staff member was 5.8 days. Figure 12 (opposite) illustrates the number of training days per core learning stream.

The degree of participation in training that covered technical skills, organisational development, information management and risk management rose. These included internal professional development forums, senior first aid courses, operational safety and defensive tactics, understanding and preventing corruption and a workshop on the NSW planning system. For divisional attendance under each learning stream see Appendix 22.

While the majority of training was conducted off-site by external accredited providers, the ICAC conducted several in-house training courses run by external consultants in areas such as EEO/grievance/diversity training for new staff and refresher training for current staff.

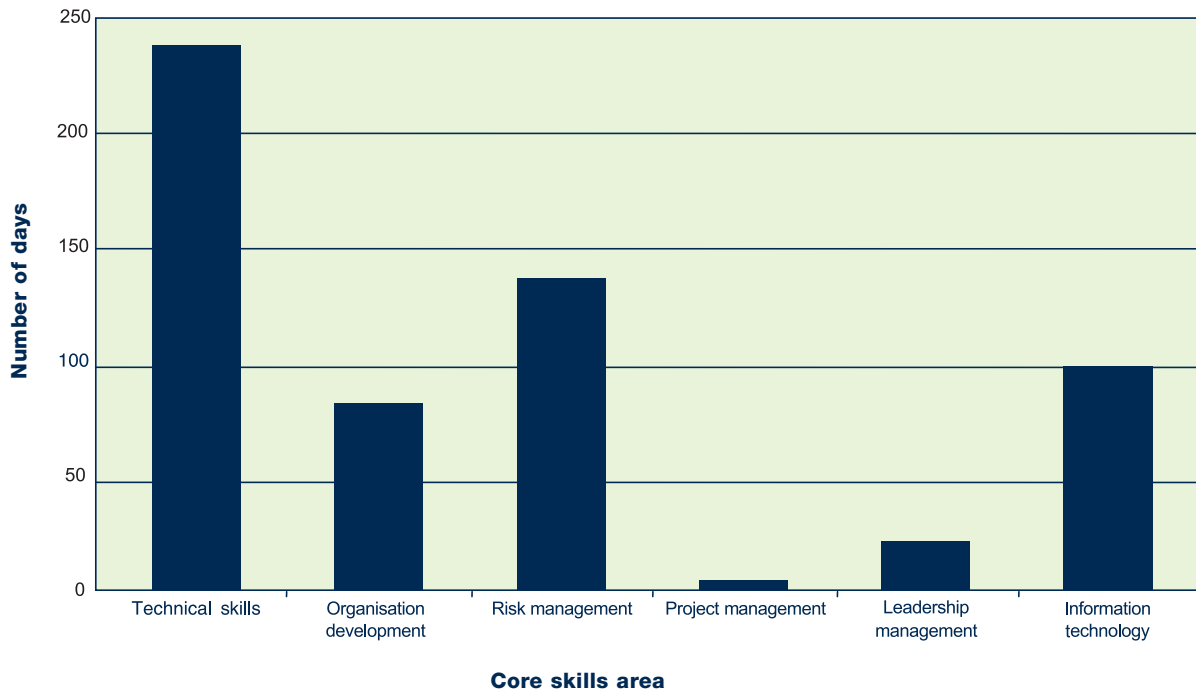
The ICAC also focused on generic corporate training which was conducted either externally by a registered training organisation or held in-house. These included:

- software applications: Excel, Microsoft Word, Microsoft Outlook, PowerPoint
- merit selection training and merit selection refresher training
- Mercer's Job Evaluation Training
- electronic self service (ESS) and Trim electronic records management system training for new staff
- OH&S awareness training for new staff.

In addition, 37 staff members benefited from performing higher duties and/or undertaking temporary promotional appointments. Secondment opportunities contribute to individual and organisational capability and four staff members were seconded to public sector agencies during the reporting period.

Staff development also means encouraging staff to undertake further study to enhance their skills. During 2005–2006 two staff members participated in the Public Sector Executive Development Program sponsored by the Premier's Department and five staff undertook tertiary studies, assisted by study leave and examination leave.

Figure 12: Training days per core learning stream 2005–2006



Performance management

The ICAC has a performance management system in place that links the ICAC objectives with individual performance targets. This system was completely revised in 2004–2005. During the 2005–2006 reporting period, changes were made to the performance agreement template to alleviate the duplication that occurred in earlier agreements. The policy was updated to reflect the changes made to the template. In response to a request by staff and managers, a ‘cheat sheet’ that summarised the processes involved in completing a performance agreement as well as undertaking a performance review was also developed.

All staff have an annual performance agreement that includes a learning and development plan to cover training and personal development opportunities. Managers and their staff participate in a formal performance review at least twice a year.

Risk management

Reviewing key business risks ensures the ICAC effectively manages the risks associated with its business activities and makes best use of opportunities. In September 2005, the ICAC developed a fraud and corruption prevention strategy and guidelines, the aim being to detect and prevent fraud and other corrupt activity impacting upon the ICAC and its operations. The better practice approach to fraud and corruption conforms to the NSW Audit Office *Guidelines for Effective Fraud Control*.

During 2005–2006 the ICAC reviewed and further developed its business continuity plans. The ICAC Crisis Management Plan was updated to ensure that it provides effective guidance to the ICAC in the event of a crisis resulting from a major disruption of business operations. Individual business continuity plans were also developed for the Corruption Prevention, Education and Research Division and the Legal Division to complement the plans previously developed for other areas of the ICAC.

The ICAC developed and endorsed a manual handling policy to prevent and/or reduce injuries arising from manual handling. It also developed a risk management model for managing and documenting major investigation risks. These policies are consistent with the ICAC's comprehensive approach to risk management in that they integrate risk identification, assessment and control into all work activity.

All proceedings conducted by the ICAC, be they a public inquiry or a compulsory examination, are subject to the risk assessment process. During 2005–2006, approximately 39 of these risk assessments were conducted. Seven proceedings required controls to mitigate identified risks. In addition, a specific risk assessment protocol was developed and instituted for an internal ICAC room where compulsory examinations could be held.

During 2005–2006, seven hazard reports were lodged and controls for all of these except one were implemented. The outstanding item is currently being mitigated to an acceptable level of risk. See table 13 below.

Audit Committee and internal audit

The Audit Committee 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 the ICAC to maximise its effectiveness and efficiency in specific activities and processes. The ICAC appoints independent auditors to undertake internal audits on an annual basis in line with the ICAC's three-year audit plan.

Two audit projects completed during 2005–2006 have been reviewed by the Audit Committee. They focused on the effectiveness and/or efficiency of:

- the management of risks associated with investigations – resulting in the development of a framework and documentation tools to guide investigation risk assessments
- human resources and payroll – resulting in a program to update position descriptions with the specific training and skills competencies required for each position to better target and coordinate learning and staff development.

New financial reporting requirements

The financial statements for 2005–2006 have been prepared in accordance with the applicable Australian accounting standards which include the adoption of the Australian equivalents to the international financial reporting standards. Changes to the financial statements for the year ending 30 June 2006 included the recognition of computer software as Intangible Assets under Non-Current Assets in the Commission's Balance Sheet.

Personnel security

To protect the security of the ICAC's information holdings, its reputation and activities, the ICAC follows a stringent personnel security clearance system. The system, implemented in accordance with the ICAC legislation, applies to staff, consultants and contractors, all of whom are required to undergo security vetting prior to working at the ICAC. In the 2005–2006 reporting period, security vetting was conducted for more than 40 personnel. Given that the ICAC's personnel security system meets recognised standards, the ICAC can receive and exchange valuable and confidential information with other similar government agencies.

Table 13: Hazard reports lodged and risks controlled

Reporting period	No. of hazards reported	Risks controlled to an acceptable level
2003–2004	8	Yes
2004–2005	3	Yes
2005–2006	7	6 Yes 1 Currently being mitigated

Physical security

The ICAC's electronic surveillance system has been upgraded to maximise the effectiveness of the ICAC's security alarm system and protect ICAC property, information holdings and assets at risk of theft, destruction or compromise.

A new security digital recording system capable of continuous digital recording for a longer duration has been installed. These upgrades are seen as essential, particularly in view of the current heightened levels of awareness in matters relating to security and terrorism.

Information security

The ICAC is conscious of the risks of securing confidential information and the integrity of its information systems. Since gaining accreditation under the Australian information security standard AS7799 in February 2003, the ICAC has continued to maintain and upgrade its systems and policies to comply with changes in information security standards. Audits are conducted every six months and in May 2006 the ICAC was successful in obtaining accreditation to the new AS7799.2:2003 standards.

Information management and technology

The ICAC's information and technology strategic plan 2004–2007 supports the corporate information requirements and business direction of the ICAC.

The key information technology initiatives during the year included improvements in the complaint handling and case management system (ICS) and planning for its replacement. Ongoing minor enhancements and maintenance to the ICAC's complaint handling and case management system (ICS) were carried out during the year, including the enhancements to facilitate production of reports as required under section 76(2)b of the ICAC Act.

The ICAC has also been developing the high-level specifications for a new system and viewing currently available systems for their suitability. A business case seeking funding support will be prepared as part of the ICAC's budget submission for 2007–2008.

Document scanning

The ICAC has implemented document scanning for both incoming mail and documents sighted under section 23 notices. Scanned documents are saved into the ICAC's electronic documents and records management system. Mail recipients are also notified by email of scanned documents to allow them to deal with a matter immediately.

Corporate performance information system

Towards the end of 2005–2006 the ICAC completed the initial development of a corporate performance information system to give the executive and senior managers access to performance and statistical information from a single point on the intranet. Upon completion of system testing in 2006–2007, the information will be drawn from various databases including HR, finance and ICS to report on performance results.

Surveillance and technical unit

The surveillance and technical unit procured two new telephone interception (TI) servers which will provide stability to the current TI system and ensure that no telephone intercept products are lost. The surveillance team also acquired photo-image computer software to facilitate professional presentation of digital images at ICAC public inquiries and to enhance the continuity of digital images.

Human resources information management system

During 2005–2006 a number of enhancements were made to the Aurion Human Resources Information Management System (HRIMS), to improve the system's reporting functions and provide additional employee self-service features such as processing of family and community service leave applications.

Shared corporate services

The New South Wales Government has promoted the use of shared corporate services strategies to enable public sector agencies to improve corporate services delivery, realise the benefits of technologies and reduce costs. The ICAC participates in a shared corporate service arrangement with the Health Care Complaints Commission (HCCC) on a fee-for-service basis.

During 2005–2006 ICAC provided corporate service support to the HCCC for:

- overseeing the management of the HCCC corporate services unit
- corporate planning and risk management
- financial planning and financial management
- human resources advice
- information communications and technology planning and advice
- IT technical support services.



Chapter 7: Financial statements

- Financial statements for the year ended 30 June 2006
- Independent Audit Report
- Operating statement for the year ended 30 June 2006
- Statement of changes in equity for the year ended 30 June 2006
- Balance sheet as at 30 June 2006
- Cash flow statement for the year ended 30 June 2006
- Summary of compliance with financial directives
- Notes to the financial statements



INDEPENDENT COMMISSION AGAINST CORRUPTION

Financial statements for the year ended 30 June 2006

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 2005 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 dark blue ink, appearing to read 'J. Cripps', with a long horizontal flourish extending to the right.

The Hon Jerrold Cripps QC
Commissioner

11 October 2006



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 2006 and its performance for the year ended on that date, in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia, and
- (b) complies with section 45E of the *Public Finance and Audit Act 1983* (the Act) and the *Public Finance and Audit Regulation 2005*.

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

Scope

The Financial Report and Commissioner's Responsibility

The financial report comprises the operating statement, statement of changes in equity, balance sheet, cash flow statement, summary of compliance with financial directives and accompanying notes to the financial statements for the Independent Commission Against Corruption, for the year ended 30 June 2006.

The Commissioner of the Independent Commission Against Corruption is responsible for the preparation and true and fair representation of the financial report in accordance with the Act. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

I conducted an independent audit in order 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 Standards and statutory requirements, and I:

- ☐ assessed the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Commissioner in preparing the financial report, and
- ☐ examined a sample of evidence that supports the amounts and 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 it has carried out its activities effectively, efficiently and economically,
- ☐ about the effectiveness of its internal controls, or
- ☐ on the assumptions used in formulating the budget figures disclosed in the financial report.

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.

A T Whitfield
Deputy Auditor-General

SYDNEY
11 October 2006

Operating Statement

for the year ended 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
Expenses excluding losses				
Operating expenses				
Employee related	2(a)	11,259	12,135	11,759
Other operating expenses	2(b)	4,037	4,150	5,805
Depreciation and amortisation	2(c)	564	520	433
Total Expenses excluding losses		15,860	16,805	17,997
Less:				
Revenue				
Sale of goods and services	3(a)	232	100	74
Investment revenue	3(b)	91	21	23
Other revenue	3(c)	92	24	430
Total Revenue		415	145	527
Loss on disposal	4	(22)	(43)	-
Net Cost of Services	21	15,467	16,703	17,470
Government Contributions				
Recurrent appropriation	5	14,886	15,773	16,383
Capital appropriation	5	229	240	979
Acceptance by the Crown Entity of employee benefits and other liabilities	6	515	1,103	1,192
Total Government Contributions		15,630	17,116	18,554
SURPLUS FOR THE YEAR		163	413	1,084
<i>The accompanying notes form part of these statements</i>				

Statement of Changes in Equity

for the year ended 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-
Surplus for the year		163	413	1,084
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	15	163	413	1,084
<i>The accompanying notes form part of these statements</i>				

Balance Sheet

as at 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	8	1,741	1,091	1,039
Receivables	9	685	437	418
Total Current Assets		2,426	1,528	1,457
Non-Current Assets				
Property, plant and equipment				
- Leasehold improvements	10	317	382	381
- Plant and equipment	10	1,037	950	1,253
Intangible assets	11	279	379	356
Total Non-Current Assets		1,633	1,711	1,990
Total Assets		4,059	3,239	3,447
LIABILITIES				
Current Liabilities				
Payables	12	176	21	135
Provisions	13	1,094	1,032	1,154
Other	14	880	409	409
Total Current Liabilities		2,150	1,462	1,698
Non-Current Liabilities				
Provisions	13	7	102	10
Total Non-Current Liabilities		7	102	10
Total Liabilities		2,157	1,564	1,708
Net Assets		1,902	1,675	1,739
EQUITY				
Assets Revaluation Reserve	15	428	428	428
Accumulated funds	15	1,474	1,247	1,311
Total Equity		1,902	1,675	1,739
<i>The accompanying notes form part of these statements</i>				

Cash Flow Statement

for the year ended 30 June 2006

	Notes	Actual 2006 \$'000	Budget 2006 \$'000	Actual 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(10,765)	(11,636)	(11,028)
Other		(4,539)	(4,750)	(6,657)
Total Payments		(15,304)	(16,386)	(17,685)
Receipts				
Sale of goods and services		232	99	74
Interest received	3(b)	91	1	23
GST refund received		308	565	824
Other		18	-	413
Total Receipts		649	665	1,334
Cash Flows From Government				
Recurrent appropriation		15,755	15,773	17,367
Capital appropriation		240	240	990
Cash transfers to the Consolidated Fund		(409)	-	(22)
Net Cash Flows from Government		15,586	16,013	18,335
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	931	292	1,984
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment		(229)	(240)	(979)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(229)	(240)	(979)
NET INCREASE IN CASH		702	52	1,005
Opening cash and cash equivalents		1,039	406	34
CLOSING CASH AND CASH EQUIVALENTS	8	1,741	458	1,039
<i>The accompanying notes form part of these statements</i>				

Summary of Compliance with Financial Directives

for the year ended 30 June 2006

	2006				2005			
	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	15,773	14,886	240	229	15,165	15,165	240	240
Additional Appropriations								
S21A PF&AA – special appropriation								
S24 PF&AA – transfer of functions between departments								
S26 PF&AA – Commonwealth specific purpose payments								
	15,773	14,886	240	229	15,165	15,165	240	240
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 28 of the Appropriation Act)								
Enforced savings - reduction due to abolishment of ORC	(18)							
	(18)	-	-	-	1,616	1,218	750	739
Total Appropriations								
Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	15,755	14,886	240	229	16,781	16,383	990	979
Amount drawn down against Appropriation		15,755		240		16,781		990
Liability to Consolidated Fund*		869		11		398		11

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 2006

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

This financial report for the year ended 30 June 2006 has been authorised for issue by the Commissioner on 11 October 2006

(b) Basis of Preparation

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 (which include Australian Equivalents to International Financial Reporting Standards (AEIFRS));
- the requirements of the *Public Finance and Audit Act 1983* and *Regulations 2005*; 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.

The financial statements are prepared in accordance with the historical cost convention, except for leasehold improvement non-current assets which are recorded at valuation. Judgments, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

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

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include the Australian Equivalents to International Financial Reporting Standards (AEIFRS).

This is the first financial report prepared based on AEIFRS and comparatives for the year ended 30 June 2005 have been restated accordingly except as stated below.

In accordance with AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards and Treasury Mandates, the date of transition to AASB

132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement was deferred to 1 July 2005. As a result, comparative information for these two standards is presented under the previous Australian Accounting Standards which applied to the year ended 30 June 2005

The basis used to prepare the 2004/05 comparative information for financial instruments under previous Australian Accounting Standards is discussed in Note 1(t) below.

Reconciliation of AEIFRS equity and surplus or deficit for 30 June 2005 to the balances reported in the 30 June 2005 financial report are detailed in Note 22. This note also includes separate disclosure of the 1 July 2005 equity adjustments arising from the adoption of AASB 132 and AASB 139, if any.

(d) Income Recognition

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

(i) Parliamentary Appropriations

Parliamentary appropriations are generally recognised as income 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 accounted for as liabilities rather than revenue.

The liability is disclosed in Note 14 as part of "Current Liabilities - Other". The amount will be repaid and the liability will be extinguished next financial year.

(ii) Sale of Goods

Revenue from the sale of goods is recognised as revenue when the agency transfers the significant risks and rewards or ownership of the assets.

(iii) Rendering of Services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iv) Investment income

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

(e) Employee Benefits and other provisions.

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

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

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". Prior to 2005/06 the Crown Entity also assumed the defined contribution superannuation liability.

The Crown calculates the present value of the Commission's long service leave based on the nominal value calculated by the Commission, the market yield on government bonds as at 30 June 2006 and valuation ratios provided by the Treasury's actuary (TC 06/09).

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

(f) 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 claim experience.

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

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

- where the 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.
- where receivables and payables are stated with GST included.
- in the cash flow statement.

(h) 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 the amount of cash or cash equivalents paid or the fair value of the acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Australian Accounting Standards.

(i) Capitalisation Thresholds

Property, plant and equipment and intangible assets acquired with an expected life in excess of one year and with a value of \$5,000 and above (or forming part of a network costing more than \$5,000) are capitalised.

(j) Revaluation of Property, Plant and Equipment

Physical non-current assets are valued in accordance with the "Guidelines for the Valuation of Physical Non-Current Assets at Fair Value" (TPP 05-03). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

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

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

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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

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

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

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

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

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

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

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

The Commission undertook a revaluation of its Picadilly premises' leasehold improvement assets in the 2002/03 reporting period. An independent valuer, Mr S.J. McMahon AAPI (P&M) of Machinery Valuations Pty Limited, provided a revaluation of the Commission's leasehold improvement assets at fair value, based on a reasonable consideration of age, condition and estimated remaining life.

(k) Impairment of Property, Plant and Equipment

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

(l) Depreciation of Property, Plant and Equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the 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 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 from 2004/05 and onwards.

(m) 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.

(n) Leased Assets

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

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

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

(o) Intangible Assets

The Commission recognises intangible assets only if it is probable that future economic benefits will flow to the Commission and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

The useful lives of intangible assets are assessed to be finite. Intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Commission's intangible assets, the assets are carried at cost less any accumulated amortisation.

The agency's intangible assets are amortised using the straight line method over 4 years.

In general, intangible assets are tested for impairment where an indicator of impairment exists. However, as a not-for-profit entity with no cash generating units, the Commission is effectively exempted from impairment testing (refer para (k)).

(p) Trust Funds

The Commission held funds in a trustee capacity for the Australian Public Sector Anti-Corruption Conference 2007 as set out in Note 20. As the Commission performed only a custodial role in respect of these funds, and because the funds cannot be used for the achievement of the Commission's own objectives, these funds were not recognised in the financial statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

(q) Receivables - Year ended 30 June 2006 (refer Note 1(t) for 2004/05 policy)

Receivables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables. Short-term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial. An allowance for impairment of receivables is established when there is objective evidence that the entity will not be able to collect all amounts due. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

(r) Payables - Year ended 30 June 2006 (refer Note 1(t) for 2004/05 policy)

These amounts represent liabilities for goods and services provided to the Commission and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(s) 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 s26 of the Public Finance and Audit Act 1983.

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

(t) Comparative Information

Comparative figures have been restated based on AEIFRS with the exception of financial instruments information, which has been prepared under the previous AGAAP Standard (AAS 33) as permitted by AASB 1.36A (refer paras (i)-(iii) below). The transition date to AEIFRS for financial instruments was 1 July 2005. The impact of adopting AASB 132/139 is further discussed in Note 22.

Financial instruments accounting policy for 2004/05 comparative period

(i) Investment income

Interest revenue was recognised as it accrues. Royalty revenue was recognised on an accrual basis in accordance with the substance of the relevant agreement. Dividend revenue was recognised when the agency's right to receive payment was established.

(ii) Receivables

Receivables were recognised and carried at cost, based on the original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts was made when collection of the full amount is no longer probable. Bad debts were written off as incurred.

(iii) Payables

These amounts represented liabilities for goods and services provided to the agency and other amounts, including interest. Interest was accrued over the period it became due.

(u) Accounting standards issued but not yet operative

At the reporting date, a number of Accounting Standards adopted by the AASB had been issued but are not yet operative and have not been early adopted by the Audit Office. The following is a list of these standards:

- AASB 7 - Financial instruments: Disclosure (issued August 2005)
- AASB 119 - Employee Benefits (issued December 2004)
- AASB 2004-3 - Amendments to Australian Accounting Standards (issued December 2004)
- AASB 2005-1 - Amendments to Australian Accounting Standards (issued May 2005)
- AASB 2005-5 - Amendments to Australian Accounting Standards (issued June 2005)
- AASB 2005-9 - Amendments to Australian Accounting Standards (issued September 2005)
- AASB 2005-10 - Amendments to Australian Accounting Standards (issued September 2005)
- AASB 2006-1 - Amendments to Australian Accounting Standards (issued January 2006)

The Standards are operative for annual reporting periods beginning on or after 1 January 2006. However, the Commission is not able to reliably measure the impact of the initial application of these standards on the financial results of the Commission.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
2. EXPENSES EXCLUDING LOSSES		
(a) Employee related expenses		
Salaries and wages (including annual leave)	9,375	9,624
Superannuation (defined benefit)	275	273
Superannuation (defined contribution)	544	586
Long service leave	70	167
Workers compensation insurance	113	139
Contractor & temporary assistance	124	124
Payroll tax and fringe benefits tax	758	846
	11,259	11,759
(b) Other operating expenses		
Auditor's remuneration		
– audit or review of the financial reports	31	28
Operating lease rental expense		
– minimum lease payments*	1,718	2,998
Insurance	38	36
Cleaning	20	18
Electricity	45	39
Travelling, air fares and subsistence	59	58
Motor vehicles	15	14
Consultancies	-	25
External Legal fees	194	860
Transcript fees	57	174
Fees for services	140	131
Contract security services	179	169
Training	218	132
Advertising and publicity	38	71
Books and subscriptions	86	83
Postal and telephone	159	142
Printing	166	77
Stores and specialised supplies	106	98
Minor computer equipment/licences	200	94
Courier & Freight	10	9
Maintenance **	236	167
Other	322	382
	4,037	5,805
<p>* The lease of the former ICAC premises at Redfern terminated in November 2004. The rental expense for 2004/05 was \$787,000 (2005/06 - \$0)</p>		

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
** Reconciliation - Total maintenance		
Maintenance expense - other (non-employee related), as above	236	167
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	236	167
(c) Depreciation and amortisation		
Depreciation		
Computer equipment	287	140
Plant and equipment	90	72
Leasehold improvements	73	70
	450	282
Amortisation		
Intangibles - Computer software	114	151
	114	151
Total depreciation and amortisation	564	433
3. REVENUES		
(a) Sale of goods and services		
Corporate Services Support - HCCC	205	63
Sale of transcripts	-	2
Presentation and Seminar Fees	27	9
	232	74
(b) Investment Revenue		
Interest	91	23
	91	23
(c) Other revenue		
Sub-lease rental revenue	-	397
Other	92	33
	92	430
4 LOSS ON DISPOSAL OF INTANGIBLES		
Loss on disposal		
Written down value of assets disposed	22	-
	22	-

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

	2006 \$'000	2005 \$'000
5. APPROPRIATIONS		
Recurrent appropriations		
Total recurrent draw downs from Treasury (per Summary of Compliance)	15,755	16,781
Less: Liability to Consolidated Fund * (per Summary of Compliance)	(869)	(398)
	14,886	16,383
Comprising:		
Recurrent appropriations (per Operating Statement)	14,886	16,383
Capital appropriations		
Total capital draw downs from Treasury (per Summary of Compliance)	240	990
Less: Liability to Consolidated Fund * (per Summary of Compliance)	(11)	(11)
	229	979
Comprising:		
Capital appropriations (per Operating Statement)	229	979
* The liability to Consolidated Fund is recognised in the Balance Sheet as a Current Liability - Other		
6. ACCEPTANCE BY THE CROWN ENTITY OF EMPLOYEE BENEFITS AND OTHER LIABILITIES		
The following liabilities and/or expenses have assumed by the Crown Entity:		
Superannuation (defined benefit)	275	273
Superannuation (defined contribution)	-	586
Long service leave	190	270
Payroll tax (on employer superannuation contributions)	50	63
	515	1,192

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

	2006 \$'000	2005 \$'000		
7. PROGRAM / ACTIVITIES OF THE COMMISSION				
The Independent Commission Against Corruption operates under a single program for Treasury reporting purposes. For the 2005/06 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.				
8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	1,741	1,039		
	1,741	1,039		
For the purposes of the Cash Flow Statement, cash includes cash on hand, cash at bank, short term deposits and bank overdraft.				
Cash assets recognised in the Balance Sheet are reconciled to cash at the end of the financial year as shown in the Cash Flow Statement as follows:				
Cash and cash equivalents (per Balance Sheet)	1,741	1,039		
Closing cash and cash equivalents (Per Cash Flow Statement)	1,741	1,039		
Included in cash at bank is a restricted asset of \$879,800; this represents a liability to Consolidated Fund.				
9. CURRENT ASSETS – RECEIVABLES				
Sale of goods and services	60	24		
Other receivables	241	85		
Prepayments	384	309		
	685	418		
Management expects to receive all amounts due - therefore no impairment provision has been raised.				
10. NON CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT				
	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Equipment \$'000	Total \$'000
At 1 July 2005				
At Cost	573	1,375	1,216	3,164
Accumulated depreciation	(192)	(1,137)	(201)	(1,530)
Net carrying amount	381	238	1,015	1,634

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Equipment \$'000	Total \$'000
At 30 June 2006				
At Cost	574	1,280	1,241	3,095
Accumulated depreciation	(257)	(1,004)	(480)	(1,741)
Net carrying amount	317	276	761	1,354

Reconciliation

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

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Equipment \$'000	Total \$'000
Year ended 30 June 2006				
Net carrying amount at start of year	381	238	1,015	1,634
Additions	9	128	33	170
Disposals	(8)	(223)	(8)	(239)
Net revaluation increments	-	-	-	-
Depreciation w/b on disposal	8	223	8	239
Depreciation expense	(73)	(90)	(287)	(450)
Net carrying amount at end of year	317	276	761	1,354

At 1 July 2004

At Cost	5,339	1,316	577	7,232
Accumulated depreciation	(4,901)	(1,130)	(124)	(6,155)
Net carrying amount	438	186	453	1,077

At 30 June 2005

At Cost	573	1,375	1,216	3,164
Accumulated depreciation	(192)	(1,137)	(201)	(1,530)
Net carrying amount	381	238	1,015	1,634

Reconciliation

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

	Leasehold Improvements \$'000	Plant and Equipment \$'000	Computer Equipment \$'000	Total \$'000
Year ended 30 June 2005				
Net carrying amount at start of year	438	186	453	1,077
Additions	13	124	702	839
Disposals	(4,779)	(64)	(63)	(4,906)
Net revaluation increments	-	-	-	-
Depreciation w/b on disposal	4,779	64	63	4,906
Depreciation expense	(70)	(72)	(140)	(282)
Net carrying amount at end of year	381	238	1,015	1,634

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

11. INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2005		
Cost (gross carrying amount)	951	951
Accumulated amortisation	(595)	(595)
Net carrying amount	356	356
At 30 June 2006		
Cost (gross carrying amount)	910	910
Accumulated amortisation	(631)	(631)
Net carrying amount	279	279
Year ended 30 June 2006		
Net carrying amount at start of year	356	379
Additions	59	59
Disposals	(100)	(100)
Net revaluation increments	-	-
Amortisation w/b on disposal/transfer	78	78
Amortisation expense	(114)	(114)
Net carrying amount at end of year	279	279
At 1 July 2004		
Cost (gross carrying amount)	811	811
Accumulated amortisation	(444)	(444)
Net carrying amount	367	367
At 30 June 2005		
Cost (gross carrying amount)	951	951
Accumulated amortisation	(595)	(595)
Net carrying amount	356	356
Year ended 30 June 2005		
Net carrying amount at start of year	367	367
Additions	140	140
Disposals	-	-
Net revaluation increments	-	-
Amortisation w/b on disposal/transfer	-	-
Amortisation expense	(151)	(151)
Net carrying amount at end of year	356	356

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

12. CURRENT LIABILITIES - PAYABLES

	2006 \$'000	2005 \$'000
Accrued salaries, wages and on-costs	43	6
Accrued Expenses	133	129
	176	135

13. CURRENT / NON CURRENT LIABILITIES - PROVISIONS

	2006 \$'000	2005 \$'000
Current		
Employee benefits and related on-costs		
Annual leave (a)	902	902
Payroll tax and fringe benefits tax payable (b)	145	202
LSL on costs not assumed by Crown (b)	47	50
	1,094	1,154
Non Current		
Employee benefits and related on-costs		
LSL on costs not assumed by Crown (b)	2	3
Provision for payroll tax on long service leave (b)	5	7
	7	10

(a) Annual leave

The liability at 30 June 2006 was \$902,000 (2005 - \$902,000). This is based on leave entitlements at 30 June and presented at year-end remuneration rates at nominal value given there is no material difference from the present value. The value of annual leave expected to be taken within twelve months is \$555,000 and \$347,000 after twelve months.

(b) Long service leave on costs not assumed by Crown

The total liability at 30 June 2006 was \$143,000 (2005 - \$198,000) which we show as current \$136,000 (2005 - \$188,000) and non-current \$7,000 (2005 - \$10,000). This liability comprises:

	2006 \$'000	2005 \$'000
Short term - expected to be settled within 12 months	14	19
Long term - not expected to be settled within 12 months	129	179
	143	198
Aggregate employee benefits and related on-costs		
Provision - current	1,094	985
Provision - non current	7	179
Accrued salaries, wages and on-costs (Note 12)	43	6
	1,144	1,170

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

14. CURRENT LIABILITIES - OTHER

	2006 \$'000	2005 \$'000
Recurrent Allocation	869	398
Capital Allocation	11	11
Liability to Consolidated Fund	880	409

15. CHANGES IN EQUITY

	Accumulated Funds		Asset Revaluation Reserve		Total Equity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Balance at the beginning of the financial year	1,311	227	428	428	1,739	655
Surplus for the year	163	1,084	-	-	163	1,084
Accumulated Funds as at 30 June	1,474	1,311	428	428	1,902	1,739

16. COMMITMENTS FOR EXPENDITURE

(a) Other Expenditure Commitments

	2006 \$'000	2005 \$'000
Aggregate other expenditure for the acquisition of goods/services contracted for at balance date and not provided for:		
Not later than one year	66	62
Later than one year and not later than five years	-	-
Later than five years	-	-
Total (including GST)	66	62

(b) Operating Lease Commitments

Future non-cancellable operating lease rental not provided for and payable:

Not later than one year	1,777	1,737
Later than one year and not later than five years	4,065	5,742
Later than five years	-	-
Total (including GST)	5,842	7,479

The total "operating lease commitments" above includes potential input tax credits of \$531,091 (30 June 2005 - \$680,000) 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.

17. CONTINGENT LIABILITIES

A contingent liability exists for the cost of restoring leased premises in accordance with the lease contract. The ICAC is not able to reliably measure such costs.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

18. BUDGET REVIEW

Net cost of services

There was a variance between budgeted and actual net cost of services of \$1,236,000 which can be attributed to unanticipated delays between staff resignation and recruitment and fewer hearings conducted during 2005/06.

Assets and liabilities

Current assets were \$898,000 higher than budget due to an increase in the Commission's cash balances resulted from lower than expected expenditure.

Current liabilities were \$688,000 higher than budget due to an increase in the liability to consolidated fund for the 2005/06 financial year and lower than expected accounts payable.

19. FINANCIAL INSTRUMENTS

The Commission's principal financial instruments are outlined below. These financial instruments arise directly from the Commission's operations.

The Commission does not enter into or trade financial instruments for speculative purposes. The Commission does not use financial derivatives.

(a) Cash

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

(b) Receivables

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

(c) 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 210.01. 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.

20. TRUST FUNDS

	2006 \$'000	2005 \$'000
Australian Public Sector Anti-Corruption Conference 2007	100	-
	100	-

The Commission entered into an agreement with the Crime and Misconduct Commission (QLD) and the Corruption and Crime Commission (WA) to organise and conduct a national conference on public sector corruption to be held in Sydney (NSW) in October 2007.

Each party to the agreement contributed an initial payment of \$50,000 towards the cost of delivery of the project in 2005/06.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2006

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

	2006 \$'000	2005 \$'000
Net Cash Used on Operating Activities	931	1,984
Cash Flows from Government / Appropriations	(15,586)	(17,749)
Acceptance by Crown Entity of employee benefits and other liabilities	(515)	(1,192)
Depreciation/amortisation	(564)	(433)
Net loss on sale of assets	(22)	-
Decrease/(increase) in provision for employee entitlements	63	(150)
Decrease in other provisions	-	234
Increase/(decrease) in prepayments and other assets	267	(176)
Decrease/(increase) in payables	(41)	12
Net Cost of Services	(15,467)	(17,470)

22. IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

The ICAC has determined the key areas where changes in accounting policies impact the financial report. Some of these impacts arise because AEIFRS requirements are different from existing AASB requirements (AGAAP). Other impacts arise from options in AEIFRS. To ensure consistency at the whole of government level, NSW Treasury has advised agencies of options it has mandated for the NSW Public Sector. The impacts disclosed below reflect Treasury's mandates and policy decisions.

The ICAC is a budget dependent (and non profit) agency and there are no financial impact of AEIFRS on ICAC's equity, profit/loss and cash flows.

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

The impact of adopting AEIFRS on total equity and surplus/(deficit) as reported under previous AGAAP are shown below. There are no material impacts on the Commission's cash flows.

Reconciliation of equity under previous Accounting Standards (AGAAP) to equity under AEIFRS:

	30 June 2005 \$'000	1 July 2004 \$'000
Total equity under previous AGAAP	1,739	655
Total equity under AEIFRS	1,739	655



Chapter 8: Appendices

- Appendix 1: Complaints profile
- Appendix 2: Statutory reporting requirements
- Appendix 3: Prosecutions and disciplinary actions in 2005–2006 arising from ICAC investigations
- Appendix 4: Implementation of recommendations for reform arising from ICAC investigations
- Appendix 5: The ICAC and litigation
- Appendix 6: Legal changes
- Appendix 7: Complaints about ICAC officers
- Appendix 8: Privacy and personal information
- Appendix 9: Statement of affairs
- Appendix 10: Freedom of information
- Appendix 11: Participation in significant committees
- Appendix 12: ICAC publications in 2005–2006
- Appendix 13: Summary of training engagements and presentations
- Appendix 14: Overseas travel during 2005–2006
- Appendix 15: Organisation chart
- Appendix 16: Chief Executive Officer and Senior Executive Service
- Appendix 17: Access and equity
- Appendix 18: Disability action plan
- Appendix 19: Ethnic affairs priorities statement
- Appendix 20: Commission consultative group
- Appendix 21: Occupational health and safety
- Appendix 22: Training statistics 2005–2006
- Appendix 23: Consultancies
- Appendix 24: Payment performance indicators
- Appendix 25: Electronic service delivery
- Appendix 26: Insurance activities
- Appendix 27: Major assets
- Appendix 28: Energy management
- Appendix 29: Waste reduction and purchasing policy
- Appendix 30: Code of conduct
- Appendix 31: Review of credit card use
- Appendix 32: Major works in progress

Appendix 1 ■ Complaints profile

Table 14: Allegations contained in complaints and reports (section 10, section 11 and protected disclosures) received during 2005–2006

Type of allegation	Section 10	Section 11	Protected disclosures
Breach of policy or procedure	185	136	64
Collusion	145	61	36
Misuse/theft of resources by public official	82	134	43
Fabricate/falsify info/forgery/fraud/tamper info	105	85	33
Failure to take action/negligence	126	35	34
Harassment/victimisation/discrimination	124	38	47
Failure to disclose/abuse of conflict of interest	114	55	35
Favouritism/nepotism	104	45	54
Bribery/gift/secret commission	90	73	20
Lack of accountability	51	22	13
Improper use of information	30	39	17
Threats/extortion/blackmail/undue influence	41	18	18
Assault/sexual assault/misconduct/harassment	30	35	5
Pervert course of justice/tamper evidence/perjury	38	8	3
Failure to advertise appropriately, e.g. contracts	22	7	6
Drug/alcohol traffic/use	6	16	1
Type of corrupt conduct unspecified/other	74	52	18
Total number of allegations	1,367	859	447

Table 15: Percentage of types of allegations received for all matters during 2005–2006, compared to previous two years

Type of allegation	2003–2004	2004–2005	2005–2006
Breach of policy or procedure	10.2	14.1	13.9
Collusion	3.9	7.6	8.9
Misuse/theft of resources by public official	11.1	8.9	8.6
Fabricate/falsify info/forgery/fraud/tamper info	9.2	8.2	7.8
Failure to take action/negligence	8.9	5.7	7.7
Harassment/victimisation/discrimination	6.4	6.1	7.5
Failure to disclose/abuse of conflict of interest	5.7	6.4	7.1
Favouritism/nepotism	11.4	8.3	7.0
Bribery/gift/secret commission	6.0	6.2	6.3
Lack of accountability	0.1	3.4	4.0
Improper use of information	3.2	3.7	3.3
Threats/extortion/blackmail/undue influence	2.3	2.8	2.7
Assault/sexual assault/misconduct/harassment	2.9	2.1	2.5
Pervert course of justice/tamper evidence/perjury	2.2	1.6	1.7
Failure to advertise appropriately, e.g. contracts	1.7	1.0	1.2
Drug/alcohol traffic/use	0.9	0.8	0.7
Failure to document information/lack of internal documents/lack of systems*	1.8	–	–
Type of corrupt conduct unspecified/other	12.1	12.9	9.2
Total per cent	100.0	100.0	100.0
Total number of allegations	3,550	3,295	3,228

* Category discontinued after 2003–2004.

Table 16: Workplace activities described in complaints and reports (section 10, section 11 and protected disclosures) received during 2005–2006

Workplace activity	Section 10	Section 11	Protected disclosures
Building and development applications	205	51	28
Employment practices	67	52	76
Law enforcement (general)	63	44	8
Disposal of public assets	59	33	13
Use of public resources	44	52	18
Licensing/qualifications/certificates/regulation	53	43	8
Purchase of goods & services/tendering/contracts	49	40	11
Law enforcement (courts/tribunals)	66	9	1
Codes of conduct	31	32	14
Staff management	22	18	28
Allocation of public goods and services	31	20	8
Use of confidential information	22	23	9
Internal reporting	19	10	17
Cash/card handling	12	37	1
Elections	7	5	3
Allocation of paid hours	1	6	11
Secondary employment	2	13	3
Government grants	9	3	1
Dismissal	9	1	4
E corruption/IT security	4	3	3
Post-separation employment	2	1	1
Other/unspecified area of workplace activity	113	70	27
Total number of activities	890	566	293

Table 17: Percentage of types of workplace activities described for all matters received during 2005–2006, compared to previous two years***

Workplace Activity	2003–2004	2004–2005	2005–2006
Building and development applications	14.6	16.8	16.3
Employment practices	0.6	10.6	10.2
Law enforcement (general)	11.9	7.2	7.7
Disposal of public assets	1.9	6.4	5.9
Use of public resources	12.8	5.6	5.8
Licensing / qualifications / certificates / regulation	2.8	4.7	5.8
Purchase of goods and services / tendering / contracts	5.7	4.6	5.2
Law enforcement (courts/tribunals)**	–	3.3	4.3
Codes of conduct	0.2	3.7	4.0
Staff management**	–	4.3	3.5
Allocation of public goods and services**	–	3.6	3.2
Use of confidential information	2.5	3.1	2.9
Internal reporting**	–	1.9	2.5
Cash /card handling	0.1	2.7	2.4
Elections	1.3	0.7	1.0
Allocation of paid hours**	–	0.3	0.9
Secondary employment**	–	1.0	0.9
Government grants**	–	0.6	0.8
Dismissal**	–	0.5	0.7
E corruption / IT security**	–	0.4	0.6
Post-separation employment**	–	0.0	0.2
Government services*	8.3	–	–
Reporting corruption*	2.2	–	–
Staff matters*	19.6	–	–
Other/unspecified area of workplace activity	15.3	18.0	15.4
Total per cent	99.8	100	100.2
Total number of activities	2,791	2,443	2,193

* Category discontinued after 2003–2004.

** Category introduced in 2004–2005.

*** Percentages do not add up to 100 due to rounding.

Appendix 2: Statutory reporting requirements

The ICAC indicated in last year's annual report how it would approach reporting under section 76(2)(ba) of the ICAC Act. The relevant reports are contained in Tables 18, 18a, 18b and 18c that follow.

Table 18: Report under section 76(2)(ba)

Section	Reporting requirement	Result
76(2)(ba)(i)	Time interval between the lodging of each complaint and the Commission deciding to investigate the complaint	see Table 18a for details
76(2)(ba)(ii)	Number of complaints commenced to be investigated but not finally dealt with during the year	8
76(2)(ba)(iii)	Average time taken to deal with complaints	45 days
	Actual time taken to investigate any matter in respect of which a report is made	see Table 18b for details
76(2)(ba)(iv)	Total number of compulsory examinations conducted during the year	32
	Total number of public inquiries conducted during the year	4
76(2)(ba)(v)	Number of days spent during the year in conducting public inquiries	27
76(2)(ba)(vi)	Time interval between the completion of each public inquiry conducted during the year and the furnishing of a report on the matter	see Table 18c for details

Table 18a: Time interval between the lodging of each complaint and the Commission deciding to investigate the complaint

Date received	Date of decision to investigate	Time interval (days)
7 July 2005	18 August 2005	42
10 April 2006	27 April 2006	17
8 May 2006	23 May 2006	15
6 July 2005	14 July 2005	8
18 July 2005	28 July 2005	10
18 August 2005	9 February 2006	175*
28 October 2005	16 June 2006	231**
4 November 2005	8 November 2005	4
7 December 2005	16 February 2006	71
14 December 2005	15 December 2005	1
31 January 2006	2 February 2006	2
16 March 2006	21 March 2006	5
17 March 2006	21 March 2006	4
4 May 2006	3 August 2006	91
8 May 2006	6 June 2006	29
8 May 2006	15 June 2006	38
30 May 2006	6 June 2006	7
13 June 2006	4 July 2006	21

* The Commission conducted some inquiries as part of its initial assessment of the matter before determining it required formal investigation.

** The matter was closed and subsequently re-opened after further information was received.

Table 18b: Actual time taken to investigate any matter in respect of which a report is made

Investigation classification	Date received	Date completed	Time taken to investigate (days)
Category 1	6 February 2003	20 December 2005	1048*
Category 1	20 November 2002	27 September 2005	1042**
Category 1	21 May 2004	20 December 2005	578
Category 1	11 February 2004	30 August 2005	566
Category 1	7 June 2004	30 August 2005	449
Category 1	8 September 2005	8 June 2006	273
Category 2	8 January 2004	17 January 2006	740
Category 2	29 August 2005	20 December 2005	113
Prelim. investigation	23 April 2004	27 September 2005	522
Prelim. investigation	14 March 2005	7 March 2006	358
Prelim. investigation	4 May 2005	7 February 2006	279
Prelim. investigation	21 June 2005	7 March 2006	259
Prelim. investigation	15 March 2005	25 October 2005	224
Prelim. investigation	1 July 2005	7 February 2006	221
Prelim. investigation	16 June 2005	20 December 2005	187
Prelim. investigation	23 December 2005	6 June 2006	165
Prelim. investigation	27 October 2005	7 March 2006	131
Prelim. investigation	29 June 2005	27 September 2005	90
Prelim. investigation	10 March 2006	6 June 2006	88
Prelim. investigation	18 November 2005	7 February 2006	81
Prelim. investigation	17 March 2006	6 June 2006	81
Prelim. investigation	5 October 2005	22 November 2005	48
Prelim. investigation	19 January 2006	7 March 2006	47

* The background to this investigation, which consisted of three segments, is set out in the Commission's investigation report, *Report on investigation into schemes to fraudulently obtain building licences*. December 2005.

** *Report on investigation into various allegations relating to the former South Western Sydney Area Health Service*, September 2005, was the second of two reports examining a large number of allegations, the first of which were received in November 2002.

Table 18c: Time interval between the completion of each public inquiry and the issuing of a report

Public inquiry	Date public inquiry complete*	Date investigation report tabled	Time interval (days)
Investigation into planning decisions relating to the Orange Grove centre	28 April 2005	11 August 2005	105
Investigation into various allegations relating to the former South Western Sydney Area Health Service	n/a**	22 September 2005	n/a
Investigation into safety certification and the operation of the WorkCover NSW licensing unit	29 July 2005	14 December 2005	138
Investigation into schemes to fraudulently obtain building licences	10 June 2005	21 December 2005	193
Investigation into the conduct of an officer of the Local Court Registry at Penrith	14 October 2005	28 February 2006	136
Investigation into the alleged leaking of a draft Cabinet minute	14 March 2006***	19 April 2006	36
Investigation into cover-up of an assault on an inmate at Parramatta Correctional Centre	13 March 2006	8 June 2006	87

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

** There was no public inquiry for this matter.

*** There was no public inquiry but submissions were circulated and responses received prior to preparing the public report.

Appendix 3: Prosecutions and disciplinary actions in 2005–2006 arising from ICAC investigations

Table 19: Prosecution proceedings during 2005–2006

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
Offences recommended by ICAC	s. 249B Crimes Act (corrupt rewards); s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with 7 offences under s. 249B Crimes Act and four offences under s. 87 ICAC Act
Status	Awaiting sentence outcome in District Court

Name	Kenneth Edward Howe
Offences recommended by ICAC	s. 249B Crimes Act (corrupt rewards); ss.10 & 29 Drug Misuse and Trafficking Act (possession of prohibited drugs)
DPP advice	DPP advised sufficient admissible evidence to proceed with three offences under s. 249B Crimes Act
Status	Awaiting sentence outcome in District Court

Name	Raymond Thomas King
Offences recommended by ICAC	s. 249F Crimes Act (aiding, abetting corrupt rewards)
DPP advice	DPP advised insufficient admissible evidence to proceed
Status	Matter finalised

Name	Andrea Sarcasmo
Offences recommended by ICAC	s. 249B Crimes Act (corrupt rewards); s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with five offences under s. 249B Crimes Act and one offence under s. 87 ICAC Act.
Status	Awaiting sentence outcome in District Court

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

Name	John Kite
Offences recommended by ICAC	s. 319 Crimes Act (attempt to pervert the course of justice); s. 327 Crimes Act (perjury); s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with one offence under s. 319 Crimes Act and 55 offences under s. 87 ICAC Act. Subsequently the number of s. 87 offences for which Mr Kite was prosecuted was reduced to eight
Status	On 30 November 2005 found not guilty on all matters at District Court trial

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

Name	Adam McCormick
Offences recommended by ICAC	s. 249B(1) Crimes Act (corruptly solicit/receive payments) or conspiracy to commit bribery; s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with two offences under s. 249B Crimes Act and 12 offences under s. 87 ICAC Act
Status	On 31 October 2005 found guilty on all matters On 16 December 2005 sentenced to five years imprisonment with three year non-parole period. Matter currently set down for appeal hearing

Name	Manuel Limberis
Offences recommended by ICAC	s. 249F Crimes Act (aiding, abetting receipt of corrupt benefit) or conspiracy to commit bribery; s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with one offence under s. 249F Crimes Act and five offences under s. 87 ICAC Act
Status	On 16 June 2004 pleaded guilty to one offence under s. 249F Crimes Act and one offence under s. 87 ICAC Act (other offences on schedule) On 30 September 2005 sentenced to one year periodic detention, fined \$10,000 and pecuniary penalty order of \$5,855.21 imposed

Name	Tony Retzos
Offences recommended by ICAC	s. 249F Crimes Act (aiding, abetting receipt of corrupt benefit) or conspiracy to commit bribery; s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with one offence under s. 249F Crimes Act and 37 offences under s. 87 ICAC Act
Status	On 9 September 2004 pleaded guilty to one offence under s. 249F Crimes Act and three offences under s. 87 ICAC Act (other offences on schedule) On 23 December 2004 sentenced to three years periodic detention and fined \$80,000 On 28 March 2006 Court of Criminal Appeal quashed order for payment of fine

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

Name	Graham Lawrence
Offences recommended by ICAC	s. 176 Crimes Act (director or officer publishing fraudulent statements)
DPP advice	DPP requisitions (answered 16 February 2006)
Status	Awaiting advice from DPP

Name	John Fitzgerald
Offences recommended by ICAC	s. 176 Crimes Act (director or officer publishing fraudulent statements)
DPP advice	DPP requisitions (answered 16 February 2006)
Status	Awaiting advice from DPP

Name	Darren Bizzell
Offences recommended by ICAC	s. 156 Crimes Act (larceny by a servant); 178BA Crimes Act (obtaining money by deception); s. 178BB Crimes Act (obtaining money by false or misleading statement)
DPP advice	DPP requisitions (answered 16 February 2006)
Status	Awaiting advice from DPP

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

Name	Hendrikus (Hank) Van Leeuwen
Offences recommended by ICAC	s. 156 Crimes Act (larceny as a servant)
DPP advice	DPP advised sufficient admissible evidence to proceed with 199 offences under s. 156 Crimes Act and 36 offences under s. 188 Crimes Act (dispose of stolen property)
Status	For arraignment

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

Name	Dennis Neville Hall
Offences recommended by ICAC	s. 178A Crimes Act (fraudulent misappropriation)
DPP advice	DPP advised sufficient admissible evidence to proceed with 19 offences under s. 157 Crimes Act (embezzlement)
Status	On 7 May 2006 pleaded guilty to all 19 offences Matter stood over for sentence

Investigation into applications made to Dept of Fair Trading for builders and trade licences (Operation Squirrel) (Nov 2003)

Name	Tony Sassine
Offences recommended by ICAC	s. 178B Crimes Act (obtaining benefit by deception); s. 301(1) and 301(2) of the Crimes Act (make and use false instrument); s. 87 ICAC Act (give false and/or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with four offences under s. 178BA Crimes Act; 15 offences under s. 301(2) Crimes Act
Status	Stood over for plea or mention

Name	Raymond Khalifeh
Offences recommended by ICAC	Nil in report. Brief for offences under s. 87 ICAC Act (false or misleading evidence) subsequently provided to DPP
DPP advice	DPP advised sufficient admissible evidence to proceed with three offences under s. 87 ICAC Act
Status	On 8 June 2006 pleaded guilty to all offences Awaiting sentence

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

Name	Glen Oakley
Offences recommended by ICAC	s. 301(2) Crimes Act (make false instrument); s. 178BB Crimes Act (make false statement)
DPP advice	DPP advised sufficient admissible evidence to proceed with 13 offences under s. 301(2) Crimes Act and four offences under s. 178BB Crimes Act
Status	On 16 May 2006 convicted of four offences under s. 178BB Crimes Act Sentenced to 20 months periodic detention with non-parole period of 15 months

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

Name	Cale Urosevic
Offences recommended by ICAC	s. 249B Crimes Act (corruptly solicit/receive payments)
DPP advice	DPP advised sufficient admissible evidence to proceed with two offences under s. 249B Crimes Act
Status	On 15 July 2005 convicted of one offence under s. 249B Crimes Act and ordered to perform 500 hours community service

Investigation into safety certification and training in the NSW construction industry (Operation Cassandra) (June 2004)

Name	Armando Fassone
Offences recommended by ICAC	s. 178BB Crimes Act (obtain money by false or misleading statement)
DPP advice	DPP advised sufficient admissible evidence to proceed with nine offences under s. 178BB Crimes Act
Status	On 6 March 2006 court attendance notices served for nine offences under s. 178BB Crimes Act Awaiting outcome

Name	Alan Fizelle
Offences recommended by ICAC	s. 178BB Crimes Act (obtain money by false or misleading statement)
DPP advice	DPP advised sufficient admissible evidence to proceed with 36 offences under s. 178BB Crimes Act
Status	On 6 March 2006 court attendance notices served for 36 offences under s. 178BB Crimes Act Awaiting outcome

Name	John Webb
Offences recommended by ICAC	s. 178BB Crimes Act (obtain money by false or misleading statement)
DPP advice	DPP advised sufficient admissible evidence to proceed with 19 offences under s. 178BB Crimes Act
Status	On 23 February 2006 court attendance notices served for 19 offences under s. 178BB Crimes Act Awaiting outcome

Name	Alexander Dougall
Offences recommended by ICAC	s. 178BB Crimes Act (obtain money by false or misleading statement); s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with five offences under s. 178BB Crimes Act and one offence under s. 87 ICAC Act
Status	Court attendance notices served for five offences under s. 178BB Crimes Act and one offence under s. 87 ICAC Act Awaiting outcome

Name	Andrew Williams
Offences recommended by ICAC	s. 178BB Crimes Act (obtain money by false or misleading statement)
DPP advice	DPP advised sufficient admissible evidence to proceed with five offences under s. 178BB Crimes Act
Status	On 23 February 2006 court attendance notices served for five offences under s. 178BB Crimes Act Awaiting outcome

Name	Bryan Hill
Offences recommended by ICAC	s.178BB Crimes Act (obtain money by false or misleading statement)
DPP advice	DPP advised sufficient admissible evidence to proceed with three offences under s. 178BB Crimes Act
Status	On 29 June 2006 convicted of one offence (DPP decided not to proceed with other two offences) and fined \$1,800

Name	Raymond Anthony
Offences recommended by ICAC	s. 178BB Crimes Act (obtain money by false or misleading statement); s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with one offence under s. 178BB Crimes Act and one offence under s. 87 ICAC Act
Status	On 23 February 2006 court attendance notices served for one offence under s. 178BB Crimes Act and one offence under s. 87 ICAC Act Awaiting outcome

Name	Terry Whyte
Offences recommended by ICAC	s. 87 ICAC Act (false or misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with one offence under s. 87 ICAC Act
Status	In March 2006 court attendance notice served for one offence under s. 87 ICAC Act Awaiting outcome

Investigation into certain transactions of Koopahtoo Local Aboriginal Land Council (Operation Unicorn) (April 2005)

Recommendations were made in this report that the DPP give consideration to the prosecution of six named individuals for various criminal offences. Briefs of evidence in relation to all matters have been provided to the DPP, and the ICAC is currently awaiting the advice of the DPP.

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

Name	John Abi-Saab
Offences recommended by ICAC	s. 100A Crimes Act (blackmail by threat to publish); s. 87 ICAC Act (give false/misleading evidence); s. 80(c) ICAC Act (wilfully make false statement); s. 89 ICAC Act (procure false testimony); s. 112 ICAC Act (publish contrary to direction)
DPP advice	DPP advised sufficient admissible evidence to proceed with two offences under s. 112 ICAC Act (other matters still under consideration)
Status	On 19 January convicted and fined \$2,000 for each offence

Name	Geoffrey Howe
Offences recommended by ICAC	s. 112 ICAC Act (publish contrary to direction), s. 80(c) ICAC Act (wilfully make false statement); s. 87 ICAC Act (give false/misleading evidence)
DPP advice	DPP advised sufficient admissible evidence to proceed with one offence under s. 112 ICAC Act, two offences under s. 80 (c) ICAC Act and two offences under s. 87 ICAC Act
Status	On 24 October 2005 placed on two year good behaviour bonds for the offences under s. 112 ICAC Act and s. 80(c) ICAC Act and given a six and three month suspended sentence for the offences under s. 87 ICAC Act

Name	Anne Bechara
Offences recommended by ICAC	s. 87 ICAC Act (give false/misleading evidence); s. 89 ICAC Act (procure false testimony)
DPP advice	DPP advised sufficient admissible evidence to proceed with one offence under s. 89 ICAC Act and 11 offences under s. 87 ICAC Act
Status	On 8 May 2006 court attendance notices served for one offence under s. 89 ICAC Act and 11 offences under s. 87 ICAC Act Awaiting outcome

*Additional matters under consideration by the DPP.

Investigation into safety certification and the operations of the WorkCover NSW Licensing Unit (Operation Cassowary) (Dec 2005)

Recommendations were made in this report that the DPP give consideration to the prosecution of 18 named individuals for various criminal offences. Briefs of evidence in relation to all matters are being compiled.

Investigation into schemes to fraudulently obtain building licences (Operation Ambrosia) (Dec 2005)*

Name	Raymond Khalifeh
Offences recommended by ICAC	s. 178BA Crimes Act (obtaining valuable thing by deception), s. 300(2) Crimes Act (using a false instrument); 307A Crimes Act (making false statement to public authority)
DPP advice	DPP advised sufficient admissible evidence to proceed with three offences under s. 178BA Crimes Act, three offences under s. 300(2) Crimes Act and one offence under s. 302 Crimes Act (custody of false instrument with intent to use)
Status	On 8 June 2006 pleaded guilty to three offences under s. 178BA Crimes Act (DPP agreed not to pursue other matters) Awaiting sentence

* Briefs of evidence in relation to an additional 35 persons are being prepared.

Investigation into the conduct of an officer of the Local Court Registry at Penrith (Operation Hunter) (Feb 2006)

Recommendations were made in this report that the DPP give consideration to the prosecution of two named individuals for various criminal offences. Briefs of evidence in relation to all matters have been provided to the DPP, and the ICAC is currently awaiting the advice of the DPP.

Table 20: Direct referral of prosecution briefs 2005–2006

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
Offences recommended by ICAC	s. 178BA Crimes Act (obtain money by deception)
DPP advice	DPP advised insufficient evidence to proceed
Status	Matter finalised

Table 21: Disciplinary action proceedings during 2005–2006

Investigation into matters arising from the tender for an integrated public transport ticketing system (Operation Bourbon)
(No public report – investigation conducted in 2002)

Name	Anthony Kambouris
Offences recommended by ICAC	Information and evidence collected referred to State Rail Authority (SRA) for consideration of disciplinary proceedings
Action/advice received	On 28 November 2003 Transport Appeals Board found 10 of the most serious counts were substantiated, four were dismissed, Kambouris was reinstated
Status	SRA application to Supreme Court for judicial review of the Transport Appeals Board decision was unsuccessful

Appendix 4: Implementation of recommendations for reform arising from ICAC investigations

Where corruption prevention recommendations are made to an agency in an ICAC investigation report, the agency is asked to report to the ICAC on the implementation of these recommendations. Table 22 shows the information received from agencies in 2005–2006, 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 22: Progress reports received in 2005–2006

Investigation report	Last progress report	Agency responsible for implementation	Number of recommendations	Number addressed	Proportion addressed
Investigation into the handling of applications for public housing by an officer of the Department of Housing (May 2003)	July 2005	Department of Housing	16	11	69%
Investigation into dealings between Thambiah Jeevarajah, and engineer employed by the Department of Housing, and the construction company Australian Colour Enterprises Pty Ltd (May 2003)	July 2005	Department of Housing	5	5	100%
Investigation into the conduct of an officer of Integral Energy (September 2004)	September 2005	Integral Energy	4	4	100%
Investigation into the theft of zoological specimens from the Australian Museum between 1997 and 2002 and related matters (September 2003)	November 2005	Australian Museum	33	33	100%
Investigation into safety certification and training in the NSW construction industry (June 2004)	November 2005	WorkCover NSW	14	12	86%
Investigation into the introduction of contraband into the Metropolitan Remand and Reception Centre, Silverwater (September 2004)	November 2005	Department of Corrective Services	5	5	100%
Report under section 14(2) of the Independent Commission Against Corruption Act 1988 (October 2004)	November 2005	UNSW USYD	4 6	3 6	90% 100%
Investigation into alleged misreporting of hospital waiting list data (February 2004)	March 2006	Department of Health	8	8	100%
Investigation into the introduction of contraband into the High Risk Management Unit at Goulburn Correctional Centre (February 2004)	March 2006	Department of Corrective Services	6	6	100%
Regulation of secondary employment for members of the Legislative Assembly (September 2003)	April 2006	Parliament of NSW	14	12	86%
Investigation into certain transactions of Koombahtoo Local Aboriginal Land Council (April 2005)	April 2006	Department of Aboriginal Affairs	7	7	100%
Investigation into the conduct of the Hon Richard Face MP (June 2004)	June 2006	Parliament of NSW	10	10	100%
Investigation into the alleged leaking of a draft Cabinet minute (April 2006)	June 2006	Cabinet Office	1	1	100%
Investigation into conduct of the Rail Infrastructure Corporation and others in relation to Menangle Bridge (September 2003)	June 2006	Rail Infrastructure Corporation	4	3	75%

Appendix 5: The ICAC and litigation

The ICAC has been involved in three matters that have been the subject of litigation during the reporting year.

Unfair dismissal claim in the Industrial Relations Commission

In February 2006 a former ICAC employee, whose employment had been terminated as the result of ICAC disciplinary proceedings, commenced proceedings in the NSW Industrial Relations Commission claiming unfair dismissal. The ICAC defended the proceedings and instructed the Crown Solicitor.

In April 2006 the proceedings were discontinued when the solicitors for the former employee filed a Notice of Discontinuance. The ICAC had consented to the discontinuance on the basis that each party pay its own costs.

Public interest immunity claim in the Medical Tribunal

In December 2005 the ICAC received a summons to produce to the Medical Tribunal a record of interview taken by an ICAC officer. The summons was issued at the request of solicitors acting for a medical practitioner who was the subject of a complaint lodged with the Medical Tribunal by the Health Care Complaints Commission.

The ICAC sought to be excused from producing the record of interview on the grounds of public interest immunity. It did so on the basis that disclosure might deter people from voluntarily providing information to the ICAC in the future. The Crown Solicitor acted for the ICAC in this matter.

The Tribunal determined in February 2006 that the record of interview should be made available. The ICAC complied with the Tribunal's order.

Proceedings in the Administrative Decisions Tribunal (ADT) and Supreme Court

In June 2005 the ICAC received a request for access to a report made to its Operations Review Committee (the ORC report). The request was made under the provisions of the *Freedom of Information Act 1989* (the FOI Act).

The FOI Act provides that the ICAC is exempt from the provisions of that Act in relation to, inter alia, its complaint handling and investigative functions. The ORC report clearly related to these functions. In these circumstances the request was denied.

In August 2005 the applicant brought proceedings in the Administrative Decisions Tribunal (ADT) seeking a review of the ICAC's decision not to grant access to the ORC report.

In January 2006 the ADT ruled that as the ICAC was exempt from the provisions of the FOI Act in relation to, inter alia, its complaint handling and investigative functions, the ADT had no jurisdiction to hear or determine the application.

The applicant subsequently appealed this ruling to the ADT Appeal Panel.

In April 2006 the ADT Appeal Panel set aside the earlier decision of the ADT and ordered that:

1. The ADT has jurisdiction to review a determination by the ICAC not to give access to the ORC report.
2. The matter be remitted to the ADT for reconsideration in accordance with the ADT Appeal Panel's finding.

After considering the ADT Appeal Panel's judgement, the ICAC appealed to the Supreme Court. In May 2006 the Supreme Court established a timetable for filing of affidavits and submissions and stayed the decision of the ADT Appeal Panel pending determination of the appeal.

The appeal is likely to be dealt with in the latter part of 2006.

Appendix 6: Legal changes

Certain provisions of the *Independent Commission Against Corruption Amendment Act 2005* came into force on 1 July 2005. These related primarily to the establishment of the Office of the Inspector of the ICAC, the introduction of new terminology for hearings ("public inquiry" for what had been "public hearing" and "compulsory examination" for what had been "private hearing"), and providing for additional matters to be included in the ICAC's annual report.

The Independent Commission Against Corruption Regulation 2005 commenced on 1 September 2005. This replaced the former Regulation which was due for automatic repeal on 1 September 2005. There were no significant changes made by the 2005 Regulation.

The *Telecommunications (Interception) Act 1979* was amended in late 2005 as a result of a submission made by the ICAC. The amendment was to the definition of "exempt proceeding" to include a proceeding of the ICAC. The amendment arose from the ICAC's experience in Operation Ambrosia in which the ICAC's use of telecommunications interception material in a public inquiry had been precluded in circumstances where the material did not disclose evidence of misbehaviour by a public official.

The *Independent Commission Against Corruption Act 1988* was, together with a number of other Acts, amended by the *Public Sector Employment Legislation Amendment Act 2006* in relation to the appointment of staff. The main effect of the amendments, which came into effect in March 2006, is to provide that ICAC staff are taken to be employed by the Government of New South Wales in the service of the Crown. The ICAC Commissioner, however, is to be taken as the employer of ICAC staff for the purposes of any proceedings before a competent tribunal relating to the employment of staff.

The *Independent Commission Against Corruption Amendment (Operations Review Committee) Act 2006* came into operation as of 26 May 2006. This amendment abolished the ICAC's Operations Review Committee.

Appendix 7: Complaints about ICAC officers

Amendments to the *Independent Commission Against Corruption Act 1988*, which came into effect 1 July 2005, provided for the appointment of an Inspector of the ICAC. The functions of the Inspector include dealing with:

- complaints of abuse of power, impropriety and other forms of misconduct on the part of the ICAC or officers of the ICAC
- conduct amounting to maladministration (including, without limitation, delay in the conduct of investigations and unreasonable invasions of privacy) by the ICAC or officers of the ICAC.

Accordingly, people who wish to complain about the conduct of an officer of the ICAC may now do so to the Inspector or to the ICAC.

In September 2005 the ICAC entered into a Memorandum of Understanding (MOU) with the Inspector. The MOU provides that the ICAC will notify the Inspector of complaints against ICAC officers it receives that come within the Inspector's functions.

The Inspector may decide to investigate matters directly or ask the ICAC to undertake the investigation and report its findings to the Inspector.

The ICAC received two complaints about ICAC staff in 2005–2006, both from external sources. There was also one matter from 2004–2005 from an external source.

The matter from 2004–2005 was received in June 2005 and subsequently referred to the ICAC Inspector. The ICAC Inspector declined to respond to the complainant as the complaint was not made directly to his office. He asked the ICAC to inform the complainant that if the complainant wished to pursue the matter the complainant should contact the ICAC Inspector directly. The complainant was so advised.

Of the matters received in 2005–2006 both were handled internally, one by the Solicitor to the ICAC and the other by another ICAC lawyer. Both were finalised in the reporting period.

The first matter was treated as a disciplinary matter. The misconduct involved, which occurred while the officer was off duty, was found to be proven and the officer was dismissed. In the second matter no substance was found to the complaint and no action taken against the officer concerned. The Inspector was notified of both matters.

Appendix 8: Privacy and personal information

The *Privacy and Personal Information Protection Act 1998* provides for the protection of personal information and for the protection of the privacy of individuals generally.

The Act establishes a number of information protection principles. These information protection principles only apply to the ICAC in connection with the exercise by the ICAC of its administrative and educative functions.

In accordance with the Act, the ICAC developed a privacy management plan and operated in accordance with this plan during 2005–2006.

Part 5 of the Act sets out mechanisms for a person who has been aggrieved by certain conduct of a public sector agency to seek review of that conduct. The relevant conduct is:

- (a) the contravention by a public sector agency of an information protection principle that applies to the agency
- (b) the contravention by a public sector agency of a privacy code of practice that applies to the agency, and
- (c) the disclosure by a public sector agency of personal information kept in a public register.

No reviews have been required or conducted under Part 5 of the Act during the reporting year.

Appendix 9: 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 ICAC, 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 per cent reduction.

Structure and functions

The ICAC's organisational structure is shown in Appendix 15. 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.

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

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

The ICAC is accountable to the public through the 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.

Members of the public may raise issues with the Inspector of the ICAC that come within the Inspector's functions. The Inspector may audit the ICAC's operations, deal with complaints of misconduct and maladministration and assess the effectiveness and appropriateness of the ICAC's procedures relating to the legality or propriety of its activities.

Members of the public 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 2005–2006 are listed in Appendix 12. They include investigation reports, corruption prevention reports and educational material. The ICAC also publishes brochures about its activities and procedures.

Appendix 10: Freedom of information

Freedom of information requests in 2005–2006

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)	0	5	5
A2 Brought forward	0	1	1
A3 Total to be processed	0	6	6
A4 Completed	0	6	6
A5 Transferred out	0	0	0
A6 Withdrawn	0	0	0
A7 Total processed	0	6	6
A8 Unfinished (carried forward)	0	0	0

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	0	1
B2 Granted in part	0	1
B3 Refused	0	4
B4 Deferred	0	0
B5 Total completed	0	6

Section C: Ministerial certificates

– the number of certificates issued during the period.

C1 Ministerial certificates issued	0
------------------------------------	---

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

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
------------------------------------	---

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	5
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 Total	0	5

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

	Assessed costs	FOI fees received
H1 All completed requests	\$180	\$30

Section I: Discounts allowed

– the number of FOI requests processed during the period where discounts were allowed.

Type of discount allowed	Personal	Other
I1 Public interest	0	0
I2 Financial hardship – Pensioner/child	0	0
I3 Financial hardship – Non-profit organisation	0	0
I4 Total	0	0
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	0	6
J2 22–35 days	0	0
J3 Over 35 days	0	0
J4 Total	0	6

Section K: Processing time

– the number of completed requests (A4) by hours taken to process.

Processing hours	Personal	Other
K1 0–10 hrs	0	6
K2 11–20 hrs	0	0
K3 21–40 hrs	0	0
K4 Over 40 hrs	0	0
K5 Total	0	6

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	0
L5 Deferred	0	0	0	0
L6 Exempt matter	0	0	1	0
L7 Unreasonable charges	0	0	0	0
L8 Charge unreasonably incurred	0	0	0	0
L9 Amendment refused	0	0	0	0
L10 Total	0	0	1	0

Comparison with previous year

In 2004–2005 the ICAC received one FOI request relating to a personal matter and four requests relating to other matters. Of these, all but one request relating to other matters was dealt with in that period.

Impact on the ICAC

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

Appendix 11: 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

Participating ICAC staff member: Surveillance Team Leader

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

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

This 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 sub-committees 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 Committee 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 Initiatives Group (JIG)

Participating ICAC staff member: Nechal Gill, Senior Assessment Officer

JIG meets bi-monthly and is a network of various state and federal complaint handling bodies. Members share information and resources about complaint handling and alternative dispute resolution issues. Members also arrange occasional seminars on complaint handling matters.

Joint Outreach Initiatives Network (JOIN)

Participating ICAC staff member: Bill Kokkaris, Senior Project Officer

JOIN is a subgroup of JIG and 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

This 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, or her delegate; Maria Plytarias, Manager, Assessments; and Giselle Tocher, Principal Officer, Local Government and Planning

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 members: 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 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 members: Linda Waugh, Executive Director, Corruption Prevention, Education and Research; and Evalynn Mazurski, Senior Research Officer

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.

Appendix 12: ICAC publications in 2005–2006

Investigation reports

August 2005	<i>Report on investigation into planning decisions relating to the Orange Grove Centre (Operation Sirius)</i>
September 2005	<i>Report on investigation into various allegations relating to the former South Western Sydney Area Health Service (Operation Jardine)</i>
December 2005	<i>Report on investigation into safety certification and the operations of the WorkCover NSW Licensing Unit (Operation Cassowary)</i>
December 2005	<i>Report on investigation into schemes to fraudulently obtain building licences (Operation Ambrosia)</i>
February 2006	<i>Report on investigation into the conduct of an officer of the Local Court Registry at Penrith (Operation Hunter)</i>
April 2006	<i>Report on investigation into the alleged leaking of a draft Cabinet minute (Operation Derwent)</i>
June 2006	<i>Report on cover-up of an assault on an inmate at Parramatta Correctional Centre (Operation Inca)</i>

June 2006	<i>Sponsorship in the public sector: A guide to developing policies and procedures for both receiving and granting sponsorship</i>
June 2006	<i>Managing gifts and benefits in the public sector (toolkit)</i>
June 2006	<i>Bribery, corrupt commissions and rewards (tip sheet)</i>

Corporate publications

January 2006	<i>ICAC Strategic Plan 2005–2009</i> (published online only)
April 2006	<i>The Corruption and Anti-Corruption Executive Program 2006</i> (brochure)
July 2006	<i>ICAC Strategic Plan 2006–2010</i>

Corruption Matters newspaper

November 2005	<i>Corruption Matters No. 26</i>
May 2006	<i>Corruption Matters No. 27</i>

Section 14(2), investigation reports

<i>Report to the Minister for Local Government under section 14(2) of the Independent Commission Against Corruption Act 1988 into the conduct of two Burwood councillors (Operation Odin)*</i>
--

* This report was made public by the Minister for Local Government on 9 May 2006.

Corruption prevention and research publications

July 2005	<i>Profiling the NSW public sector: functions, risks and corruption resistance strategies. Report on follow-up research conducted in 2004</i>
September 2005	<i>Strengthening the corruption resistance of the NSW public health sector (discussion paper)</i>
November 2005	<i>Probity and probity advising: Guidelines for managing public sector projects</i>
December 2005	<i>Corruption risks in NSW development approval processes (discussion paper)</i>
May 2006	<i>Direct negotiations: Guidelines for managing risks in direct negotiations</i>

Appendix 13: Summary of training engagements and presentations

Table 23: Training engagements

Date	Organisation	Speaker	Subject	Location
4 July 2005	University of Wollongong	Alexandra Mills, Catherine Hughes	Corruption risks in universities	Wollongong
13 July 2005	State Procurement	Steffanie von Helle	The ICAC and procurement	Sydney
23 August 2005	RailCorp	Steffanie von Helle, Janice King	Ethical considerations for transit officers	Sydney
26 August 2005	Centre for Community Welfare Training	Bill Kokkaris, Steffanie von Helle	Increasing the awareness of corruption in CALD communities	Sydney
30 August 2005	Macquarie International	Alexandra Mills, Catherine Hughes	Corruption risks in universities	Sydney
31 August 2005	Institute of Public Administration Australia (IPAA)	Don McKenzie	Fact-finder	Sydney
5 September 2005	Office of Fair Trading Investigator's Conference	Alina Hughes, Catherine Hughes	Corruption risks for investigators and regulators	Sydney
7 September 2005	Department of State and Regional Development	Catherine Hughes	Ethics, values and accountability	Sydney
19 September 2005	RailCorp	Steffanie von Helle, Janice King	Ethical considerations for transit officers	Sydney
20 September 2005	Protected Disclosures Workshop, State agencies	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures train-the-trainer workshop	Sydney
6 October 2005	State Super SAS Trustee	Catherine Hughes	Protected disclosures	Sydney
11 October 2005	Protected Disclosures Workshop, State agencies	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures train-the-trainer workshop	Sydney
13 October 2005	Protected Disclosures Workshop, State agencies	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures train-the-trainer workshop	Sydney
27 October 2005	University of Western Sydney	Alexandra Mills, Catherine Hughes	Corruption risks in universities	Sydney
31 October 2005	University of Western Sydney	Alexandra Mills, Catherine Hughes	Corruption risks in universities	Sydney
8 November 2005	South East Rural and Regional Outreach Program	Chris Wheeler, (Deputy Ombudsman) Maria Plytarias	Train-the-trainer	Batemans Bay
8 November 2005	South East Rural and Regional Outreach Program	Don McKenzie	Fact-finder	Queanbeyan
8 November 2005	South East Rural and Regional Outreach Program	Nicola Dunbar, Alexandra Mills, Catherine Hughes	Corruption prevention for managers	Queanbeyan
8 November 2005	Ulladulla High School, South East Rural and Regional Outreach Program	Andrew McCutcheon, Bill Kokkaris	Introduction to the ICAC	Ulladulla
9 November 2005	South East Rural and Regional Outreach Program	Gary Coulthart	Fact-finder	Batemans Bay
9 November 2005	South East Rural and Regional Outreach Program	Alina Hughes, Lewis Rangott, Peter Richardson	Corruption prevention for managers	Batemans Bay
9 November 2005	Moruya High School, South East Rural and Regional Outreach Program	Seckin Cetin, Andrew McCutcheon	Introduction to the ICAC	Moruya

9 November 2005	Batemans Bay High School, South East Rural and Regional Outreach Program	Bill Kokkaris, Seckin Cetin, Andrew McCutcheon	Introduction to the ICAC	Batemans Bay
9 November 2005	Local Aboriginal Land Councils, South East Rural and Regional Outreach Program	Lynn Atkinson, Margaret Sutherland	Corruption risk management	Queanbeyan
14 November 2005	State Procurement	Catherine Hughes	The ICAC and procurement	Sydney
14 November 2005	ANU Short Course – Corruption and Anti-Corruption, Asia Pacific School of Economics and Government	Alexandra Mills	Introduction to the ICAC	Sydney
15 November 2005	ANU Short Course – Corruption and Anti-Corruption, Asia Pacific School of Economics and Government	Maria Plytarias	Receiving and investigating allegations of corrupt conduct	Sydney
15 November 2005	ANU Short Course – Corruption and Anti-Corruption, Asia Pacific School of Economics and Government	Gary Coulthart, David Casserly	Investigation methods and principles	Sydney
16 November 2005	ANU Short Course – Corruption and Anti-Corruption, Asia Pacific School of Economics and Government	Steffanie von Helle	Communicating about corruption	Sydney
16 November 2005	ANU Short Course – Corruption and Anti-Corruption, Asia Pacific School of Economics and Government	Nicola Dunbar	Corruption prevention methods and principles	Sydney
24 November 2005	Institute of Public Administration Australia (IPAA)	Steffanie von Helle, Catherine Hughes, Vicki Klum	Corruption prevention for managers	Sydney
29 November 2005	Department of Education and Training	Catherine Hughes	Introduction to the ICAC	Wollongong
29 November 2005	Department of Education and Training	Catherine Hughes	Introduction to the ICAC	Wollongong
6 December 2005	Department of Housing	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures	Sydney
8 December 2005	Hunter New England Area Health Service	Don McKenzie, Jay Lawrence	Fact-finder	Newcastle
6 February 2006	United Nations Global Program Against Corruption (United Nations Office on Drugs and Crime)	Jay Lawrence	Prosecution of corruption	Pretoria, South Africa
9 February 2006	United Nations Global Program Against Corruption (United Nations Office on Drugs and Crime)	Jay Lawrence	Function of the ICAC — NSW	Pretoria, South Africa
20 February 2006	Office of Fair Trading Investigator's Conference	Alina Hughes, Catherine Hughes	Corruption risks for investigators and regulators	Sydney
14 March 2006	Department of Energy, Utilities and Sustainability	Catherine Hughes	Ethics and accountability	Sydney

21 March 2006	Department of Health	Nicola Dunbar	Senior Executive Induction – The role of leaders in creating an ethical culture	Sydney
4 April 2006	Powerhouse Museum	Nicola Dunbar, Catherine Hughes	Corruption prevention for managers	Sydney
10 April 2006	State Procurement	Catherine Hughes	The ICAC and procurement	Sydney
1 May 2006	Sydney West Area Health Service	Nicola Dunbar, Michael Nest	The role of leaders in preventing corruption	Sydney
10 May 2006	Department of State and Regional Development	Catherine Hughes	Ethics, values and accountability	Sydney
22 May 2006	Business Link	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures	Sydney
30 May 2006	State Agencies workshop, Central West NSW Outreach Program	Jane Coulter, Steffanie von Helle, Alexandra Mills	Corruption prevention for managers	Dubbo
30 May 2006	Central West NSW Outreach Program	Jay Lawrence	Fact-finder	Dubbo
31 May 2006	Local Government Workshop, Central West NSW Outreach Program	Alina Hughes, Vicki Klum, Catherine Hughes	Corruption prevention for managers	Dubbo
31 May 2006	Central West NSW Outreach Program	Don McKenzie	Fact-finder	Dubbo
31 May 2006	Local Area Land Councils, Central West NSW Outreach Program	Margaret Sutherland, Michael Nest	Corruption prevention workshop	Dubbo
1 June 2006	Local Area Land Councils, Central West NSW Outreach Program	Margaret Sutherland, Michael Nest	Corruption prevention workshop	Trangie
1 June 2006	Central West NSW Outreach Program	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures train-the-trainer workshop	Dubbo
1 June 2006	South Western Area Health Service, Central West NSW Outreach Program	Nicola Dunbar, Seckin Cetin	Corruption prevention for managers	Dubbo
1 June 2006	Dubbo College Senior Campus, Central West NSW Outreach Program	Sue Bolton	Introduction to the ICAC	Dubbo
1 June 2006	Wellington High School, Central West NSW Outreach Program	Sue Bolton	Introduction to the ICAC	Wellington
2 June 2006	Local Area Land Councils, Central West NSW Outreach Program	Margaret Sutherland, Michael Nest	Corruption prevention workshop	Coonamble
6 June 2006	Department of Natural Resources, Central West NSW Outreach Program	Alexandra Mills, Catherine Hughes	Corruption prevention for managers	Orange
6 June 2006	Rural Fire Service	Don McKenzie	Fact-finder	Coffs Harbour
13 June 2006	Department of Environment and Conservation	Steffanie von Helle, Alina Hughes	Corruption prevention for managers	Sydney
16 June 2006	Department of Environment and Conservation	Don McKenzie	Corruption prevention for managers	Sydney
20 June 2006	Department of Environment and Conservation	Steffanie von Helle, Alina Hughes	Corruption prevention for managers	Sydney

Table 24: Speeches and presentations

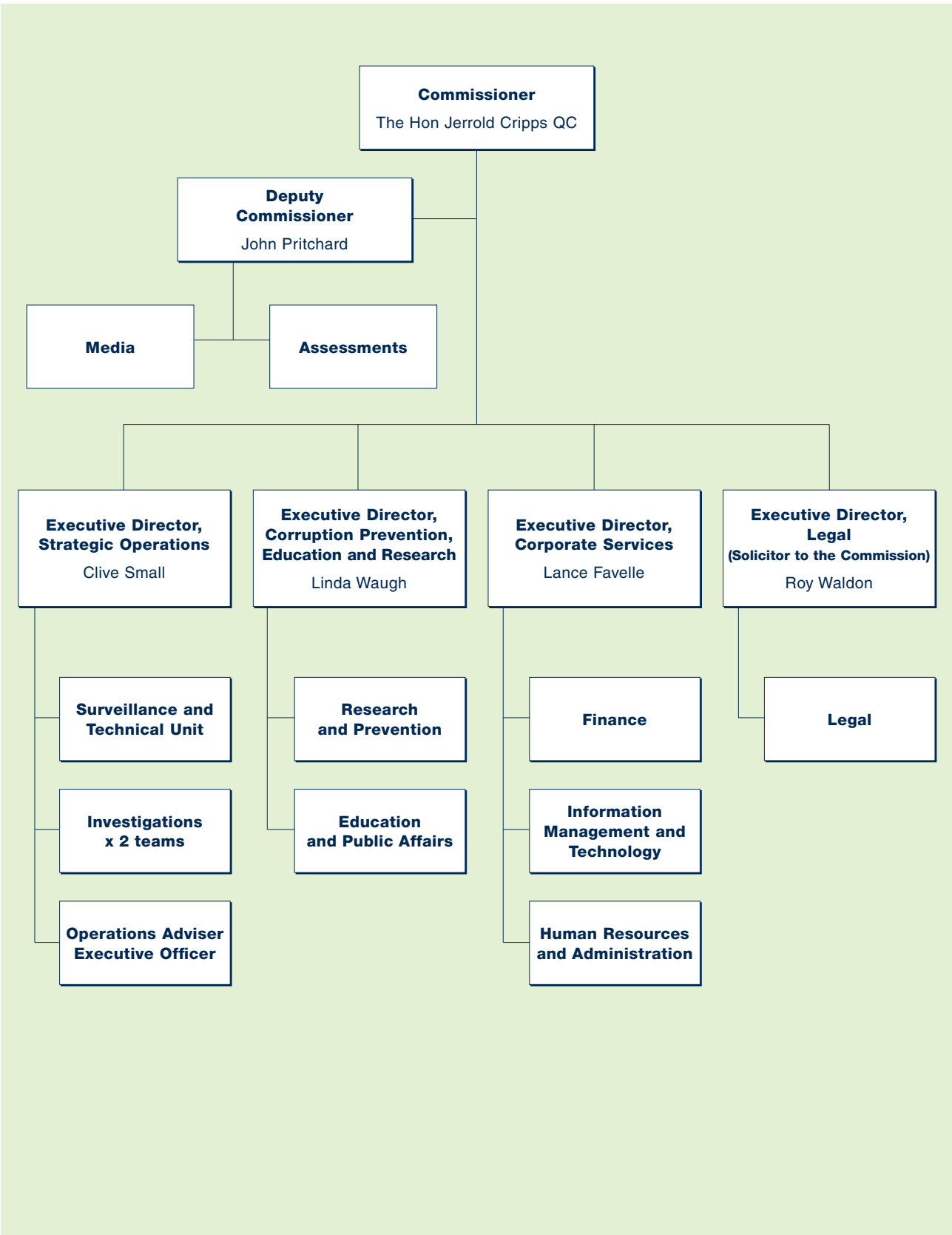
Date	Organisation	Speaker	Subject	Location
13 July 2005	Joint Outreach Initiatives Network	Bill Kokkaris	NESB Campaign	Sydney
25 July 2005	Nepalese Commission for the Investigation of Abuse of Authority	Roy Waldon	Role and function of the ICAC	Sydney
11 August 2005	Sydney South West Area Health Service	Nicola Dunbar	Introduction to the ICAC and the ICAC's work in the health sector	Sydney
16 August 2005	Anti Corruption Agency Malaysia	Deputy Commissioner	Best practice in corruption prevention	Sydney
17 August 2005	Community Relations Commission	Bill Kokkaris	Introduction to the ICAC	Sydney
18 August 2005	High Inspectorate for the Declaration and Audit of Assets, Albania	Linda Waugh	Role and function of the ICAC	Sydney
6 September 2005	Andhra Pradesh (India) State Officials	Clive Small	Role and function of the ICAC	Sydney
20 September 2005	Iraqi Special Tribunal	Clive Small	Role and function of the ICAC	Sydney
23 September 2005	NSW Health	Commissioner	Strengthening the corruption resistance of the NSW public health sector	Sydney
23 September 2005	Local Government Management Association	Commissioner	Overview of the ICAC	Sydney
12 October 2005	Planning Law and Practice Short Course – Keynote Address, UNSW	Commissioner	Role and function of the ICAC	Sydney
20 October 2005	Environment and Planning Law Association	Commissioner	Role and function of the ICAC and local government issues	Sydney
20 October 2005	Final year students, University of Technology Sydney	Catherine Hughes	Introduction to the ICAC and recent investigations	Sydney
3 November 2005	Department of Government Ethics, Ministry of Justice, Taiwan	Deputy Commissioner	Role and function of the ICAC	Sydney
3 November 2005	Transparency International Australia	Commissioner	ICAC – Trends and challenges	Sydney
3 November 2005	University of New South Wales	Steve Osbourne	ICAC investigations and codes of conduct	Sydney
9 November 2005	Community Leaders Breakfast, South East Rural and Regional Outreach Program	Commissioner, Deputy Commissioner	Introduction to the ICAC	Batemans Bay
15 November 2005	Batemans Bay Councillor session, South East Rural and Regional Outreach Program	Giselle Tocher, Lewis Rangott, Lynn Brown, Department of Local Government	Overview of the ICAC and model Code of Conduct	Batemans Bay
16 November 2005	South East Regional Coordination Management Group Forum	Commissioner	Role and function of the ICAC and recent investigations	Thredbo
2 December 2005	Area Health Service Internal Auditors Conference	Nicola Dunbar	Camden and Campbelltown: What are the corruption prevention lessons?	Gosford
9 February 2006	CPA Forensic Discussion Group	Deputy Commissioner	The role of forensic accounting in the work of the ICAC, some examples from experience, and some thoughts about the path we have come down and the way ahead	Sydney

22 February 2006	Integrity Institute for Malaysia	Deputy Commissioner, Linda Waugh	Introduction to the ICAC	Sydney
22 February 2006	Wagga Wagga City Council, Councillor session	Giselle Tocher, Lewis Rangott	Corruption risks in NSW development approval process	Wagga Wagga
22 February 2006	Wagga Wagga City Council, Staff session	Giselle Tocher, Lewis Rangott	Corruption risks in NSW development approval process	Wagga Wagga
23 February 2006	2nd National Conference of Parliamentary Oversight Committees of Anti-Corruption/Crime Bodies	Commissioner	Role and function of the ICAC	Sydney
23 February 2006	2nd National Conference of Parliamentary Oversight Committees of Anti-Corruption/Crime Bodies	Clive Small	The ICAC investigative process	Sydney
3 March 2006	Local Government Internal Audit Group	Giselle Tocher, Lewis Rangott	Corruption risks in NSW development approval process	Newcastle
6 March 2006	Powerhouse Museum	Nicola Dunbar, Catherine Hughes	The role of leaders in preventing corruption	Sydney
16 March 2006	Ministry of Transport	Commissioner	Role and function of the ICAC	Sydney
27 March 2006	NSW Parliament Electorate Officers	Peter Richardson, Catherine Hughes	Role of the ICAC/ reporting corruption concerns	Sydney
17 May 2006	European Anti-Corruption Agencies	Alexandra Mills	Learning from experience: The NSW ICAC project to develop evidence-based prevention policy	Lisbon
18 May 2006	NSW Police Witness Security Unit	Stephen Osborne, David Casserly	Role and function of the ICAC	Sydney
25 May 2006	Hornsby Council	Giselle Tocher	Corruption risks in NSW development approval process	Sydney
31 May 2006	Regional Coordination Management Group, Central West NSW Outreach Program	Commissioner	Introduction to the ICAC and corruption issues for state agencies	Dubbo
1 June 2006	Community Leaders Breakfast, Central West NSW Outreach Program	Commissioner	Introduction to the ICAC	Dubbo
1 June 2006	Orana Regional Organisation of Councils session, Central West NSW Outreach Program	Commissioner	Introduction to the ICAC and corruption issues for Local Government	Dubbo
1 June 2006	Community Leaders Breakfast, Central West NSW Outreach Program	Commissioner	Introduction to the ICAC	Dubbo
1 June 2006	Orange City Council session, Central West NSW Outreach Program	Giselle Tocher, Dominic Riordan, Department of Local Government	Role and function of the ICAC and model Code of Conduct	Orange
5 June 2006	Local Government Managers Australia, NSW	Commissioner	Conflicting interests? Whose interests?	Sydney
8 June 2006	Australasian Audit Offices Communications Conference	Peter Richardson	Communications initiatives at ICAC	Sydney
19 June 2006	President of the Malaysian Senate and senators from Malaysian Parliament	Commissioner, Linda Waugh	Role and function of the ICAC	Sydney
27 June 2006	Community Relations Commission — sessional interpreters and translators	Peter Richardson	Role of the ICAC/reporting corruption concerns	Sydney

Appendix 14: Overseas travel during 2005–2006

Staff member	When	Countries visited	Purpose	Cost
The Hon Jerrold Cripps QC, Commissioner	9–11 May 2006	Hong Kong	Attend 3rd Hong Kong ICAC symposium, “Corporate Corruption, Integrity and Governance”, Deliver a paper titled “The Nexus Between Private and Public Corruption”, and sit on panel.	ICAC NSW funded all costs associated with travel, accommodation and expenses.
Jay Lawrence, Senior Lawyer	6–9 February 2006	South Africa	Attend “High-level regional seminar for the Ratification and Implementation of the United Nations Convention Against Corruption” and present papers on: “Prosecution of Corruption” and “Function of the ICAC NSW”.	The United Nations Global Program Against Corruption (United Nations Office on Drugs and Crime) funded all costs associated with travel, accommodation and expenses. No costs were incurred by the ICAC.
Alexandra Mills, Senior Corruption Prevention Officer	17–19 May 2006	Portugal	Attend European anti-corruption agencies conference: “Protecting the community’s financial interests in a knowledge-based, innovative and integrated manner”, and present paper on: “Learning from experience: The NSW ICAC project to review investigations to support knowledge-based prevention policy.”	The centro de investigação e estudos de sociologia (CIES), in cooperation with the Australian National University (ANU) and co-financed by the Office Européen de Lutte Anti-Fraude (OLAF), funded all costs associated with travel accommodation and expenses. No costs were incurred by the ICAC.

Appendix 15: Organisation chart



Appendix 16: Chief Executive Officer and Senior Executive Service

Executive remuneration, Commissioner and Executive Officers Level 5 and above

The conditions of employment of the Commissioner, the Hon Jerrold Cripps QC, are contained in his instrument of appointment, effective on and from 14 November 2004. Mr Cripps' five-year term finishes on 13 November 2009.

The Commissioner's salary, including any increases to his salary, is paid in line with the determination provided by the Statutory and Other Officers Remuneration Tribunal (SOORT) for puisne judges. The Commissioner's salary is calculated at 160 per cent of the remuneration of a NSW Supreme Court puisne judge. The total remuneration package (inclusive of superannuation contributions) for Mr Cripps is currently \$470,488. No fringe benefits were paid for the relevant reporting period.

In its annual determination, SOORT also awarded a 4 per cent increase to SES Officers, effective from 1 October 2005.

Mr John Pritchard, the Deputy Commissioner, was statutorily appointed to the position by the Governor in April 2005 to fill the role for a four-year term. The Deputy Commissioner's position is remunerated at SES Officer Level 5. Mr Pritchard's current remuneration in this role is a total salary package of \$229,216.

Performance of Deputy Commissioner

The Commission is required under annual reporting legislation to report on the performance of any SES officers at Level 5 or above. Mr John Pritchard, Deputy Commissioner throughout 2005–2006, was the only ICAC senior officer in this category.

The Commissioner assessed Mr Pritchard's performance for 2005–2006 as excellent and he has successfully met the criteria contained in his performance agreement, including the provision of high-quality and timely operational and strategic advice.

Mr Pritchard in his role as Deputy Commissioner oversaw the implementation of changes to internal practices and procedures in response to significant changes to the ICAC Act as recommended by the ICAC Review, which was reported in the 2004–2005 Annual Report.

In particular, with the establishment of the Office of the Inspector of the ICAC on 1 July 2005, Mr Pritchard has acted as a major point of liaison with the Inspector's Office to establish protocols and procedures to assist in the discharge of the Inspector's oversight function over the ICAC.

In his role as direct line manager for the Assessments Section, together with the Manager, Assessments, Mr Pritchard oversaw a restructuring of the unit designed to create more efficient handling of complaints, including compliance with new statutory performance reporting requirements under the ICAC Act. Also, in light of the abolition of the Operations Review Committee in May 2006, a complete review of complaint handling procedures and processes is to be undertaken.

As part of his role to provide strategic and operational advice to the Commissioner, Mr Pritchard has worked with the other Executive Directors in reshaping and enhancing corporate governance mechanisms and internal committees, especially in the area of overseeing investigations to improve efficiency and accountability.

Executive management

As at June 2006 the ICAC's Executive Management Team comprised:

- Jerrold Cripps QC, Commissioner, BA 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)
- Roy Waldon, Executive Director Legal and Solicitor to the Commission, LLB Hons (University of Tasmania)

The comparison of the current executive positions with previous years as well as the numbers of female senior executive staff are shown in the tables below.

Table 25: Total number of executive staff 2005–2006 compared to previous years.

SES Level	2002–2003	2003–2004	2004–2005	2005–2006
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 26: Number of female senior executive staff 2005–2006 compared to previous years

Year	Number
2005–2006	1
2004–2005	1
2003–2004	2
2002–2003	1

Appendix 17: Access and Equity

The ICAC's 2005–2006 Equal Employment Opportunity (EEO) management plan ensures that the ICAC has indicators in place, with appropriate associated strategies, to enable the ICAC to realise the aims of its EEO program. Relevant ICAC policies are continually being revised and improved to address areas where further action needs to be taken in order to achieve EEO outcomes.

ICAC's Access and Equity Committee continues to play a major role in monitoring and implementing equity issues within the ICAC. A standard agenda item has now been incorporated to ensure that the EEO management plan is reviewed on a regular basis.

In September 2005, nominations were called from all staff seeking membership of the committee for a two-year term. Consequently, members of the committee in 2005–2006 were:

July–September 2005

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

September 2005–June 2006

- Steve Osborne, Strategic Operations
- Virginia Tinson, Human Resources and Administration
- Cindy Fong, Corporate Services
- Jay Lawrence, Legal
- Cathy Walsh, Human Resources and Administration
- Bill Kokkaris, Corruption Prevention, Education and Research
- Steffanie von Helle, Corruption Prevention, Education and Research

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

The initiatives undertaken and the achievements in each are outlined as follow.

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

The position of Assessment Officer was advertised in the *Koori Mail* to help attract potential applicants from an ATSI background. An application was lodged for the Elsa Dixon Aboriginal Employment Program administered by the Department of Education and Training to support the creation of a permanent position of Indigenous Assessment and Liaison Officer. The application was approved in August 2006.

EEO and diversity training

In accordance with ICAC policy, a total of 22 new staff attended mandatory EEO/diversity training conducted by an external consultant. In addition, staff who underwent training more than three years previously also attended a refresher EEO/diversity training session. The training covers an outline of ICAC's policies and procedures on EEO and discrimination, harassment and bullying, and grievances.

Work arrangements

The ICAC actively promotes its flexible work practices and 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.

Employee assistance program (EAP)

ICAC renegotiated a further two-year agreement with an external agency to provide professional and confidential counselling services for staff and their families.

Recruitment and merit selection training

A total of 23 staff undertook training in merit selection techniques and 16 staff undertook merit selection techniques refresher training.

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 Action Plan provides the community with a comprehensive picture of the work being done by government for the women of NSW. Although the ICAC is not required to have an action plan for women, the ICAC ensures through its internal equity and occupational health and safety related policies and plans that it promotes the NSW Government's strategies relating to women.

In relation to the NSW Government Action Plan's objective for promoting the position of women, the ICAC has ensured that it has a skilled and diverse workforce with women comprising 53.6 per cent of its total staff. One hundred per cent of them earn in excess of \$50,000 per year and 10 per cent earn in excess of \$97,932 per year.

The ICAC also contributes to the Action Plan's objective to promote workplaces that are responsive to all aspects of women's lives. It does this by ensuring that it has development opportunities and programs in place specifically targeted to assist its female employees. The ICAC's

Spokeswomen's Program and the Program's sponsorship of female staff in leadership conferences, management courses and information sessions that particularly target women working in the public sector reflect the ICAC's commitment to the Action Plan's objectives. It should also be noted that 80 per cent of the staff granted study and examination leave for tertiary postgraduate courses by the ICAC during 2005–2006 were female employees.

Although the ICAC has in place a wide range of flexible working conditions and policies to facilitate its employees achieving a balance between work and family life, it is always striving for improvements. In January 2006, the ICAC adopted the NSW Government's new legislation relating to the enhanced parental leave conditions of the Family Provisions Test Case for both its permanent and temporary employees. In addition to these enhanced conditions, the ICAC varied its Award in February 2006 to incorporate various components relating to providing a safer work place to both its employees and contractors. These changes assist the Action Plan in improving the economic and social participation of women in NSW society. See Figure 13 below.

Spokeswomen's Program

Spokeswomen's Program is a gender equity strategy to improve women's employment opportunities within the NSW public sector. The ICAC's Spokeswomen's Program has been established to support its female employees and promote the sharing of information and ideas, and encourage networking opportunities to occur throughout the ICAC. The ICAC's Spokeswoman, Susan Hay, continues

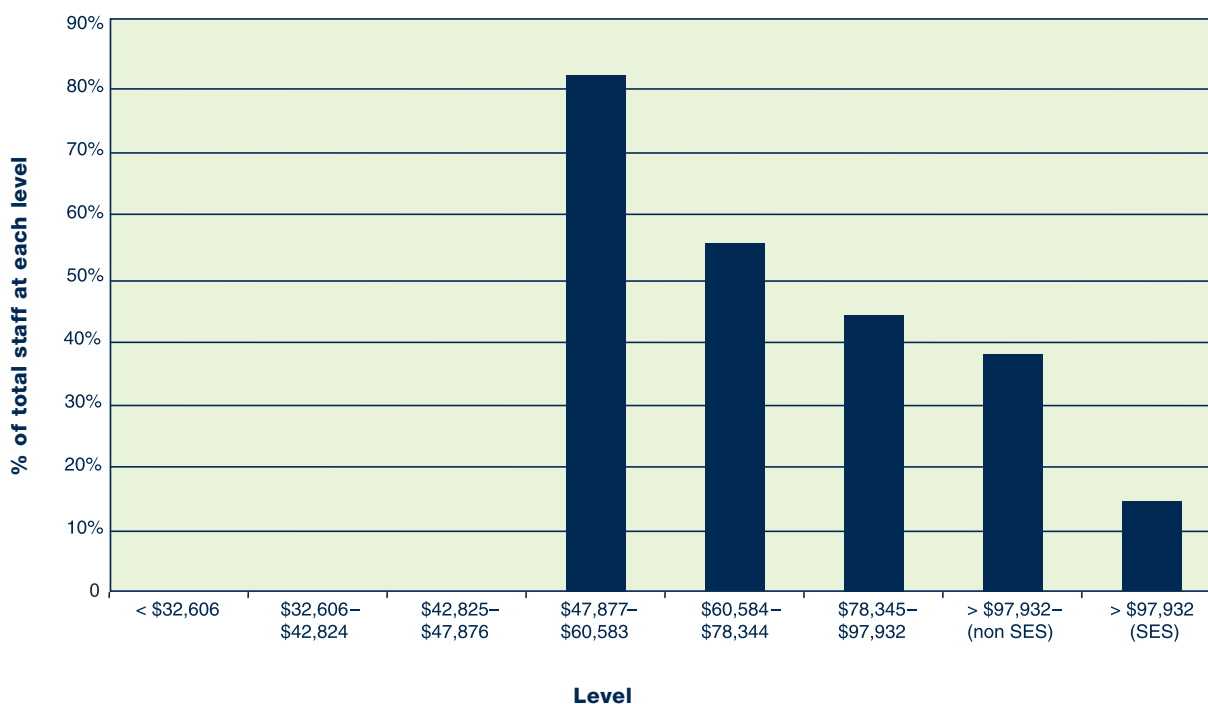
to ensure the Program provides a range of development opportunities and arenas for the provision of information that is particularly relevant for our female staff. The Spokeswomen's intranet site is an effective source for providing information to female staff and enables an efficient means for gaining access to information on training and development sessions targeting female employees.

In June 2005, the ICAC conducted an Organisational Climate Survey to assess staff perceptions of workplace culture. The reports provided the ICAC with a better understanding of staff attitudes and views, and information both to support relevant organisational development strategies and projects, and to ensure a fair and ethical workplace for employees. Of particular interest to the Spokeswomen's Program was the outcome of any gender specific information acquired from the survey that was relevant to improving conditions, access or general equity concerns of female employees. Although the data was analysed by a focus group specifically set up for the purpose, no specific concerns were forthcoming from the survey.

The Spokeswomen's Program strategies for 2005–2006 focused on the provision of the following development opportunities to the ICAC's female employees:

- Sponsoring two female employees to attend the 17th Women, Management and Employment Relations Conference held in July 2005 at Macquarie University in Sydney. This conference focused on equal employment opportunity and workplace culture and provided an annual audit of the key issues confronting women in the workplace.

Figure 13: Representation of women within levels



- Sponsoring five female employees, including the ICAC's Spokeswoman, to attend the annual Spokeswomen's conference, which featured presenters on a range of topics including future challenges for women, flexible work practices and influencing skills.
- Sponsoring one female employee to enrol in the Public Sector Management Program. This Program is a management training course for senior staff, front-line and middle managers employed in Commonwealth, state/territory and local government public sectors across Australia and operates through a partnership with four universities and a range of training providers. Although the ICAC offered sponsorship in the 2005–2006 Public Sector Management Program, no female staff applied. However, for the 2006–2007 Public Sector Management Program, two female staff members nominated to attend and will be paid for by the Spokeswomen's Program.
- Sponsoring eight female employees to attend the United Nations Development Fund for Women (UNIFEM) Breakfast, as part of International Women's Day celebrations.

The key strategies of the Spokeswomen's Program for 2006–2007 will again focus on providing development opportunities,

particularly in leadership-related areas to the female staff of the ICAC as well as exploring networking opportunities with the Spokeswomen's Programs in other like agencies.

EEO and diversity program

The ICAC employs staff from diverse backgrounds and cultural experience. The NSW Government has established benchmarks as employment indicators for people from identified EEO groups. Measurement against these Government employment targets provides an indication of how well the ICAC's EEO management plan, EAPS plan and broader EEO and diversity program are achieving their objectives.

Tables 27 and 28 show the percentage and trends of ICAC staff in relation to the various EEO employment groups against the established NSW Government benchmarks.

Tables 28 and 29 show the EEO group representation of staff in relation to salary level and the basis of employment.

Table 27: Benchmarks — trends in the representation of EEO groups

EEO group	Benchmark or target	% OF TOTAL STAFF				
		2002	2003	2004	2005	2006
Women	50%	52%	50%	51%	53%	54%
Aboriginal people and Torres Strait Islanders	2%	0%	0%	0%	0%	0%
People whose first language was not English	20%	18%	21%	22%	19%	21%
People with a disability	12%	7%	9%	11%	12%	11%
People with a disability requiring work-related adjustment	7%	1.9%	5%	4.3%	3.5%	1.8%

Table 28: Trends in the distribution of EEO groups*

DISTRIBUTION INDEX						
EEO group	Benchmark or target	2002	2003	2004	2005	2006
Women	100	83	85	91	86	89
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	102	98	97	98
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 the former ODEOPE.
4. The distribution index is not calculated where EEO group or non-EEO group numbers are less than 20.

Table 29: Staff numbers by salary level

NUMBER									
Total	Staff	Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose first language was not English	People with a disability	People with a disability requiring work-related adjustment
< \$32,606		0	0	0	0	0	0	0	0
\$32,606–\$42,824	1	1	1	0	0	0	0	1	1
\$42,825–\$47,876		0	0	0	0	0	0	0	0
\$47,877–\$60,583	24	24	4	20	0	7	6	2	0
\$60,584–\$78,344	28	28	12	16	0	8	6	4	1
\$78,345–\$97,932	38	38	21	17	0	10	8	3	0
> \$97,932 (non SES)	13	13	8	5	0	4	3	2	0
> \$97,932 (SES)	6	6	5	1	0	0	0	0	0
TOTAL	110	110	51	59	-	29	23	12	2

Table 30: Staff numbers by employment basis

Employment basis	NUMBER								People with a disability requiring work-related adjustment
	Staff	Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose first language was not English	People with a disability	
Permanent full-time	91	91	41	50	0	26	22	11	2
Permanent part-time	4	4	0	4	0	2	1	0	0
Temporary full-time	8	8	5	3	0	1	0	1	0
Temporary part-time	1	1	0	1	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
Retained staff		0	0	0	0	0	0	0	0
Casual	—	0	0	0	0	0	0	0	0
TOTAL	110	110	51	59		29	23	12	2
Subtotals									
Permanent	95	95	41	54	—	28	23	11	2
Temporary	9	9	5	4	—	1		1	
Contract (SES)	6	6	5	1	—				
Full-time (excluding SES)	99	99	46	53	—	27	22	12	2
Part-time (excluding SES)	5	5		5	—	2	1		

Table 31: Employment basis for 2005–2006 compared to previous 4 years

Employment Basis		2001–2002	2002–2003	2003–2004	2004–2005	2005–2006
Permanent	Full -time	76	83	95	88	91
	Part-time	9	7	6	8	4
Temporary	Full-time	16	10	10	9	8
	Part-time	0	0	1	2	1
Contract	SES	6	6	5	6	6
	Non SES	5	0	0	0	0
	Trainee	0	1	0	0	0
TOTAL		112	107	117	113	110

Table 32, which sets out the reported average full-time equivalent staffing levels throughout the year, provides a more accurate indication of staff trends.

Table 32: Average full-time equivalent staffing 2002–2003 to 2005–2006

2002–2003	2003–2004	2004–2005	2005–2006
101	111	112.6	105.2

Appendix 18: Disability action plan

The ICAC is committed to minimising and, where possible, eliminating discriminatory practices and increasing access to services and premises for people with disabilities.

The ICAC's Access and Equity Committee continues to assist with monitoring, reviewing and implementing identified strategies in the ICAC's Disability Action Plan.

The major focus this year has been the development of ICAC's Disability Action Plan 2006–2008 based on the NSW Government's Disability Policy Framework.

During 2005–2006 the ICAC also:

- undertook various workplace and other reasonable adjustments to support staff with disabilities to continue their work in the ICAC
- engaged an external adviser to prepare and coordinate return-to-work plans for staff with work-related injuries
- purchased ergonomic equipment recommended by an external adviser to assist staff in the performance of their work
- included disability awareness material in its corporate induction PowerPoint presentation
- undertook EEO/grievance/diversity training for new staff and refresher training
- identified staff to complete merit selection training or merit selection refresher training conducted by an external provider
- participated at the Australian Employer's Network on disability forums.

Disability access audit

Recommendations made, where appropriate, arising from the access audit report undertaken in 2002 by the Australian Quadriplegic Association on ICAC's premises at 133 Castlereagh Street, Sydney have been finalised. Building management agreed to address further outstanding recommendations made in the audit during any future refurbishment of the floors occupied by ICAC.

Appendix 19: Ethnic affairs priorities statement

The ICAC recognises its legislated obligations and upholds the principles of multiculturalism. It is committed to the ongoing support of these principles to both staff and clients who are from culturally and linguistically diverse backgrounds.

During 2005–2006 the ICAC:

- developed its 2005–2006 Ethnic Affairs Priorities Statement (EAPS) and implemented its management plan in accordance with the NSW Government's principles of multiculturalism, as defined in the *Community Relations Commission and Principles of Multiculturalism Act 2000*
- reviewed and updated its bilingual skills directory
- developed an intranet page listing the 2006 days of religious significance for multicultural NSW
- promoted the Community Language Allowance Scheme (CLAS) to staff
- engaged accredited interpreters when required for hearings and preliminary complaints – for both telephone and face-to-face contact
- issued media materials relating to investigation reports to culturally and linguistically diverse (CALD) media when relevant
- presented a training module through Community Cultural Welfare Training (CCWT) to community workers dealing with CALD communities
- published guidelines for culturally responsive public sector services on the intranet for use by ICAC staff
- ensured appropriate language resources were available during public inquiries

Figure 14: Staff with disabilities

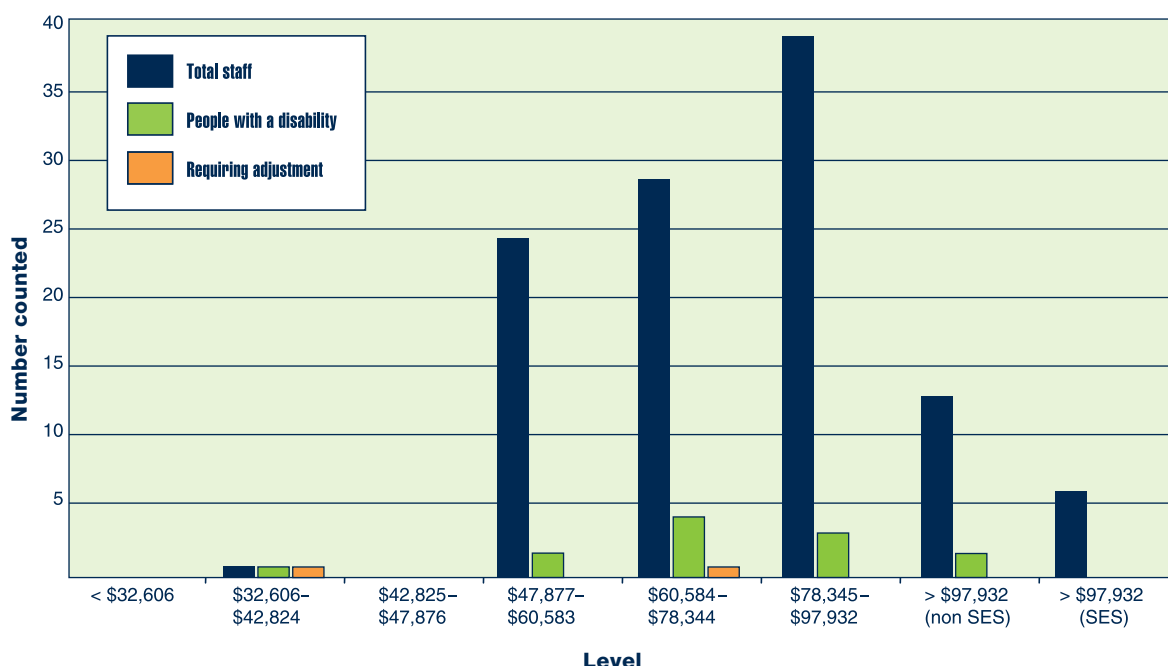
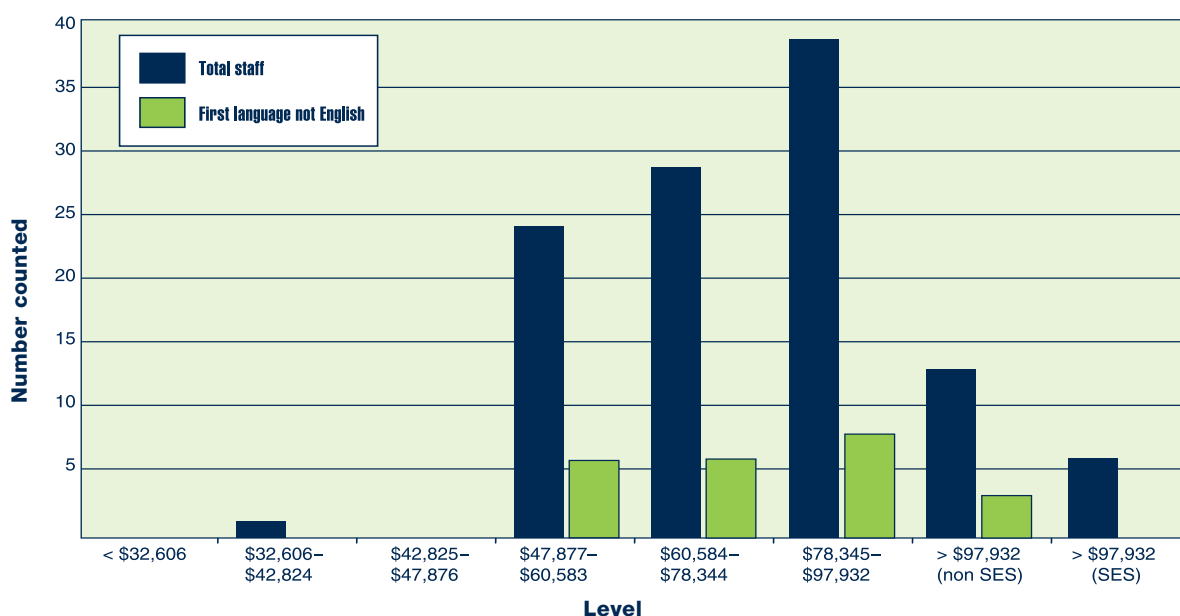


Figure 15: First language other than English



- in response to public inquiries, held interviews with a Chinese-speaking staff member on Sydney Chinese radio and with a Turkish speaking staff member on SBS Turkish radio program
- published an evaluation report of the NESB communications campaign on the intranet and presented this information to the Joint Outreach and Information Network committee and at the ANU Corruption and Anti-Corruption Executive Program
- promoted multilingual resources through the ICAC website, foyer display, community language media and to visiting delegations as appropriate
- distributed NESB “Corruption is Wrong” campaign materials at the Anti-discrimination Board’s seminar for African communities
- conducted NESB campaign presentations for two Community Relations Commission Induction days for new interpreters and translators
- based recruitment advertising, position descriptions, merit selection training and selection guidelines on relevant criteria, including EAPS, so ethnic affairs requirements are embedded throughout the recruitment process.

The ICAC’s 2006–2007 EAPS plan will focus on the following EAPS strategies:

- review and evaluation of demographic statistics collected from telephone callers to determine adequacy or enhancement required
- finalisation of internal policy on the use of bilingual staff in receiving complaints from people from culturally and linguistically diverse (CALD) backgrounds
- ongoing review and update of the ICAC’s bilingual skills directory and promotion to staff of the community language allowance scheme (CLAS)
- ongoing promotion and presentation of ICAC’s NESB campaign
- ongoing dissemination of ICAC media releases and other information to CALD media
- provision of CALD training to various positions within the ICAC.

Appendix 20: Commission consultative group

The Commission Consultative Group (CCG) is the primary instrument for enabling the ICAC executive, ICAC staff and the Public Service Association of NSW (PSA) to consult on policy and issues relating to conditions of employment that may arise in the workplace during the year. The committee is responsible for consulting with staff on intended changes to existing policies and procedures as well as the introduction of new policies, procedures and corporate plans. The CCG also provides an official avenue for staff to raise any issues that may relate to the ICAC Award and policy or procedure. As outlined in the CCG’s terms of reference, the committee is required to meet on a monthly basis and approve new and revised policies and procedures that affect staff conditions of employment prior to them being put forward for endorsement by the Commissioner. The committee also ensures that the Access and Equity Committee, the Occupational Health and Safety Committee and the ICAC’s Classification Committee operate in accordance with the ICAC Award and other relevant legislation. During the reporting period 11 meetings were held.

The CCG’s membership at the end of June 2006 consisted of:

- Staff representatives: Bill Kokkaris, CPE&R Division; Andrew McCutcheon, Executive Division; Andrew Browning, Strategic Operations Division; John Alston, Corporate Services Division (PSA delegate); and Sharon Osborne, Strategic Operations Division (PSA delegate).
- Executive representatives: John Pritchard, Deputy Commissioner; Lance Favelle, Executive Director Corporate Services; Linda Waugh, Executive Director, CPE&R; 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 officers: Rachel O’Shea and Dylan Smith.
- Executive officer: Michele Smith, Personal Assistant to the Commissioner/Deputy Commissioner.

Appendix 21: Occupational health and safety

The ICAC is committed to providing a safe working environment for its staff, clients and visitors accessing its premises. A new three-year Occupational Health, Safety and Risk Management Plan (OHS&RM) was developed for the period 2005–2008. This plan addresses the NSW Government's *Working Together: Public Sector OHS and Injury Management Strategy 2005–2008* and has incorporated its five performance targets into the action section of the plan. The OHS&RM plan provides for the integration of the risk management process into the ICAC's operations, practices and planning strategies.

During 2005–2006 the ICAC achieved the following outcomes:

- new staff workstations were ergonomically assessed by an accredited occupational therapist
- new staff undertook a VDU eye examination conducted by HealthQuest
- several individual workplace assessments were undertaken by an accredited occupational therapist in response to notification of potentially work-related incidents
- new staff attended OH&S awareness sessions conducted by an OH&S committee member
- nominations were sought from staff for membership of the OH&S committee for a two-year term
- a new first aid officer was appointed

- the ICAC's Occupational Health and Safety Policy and the Workplace Injury Management Policy were reviewed and updated.

Occupational health and safety (OH&S) committee

The ICAC's OH&S committee meets quarterly. It reviews OH&S policies and practices, conducts regular workplace inspections and facilitates the resolution of safety issues. Three workplace inspections were conducted during 2005–2006. No major issues were identified during the inspections.

The OH&S Committee for 2005–2006 comprised:

- Mark Nolan, Assessments
- Nicola Dunbar, Corruption Prevention, Education and Research
- Steve Osborne, Strategic Operations Division
- Ian Trebble, Strategic Operations Division
- Mary Murabito, Legal.

The senior management representative is Lance Favelle, Executive Director, Corporate Services. Virginia Tinson, Manager Human Resources and Administration, and Cathy Walsh, Senior Human Resources Officer, also represent the Corporate Services Division. Aruni Wijetunga, Security and Risk Management Officer is the chairperson of the committee.

Table 33: Occupational health and safety incidents, injuries and claims 2005–2006

Body stress	Mental stress	Journey to/from work	Fall, trip, slip	Hitting objects	Other non specified	Heat radiation electricity	Total injuries 2005–2006	No. of workers compensation claims (provisional liability accepted)
12	***2	1	1	*2	1	**2	20	1

* One incident related to a non-ICAC employee.

** Related to air conditioning temperature fluctuation issues only.

*** Work-related performance issues.

There has been a decrease in the number of work-related injuries that resulted in a claim for workers' compensation, namely one claim in 2005–06 compared to three claims in the previous year.

Appendix 22: Training statistics 2005–2006

Table 34: Training attendance by division and core learning stream in 2005–2006

Division/Core Learning Stream	Assessments	CPE&R	Corporate Services	Executive	Legal	Strategic Operations	Total
Information technology	6	40	30	1	14	40	131
Leadership/management	4	6	3	3	1	6	23
Organisational development	26	93	21	3	18	53	214
Project management	nil	2	nil	nil	nil	nil	2
Risk management	12	11	9	nil	5	52	89
Technical skills	23	70	19	2	26	22	162
Total	71	222	82	9	64	173	621

Appendix 23: Consultancies

In 2005–2006 the ICAC did not engage any consultants.

Appendix 24: Payment performance indicators

Table 35: Accounts payable 2005–2006

	Current	30 days	60 days	90 days
	\$	\$	\$	\$
Jul–Sep 2005	21,712.16	1,469.60	–	–
Oct–Dec 2005	6,038.02	1,710.50	–	–
Jan–Mar 2006	23,198.27	142.45	–	–
Apr–June 2006	–	–	–	–

Table 36: Payments on time 2005–2006

	Target	Actual	Amount paid on time \$	Amount paid \$
Jul–Sep 2005	95%	98%	1,090,191	1,113,373
Oct–Dec 2005	95%	99%	958,200	965,949
Jan–Mar 2006	95%	97%	1,019,523	1,052,864
Apr–June 2006	95%	100%	2,712,262	2,712,262

All performance indicators relating to payment of accounts on time were met, there were no late payments and hence there were no instances where interest was payable on overdue amounts.

Appendix 25: Electronic service delivery

Within the past three years, ICAC has developed and implemented new external and internal websites. These changes have made online reporting of corruption more secure, and enhanced accessibility and useability. This includes improved website publication of transcripts. Implementation of the Trim Context Electronic Documents and Records Management System (EDRMS) has provided the capability for electronic self-service for staff when creating and managing documents and files.

To take advantage of the latest advances in browser-based self-service, the ICAC has added electronic self-service modules to the Aurion human resources system that facilitates online staff enquiries and lodgement and approval of human resources forms. The ICAC also implemented a wired and unwired broadband internet-based remote access facility which has provided real-time secure remote access to ICAC staff in the field, significantly improving their operational capabilities.

Appendix 26: Insurance activities

The NSW Treasury Managed Fund (TMF) provides insurance cover for workers compensation, motor vehicles, public liability, property and miscellaneous items. Workers compensation insurance is provided by Allianz Australia Insurance Ltd with GIO General Ltd providing insurance cover for the remaining categories.

The ICAC's claims management for fund year 2005–2006 is reflected in the deposit premiums for 2006–2007. The ICAC compares favourably to the primary pool with reductions in workers compensation (-3.5 per cent), public liability (-20.2 per cent), property (-3.4 per cent) and miscellaneous (-28.5 per cent). Motor vehicle insurance costs increased by \$1,040 (+26 per cent), a rise attributable to a correction in the reported fleet size.

Appendix 27: Major assets

The ICAC has no major assets and does not hold any real property. The Commission's minor assets include leasehold improvements, computer equipment and technical plant and equipment.

Appendix 28: Energy management

The ICAC remains committed to the NSW Government's energy management policy and initiatives, such as endeavouring to achieve the requisite Australian Building Greenhouse Rating (ABGR) at its leased premises.

During the reporting period, the ICAC increased its purchase of green power from 10 per cent to 20 per cent with a consequential reduction in the purchase of conventional energy from 90 per cent to 80 per cent. It also took action to raise staff awareness of the need to reduce energy consumption and the ICAC has achieved an overall reduction in total power consumption of some 3 per cent.

The ICAC premises achieved an Australian Building Green House (ABGR) rating of 1.5 stars in 2005, and an endeavour has been made to improve this rating in line with NSW Government requirements. A second independent ABGR review has been initiated but the outcome has not yet been endorsed by the Department of Energy, Utility and Sustainability.

Further efforts will be made to decrease power consumption where practicable. Vehicle numbers remain at the minimum practicable level commensurate with operational requirements, and energy efficient products and office equipment are being purchased.

Appendix 29: Waste reduction and purchasing policy

In line with Government requirements to recycle as much material as possible and reduce the volume of re-useable material going to land fill, the ICAC has entered into an arrangement with building management whereby a recycling box for all dry office waste has been placed at each staff member's desk. Dry waste includes all paper and cardboards, plastics, glass, aluminium and steel cans, used stationery (pens, staplers etc). Each night the cleaners collect the dry waste for further recycling. Wet waste such as foodstuffs (fruit peels, liquids, tea bags, takeaway coffee cups etc), is placed in special bins in the kitchens/lunch rooms for separate processing.

The ICAC continues to encourage staff to reduce stationery consumption as far as reasonably possible, and purchases A4 copy paper made from 50 per cent recycled Australian de-inked pulp and 50 per cent virgin fibre from sustainable managed plantations.

Appendix 30: Code of conduct

The ICAC's code of conduct establishes the fundamental expectations of how ICAC officers must behave and operate within the workplace. The principles in the code are integral to the functioning of the ICAC. The ICAC plans to undertake a review of its code of conduct early in the 2006–2007 financial year. In preparation for this review, a working party has been formed consisting of staff representatives from each of the divisions. The working party will hold its inaugural review session in August 2006, and plans to present the updated code of conduct to staff later in 2006. This will be part of a staff awareness training session that will also include the newly developed gifts and benefits policy and conflicts of interests policy.

Appendix 31: Review of credit card use

No irregularities in the use of corporate credit cards have been recorded during the year. I certify that credit card use at the ICAC has been in accordance with Premier's Memoranda and Treasurer's Directions.

Appendix 32: Major works in progress

The ICAC undertook no major works during the 2005–2006 financial year and hence there were no delays, amendments, deferments or cancellations. All minor works in progress were completed by 30 June 2006.



The Hon Jerrold Cripps QC
Commissioner

Index

NOTE:

References in this index refer to page numbers.
Page numbers in **bold** refer to major subject areas.
Page numbers shown in *italics* refer to information included in tables.

A

Aboriginal land councils, 11, 45, 46
Aboriginal and Torres Strait Islander (ATSI) representation, 119, 121–122
academic qualifications, false, 99
access and equity, **119–123**
 committee, 124, 125
accountability, 5, 12, 30, **55–59**, 56, 57, 59
accounts payable, 127
achievements, 9, 11, 12, 13
Administrative Decisions Tribunal, 104
adverse inferences, 25
advice, corruption prevention, 26, 42–44
“affected person”, 40
allegations, 16, 17, 18, 23, 24, 92
annual report, 56
anonymous information, 16
Anti-Discrimination Board, 47
ANU *see* Australian National University
appendices, 91–128
assessing complaints and reports, 12, 25, 26–28
Assessment Panel, 26–27, 28
Assessments Section, 26
assets, major, **127**
Assistant Commissioners, 62
assumed identities, 36, 56, 59
Attorney-General’s Department, 36, 38, 56
audit, 12, 56, 58
 disability access, 124
 equipment, 33
 ICAC assessment process, 12
 internal, 48, 66, 67
audit committee, 66
Audit Office of NSW, 47, 49, 56, 65
AUSTRAC client liaison meetings, 108
Australian Building Greenhouse Rating, 128
Australian Customs Service, 38
Australian Federal Police, 38
Australian information security standard AS7799, 67
Australian Museum, 99, 103
Australian National University/ICAC corruption and anti corruption program, 11, 47, 49, 125
Australian Police Professional Standards Council — Project 11 Surveillance, 108

Australian Public Sector Anti-Corruption Conference, 11, 46, 79

Australian Quadriplegic Association, 124

Australian Research Council, 52

Australian Taxation Office, 38

B

Batemans Bay outreach visit, 45
bribery, 51, *110*
Bribery, corrupt commissions and rewards, 51, 110
building licences, 5, 39, 53, 96, 99–102, 109
 see also construction industry
business continuity policy, 62, 63, 65

C

Cabinet minutes, draft, 39, 40, 96, 103, 109
Central West outreach visit, 45–46
Centre for Community Welfare Training, 46
charter, 8
Chief Executive Officer, 118
Chinese community, 125
Classification Committee, 125
CMC *see* Queensland Crime and Misconduct Commission
code of conduct, ICAC, 128
Commission Consultative Group, 63, 125
Commissioner, 4, 5, 118
Community Attitudes Survey, 10
Community attitudes to corruption and the ICAC, 11, 52
community awareness, 10, 106
 see also public
Community Relations Commission, 46, 47, 125
competency certificates, 34
 see also WorkCover NSW Licensing Unit
complainants, identifying, 22
complaints, 16, 67
 analysis, 9, 25
 assessing, 9, **15–30**, 26–28
 by sector, 19
 finalised and closed, 16
 matters received profile, 17, 23, 92, 94
 Section 10, 16, 16, 17, 18–19, 19, 25, 92–93
 time frame, 95, 96
 workplace, 19, 24, 93–94
complaints about ICAC, 105
compulsory examinations, 9, 32–33, **37–38**, 62, 104
conferences, 11, 47
conflicts of interest, 43, 51, 62
 ICAC policy, 63
construction industry, 5, 39, 53, 96, 99–102, 109
consultancies, 127

contact mode, 16
 contractors, 30, 43, 99
 controlled operations, 12, 22, 32, 36, 56, 59
 convictions, 40
 corporate performance information system, 67
 corporate publications, 110
 Corporate Services Division, 62
 corporate services, shared, 67
 corrupt conduct, 5, 9, 16, 23, 33
 corruption
 exposure, 9
 investigating, 31–40, 53
 risks, 25, 52
Corruption Matters newspaper, 10, 47, 110
 corruption prevention, 10–11, 10, 41–53, 62, 65
 analysis and advice, 26, 42–44, 42
 publications and projects, 50–52, 110
 recommendations, 53
 Corruption Prevention, Education and Research Division,
 32, 42–44, 50–52, 62, 65
Corruption risks in NSW development approval processes, 11, 52,
 110
 councils, 5, 41, 52
 conflicts of interests, 43
 training, 49
 covert operations, 26, 32
 credit card use, review, 128
Crimes Act 1914 (Cwlth), 36
 Cripps, Jerrold Hon [Justice], 4–5, 62, 118
 Crisis Management Plan, 65
 culturally and linguistically diverse communities, 11, 46–47,
 124–125

D

data capture, 9
 decisions, Assessment Panel, 26, 28, 30
 Department of Aboriginal Affairs, 103
 Department of Commerce, 47
 Department of Communications, Information Technology
 and the Arts, 38
 Department of Corrective Services, 35, 103
 Department of Education and Training, 45
 Department of Fair Trading, 99
 Department of Health, 5, 103
 corruption resistance, 51
 Department of Housing, 45, 103
 Department of Infrastructure, Planning and Natural
 Resources, 43
 Department of Juvenile Justice, 45
 Department of Local Government, 5, 26, 45, 47, 49
 Department of Natural Resources, 45
 Department of Planning, 5, 45

Department of Primary Industries, 45
 Deputy Commissioner, 118
 desalination plant, 43
 developers *see* planning and development
Direct Negotiations, 11, 50, 110
 Director of Public Prosecutions, 32 33, 39
 disability
 access audit, 124
 EEO data, 121–122
 staff with, 124
 Disability action plan, 13, 124
 disciplinary action, 9, 103
 dissemination, 17, 25
 diversity program, 119, 121–123
 documents
 held by ICAC, 106
 production of, 33, 36
 scanning, 13, 62, 67
 Dubbo outreach visit, 45

E

EAPS *see* Ethnic Affairs Priorities Statement
 EDRMS, 127
 education and communication, 45–48
 EEO *see* Equal Employment Opportunity
 electorate officers, 47
 electronic service delivery, 127
 electronic surveillance, 67
 see also surveillance
 employees *see* staff
 employment, conditions, 63
 energy management, 128
 enquiries, 16, 17, 44
 conduct assessment, 26
 environmental matters, 128
 Equal Employment Opportunity, 119
 diversity training, 119
 employment trends, 121–122
 Ethnic Affairs Priorities Statement, 13, 124–125
 evidence, 26, 37
 admissible, 9, 33
 Executive Management Team, 59, 118
 Executive Unit, 62

F

Face, Richard Hon, 103
Fact-Finder workshops, 50
 Family Provisions Test Case, 63, 120
 financial statements, 69–90
 reporting standards, 62, 66
 fraud prevention, 53, 62, 65

freedom of information, 56, 104, 106–107
 ICAC exemption, 104
 procedures, 105
 requests received and processed, 106–107
Freedom of Information Act 1989, 104, 105

G

gifts and benefits, 30, 51, 62, 63
 ICAC policy, 63
Goulburn Correctional Centre, High Risk Management Unit, 100, 103
governance, 13, 55–59, 62, 63
 external, 57–58
 internal, 59
Greater Western Area Health Service, 45
greyhound racing industry, 97
Griffith University, 52

H

hazard reports, 66
Health Care Complaints Commission, 67, 104
Health Discussion Paper, 11
Health Project, 5, 51
health sector, 5, 11, 51, 67, 103, 104, 110
HealthQuest, 126
hearing room facilities, 32, 33
hearings
 private, 104
 public, 104
 see also compulsory examination; public inquiries
hospitals, 103
 see also Department of Health
human resources, 63–65, 67
 information management system, 67

I

ICAC *see* Independent Commission Against Corruption
immunity, 104
Independent Commission Against Corruption, 7–13, 17, 25, 56–59
 complaints about, 105
 ICAC Award, 63
 policies and procedures, 63, 64
 structure and functions, 8, 106
Independent Commission Against Corruption Act 1988, 8, 104
 compulsory examinations and public inquiries, 37–38, 40
 formal powers, 5, 32, 33
 legislative changes, 56–57, 62, 104
 Regulation 2005, 104
 Section 12A, 25
 Section 53/54, 26, 28, 30
 statutory powers, exercise of, 36–37

Independent Commission Against Corruption (Amendment) Act 2005, 8, 57, 95, 104
Independent Commission Against Corruption Amendment (Operations Review Committee) Act 2006, 56, 104
Independent Hearing and Assessment Panels, 52
industrial relations, 63
Industrial Relations Commission, 63, 104
information management and technology, 67
 complaint handling and case management system, 67
 security, 67
Inspector of the ICAC, 5, 12, 56, 57, 104
 Memorandum of Understanding, 105
insurance activities, 127
Integral Energy, 99, 103
Integrity in Government Committee, 108
intelligence function, 33
intelligence reports, 17
Inter Agency Technical Committee, 38, 108
Inter-departmental Committee (IDC) for Department of Corrective Services, 108
Interception Consultative Committee, 38, 108
Internal training capacity survey, 49
Internal Witness Advisory Committee (IWAC), 108
internet, 46, 127
intranet, 62, 127
investigations, 26–27, 53, 103
 2005–2006, 34
 by another agency requested, 26
 by sector, 27
 category 1 and 2, 9, 32, 33, 34
 classification, 25
 corruption prevention staff member, 53
 decline to investigate, 25, 30
 outcomes, 39
 process, 33
 reports, 39, 40, 109
 review, 9, 32
 skills training, 50
 time intervals, 96
Investigations Management Group, 27, 59
Investigations unit, 32

J

Joint Initiatives Group, 108
Joint Outreach Initiatives Network (JOIN), 47, 108, 125
joint training and surveillance, 38

K

Koompahtoo Local Aboriginal Land Council, 101, 103
Kurnell, 43

L

land rezoning, 43
Law Enforcement Advisory Committee, 38, 108
law enforcement agencies, 32, 38
Law Enforcement (Controlled Operations) Act 1997, 36
Law Enforcement and National Security (Assumed Identities) Act 1998, 36, 56, 59
Legal Division, 27, 32–33, 62, 65
liaison with other agencies, 38, 108
listening devices
 records, 12, 53, 56, 59
 warrants, 32, 36
litigation, 104
Local Court Registry, Penrith, 36–37, 39, 47, 96, 102, 109
local government *see* councils
Local Government Internal Auditors Network, 48
Local Government Liaison Group, 109

M

Macquarie University, 49
major works, 128
Managing gifts and benefits in the public sector, 11, 51, 110
manual handling policy, 66
matters declined, 25
matters raised by ICAC initiative, 17, 25
Medical Tribunal, 104
Menangle Bridge, 103
Metropolitan Remand and Reception Centre, Silverwater, 103
multiculturalism, 46–47, 124

N

National Parks and Wildlife Service, 97
NESB *see* non-English speaking background
non-English speaking background, 25, 46–47, 121–122
 staff, 125
notices, 13, 62, 67
notifications by schedule, 23
NSW Corruption Prevention Network, 109
NSW Crime Commission, 32, 38
NSW Department of *see* Department of ...
NSW Digital Evidence Group, 38, 109
NSW Government Action Plan for Women, 13, 119–120
NSW Grains Board, 98
NSW Health *see* Department of Health
NSW Ombudsman, 18, 26, 45, 47, 49, 56, 59
NSW Police, 22, 30, 38, 49
NSW Police Integrity Commission, 18, 38, 49
NSW public sector *see* public sector agencies
NSW Treasury, 56
NSW Treasury Managed Fund, 127

O

objectives, 8, 9–13
occupation licensing and accreditation, 5, 11, 53
 see also WorkCover NSW Licensing Unit
occupational health and safety, 126
 injuries and claims, 126
Occupational Health and Safety Act 2000, 34
Occupational Health and Safety Committee, 125, 126
Occupational Health and Safety Regulation 2001, 34
Office of the Inspector of the ICAC *see* Inspector of the ICAC
Operations
 Agnelli, 98
 Ambrosia, 5, 39, 53, 102, 104, 109
 Aztec, 62
 Bosco, 99
 Bourbon, 103
 Cadmus, 62
 Cassandra, 100–101
 Cassowary, 5, 34, 39, 53, 102, 109
 Centaur, 100
 Cordoba, 101–102
 Derwent, 39, 109
 Grenache, 99
 Hunter, 36, 39, 62, 102, 109
 Inca, 35, 39, 62, 109
 Jardine, 39, 109
 Meteor, 97
 Muffat, 97
 Odin, 53
 Savoy, 99
 Sirius, 39, 109
 Squirrel, 99
 Trophy, 98
 Unicorn, 101
Operations Manual review, 9, 33
Operations Review Committee, 5, 9, 12, 12, 104
 abolition, 5, 30, 56, 57–58, 118
 members, 58
Orange City Council, 45
Orange Grove Centre, 39, 96, 109
organisation
 chart, 117
 structure, 13, 106
Organisational Climate Survey, 120
outcomes, 29
Outreach weeks, 47
outside jurisdiction, 16, 17
overseas travel, 116

P

Parliament, NSW, 5, 47, 103
 Legislative Assembly, 103
 members of, 52, 103
 referrals and reports, 9, 17, 39
Parliamentary Joint Committee on the ICAC, 5, 12, 23, 56, 57
Parramatta Correctional Centre, 35, 39, 96, 109
payment performance indicators, 127
performance management system, staff, 62, 65
performance measures, 9, 12, 57
plagiarism, 28
planning and development, 5, 43, 101–102
Police Integrity Commission *see* NSW Police Integrity Commission
police officers, 18
policies and procedures, 63–64
Powerhouse Museum, 48
Premier's Department, NSW, 49
premises, entry of, 36
prevention management group (PMG), 59
Principal officers' communication project, 52
prisoners, orders to appear, 36
privacy laws, 56
Privacy and Personal Information Protection Act 1998, 105
Probity and probity advising, 8, 50, 110
Procurement Certificate program, 47
procurement and disposal, 43
product management section, 32
Profiling the NSW public sector ..., 110
prosecutions, 9, 32, 39, **97–102**
 direct referral of briefs, 102
protected disclosures, 11, 17, 20–23, 20, 25, 92–93
 allegations, 21
 by sector, 20
 complaints, 16, 16
 training module, 49–50
 workplace, 21
Protected Disclosures Act 1994, 16, 17, 20
 Implementation Steering Committee, 109
 review, 23–24
 Section 22, 22
public
 information from, 17, 18–19
 inquiries, 9, 10, 32, 33, 37–40, 62, 104
 reports, 96
 time frame, 96
 participation, 10, 106
public health *see* health
public interest immunity, 104
public sector agencies, 25, 41, 44

corruption, 5
internal witness management, 52
reports, 16
Section 11 reports, 23–24, 23
statement of information, 36
training, 49

Public Sector Employment Legislation Amendment Act 2006, 56, 62, 63, 66, 104
Public Sector Executive Development Program, 64
Public Sector Rehabilitation Coordinators Network Forum, 109
Public Service Association of NSW, 63, 125
public transport ticketing system, 103
publications, 11, 42, 50–52, 109–110
 reports, 32, 109

Q

Queanbeyan outreach visit, 45
Queensland Crime and Misconduct Commission, 11, 46

R

radio interviews, 47, 125
Rail Infrastructure Corporation, 103
records management, 56, 127
referral or no action by ICAC, 26, 28
reform, recommendations, 103
regulatory functions, 43
remuneration *see* salaries
reporting
 obligations of ICAC, 58, 95
 Section 11, 23–24, 25
 time taken, 95, 96
reports, **15–30**, 30, 32, 39, 96, 109
request investigation and report by another agency, 26
research, 52
“resident expert”, 44
results, 7–13
 key result areas, **9–13**
risk assessment and management review, 9, 63, 65–67
risk management and governance, 63, 64
Roads and Traffic Authority, 40, 102
Rockdale City Council, 98
RTA *see* Roads and Traffic Authority
Rural and Regional Outreach Program, 10, 11, **45–46**, 47, 50

S

safety certification, 5, 100, 101, 103
salaries, 63, 122
 executives, 118
 ICAC Award variation, 63
search warrants, 26, 36

Section 10 complaints, 16, 16, 17, 18, 19, 19, 25
 Section 11 reports, 11, 16, 17, 23, 23, 25, 30, 92–93
 Section 23 notices, 13, 62, 67
 security
 information, 67
 personnel, 66–67
 Senior Executive Service, 118
 women, 118
 significant committees, participation, 108, 109
 South East region outreach visit, 45
 South Western Sydney Area Health Service, 39, 96, 109
 Special Networks Committee, 38, 109
 speeches and presentation by ICAC staff, 10, 13, 47
 Spokeswomen's Program, 13, 119–121
Sponsorship in the Public Sector, 8, 11, 50, 110
 staff, 13, 47, 62, 63–65
 bilingual, 125
 by divisions, 62
 EEO, 119–123, 125
 employment basis, 123
 employment conditions, 63
 executive, 118
 learning and development, 64–65
 level, 13
 non-English speaking background, 125
 policies and procedures, 63–64, 65–66
 security, 66
 statistics, 62, 122
 training, 64, 65
 women, 119–121, 120
 State Rail Authority, 103
 Statement of Affairs, 105
 statement of information, 36
 statutory powers, 33, 36–37, 59
 statutory reporting, 8, 95–96
 Strategic Operations Division, 27, 32, 47, 62
 strategic partnerships, 38
 Strategic Plan 2005–2009, 8, 110
 amendments to, 57
 Strathfield Municipal Council, 101–102
Strengthening the corruption resistance of the NSW public health sector, 110
 summonses, 36
 Supreme Court, 104
 surveillance
 electronic, 67
 equipment, 33
 operations, 38
 technical, 33
 surveillance and technical unit, 32, 67
 surveys, 49
 Sydney Cross City Motorway, 40

Sydney Harbour Foreshore Authority, 40
 Sydney Water, 43

T

Technical Services Section, 32
Telecommunications Act 1997, 38
Telecommunications (Interception) Act 1979, 104
 exempt proceedings, 104
 telecommunications intercepts, 67
 records, 12, 56, 59
 warrants, 32, 36
 tenders, contracting and procurement, 43, 103
 ticketing system, public transport, 103
 time frames, 16, 18, 20, 95, 96
 trade licences, 99
 train-the-trainer resource, 11
 training, 13, 48–50, 62
 ICAC staff, 64, 65
 modules, 46
 presentations by ICAC staff, 10, 111–115
 statistics, 126
 Training and Development Working Group, 9
 travel, overseas by ICAC, 116
 Trim Context Electronic Documents and Records Management System, 127
 Turkish community, 125

U

unfair dismissal claim, 104
 universities, 28, 49
 corruption risks, train-the-trainer resource, 11
 University of NSW, 103
 University of Sydney, 103
 University of Western Sydney, 49
 University of Wollongong, 49

W

warrants, 32, 36
 waste reduction and purchasing policy, 128
 website, 10, 16, 37, 46, 53, 106, 127
 Western Australia Corruption and Crime Commission, 11, 46
 whistleblowing, 20
 “Whistling While They Work” Project, 52, 109
 witnesses
 evidence in private, 33, 37
 evidence in public, 33, 37
 internal, 52
 women, 119–122
 work practices, flexible, 63, 119

WorkCover NSW Licensing Unit, 5, 34, 39, 53, 96,
101–102, 109
working at ICAC, 119–123
Working Together: Public Sector OHS ..., 126
workplace, 19, 21, 24
 activities in complaints and reports, 93–94
Workplace Injury Management Policy, 126
workshops, 45, 50



INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

Independent Commission Against Corruption

ADDRESS	Level 21, Piccadilly Centre, 133 Castlereagh Street, Sydney NSW 2000
POSTAL	GPO Box 500 Sydney NSW 2001
EMAIL	icac@icac.nsw.gov.au
TELEPHONE	(02) 8281 5999 or 1800 463 909 (toll-free for callers outside metropolitan Sydney)
TTY	(02) 8281 5773 (for hearing-impaired callers only)
FACSIMILE	(02) 9264 5364
WEBSITE	www.icac.nsw.gov.au
BUSINESS HOURS	9.00am – 5.00pm Monday to Friday