

I·C·A·C

INDEPENDENT
COMMISSION
AGAINST
CORRUPTION

ICAC Annual report 2006-2007



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ISSN 1033-9973

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This report was produced in print and electronic formats for a total cost of \$29,654. 800 copies of the report were printed and the report is also available on the ICAC website www.icac.nsw.gov.au.

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The Hon Peter Primrose MLC
President
Legislative Council
Parliament House
Sydney NSW 2000

The Hon Richard Torbay MP
Speaker
Legislative Assembly
Parliament House
Sydney NSW 2000

25 October 2007

Mr President
Mr Speaker

Under section 76 of the *Independent Commission Against Corruption Act 1988*, I am pleased to forward to each of you the ICAC annual report for the year ended 30 June 2007 for presentation to Parliament.

The report has been furnished in accordance with the *Independent Commission Against Corruption Act 1988* and the *Annual Reports (Departments) Act 1985*.

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 black ink, appearing to read 'Jerrold Cripps', is written over a light blue horizontal line.

The Hon Jerrold Cripps QC
Commissioner

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COMMISSIONER'S FOREWORD



During the financial year ending 30 June 2007 the Commission received and assessed 2,149 matters, most of which were not markedly dissimilar from the matters received during 2005–06. There were 522 reports of suspected corrupt conduct from principal officers of public agencies pursuant to section 11 of the ICAC Act, 680 complaints from members of the public pursuant to section 10 of the Act and 194 protected disclosures by public officers.

The Commission commenced investigating 73 matters in 2006–07. Of these, 28 derived from section 10 complaints, 31 from section 11 reports, six from protected disclosures and eight from other sources. During the year the Commission undertook four public inquiries. As well, the Commission undertook investigations of two allegations of corrupt conduct without having a public inquiry and in respect of which there were no findings of corrupt conduct but corruption prevention recommendations were made.

In total, six investigation reports were published which made findings of corrupt conduct against 17 people and 113 corruption prevention recommendations (of these two related to inquiries that had been concluded during 2005–06 and another was a report made pursuant to section 14(2) of the Act). In its reports the Commission included statements that it was of the opinion that consideration should be given to obtaining the advice of the Director of Public Prosecutions with respect to the prosecution of 16 people for specified criminal offences.

In addition to its investigative function, the Commission is charged with providing education and advice to agencies to minimise corrupt conduct. During 2006–07, it produced six corruption prevention advice or research publications, responded to 276 advice requests and delivered 70 training courses and presentations in compliance with this function. During the year a great deal of work went into the planning of the inaugural Australian Public Sector Anti-Corruption Conference (in conjunction with the Queensland Crime and Misconduct Commission and the Western Australian Corruption and Crime Commission). The conference will be held in Sydney in October 2007 and aims to promote awareness of corruption risks and provide delegates with advice and strategies to deal with those risks.

Conformably with a practice started in 2001, this year the Commission in the discharge of its education and prevention functions visited two regional centres: New England and the North Coast. The Commission attaches importance to these visits because they bring its identity to the attention of the general public in country areas and encourage people to cooperate with the work of the Commission. They also offer to NSW public sector employees in the areas visited the opportunity to participate in workshops covering a range of corruption-related issues, including tips and advice on how to build corruption resistance within their local agencies. The Commission conducts participant evaluations of these regional visits which have shown that the visits are highly valued.

There has always been debate concerning the efficacy of strategies and suggested practices designed to reduce the incidence of corrupt conduct in NSW. It is difficult, if not impossible, to precisely identify how much corruption there was in NSW before the ICAC commenced its work in 1988 or, indeed, how much corruption would have remained undetected in the State had the ICAC not undertaken its work, and what works and what doesn't. The Commission is entitled, I think, to boast that public exposure of corrupt conduct and the recommendations and publications of the Commission concerning corruption prevention have had a significant effect on the reduction of corrupt conduct.

Of significance is the fact that when the Commission was established in 1988, the then Premier the Hon Nick Greiner AC expressed the opinion that the most important function of the Commission would be to restore and maintain public confidence in the integrity of public agencies and of people holding positions of public trust. In December 2006, a community attitude survey of more than 500 NSW residents found that 82 per cent of people interviewed were aware of the work undertaken by ICAC and 93 per cent of those thought that the Commission was 'a good thing' (meaning that by its work the Commission promoted confidence in the integrity of the public institutions of NSW).

As with any public institution accountability and transparency (so far as both are practicable and possible) are important. The legislation provides for accountability by the ICAC to the Parliamentary Joint Committee and the Inspector of the ICAC, both having the function to monitor the performance of

the Commission. During the year the Commission cooperated with the Parliamentary Joint Committee and the Inspector.

The Commission has been given extensive coercive and covert powers by the Parliament. These are necessary to investigate effectively allegations of serious and systemic corruption. The Commission has always exercised its discretionary functions in a responsible manner.

In his reports to the Parliament the Inspector has found no improprieties by members of the Commission discharging their functions. In addition the NSW Ombudsman inspects records of authorised telephone interceptions, listening devices and controlled operations and his findings have been that the records of the Commission have complied with the relevant legislative requirements.

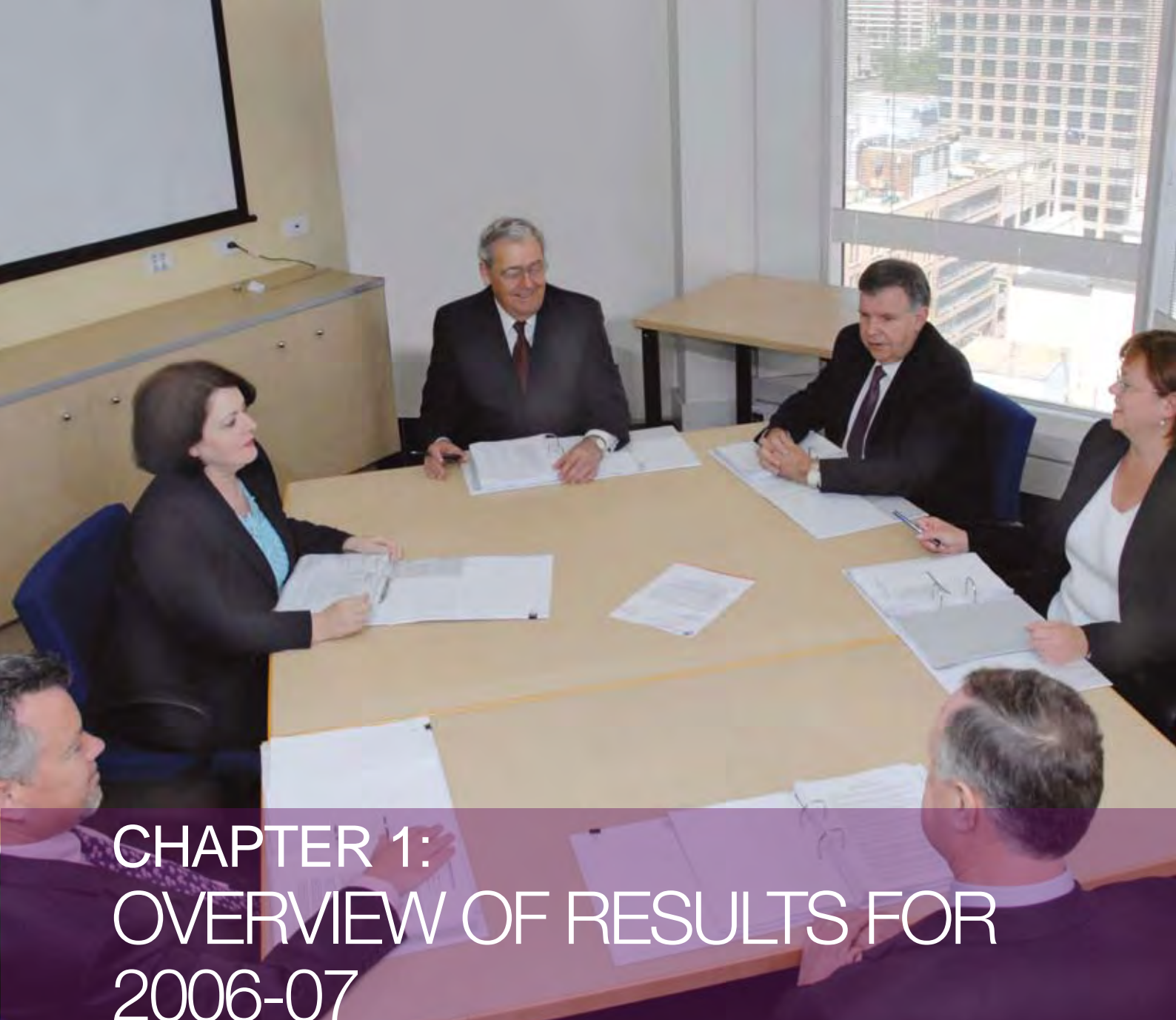
On 21 June 2007 a new Parliamentary Committee was appointed by the 54th Parliament. The Commission looks forward to working with this Committee over the next three years.

During the year the Commission has operated effectively and efficiently in the discharge of its functions under the legislation. I commend the staff of the Commission for their efforts and dedication in contributing to the achievements of the Commission thus far during my term.

Yours faithfully

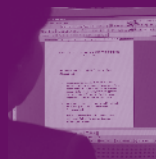
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The Hon Jerrold Cripps QC
Commissioner



CHAPTER 1: OVERVIEW OF RESULTS FOR 2006-07

1 2 3 4 5 6 7 8



THE ICAC CHARTER

KEY RESULTS FOR 2006–07

- KRA 1: Exposing corruption
- KRA 2: Preventing corruption
- KRA 3: Accountability
- KRA 4: Our organisation

The ICAC charter

The Independent Commission Against Corruption (ICAC) was established as an independent and accountable body by the *Independent Commission Against Corruption Act 1988* (the ICAC Act) in response to growing community concern about the integrity of public administration in NSW. The principal objectives of the ICAC are:

- investigating, exposing and preventing corruption
- educating public authorities, public officials and members of the public about corruption and its detrimental effects.

Key results for 2006–07

The ICAC Strategic Plan 2006–10 sets out four key result areas (KRAs) for 2006–07:

- KRA 1: Exposing corruption
- KRA 2: Preventing corruption
- KRA 3: Accountability
- KRA 4: Our organisation.

In 2006–07 each division developed and worked to an individual annual operational plan aligned with the ICAC Strategic Plan. Each division reported quarterly to the Executive Management Group against its operational plan.

For each KRA, the following sections specify the objectives that apply to each area, along with the key quantitative results in the areas of workload, work activity and performance. For information on the descriptive and qualitative results for each KRA, refer to the in-depth chapters that follow.

KRA 1: EXPOSING CORRUPTION

The objectives for KRA 1 are:

- 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.

A detailed description of Commission activities and results relating to KRA 1 is outlined in Chapter 2 (Assessing matters) and Chapter 3 (Investigating corruption). Table 1 sets out the key quantitative results for workload, work activity and performance for KRA 1 in 2006–07.

Achievements

In 2006–07, the ICAC:

- continued to focus investigative activities on serious and systemic corrupt conduct, undertaking 73 investigations
- completed six investigation reports
- conducted 24 days of public inquiries
- conducted 49 compulsory examinations
- made findings of corrupt conduct against 17 persons
- referred 16 persons to the Director of Public Prosecutions for the consideration of prosecution proceedings
- continued to review and, where appropriate, update its internal policies and procedures.

Looking forward

- Continue to enhance responsiveness and quality in the handling of matters received
- Continue to focus investigative activities on serious and systemic corrupt conduct
- Enhance staff training on the exercise of statutory powers and legislative responsibilities.

Table 1: Key quantitative results for corruption exposure activities

Measure	2004–05	2005–06	2006–07	Target 2007–2008 [^]
Matters received*	2,511	2,191	2,149	n/a
Average time taken to deal with matters (days)	41.2	45	97**	tbd***
Preliminary investigations commenced***	41	48	66	n/a
Category 2 investigations commenced***	3	7	1	n/a
Category 1 investigations commenced***	7	8	11	n/a
Investigations finalised in 6 months	30	24	53	n/a
Percentage of investigations completed within 12 months	30%	82%	92%	>90%
Number of public inquiries	8	4	4	n/a
Number of public inquiry days	94	27	24	n/a
Number of compulsory examinations	43	32	49	n/a
Number of corrupt conduct findings	15	61	17	n/a
Number of investigation reports to Parliament	6	7	5^^	n/a
Percentage of investigation reports completed within 3 months of completion of public inquiry	0	30%	25%	80%
Number of persons prosecuted arising from investigations	9	15	7	n/a
Number of persons subject to disciplinary actions commenced arising from investigations	0	0	3	n/a

[^] For measures which reflect incoming work or activity beyond the control of the ICAC targets are not set, and not applicable (n/a) appears in the target column.

^{^^} Also during the year the ICAC released one investigation report into Burwood Council under section 14(2) of the ICAC Act.

* 'Matters' refers to all information received by the ICAC about alleged corrupt conduct. It includes section 10 complaints, section 11 reports, protected disclosures and all other categories of information received.

** Two main factors have created the increase in average time taken to deal with matters. First, a small number of matters took an unusually long time to complete. These were matters where the ICAC required a response from agencies and, in these cases, the agencies took considerable time to prepare the responses. Secondly, the Assessments Section carried a number of staff vacancies throughout the year which contributed to longer finalisation times.

*** During 2006–07 the Commission revised the categories of investigation from three to two. See p.33 for more discussion on this.

**** To be determined. The Commission is currently examining workflows and activities in respect of setting targets for dealing with matters as well as developing new measures for the next reporting period. A new target will be set post-review in 2007–08.

KRA 2: PREVENTING CORRUPTION

The objectives for KRA 2 are:

- provide a range of targeted 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.

A detailed description of Commission activities and results for KRA 2 is outlined in Chapter 4 (Preventing corruption). Table 2 sets out the key quantitative results for workload, work activity and performance for KRA 2 in 2006–07.

Achievements

In 2006–07, the ICAC:

- conducted successful outreach visits to the New England and North Coast regions
- published guidelines on combating occupational licensing risks and on protecting identity information and documents

- finalised a corruption resistance training package for the NSW public health sector
- released guidelines on lobbying local councillors in response to investigations and complaints
- examined the environment in which corrupt conduct had occurred in six investigations to identify systemic issues for the agencies concerned to address.

Looking forward

- Continue to improve prevention knowledge and expertise
- Host the inaugural Australian Public Sector Anti-Corruption Conference from 23 to 26 October 2007
- Review and finalise the following publications:
 - Corruption risk management tip sheet
 - Use and misuse of public resources tip sheet
 - Managing an organisation through an ICAC inquiry
- Continue the Rural and Regional Outreach Program.

Table 2: Key quantitative results for corruption prevention and education activities

Measure	2004–05	2005–06	2006–07	Target [^]
Telephone/email requests for corruption prevention advice	333	246	244	n/a
Written requests for corruption prevention advice	48	28	32	n/a
Corruption prevention advice relating to complaints and reports of corrupt conduct	67	50	49	n/a
Rural and Regional Outreach strategy visits	2	2	2	2
Speaker presentations delivered	43	33	31	30
Training sessions delivered	45	61	39	40
Corruption prevention recommendations in investigation reports published in the period	37	78	113	n/a
Percentage of corruption prevention recommendations in investigation reports implemented, as at 30 June 2007	95%	85%	91%	80%
Percentage of public inquiries which resulted in the making of corruption prevention recommendations	-	-	85%	90%
Number of website visitors	41,875	77,706	97,430	70,000
Number of external visitor sessions to ICAC website		404,013	478,821	n/a
Number of editions of <i>Corruption Matters</i> newspaper published	2	2	2	2
Percentage of respondents to the Community Attitudes Survey who believe the ICAC has succeeded in exposing corruption	-	-	72%	60%
Percentage of respondents to the Community Attitudes Survey willing to report corruption	-	-	80%	60%
Number of advice tip sheets	-	-	1	2
Number of prevention or research reports published	-	7	6	3

[^] For measures which reflect incoming work or activity beyond the control of the ICAC targets are not set, and not applicable (n/a) appears in the target column.

KRA 3: ACCOUNTABILITY

The objectives for KRA 3 are:

- provide timely, accurate and relevant reporting to the Inspector of the ICAC and the NSW Parliamentary Joint Committee (PJC)
- ensure all business activities comply with all regulatory and standards requirements
- report publicly about the work of the Commission.

A detailed description of Commission activities and results for KRA 3 is outlined in Chapter 5 (Accountability). Table 3 sets out the key quantitative results for workload, work activity and performance for KRA 3 in 2006–07.

Achievements

In 2006–07, the ICAC:

- continued to provide accurate, timely and relevant reports to the Inspector of the ICAC and the PJC
- received no successful legal challenges to ICAC operations or contents of investigation reports
- reviewed and enhanced liaison and reporting procedures with the Inspector of the ICAC.

Looking forward

- Develop an open and accountable relationship with the newly appointed Parliamentary Joint Committee
- Respond to Parliamentary Joint Committee and Inspector requests in a timely and cooperative way
- Continue to ensure best practice in internal governance and accountability.

Table 3: Key quantitative results for accountability activities

Measure [^]	2004–05	2005–06	2006–07
Parliamentary Joint Committee meetings	2	0	1
NSW Ombudsman inspection of telephone intercept and controlled operations records	4	4	3
Number of reports provided to the Inspector of the ICAC	–	–	11
Number of audits conducted by the Inspector of the ICAC	–	–	2
Number of assumed identity audits	1	1	1

[^] Because these measures reflect incoming work or activity beyond the control of the ICAC targets cannot be set.

KRA 4: OUR ORGANISATION

The objectives for KRA 4 are:

- 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.

A detailed description of Commission activities and results for KRA 4 is outlined in Chapter 6 (Our organisation). Table 4 sets out the key quantitative results for workload, work activity and performance for KRA 4 in 2006–07.

Achievements

In 2006–07, the ICAC:

- promoted the Commission's learning strategy with 803 attendances at training activities
- assessed all positions to determine the essential competency skills that will be used as a basis for future learning and development programs
- enhanced corporate governance through the review and redevelopment of the code of conduct and roll-out of the new code to staff
- completed a feasibility study and business case for replacing the Commission's complaint handling and case management system, resulting in approval of funding from the NSW Government for the development of a new complaints and case management system commencing in 2007–08

- enhanced document scanning to include documents seized during investigations
- reviewed and updated information system security policies and practices to successfully achieve accreditation to the latest ISO/IEC 27001:2005 International Standards for Information Security
- delivered 31 external speaker presentations, reflecting the recognition of ICAC expertise in corruption investigation and prevention
- undertook specific initiatives in accordance with the Commission's Ethnic Affairs Priorities Statement, Disability Action Plan, Occupational Health and Safety and Risk Management Plan, Spokeswomen's Program and the NSW Government Action Plan for Women.

Looking forward

- Continue to develop staff by targeting individual and corporate learning plans around position skills competencies, including training in core business systems
- Undertake the selection and commence the development and implementation of a new complaints handling and case management system
- Rebuild the Commission's website to enhance business processes for users in the areas of online complaint lodgement, tailored information, search and navigation, download of publications, and promotion and registration for ICAC training courses
- Continue to provide opportunities for staff to work in multi-disciplinary teams and projects.

Table 4: Key quantitative results for activities relating to our organisation

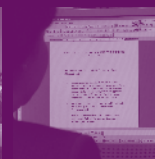
Measure	2004–05	2005–06	2006–07	Target [^]
Average full-time equivalent staff numbers	112.6	105.2	111.5	114
Participants in training activities	380	621	803	n/a
Average training days per employee	n/a	5.8	5.2	>5
Speaker presentations delivered (professional recognition)	43	42	31	40

[^] For measures which reflect incoming work or activity beyond the control of the ICAC targets are not set, and not applicable (n/a) appears in the target column.



CHAPTER 2: ASSESSING MATTERS

1 2 3 4 5 6 7 8



KRA 1: EXPOSING CORRUPTION

The objectives for KRA 1 are:

- detecting corrupt conduct
- enhancing complaint handling processes.

- Overview
- Profile of matters received
- Complaints from the public (section 10 complaints)
- Protected disclosures
- Reports from public sector agencies (section 11 reports)
- How matters are analysed
- The assessment process and decisions
- Outcomes of matters closed

Overview

The Assessments Section is responsible for receiving and initially assessing all matters received by the Commission. In 2006–07, there were 2,149 matters received and the vast majority of these were managed by the Assessments Section.

The section underwent structural change throughout the year, in part to address concerns about responsiveness and also to enable the manager to better focus on strategic direction. This resulted in the creation of a deputy manager's role. A number of procedural improvements were also introduced to enhance the section's complaint handling capacity. These included revision of all policies and templates and analysis of staff training needs.

The Assessments Section has 11 full-time staff and a budget of \$928,562. The section is led by the Manager, Assessments, Ms Jacqueline Fredman.

Profile of matters received

In 2006–07 the Commission received 2,149 matters and, of those that were within the Commission's jurisdiction, 1,396 were from three sources:

- members of the public lodging complaints under section 10 of the ICAC Act (section 10 complaints)
- principal officers of NSW public sector agencies, who have a duty to report suspected corrupt conduct under section 11 of the ICAC Act (section 11 reports)
- public sector employees lodging complaints under the *Protected Disclosures Act 1994* (the Protected Disclosures Act).

As well as section 10 complaints, section 11 reports and protected disclosures, the Commission receives information on other matters and from other sources. These are classified as:

- **information**, when material from members of the public does not include any allegations of corrupt conduct
- **enquiry**, when a member of the public seeks advice or clarification, usually about whether a particular situation might indicate corrupt conduct
- **outside jurisdiction**, when the matter does not involve a NSW public sector agency or official. When possible, the ICAC refers the matter to the relevant agency
- **dissemination**, when state and commonwealth agencies, usually law enforcement bodies such as the NSW Police Force and the Australian Federal Police, provide information about corrupt conduct that may be occurring
- **own initiative**, when the ICAC can instigate an investigation without an external referral (section 20 of the ICAC Act)
- **intelligence report**, when government agencies provide general information
- **referrals from Parliament**, when both houses of the NSW Parliament refer a matter under section 73 of the ICAC Act.

Table 5 shows all matters received by matter category for 2006–07 as well as comparison with 2004–05 and 2005–06 figures.

The Commission accepts anonymous complaints. In 2006–07, 13 per cent of complaints from members of the public and 32 per cent of complaints by public officers under the Protected Disclosures Act were anonymous.

The Commission receives information in a number of ways. Members of the public and public sector employees can report their matter to the Commission in writing, by telephone or email, in person or online via a complaints form on the Commission website at www.icac.nsw.gov.au. Figure 1 shows that most people refer their matter or complaint to the Commission by telephone.

Figure 1: Mode of initial contact for all matters received

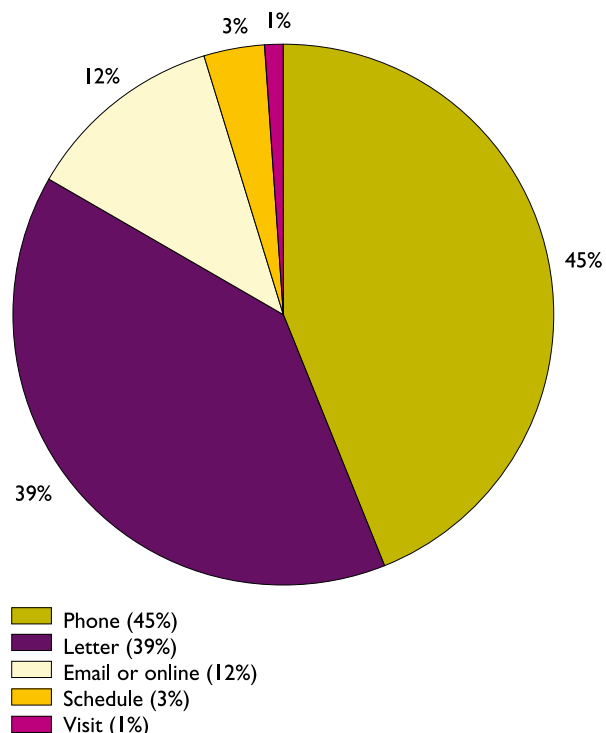


Table 5: Matters received by category in 2006–07, compared to the previous two years (with proportions of the total for each year)

Category	2004–05	2005–06	2006–07
Complaints from the public (section 10 complaints)	877 (34.9%)	790 (36.1%)	680 (31.6%)
Reports from public sector agencies (section 11 reports)*	516 (20.6%)	495 (22.6%)	522 (24.3%)
Information	393 (15.7%)	304 (13.9%)	361 (16.8%)
Protected disclosure	257 (10.2%)	235 (10.7%)	194 (9.0%)
Enquiry	228 (9.1%)	192 (7.3%)	198 (9.2%)
Outside jurisdiction	228 (9.1%)	163 (8.8%)	174 (8.1%)
Dissemination	4 (0.2%)	10 (0.5%)	17 (0.8%)
Own initiative	5 (0.2%)	2 (0.1%)	3** (0.1%)
Intelligence report	3 (0.1%)	0 (0%)	0 (0%)
Referrals from parliament	0 (0%)	0 (0%)	0 (0%)
Total	2,511	2,191	2,149

* This figure represents the number of section 11 reports received. As some agencies report by schedule, their reports may contain more than one matter. In 2006–07 the ICAC received 73 schedules containing reports on over 700 new matters.

** Two progressed to investigation. One did not.

Complaints from the public (section 10 complaints)

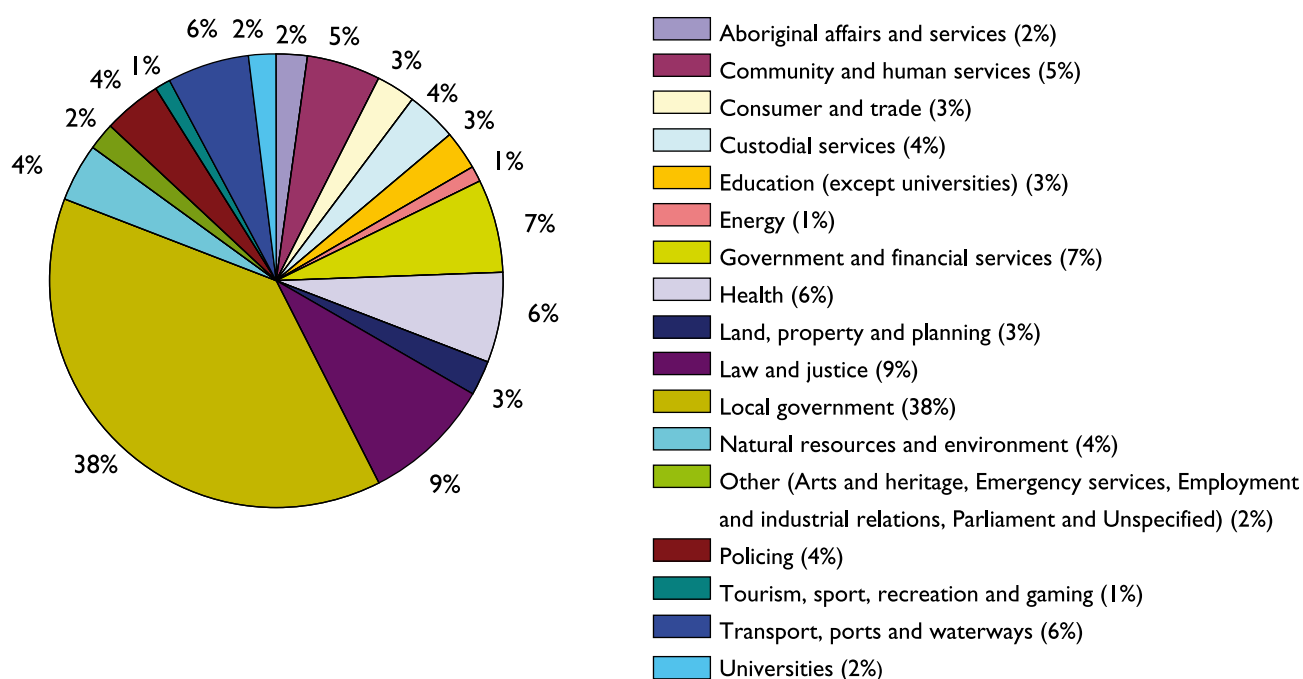
In 2006–07 the Commission received 680 section 10 complaints which contained 885 allegations. Under section 10 of the ICAC Act, any person can make a complaint to the Commission about a matter that concerns or may concern corrupt conduct defined in the ICAC Act. The ICAC refers to complaints made by members of the public – as well as those made by public sector employees which did not meet the criteria to be classified as a protected disclosure under the Protected Disclosures Act – as section 10 complaints.

The accompanying figure shows the different government sectors about which allegations of corrupt conduct were made under section 10 in 2006–07 (raw figures are in Appendix 1).

Members of the NSW public most frequently allege corruption in the local government sector, with more than four times the number of complaints about this sector than the next most complained about sector. Experience suggests that this result is due to the high level of people's interaction with local government and the personal interest many take in its decisions. Other ICAC data support the result, showing that development applications are among the most frequently complained about public sector activities. Case Study 1 illustrates the type of complaints made by the general public about development applications.

Some incoming matters do not, even if substantiated, amount to corrupt conduct. The ICAC can, depending on the nature of the matter and its level of seriousness, refer matters to the agency in question under section 19 of the ICAC Act for that agency to take any action deemed appropriate. With local government matters, the ICAC can also consider referral to the Department of Local Government, as Case Study 2 shows.

Figure 2: Allegations made in section 10 complaints by government sector



CASE STUDY 1

No horses in my backyard

A concerned local resident complained that a regional council had approved a Development Application to build horse stables, despite a contrary recommendation from council planning staff.

The resident gave the ICAC a copy of a planning staff member's report recommending rejection because the application was, among other things, inconsistent with council's local environment plan and policy on keeping animals. The report noted that, while zoning of the land allowed for an animal establishment, local residents would be adversely affected by noise and odour and suffer a significant loss of amenity.

The resident also provided the ICAC with copies of letters she had written to council, expressing her dissatisfaction with the decision.

It was clear that there was considerable local opposition to the development application. However, there was no indication, based on material provided by the complainant, that council's approval was motivated by corrupt conduct. As the Assessment Panel determined, it is not necessarily corrupt conduct for a council to make a decision contrary to the recommendation of planning staff.

CASE STUDY 2

Living next door to the mayor

A resident lodged a Development Application (DA) and was advised several months later that, rather than being dealt with initially by a council officer who was to have compiled a report, it was being put before council. The complainant contended that her history with a councillor had been unpleasant and had become violent on occasion, resulting in the police being called.

Over one year after its lodgement, the DA had still not been put before council, and had been withdrawn twice at the last minute. The councillor in question had since become mayor and a report on the DA had been completed by a council officer, who recommended its approval. The mayor was seeking an independent review of council's report on the basis of bias by the responsible council officer, about whom the mayor had lodged a grievance.

As the matter did not indicate serious and systemic corrupt conduct, but appeared to warrant further investigation, the ICAC determined to refer it to the Department of Local Government for any action that this oversight agency deemed appropriate.

The five most frequent workplace activities about which the Commission received complaints, as well as the five most frequent types of conduct alleged, are shown in the figures below. Both figures exclude unspecified activities or types of conduct.

As was the case in 2005–06, building and development approvals were the most frequent workplace activities

mentioned in allegations. Similarly, breach of policy or procedure was the most frequent type of conduct mentioned in allegations received, as in 2005–06.

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

Figure 3: Complaints from the public (section 10) in 2006–07, showing the five most frequent types of workplace activities mentioned

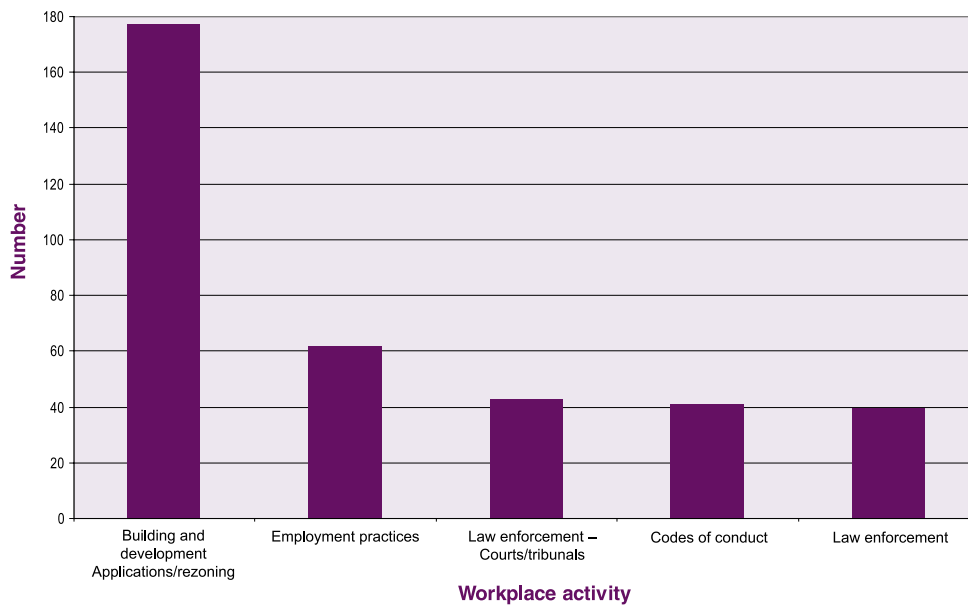
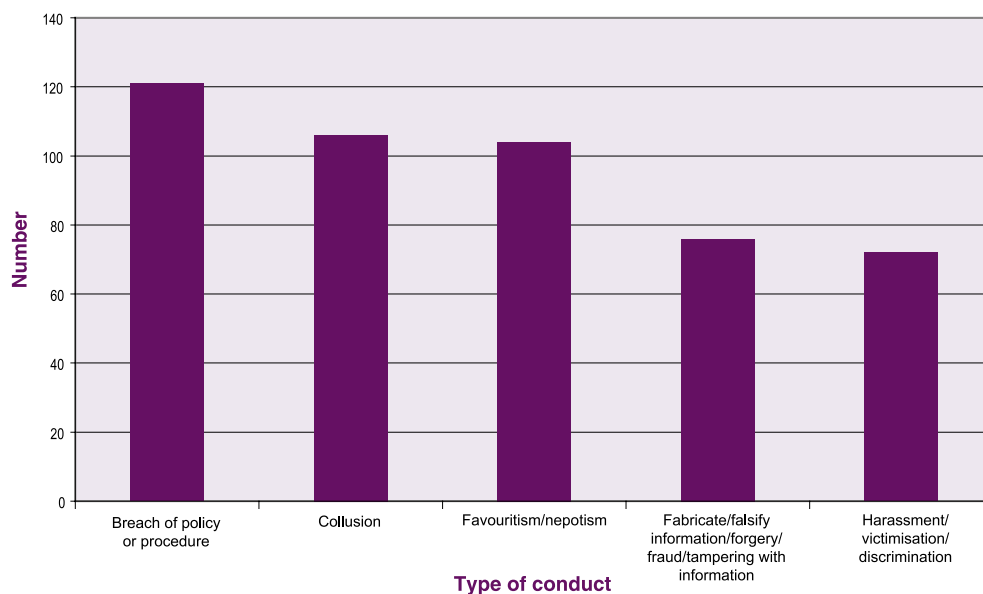


Figure 4: Complaints from the public (section 10) in 2006–07, showing the five most frequent types of conduct alleged



Protected disclosures

NSW public sector employees who raise corruption allegations about a NSW agency or official with the ICAC may be entitled to receive protection under the Protected Disclosures Act if their complaint meets certain criteria. The Act makes it an offence to take retaliatory action against someone who has made a protected disclosure.

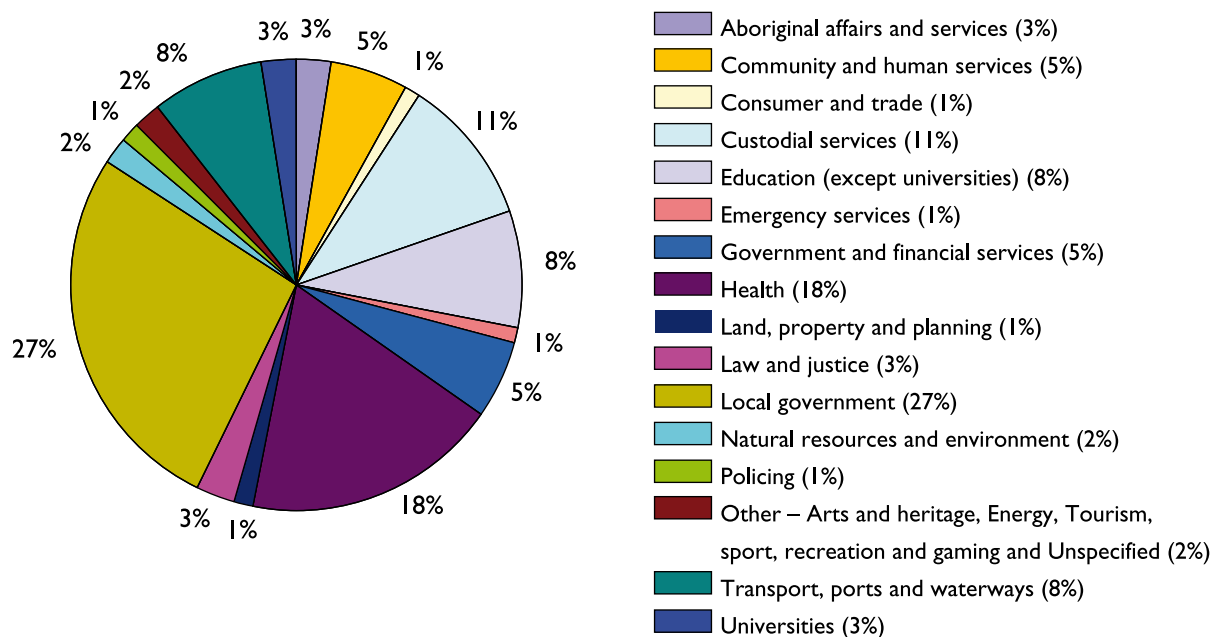
In 2006–07, the ICAC received 194 protected disclosures from public sector employees, containing 239 allegations. Figure 5 shows the number of allegations, by government sector, for all protected disclosures received during the year (raw figures are in Appendix 1). As with section 10 complaints, the largest number of allegations concerned local government.

Prior to making any enquiries about protected disclosure allegations, the ICAC seeks written authority from the complainant to be identified. In 2006–07 where consent was requested, 57 per cent agreed. When consent is not given, the Commission may, under section 22 of the Protected Disclosures Act, disclose confidential information if it is considered necessary to effectively investigate a matter or in the public interest to do so.



The five most frequent workplace activities about which the Commission received protected disclosures, as well as the five most frequent types of conduct alleged, are shown in Figures 6 and 7. Both figures exclude activities or conduct type that was unspecified.

Figure 5: Protected disclosure allegations by government sector 2006–07



As was the case in 2005–06, employment practices was the most frequent workplace activity mentioned in protected disclosure allegations. Similarly, breach of policy or procedure was the most frequent type of conduct mentioned in allegations, as in the previous year.

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

Protected disclosures are received by the ICAC from all levels of the public sector. Both the agency and the officer making the complaint are responsible for ensuring that confidentiality is maintained, according to the provisions of the Protected Disclosures Act. Protected disclosures can range from allegations about colleagues to concerns about the conduct of the officers responsible for protected disclosures in the agency. In Case Study 3, an officer was able to report concerns about long-term bullying to the ICAC under the legislation.

Figure 6: Protected disclosure allegations in 2006–07, showing the five most frequent types of workplace activities mentioned

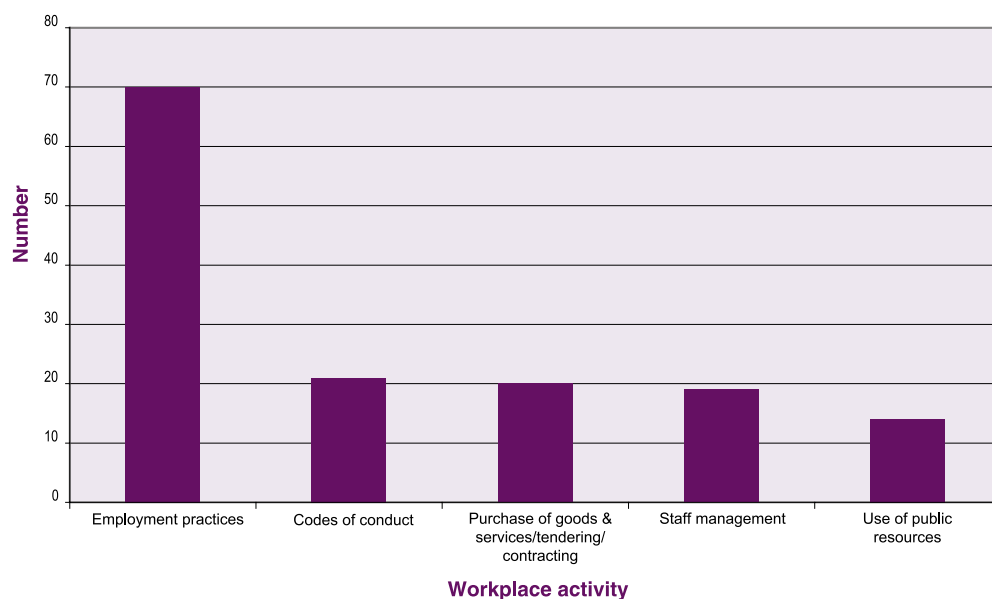
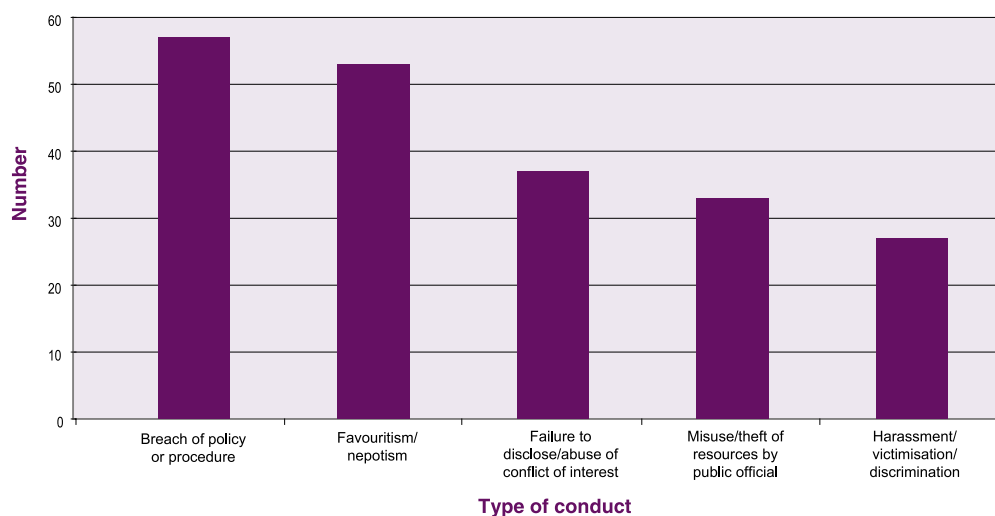


Figure 7: Protected disclosure allegations 2006–07, showing the five most frequent types of conduct alleged



CASE STUDY 3

A public sector employee speaks out

An employee in the allied health services complained to the ICAC that she had been bullied and harassed by a female co-worker since transferring to a particular region two years earlier. The employee claimed the situation had been exacerbated by her persecutor's de facto partner, another co-worker, who participated in the threatening behaviour. The complainant had been threatened that she would be 'set up'. This meant that drugs, for which she was responsible, would go missing and her harassers boasted they had 'gotten rid of people before'.

The employee had lodged an official grievance and was offered mediation, which she declined. She contended that a superior advised her that if the matter could not be resolved she was free to seek alternative employment. She also contended that her harassers' behaviour worsened after she lodged the grievance and numerous other staff had lodged similar complaints about the same people, to no avail. The harassing couple began to lodge complaints about those who had complained about them by writing fraudulent and vexatious letters to management.

The ICAC decided that the allegations did not, even if proven, amount to corrupt conduct. However, similar allegations of bullying and harassment had been received about the agency, particularly about the alleged inaction in response. This situation indicated a culture that permitted bullying to occur unchecked.

The maker of the protected disclosure consented to her identity being disclosed. This enabled the ICAC to refer the matter in considerable detail to the agency in question. As several complaints about the harassing couple had been received by the agency, it was able to set in train proceedings to terminate the employment of the couple.

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, directors general 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 involves suspected conduct within their own organisations, although sometimes principal officers also advise the Commission of corrupt conduct they suspect in other public sector agencies.

Principal officers are required to report suspicions of corrupt conduct promptly as delays may impair the ICAC's ability to detect and expose corrupt activity. Case Study 4 illustrates how the ICAC was able to commence a meaningful investigation, due largely to the timeliness of the referral by the agency.

In 2006–07, the ICAC received 522 section 11 reports containing 615 allegations. Figure 8 shows the number of times allegations involved a particular sector of the NSW Government (raw figures are in Appendix 1).

As in 2005–06, most allegations of corrupt conduct were made against local government and custodial services, although the percentage of both types of allegations was considerably lower than the previous year.

The five most frequent types of workplace activities about which the Commission received section 11 reports, as well as the five most frequent types of conduct alleged, are shown in Figures 9 and 10. Both figures exclude unspecified activities or conduct.

In 2005–06, employment practices was the most frequent workplace activity mentioned in section 11 reports. This year, breaches of codes of conduct was the most frequent, with employment practices being second.

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

Case Study 5 is an example of a section 11 report involving employment practices and an alleged breach of a code of conduct. It shows how an agency was able to rectify a situation due to its quick response, and with the advice and assistance of the ICAC, take steps to ensure that future recruitment activity was not prone to misconduct.

CASE STUDY 4

Did dollars buy public housing?

The Department of Housing referred to the ICAC allegations concerning a client service officer. Allegations had been made to the department by a public housing tenant who alleged that an officer was involved in corrupt activity. The tenant had been assaulted and, during discussions with departmental staff about relocating due to fears for his personal safety, named an officer as being extensively involved in corrupt activity.

That departmental officer was alleged to have solicited bribes to place tenants in housing and to have particularly favoured known drug dealers. The officer was alleged to have attended meetings with NSW Police officers to discuss using housing premises to monitor drug dealing activity. The officer was alleged to have passed on this information to the drug dealers involved.

The ICAC commenced an investigation called Operation Greenway, which involved the extensive use of listening devices and telephone intercepts, as well as analysis of documents obtained under notices compelling production from several departmental bodies. The departmental officer attended a compulsory examination at the ICAC, along with a number of public housing tenants from whom he had allegedly solicited bribes.

A public inquiry is set to commence in September 2007.

Figure 8: Section 11 reports received, showing allegations by sector

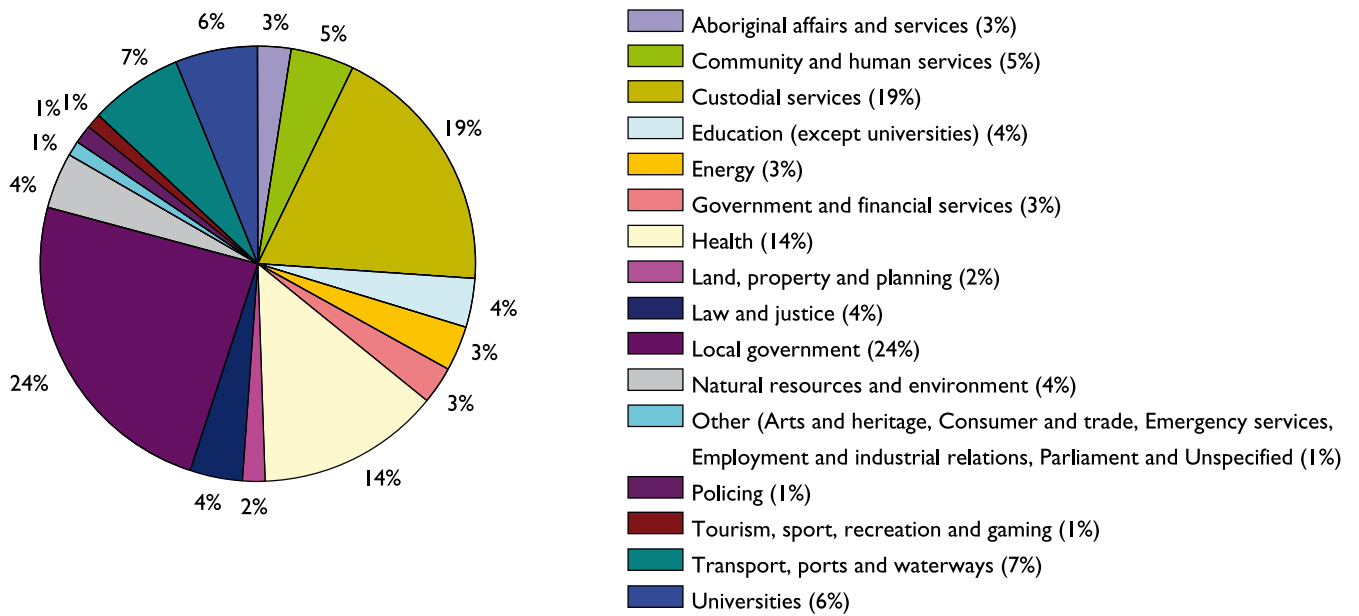


Figure 9: Allegations from reports from public sector agencies (section 11) 2006–07, showing the five most frequent types of workplace activities mentioned

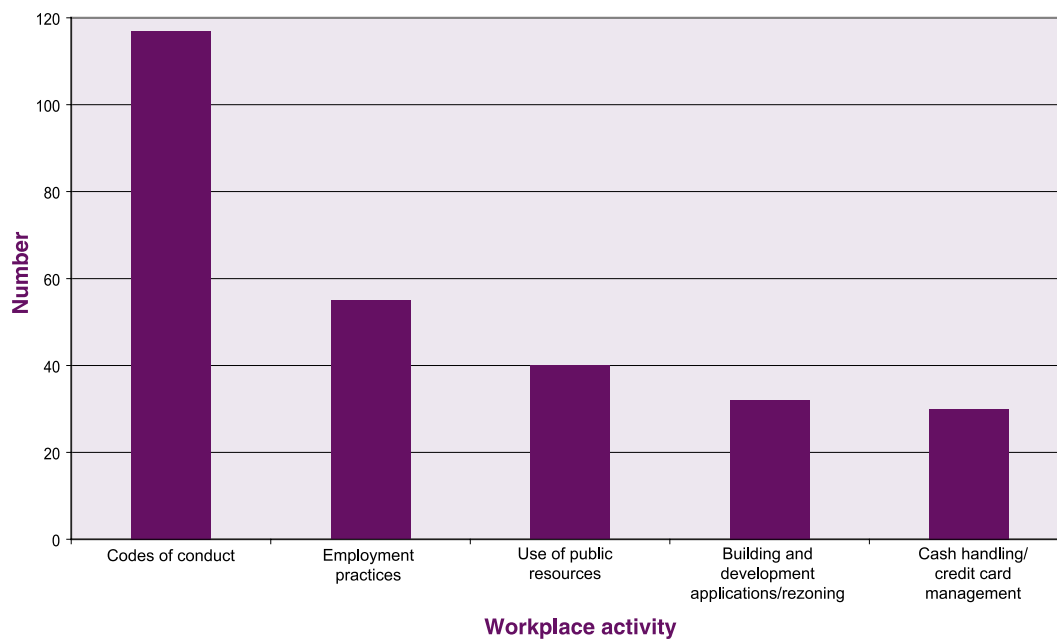
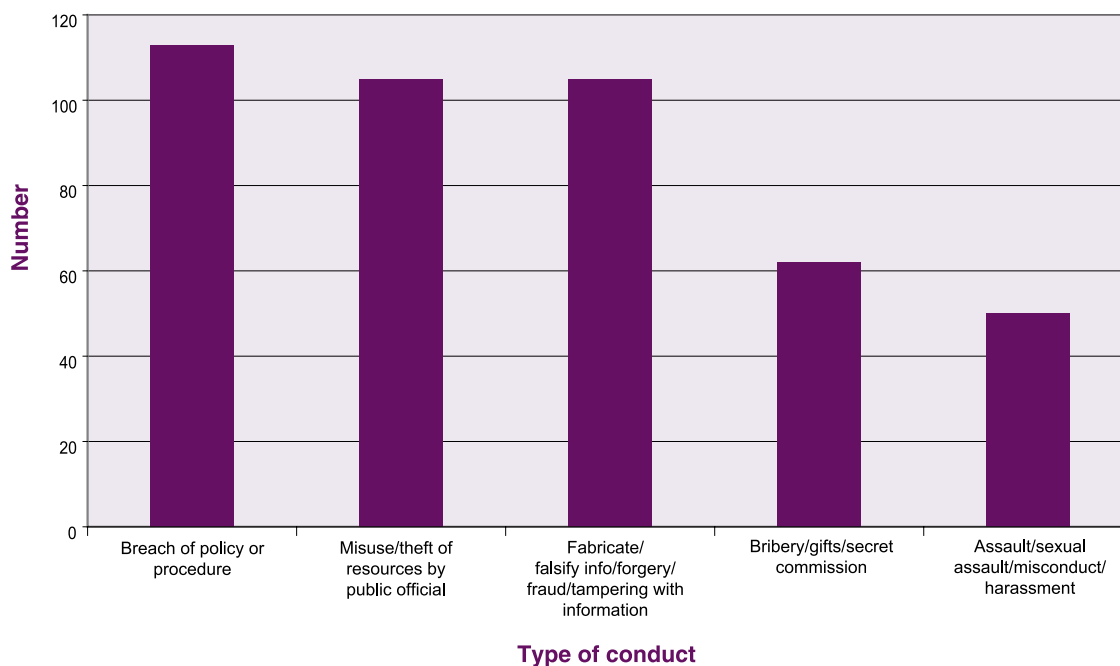


Figure 10: Reports from public sector agencies (section 11) 2006–07, showing the five most frequent types of conduct alleged



CASE STUDY 5

A family affair

A public sector agency reported that a staff member had complained about a recruitment process. It was alleged that the successful applicant for the position was the niece of the recruitment panel convenor.

The complainant raised her concerns with the general manager who approached the convenor. The convenor admitted that the successful applicant was her niece and she had not declared her conflict of interest to the recruitment panel as she should.

The department had not made a formal job offer and was therefore able to terminate the tainted recruitment process and convene a new panel. The ICAC advised the department to undertake an internal investigation and forward its report to the Commission.

It transpired that the convenor, who resigned soon after the investigation, had not received training in recruitment and selection techniques for over 10 years, nor had she had refresher training in the department's code of conduct. Although this did not excuse the conduct of the panel convenor, the department was advised by the ICAC to address the identified system weaknesses.

How matters are analysed

The Commission is required under section 12A of the ICAC Act to, as far as practicable, focus attention and resources on serious and systemic corrupt conduct.

The assessment process considers:

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

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



The Manager, Assessments Section, Ms Jacqueline Fredman, with Deputy Manager, Mr Paul Grech and Assessment Officer, Mr Joel Alcock.

The Commission often receives information that on the face of it appears very serious. In these matters, Assessment Officers often have to make enquiries to obtain further information to ensure the analysis of the matter is complete. This may involve contacting or interviewing the individuals who brought the matter to the Commission's attention, or obtaining further information and/or documents from the public sector agency concerned. The following case study highlights the importance of assessment enquiries in ensuring a thorough and accurate assessment that informs the Commission on how it should deal with a matter.

CASE STUDY 6

Assessment enquiries on a suspect super scheme

The Commission was notified under section 11 of the ICAC Act by an oversight agency about unusual trends in superannuation payouts to retiring senior staff at a NSW university. The oversight agency suspected that university management was artificially boosting staff income levels immediately prior to retirement in order to inflate their superannuation payouts. It was alleged the scheme was endorsed by the Vice-Chancellor.

It was decided that further enquiries were necessary before the matter could be properly assessed. Further material was obtained by issuing a notice compelling production of documents which were analysed by assessment staff and the Legal Division. This material disclosed that a number of senior university staff had entered into 'pre-retirement contracts' that provided a substantial increase in salary on the proviso the staff member retired at the end of the contract's three-year term.

After analysing the contractual documents, the ICAC concluded that the scheme was the university's workforce management strategy to encourage early retirement. There was no corrupt purpose behind the scheme. On this occasion, the Commission decided that formal investigation was not required and the matter was finalised in the Assessments Section.

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

In considering the profile of matters received by the Commission, care should be taken in drawing any adverse inferences from a large number of matters concerning a particular sector. This data cannot be interpreted as demonstrating significant corruption in that sector as there are many reasons why particular sectors may attract a larger number of matters. For example, some sectors, such as local government or housing, are involved in activities that affect people directly and/or personally. Similarly, in sectors with significant interaction with the general public, complaints may concern problems unrelated to corruption, such as poor customer relations or dissatisfaction with a government policy or decisions.

The assessment process and decisions

Every matter received by the Commission is registered on a database and individually assessed by members of the Assessments Section which takes into account:

- whether the matter is serious and/or systemic
- whether or not corrupt conduct is involved
- whether there is a reasonable line of inquiry to pursue
- what information has been provided or could be obtained
- whether existing information supports the allegations
- any prior or current related matters.

All matters are reported to the Assessment Panel, which is composed of the Deputy Commissioner and the Executive Directors of the Investigation 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 and is responsible for determining what



Deputy Commissioner, Ms Theresa Hamilton (right) with Media Manager, Ms Nicole Thomas.

action, if any, should be taken on every matter received. If a matter is complex or needs further enquiries to be made before an appropriate course of action can be determined, it may be reported to the Assessment Panel on several occasions.

Reports submitted to the Assessment Panel include the allegations, supporting information, the outcome of any enquiries, an initial assessment of the matter, and recommendations for future action.

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

The Deputy Commissioner, Ms Theresa Hamilton, is the Chair of the Assessment Panel and is the direct supervisor of the Manager, Assessments, Ms Jacqueline Fredman as well as the Media Manager, Ms Nicole Thomas. Ms Hamilton and Ms Fredman are responsible for the integrity of Assessment Panel reporting processes and ensure that decisions of the Assessment Panel are implemented.

After considering a matter, the Assessment Panel makes one of five decisions.

1. Refer to another agency or take no action.

The Commission's role is to focus on serious or systemic corrupt conduct as far as practicable. A significant number of the matters the Commission receives can be appropriately referred to other investigation 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 meet the definition of corrupt conduct in the ICAC Act and therefore do not warrant any action by the Commission, other than to notify the person who provided the information of the Commission's decision.

After considering the results of any initial enquiries, the panel decides whether a matter should be referred or does not warrant any further action.

2. Requesting an investigation and report by another agency.

If an allegation of corrupt conduct is made about an agency, the Commission 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 Commission. The Commission does this after consulting with the agency and establishing 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 it considers unsatisfactory.

3. Conduct assessment enquiries.

If the Assessment Panel decides that a matter should be considered further – but may not yet warrant investigation – assessment enquiries may be undertaken.

These may involve contacting parties for more information, conducting research, and/or contacting relevant agencies to ascertain whether the issues raised have been previously dealt with, and the outcome of any enquiries. They may also include the agency providing copies of the relevant policies and procedures so the Commission can examine whether there are procedural deficiencies.

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

4. Provide corruption prevention analysis and/or advice.

If a matter appears to mainly involve systemic issues rather than instances of corrupt conduct – or the corrupt conduct has been dealt with but wider problems appear to exist – corruption prevention staff may evaluate the situation and give advice on enhancing an agency's capacity to minimise the risk of corruption or preventing the problem happening again.

5. Undertake an investigation.

If a matter is very serious and likely to need the Commission's special powers to investigate the allegations, such as requiring the production of evidence, executing a search warrant or conducting covert operations, the Commission is likely to investigate the matter itself (see Chapter 3 'Investigating corruption'). Such matters are usually referred to the Investigation or Legal Divisions for preliminary investigation or investigation. 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 has been made, the matter is overseen by a different committee, the Strategic Investigation Group, which also gives direction on handling each investigation. Chapter 3 'Investigating corruption' has more detail on investigation and the group's processes.

Table 6 summarises Assessment Panel decisions in 2006–07.

In 2006–07, the Commission made 17 referrals under sections 53 and 54 of the ICAC Act. Case Study 7 is an example of a referral which resulted in business improvements in an agency.

Table 6: Decisions by the Assessment Panel in 2006–07, compared to the previous two years

Assessment Panel decision	2004–05	2005–06	2006–07
Decisions to act upon a matter			
Referred to Assessments Section for further enquiries (includes sections 53/54 referrals [^])	274 (10.2%)	279 (11.6%)	253 (12.4%)
Referred to the Corruption Prevention, Education & Research Division for further action	39 (1.4%)	15 (0.6%)	41 (2.0%)
Referred to the Investigation or Legal Divisions for preliminary investigation or investigation	72 (2.7%)	53 (2.2%)	73 (3.6%)
Total number of decisions to act upon a matter	385 (14.3%)	347 (14.4%)	367 (18.0%)
Decisions to decline a matter			
Immediate referral to another agency or no action taken by the ICAC, following initial enquiries/research when needed	2,308 (85.7%)	2,051 (85.5%)	1,673 (82.0%)
Total number of decisions made*	2,693	2,398	2,040

Note: Percentages do not add up in column two due to rounding.

* This table records Assessment Panel decisions made during 2004–05, 2005–06 and 2006–07. 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 2006–07, as some received towards the end of a reporting year will be assessed in the next financial year.

[^] On occasion a matter will be referred back to an agency under sections 53 and 54 of the ICAC Act for it to conduct an investigation and to report back to ICAC on its findings. This mechanism ensures that allegations of serious and systemic corrupt conduct are properly investigated.

CASE STUDY 7

Swimming records in the spotlight

An anonymous complainant advised the ICAC that a swimming organisation had been allocated a 40-year, \$3 million lease for a recently refurbished pool at a public authority, without competing in a tendering process to obtain that lease. It was alleged that a budgetary submission to Treasury had been falsified. The complainant also claimed that a high-ranking staff member of the public authority had been promoted without due process and was using a staff vehicle and other equipment for private use, including running a private enterprise.

The complaint was referred by the ICAC to the relevant government department responsible for overseeing the operations of the agency involved. That department was required under sections 53 and 54 of the ICAC Act to conduct an investigation and to report back to the ICAC. The department's investigator interviewed numerous staff and reviewed a substantial number of records.

The allegations by the complainant were found in many respects to be based on a misunderstanding of key facts. For example, the 'promotion' was a sideways move from one regional area to another and did not require a merit selection process. The 'private enterprise' was a not-for-profit club which did not entail use of agency equipment. It did, however, come to light that the sports body had a far from adequate record-keeping system and many staff had a poor understanding of delegation authorities.

While no corrupt conduct was established, the agency's management instigated remedial measures to address system inadequacies and training needs.

Outcomes of matters closed

The ICAC records outcomes on all matters once they have been closed, including its own action and that of the agencies that have been the subject of an allegation. As the ICAC has wide discretion on what to pursue and must focus 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 and recorded outcomes for all section 10, section 11 and protected disclosure matters that the ICAC closed during 2006–07.

Case Study 8 is about a matter received from a member of the general public which the Assessment Panel assessed as a matter involving serious and systemic issues. The Assessment Panel decided to refer the matter to the Investigation Division and the matter ultimately went to a public inquiry and will be the subject of a public investigation report in 2007–08.

Table 7: Outcomes* recorded for substantive matters closed during 2006–07

Outcome	Complaint (section 10)	Protected disclosure	Report (section 11)	Total
No. of persons subject to recommendations that advice of Director of Public Prosecutions be sought for prosecution	3	0	13	16
Disciplinary action taken by the agency: counselling	0	0	6	6
Disciplinary action taken by the agency: dismissal	0	0	6	6
Disciplinary action taken by the agency: other	1	1	9	11
Disciplinary action taken by the agency: resignation	1	0	9	10
ICAC compulsory examination (hearings held in private)	8	2	38	48 [^]
ICAC public inquiry (hearings held in public)	1	0	3	4
ICAC intelligence assessment completed: matter not investigated	0	0	3	3
ICAC investigation (Category 1)	1	0	2	3
ICAC investigation (Category 2)	1	0	0	1
Intelligence or technical product passed to another agency	1	0	0	1
Matter referred to another law enforcement agency	8	0	1	9
No action warranted by the subject agency	57	11	26	94
No further action by the ICAC	538	132	372	1,042
Referred to the agency for action	2	0	4	6
Referred to the agency for information	103	32	25	160
Systemic issues identified by ICAC	2	1	9	12
Systemic issues addressed by the agency: amendments to policy and procedure	2	2	9	13
Systemic issues addressed by the agency: other	0	1	6	7
Systemic issues identified by the agency and recommendations made: amendments	2	0	11	13
Systemic issues identified by the agency and recommendations made: other	1	1	2	4

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

[^] One compulsory examination was in respect of an investigation commenced under section 20 of the ICAC Act, therefore the total number of compulsory examinations for 2006–07 is 49.

CASE STUDY 8

Bribes and brothels

The owner of a Parramatta massage parlour complained that the team leader of Compliance Services at Parramatta Council had solicited sex and cash payments to allow her to continue to operate in unauthorised premises. The ICAC determined to conduct an investigation as this conduct would, if established, constitute corrupt conduct within the meaning of the ICAC Act.

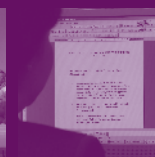
In the course of its investigation, the Commission obtained warrants to enable the use of listening devices, obtained and analysed relevant council files, lawfully executed a number of search warrants, undertook physical surveillance of suspected persons and interviewed and took statements from numerous people, including prostitutes and brothel owners. The investigative activities brought to light a number of women from whom the council officer had sought and accepted payments and sexual services.

Compulsory examinations were conducted by the ICAC before the two-day public hearing in May 2007. Council had earlier dismissed the officer involved as a result of the ICAC's investigation. The ICAC's report will be published in 2007–08.



CHAPTER 3: INVESTIGATING CORRUPTION

1 2 3 4 5 6 7 8



KRA 1: EXPOSING CORRUPTION

The objectives for KRA 1 are:

- detect and investigate corrupt conduct
- identify corruption prevention issues through investigations
- maintain strategic alliances to optimise investigative and preventative outcomes.

- Overview
- Continuous improvement of investigation practices and administration
- The investigation process
- Develop strategic alliances to optimise investigative outcomes
- Investigations in 2006–07
- Use of statutory powers
- Compulsory examinations and public inquiries
- Investigation reports
- Investigation outcomes

Overview

One of the Commission's main functions is to investigate and publicly expose corrupt conduct so corrective action may be taken and the recurrence of corruption minimised.

Only a small number of matters coming into the Commission are referred for investigation. From the 2,149 matters received in 2006–07, a total of 73 matters were referred for investigation. Of the matters investigated, the majority came from either section 11 reports (31) or section 10 complaints (28). Four matters proceeded to public inquiry and six reports on investigations were completed in the period, including one investigation report prepared under section 14(2) of the ICAC Act. Also during 2006–07, the division finalised 63 investigations which took 155 days on average.

The Investigation Division has primary responsibility for conducting Commission investigations and is led by Executive Director, Mr Mick Symons. The division has 42 full-time staff and a budget of \$4,968,294. It uses overt and covert techniques in investigations and draws on the coercive powers granted to the Commission under the ICAC Act. The division has two areas – investigations, and surveillance and technical.



Mr Mick Symons, Executive Director, Investigation Division.

Continuous improvement of investigation practices and administration

Investigations are a major part of the ICAC's work and complement its corruption prevention and education functions. In 2006–07, the ICAC maintained its commitment to quality investigations using state-of-the-art technology and improving how investigations are carried out and managed.

To improve investigation effectiveness, the Commission sought the assistance of an independent expert to review the structural and operational arrangements. As a result, many of the independent expert's recommended changes were considered and the following were adopted by the Commission:

- changing the title of the Division from the Strategic Operations Division to the Investigation Division to better describe activities
- a change to the reporting structure within the Investigation Division to provide more efficient allocation of resources for investigations.

At the end of 2006–07 a few recommendations remained under review and will be considered during 2007–08.

Other improvements in investigative techniques and investigation administration included:

- development of a risk assessment program for search warrants, controlled operations and surveillance activities. By identifying the risks, the investigation teams can develop mitigation strategies for high risk areas
- continued roll-out of the three-year surveillance equipment purchasing program
- reviewing and updating 10 procedures in the Investigations Operations Manual and creating three new procedures to reflect legislative and operational changes
- reviewing the classification of investigations from three categories (preliminary enquiries, category 1 investigations and category 2 investigations) down to two (preliminary investigations and investigations) to streamline supervision of matters and ensure more efficient allocation of resources
- reviewing the investigation oversight committee which resulted in the name changing from the Investigation Management Group to the Strategic Investigation Group to better reflect its role and charter.

The investigation process

When allegations are made to the Commission there is no presumption that the person against whom an allegation has been made has engaged in corrupt conduct. It is the Commission'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.

Once the Commission determines to investigate a matter, it is overseen by the Strategic Investigation Group (SIG). The SIG provides strategic direction and advice for all investigations and is comprised of the Commissioner, the Deputy Commissioner, and the Executive Directors of the Legal, Investigation, and the Corruption Prevention, Education and Research Divisions.

Investigations are diverse in character and can range from simple to complex, and embrace past to current activities. They can involve field surveillance, following paper trails, and using listening devices and telephone intercepts, as well as the execution of search warrants and interviews. Strategies and techniques are determined case-by-case and, when appropriate, compulsory examinations and public inquiries are undertaken to further the investigative process and expose corrupt conduct.

For most Commission investigations multidisciplinary teams are formed. The teams are comprised of specialists from the Investigation Division, such as investigators and intelligence and financial analysts, along with lawyers from the Legal Division, and a corruption prevention officer from the Corruption Prevention, Education and Research Division. The teams are formed early in the investigation and meet regularly to discuss progress, tactics and emerging issues.

The use of statutory powers, for example search warrants and listening devices, requires sufficient grounds and appropriate authority. Applications for the exercise of these powers are drafted by investigators and submitted to the lawyer on the team 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 Commission determines it is in the public interest to do so, it may take evidence from witnesses in a compulsory examination (i.e. a hearing held in private) or in a public inquiry (i.e. a hearing held in public). The Commission may decide to hold part of a public inquiry in private if doing so is in the public interest. The Commissioner presiding at a public inquiry may also choose to make suppression orders in respect of particular evidence heard, such as a person's name or home address.

The Commission can compel a witness to answer questions and/or produce documents or other things when summoned to 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 a Commission investigation is measured in several ways, for example:

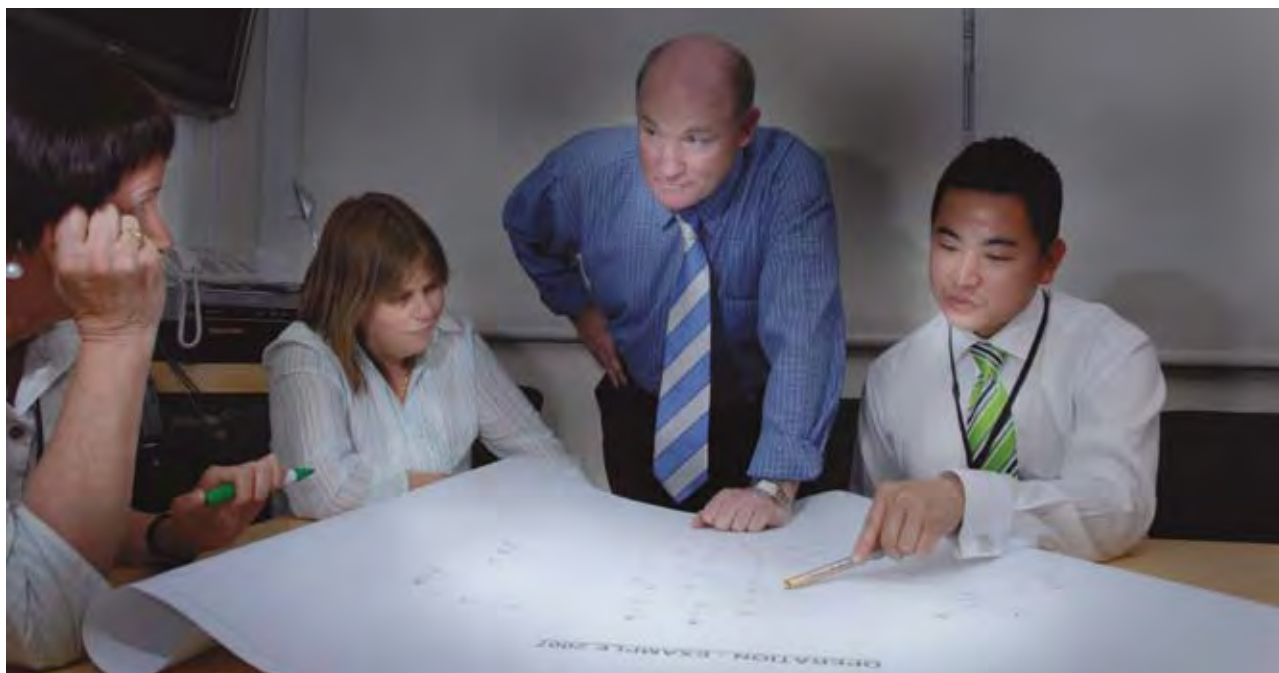
- number of findings of corrupt conduct
- recommendations that the advice of the Director of Public Prosecutions be obtained regarding prosecution of persons
- recommendations that consideration be given to the taking of disciplinary action
- recommendations and advice to improve systems, procedures and practices to minimise opportunities for the conduct to occur again.

It is also important to recognise that, in some cases, a successful investigation can show that a person has not engaged in corrupt conduct. This is particularly relevant when a matter has been the subject of significant public exposure and interest.

Develop strategic alliances to optimise investigative outcomes

As part of their work in improving investigative processes and knowledge, ICAC staff work cooperatively with other agencies and participate in a range of committees, such as the:

- Inter-Agency Technical Committee — this is a forum for intercepting agencies to foster



Chief Investigator, Mr Robert Lang, (standing) giving an operational briefing.

commonality in delivery standards and monitoring centres for telecommunications interception.

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

Investigations in 2006–07

Table 8 shows investigations commenced during 2006–07 and the source of each matter, compared to the previous year.

Investigations in 2006–07 mostly arose from either section 10 complaints or section 11 reports. This is consistent with the previous year. Two investigations were commenced on the ICAC's own initiative under section 20 of the ICAC Act.

During 2006–07, the Commission commenced, but did not finalise 28 investigations. Of these, 12 derived from section 10 complaints,¹ 12 from section 11 reports and four from other sources of information.

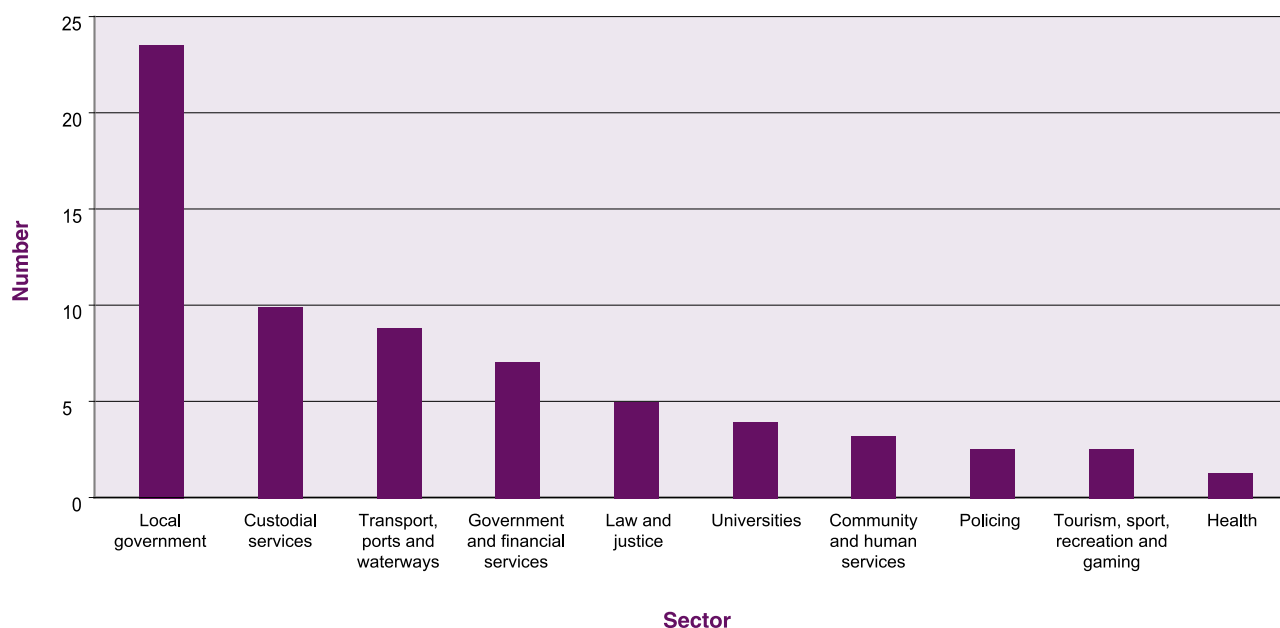
Figure 11 shows the investigations commenced in the period by sector. Local government was the most investigated sector in 2006–07. This result is different from 2005–06 when custodial services was the most investigated sector.

Table 8: Source of investigations commenced

	2005–06	%	2006–07	%
Section 11 reports (from public sector agencies)	25	45.5	31	42.5
Section 10 complaints (from the public)	15	27.3	28	38.4
Protected disclosure	5	9.1	6	8.2
Dissemination	8	14.5	4	5.5
Section 20 – own initiative	2	3.6	2	2.7
Information	0	0	2	2.7
Intelligence	0	0	0	0.0
Totals	55	100.0	73	100.0

¹ Statutory reporting measure under section 76(2)(ba)(ii)

Figure 11: Number of investigations commenced in 2006–07 by sector



Use of statutory powers

The Commission has a range of significant powers under the ICAC Act to gather information. It can require a person or organisation to produce documents and require a public authority or official to provide a statement of information. ICAC officers can, with written authority, enter premises and inspect and copy documents. The use of statutory powers is important in obtaining evidence to establish whether or not corrupt conduct has occurred.

Table 9 shows the statutory powers used by the Commission in 2006–07 compared to the two previous years.

Case Study 9 highlights how statutory powers are used to investigate matters.



Table 9: Exercise of statutory powers

Power	2004–05	2005–06	2006–07
Summonses to give evidence or produce documents or both at a compulsory examination or public inquiry (section 35 of the ICAC Act)	240	123	116
Warrant for the arrest of a witness (section 36)	1	0	0
Order for a prisoner to appear before the ICAC (section 39)	0	3	0
Search warrant (section 40)*	11	21	20
Notice for public authority/official to produce a statement of information (section 21)	11	7	37
Notice requiring production of documents (section 22)	378	242	383
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)	5	6	6
Listening device warrant (subject to the <i>Listening Devices Act 1984</i>)	103	13	52
Telecommunications interception warrant (subject to the <i>Telecommunications (Interception) Act 1979</i>)	56	17	33
Controlled operation authorised (subject to the <i>Law Enforcement (Controlled Operations) Act 1997</i>)	3	2	7
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))	7	5	5

* All search warrants were issued by authorised officers. No search warrants were issued by the ICAC Commissioner during 2006–07.

Note: The ICAC's accountability for the use of statutory powers is detailed in Chapter 5 of this report.

CASE STUDY 9

Taken for a ride

The ICAC received information that a Registry Services Manager at the Botany Roads and Traffic Authority (RTA) registry and others had improperly helped driver licence applicants in the practical test. However, how this was achieved was not readily apparent.

To find out, the ICAC conducted a compulsory examination of a driving instructor who had earlier admitted his involvement in the scheme. In his evidence he explained that the registry manager had given a restaurant owner a confidential RTA document containing a detailed description of one of the practical driving courses used at the Botany Registry. The restaurant owner then passed on the document to the driving instructor so he could take clients on a dummy run immediately before the driving test in the restaurant owner's car. He was, however, unable to remember how many clients he helped in this way.

To get the information, the ICAC issued a section 22 notice on the RTA requiring it to produce all records on driving tests at the Botany Registry using a car registered to the restaurant owner. Analysis of these revealed that nearly all applicants using the restaurant owner's car had been allocated the same course for their test.

When shown these records at a public inquiry in March 2007, the manager admitted that, in return for monetary payment, he had allocated applicants to the course detailed in the document given to the restaurant owner.

The ICAC subsequently found that the manager, driving instructor and restaurant owner had engaged in corrupt conduct. The report of the investigation will be issued in September 2007.

Compulsory examinations and public inquiries

The ICAC may take evidence in compulsory examinations or public inquiries.

In 2006–07 the ICAC conducted 49 compulsory examinations over 29 days and conducted four public inquiries over 24 days.

Operation Quilla concerned allegations of corrupt conduct involving the defrauding of the Roads and Traffic Authority (RTA) in relation to payments for the provision of traffic tidal flow services and the alleged defrauding of the RTA and RailCorp in relation to payments for traffic management services during rail shutdowns.

The Commission made findings of corrupt conduct against two persons and stated that it was of the opinion that the advice of the Director of Public Prosecutions (DPP) should be obtained in relation to their prosecution for various criminal offences. The Commission also made 30 corruption prevention recommendations to the RTA and RailCorp.

Operation Persis concerned the conduct of a RailCorp airconditioning maintenance engineer and his receipt of money from two contractors between mid-1999 and November 2005. During that period the RailCorp employee received over \$710,000 from businesses controlled by the two RailCorp contractors.

The Commission made findings of corrupt conduct against the RailCorp employee and the two contractors and stated that it was of the opinion that the advice of the DPP should be obtained with respect to their prosecution and the prosecution of one other, for various criminal offences.

The Commission also made 27 corruption prevention recommendations.

Operation Sirona concerned the conduct of the registry services manager at the Botany Motor Registry of the RTA and others in relation to the fraudulent issuing of RTA driver licences. The Commission also investigated an allegation that an attempt had been made to procure an RTA officer's services to act dishonestly by removing demerit points recorded against a licence holder.

The Commission's public inquiry commenced on Monday, 24 March 2007 and concluded on Thursday,



ICAC Commissioner, Jerrold Cripps, presided over four public inquiries in 2006–07.

27 March 2007. A report on this investigation will be published in the next reporting period.

Operation Pelion concerned an investigation into an allegation that the then team leader of compliance services at Paramatta City Council corruptly solicited and received cash payments and sexual services from brothel owners and prostitutes in return for not taking action on behalf of Parramatta City Council to prevent unauthorised use of premises for prostitution.

The Commission's public inquiry in this matter ended on 15 May 2007. A report on the investigation will be published in the next reporting period.

The time interval between the completion of each public inquiry conducted during the year and the furnishing of the relevant report is shown in Appendix 2, Table 35.²

During 2006–07, the Commission published transcripts of all public inquiries on the ICAC website. This makes the evidence-taking process more transparent and accessible, particularly for members of the public who cannot attend public inquiries.

When deciding to hold compulsory examinations and/or public inquiries, the Commission considers a range of factors to determine whether it is in the public interest. Criteria for determining whether to conduct a compulsory examination in preference to a public inquiry or whether any part of a public inquiry should be conducted in private may include:

² Statutory reporting requirement under section 76(2)(ba)(vi) of the ICAC Act.

- 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 to determine whether further investigation is required
- the need to protect the identity of a witness or an informant
- section 18(2) of the ICAC Act which requires that when a witness to an ICAC investigation may also be undergoing a trial, that person's right to a fair trial is not prejudiced by a public inquiry. This means that 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
- section 31(2) of the ICAC Act which provides that the ICAC may decide to hear closing submissions in private.

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

- serious or systemic corrupt conduct is likely to be established
- it is in the public interest to expose widely any corrupt conduct or systems failures
- 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
- public exposure of issues is likely to provide those subject to false accusations or innuendo an opportunity to clear their names

- public exposure will raise public awareness about serious corruption or systemic issues
- public exposure will be an important deterrent to similar corrupt conduct by others in the future
- public exposure is likely to encourage others to come forward with information relevant to the investigation
- public exposure of failed or inadequate systems is necessary to encourage public agencies to actively engage in reform and/or 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.

Investigation reports

The ICAC is required to publish reports on any matter that is the subject of a public inquiry, or matters referred by both houses of parliament, and forward these to the Presiding Officer of each house for tabling. Each officer has the discretion to make ICAC reports public immediately on presentation.

While public inquiries must by law result in a report to parliament, this requirement does not apply to outcomes from compulsory examinations. The Commission may prepare a report to the relevant minister under section 14(2) of the ICAC Act in relation to information received in investigating how a public authority has exercised its functions.

In 2006–07, the ICAC submitted five investigation reports to parliament and made one report to the Minister for Local Government under section 14(2) of the ICAC Act.



Table 10: Reports tabled in Parliament 2006–07

Date	Name of report
20/09/06	<i>Report on investigation into the case management and administration of community service orders (Operation Cadmus)</i>
26/10/06	<i>Report on investigation into sale of surplus public housing properties (Operation Aztec)</i>
21/12/06	<i>Report on investigation into defrauding the RTA and RailCorp in relation to provision of traffic management services (Operation Quilla)</i>
01/03/07	<i>Report on an investigation and systems review of corruption risks associated with HSC take-home assessment tasks (Operation Bligh)</i>
18/06/07	<i>Report on an investigation into corrupt conduct associated with RailCorp (Operation Persis)</i>

Table 11: Reports made under section 14(2) of the ICAC Act

Date	Name of report
07/08/06	<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</i>

Investigation outcomes

The ICAC is a fact finding and investigative body that can make findings of corrupt conduct against public officials. It is not a court or disciplinary tribunal and does not conduct prosecutions or disciplinary proceedings as a consequence of any of its investigations. However, there are three areas or activities that best reflect the outcomes arising from Commission investigations: findings of corrupt conduct, prosecution/disciplinary action, and corruption prevention recommendations and advice.

Findings of corrupt conduct and prosecution/disciplinary action

In 2006–07 the ICAC made findings of corrupt conduct against 17 people.

Although the Commission does not have a direct role in prosecutions, it does refer briefs of evidence to the Director of Public Prosecutions (DPP) for consideration of prosecution action. The DPP then advises the ICAC whether or not prosecution proceedings are warranted. In 2006–07 the Commission recommended that the advice of the DPP be sought on the prosecution of 16 people for various criminal offences. Appendix 3 (Prosecutions and disciplinary actions in 2006–07 arising from ICAC investigations) provides further details on the progress of prosecutions resulting from Commission investigations.

Case Study 10 highlights prosecution outcomes from an ICAC investigation.

The relevant public employer is responsible for taking disciplinary action or terminating the employment of staff members about whom the ICAC has made findings of corrupt conduct. In 2006–07, the ICAC recommended that consideration be given to the taking of disciplinary action against three public sector employees as a result of Commission investigations.

CASE STUDY 10

Obtaining false building licences

In December 2005 the ICAC published a report on its investigation into activities associated with obtaining contractor licences for residential building and building trade work (Operation Ambrosia).

The ICAC made findings of corrupt conduct against 36 individuals and stated that it was of the opinion that consideration should be given to obtaining the advice of the Director of Public Prosecutions (DPP) for the prosecution of each of those persons for various criminal offences.

The ICAC found that Mr Raymond Khalifeh obtained a TAFE diploma and transcript of academic record which he knew to be false and which he submitted to the Office of Fair Trading in 1999 in support of his application for a building licence. He was also involved in selling TAFE diplomas which he knew to be false to two other persons for \$25,000 each. Of this money he paid \$40,000 to the person from whom he obtained the diplomas and retained \$10,000 for himself.

As well as making a finding of corrupt conduct against Mr Khalifeh, the ICAC was of the opinion that advice be obtained from the DPP with respect to prosecuting Mr Khalifeh for a number of criminal offences.

Briefs of evidence were prepared and submitted to the DPP.

The DPP subsequently advised that there was sufficient admissible evidence to proceed with prosecuting Mr Khalifeh for three offences under section 178BA of the *Crimes Act 1900* (obtaining valuable thing by deception) and five offences under section 87 of the ICAC Act (giving false or misleading evidence).

On 27 July 2006 Mr Khalifeh was convicted of all offences and sentenced to 12 months imprisonment with nine months non-parole period in relation to the section 87 offences and 300 hours of community service in relation to the section 178BA offences.

Corruption prevention recommendations and advice

The Commission places great importance on ensuring that lessons are learnt from investigations in respect of improving systems, policies and procedures. Corruption prevention officers conduct a comprehensive review of the systems, policies, procedures and work practices of the agency at the centre of a Commission investigation. The objective of the review is to identify weaknesses and gaps to reduce opportunities for corrupt conduct. Even when an investigation does not progress to a public inquiry, the Commission may still provide prevention advice to the agency concerned (see Case Study 12 on page 47).

For investigations that progress to a public report, corruption prevention officers outline the prevention and corruption risk issues and make recommendations to deal with the gaps and deficiencies. In 2006–07, the Commission issued six public reports containing 113 corruption prevention recommendations.

Case Study 11 concerns a major investigation undertaken by the Commission which was categorised by significant system and procedural weaknesses and resulted in a public report containing 27 corruption prevention recommendations.

Further information on corruption prevention work on investigations, including follow-up on the implementation of recommendations arising from investigations, is outlined on pages 47–50.

CASE STUDY 11

Systems and procedures off the rails

In February 2005, RailCorp referred an allegation to the Commission under section 11 of the ICAC Act, which obliges the principal officer of a public authority to report to the Commission any matters that they reasonably suspect may concern corrupt conduct. The allegation was that a RailCorp employee was improperly favouring certain businesses carrying out RailCorp maintenance work.

Independently, the Commission received an anonymous complaint in August 2005 that the same employee was both associated with businesses carrying out airconditioning maintenance work and profiting from this work.

The employee was primarily involved in managing airconditioning maintenance work in Sydney CBD train stations, most of which was done by contractors. The Commission's investigation established that businesses directly associated with the RailCorp employee had received more than \$710,000 in payments for maintenance work. The payments represented pecuniary conflict of interests for the employee. The Commission also identified that he held further non-pecuniary conflicts of interest. All these conflicts of interest were undeclared, as was the secondary employment of managing his business interests, and the financial benefits he received.

The Commission made corrupt conduct findings against the employee in relation to his receipt of payments, failure to make declarations concerning his business interests, and his recommendations that one of the contractors in question be awarded additional work and have its contract extended. Corrupt conduct findings were also made against two contractors. The Commission sought the advice of the Director of Public Prosecutions about proceeding against all three for offences under the *Crimes Act 1900* and the employee and his son for offences under the ICAC Act.

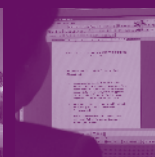
The Commission identified a number of factors which allowed the corrupt conduct to go undetected for six years. These included a work environment where the employee enjoyed high discretion combined with low accountability and which was also characterised by inadequate cost and performance monitoring, systemic failures in record keeping, and poor policies and procedures. Weaknesses in RailCorp's handling of both conflict of interests and secondary employment were also identified. A total of 27 corruption prevention recommendations were made to RailCorp.

This shouldn't be happening ...



CHAPTER 4: PREVENTING CORRUPTION

1 2 3 4 5 6 7 8



KRA 2: PREVENTING CORRUPTION

The objectives for KRA 2 are:

- provide a range of targeted strategies and projects 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
- improve community confidence in reporting corruption.

■ Overview

- Continuous improvement of prevention practices and knowledge
- Strategies and projects to resist and respond to corruption
- Corruption prevention guidance and advice
- Promoting awareness and confidence in reporting corruption

Overview

The Corruption Prevention, Education and Research Division (CPER) carries out the prevention and education functions of the Commission outlined in section 13 of the ICAC Act. In summary, these are to:

- examine public sector procedures and systems and recommend revision where they are conducive to corruption
- cooperate with public authorities and public officials to prevent corruption
- advise public authorities on how to reduce corrupt conduct
- educate and inform public authorities and the community on corruption and its prevention
- enlist public support in combating corrupt conduct.

The prevention work of the division is carried out through multiple activities:

- research projects to inform the development of other projects and activities
- prevention advice projects and publications which guide agencies on how to enhance their systems, policies and procedures
- the provision of advice services to agencies and members of the public with queries about preventing corruption
- the delivery of education and training programs to raise awareness and understanding of corruption issues and how to prevent corrupt conduct from occurring.



Ms Linda Waugh, Executive Director, Corruption Prevention, Education and Research Division.

During 2006–07 the CPER Division responded to 276 advice requests, provided prevention advice in respect of 49 complaints or reports alleging corrupt conduct, conducted two regional visits, delivered 70 training courses/presentations, made 113 corruption prevention recommendations in investigation reports, and produced six research or prevention advice publications.

The division has 24 full-time staff and a budget of \$2,625,507. It is led by Executive Director, Ms Linda Waugh, who is supported by a senior management team comprised of the Deputy Director, Ms Lynn Atkinson and several other senior officers.

Continuous improvement of prevention practices and knowledge

This financial year the ICAC completed a project started in 2005–06 to revise and further develop the Commission's corruption prevention policy and policy framework. The project involved a comprehensive review of the literature on misconduct, corruption and prevention, and a detailed analysis of the ICAC's public inquiry reports. This information is being used by ICAC officers to maintain a current, evidence-based corruption prevention policy and is contained in an internal document that is used to induct new employees on the principles and theories that underpin the Commission's corruption prevention work.

During 2006–07, the Commission provided 181 training opportunities to CPER staff to improve their knowledge and expertise in prevention and risk management practices, as well as in project and general administration areas.

Also during the reporting period, the policies and procedures manual for the division was reviewed and changes and improvements made. The internal advice manual, which provides guidelines to new staff on how to advise external agencies on specific topics, for example codes of conduct or procurement, was also reviewed and updated.

Strategies and projects to resist and respond to corruption

Research projects

During 2006–07, the division worked on two major research projects which relate to the objective of resisting and responding to corruption: the collaborative 'Whistling While They Work' project and a project on profiling the NSW public sector. In addition, the Commission reviewed 187 submissions made in response to an ICAC discussion paper on corruption risks in the NSW development approval process.

'Whistling While They Work'

The 'Whistling While They Work' project is a three-year (2005 to 2007) national research project led by Griffith University. Of the total project funding of over

\$1 million, \$585,000 was contributed by the Australian Research Council and the remainder by industry partners.

The project involves more than 10 integrity institutions as industry partners, including the ICAC, in the first national study of internal witness management. The objectives are to compare organisational experiences under varying public interest disclosure regimes and identify best practice responses to whistleblowing.

More than 7,000 employees in the four participating jurisdictions took part in a survey during 2006–07 to gather information on the reporting and management of wrongdoing. A number of agencies within each jurisdiction also participated in case study research. The ICAC contributed across a number of research components, particularly those relating to research methodology.

The project will continue in 2007–08 and is expected to produce a number of publications and resources. The first public presentation of results from the research will be in October 2007 at the Australian Public Sector Anti-Corruption Conference (www.apsacc.com.au).

Profiling the NSW public sector

The ICAC published a research report in 2003 examining the functions, risks and corruption resistance strategies within the NSW public sector (*Profiling the NSW public sector: Functions, risks and corruption resistance strategies*). During 2006–07 it replicated this research, revising and broadening the survey instruments from the original project. In the first half of 2007, surveys were mailed to over 500 organisations and to a random sample of over 1,000 staff from a subset of these agencies, which included local councils and local Aboriginal land councils for the first time. The Commission is currently analysing the survey results and will publish the findings in 2007–08.

Corruption risks in the planning process

Each year the Commission receives many complaints and reports that relate to NSW development approval processes. In December 2005, the Commission undertook to further explore this issue by publishing a discussion paper, *Corruption risks in the NSW development approval processes*, based on research and examination of ICAC information holdings and relevant literature. Individuals and organisations were invited to make submissions on various aspects of the paper.

During 2006–07, the Commission reviewed the 187 submissions received. Many commented on such issues as the role of councillors in developing planning instruments and determining development applications, the possibility of ‘regulatory capture’ of council officers, and the possibility that use of consultants may cause conflicts of interest.

After considering the submissions, the ICAC commenced preparation of a position paper which will contain recommendations to reduce corruption risks in development approval processes. The paper will be published in September 2007.

Training resource development, delivery and presentations

Training

In 2006–07, the ICAC continued to develop its training strategy for public sector employees. The Commission develops training services in response to the needs of public sector agencies on topics related to corruption prevention and topical corruption-related issues.

The full range of Commission training services now includes:

- delivery of training modules by Commission staff as requested by agencies, and as part of the Rural and Regional Outreach Program
- development of training modules for delivery by agency training staff
- development and delivery of train-the-trainer workshops to equip agency staff to deliver training modules developed by the Commission.

The key audiences for training during the year were public sector managers and supervisors as well as specialists, such as internal investigators and protected disclosures coordinators. In terms of subject matter, the three most frequently delivered courses in 2006–07 were Corruption Prevention for Managers, the Fact-Finder workshop and the Protected Disclosures Train-the-Trainer course. A full list of training courses delivered in 2006–07 appears in Appendix I3.



Crew on the set for the filming of the ICAC training DVD.

Training DVD

To trigger discussion on how to identify and respond to corrupt conduct, a training DVD of 10 short stories that explore topics such as conflicts of interest, gifts and benefits, and misuse of public resources was produced in 2006–07. Designed to complement a range of ICAC training modules, the DVD will enhance training by catering for diverse learning styles and engaging participants in resolving issues concerning the detection and management of corruption.

Table 12: Key performance indicators for training activities in 2006–07

	2006–07 Actual	2007–08 Target*
Number of training requests	42	n/a
Number of training sessions delivered	39	40
Number of speaking requests received	37	n/a
Number of speaking presentations delivered	31	30

* For measures which reflect incoming work or activity targets are not set, and not applicable, (n/a) appears in the target column.



Delivery of the university training package.

The universities toolkit project

In September 2006, the ICAC released *Managing the risk of corruption – A training package for New South Wales public universities*. Intended to support both academic senior managers and senior administrative staff, the package was designed for in-house delivery by university training staff. It was piloted with the assistance of the University of Wollongong, Macquarie University and the University of Western Sydney.

Australian National University/ICAC executive program

For the past nine years the ICAC has worked in partnership with the Australian National University to deliver a postgraduate course on corruption and

anti-corruption. This successful and internationally recognised course is for middle and senior managers from public sector agencies in Australia and around the world. The 2006 course was held over two weeks in October and November in Canberra and Sydney.

Each year the ICAC offers a limited number of scholarships for the course to NSW public sector staff. Ten scholarships were granted in 2006, including four to staff working in rural and regional NSW.

Training for local Aboriginal land councils

Corruption prevention officers have been conducting workshops with local Aboriginal land councils since late 2003 as part of the ICAC's twice yearly Rural and Regional Outreach Program. In 2005–06, a flexible, eight-module package was developed and delivered to a number of local Aboriginal land councils during the Commission's outreach program. This work continued in 2006–07 when representatives from 21 local Aboriginal land councils attended Commission workshops.

Corruption prevention work on investigations

A corruption prevention officer works on the investigation team for all major investigations. The officer's role is to develop an understanding of

CASE STUDY 12

Prevention better than cure

The Commission received a report under section 11 of the ICAC Act from a NSW statutory board about possible breaches of the board's code of conduct by a senior employee. It was alleged that the officer had, among other things, provided confidential information about an individual in receipt of the board's services to a private firm of solicitors.

After a preliminary investigation the Commission decided to discontinue the investigation in the absence of evidence of corrupt conduct. However, in the course of the Commission's enquiries it had become apparent that work practices in the relevant operational area of the organisation could expose the board to the risk of corrupt conduct. Staff of the Commission's CPER Division reviewed the board's policies, procedures and practices and prepared a report with recommendations intended to address the identified risks. During the period of the investigation the board began a comprehensive management review and restructure and was able to incorporate the Commission's corruption prevention recommendations into a plan to implement these reforms.

environments which may be conducive to corrupt conduct or in which the corrupt conduct has occurred. The officer identifies poorly managed corruption risk areas and activities by reviewing the agency's systems, policies, procedures and work practices. As shown in Case Study 12, even when investigations do not progress to a public report, the Commission may still provide prevention advice and/or recommendations to the agency concerned.

On investigations that progress to a public report, the corruption prevention officer is responsible for preparing the corruption prevention chapter(s) and developing recommendations for changes to practices and systems to help prevent future corruption. In 2006–07, the Commission issued six public reports which included a total of 113 corruption prevention recommendations.³ Of these, 112 were directed to different NSW public sector agencies and one to the Minister for Education and Training in respect of an investigation which concerned allegations of cheating in the Higher School Certificate (Operation Bligh).

Operation Bligh was relatively unusual in that findings of corrupt conduct were not made. However, the Commission identified deficiencies in policies, procedures and practices which could potentially expose the agency to corrupt conduct in the future. In addition to the recommendation to the Minister, there were 14 recommendations to the Board of Studies NSW and five to the Department of Education and Training (see Case Study 13).

RailCorp was the affected agency in two of the six investigations completed this year. A total of 41 corruption prevention recommendations were directed to RailCorp in 2006–07. Operation Persis, referred to in Case Study 11, was one of those investigations. The other was Operation Quilla (see Case Study 14). The corrupt conduct in this latter investigation also affected the Roads and Traffic Authority.

CASE STUDY 13

Take-home tasks a risk

A well-publicised report on the corruption risks associated with the NSW Higher School Certificate (HSC) marked the culmination of a lengthy investigation which began in June 2005 when the Board of Studies NSW reported allegations that some HSC students may have received improper assistance from tutors in preparing take-home assessment tasks.

In particular, the allegations were that tutors at Acclaim Education, a private tutoring business, had written major works submitted by a number of students enrolled in HSC English Extension 2.

The ICAC's investigation sought to determine the type and extent of assistance that Acclaim Education staff gave to students preparing assignments away from the classroom. Because the allegations implied that systemic weaknesses might exist, the Commission's corruption prevention staff also reviewed and analysed the relevant policies, procedures and practices associated with the administration of the HSC. The investigation also involved the Commission surveying 42 school principals to examine how schools manage authentication of take-home assessment tasks.

The Commission found that private tutors employed at Acclaim Education had given some students varying degrees of assistance, for example rewriting paragraphs, providing drafts for consideration, and adjusting story lines.

While there was insufficient evidence for a finding of corrupt conduct, the investigation raised serious questions on what constitutes a student's own work, how the Board of Studies, secondary schools, and HSC students might develop a common understanding of the concept, and how inappropriate external assistance to students could be addressed.

The Commission identified several areas of corruption risk, including risks in recognising and dealing with cheating and malpractice.

³ These recommendations appear in five reports prepared under section 74 of the ICAC Act, and one report prepared under section 14(2) of the ICAC Act.

CASE STUDY 14

A friend indeed

Operation Quilla exposed how some of the most ordinary features of Sydney's transport system were corruptly manipulated by an RTA manager.

The corrupt conduct began in 2002 when the manager failed to disclose, when assessing tenders for management of tidal (traffic) flow sites in Sydney, that one of the tenderers was a friend. This was in breach of the RTA's policies concerning conflicts of interest. Over the next three years, during which the friend was an RTA contractor, he and the manager worked in concert to obtain over \$300,000 from the organisation. This scheme involved the submission of invoices for work which had not been performed and their approval by the manager.

In early 2004, the two commenced a more audacious scheme, this time involving corruption by the manager in his capacity as the liaison officer for provision of RTA transport services to RailCorp during rail shutdowns. The manager told RailCorp that the RTA had engaged his friend's company as a service provider. He further advised that his friend would invoice RailCorp directly for work performed — an arrangement that, although in contravention of RailCorp procurement policies, went ahead without any written documentation on their part.

In fact, the friend performed no work at all in regard to rail shutdowns. Instead the manager arranged for the RTA to complete and pay for RailCorp work, concealing the costs by charging them to incorrect RTA cost codes. Together they obtained \$257,000 from RailCorp.

As a result of corruption prevention reviews and analyses, the ICAC made 16 corruption prevention recommendations to the RTA and 14 to RailCorp. Where RailCorp was concerned, the recommendations were directed at addressing multiple system failures that had allowed poor practices to develop and continue unchecked, the cumulative effect of which had been to create a very loose operating environment conducive to corruption.

In 2006–07, only one completed investigation directly concerned local government. The Commission made two recommendations to Burwood Council in its report under section 14(2) of the ICAC Act concerning council's overseas travel policy and the disclosure of non-pecuniary conflicts of interest. Three further recommendations were directed to the Department of Local Government and related to the disclosure and management of pecuniary interests.

Operation Aztec concerned the disposal of surplus public housing by the Department of Housing. The ICAC examined weaknesses in the process by which the department disposed of their surplus properties. Findings of corrupt conduct were made against an officer of the department and two real estate agents. The department worked with the Commission to review its systems and address identified weaknesses.

Outstanding matters were addressed in the four corruption prevention recommendations made in the public report.

The Department of Corrective Services was the affected agency in Operation Cadmus, which concerned corrupt conduct in the management of community service orders (see Case Study 15).

CASE STUDY 15

Nice work if you can avoid it

Management of the community service order scheme by the Department of Corrective Services was investigated in the Commission's report in September 2006. Community service is a penalty imposed by a court and typically involves the offender working in the community for a non-profit organisation.

Findings of corrupt conduct were made against a departmental officer who helped two offenders avoid community service imposed by the courts, without their non-compliance resulting in a breach of the order. A number of people who supervised offenders working at their agencies under community service orders were also found guilty of corrupt conduct. One was a parish priest who falsified offenders' timesheets. Another was the secretary of the priest's local church, where the offenders were meant to undertake their community work, who organised offenders to carry out work for his relatives.

The Commission made 24 corruption prevention recommendations to Corrective Services and, in the wake of the investigation, the department overhauled major elements of the scheme. Some of the key changes made so far include:

- revisions to the criteria and guidelines for allocating offenders to agencies, including new processes to identify and manage conflicts of interest
- revisions to the criteria for deciding whether an agency should be accredited to participate in the scheme
- introduction of standard induction materials to ensure that both offenders and host agencies understand the scheme's requirements.

Following up on corruption prevention recommendations

The Commission requests agencies to which it has made corruption prevention recommendations in reports under section 74 or section 14 of the ICAC Act to submit an implementation plan for all recommendations within three months of the report being made public. Thereafter, the Commission requests progress reports on implementation at intervals of 12 and 24 months. These reports are published on the ICAC website so members of the community can view how these agencies have responded to the corruption risks identified by the investigation.

In 2006–07, the Commission received 13 progress reports providing updates on the implementation status of recommendations in previous Commission investigation reports. These reports indicate that 80 per cent of corruption prevention recommendations had been implemented. Further detail is in Appendix 4.

Corruption prevention guidance and advice

Projects and publications

In 2006–07, the division developed and published three corruption prevention guides and brought one initiative close to completion.

Lobbying guidelines for local government

The Commission frequently receives complaints about improper lobbying practices and biased decision-making in local government. The issue of inappropriate lobbying also arose during the Commission's investigation into planning decisions relating to the Orange Grove Centre.⁴

⁴ ICAC (August, 2005), *Report on investigation into planning decisions relating to the Orange Grove Centre*.

To provide additional guidance in this area, the Commission published *Lobbying local government councillors: A guide for councillors, constituents and other interested parties*. This brief publication advises local councillors how to manage their dealings with lobbyists in a way that is transparent and protects them against allegations of bias or corrupt conduct. Copies have been distributed to all NSW councils and councillors.

Occupational licensing risks

As a result of several Commission investigations that exposed risks in occupational licensing, the Commission initiated development of a resource to assist NSW public sector agencies involved in this activity. *Corruption risks in occupational licensing and strategies for managing them* was published by the Commission in December 2006. The publication considers the common corruption risks facing agencies involved in licensing people to enter a particular occupation or allowing them to use a professional title, as well as providing advice on risk management.

Protecting identity information and documents

Protecting identity information and documents: Guidelines for public sector managers was released in December 2006 to help public sector agencies identify corruption risks they may face in managing identity information and documents, such as birth certificates, and to devise appropriate management strategies. Among the risk areas covered are the physical security of materials and equipment used in the production of identity documents, secure storage and handling of identity information, the use of security features in identity documents, and authentication of identity information. The publication sets out processes and systems which can be implemented to minimise risk of improper access and/or release of identity information and documents.

Strengthening corruption resistance in the public health sector

The ICAC has been working closely with the Department of Health and area health services since 2003 on a project to strengthen the corruption resistance in the NSW public health sector. The project has focused on four main corruption risks: misuse of

resources, conflict between public duty and private interests and activities, inappropriate relationships between clinicians and suppliers, and corruption in responding to problems in clinical service delivery.

Through extensive consultation the ICAC established that there is a demand for more education and resources to assist in managing corruption risks in the public health sector. As a result, the ICAC and the Department of Health have developed a new training package for senior clinical and non-clinical managers. It has three modules: recognising corruption, identifying and managing conflicts of interest, and preventing corruption. As part of the development process, the ICAC sent copies of the draft training kit to health services and other stakeholders for review and subsequently made changes in response to the many useful comments received.

The training package will be formally released in August 2007, following delivery of a train-the-trainer session for key staff from various area health services.



Ms Paula Ware, Senior Project Officer, Training and Development, conducts training with public officials from the NSW health sector.

Corruption prevention advice services

Providing advice is a key role of the CPER Division. The division provides formal advice to agencies on matters that come to the Commission through the Assessments Section. These include section 10 complaints, section 11 reports and protected disclosures. The Commission also gives corruption prevention advice to public sector employees and the general public in response to queries by telephone, letter and email.

Table 13 gives information on the division's handling of matters that were received from the Assessments Section and required corruption prevention action, compared to the previous two years.

The average number of days to resolve matters declined in 2006–07. This was primarily due to a

clearance of a backlog of matters and because the division operated with a full complement of staff for most of the year.

Case Study 16 illustrates how the division might respond to a matter referred from the Assessments Section.

Table 13: Corruption prevention advice given in relation to matters referred from the Assessments Section

Corruption prevention advice on matters	2004–05	2005–06	2006–07
Number of matters received	67	50	61
Number of matters closed	101	68	49
Average number of days to resolve matters finalised	102	111	58

CASE STUDY 16

Waste not want not

The ICAC received allegations that road workers from a local council were giving free surplus road materials to favoured residents in violation of council regulations.

The actual situation was that council generally offered waste materials to nearby residents who wanted them, rather than taking the waste to a dump. However, there was no policy to this effect and many residents did not understand that it was accepted practice. As a result, the council's actions were open to misinterpretation.

In the interest of greater transparency, the council's general manager asked the Commission for advice on developing a policy to dispose of surplus roadworks waste. The ICAC recommended that council:

- develop clear criteria for selecting which residents were eligible to receive waste
- estimate and record the value of disposing of the waste and the value of the waste to the resident
- develop a procedure for documenting council approval to dispose of the waste
- link the policy to the council's contaminated waste policy
- develop a procedure for communicating the offer of waste materials to residents
- record which residents receive the waste
- develop a procedure to record residents' agreement and responsibilities, such as sedimentation controls, should they accept waste.

As already stated, the division also responds to prevention advice requests by telephone, letter or email. Table 14 summarises how the division dealt with advice requests during 2006–07.

Table 15 shows advice requests in writing and by telephone/email across 19 different categories for 2006–07.

When a request for advice is recorded it may fit only one category or it may fit several, for example conflicts of interest as well as code of conduct. The table shows the number of times each category is ascribed to a matter rather than the number of individual requests for advice.

Table 14: Summary of how advice requests were dealt with in 2006–07

Activity	2006–07
Number of advice letters sent in response to advice requests	32
Percentage of written requests responded to within 30 days of request	78%
Number of discrete advice responses by telephone/email	244

Table 15: Written/telephone/email advice requests by category 2006–07

Category	Written requests	Phone/email requests	Total	%
Procurement & disposal	8	47	55	16
Regulatory functions (includes planning & development)	8	42	50	14
General ICAC information	0	46	46	13
Conflicts of interest	7	28	35	10
Miscellaneous	6	27	33	10
Protected disclosures & internal reporting	1	21	22	6
Employment issues & practices	4	16	20	6
Sponsorship	3	13	16	5
Gifts & benefits	3	9	12	3
Code of conduct	2	9	11	3
Confidential information	3	7	10	3
Election issues	1	7	8	2
Corruption prevention planning	2	5	7	2
Misappropriation/misuse of public resources	0	7	7	2
Public/private sector interface	3	4	7	2
Maladministration	0	4	4	1
Fraud	1	2	3	1
Government grants	0	2	2	1
Cash handling	0	0	0	0
Total	52	296	348	100

Most advice related to procurement and disposal, regulatory functions and general ICAC information. Most requests came through the Commission's telephone advice line. Requests on more complex matters are generally made and responded to in writing.

Table 16 shows written, telephone and email advice responses by category for the last three financial years.

Advice requests concerning conflicts of interest have dwindled progressively since the publication of

Managing conflicts of interest in the public sector – Toolkit (jointly published by the ICAC and the Queensland Crime and Misconduct Commission in October 2004). The number of requests about procurement and disposal, and regulatory functions has remained consistently high.

Case Study 17 highlights a matter where the ICAC gave advice about conflicts of interest.

Table 16: Written, telephone and email advice responses by category 2004–05 to 2006–07 [^]

Risk/risk management area	2004–05	%	2005–06	%	2006–07	%
Procurement & disposal	64	14	44	13	55	16
Regulatory functions	46	10	52	16	50	14
General ICAC information	62	13	38	12	46	13
Conflict of interests	69	15	48	15	35	10
Miscellaneous	54	11	20	6	33	10
Protected disclosures & internal reporting	25	5	9	3	22	6
Employment issues & practices	20	4	14	4	20	6
Sponsorship	29	6	17	5	16	5
Gifts & benefits	28	6	14	4	12	3
Code of conduct	12	3	9	3	11	3
Confidential information	5	1	14	4	10	3
Election issues	7	1	2	1	8	2
Corruption prevention planning	8	2	8	2	7	2
Misappropriation/misuse of resources	4	1	10	3	7	2
Public/private sector interface	33	7	12	4	7	2
Maladministration	1	0	6	2	4	1
Fraud	3	1	7	2	3	1
Government grants	4	1	5	2	2	1
Cash handling	0	0	0	0	0	0
Total	474	101*	329	101 *	348	100

[^] The table shows the number of times each category is ascribed to a matter rather than the number of individual requests for advice.

* Due to rounding, this percentage column totals 101.

CASE STUDY 17

Just the ticket

A rural council alleged that several staff had attended a State of Origin rugby league game in Sydney at the invitation of a company that provided services to council. The benefits included transport, tickets and hospitality.

Council investigated the allegations and found a number of staff had attended the game. Several had bought tickets themselves and did not attend with the company named in the allegation. One staff member was invited to attend by a long-term friend who worked for the company and had asked a council colleague if he wanted to take a spare place. Neither had any involvement in engaging the company for council work. Both stated that in future they would seek permission from their supervisor to attend.

It appeared from the investigation that the company did not intend to influence the staff involved. However, the staff members' acceptance of hospitality raised the possibility that they might be favourably biased towards the company.

This case highlights the difficulties that can emerge when personal relationships overlap with public duty. Because the individuals were employed by council, and the company provided services to council, they were required to consider the offer of hospitality in an official rather than a personal manner.

Council formally warned the staff about breaches of the code of conduct and accepted their assurance that they would in future adhere to the code. The ICAC also suggested that council inform contractors about their expectations about contractor interaction with council staff.

Promoting awareness and confidence in reporting corruption

In 2006–07, the Commission conducted its periodic community attitudes survey which provides a general indication of community awareness of corruption issues. The division also continued the flagship Rural and Regional Outreach Program, which promotes community awareness and confidence in reporting corruption.

Organisation of two major conferences, the inaugural Australian Public Sector Anti-Corruption Conference and the biennial National Investigation Symposium progressed during 2006–07. Two issues of the *Corruption Matters* newspaper were published and *Guidelines for Principal Officers* was released to promote awareness of the ICAC and reporting obligations placed on principal officers by the ICAC Act.

New projects included the first phase of a major review and upgrade of the Commission's website and the development of posters and postcards to raise awareness of protected disclosures.

Community attitudes survey

Since 1993 the ICAC has conducted periodic public surveys to examine community perceptions of corruption, attitudes to reporting corruption, and awareness and perceptions of the ICAC. The latest survey was conducted in 2006.

Community attitudes to corruption and the ICAC (December 2006) presents detailed findings from the survey of 502 NSW residents. Overall, the survey indicated that attitudes towards corruption and the ICAC have remained relatively stable. Specific findings include:

- 72 per cent of respondents thought that corruption was a problem, the lowest percentage recorded in any survey

- more than 90 per cent of respondents indicated that they are likely or very likely to report serious corruption
- of the 82 per cent who were aware of the ICAC, 93 per cent thought that having the Commission was a good thing for the people of NSW.

Rural and Regional Outreach Program

Since 2001 the ICAC has visited rural and regional areas of NSW twice a year to raise awareness of the ICAC's role and functions and to establish networks in non-metropolitan communities. In 2006–07, the ICAC visited the New England and North Coast regions. Participant evaluations of the visits indicated that both were successful and well received.

New England Outreach

The ICAC conducted a four-day outreach program in November 2006 in the New England towns of Armidale, Glenn Innes, Grafton, Gunnedah, Lismore, Tamworth and Walcha. Approximately 100 public officials participated in ICAC courses, about 90 secondary school students attended the legal studies workshop, and 40 senior public employees attended the ICAC address at the regional coordination management group quarterly meeting. The ICAC Commissioner also addressed Tamworth community leaders at a breakfast event.



Mr Bill Kokkaris, Senior Project Officer, Education and Public Affairs, conducts a workshop with HSC students from Kempsey.

North Coast Outreach

The ICAC visited the North Coast region over a two-week period in June 2007, holding courses and/or meeting local and state government officials in Ballina, Coffs Harbour, Grafton, Kempsey, Mullumbimby, Murwillumbah and Port Macquarie. One hundred and six public officials participated in ICAC courses and about 75 secondary school students attended the legal studies workshop. There were meetings with local councillors and senior managers from 12 public sector agencies and a breakfast with community leaders.

Inaugural Australian Public Sector Anti-Corruption Conference

Planning continued on the inaugural Australian Public Sector Anti-Corruption Conference by the ICAC and partners, the Queensland Crime and Misconduct Commission and the Western Australian Corruption and Crime Commission. The conference will be held in Sydney from 23 to 26 October 2007.

During 2006–07, the Conference Organising Committee, chaired by the ICAC, designed a program of presentations and workshops to heighten delegates' abilities to identify and assess corruption risks and apply best practice in anti-corruption management. The committee engaged a professional events coordinator and implemented a targeted communication strategy.

6th National Investigations Symposium

This biennial event that targets public officials who conduct fact-finding exercises was first held in 1996. The ICAC organises the symposium in partnership with the NSW Ombudsman and the Institute of Public Administration of Australia (NSW Division).

The 2006 Symposium was a great success with 220 delegates and 42 speakers participating. The evaluation completed by 30 per cent of delegates established that a large majority found the symposium useful for their work and most were interested in attending the 2008 event.

Corruption Matters newspaper

The ICAC's biannual newspaper disseminates information throughout the public sector about the Commission and its work. Agencies can use *Corruption Matters* articles in their internal communications to support their own messages about preventing and reporting corruption.

The two issues produced in 2006–07 included regular columns by the NSW Ombudsman and the Department of Local Government.

Guidelines for principal officers reporting allegations to the ICAC

The Commission published *ICAC and public sector organisations: Guidelines for principal officers* in June 2007. The aim is to help chief executive officers (CEOs) of public sector agencies understand the ICAC's role and assist them in fulfilling their obligations under the ICAC Act. The guide outlines the CEOs' responsibilities to notify the Commission of any allegations of suspected corrupt conduct, how the Commission deals with complaints, and what an organisation must do when asked by the Commission to conduct an investigation into a matter reported to the Commission.

The Commission is currently developing a local government version of this publication.

Non-English speaking background communications project

This project, which commenced in 2003, concluded in stand-alone form in 2006–07 after the Commission decided to incorporate project activities into ongoing operations.

Project achievements over the reporting period included:

- translation and printing of the ICAC publication *Providing advice on corruption issues: A guide for community leaders* in Arabic and Chinese, the two most common languages used in NSW after English
- dubbing the ICAC corporate video *Some facts about the ICAC* in Arabic, Cantonese, Mandarin and Vietnamese

- broadcast on SBS, 2RES and 2000FM of the Thai version of the radio campaign connected with the ICAC public inquiry into the Roads and Traffic Authority (Sirona).



Protected disclosures poster and postcards

The ICAC has produced a series of thematically linked postcards and posters to remind public sector and local government staff to report suspicions of corrupt conduct, maladministration, and serious and substantial waste of public money, and to highlight the key provisions of the Protected Disclosures Act.

There are two versions of the postcard — one showing an office environment and the other an outdoor, manual work environment. Each has a space where staff can write the name of their disclosure officer for future reference. All NSW public sector agencies were sent a sample postcard pack and advised that they could customise the artwork, if organising their own printing, by inserting their logo or public disclosure officer's name.

The A2-size posters, which incorporate the same images as the postcards, reinforce the corruption reporting message. Both posters and postcards are free.

The images and information used in the postcards and posters were piloted with external agencies and endorsed by the NSW Ombudsman, the Audit Office and the Department of Local Government.

Website redevelopment

In February 2007, the ICAC Executive Group approved a project to identify improvements to the existing website and determine the specifications and information architecture for a new site.

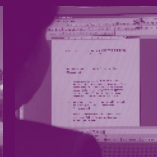
The external agency contracted for the project consulted extensively with stakeholders, including ICAC staff, external public sector staff in corruption prevention roles and the general public. Their report responds to the issues raised by stakeholders through direct consultation and an online survey and takes into account the requirements of the NSW Government Website Style Directive.

The ICAC will use the report in 2007–08 to contract the rebuild of the website and guide internal development of new content.



CHAPTER 5: ACCOUNTABILITY

1 2 3 4 5 6 7 8



KRA 3: ACCOUNTABILITY

The objectives for KRA 3 are:

- provide timely, accurate and relevant reporting to the Inspector of the ICAC and the NSW Parliamentary Joint Committee
- ensure all business activity complies with regulatory and standards requirements
- report publicly on the work of the Commission.

- Overview
- Reporting to the Parliamentary Joint Committee and Inspector of the ICAC
- Business activity compliance and governance
- Reporting the work of the ICAC

Overview

The ICAC was created by Parliament to be independent of government. Its jurisdiction extends to all public officials (including members of Parliament, members of the judiciary and the Governor) and those non-public officials whose conduct could adversely affect public officials. The ICAC's activities are amenable to the judicial review jurisdiction of the NSW Supreme Court but, other than that, the exercise of its discretions and the discharge of its functions are not reviewable.

The ICAC Act confers significant powers and discretion on the ICAC Commissioner and staff. The ICAC is also able to exercise powers under other legislation, such as the *Telecommunications (Interception and Access) Act 1979*, the *Law Enforcement (Controlled Operations) Act 1997*, the *Law Enforcement and National Security (Assumed Identities) Act 1998* and the *Listening Devices Act 1984*.

In view of its powers, comprehensive external and internal accountability frameworks are in place to ensure that the ICAC does not abuse its powers and meets all legislative responsibilities.

External accountability

The two main features of the ICAC's external accountability framework are:

- the Parliamentary Joint Committee on the ICAC
- the Office of the Inspector of the ICAC.



The ICAC must meet all legislative requirements.

The ICAC is also externally accountable through:

- inspection of records of telecommunications interceptions and controlled operations by the NSW Ombudsman
- reporting to the NSW Attorney General and the judge who issued the warrant for the use of each listening device
- application of freedom of information and privacy laws, with exemption for certain functional matters

- accounting to the NSW Treasury and Audit Office for the proper expenditure of funds
- annual reporting requirements, including those in the ICAC Act.

The NSW Supreme Court can review the ICAC's actions to ensure it properly exercises its functions and powers.

Under the ICAC Act, the Commission must provide reasons for its decision to discontinue or not commence an investigation to complainants and those required to notify the Commission of possible corrupt conduct.

The ICAC has also 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.

Internal accountability

In addition, the ICAC has implemented a range of internal accountability mechanisms that include:

- strict procedural requirements for the exercise of statutory powers
- an internal committee, the Strategic Investigation Group, which oversees major investigations and hearings
- the Prevention Management Group, which oversees ICAC corruption prevention, education and research activities
- the Executive Management Group, which oversees corporate governance and budgeting and provides overall strategic direction.

Reporting to the Parliamentary Joint Committee and Inspector of the ICAC

Parliamentary Joint Committee on the ICAC

The Parliamentary Joint Committee consists of 11 members of parliament selected from the Legislative Assembly and Legislative Council. The committee in place for most of 2006–07 was constituted in May 2003 and comprised representatives from the government, opposition parties and the cross benches — the minor parties and independents. Members of that committee were:

- 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
- Mr John Mills MLA
- Mr Paul Pearce MLA
- The Hon John Price MLA
- Mr Anthony Roberts MLA
- Mr John Turner MLA.

Following the 2007 NSW election, a new committee was established on 21 June 2007.

The current committee members are:

- Mr Frank Terenzini MLA (Chair)
- Mr David Harris MLA (Vice-Chair)
- The Hon John Arjaka MLC
- The Hon Greg Donnelly MLC
- Reverend the Hon Fred Nile MLC
- Mr Robert Coombs MLA
- Ms Jodi McKay MLA
- Ms Lylea McMahon MLA
- Mr John O'Dea MLA
- Mr Rob Stokes MLA
- Mr John Turner MLA.

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

The committee 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 2006–07 there was one public committee meeting requiring the attendance of ICAC officers. This was held to review the 2004–05 ICAC annual report.

The ICAC also responded to questions on notice on one occasion.

Inspector of the ICAC

The principal functions of the Inspector of the ICAC are to:

- audit the operations of the ICAC for compliance with NSW laws
- deal with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct by the ICAC or officers of the ICAC
- deal with (by reports and recommendations) complaints of conduct amounting to maladministration (including delay in the conduct of investigations and unreasonable invasions of privacy) by the ICAC or officers of the ICAC
- assess the effectiveness and appropriateness of the ICAC procedures relating to the legality or propriety of its activities.

The Inspector has extensive powers that include:

- investigating any aspect of the ICAC's operations or any conduct of officers of the ICAC
- requiring ICAC officers to supply information or produce documents or other things relating to the ICAC's operations or conduct of ICAC officers
- requiring ICAC officers to answer questions from the Inspector of the ICAC or produce documents or other things relating to the ICAC's operations or the conduct of ICAC officers

- investigating and assessing complaints about the ICAC or ICAC officers
- recommending disciplinary action against or criminal prosecution of ICAC officers.

Mr Graham Kelly is the current Inspector of the ICAC.

All requests from the Inspector of the ICAC for access to records were complied with expeditiously during the reporting period.

During 2006–07, the Inspector of the ICAC conducted two audits and forwarded reports on the outcomes to the presiding officers of both houses of parliament on 28 June 2007.

One audit concerned the ICAC's compliance with section 12A of the ICAC Act which requires that the ICAC, as far as practicable, directs its attention to serious and systemic corrupt conduct and takes into account the responsibility and role of other public authorities and public officials in preventing corrupt conduct.

A sample of 215 complaints was audited. The Inspector of the ICAC found that the ICAC assessment process complied with the objectives of section 12A for 98 per cent of these complaints and identified four complaints which he believed exposed some issues relating to the objectives.

The other audit concerned the ICAC's compliance with NSW laws when exercising power to:

- obtain a statement of information — section 21
- obtain documents and other things — section 22
- enter public premises and copy documents — section 23
- summons a witness to take evidence — section 35
- require a public authority to report to the ICAC where the Commission has referred a matter to it — section 54.

The Inspector of the ICAC found that the audited notices and summonses complied with the ICAC Act. While there were no substantive issues of concern, the audit revealed a problem in identifying and locating supporting minutes for some notices and summonses. The ICAC has taken steps to ensure appropriate records are centrally filed and readily accessible.

Business activity compliance and governance

Internal governance

The ICAC has an internal committee system to oversee major operations, programs and projects. Key governance committees are the Strategic Investigation Group, the Prevention Management Group and the Executive Management Group.

The ICAC also has a range of other internal committees to deal with issues, such as equal employment opportunity and occupational health and safety. These committees are discussed in Chapter 6.

Strategic Investigation Group

This group oversees ICAC investigations and members are the:

- Commissioner
- Deputy Commissioner
- Executive Director, Legal
- Executive Director, Investigation
- Executive Director, Corruption Prevention, Education and Research.

The group meets fortnightly and is advised by the chief investigators responsible for particular investigations. The Executive Directors, Legal and Investigation, the chief investigators and the Manager, Assessments Section provide regular monthly or fortnightly updates to keep the group informed on progress and developments for each investigation, including progress with writing investigation reports and preparing prosecution briefs for submission to the Director of Public Prosecutions, and the general progress of prosecutions arising from ICAC investigations.

Prevention Management Group

This group oversees ICAC corruption prevention, education and research activities. Membership is the same as the Strategic Investigation Group with the addition of the Executive Director, Corporate Services.

Meetings are held monthly to review ongoing progress reports on corruption prevention, education and research projects.

Executive Management Group

The Executive Management Group 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 efficient deployment of ICAC resources.

The group comprises the Commissioner, Deputy Commissioner and all Executive Directors.

Using statutory powers

The ICAC has extensive powers which are regulated by statute. The statutes set out the type of power it can exercise, the grounds on which it may exercise powers and restrictions on how it may exercise powers.

To ensure these powers are exercised appropriately, the ICAC has compiled an operations manual which sets out procedures for the exercise of relevant powers. The manual requires that the reason for the exercise of a power and its actual exercise must be soundly based and recorded. ICAC officers must follow the manual's procedures both in applying for the use of a particular power and in exercising that power. The procedures also ensure that any legislative requirements are identified and addressed.

For example, the operations manual requires that requests for the issuing of notices under sections 21 and 22 of the ICAC Act, and for issuing summonses under section 35, are by written minute to the issuing Commissioner through the Solicitor to the Commission (the Executive Director Legal). The minute must set out the basis for issuing the notice or summons.

The Executive Management Group must approve any changes to the operations manual which is updated regularly to reflect relevant changes to legislation and reviewed every two years.

Applications for listening devices, telecommunications interception, controlled operations and assumed identities are considered by the lawyer assigned to the investigation and checked thoroughly by the Solicitor to the Commission before the application proceeds.

Applications for listening device warrants are considered by judges of the NSW Supreme Court, who approved all ICAC applications made during the reporting period.

Applications for telecommunications interception warrants are usually made to members of the Administrative Appeals Tribunal (Commonwealth), who in 2006–07 approved all ICAC applications.



The Executive Director, Legal, Mr Roy Waldon provides final review on all legal processes.

Accounting for the use of statutory powers

Assumed identities are used by ICAC officers in surveillance operations on people of interest in ICAC investigations and to maintain covert arrangements.

These assumed identities must be reported under the *Law Enforcement and National Security (Assumed Identities) Act 1998*. In 2006–07, the ICAC acquired five new identities, varied an existing identity and revoked six identities.

An audit of assumed identity records for 2006–07, which is required under section 11 of the *Law Enforcement and National Security (Assumed Identities) Act 1988*, showed that the ICAC had complied with all aspects of the legislation.

The NSW Ombudsman inspects the ICAC's records of telecommunications interceptions and controlled operations to ensure compliance with statutory obligations. In 2006–07, the Ombudsman conducted two inspections of the ICAC's telecommunications interception records and one inspection of the ICAC's controlled operations records. The Ombudsman found that the records complied with the relevant legislative requirements.

Reporting the work of the ICAC

Section 76 of the ICAC Act requires the ICAC to report on its operations for each year ending on 30 June and to forward this report to the presiding officer of each house of parliament.

The section requires that the report includes the following details:

- a description of the matters referred to the ICAC
- a description of the matters investigated by the ICAC
- the time interval between the lodging of each complaint and the ICAC decision to investigate the complaint
- the number of complaints the ICAC started to investigate but did not finalise
- the average time taken to deal with complaints and the actual time taken to investigate any matter on which a report is made
- the total number of compulsory examinations and public inquiries conducted
- the number of days spent conducting public inquiries
- the time interval between the completion of each public inquiry conducted and provision of a report
- any recommendations for legislative change or administrative action that the ICAC considers necessary in exercising its functions
- the general nature and extent of information that the ICAC has sent to a law enforcement agency under the ICAC Act
- the extent to which the ICAC's investigations have resulted in prosecutions or disciplinary action in that year
- the number of search warrants issued by authorised officers and the ICAC Commissioner respectively
- a description of its educational and advisory activities.

These details are included in this report.

In addition to this report, the ICAC also publishes investigation reports and a number of corruption prevention, education and research publications.

Investigation reports

The ICAC is required 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 arranges for tabling in Parliament. Each presiding officer has the discretion to make ICAC reports public immediately on presentation.

Public reports can be produced without conducting a public inquiry. In 2006–07, the ICAC presented five investigation reports to Parliament which were immediately made public. These were, in order of release:

- *Report on investigation into the case management and administration of community service orders* (September 2006)
- *Investigation into the sale of surplus public housing properties* (October 2006)
- *Report on investigation into defrauding the RTA and RailCorp in relation to provision of traffic management services* (December 2006)
- *Report on investigation and systems review of corruption risks associated with HSC take-home assessment tasks* (March 2007)
- *Report on an investigation into corrupt conduct associated with RailCorp airconditioning contracts* (June 2007).

A report to the Minister for Local Government under section 14(2) of the ICAC Act concerning the conduct of two Burwood Councillors was also released and published on the website.

Corruption prevention publications

The following corruption prevention publications were produced during the reporting period:

- *Lobbying local government councillors* (August 2006)
- *Strengthening the corruption resistance of the NSW public health sector – consultation report* (October 2006)
- *Corruption risks in occupational licensing and strategies for managing them* (December 2006)
- *Protecting identity information and documents: Guidelines for public sector managers* (December 2006)
- *Community attitudes to corruption and the ICAC: Report on the 2006 survey* (December 2006)
- *The ICAC and public sector organisations: Guidelines for principal officers* (June 2007).

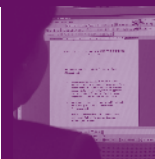
The ICAC also met its target of producing two editions of the *Corruption Matters* newspaper. This publication is designed to raise awareness in the public sector and the wider community about corruption-related matters.

Each publication is dealt with in more detail in Chapter 4.



CHAPTER 6: OUR ORGANISATION

1 2 3 4 5 6 7 8



KRA 4: OUR ORGANISATION

The objectives for KRA 4 are:

- 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.

- Overview
- Performance results
- A learning organisation
- Provide a safe, equitable, productive and satisfying workplace
- Be a lead agency in our governance and corporate infrastructure
- Monitoring performance and effective resource management

Overview

The Corporate Services Division provides human resources, staff development, financial administration, information technology, risk management, and procurement and office services.

The division's specific aims in providing these services are to:

- develop our people and continuously improve services and systems
- provide a safe and productive workplace
- develop infrastructure that supports achievement of the Commission's objectives
- establish governance structures that manage risks and monitor performance against goals.

The division had 20 full-time staff and a budget of \$2,101,423. It is led by Executive Director, Mr Lance Favelle.

Performance results

In 2006–07 the ICAC:

- recorded 803 staff attendances at internal and external training courses
- enhanced corporate governance through the review and redevelopment of the code of conduct, and roll-out of the new code to staff

- enhanced document scanning to include documents seized during investigations
- reviewed and updated 19 Commission-wide policies
- reviewed and updated information system security policies and practices to successfully achieve accreditation to the latest ISO/IEC 27001:2005 International Standards for Information Security
- made progress on achieving the Working Together: Public Sector OHS and Injury Management Strategy 2005–2008 performance targets set for the Commission.



Mr Lance Favelle, Executive Director, Corporate Services.

A learning organisation

Staffing

At the end of the reporting period, the Commission employed 121 staff, 102 on a permanent basis, 13 on a temporary basis and six staff in the equivalent of SES contract positions. Ninety-five per cent of employees were full-time while 5 per cent were employed part-time. During the reporting period the Commission employed an average of 111.5 full-time equivalent staff, an increase of 6.3 full-time equivalent staff on the previous reporting period. See Table 17.



The ICAC Executive meets with all staff on a regular basis.

Table 17: Average staff numbers by division

Division	2003–04	2004–05	2005–06	2006–07
Executive	5.0	4.9	4.0	3.5
Corporate Services	21.5	20.8	18.0	20.4
Corruption Prevention, Education & Research	21.9	22.8	21.8	24.3
Legal	10.7	9.6	9.3	9.7
Investigation	39.8	41.4	40.0	42.2
Assessments	12.4	13.1	11.9	11.4

Assistant commissioners

With the concurrence of the Commissioner, the NSW Governor appoints assistant commissioners to assist the ICAC with its inquiries as necessary. During the reporting period there were no external assistant commissioners appointed for the 49 compulsory examinations and four public inquiries conducted.

The Deputy Commissioner from 1 July 2006 to 13 October 2006 was Mr John Pritchard. He presided over two compulsory examinations. Following his resignation, Ms Theresa Hamilton was appointed by the NSW Governor as an Assistant Commissioner and the Commission's Deputy Commissioner on 8 January 2007. During the reporting period, Ms Hamilton has presided over three compulsory examinations.

The Commissioner, the Hon Jerrold Cripps QC, presided over all public inquiries in 2006–07.

Human resources

Policies and procedures

The ICAC systematically reviews and updates policies to ensure compliance with legislative requirements and government procedures. All policy changes are reviewed by the Commission Consultative Group and approved by the Commissioner. During 2006–07, 19 Commission-wide policies were reviewed or updated.

In reviewing policies, the ICAC strives to apply the principles of equal employment opportunity and the Department of Premier and Cabinet's Dignity and Respect: Policy and Guidelines on Preventing and Managing Workplace Bullying.

The Commission's special leave and references policies were reviewed and redrafted in 2006–07 for review by the Commission Consultative Group in July 2007.

A Commission working party comprising representatives from all divisions reviewed and

rewrote the code of conduct. After the Commissioner approved the new code in February 2007, staff received comprehensive training on the code's provisions. Staff also completed training on the Commission's conflicts of interest, and gifts and benefits policies and on the fraud and corruption prevention strategy and guidelines.

All Commission policies were posted on the intranet for easy access by staff and the Inspector of the ICAC.

Learning and development

Staff had the opportunity to attend in-house courses as well as external courses, seminars and conferences.

As shown in Table 50 (Appendix 22), there were 803 staff attendances at training across ICAC's six core learning streams, with each staff member completing on average 5.2 days of training.

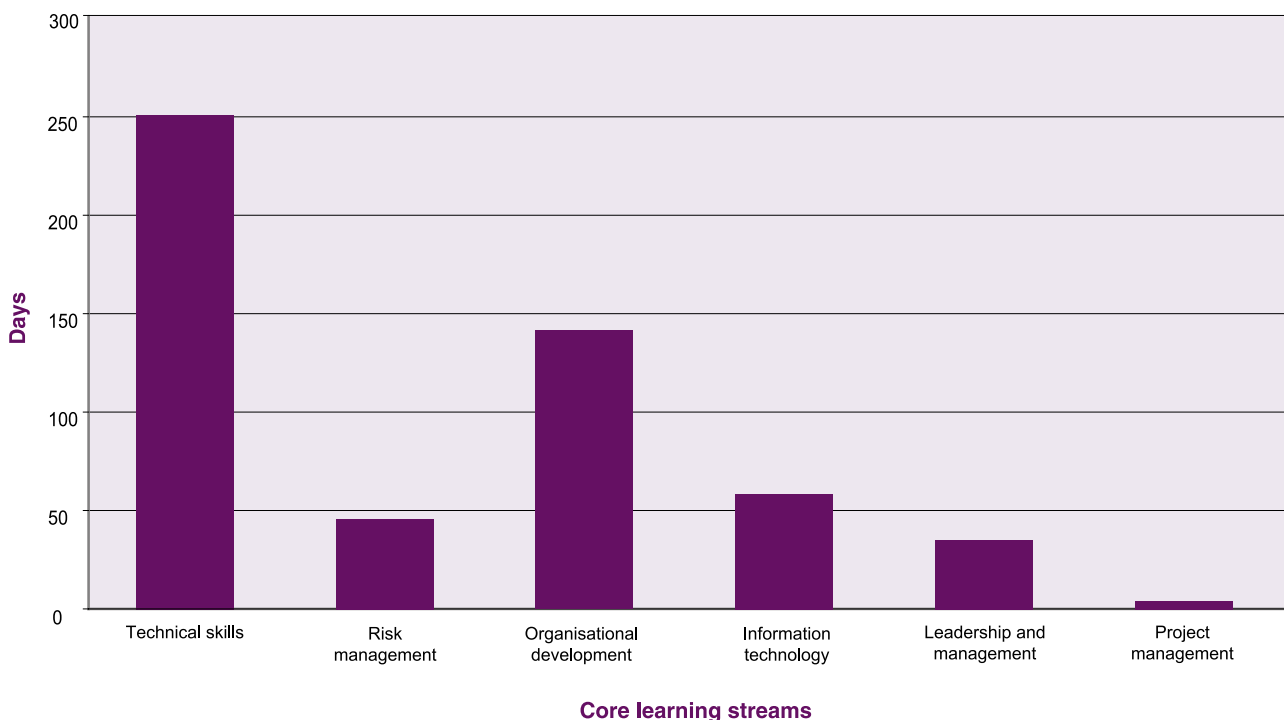
Attendance increased at courses in the organisational development learning stream, principally due to the generic corporate training associated with the introduction of the new code of conduct. Attendances at courses in the technical skills stream also increased. Figure 12 shows training days per core learning stream.

During 2006–07, the ICAC assessed all positions to determine the essential competencies needed in addition to the generic competencies required across the Commission. This information will be used as a basis for future learning and development programs for staff.

The Commission's Corporate Induction Program was reviewed and redesigned to give new starters a series of modules covering human resources, payroll and self-service, security and emergency procedures, occupational health and safety, records management and organisational functioning.

The ICAC supported participation of three staff members in the Public Sector Executive Development Program sponsored by the Department of Premier and Cabinet. In addition to training, 43 staff members further developed their skills through secondments and temporary promotional appointments.

Figure 12: Training days per core learning stream 2006–07



Provide a safe, equitable, productive and satisfying workplace

Conditions of employment and movement in salaries and allowances

The Statutory and Other Offices Remuneration Tribunal determined a performance-based increase of 4 per cent for SES officers and the Commissioner, effective from 1 October 2006.

The new ICAC Award submitted to the Industrial Relations Commission in August 2006 was gazetted in November 2006. It provides for a salary increase of 4 per cent for staff employed under the award, effective from the first full pay period on or after 1 July 2006, and another 4 per cent increase effective from the first full pay period on or after 1 July 2007. The 4 per cent increase also applies to relevant allowances, such as those for community languages and first aid skills.

ICAC conditions of employment are in line with the wider NSW public sector conditions, which were enhanced to allow unlimited salary sacrifice. The Commission adopted the options for salary sacrifice prescribed by the NSW Government.

Industrial relations

In 2006 the Commission and the Public Service Association of NSW negotiated the new ICAC Award already detailed.

The ICAC and the association maintained a collegial working relationship throughout the year, with

both parties strongly committed to consultation. The Commission Consultative Committee ensured that workplace issues, policies and procedures, and organisational changes were discussed and resolved quickly and effectively.

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

Risk management

In 2006–07 the Commission:

- reviewed and updated its risk management policy and toolkit
- continually reviewed and updated physical security measures to meet site-specific security requirements, including barrier controls to prevent unauthorised entry
- made 30 risk assessments of proceedings conducted by the Commission and implemented additional controls
- reviewed and updated the emergency evacuation procedure
- conducted three workplace inspections and two follow-up inspections. Table 18 shows the number of hazards reported in the 2006–07 inspections and the risks controlled, together with comparisons for the previous two years.

Personnel security

In accordance with ICAC legislation, all staff, consultants and contractors undergo a stringent security clearance prior to commencing work. During 2006–07, 35 staff and 18 contractors underwent vetting. When they started work, all personnel attended a comprehensive

Table 18: Hazards reported and risks controlled 2004–05 to 2006–07

Reporting period	No. of hazards reported	Risks controlled to an acceptable level
2004–05	3	Yes
2005–06	7	Yes
2006–07	8	7 controlled and 1 matter outstanding

security induction, which included training on the Commission's physical and information security requirements.

Physical security

The Commission updated its personal security scanning equipment, which is integral to maintaining the physical safety of people of interest, visitors and media attending compulsory examinations or public inquiries.

Information security

The ICAC is conscious of the risks of securing confidential information and the need to maintain high standards of integrity of its information systems. In 2003 the Commission gained full accreditation to the Australian information security standard AS7799.2:2000. The Commission has continued to maintain and upgrade its systems and policies to comply with changes in information security standards. Independent compliance audits are conducted every year. In March 2007 the Commission was successful in obtaining accreditation to the latest ISO/IEC 27001:2005 International Standard for Information Security.

Be a lead agency in our governance and corporate infrastructure

Internal governance

The Commission has an internal committee system to oversee major operations, programs and projects. The key governance committees are the Strategic Investigation Group, Prevention Management Group and the Executive Management Group. These committees are discussed further in Chapter 5 'Accountability'.

Other management and staff committees

The Commission has a range of other internal committees as follows.

Audit Committee

The Audit Committee oversees the Commission's responsibilities for:

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

Internal audits help the Commission to monitor performance and maximise the effectiveness and efficiency of activities and processes. The Commission appoints independent auditors to undertake annual internal audits in line with the ICAC's three-year audit plan.

The Audit Committee reviewed three audit projects completed during 2006–07. All audit recommendations, which were implemented as agreed, focused on the effectiveness and/or efficiency of:

- ICAC business continuity plans for identifying and managing risks — resulting in plan testing and subsequent update of procedures and processes, including those for managing a pandemic incident
- complaint assessments — resulting in improvements to review and sign-off procedures
- corruption prevention advice — resulting in improvements in the use of standard advice disclaimers and development of formal sign off procedures before advice is issued
- finance — resulting in improvements in procedures for handling cancelled cheques, recording invoice dates, spot checking invoices less than \$1,000, and checking reconciliations and creditor master file changes.

Information Management and Technology Steering Committee

The steering committee ensures a coordinated, whole-of-organisation approach to developing and managing information and digital technologies. Membership includes the Commissioner, Deputy Commissioner and all Executive Directors, with the Information Management and Technology Manager providing secretarial support.

The role of the steering committee includes:

- determining direction, priorities and monitoring implementation of the information management and technology strategic plan
- overseeing the activities of the Information Security Coordination Group
- approving recommendations on new information management and technology initiatives
- endorsing the information management and technology plan budget
- endorsing information management and technology policies and procedures.

Commission Consultative Group

The Commission Consultative Group is the forum for staff, management and the Public Service Association

to discuss and agree on policy and procedures on conditions of employment, and resolve issues concerning access and equity, and occupational health and safety. The group meets monthly and, in addition to handling policy matters, it allows staff to raise any issues relating to the ICAC Award. For more details see Appendix 20.

Access and Equity Committee

The Access and Equity Committee plays a major role in monitoring and implementing the Commission's Equal Employment Opportunity (EEO) Management Plan, Disability Action Plan and Ethnic Affairs Priorities Statement. The committee also deals with any equity issues that may arise within the Commission, particularly in relation to policies associated with EEO. For details on the activities during 2006–07 see Appendices 17, 18 and 19.

Occupational Health and Safety Committee

The committee monitors occupational health and safety (OHS), including action to manage identified risks, ensure all hazards are removed and achieve the NSW Government's Working Together: Public Sector OHS and Injury Management Strategy 2005–2008 performance targets. The committee conducts quarterly workplace inspections and meetings. For details on the activities in 2006–07 see Appendix 21.



Members of the commission consultative group include Mr Julian O'Connell, Ms Linda Waugh, Ms Theresa Hamilton, Mr Roy Waldon (left to right, back row), Mr Mick Symons, Ms Virginia Tinson, Mr Andrew Browning and Mr Lance Favelle (left to right, front row).

Code of conduct

The ICAC's code of conduct sets out the principles the Commissioner expects staff to uphold and prescribes specific conduct in areas considered central to the Commission's functions. The code applies to all employees and other people engaged to work for the Commission.

A Commission-wide working party reviewed the code in late 2006. The Commission Consultative Group endorsed the new code the working party developed and the Commissioner approved it in February 2007.

One of the aims of the new code is to guide staff in making ethical decisions and determining an appropriate course of action. All staff employed at the time the new code was released attended a training session, which showed through case studies and exercises how the principles of the code should be incorporated into everyday work. The new code of conduct has been incorporated into the Commission's revised induction program. A full copy of the code of conduct is set out in Appendix 30.

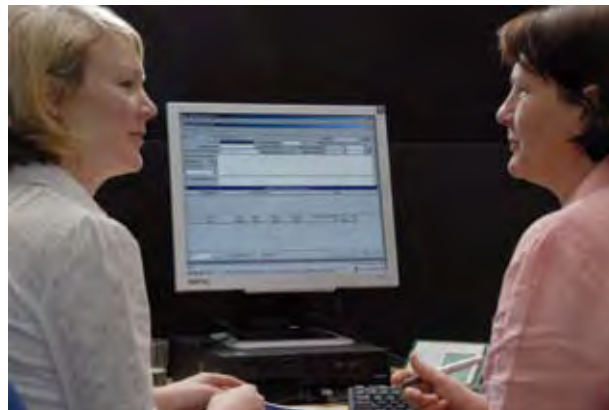
Information management and technology systems and infrastructure

The ICAC Information and Technology Strategic Plan 2004–07 supports the Commission's corporate information requirements and business direction. Initiatives during 2006–07 included improvements to the complaint handling and case management system (ICS); preparation of a successful business case for a new complaint and case management system, full implementation of document scanning, and achievement of accreditation to ISO/IEC International Standards for Information Security.

Business case preparation

Work was completed on the high-level requirement specifications and the feasibility of replacing the ICS with a system currently available on the market was assessed. A business case was developed and submitted to the NSW Government in October 2006. The Commission's submission was accepted and funding allocated in the 2007–08 forward estimates for

development of a new complaints handling and case management system.



Senior Researcher Ms Evalynn Mazurski (right) and Research and Prevention Officer, Ms Marika Dankin are working on the new complaints and case management system.

Document scanning

Towards the end of 2005–06, the ICAC implemented document scanning for incoming mail and section 23 authorities. During 2006–07, the ICAC started to scan documents seized during investigations. Scanned documents are saved into the ICAC's electronic documents and records management system, allowing investigators access from their workstations. Mail recipients are notified by email of scanned documents to allow them to deal with matters immediately.

Corporate performance information system

In early 2006–07, the ICAC completed implementation of the new corporate performance information system which gives senior management access to relevant information through a single point on the intranet. The information is drawn from various databases including human resources, finance and ICS.

Surveillance and Technical Unit

The Surveillance and Technical Unit purchased three high-end computers and related hardware and software to enhance the forensic capability of the Commission. A multi-purpose data archiving machine was acquired to ensure the available space on the unit's storage area network is managed efficiently. The machine will also be used to archive data on CD and DVD while ensuring verification of the imaged data.

Monitoring performance and effective resource management

Setting direction and goals

Strategic plan

The Commission's strategic plan is based on our mission of combating corruption and improving the integrity of the NSW public sector. It sets out key result areas, objectives and performance measures. In reviewing the strategic plan each year, the Executive Management Group examines the risks and challenges facing the organisation and considers opportunities to improve operations and services.

Business plans

The Commission's business plan identifies how each area of the Commission will contribute to our mission, key result areas, corporate objectives and targets. Assessments, investigation, corruption prevention, education and research, legal services and corporate services business units all have annual business plans supported by business unit budgets. This planning approach flows down through the annual business unit plans to individual staff performance agreements, ensuring appropriate levels of accountability and ownership of the Commission's objectives and targets.

Monitoring performance

Quarterly business plan reviews

The Executive Management Group monitors progress quarterly against performance targets and key actions through business unit plans.

Monthly financial and staff reports

Every month the Executive Management Group reviews a summary of the Commission's financial performance and projected financial results. Detailed operating statements are provided for each business unit. There is also a staff report on staff movements, absences and projected staffing for the year.

Staff performance management

The ICAC recognises that effective, objective and fair performance management is fundamental to achieving its corporate goals and strategies. In managing staff performance the Commission strives to:

- ensure two-way communication
- improve performance and address barriers to performance development and the achievement of work goals
- provide opportunities for ongoing staff development
- recognise staff contributions.

All Commission employees have an annual performance agreement and participate in formal reviews with their manager. In the 2006–07 performance reviews, 96 per cent of staff were rated fully competent or better. All performance agreements have an associated plan which covers training and personal development for the upcoming year.

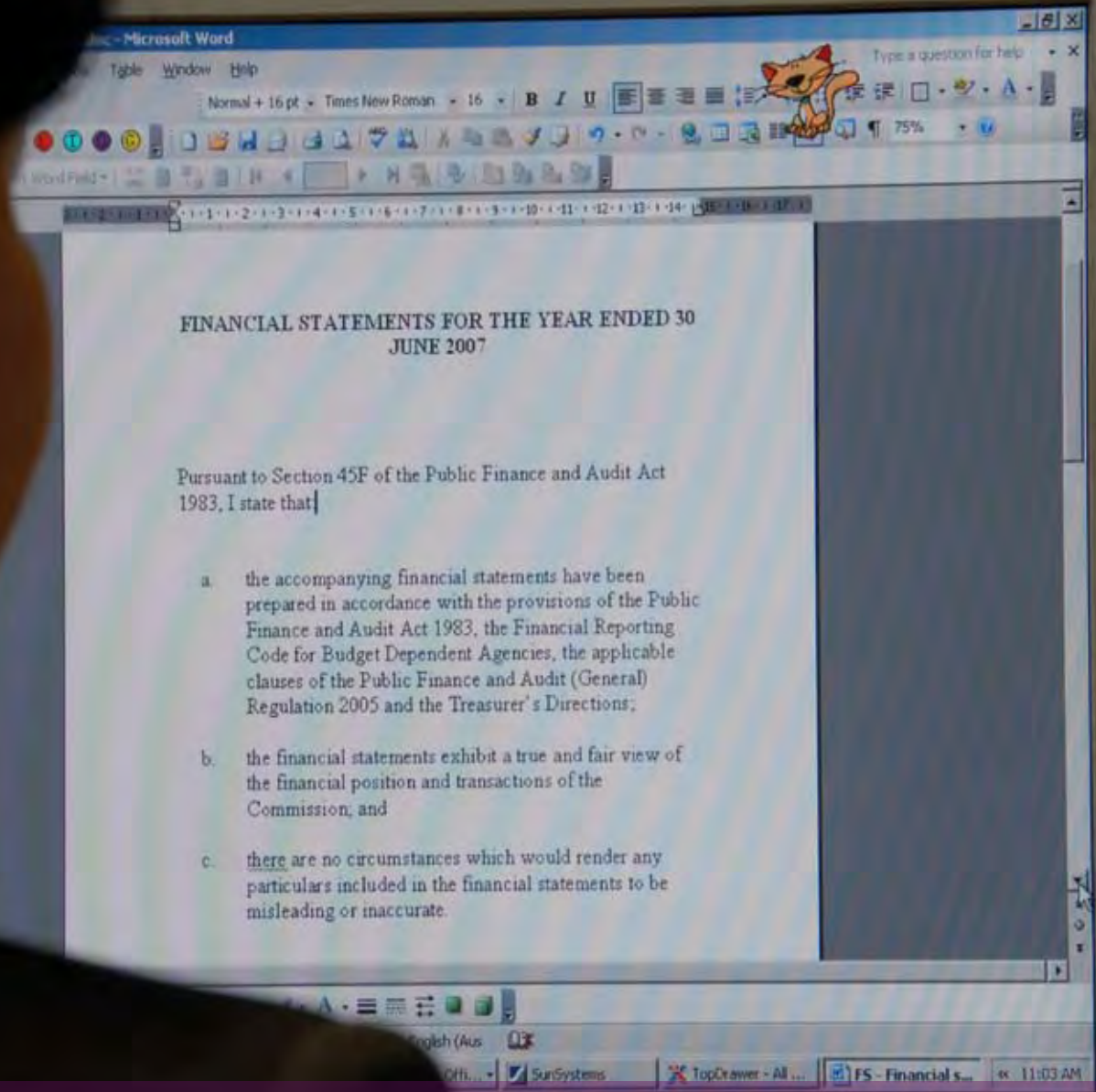
The Commission's performance management system was redesigned in 2005, with updates in 2006 to the performance agreement templates, including a guide to assist managers and staff in completing agreements and undertaking performance reviews.

Shared corporate services

The NSW Government has promoted the use of shared corporate services in the interests of improving service delivery, realising the benefits of technology and reducing costs. The Commission participates in a shared corporate service arrangement with the Health Care Complaints Commission (HCCC) on a fee-for-service basis.

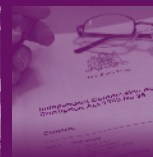
In 2006–07 the ICAC provided corporate service support to the HCCC in:

- overseeing the management of its corporate services unit
- corporate planning and risk management
- financial planning and financial management
- human resources advice, planning and policy development
- information management, planning and policy development, and technology planning and advice.



CHAPTER 7: FINANCIAL STATEMENTS

1 2 3 4 5 6 7 8





INDEPENDENT COMMISSION AGAINST CORRUPTION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

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 black ink, appearing to read 'J. Cripps', is written over a horizontal line.

The Hon Jerrold Cripps QC
Commissioner

16 October 2007

INDEPENDENT AUDITOR'S REPORT

Independent Commission Against Corruption

To Members of the New South Wales Parliament

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

Auditor's Opinion

In my opinion, the financial report:

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

Department Head's Responsibility for the Financial Report

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Department Head, as well as evaluating the overall presentation of the financial report.

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


My opinion does not provide assurance:

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

Independence

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

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



Peter Achterstraat
Auditor-General

18 October 2007
SYDNEY

OPERATING STATEMENT

for the year ended 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
Expenses excluding losses				
Operating Expenses				
Employee related	2(a)	11,990	12,376	11,259
Other operating expenses	2(b)	4,154	4,178	4,037
Depreciation & Amortisation	2(c)	585	568	564
Total Expenses excluding losses		16,729	17,122	15,860
Less:				
Revenue				
Sale of goods and services	3(a)	211	150	232
Investment revenue	3(b)	123	35	91
Grant - Digital Mobile Network	3(c)	82	-	-
Other revenue	3(d)	71	30	92
Total Revenue		487	215	415
Gain on disposal	4	1	-	(22)
Net Cost of Services	21	16,241	16,907	15,467
Government Contributions				
Recurrent appropriation	5	15,845	15,986	14,886
Capital appropriation	5	236	240	229
Acceptance by the Crown Entity of employee benefits and other liabilities	6	386	620	515
Total Government Contributions		16,467	16,846	15,630
SURPLUS FOR THE YEAR		226	(61)	163

STATEMENT OF RECOGNISED INCOME AND EXPENSE

for the year ended 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY		-	-	-
Surplus for the Year		226	(61)	163
TOTAL INCOME AND EXPENSE RECOGNISED FOR THE YEAR	15	226	(61)	163
<i>The accompanying notes form part of these statements</i>				

BALANCE SHEET

as at 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	8	1,391	2,348	1,741
Receivables	9	822	479	685
Total Current Assets		2,213	2,827	2,426
Non-Current Assets				
Property, Plant and Equipment	10			
- Leasehold improvements		239	273	317
- Plant and equipment		900	842	1,037
Intangible assets	11	218	190	279
Total Non-Current Assets		1,357	1,305	1,633
Total Assets		3,570	4,132	4,059
LIABILITIES				
Current Liabilities				
Payables	12	191	201	176
Provisions	13	1,110	1,240	1,094
Other	14	133	880	880
Total Current Liabilities		1,434	2,321	2,150
Non Current Liabilities				
Provisions	13	8	7	7
Total Non-Current Liabilities		8	7	7
Total Liabilities		1,442	2,328	2,157
Net Assets		2,128	1,804	1,902
EQUITY				
Assets Revaluation Reserve	15	428	428	428
Accumulated funds		1,700	1,376	1,474
Total Equity		2,128	1,804	1,902
<i>The accompanying notes form part of these statements</i>				

CASH FLOW STATEMENT

for the year ended 30 June 2007

	Notes	Actual 2007 \$'000	Budget 2007 \$'000	Actual 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(11,584)	(11,602)	(10,765)
Other		(4,806)	(4,688)	(4,539)
Total Payments		(16,390)	(16,290)	(15,304)
Receipts				
Sale of goods and services		211	150	232
Interest received		123	36	91
GST Refund received		470		308
Other		209	725	18
Total Receipts		1,013	911	649
Cash Flows From Government				
Recurrent appropriation	5	15,974	15,986	15,755
Capital appropriation	5	240	240	240
Cash transfers to the Consolidated Fund		(880)		(409)
Net Cash Flows from Government		15,334	16,226	15,586
NET CASH FLOWS FROM OPERATING ACTIVITIES	21	(43)	847	931
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of plant and equipment	4	(1)	-	-
Purchases of plant and equipment		(306)	(240)	(229)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(307)	(240)	(229)
NET INCREASE/(DECREASE) IN CASH		(350)	607	702
Opening cash and cash equivalents		1,741	858	1,039
CLOSING CASH AND CASH EQUIVALENTS	8	1,391	1,465	1,741
<i>The accompanying notes form part of these statements</i>				

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES

for the year ended 30 June 2007

	2007				2006			
	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	15,974	15,845	240	236	15,773	14,886	240	229
Additional Appropriations								
S21A PF&AA – special appropriation								
S24 PF&AA – transfer of functions between departments								
S26 PF&AA – Commonwealth specific purpose payments								
	15,974	15,845	240	236	15,773	14,886	240	229
Other Appropriations/ Expenditure								
Treasurer's Advance								
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)	-	-	-
Total Appropriations Expenditure/Net Claim on Consolidated Fund (includes transfer payments)	15,974	15,845	240	236	15,755	14,886	240	229
Amount drawn down against Appropriation		15,974		240		15,755		240
Liability to Consolidated Fund*		129		4		869		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 2007

I. 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 2007 has been authorised for issue by the Commissioner on 16 October 2007.

(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 (AIFRS));
- 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 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 the International Financial Reporting Standards (AIFRS).

(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 now 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 revenue

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

(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 items 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 2007 and valuation ratios provided by the Treasury's actuary. (TC 07/04)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

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 07-01). 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.

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.

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

(m) Maintenance

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) Receivables

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.

(q) Payables

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.

(r) Budgeted Amounts

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

The budgeted amounts in the 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).

(s) New Australian Accounting Standards issued but not yet effective

At the reporting date, a number of Accounting Standards adopted by the AASB had been issued but are not yet effective and have not been early adopted by the Commission.

The following is a list of these standards:

- AASB 7 & AASB 2005-10 Financial instruments: Disclosure (issued August 2005)
- AASB 8 & AASB 2007-3 - Operating Segments
- AASB 101 - Presentation of Financial Statements (issued October 2006)
- AASB 123 & AASB 2007-6 - Borrowing Costs (issued June 2007)
- AASB 1049 - General Government Sector and GFS/GAAP convergence
- AASB 2007-4 - Australian additions to and deletions from IFRSs
- Interpretation 4 (Feb 2007) - Determining whether an arrangement contains a lease
- Interpretation 10 - Interim financial reporting

The Standards are operative for annual reporting periods beginning on or after 1 January 2007. 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 2007

	2007 \$'000	2006 \$'000
2. EXPENSES EXCLUDING LOSSES		
(a) Employee related expenses		
Salaries and wages (including recreation leave)	10,095	9,375
Superannuation - defined benefit plans	274	275
Superannuation - defined contribution plans	615	544
Long service leave	65	186
Workers compensation insurance	108	113
Contractor & temporary assistance	96	124
Payroll tax and fringe benefits tax	737	641
	11,990	11,259
(b) Other operating expenses		
Auditor's remuneration		
– audit or review of the financial reports	34	31
Bad and doubtful debts	-	-
Operating lease rental expense		
– minimum lease payments	1,777	1,718
Insurance	36	38
Cleaning	19	20
Electricity	46	45
Travelling, air fares and subsistence	87	59
Motor vehicles	22	15
Consultancies	-	-
External Legal fees	125	194
Transcript fees	65	57
Fees for services	289	140
Contract security services	222	179
Training	149	218
Advertising and publicity	56	38
Books and subscriptions	122	86
Postal and telephone	149	159
Printing	103	166
Stores and specialised supplies	107	106
Minor computer equipment/licences	151	200
Courier & Freight	9	10
Maintenance*	218	236
Other	368	322
	4,154	4,037
<i>* Reconciliation - Total maintenance</i>		
Maintenance expense - other (non-employee related), as above	218	236
Employee related maintenance expense included in Note 2(a)	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	218	236

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
(c) Depreciation and amortisation		
Depreciation		
Computer equipment	301	287
Plant and equipment	91	90
	392	377
Amortisation		
Leasehold improvements	81	73
Intangibles - Computer software	112	114
	193	187
Total depreciation and amortisation	585	564
3. REVENUES		
(a) Sale of goods and services		
Corporate Services Support - HCCC	192	205
Sale of transcripts	-	-
Presentation and Seminar Fees	19	27
	211	232
(b) Investment Revenue		
Interest	123	91
	123	91
(c) Grants & Contributions		
Digital Mobile Network - Commerce	82	-
	82	-
(d) Other revenue		
Other	71	132
	71	132
4. GAIN ON DISPOSAL		
Gain on disposal		
Written down value of assets disposed	1	22
	1	22

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
5. APPROPRIATIONS		
Recurrent appropriations		
Total recurrent draw downs from Treasury (per Summary of Compliance)	15,974	15,755
Less: Liability to Consolidated Fund * (per Summary of Compliance)	(129)	(869)
	15,845	14,886
Comprising:		
Recurrent appropriations (per Operating Statement)	15,845	14,886
Capital appropriations		
Total capital draw downs from Treasury (per Summary of Compliance)	240	240
Less: Liability to Consolidated Fund * (per Summary of Compliance)	(4)	(11)
	236	229
Comprising:		
Capital appropriations (per Operating Statement)	236	229
* 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 been assumed by the Crown Entity:		
Superannuation (defined benefit)	273	275
Long service leave	59	190
Payroll tax (on employer superannuation contributions)	54	50
	386	515

7. PROGRAM / ACTIVITIES OF THE COMMISSION

The Independent Commission Against Corruption operates under a single program for Treasury reporting purposes. For the 2006-2007 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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
8. CURRENT ASSETS – CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	1,391	1,741
	1,391	1,741

For the purposes of the Cash Flow Statement, cash includes cash on hand, cash at bank, short term deposits and bank overdraft. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (Tcorp) 11 am unofficial cash rate adjusted for a management fee to Treasury. The average interest rate during the period was 5.14%. The average rate for the year ended 05-06 was 4.54%. 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)	1,391	1,741
Closing cash and cash equivalents	1,391	1,741

(Per Cash Flow Statement)

9. CURRENT ASSETS – RECEIVABLES

Sale of goods and services	3	60
Other receivables	319	240
Prepayments	500	384
	822	684

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 2006				
At Cost	574	1,280	1,241	3,095
Accumulated depreciation/amortisation	(257)	(1,004)	(480)	(1,741)
Net carrying amount	317	276	761	1,354
At 30 June 2007				
At Cost	574	1,441	1,339	3,354
Accumulated depreciation/amortisation	(335)	(1,094)	(786)	(2,215)
Net carrying amount	239	347	553	1,139

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

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 2007				
Net carrying amount at start of year	317	276	761	1,354
Additions	-	161	98	259
Disposals	-	-	-	-
Transfer	-	-	-	-
Net revaluation increments	-	-	-	-
Depreciation/amortisation w/b on disposal	-	-	-	-
Depreciation/amortisation expense	(78)	(90)	(306)	(474)
Net carrying amount at end of year	239	347	553	1,139

At 1 July 2005

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

At 30 June 2006

At Cost	574	1,280	1,241	3,095
Accumulated depreciation/amortisation	(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 of the beginning and end of the current reporting period is set out below.

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/amortisation w/b on disposal	8	223	8	239
Depreciation/amortisation expense	(73)	(90)	(287)	(450)
Net carrying amount at end of year	317	276	761	1,354

11. INTANGIBLE ASSETS

	Software \$'000	Total \$'000
At 1 July 2006		
Cost (gross carrying amount)	910	910
Accumulated amortisation	(631)	(631)
Net carrying amount	279	279
At 30 June 2007		
Cost (gross carrying amount)	959	959
Accumulated amortisation	(741)	(741)
Net carrying amount	218	218

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

	Software \$'000	Total \$'000
Year ended 30 June 2007		
Net carrying amount at start of year	279	279
Additions	51	51
Disposals	-	-
Transfer	-	-
Net revaluation increments	-	-
Amortisation w/b on disposal/transfer	-	-
Amortisation expense	(112)	(112)
Net carrying amount at end of year	218	218
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	356
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
12. CURRENT LIABILITIES – PAYABLES		
Accrued salaries, wages and on-costs	43	43
Accrued Expenses	148	133
	191	176
13. CURRENT / NON CURRENT LIABILITIES – PROVISIONS		
Current		
Employee benefits and related on-costs		
Recreation leave (includes annual leave loading)	909	902
Payroll tax and fringe benefits tax payable	1	145
LSL on costs not assumed by crown	200	47
	1,110	1,094
Non Current		
Employee benefits and related on-costs		
LSL on costs not assumed by crown	3	5
Provision for payroll tax on long service leave	5	2
	8	7

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

	2007 \$'000	2006 \$'000				
Aggregate employee benefits and related						
Provision - current	1,110	1,094				
Provision - non current	8	7				
Accrued salaries, wages and on-costs (Note 12)	43	43				
	1,161	1,144				
14. CURRENT LIABILITIES – OTHER						
Recurrent Allocation	129	869				
Capital Allocation	4	11				
Liability to Consolidated Fund	133	880				
15. CHANGES IN EQUITY						
	Accumulated Funds	Asset Revaluation Reserve	Total Equity			
	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000	2007 \$'000	2006 \$'000
Balance at the beginning of the financial year	1,474	1,311	428	428	1,902	1,739
Surplus/(Deficit) for the year	226	163	-	-	226	163
Accumulated Funds as at 30 June	1,700	1,474	428	428	2,128	1,902
16. COMMITMENTS FOR EXPENDITURE						
(a) Other Expenditure Commitments						
	2007 \$'000	2006 \$'000				
Aggregate other expenditure for the acquisition of goods/services contracted for at balance date and not provided for:						
Not later than one year	36	66				
Later than one year and not later than five years	-	-				
Later than five years	-	-				
Total (including GST)	36	66				
(b) Operating Lease Commitments						
Future non-cancellable operating lease rental not provided for and payable:						
Not later than one year	1,870	1,777				
Later than one year and not later than five years	2,389	4,065				
Later than five years	-	-				
Total (including GST)	4,259	5,842				
The total “operating lease commitments” above includes potential input tax credits of \$387,185 (30 June 2006 - \$531,091) that are expected to be recoverable from the ATO. The operating lease commitments represent the eight-year lease for the current accommodation at Piccadilly Center and motor vehicle leases.						

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

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.

18. BUDGET REVIEW

Net cost of services

There was a variance between budgeted and actual net cost of services of \$666,000. This variance can be attributed to lower than anticipated employee related expenses resulting from delays between resignations/recruitment.

Assets and liabilities

Current assets were \$614,000 lower than budget due to an decrease in the Commission's cash balances and higher than expected receivables.

Current liabilities were \$887,000 lower than budget due to a decrease in the liability to consolidated fund for the 2006-07 financial year and lower than expected employee related provisions.

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.

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.

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.

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 Directions 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 219.01 allows the Minister to award interest for late payment.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2007

	2007 \$'000	2006 \$'000
20. TRUST FUNDS – APSAC 2007		
Opening balance as at 1 July 2006	100	-
Add: Contributions [^]	50	100
Add: Registrations [~]	209	-
Less: Expenditures [*]	63	-
Closing balance as at 30 June 2007	296	100
Conference Bank balance as at 30 June 2007	359	100
Less: Amounts owing to ICAC	63	-
Trust Funds – APSAC 2007	296	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. These funds are held in trust.

[^] initial contributions by CCC (WA) received in July 2006.

[~] registration fees, sponsorships and bank interest received.

^{*} in 2006/07, ICAC made payments of \$63,306 (advertising, event management fees and venue hire) from its operating bank account on behalf of the Trust. The ICAC expects to be reimbursed from the Trust at the conclusion of the Conference in October 2007.

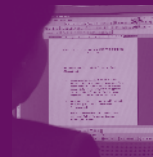
21. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO NET COST OF SERVICES

	2007 \$'000	2006 \$'000
Net Cash Used on Operating Activities	20	931
Cash Flows from Government / Appropriations	(15,334)	(15,586)
Acceptance by Crown Entity of employee benefits and other liabilities	(386)	(515)
Depreciation	-	-
Decrease/(increase) in provision for employee entitlements	(585)	(564)
Decrease/(increase) in other provisions	(17)	63
Decrease/(increase) in other provisions	-	-
Increase/(decrease) in prepayments and other assets	95	267
Decrease/(increase) in payables	(13)	(41)
Net gain/(loss) on sale of assets	(21)	(22)
Net Cost of Services	(16,241)	(15,467)



CHAPTER 8: APPENDICES

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Appendices

- Appendix 1: Complaints profile
- Appendix 2: Statutory reporting
- Appendix 3: Prosecutions and disciplinary actions in 2006–07 arising from ICAC investigations
- Appendix 4: Implementation of recommendations for reform arising from ICAC investigations
- Appendix 5: The ICAC and litigation
- Appendix 6: Legal change
- Appendix 7: Complaints against 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 2006–07
- Appendix 13: Summary of training engagements, presentations and delegation visits
- Appendix 14: Overseas travel
- Appendix 15: Organisational chart
- Appendix 16: Chief Executive Officer and Senior Executive Service
- Appendix 17: Access and equity
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- Appendix 26: Insurance activities
- Appendix 27: Major assets
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- 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 33: Guarantee of service

APPENDIX I: COMPLAINTS PROFILE

Table 19: Allegations contained in complaints and reports (section 10, section 11 and protected disclosures) received in 2006–07

Conduct	Complaints from the public (Section 10)		Reports from public sector agencies (Section 11)		Protected disclosures		TOTAL	
		%		%		%		%
Assault/sexual assault/misconduct/harassment	20	1.8	6	1.6	48	5.5	74	3.1
Breach of policy or procedure	119	10.5	57	15.3	116	13.4	292	12.4
Bribery/gift/secret commission	70	6.2	21	5.6	65	7.5	156	6.6
Collusion	103	9.1	25	6.7	42	4.8	170	7.2
Drug/alcohol traffic/use	8	0.7	1	0.3	36	4.1	45	1.9
Fabricate/falsify info/forgery/fraud/tamper info	79	7.0	20	5.4	105	12.1	204	8.6
Failure to advertise appropriately, e.g. contracts	22	1.9	12	3.2	4	0.4	38	1.6
Failure to disclose/abuse of conflict of interest	67	5.9	37	10.0	43	4.9	147	6.2
Failure to take action/negligence	71	6.3	24	6.5	29	3.3	124	5.2
Favouritism/nepotism	104	9.2	53	14.3	32	3.7	189	8.0
Harassment/victimisation/discrimination	73	6.4	26	7.0	46	5.3	145	6.1
Improper use of information	26	2.3	7	1.9	35	4.0	68	3.0
Lack of accountability	35	3.1	4	1.0	13	1.5	52	2.2
Misuse/theft of resources by public official	57	5.0	32	8.6	110	12.7	199	8.4
Pervert course of justice/tamper evidence/perjury	26	2.3	2	0.5	8	0.9	36	1.5
Threats/extortion/blackmail/undue influence	23	2.0	4	1.1	9	1.0	36	1.5
Type of corrupt conduct unspecified/other	226	20.0	41	11.0	123	14.2	390	16.5
TOTAL	1,129		372		864		2,365	

Table 20: Percentage of types of allegations received for all matters during 2006–07 compared to the previous two years

Types of allegation	2004–05	%	2005–06	%	2006–07	%
Assault/sexual assault/misconduct/harassment	70	2.1	79	2.4	84	2.8
Breach of policy or procedure	464	14.1	450	13.9	353	11.7
Bribery/gift/secret commission	204	6.2	202	6.3	171	5.7
Collusion	250	7.6	288	9.0	209	7.0
Drug/alcohol traffic/use	27	0.8	24	0.7	50	1.7
Fabricate/falsify info/forgery/fraud/tamper info	272	8.3	251	7.8	231	7.7
Failure to advertise appropriately, e.g. contracts	33	1.0	39	1.2	42	1.4
Failure to disclose/abuse of conflict of interest	213	6.5	230	7.1	160	5.3
Failure to take action/negligence	188	5.7	248	7.6	167	5.5
Favouritism/nepotism	273	8.3	225	7.0	222	7.4
Harassment/victimisation/discrimination	202	6.1	241	7.5	195	6.5
Improper use of information	123	3.7	106	3.3	79	2.6
Lack of accountability	113	3.4	128	4.0	77	2.6
Misuse/theft of resources by public official	294	8.9	276	8.6	220	7.3
Pervert course of justice/tamper evidence/perjury	54	1.6	56	1.7	44	1.4
Threats/extortion/blackmail/undue influence	91	2.8	88	2.7	45	1.5
Type of corrupt conduct unspecified/other	425	12.9	297	9.2	657	21.9
TOTAL	3,296		3,228		3,006	

Table 21: Workplace activities described in complaints and reports by category received during 2006–07

Activity	Section 10 complaints		Section 11 reports		Protected disclosures		TOTAL	
	No.	%	No.	%	No.	%	No.	%
Other – area of workplace activity unspecified	225	20.0	124	14.6	45	12.0	394	16.7
Building & development applications/rezoning	270	24.0	39	4.6	23	6.1	332	14.1
Employment practices	87	7.7	89	10.5	120	32.0	296	12.6
Codes of conduct	56	5.0	204	24.0	30	8.0	290	12.3
Purchase of goods & services/tendering/contracting	35	3.1	51	6.0	42	11.2	128	5.4
Use of public resources	45	4.0	63	7.4	19	5.1	127	5.4
Law enforcement	79	7.0	35	4.1	12	3.2	126	5.4
Licensing/qualifications/certificates/regulations	69	6.1	28	3.3	0	0.0	97	4.1
Disposal of public assets/tendering/contracting	44	4.0	31	3.6	9	2.4	84	3.6
Law enforcement – courts/tribunals	66	6.0	12	1.4	4	1.0	82	3.5
Staff management	26	2.3	24	2.8	30	8.0	80	3.4
Allocation of public goods & services	49	4.3	18	2.1	4	1.1	71	3.0
Use of confidential information	26	2.3	27	3.2	4	1.1	57	2.4
Cash handling/credit card management	8	0.7	36	4.2	4	1.1	48	2.0
Internal reporting	12	1.0	18	2.1	16	4.2	46	2.0
Secondary employment	2	0.1	19	2.2	1	0.2	22	1.0
Allocation of paid hours	1	0.0	11	1.3	7	1.9	19	0.8
Elections	11	1.0	4	0.5	3	0.8	18	0.8
e-corruption/IT security	1	0.0	13	1.5	1	0.3	15	0.6
Government grants	10	0.9	2	0.2	0	0.0	12	0.5
Dismissal	5	0.4	2	0.2	1	0.3	8	0.3
Post-separation employment	1	0.1	2	0.2	0	0.0	3	0.1
TOTAL NO. OF ACTIVITIES	1,128		852		375		2,355	

Table 22: Comparison of workplace activities described in complaints and reports by year received 2004–05 to 2006–07

Activity	2004–05		2005–06		2006–07	
	Total	%	Total	%	Total	%
Other – area of workplace activity unspecified	8	0.3	21	0.8	394	16.7
Building & development applications/rezoning	115	4.3	99	3.7	332	14.1
Employment practices	446	16.7	408	15.2	296	12.6
Codes of conduct	77	2.9	71	2.6	290	12.3
Purchase of goods & services/tendering/contracting	94	3.5	114	4.2	128	5.4
Use of public resources	13	0.5	26	1.0	127	5.4
Law enforcement	199	7.5	148	5.5	126	5.4
Licensing/qualifications/certificates/regulations	11	0.4	14	0.5	97	4.1
Disposal of public assets/tendering/contracting	17	0.6	20	0.7	84	3.6
Law enforcement – courts/tribunals	350	13.1	351	13.1	82	3.5
Staff management	13	0.5	16	0.6	80	3.4
Allocation of public goods & services	48	1.8	61	2.3	71	3.0
Use of confidential information	189	7.1	199	7.4	57	2.4
Cash handling/credit card management	94	3.5	130	4.8	48	2.0
Internal reporting	141	5.3	163	6.1	46	2.0
Secondary employment	288	10.8	326	12.1	22	1.0
Allocation of paid hours	155	5.8	4	0.1	19	0.8
Elections	27	1.0	156	5.8	18	0.8
e-corruption/IT security	2	0.1	28	1.0	15	0.6
Government grants	121	4.5	104	3.9	12	0.5
Dismissal	86	3.2	84	3.1	8	0.3
Post-separation employment	176	6.6	143	5.3	3	0.1
Sponsorship	1	0.0	0	0.0	0	0.0
TOTAL NO. OF ACTIVITIES	2,671		2,686		2,355	

Table 23: Allegations made under section 10 by sector

Sector	No. of allegations	%
Local government	340	38.4
Law & justice	79	9.0
Government & financial services	59	6.7
Health	55	6.2
Transport, ports & waterways	53	6.0
Community & human services	48	5.4
Natural resources & environment	38	4.3
Policing	37	4.2
Custodial services	31	3.5
Education (except universities)	26	2.9
Consumer & trade	24	2.7
Land, property & planning	24	2.7
Aboriginal affairs & services	19	2.2
Universities	16	1.8
Energy	10	1.1
Tourism, sport, recreation & gaming	9	1.0
Emergency services	5	0.6
Other – unspecified	5	0.6
Arts & heritage	3	0.3
Employment & industrial relations	2	0.2
Parliament	2	0.2

Table 24: Section 10 complaints received during 2006–07 showing types of workplace activities

Workplace activity	No. of times recorded
Building & development applications/rezoning	177
Unspecified/Other	172
Employment practices	62
Law enforcement – courts/tribunals	43
Codes of conduct	41
Law enforcement	40
Use of public resources	37
Licensing/qualifications/certificates/regulations	36
Allocation of public goods & services	28
Disposal of public assets/tendering/contracting	25
Purchase of goods & services/tendering/contracting	21
Use of confidential information	17
Staff management	15
Internal reporting	10
Elections	8
Government grants	8
Cash handling/credit card management	6
Dismissal	5
Secondary employment	2
Allocation of paid hours	1
e-corruption/IT security	1
Post-separation employment	1

Note: Multiple categories apply to some section 10 complaints.

Table 25: Section 10 complaints received during 2006–07 showing types of corrupt conduct

Conduct alleged	No. of times recorded
Unspecified/other	227
Breach of policy or procedure	121
Collusion	106
Favouritism/nepotism	104
Fabricate/falsify info/forgery/fraud/tamper info	76
Harassment/victimisation/discrimination	72
Failure to take action/negligence	70
Bribery/gift/secret commission	69
Failure to disclose/abuse of conflict of interest	68
Misuse/theft of resource by public official	56
Lack of accountability	35
Improper use of information	27
Pervert course of justice/tamper evidence/perjury	26
Threats/extortion/blackmail/undue influence	23
Failure to advertise appropriately, e.g. contracts	22
Assault/sexual assault/misconduct/harassment	20
Drug/alcohol traffic/use	7

Note: Multiple categories apply to some section 10 complaints.

Table 26: Protected disclosures received during 2006–07 by government sector

Sector	No. of times recorded	%
Local government	64	26.8
Health	44	18.4
Custodial services	25	10.5
Education (except universities)	20	8.4
Transport, ports & waterways	19	8.0
Community & human services	13	5.4
Government & financial services	13	5.4
Law & justice	7	2.9
Aboriginal affairs & services	6	2.5
Universities	6	2.5
Natural resources & environment	5	2.0
Consumer & trade	3	1.3
Emergency services	3	1.3
Land, property & planning	3	1.3
Policing	3	1.3
Arts & heritage	2	0.8
Energy	1	0.4
Other – unspecified	1	0.4
Tourism, sport, recreation & gaming	1	0.4
Employment & industrial relations	0	0.0
Parliament	0	0.0

Table 27: Protected disclosures received during 2006–07 showing types of workplace activities

Workplace activity	No. of times recorded
Employment practices	70
Unspecified/other	35
Codes of conduct	21
Purchase of goods & services/tendering/contracting	20
Staff management	19
Use of public resources	14
Building & development applications/rezoning	13
Disposal of public assets/tendering/contracting	10
Internal reporting	10
Law enforcement	6
Allocation of paid hours	3
Cash handling/credit card management	3
Elections	3
Allocation of public goods & services	2
Use of confidential information	2
Dismissal	1
e-corruption/IT security	1
Law enforcement – courts/tribunals	1
Secondary employment	1

Table 28: Protected disclosure allegations received during 2006–07 showing types of corrupt conduct

Conduct alleged	No. of times recorded
Breach of policy or procedure	57
Favouritism/nepotism	53
Unspecified/other	40
Failure to disclose/abuse of conflict of interest	37
Misuse/theft of resources by public official	32
Harassment/victimisation/discrimination	26
Collusion	25
Failure to take action/negligence	24
Bribery/gift/secret commission	21
Fabricate/falsify info/forgery/fraud/tamper info	20
Failure to advertise appropriately, e.g. contracts	12
Improper use of information	7
Assault/sexual assault/misconduct/harassment	6
Lack of accountability	4
Threats/extortion/blackmail/undue influence	4
Pervert course of justice/tamper evidence/perjury	2
Drug/alcohol traffic/use	1

Table 29: Section 11 reports received during 2006–07 by sector

Sector	No. of times recorded	%
Local government	149	24.2
Custodial services	115	18.7
Health	83	13.5
Transport, ports & waterways	43	7.0
Universities	37	6.0
Community & human services	29	4.7
Natural resources & environment	25	4.1
Education (except universities)	23	3.7
Law & justice	23	3.7
Energy	20	3.3
Government & financial services	18	2.9
Aboriginal affairs & services	16	2.6
Land, property & planning	11	1.8
Policing	8	1.3
Tourism, sport, recreation & gaming	7	1.1
Emergency services	3	0.5
Employment & industrial relations	1	0.3
Arts & heritage	1	0.2
Consumer & trade	1	0.2
Parliament	1	0.2

Table 30: Section 11 reports received during 2006–07 showing types of workplace activities

Workplace activity	No. of times recorded
Codes of conduct	117
Other/unspecified	108
Employment practices	55
Use of public resources	40
Building & development applications/rezoning	32
Cash handling/credit card management	30
Purchase of goods & services/tendering/contracting	29
Licensing/qualifications/certificates/regulations	22
Use of confidential information	20
Disposal of public assets/tendering/contracting	19
Law enforcement	17
Internal reporting	16
Secondary employment	14
Allocation of public goods & services	13
e-corruption/IT security	13
Staff management	12
Allocation of paid hours	8
Law enforcement – courts/tribunals	8
Elections	3
Government grants	2
Dismissal	1
Post-separation employment	1

Table 31: Section 11 reports received during 2006–07 showing types of corrupt conduct alleged

Conduct alleged	No. of times recorded
Unspecified/other	128
Breach of policy or procedure	113
Misuse/theft of resources by public official	105
Fabricate/falsify info/forgery/fraud/tamper info	105
Bribery/gift/secret commission	62
Assault/sexual assault/misconduct/harassment	50
Harassment/victimisation/discrimination	45
Collusion	41
Failure to disclose/abuse of conflict of interest	40
Drug/alcohol traffic/use	35
Improper use of information	34
Favouritism/nepotism	33
Failure to take action/negligence	28
Lack of accountability	13
Threats/extortion/blackmail/undue influence	9
Pervert course of justice/tamper evidence/perjury	8
Failure to advertise appropriately, e.g. contracts	3

APPENDIX 2: STATUTORY REPORTING

Table 32: Reports 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 33 for details
76(2)(ba)(ii)	Number of complaints where investigations commenced but were not finalised during the year	12
76(2)(ba)(iii)	Average time taken to deal with complaints	103 days
	Actual time taken to investigate any matter in respect of which a report is made	see Table 34 for details
76(2)(ba)(iv)	Total number of compulsory examinations conducted during the year	49
	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	24
76(2)(ba)(vi)	Time interval between the completion of each public inquiry conducted during the year and the forward of a report on the matter	see Table 35 for details

Table 33: Time interval between the lodging of each complaint and the Commission deciding to investigate the complaint [76(2)(ba)(i)]

Date received	Date of decision to investigate	Time interval (days)
31 July 2006	3 Aug. 2006	3
1 Aug. 2006	3 Aug. 2006	2
16 Aug. 2006	22 Aug. 2006	6
16 Aug. 2006	22 Aug. 2006	6
24 Aug. 2006	14 Nov. 2006	82
31 Aug. 2006	5 Sept. 2006	5
19 Sept. 2006	21 Sept. 2006	2
22 Sept. 2006	26 Sept. 2006	4
17 Nov. 2006	5 Dec. 2006	18
9 Mar. 2007	20 Mar. 2007	11
7 July 2006	24 Oct. 2006	109
16 Aug. 2006	7 Sept. 2006	22
16 Aug. 2006	7 Sept. 2006	22
25 Aug. 2006	5 Oct. 2006	41
28 Aug. 2006	31 Aug. 2006	3
5 Sept. 2006	24 Oct. 2006	49
26 Oct. 2006	31 Oct. 2006	5
8 Nov. 2006	7 Dec. 2006	29
28 Nov. 2006	27 Mar. 2007	119
15 Jan. 2007	23 Jan. 2007	8
17 Jan. 2007	23 Jan. 2007	6
29 Jan. 2007	22 Feb. 2007	24
5 Mar. 2007	19 June 2007	106
6 Mar. 2007	5 June 2007	91
14 Mar. 2007	19 Apr. 2007	36
27 Mar. 2007	5 June 2007	70
2 Apr. 2007	17 May 2007	45
17 May 2007	24 May 2007	7
1 June 2007	5 June 2007	4
23 May 2007	31 May 2007	8

Table 34: Actual time taken to investigate any matter in respect of which a report is made [76(2)(ba)(iii)]

Investigation classification	Date received	Date completed	Days taken to investigate
Investigation	27 June 2005	6 Mar. 2007	617
Investigation	25 July 2005	12 Dec. 2006	505
Investigation	12 Sept. 2005	1 Aug. 2006	323
Investigation	11 Apr. 2006	8 May 2007	392
Preliminary investigation	21 Mar. 2006	1 Aug. 2006	133
Preliminary investigation	23 Mar. 2006	26 Sept. 2006	187
Preliminary investigation	3 Apr. 2006	1 Aug. 2006	120
Preliminary investigation	11 Apr. 2006	1 Aug. 2006	112
Preliminary investigation	21 Apr. 2006	26 Sept. 2006	158
Preliminary investigation	5 May 2006	6 Mar. 2007	305
Preliminary investigation	15 May 2006	27 Nov. 2006	196
Preliminary investigation	10 July 2006	30 Aug. 2006	51
Preliminary investigation	17 July 2006	8 May 2007	295
Preliminary investigation	19 July 2006	26 Sept. 2006	69
Preliminary investigation	1 Aug. 2006	6 Feb. 2007	189
Preliminary investigation	29 Aug. 2006	6 Mar. 2007	189
Preliminary investigation	4 Sept. 2006	26 Sept. 2006	22
Preliminary investigation	4 Sept. 2006	23 Jan. 2007	141
Preliminary investigation	27 Sept. 2006	6 Mar. 2007	160
Preliminary investigation	29 Sept. 2006	6 Feb. 2007	130
Preliminary investigation	18 Oct. 2006	23 Jan. 2007	97
Preliminary investigation	8 Nov. 2006	12 Dec. 2006	34
Preliminary investigation	10 Nov. 2006	6 Mar. 2007	116
Preliminary investigation	15 Nov. 2006	8 Mar. 2007	174
Preliminary investigation	28 Nov. 2006	11 Apr. 2007	134
Preliminary investigation	7 Mar. 2007	8 May 2007	62

Table 35: Time interval between the completion of each public inquiry and the issuing of a report

Public inquiry	Date public inquiry completed *	Date investigation report tabled	Time interval (days)
<i>Report on investigation into sale of surplus public housing properties (Operation Aztec)</i>	5 Apr. 2006	26 Oct. 2006	204
<i>Report on investigation into the case management and administration of community service orders (Operation Cadmus)</i>	18 May 2006	20 Sept. 2006	125
<i>Report on investigation into defrauding the RTA and RailCorp in relation to provision of traffic management services (Operation Quilla)</i>	30 Oct. 2006	21 Dec. 2006	52
<i>Report on an investigation into corrupt conduct associated with RailCorp air-conditioning contracts (Operation Persis)</i>	2 Feb. 2007	18 June 2007	136

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

APPENDIX 3: PROSECUTIONS AND DISCIPLINARY ACTIONS IN 2006–07 ARISING FROM ICAC INVESTIGATIONS

Table 36: Prosecution proceedings during 2006–07

The date next to the investigation name is the date the investigation report was published.

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

Name	Ronald Henry Gill
Offences recommended for Director of Public Prosecutions (DPP) consideration	s.249B Crimes Act 1900 (corrupt rewards); s.87 ICAC Act 1988 (false or misleading evidence).
DPP advice	On 26 September 2005 DPP advised sufficient admissible evidence to proceed with 7 offences under s.249B Crimes Act 1900 and 4 offences under s.87 ICAC Act 1988.
Status	Convicted on 8 September 2006 and sentenced to 2 years 2 months imprisonment with non-parole period of 15 months and fined \$5,000.

Name	Kenneth Edward Howe
Offences recommended for DPP consideration	s.249B Crimes Act 1900 (corrupt rewards); ss.10 & 29 Drug Misuse and Trafficking Act 1985 (possession of prohibited drugs).
DPP advice	On 26 September 2005 DPP advised sufficient admissible evidence to proceed with 3 offences under s.249B Crimes Act 1900.
Status	Convicted 6 February 2007 and sentenced to 12 months imprisonment suspended on condition enter into good behaviour bond and fined \$6,000.

Name	Andrea Sarcasmo
Offences recommended for DPP consideration	s.249B Crimes Act 1900 (corrupt rewards); s.87 ICAC Act 1988 (false or misleading evidence).
DPP advice	On 26 September 2005 DPP advised sufficient admissible evidence to proceed with 5 offences under s.249B Crimes Act 1900 and 1 offence under s.87 ICAC Act 1988.
Status	Convicted 11 July 2006 and sentenced to 12 months imprisonment suspended on condition enter into good behaviour bond and fined \$5,000.

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

Name	Adam McCormick
Offences recommended for DPP consideration	s.249B(1) Crimes Act 1900 (corruptly solicit/receive payments or conspiracy to commit bribery); s.87 ICAC Act 1988 (false or misleading evidence).
DPP advice	In July 2004 and November 2004 DPP advised sufficient admissible evidence to proceed with 2 offences under s.249B Crimes Act 1900 and 12 offences under s.87 ICAC Act 1988.
Status	On 31 October 2005 found guilty on all matters. On 16 December 2005 sentenced to 5 years imprisonment with 3 year non-parole period. On 15 September 2006 appealed conviction and sentence. On 28 March 2007 appeal dismissed.

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

Name	Graham Lawrence
Offences recommended for DPP consideration	s.176 Crimes Act 1900 (director or officer publishing fraudulent statements).
DPP advice	Further DPP requisitions received on 27 February 2007.
Status	Obtaining additional material in answer to DPP requisitions.

Name	John Fitzgerald
Offences recommended for DPP consideration	s.176 Crimes Act 1900 (director or officer publishing fraudulent statements).
DPP advice	Further DPP requisitions received on 27 February 2007.
Status	Obtaining additional material in answer to DPP requisitions.

Name	Darren Bizzell
Offences recommended for DPP consideration	s.156 Crimes Act 1900 (larceny by a servant); s.178BA Crimes Act 1900 (obtaining money by deception); s.178BB Crimes Act 1900 (obtaining money by false or misleading statement).
DPP advice	On 25 August 2006 DPP advised no basis on which charge could be recommended.
Status	Finalised.

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

Name	Hendrikus (Hank) Van Leeuwen
Offences recommended for DPP consideration	s.156 Crimes Act 1900 (larceny as a servant).
DPP advice	In May 2004 DPP advised sufficient admissible evidence to proceed with 199 offences under s.156 Crimes Act 1900 and 36 offences under s.188 Crimes Act 1900 (dispose of stolen property).
Status	On 20 April 2007 convicted and sentenced to 7 years imprisonment with non-parole period of 5 years.

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

Name	Dennis Neville Hall
Offences recommended for DPP consideration	s.178A Crimes Act (fraudulent misappropriation).
DPP advice	On 15 December 2005 DPP advised sufficient admissible evidence to proceed with 19 offences under s.157 Crimes Act 1900 (embezzlement).
Status	On 11 December 2006 convicted and sentenced to 2½ years imprisonment.

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

Name	Tony Sassine
Offences recommended for DPP consideration	s.178B Crimes Act 1900 (obtaining benefit by deception); s.301(1) and 301(2) of the Crimes Act 1900 (make and use false instrument); s.87 ICAC Act 1988 (give false and/or misleading evidence).
DPP advice	On 11 March 2005 DPP advised sufficient admissible evidence to proceed with 4 offences under s.178BA Crimes Act 1900 and 15 offences under s.301(2) Crimes Act 1900. On 30 October 2006 DPP decided not to proceed with offences under s.301(2) Crimes Act 1900.
Status	On 30 October 2006 convicted and sentenced to 200 hours of community service orders.

Name	Raymond Khalifeh
Offences recommended for DPP consideration	Nil in report. Brief for offences under s.87 ICAC Act 1988 (false or misleading evidence) subsequently provided to DPP.
DPP advice	On 11 March 2005 DPP advised sufficient admissible evidence to proceed with 3 offences under s.87 ICAC Act 1988.
Status	On 27 July 2006 convicted and sentenced to 12 months imprisonment with non-parole period of 9 months suspended on condition enter into good behaviour bond.

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

Name	Armando Fassone
Offences recommended for DPP consideration	s.178BB Crimes Act 1900 (obtain money by false or misleading statement).
DPP advice	On 5 January 2006 DPP advised sufficient admissible evidence to proceed with 9 offences under s.178BB Crimes Act 1900.
Status	On 4 October 2006 application for stay of proceedings upheld.

Name	Alan Fizelle
Offences recommended for DPP consideration	s.178BB Crimes Act 1900 (obtain money by false or misleading statement).
DPP advice	On 5 January 2006 DPP advised sufficient admissible evidence to proceed with 36 offences under s.178BB Crimes Act 1900.
Status	On 13 October 2006 convicted and placed on good behaviour bond.

Name	John Webb
Offences recommended for DPP consideration	s.178BB Crimes Act 1900 (obtain money by false or misleading statement).
DPP advice	On 5 January 2006 DPP advised sufficient admissible evidence to proceed with 19 offences under s.178BB Crimes Act 1900.
Status	On 12 September 2006 convicted and placed on good behaviour bond.

Name	Alexander Dougall
Offences recommended for DPP consideration	s.178BB Crimes Act 1900 (obtain money by false or misleading statement); s.87 ICAC Act 1988 (false or misleading evidence).
DPP advice	On 5 January 2006 DPP advised sufficient admissible evidence to proceed with 5 offences under s.178BB Crimes Act 1900 (1 charge subsequently withdrawn by DPP) and 1 offence under s.87 ICAC Act 1988.
Status	On 31 October 2006 convicted and sentenced to 6 months imprisonment, suspended.

Name	Andrew Williams
Offences recommended for DPP consideration	s.178BB Crimes Act 1900 (obtain money by false or misleading statement).
DPP advice	On 5 January 2006 DPP advised sufficient admissible evidence to proceed with 5 offences under s.178BB Crimes Act 1900.
Status	On 9 November 2006 convicted and fined \$1,000.

Name	Raymond Anthony
Offences recommended for DPP consideration	s.178BB Crimes Act 1900 (obtain money by false or misleading statement); s.87 ICAC Act 1988 (false or misleading evidence).
DPP advice	On 5 January 2006 DPP advised sufficient admissible evidence to proceed with 1 offence under s.178BB Crimes Act 1900 and 1 offence under s.87 ICAC Act 1988.
Status	On 30 April 2007 convicted of s.87 offence and sentenced to 7 months imprisonment, suspended. Other offences withdrawn by DPP.

Name	Terry Whyte
Offences recommended for DPP consideration	s.87 ICAC Act 1988 (false or misleading evidence).
DPP advice	On 5 January 2006 DPP advised sufficient admissible evidence to proceed with 1 offence under s.87 ICAC Act 1988.
Status	On 9 February 2007 acquitted.

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

Name	Bill Smith
Offences recommended for DPP consideration	s.249B Crimes Act 1900 (corrupt rewards); s.178BB Crimes Act 1900 (obtain money by false or misleading statement).
DPP advice	Requisitions received on 29 August 2006.
Status	Obtaining additional information in response to DPP requisitions.

Name	Adam Perkins
Offences recommended for DPP consideration	s.249F Crimes Act 1900 (aiding, abetting etc corrupt rewards).
DPP advice	
Status	Awaiting DPP advice.

Name	Bob Scott
Offences recommended for DPP consideration	s.249F Crimes Act 1900 (aiding, abetting etc corrupt rewards).
DPP advice	
Status	Awaiting DPP advice.

Name	Kim Wilson
Offences recommended for DPP consideration	s.249F Crimes Act 1900 (aiding, abetting etc corrupt rewards).
DPP advice	
Status	Awaiting DPP advice.

Name	Dale Holt
Offences recommended for DPP consideration	s.249F Crimes Act 1900 (aiding, abetting etc corrupt rewards).
DPP advice	
Status	Awaiting DPP advice.

Name	Stephen Griffen
Offences recommended for DPP consideration	s.178BB Crimes Act 1900 (obtain money by false or misleading statement).
DPP advice	Requisitions received on 29 August 2006.
Status	Obtaining additional information in response to DPP requisitions.

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

Name	John Abi-Saab
Offences recommended for DPP consideration	s.100A Crimes Act 1900(blackmail by threat to publish); s.87 ICAC Act 1988 (give false/misleading evidence); s.80(c) ICAC Act 1988 (wilfully make false statement); s.89 ICAC Act 1988 (procure false testimony); s.112 ICAC Act 1988 (breach of suppression order).
DPP advice	On 28 February 2005 DPP advised sufficient admissible evidence to proceed with 2 offences under s.112 ICAC Act 1988. On 3 February 2006 DPP advised sufficient admissible evidence to proceed with 1 offence under s.89 ICAC Act 1988. On 21 November 2006 DPP advised sufficient admissible evidence to proceed with 5 offences under s.80(c) ICAC Act 1988, 6 offences under s.87 ICAC Act 1988 and 1 offence under s.100A Crimes Act 1900.
Status	On 19 January 2006 convicted and fined \$2,000 for each s.112 offence. Proceedings current on other matters.

Name	Anne Bechara
Offences recommended for DPP consideration	s.87 ICAC Act 1988 (give false/misleading evidence); s.89 ICAC Act 1988 (procure false testimony).
DPP advice	On 3 February 2006 DPP advised sufficient admissible evidence to proceed with 1 offence under s.89 ICAC Act 1988. On 16 February 2006 DPP advised sufficient admissible evidence to proceed with 11 offences under s.87 ICAC Act 1988.
Status	Convicted on 19 December 2006 of 11 offences under s.87 ICAC Act 1988 and sentenced to 4 months imprisonment to be served as home detention. DPP did not proceed with s.89 matter.

Name	Scott Allman
Offences recommended for DPP consideration	s.5 Listening Devices Act 1984 (use of a listening device).
DPP advice	On 20 July 2006 DPP advised sufficient evidence to proceed with offence under s.5 Listening Devices Act 1984.
Status	On 21 November 2006 DPP withdrew prosecution.

Name	Alfred Tsang
Offences recommended for DPP consideration	s.249B Crimes Act 1900 (corrupt rewards).
DPP advice	On 28 August 2006 DPP advised sufficient evidence to proceed with 2 offences under s.249B Crimes Act 1900.
Status	Proceedings current.

Name	Michael Saklaoui
Offences recommended for DPP consideration	s.249B Crimes Act 1900 (corrupt rewards), s.100 A Crimes Act 1900 (blackmail); s.5 Listening Devices Act 1984 (use of a listening device).
DPP advice	On 20 July 2006 DPP advised sufficient evidence to proceed with 1 offence under s.5 Listening Devices Act 1984. On 17 and 21 November 2006 DPP advised insufficient evidence to proceed with other offences.
Status	On 21 November 2006 DPP withdrew prosecution under s.5 Listening Devices Act 1984.

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

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of 18 named individuals for various criminal offences. Briefs of evidence in relation to all matters are being completed.

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

Name	Raymond Khalifeh
Offences recommended for DPP consideration	s.178BA Crimes Act 1900 (obtaining valuable thing by deception); s.300(2) Crimes Act 1900 (using a false instrument); s.307A Crimes Act 1900 (making false statement to public authority).
DPP advice	On 26 April 2006 DPP advised sufficient admissible evidence to proceed with 3 offences under s.178BA Crimes Act 1900 and 5 offences under s.87 ICAC Act 1988 (false evidence).
Status	On 27 July 2006 convicted on all offences and sentenced to 12 months imprisonment with 9 months non-parole period for s.87 offences and 300 hours community service orders for s.178BA offence.

Name	Faraj Harb
Offences recommended for DPP consideration	Conspiracy to pervert the course of justice.
DPP advice	On 11 December 2006 DPP advised that due to death of a witness matter should not proceed.
Status	Completed.

* Briefs of evidence in relation to an additional 35 persons have either been sent to the DPP or are being prepared.

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

Name	Joseph Ghanem
Offences recommended for DPP consideration	s.178 BA Crimes Act 1900 (obtaining valuable thing by deception); s.90 ICAC Act 1988 (bribery of witness).
DPP advice	On 29 March 2006 DPP advised sufficient evidence to proceed with offences under s.178 BA Crimes Act 1900, s.90 ICAC Act 1988 and s.112 ICAC Act 1988 (breach of suppression order).
Status	On 14 September 2006 convicted of all offences and sentenced to 6 months imprisonment for s.112 offence, 12 months imprisonment for s.90 offence and 6 months for s.178BA offence and ordered to pay \$18,000 compensation. On 17 January 2007, on appeal, convictions confirmed but all sentences suspended upon entering into good behaviour bond and restitution of \$18,000.

Name	Faraj Harb
Offences recommended for DPP consideration	s.178 BA Crimes Act 1900 (obtaining valuable thing by deception)
DPP advice	On 11 December 2006 DPP advised sufficient admissible evidence to proceed with 2 offences under s.178 BA Crimes Act 1900 and 1 offence under s.178BB Crimes Act 1900 (make false statement with intent to deceive).
Status	Proceedings current.

Investigation into the cover-up of an assault on an inmate at Parramatta Correctional Centre Penrith (Operation Inca) June 2006

Name	Jeffrey Strange
Offences recommended for DPP consideration	s.319 Crimes Act 1900 (pervert the course of justice), s.80(c) ICAC Act 1988 (wilfully make false statement); s.87 ICAC Act (false evidence).
DPP advice	On 26 April 2007 DPP advised sufficient evidence to proceed with 2 offences under s.80(c) ICAC Act 1988 and 2 offences under s.87 ICAC Act 1988.
Status	Proceedings current.

Name	Shannon Wade
Offences recommended for DPP consideration	s.87 ICAC Act (false evidence).
DPP advice	On 26 April 2007 DPP advised sufficient evidence to proceed with 1 offence under s.80(c) ICAC Act 1988 and 1 offence under s.87 ICAC Act 1988.
Status	Proceedings current.

Investigation into the case management and administration of community service orders (Operation Cadmus) September 2006

Name	Hicham (Michael) Ishac
Offences recommended for DPP consideration	s.319 Crimes Act 1900 (pervert the course of justice); s.308H Crimes Act 1900 (unauthorised access to data); s.87 ICAC Act (false evidence).
DPP advice	On 13 June 2006 DPP advised sufficient evidence to proceed with 6 offences under s.319 Crimes Act 1900.
Status	On 15 January 2007 convicted of 6 offences under s.319 Crimes Act 1900 and placed on 1-year good behaviour bond.

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of six other named individuals for various criminal offences. Briefs of evidence in relation to all matters are being completed for the DPP.

Investigation into sale of surplus public housing properties (Operation Aztec) October 2006

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of three named individuals for various criminal offences. Briefs of evidence in relation to all matters are being completed for the DPP.

Investigation into defrauding the RTA and RailCorp in relation to the provision of traffic management services (Operation Quilla) December 2006

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of two named individuals for various criminal offences. Briefs of evidence in relation to all matters are being completed for the DPP.

Investigation into corrupt conduct associated with RailCorp airconditioning contracts (Operation Persis) June 2007

Recommendations were made in this report that consideration be given to obtaining the advice of the DPP with respect to the prosecution of four named individuals for various criminal offences. Briefs of evidence in relation to all matters are being completed for the DPP.

Table 37: Disciplinary proceedings during 2006–07

Investigation into the cover-up of an assault on an inmate at Parramatta Correctional Centre Penrith (Operation Inca) June 2006

Name	Jeffrey Strange
ICAC recommendation	Consideration of disciplinary action under Part 2.7 of Public Sector Employment & Management Act 2002 for engaging in misconduct.
Status	Suspended (without pay) awaiting outcome of prosecution proceedings.

Investigation into the case management and administration of community service orders (Operation Cadmus) September 2006

Name	Hicham (Michael) Ishac
ICAC recommendation	Consideration of disciplinary action.
Status	Dismissed.

Investigation into corrupt conduct associated with RailCorp airconditioning contracts (Operation Persis) June 2007

Name	Said Marcos
ICAC recommendation	Consideration of disciplinary action.
Status	Dismissed.

APPENDIX 4: IMPLEMENTATION OF RECOMMENDATIONS FOR REFORM ARISING FROM ICAC INVESTIGATIONS

Where the Commission makes corruption prevention recommendations to an agency in an ICAC investigation report, the agency is asked to report to the ICAC on the implementation of these recommendations. Table 38 shows the information received from agencies in 2006–07, including the number and percentage of recommendations that agencies have addressed. A recommendation is considered to have been addressed when it has either been implemented, action is being taken to implement it, or the agency has considered the recommendation and found an alternative way of addressing the issue.

Table 38: Progress reports received in 2006–07

Investigation report	Last progress report	Agency responsible for implementation	No. of recommendations	No. addressed	% addressed
<i>Report on a cover-up of an assault of an inmate at Parramatta Correctional Centre</i>	June 2007	Dept of Corrective Services	16	6	38
<i>Investigation into the conduct of an officer of the local court registry in Penrith</i>	Mar. 2007	Attorney General's Dept	12	10	83
<i>Investigation into safety certification and the operations of the WorkCover NSW Licensing Unit</i>	Dec. 2006	WorkCover NSW	19	19	100
<i>Investigation into schemes to fraudulently obtain building licences</i>	Jan. 2007	TAFE VETAB Office of Fair Trading Minister for Education	24	23	96
<i>Investigation into planning decision relating to the Orange Grove Centre</i>	Oct. 2006	Dept of Planning NSW Government	3	3	100
<i>Investigation into the University of Newcastle's handling of plagiarism allegations</i>	Sept. 2006	University of Newcastle	5	5	100
<i>Investigation into certain transactions of Koompahtoo Local Aboriginal Land Council</i>	May 2007	Dept of Aboriginal Affairs	7	7	100
<i>Investigation into the conduct of the Hon Peter Breen MLC</i>	Feb. 2007	Legislative Council	10	10	100
<i>Report under section 14(2) of the Independent Commission Against Corruption Act 1988 to the Minister for Education and Training</i>	Nov. 2006	University of Sydney University of NSW	10	10	100
<i>Investigation into the introduction of contraband into the Metropolitan Remand and Reception Centre, Silverwater</i>	Nov. 2006	Dept of Corrective Services	5	5	100
<i>Investigation into the conduct of the Hon Richard Face MP</i>	Sept. 2006	Legislative Assembly NSW Government	9	9	100
<i>Investigation into safety certification and training in the NSW construction industry</i>	Oct. 2006	WorkCover NSW	14	13	93
<i>Investigation into the handling of applications for public housing by an officer of the Dept of Housing</i>	Oct. 2006	Dept of Housing	16	16	100

APPENDIX 5: THE ICAC AND LITIGATION

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

Case 1 (Administrative Decisions Tribunal and Supreme Court)

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

The FOI Act provides that the ICAC is exempt from the provisions of the FOI Act in relation to its complaint handling and investigative functions. The 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 seeking a review of the ICAC's decision to not grant access to the report. On 20 January 2006 the Tribunal ruled that, as the ICAC was exempt from the provisions of the FOI Act in relation to its complaint handling and investigative functions, the Tribunal had no jurisdiction to hear or determine the application.

The applicant subsequently appealed this ruling to the Tribunal's Appeal Panel. On 16 April 2006 the Appeal Panel set aside the earlier decision of the Tribunal and ordered that:

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

After considering the Appeal Panel's decision the ICAC appealed to the Supreme Court.

The appeal was heard on 19 February 2007. Judgement on 2 March 2007 was in favour of the ICAC. The judgement set aside the orders made by the Appeal Panel and restored the earlier orders made by the Tribunal. The ICAC made an application for costs which is yet to be determined.

Case 2 (Administrative Decisions Tribunal)

In June 2006 the ICAC received a request for access to a report made to its then Operations Review Committee. The request was made under the provisions of the FOI Act.

The request was rejected on the basis that the ICAC is exempt from the provisions of the FOI Act in relation to its complaint handling and investigative functions and that the report related to these functions.

In August 2006 the applicant brought proceedings in the Administrative Decisions Tribunal seeking a review of the ICAC's decision to not grant access to the report. The proceedings were adjourned until determination of the ICAC's Supreme Court appeal referred to in Case 1 above.

On 18 July 2007, after determination of the ICAC's Supreme Court appeal, the application was dismissed by the Tribunal.

Case 3 (Administrative Decisions Tribunal)

In July 2006 the ICAC received a request for access to all documents relating to complaints of corrupt conduct made by the applicant, including internal ICAC working documents. The request was made under the provisions of the FOI Act.

The request was rejected on the basis that the ICAC is exempt from the provisions of the FOI Act in relation to its complaint handling and investigative functions and that the documents requested related to these functions.

In August 2006 the applicant brought proceedings in the Administrative Decisions Tribunal seeking a review of the ICAC's decision to not grant access to the Operations Review Committee report. The proceedings were adjourned until determination of the ICAC's Supreme Court appeal referred to in Case 1 above.

On 20 March 2007, after determination of the ICAC's Supreme Court appeal, the applicant withdrew the Tribunal application.

APPENDIX 6: LEGAL CHANGE

There were no amendments to the *Independent Commission Against Corruption Act 1988* in the reporting period.

There were a number of amendments to the *Telecommunications (Interception & Access) Act 1979* that affected the ICAC. These included changes to some of the terminology used in that Act and to the procedures for implementation of warrants granted under that Act.

The *Law Enforcement (Controlled Operations) Act 1997* was amended to increase the scope for retrospective authorisation of controlled activities.

APPENDIX 7: COMPLAINTS AGAINST ICAC OFFICERS

The ICAC Act provides 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 ICAC officer may now do so to the Inspector or to the ICAC.

In September 2005, the ICAC entered into a memorandum of understanding with the Inspector. The memorandum 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 five complaints about ICAC staff in 2006–07, four from external sources and one from an internal source. All were handled internally, three by the Solicitor to the Commission, one by the Deputy Commissioner and Solicitor to the Commission, and one by an ICAC lawyer. All five matters were finalised in the reporting period.

No instances of misconduct were found. The Inspector was notified of all matters.

APPENDIX 8: PRIVACY AND PERSONAL INFORMATION

The *Privacy and Personal Information Protection Act 1998* provides for the protection of personal information and the privacy of individuals generally. The Act establishes a number of information protection principles. These principles only apply to the ICAC in connection with its exercise of administrative and educative functions.

In accordance with the Act, the ICAC developed a privacy management plan. The ICAC operated in accordance with this plan during 2006–07.

Part 5 of the Act allows a person who is 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
- (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 Commission who is the ICAC's FOI officer.

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

Freedom of information procedures

Arrangements can be made to obtain or inspect copies of available documents at the ICAC by contacting the Solicitor to the Commission. Formal requests made under the FOI Act for access to documents 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 Parliament – specifically 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 with the Inspector of the ICAC issues which 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 ICAC publications produced in 2006–07 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 2006–07

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

Section B: What happened to completed requests?

– completed requests are those on line A4 previously.

Result of FOI request	Personal	Other
B1 Granted in full	0	2
B2 Granted in part	0	0
B3 Refused	0	3
B4 Deferred	0	0
B5 Total completed	0	5

Section C: Ministerial certificates

– the number of certificates issued during the period.

C1 Ministerial certificates issued	0
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Section D: Formal consultations

– the number of requests requiring consultations (issued) and total number of formal consultations for the period.

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

Section E: Amendment of personal records

– the number of requests for amendment processed during the period.

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

Section F: Notation of personal records

– the number of requests for notation processed during the period.

F3 Number of requests for notation	0
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Section G: FOI requests granted in part or refused

– the basis of disallowing access and the number of times each reason is cited in relation to completed requests which were granted in part or refused.

Basis of disallowing or restricting access	Personal	Other
G1 Section 19 (application incomplete, wrongly directed)	0	0
G2 Section 22 (deposit not paid)	0	0
G3 Section 25(1) (a1) (diversion of resources)	0	0

G4 Section 25(1) (a) (exempt)	0	3
G5 Section 25(1) (b), (c), (d) (otherwise available)	0	0
G6 Section 28(1) (b) (documents not held)	0	0
G7 Section 24(2) – (deemed refused, over 21 days)	0	0
G8 Section 31(4) (released to medical practitioner)	0	0
G9 Totals	0	3

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

	Assessed costs	FOI fees received
H1 All completed requests	\$150	\$0

Section I: Discounts allowed

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

Type of discount allowed	Personal	Other
I1 Public interest	0	3
I2 Financial hardship – pensioner/child	0	0
I3 Financial hardship – non-profit organisation	0	0
I4 Totals	0	3
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	5
J2 22–35 days	0	0
J3 Over 35 days	0	0
J4 Totals	0	5

Section K: Processing time

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

Processing hours	Personal	Other
K1 0–10 hrs	0	5
K2 11–20 hrs	0	0
K3 21–40 hrs	0	0
K4 Over 40 hrs	0	0
K5 Totals	0	5

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 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
L10 Totals	0	0	1	0

Comparison with previous year

In 2005–06 the ICAC received five FOI requests relating to other matters. All these requests were 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: 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 which are organised by AUSTRAC are attended by representatives from the ICAC and other federal and state agencies to discuss matters in relation to the *Financial Transaction Reports Act 1988*.

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.

Inter-agency Technical Committee

Participating ICAC staff member: Herry Young, Special Investigator (Technical)

This is a subcommittee of the annual Law Enforcement Telecommunications Interception Conference. The committee 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

Participating ICAC staff member: Herry Young, Special Investigator (Technical)

This committee is made up of representatives from law enforcement and investigative agencies. It deals with legal, policy and technical issues relating to the administration of interceptions. The ICAC is also represented on subcommittees and provides technical advice to the committee.

Inter-departmental Committee for Department of Corrective Services

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

This committee 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 department's custodial witness protection program.

Joint Initiatives Group

Participating ICAC staff members: Maria Plytarias, Manager, Assessments, Jacqueline Fredman, Manager, Assessments; Nechal Gill, Senior Assessment Officer and Ailsa Gentles, Assessment Officer

This group meets bi-monthly and is a network of state and federal complaint handling bodies. Members share information and resources about complaint handling and alternative dispute resolution issues as well as arranging occasional seminars on complaint handling matters.

Joint Outreach Initiatives Network

Participating ICAC staff member: Yvonne Miles, Manager, Education and Public Affairs

This network is a subgroup of the Joint Initiatives Group and meets bi-monthly. It comprises 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

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 committee to inform their administration of Parts 13–15 of the *Telecommunications Act 1997*. The committee 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: Maria Plytarias, Manager, Assessments; John Renshaw, Acting Manager, Assessments; Jacqueline Fredman, Manager, Assessments; Giselle Tocher, Principal Officer, Local Government and Planning; and Nechaldeep Gill, Senior Assessment Officer

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: Nicola Dunbar, Principal Officer, Public Sector

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

NSW Digital Evidence Group

Participating ICAC staff member: Clinton Towers, Special Investigator, Forensics

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: Theresa Hamilton, Deputy Commissioner; John Pritchard, Deputy Commissioner; and Linda Waugh, Executive Director, Corruption Prevention, Education and Research

This committee did not meet in 2006–07.

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 forum provides an opportunity to educate and disseminate information to agencies that assists them in managing their return-to-work programs while encouraging best practice management.

Special Networks Committee

Participating ICAC staff member: Herry Young, 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 and sends its minutes to this committee.

'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

This committee oversees the progress of work on the 'Whistling While They Work: Enhancing the Theory and Practice of Internal Witness Management in Public Sector Organisations' project. The committee must formally meet at least once a year across the course of the three-year project.

Identity Crime Working Group

Participating ICAC staff members: The Hon Jerrold Cripps QC, Commissioner; Linda Waugh, Executive Director, Corruption Prevention, Education and Research

This group meets regularly to discuss issues relating to identity crime and to identify ways to assist public sector agencies to reduce identity fraud. It works closely with the Australian Government on development of the National Identity Security Strategy.

APPENDIX 12: ICAC PUBLICATIONS IN 2006–07

Investigation reports

Sept. 2006	Report on investigation into the case management and administration of community service orders (Operation Cadmus)
Oct. 2006	Report on investigation into sale of surplus public housing properties (Operation Aztec)
Dec. 2006	Report on investigation into defrauding the RTA and RailCorp in relation to provision of traffic management services (Operation Quilla)
Mar. 2007	Report on an investigation and systems review of corruption risks associated with HSC take-home assessment tasks (Operation Bligh)
June 2007	Report on an investigation into corrupt conduct associated with RailCorp (Operation Persis)

Section 14(2) Investigation reports

Aug. 2006	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
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Corruption prevention and research publications

Aug. 2006	Lobbying local government councillors (tip sheet)
Oct. 2006	Strengthening the corruption resistance of the NSW public health sector (consultation report)
Dec. 2006	Protecting identity information and documents: Guidelines for public sector managers
Dec. 2006	Corruption risks in occupational licensing and strategies for managing them
Dec. 2006	Community attitudes to corruption and the ICAC: Report on the 2006 survey
June 2007	Protected disclosure posters and postcards
June 2007	ICAC and public sector organisations: Guidelines for principal officers

Corporate publications

July 2006	ICAC strategic plan 2006–10
Oct. 2006	Annual report 2005–06
Feb. 2007	ICAC code of conduct
Apr. 2007	The Corruption and Anti-Corruption Executive Program 2007 (brochure)
June 2007	Protected Disclosures poster and postcards

Corruption Matters newspaper

Nov. 2006	Corruption Matters Issue No.28
May 2007	Corruption Matters Issue No.29

Conferences

Nov. 2006	Australian Public Sector Anti-corruption Conference (corporate flyer)
May 2007	APSAC Conference Early Bird Flyer (brochure)
June 2007	APSAC Conference Program (brochure)

APPENDIX 13: SUMMARY OF TRAINING ENGAGEMENTS, PRESENTATIONS AND DELEGATION VISITS

Table 39: Training engagements and speaking presentations

Training engagements

Date	Organisation	Speaker	Subject	Location
26 July 2006	Dept of Commerce NSW Procurement Certification Program	Steffanie von Helle	An introduction to the ICAC and corruption risks in procurement	Sydney
9 Aug. 2006	Mid Coast Water	Steffanie von Helle	Corruption prevention for managers	Taree
21 Aug. 2006	Dept of Commerce NSW Procurement Certification Program	Steffanie von Helle	An introduction to the ICAC and corruption risks in procurement	Sydney
12 Sept. 2006	University training package train-the-trainer launch	Alexandra Mills Catherine Hughes	Managing the risk of corruption: A training package for NSW public universities	Sydney
25 Sept. 2006	Dept of Juvenile Justice	Jane Coulter Catherine Hughes	Corruption prevention for managers	Sydney
31 Oct. 2006	Baulkham Hills College (TAFE)	Alina Hughes Catherine Hughes	Corruption prevention for managers	Sydney
1–9 Nov. 2006	ANU Short Course – Corruption and Anti-Corruption, Asia Pacific School of Economics and Government	Alexandra Mills	Anti-corruption agencies	Canberra
		Alexandra Mills Catherine Hughes	Introduction to the ICAC	Sydney
		Linda Waugh Clive Small Maria Plytarias Jay Lawrence	Panel session: Structure, roles and functions of the ICAC	Sydney
		Maria Plytarias	Receiving allegations of corrupt conduct	Sydney
		Steve Osborne	Investigating corruption	Sydney
		Don McKenzie Steve Osborne	Question and answer session: Conducting an internal investigation	Sydney
		Lewis Rangott	Question and answer session: Corruption risks and local government	Sydney
		Nicola Dunbar	Preventing corruption	Sydney
		Catherine Hughes Bill Kokkaris	Communicating about corruption	Sydney
17 Nov. 2006	Marrickville Council	Catherine Hughes	Corruption prevention for managers	Sydney
27 Nov. 2006	Local Aboriginal land council workshop, New England Outreach Program	Margaret Sutherland Michael Nest	Corruption prevention training for local Aboriginal land councils	Lismore
28 Nov. 2006	Local Aboriginal land council workshop, New England Outreach Program	Margaret Sutherland Michael Nest	Corruption prevention training for local Aboriginal land councils	Grafton
28 Nov. 2006	State agencies workshop, New England Outreach Program	Vicki Klum Alexandra Mills	Corruption prevention for managers	Tamworth
28 Nov. 2006	Local government workshop, New England Outreach Program	Don McKenzie Stephen Osborne	Fact Finder	Tamworth
29 Nov. 2006	Local government workshop, New England Outreach Program	Lewis Rangott Deirdre Cooper	Corruption prevention for managers	Tamworth
29 Nov. 2006	State agencies workshop, New England Outreach Program	Don McKenzie Steve Osborne	Fact Finder	Tamworth
29 Nov. 2006	Local Aboriginal land council workshop, New England Outreach Program	Margaret Sutherland Michael Nest	Corruption prevention training for local Aboriginal land councils	Glen Innes
30 Nov. 2006	New England Outreach Program	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures train-the-trainer workshop	Tamworth

30 Nov. 2006	Local Aboriginal land council workshop, New England Outreach Program	Margaret Sutherland Michael Nest	Corruption prevention training for local Aboriginal land councils	Tamworth
6 Dec. 2006	WorkCover Authority NSW	Don McKenzie	Fact Finder	Gosford
12 Dec. 2006	RailCorp	Chris Wheeler, (Deputy Ombudsman) Catherine Hughes	Protected disclosures workshop for investigators and nominated officers	Sydney
21 Mar. 2007	Dept of State and Regional Development	Deirdre Cooper Nicola Dunbar	Corruption prevention for managers	Sydney
7 May 2007	Dept of Commerce NSW Procurement Certification Program	Margaret Ludlow	Probity in procurement	Sydney
17 May 2007	Hunter New England Area Health Service	Nicola Dunbar	Managing the risk of corruption: A training package for the NSW public health sector (pilot)	Tamworth
23 May 2007	Dept of State and Regional Development	Deirdre Cooper Margaret Ludlow	Corruption prevention for managers	Sydney
30 May 2007	Sydney South West Area Health Service	Nicola Dunbar	Managing the risk of corruption: A training package for the NSW public health sector (pilot)	Liverpool
4 June 2007	Dept of Commerce NSW Procurement Certification Program	Margaret Ludlow	Probity in procurement	Sydney
5 June 2007	North Coast Outreach Program	Nicola Dunbar Lewis Rangott	Corruption prevention for managers	Coffs Harbour
5 June 2007	Local Aboriginal land council North Coast Outreach Program	Margaret Sutherland Michael Nest	Corruption prevention for local Aboriginal land councils	Port Macquarie
6 June 2007	Local Aboriginal land council North Coast Outreach Program	Margaret Sutherland Michael Nest	Corruption prevention for local Aboriginal land councils	Coffs Harbour
6 June 2007	Coffs Harbour High School Senior College (Session 1) North Coast Outreach Program	Sue Bolton	Legal Studies workshop	Coffs Harbour
6 June 2007	Coffs Harbour High School Senior College (Session 2) North Coast Outreach Program	Sue Bolton	Legal Studies workshop	Coffs Harbour
6 June 2007	Kempsey Council North Coast Outreach Program	Chris Wheeler (Deputy Ombudsman)	Protected disclosures	Coffs Harbour
7 June 2007	North Coast Outreach Program	Chris Wheeler (Deputy Ombudsman) Margaret Ludlow	Protected disclosures train-the-trainer	Coffs Harbour
14 June 2007	Sutherland Shire Council	Nicola Dunbar Margaret Ludlow	Corruption prevention for managers	Sydney
18 June 2007	North Coast Outreach Program	Lynn Atkinson Alexandra Mills	Corruption prevention for managers	Ballina
21 June 2007	North Coast Outreach Program	Jay Lawrence Stephen Osborne	Fact Finder	Ballina
21 June 2007	Byron Bay High School workshop North Coast Outreach Program	Bill Kokkaris	Legal Studies workshop	Byron Bay
21 June 2007	Ballina High School workshop North Coast Outreach Program	Bill Kokkaris	Legal Studies workshop	Ballina
26 June 2007	Office of State Revenue	Jay Lawrence	Fact Finder	Sydney
27 June 2007	Albury City, Greater Hume, Lockhart, Narrandera, Wagga Wagga councils	Chris Wheeler (Deputy Ombudsman) Margaret Ludlow	Protected disclosures train-the-trainer	Albury

Speaking presentations

Date	Organisation	Presenter	Subject	Location
29 Aug. 2006	University of Western Sydney, Bachelor of Policing	Clive Small	Ethics of criminal investigation	Sydney
10 Aug. 2006	North Sydney Council	Lewis Rangott	Corruption risks in local government, regulatory risks	Sydney
6 Sept. 2006	North Sydney Council	Lewis Rangott Alina Hughes	Corruption risks and regulatory staff	Sydney
15 Sept. 2006	Community Relations Commission	Bill Kokkaris	Induction session for new casual interpreters and translators	Sydney
28 Sept. 2006	NSW Young Planners	Lewis Rangott	ICAC Presentation to Young Planners Forum 2006	Sydney
17 Oct. 2006	Hong Kong ICAC CICC Course 26	David Casserly	The role of the Surveillance & Technical Unit	Hong Kong
18 Oct. 2006	Dubbo Regional High School presentation	Bill Kokkaris Yvonne Miles	Role and function of the ICAC	Sydney
23 Oct. 2006	International Association of Anti-Corruption Authorities	Commissioner	Parliamentary oversight committee	Sydney
24 Oct. 2006	Dept of Health, Senior Executive Orientation Program	Nicola Dunbar	Introduction to the ICAC and corruption prevention	Sydney
31 Oct. 2006	JWP Sydney	Lewis Rangott	ICAC presentation to JWP Consulting	Sydney
10 Nov. 2006	Riverina Regional LGMA	Lewis Rangott	Protecting your council from corruption	Cootamundra
27 Nov. 2006	Armidale – Dumaresq Council, New England Outreach Program	Jane Coulter Julie Walton	Role and function of the ICAC	Armidale
28 Nov. 2006	Tamworth Council, New England Outreach Program	Lewis Rangott Deirdre Cooper	Role and function of the ICAC	Tamworth
29 Nov. 2006	Peel High School, New England Outreach Program	Bill Kokkaris Catherine Hughes	An introduction to the ICAC	Tamworth
29 Nov. 2006	Oxley High, New England Outreach Program	Bill Kokkaris Catherine Hughes	An introduction to the ICAC	Tamworth
30 Nov. 2006	Community Leaders Breakfast, New England Outreach Program	Commissioner	Role and function of the ICAC	Tamworth
30 Nov. 2006	Tamworth High School, New England Outreach Program	Bill Kokkaris	An introduction to the ICAC	Tamworth
30 Nov. 2006	Regional Coordination Management Group, New England Outreach Program	Commissioner Linda Waugh	Introduction to the ICAC and corruption issues for state agencies	Armidale
7 Dec. 2006	NSW Health, Internal Auditors Conference	Nicola Dunbar	Why corruption prevention in health is hard and what to do about it	Sydney
6 Feb. 2007	North Sydney Council	Lewis Rangott	Role of advisory committees in local government	Sydney
22 Feb. 2007	City of Amsterdam Integrity Bureau, World Cities Conference 'Fighting corruption and safeguarding integrity'	Commissioner	Local integrity system – NSW	Amsterdam, Netherlands
27 Feb. 2007	Public Sector Executive Assistant and Personal Assistant 2007 Conference	Michele Smith	The art of being an expert on everything	Canberra
7 Mar. 2007	Blacktown City Council	Lewis Rangott	Lobbying local government councillors	Sydney
14 Mar. 2007	Rotary Club of Berowra	Lewis Rangott	Role and function of ICAC	Sydney
22 Mar. 2007	Legal Studies Teachers State Conference	Don McKenzie	Role and function of the ICAC	Sydney
26 Mar. 2007	Society of Medical and Biological Engineering	Nicola Dunbar	What is corruption?	Gosford
3 May 2007	Corruption Prevention Network	Commissioner	Shedding light on corruption: the burning issues – panel discussion	Sydney
10 May 2007	Australian Institute of Environmental Health	Lewis Rangott	Role and function of the ICAC	Sydney
10 May 2007	Kempsey High School Legal Studies students	Yvonne Miles Bill Kokkaris	ICAC, corruption and you	Sydney

16 May 2007	L21 Public Sector Leadership Conference	Commissioner	Conflicts of interest	Sydney
5 June 2007	Dept of Health, Senior Executive Orientation Program	Deirdre Cooper	Introduction to the ICAC and corruption prevention	Sydney
6 June 2007	Community Leaders Breakfast North Coast Outreach Program	Commissioner	Role and function of the ICAC	Coffs Harbour
6 June 2007	Local government session North Coast Outreach Program	Commissioner	Role and function of the ICAC and the corruption risks that affect local councillors	Coffs Harbour
6 June 2007	Regional Coordination Management Group North Coast Outreach Program	Commissioner Deputy Commissioner	Role and function of the ICAC and corruption issues for state agencies	Coffs Harbour
26 June 2007	Office of the Clerk of the House of Legislative Assembly Course for electorate staff	Peter Richardson Alexander Mills	Role and function of the ICAC	Sydney

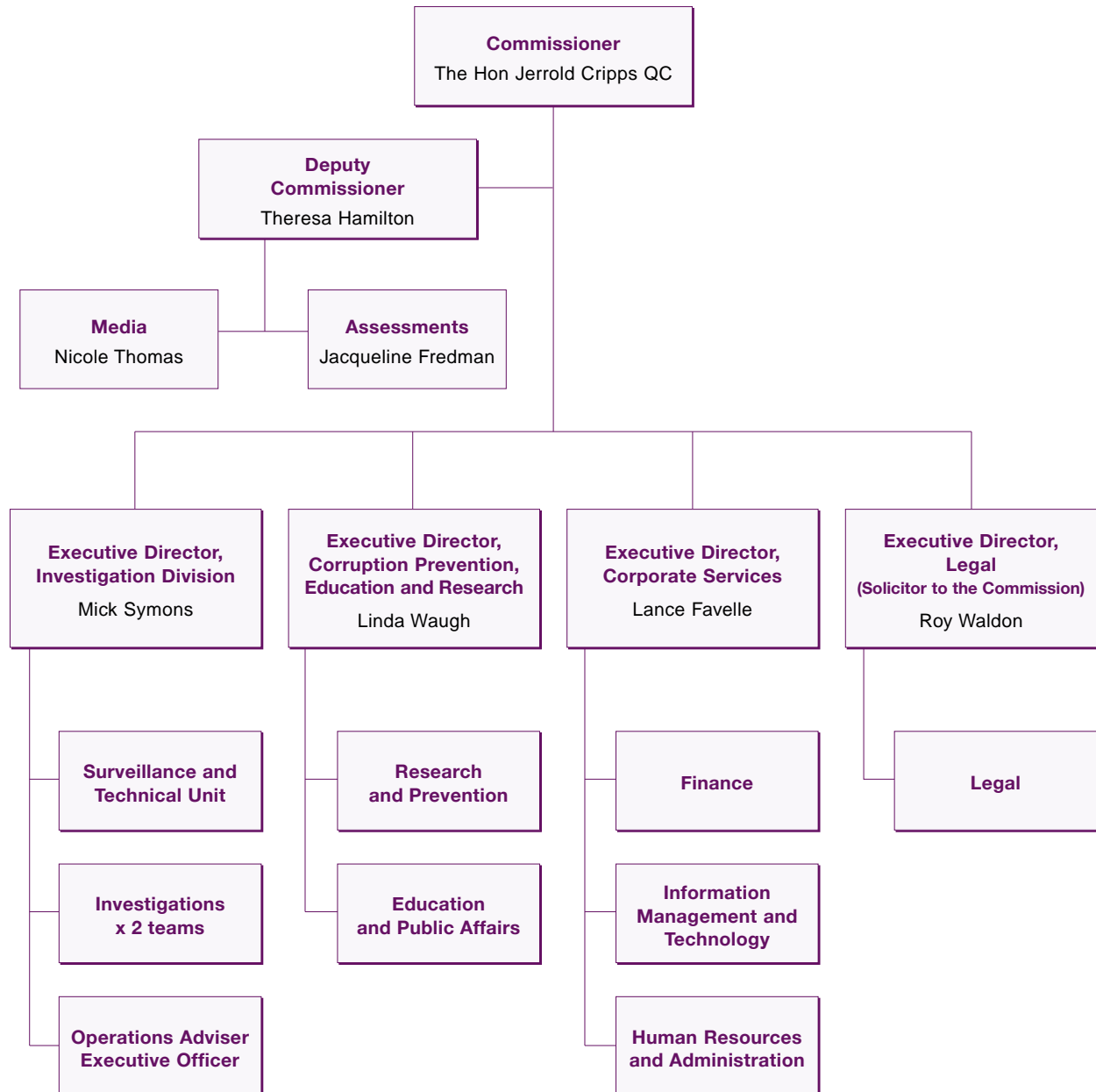
Table 40: International and out-of-jurisdiction delegations

Date	Name of delegation	Purpose	Officers meeting delegation
21 Nov. 2006	Korean Independent Commission Against Corruption	Discuss anti-corruption issues and explore ways for mutual cooperation	Commissioner, Roy Waldon
21 Nov. 2006	Malaysian Royal Police	Learn about investigative methods and procedures used to combat corruption	Dave Casserly, Stephen Osborne
7 Dec. 2006	Young politicians, Malaysia	Learn about transparency and accountability and how to identify and prevent corruption	Linda Waugh
1 Feb. 2007	Ahmad Shabery Cheek, Malaysian Foreign Secretary	Understand Australia's approach to the oversight of public service agencies in particular accountability, transparency and governance arrangements	Linda Waugh
9 Feb. 2007	Office of Police Integrity, Victoria	Learn about the functions and practices of like organisations	Clive Small, Lynn Atkinson, John Renshaw
28 Mar. 2007	China's Supreme People's Procuratorate – high level delegation	Learn about legal and administrative reform such as anti-corruption	Commissioner, Roy Waldon, Linda Waugh
28 Mar. 2007	China's Supreme People's Procuratorate – lawyers and public servants	Receive overview of Commission and how it operates	Don McKenzie
31 May 2007	Parliamentary Crime & Misconduct Committee, Queensland	Discuss referral of complaints back to agencies for investigation and relationship between the Parliamentary Joint Committee and the ICAC	Deputy Commissioner, Jacqueline Fredman

APPENDIX 14: OVERSEAS TRAVEL

Officer	When	Countries visited	Purpose	Cost to ICAC (\$)
Commissioner	Feb. 2007	Netherlands	Attend the World Cities Conference on Fighting Corruption and Safeguarding Integrity. Deliver a paper titled 'Integrity systems in NSW'	2,049
David Casserly, Chief Investigator, Surveillance & Technical Unit	14 Oct. – 11 Nov. 2006	Hong Kong	Attend Hong Kong Independent Commission Against Corruption's Chief Investigators Command course	12,337
Don McKenzie, Principal Lawyer	11–16 Feb. 2007	New Zealand	Attend Executive Master of Public Administration course at Wellington conducted by the Australian and New Zealand School of Government	1,020
Roy Waldon, Executive Director, Legal	Jan. 2007	Taiwan	2007 International Anti-corruption Conference	Nil

APPENDIX 15: ORGANISATIONAL CHART



APPENDIX 16: CHIEF EXECUTIVE OFFICER AND SENIOR EXECUTIVE SERVICE

Executive remuneration, Commissioner and executive officers level 5 and above

The Commissioner, the Hon Jerrold Cripps QC, was appointed for a five-year term on 14 November 2004. Mr Cripps' conditions of employment are outlined in his instrument of appointment and his salary, including any increases, is paid in line with the determination of the Statutory and Other Officers Remuneration Tribunal for puisne judges. The Commissioner's salary is calculated at 160 per cent of the remuneration of a NSW Supreme Court puisne judge. On 1 October 2006, Mr Cripps received a 4 per cent salary increase to his total remuneration package, bringing it to \$491,184. No fringe benefits were paid for the relevant reporting period.

Also effective from 1 October 2006, the Tribunal awarded a 4 per cent increase to the Commission's SES officers.

The Deputy Commissioner's position is remunerated at an SES officer level 5. Ms Theresa Hamilton was appointed to the position of Deputy Commissioner in January 2007 for a five-year term. Ms Hamilton's current total remuneration package is \$220,000.

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. At the end of the 2006–07 reporting period, Ms Theresa Hamilton was the only ICAC senior officer in this category.

Ms Hamilton commenced her appointment as Deputy Commissioner in January 2007. The Commissioner has assessed her performance to date as excellent. She has successfully met the criteria in her performance agreement, including the provision of high-quality and timely operational and strategic advice.

Ms Hamilton acts as the ICAC's main point of liaison with its external oversight bodies, namely the Office of the Inspector of the ICAC and the Parliamentary Joint Committee on the ICAC.

As the Commissioner's delegate, she generally approves the use of the ICAC's compulsory powers and presides at ICAC compulsory examinations as required by the Commissioner.

In her role as direct line manager for the Assessments Section, she has worked with the Manager, Assessments to develop a 2007–08 business plan which includes redefined key result areas and makes a commitment to staff training and support.

In providing strategic and operational advice to the Commissioner, Ms Hamilton has worked with ICAC's executive directors to:

- review the structure and focus of the Investigation Division (formerly Strategic Operations Division) to ensure efficiency and accountability
- improve the focus of the Strategic Investigations Group (formerly the Investigations Management Group) to ensure appropriate strategic oversight of the ICAC's investigative role, including revising report templates for the group to ensure that appropriate operational information is being provided.

Ms Hamilton supports the Commissioner by directly supervising the executive directors responsible for:

- investigations
- corruption prevention, education and research
- legal services
- corporate services.

She also directly supervises the Manager, Assessments and the ICAC's Media Manager.

Executive management

During the reporting period the Commission's executive management team comprised:

- The Hon Jerrold Cripps QC, Commissioner, BA LLB (Sydney) LLM (Sydney)
- John Pritchard, Deputy Commissioner, BA LLB (UNSW), LLM (Sydney) from 1 July 2006 to 13 October 2006
- Theresa Hamilton, Deputy Commissioner, LLB (University of Queensland) from 8 January 2007

- Linda Waugh, Executive Director, Corruption Prevention, Education and 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, BCom (UNSW), CPA (ASCPA)
- Clive Small, Executive Director, Strategic Operations, Dip of Criminology (Sydney), BA Sociology (Macquarie), Post Grad Dip in Public Sector Management (UTS) from 1 July 2006 to 2 March 2007
- Mick Symons, Executive Director, Investigation, LLB Hons (Adelaide), BBus (Marketing) (University of Sth Aust), Grad Cert Management (Charles Sturt), Grad Dip Legal Practice (Adelaide), Grad Dip Fraud Investigation (Charles Sturt), MBA (Adelaide) from 4 June 2007
- 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 following tables.

Table 41: Total number of executive staff 2006–07 compared to previous years

SES Level	2003–04	2004–05	2005–06	2006–07
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 42: Number of female senior executive staff 2006–07 compared to previous years

Year	Number
2006–07	2
2005–06	1
2004–05	1
2003–04	2

APPENDIX 17: ACCESS AND EQUITY

The Commission developed a new Equal Employment Opportunity (EEO) Management Plan in October 2006. This plan sets EEO objectives and targets along with the strategies to achieve them.

The ICAC's Access and Equity Committee continues to play a major role in monitoring and implementing the plan and dealing with any equity issues that may arise within the Commission, particularly in relation to policies associated with EEO.

In the course of the reporting period there were a number of changes to the composition of the ICAC's Access and Equity Committee as a result of staff leaving the Commission. During 2006 and 2007 nominations were sought to fill three separate vacancies on the committee. The members of the committee during 2006–07 were:

- Cindy Fong, Finance (1 July 2006 to 14 July 2006 then proceeded on leave)
- Jacqueline Fredman, Assessments (12 May 2006 ongoing)
- Bill Kokkaris, Corruption Prevention, Education and Research
- Jay Lawrence, Legal
- Steve Osborne, Investigation
- Maria Plytarias, Assessments (1 September 2006 to 19 January 2007)
- John Renshaw, Assessments (20 January 2007 to 11 May 2007)
- Michele Smith, Executive Unit
- Virginia Tinson, Human Resources and Administration
- Cathy Walsh, Human Resources and Administration.

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.

Equal employment opportunity (EEO) and diversity training

During 2006–07 all new staff received EEO/diversity training. In addition, there were several refresher

EEO/grievance training presentations for staff who had received their initial training more than two years previously. In total 64 staff completed EEO/grievance training, which covers ICAC policies and procedures on EEO and discrimination, harassment and bullying prevention, and grievances.

The Commission has processes in place to identify further staff who will require EEO/diversity refresher training in 2007–08.

Work arrangements

The ICAC has a strong commitment to providing flexible work arrangements. It supports applications from staff to work at home when they have carer or other family commitments or need to manage unforeseen emergency situations. Thirty staff took a total of approximately 115.5 days of family and community service leave and 13 staff a total of approximately 56 days of carer's leave. A number of staff received permission to work from home on a short-term basis to help balance work and family commitments.

Employee Assistance Program

The ICAC continued to offer staff counselling services through the Employee Assistance Program (EAP), which is run by an external provider. In 2006–07 a dedicated EAP intranet site was developed and the EAP provider presented an information session to staff.

Recruitment and merit selection training

The ICAC ensures that all new managers and other identified staff complete merit selection techniques training. In 2006–07 an accredited external consultant conducted two full-day training courses in merit selection for 13 staff.

Strategies to increase Aboriginal and Torres Strait Islander representation

The Commission created the position of Indigenous Assessment and Liaison Officer with funding support through the Elsa Dixon Aboriginal Employment Program to deal with complaints that particularly relate to the Indigenous community; advise other Commission officers on issues relating to Indigenous culture; and undertake project and training work within the Corruption Prevention, Education and Research Division relating to Indigenous affairs.

The position was advertised and a suitable applicant identified. Unfortunately, due to reasons beyond the Commission's control, the applicant was unable to be appointed to the position. As a consequence, the Commission declined the Elsa Dixon funding. A new application for funding to support this permanent position has been submitted for 2007–08.

As the Commission still needs to address matters raised by the Indigenous community, it has appointed an Indigenous Assessment Officer who has a de facto role in assisting the Commission in this area.

Two Ways Together: NSW Aboriginal Affairs Plan

To assist in achieving the NSW Aboriginal Affairs Plan's corporate priority relating to service delivery planning, the Commission developed and implemented strategies during 2006–07. These included delivery of corruption risk management workshops to Aboriginal land council staff and office holders on the mid north coast under the ICAC Rural and Regional Outreach Program. As described in Chapter 4 of this report, the Commission used a specially developed training package in the workshops.

Under recent amendments to the *Aboriginal Land Rights Act 1983*, all newly elected officials on Aboriginal land council boards must complete training on their responsibilities. It is anticipated that the ICAC training package, with its targeted corruption prevention message, will be a useful reinforcement to the governance training that the NSW Aboriginal Land Council is currently developing for this purpose.

The Commission was also a guest of the Regional Coordination Management Group twice during 2006–07 to provide assistance on corruption prevention strategies and good governance.

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. While the ICAC is not required to have an action plan for women, it strives to promote the NSW Government's strategies for women, identify and remove structural barriers to the employment of women at all levels, and ensure that women are given fair access to its services.

The ICAC supports the action plan's objective of promoting the position of women. In 2006–07 women made up 55 per cent of the total ICAC workforce. Of these, 98.5 per cent were earning in excess of \$50,000 and 40 per cent in excess of \$81,479 per annum.

The Commission has many development opportunities and programs that target female employees. The Commission's policy on career development opportunities for ICAC officers is currently under review. The policy specifically targets grades 1 to 8 and implements equity principles that will help female employees gain additional experience in operational areas of the Commission. The Commission's parental leave policies and flexible work arrangement policies also create a working environment in which women can balance career and family.

The ICAC actively supports the Spokeswomen's Program and sponsors female staff to attend related conferences and seminars, including the 2007 NSW Public Sector Women's Forum.

Spokeswomen's Program

The Commission has a dedicated spokeswoman who is an active member on the ICAC's Access and Equity Committee and supports female staff by sharing information and encouraging networking opportunities across the ICAC.

To enhance the Spokeswomen's Program in 2006–07, the ICAC sought nominations from female staff to form a Spokeswomen's committee to assist the spokeswoman in organising development activities.

Strategies over the year included supporting or sponsoring female staff to attend development programs and special events such as the:

- Public Sector Management Program for senior staff, front-line and middle managers
- NSW executive development programs coordinated through the Department of Premier and Cabinet
- Young Leaders Awards sponsored by KPMG relating to the 2007 NSW executive development programs

- Sydney breakfast hosted by UNIFEM in March 2007 as part of the International Women's Day celebrations
- Leadership Toolkit Forum held by the Australian Women and Leadership Forum in April 2007 to explore critical leadership issues for women
- NSW Public Sector Forum in June 2007 that sought input from women across the NSW public sector on a new women's employment and development strategy.

The Spokeswomen's Program for 2007–08 will again focus on providing development opportunities, particularly in leadership, and will also explore networking opportunities with other similar agencies' Spokeswomen's programs.

Equal employment opportunity (EEO) and diversity program

The Commission has developed a number of strategies within its EEO Management Plan, Disability Action Plan, and Ethnic Affairs Priority Statement to help meet the NSW Government benchmarks for employment of people from identified EEO groups. Table 43 (EEO groups) and Table 44 (Distribution index) reflect the ICAC's achievements against the benchmarks. Employment of Aboriginal people and Torres Strait Islanders increased by 0.8 per cent on the previous reporting period while employment of people with a disability increased by 1 per cent.

Tables 43 and 44 illustrate the trends in relation to the various EEO employment groups against the established NSW Government benchmarks.

Table 45 Staff numbers by salary level 2006–07 and Table 46 Staff numbers by employment basis 2006–07 show the gender and EEO target group of staff by salary level and employment basis, that is, permanent, temporary, full-time or part-time.

Table 43: Trends in the representation of EEO groups

% OF TOTAL STAFF						
EEO group	Benchmark or target	2003	2004	2005	2006	2007
Women	50	50	51	53	54	55
Aboriginal people and Torres Strait Islanders	2	0	0	0	0	0.8
People whose first language was not English	20	21	22	19	21	17
People with a disability	12	9	11	12	11	12
People with a disability requiring work-related adjustment	7	5	4.3	3.5	1.8	0.8

Table 44: Trends in the distribution of EEO groups

DISTRIBUTION INDEX						
EEO group	Benchmark or target	2003	2004	2005	2006	2007
Women	100	85	91	86	89	91
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	102	98	97	98	95
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 Department of Premier and Cabinet.
4. The distribution index is not calculated where EEO group or non-EEO group numbers are less than 20.

Table 45: Staff numbers by salary level 2006–07

Salary level	Staff	Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
< \$33,910	0	0	0	0	0	0	0	0	0
\$33,910–\$44,537	1	1	1	0	0	0	0	1	0
\$44,538–\$49,781	1	1	0	1	0	0	0	0	0
\$49,782–\$63,006	29	29	8	21	1	9	6	3	0
\$63,007–\$81,478	31	30	12	18	0	8	7	5	0
\$81,479–\$101,849	38	38	20	18	0	9	7	4	1
> \$101,849 (non-SES)	15	15	9	6	0	2	1	2	0
> \$101,849 (SES)	6	6	4	2	0	0	0	0	0
TOTAL	121	120	54	66	1	28	21	15	1

Table 46: Staff numbers by employment basis 2006–07

Employment basis	Total staff	Respondents	Men	Women	Aboriginal people & Torres Strait Islanders	People from racial, ethnic, ethno-religious minority groups	People whose language first spoken as a child was not English	People with a disability	People with a disability requiring work-related adjustment
Permanent full-time	99	98	47	51	1	25	20	12	0
Permanent part-time	3	3	0	3	0	1	0	0	0
Temporary full-time	10	10	3	7	0	2	1	2	0
Temporary part-time	3	3	0	3	0	0	0	1	1
Contract – SES	6	6	4	2	0	0	0	0	0
Contract – non-SES		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	121	120	54	66	1	28	21	15	1
SUBTOTALS									
Permanent	102	101	47	54	1	26	20	12	
Temporary	13	13	3	10		2	1	3	1
Contract	6	6	4	2					
Full-time	109	108	50	58	1	27	21	14	
Part-time	6	6		6		1		1	1

Note: In Tables 45 & 46 one staff member requested that their EEO details be withheld from the survey.

Table 47: Employment basis for 2006–07 compared to previous 4 years

Employment basis		2002–03	2003–04	2004–05	2005–06	2006–07
Permanent	Full-time	83	95	88	91	99
	Part-time	7	6	8	4	3
Temporary	Full-time	10	10	9	8	10
	Part-time	0	1	2	1	3
Contract	SES	6	5	6	6	6
	Non-SES	0	0	0	0	0
	Trainee	1	0	0	0	0
TOTAL		107	117	113	110	121

Table 48: Average full-time equivalent staffing 2003–04 to 2006–07

2003–04	2004–05	2005–06	2006–07
111	112.6	105.2	111.5

APPENDIX 18: DISABILITY ACTION PLAN

The ICAC's 2006–08 Disability Action Plan demonstrates strong commitment to the implementation and improvement to the ICAC's services and facilities for people with disabilities.

The plan focuses on access, promoting positive attitudes, learning and development, employment and dealing with clients. The ICAC's Access and Equity Committee continues to assist with reviewing and implementing strategies in the current Disability Action Plan.

The major focus this year has been on implementing targeted performance measures against the key result areas of the plan as follows:

- training all new managers and other identified staff in merit selection techniques
- continued participation at the Australian Employers' Network disability forums
- engagement of an accredited external provider in the preparation of return-to-work plans for staff with work-related injuries
- purchase of ergonomic equipment to assist staff in the performance of their work
- review of the emergency evacuation procedures, and plan to ensure inclusion of procedures for people with disabilities
- arrangements for the inclusion of TTY facilities in all advertisements for externally advertised job vacancies
- EEO/grievance diversity training for new staff and refresher training
- training in awareness of mental illness for five staff to assist them in dealing with clients.

APPENDIX 19: ETHNIC AFFAIRS PRIORITIES STATEMENT

The ICAC's comprehensive 2006–07 Ethnic Affairs Priorities Statement (EAPS) Plan includes a range of services and initiatives for people from culturally and linguistically diverse backgrounds.

Achievements over the year include:

- development of the 2006–07 EAPS and implementation of the management plan in accordance with the NSW Government's principles of multiculturalism

- providing cultural and linguistic diversity training to 65 staff
- updating the dedicated culturally and linguistically diverse (CALD) intranet page with the 2007 days of religious significance for multicultural NSW
- updating of the bilingual skills directory to include three new languages – French, Greek and Urdu
- a review of Community Language Allowance Scheme (CLAS) recipients to determine continued eligibility of the CLAS allowance
- engagement of accredited interpreters as required for hearings and preliminary assessments
- completion of DVD training trigger resources which include scenarios relevant to CALD communities
- approval by the Prevention Management Group of the report on the effectiveness of the strategy for people of non-English speaking background (NESB) that includes recommendations for ongoing NESB/CALD initiative maintenance and analysis of data on complainants from CALD backgrounds
- involvement of NESB/CALD community representatives in outreach activities.

The 2007–08 EAPS Plan includes the following strategies:

- review and evaluation of demographic statistics collected from telephone callers to determine any service enhancements required for non-English speaking people
- development of a policy on the use of bilingual staff translation and interpreting services to improve the handling of complaints from people of CALD backgrounds
- identification and coordination of suitable training for staff to assist them with complainants from CALD backgrounds including cultural diversity awareness training
- provision of relevant training to community workers and other workers dealing with CALD communities
- ongoing dissemination of ICAC media releases and other information to CALD media.

APPENDIX 20: COMMISSION CONSULTATIVE GROUP

The Commission Consultative Group is the forum for staff, management and the Public Service Association of NSW that meets monthly to discuss and agree on policy and procedure relating to staff conditions of employment and matters concerning access and equity and occupational health and safety. In accordance with its terms of reference, the group officially approves policies and procedures before these go to the Commissioner for endorsement. In addition to handling policy matters, it also provides a mechanism for staff to raise any issues that may relate to the ICAC Award. The group 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.

The members of the group at the end of June 2007 were:

Staff representatives:

Bill Kokkaris, Corruption Prevention, Education and Research Division; Julian O'Connell, Legal Division; Andrew Browning, Investigation Division; John Alston, Corporate Services Division (Public Service Association delegate) and Sharon Osborne, Investigation Division (Public Service Association delegate)

Executive representatives:

Theresa Hamilton, Deputy Commissioner; Lance Favelle, Executive Director Corporate Services; Linda Waugh, Executive Director, Corruption Prevention, Education and Research Division; Mick Symons, Executive Director Investigation Division; Roy Waldon, Executive Director Legal and Solicitor to the Commission

Human resources representative:

Virginia Tinson, Manager Human Resources and Administration

Public Service Association 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 (OHS)

The safety and wellbeing of staff is fundamental to the ICAC. The ICAC aims to provide a safe, equitable, productive and satisfying workplace and to achieve the NSW Government's Working Together: Public Sector OHS and Injury Management Strategy 2005–2008 objectives. Progress in achieving the strategy targets in 2006–07 included:

- injury prevention – 20 per cent reduction in workplace injuries by June 2007 – achieved
- injury management – 20 per cent reduction by June 2008 in the proportion of injured employees still off work at 8, 12 and 26 weeks – nil in this category
- cost of claims – 15 per cent reduction in average cost of claims by June 2008 – awaiting progress figures from SICorp
- injury management – 10 per cent of injured workers placed in suitable duties within one week of the date they are fit for suitable duties by June 2008 – nil in this category
- 90 per cent of managers trained in the Commission's OHS and injury management system by December 2006 – 96 per cent of managers received OHS training.

During 2006–07, the ICAC also achieved the following outcomes:

- all new staff undertook a VDU eye examination conducted by HealthQuest
- new staff workstations were ergonomically assessed by an accredited occupational therapist
- a total of 10 staff were reimbursed the costs of receiving the flu vaccine
- the OHS component of the corporate induction PowerPoint presentation was enhanced to include reference to the ICAC's code of conduct
- work progressed on an OHS portal to be used for OHS refresher presentations for all staff in 2007–08
- an intranet OHS PowerPoint presentation was developed as a training guide for all new managers
- ICAC's Employee Assistance Program provider made a presentation to staff
- electrical testing and tagging of relevant equipment was completed.

Occupational Health & Safety (OHS) Committee

The Commission's OHS Committee continues to monitor and oversee OHS issues within the ICAC as well as monitoring action taken to manage identified risks, which includes the conduct of quarterly workplace inspections and meetings. Committee members take turns to present OHS training to all new staff, covering material on the Commission's OHS and workers compensation policies, OHS, and Risk Management Plan and OHS legislation.

The OHS Committee members for 2006–07 were:

- Aruni Wijetunga, Corporate Services – chair
- Nicola Dunbar, Corruption Prevention, Education and Research
- Lance Favelle, Corporate Services – senior management representative

- Susan Hay, Investigation Division
- Mary Murabito, Legal
- Mark Nolan, Assessments
- Steve Osborne, Investigation Division
- Virginia Tinson, Corporate Services
- Cathy Walsh, Corporate Services.

While there was an increase of two in the number of work-related injuries that resulted in a claim for workers compensation, both were connected with the re-occurrence of a previous related injury. The new claim did not require the coordination of a return-to-work program.

Table 49: Occupational health and safety incidents, injuries and claims 2006–07

Body stress	Mental stress	Journey to/from work	Fall, trip, slip	Hitting objects	Other non-specified	Heat radiation electricity	Total injuries 2006–07	No. of workers compensation claims (provisional liability accepted)
5	2*	2	2	3***	2**	2	18	3

* Work-related performance issues.

** Related to one incident of a near miss by a falling ceiling tile and one incident of fumes from water-saturated carpet.

*** Two incidents occurred at external training courses, resulting in one injury.

APPENDIX 22: TRAINING STATISTICS

Table 50: Training attendance by division and core learning stream 2006–07

Core learning & development stream	Assessments	CPER	Corporate services	Executive	Legal	Investigation	Total
Information technology	17	29	20	5	7	39	117
Leadership/management	8	5	9	1	1	7	31
Organisational development	50	109	35	14	25	122	355
Project management	0	1	0	0	0	0	1
Risk management	6	16	18	1	6	51	98
Technical skills	16	21	13	0	18	133	201
Total	97	181	95	21	57	352	803

APPENDIX 23: CONSULTANCIES

The Commission did not engage any consultants in 2006–07.

APPENDIX 24: PAYMENT PERFORMANCE INDICATORS

Table 51: Accounts payable 2006–07

	Current \$	30 days \$	60 days \$	90 days \$
July–Sept. 2006	-	-	-	-
Oct.–Dec. 2006	-	13,580	2,806	-
Jan.–Mar. 2007	30,346	21,290	-	-
Apr.–June 2007	36,640	15,253	-	-

Table 52: Payments on time 2006–07

	Target %	Actual %	Amount paid on time \$	Amount paid \$
July–Sept. 2006	95	100	1,578,709	1,578,709
Oct.–Dec. 2006	95	98	1,825,985	1,842,371
Jan.–Mar. 2007	95	97	1,051,975	1,103,611
Apr.–June 2007	95	97	2,637,924	2,689,817

All performance indicators relating to payment of accounts were met and there were no instances where interest was payable on overdue accounts.

APPENDIX 25: ELECTRONIC SERVICE DELIVERY

Over the past four years, the ICAC has developed and implemented new external and internal websites. Features of the external site include a facility for secure online reporting of corruption, which has enhanced site usability, and a significantly improved search engine. The new website has also allowed improved publication of transcripts.

Implementation of the Trim Context Electronic Documents and Records Management System has given staff the capability for electronic self-service in creating and managing documents and files. To take advantage of the latest advances in browser based self-service, the Commission has added electronic self-service modules to the Aurion human resources system which allow staff to make online enquiries and lodge human resources forms. This function will be further extended from the beginning of 2007–08 to include online overtime requests and approvals.

The Commission has also implemented a wired and unwired broadband internet-based remote access facility for Commission staff in the field to improve the efficiency of their operations.

APPENDIX 26: INSURANCE ACTIVITIES

The NSW Treasury Managed Fund provides insurance cover for workers compensation, motor vehicles, public liability, property and miscellaneous items.

The ICAC's claims management for the 2006–07 fund year is reflected in the deposit premiums for 2007–08. The ICAC has achieved an overall reduction in deposit premiums of 28.6 per cent, broken down as follows:

- workers compensation insurance reduction of 2.3 per cent
- public liability insurance of 17.9 per cent due to a slight improvement in claims of less than \$1 million in the primary pool
- property insurance of 35.2 per cent due to a decrease in the declared total asset value of the primary pool
- motor vehicle insurance of 9.6 per cent due to a reduction in claims costs, compared to an increase in the cost of the deposit premiums of the primary pool of 4.6 per cent

- miscellaneous insurance of 82.5 per cent due to a reduction in large claims premiums from the previous period and a small decrease in the cost of overseas travel protection across the primary pool.

APPENDIX 27: MAJOR ASSETS

The Commission has no major assets and does not own any real estate. The Commission's minor assets comprise leasehold improvements, computer equipment and technical plant and equipment.

APPENDIX 28: ENERGY MANAGEMENT

The Commission is committed to the NSW Government's policies on energy management and initiatives such as the use of electricity generated from renewable resources.

Wherever possible the Commission purchases energy-efficient equipment to assist in reducing its energy consumption.

The Commission achieved an overall reduction in electricity consumption of 7.6 per cent on the previous reporting period. The consumption of electricity generated from renewable resources increased by 21.8 per cent and use of electricity generated from coal reduced by 8.4 per cent.

There was a 33 per cent increase in the Commission's vehicle fleet due to the addition of two new vehicles, but fuel consumption of kilometres per litre was down by 10 per cent on 2005–06.

APPENDIX 29: WASTE REDUCTION AND PURCHASING POLICY

The Commission continues to increase the amount of waste material it recycles in line with government requirements. Actual data on the quantity of recycled waste material is not available as recycling is managed by the building lessor who does not retain data on this service.

Since 2004–05 the Commission has reduced its overall paper consumption (general office use, publications, reports, educational material, and so on) by 41 per cent. The total recycled content of all paper consumed during 2006–07 was 77 per cent.

APPENDIX 30: CODE OF CONDUCT

1. Introduction from the Commissioner

The Commission was established to tackle corruption in the NSW public sector. It has three principal functions: investigation, corruption prevention and public education. These functions can only be properly and effectively carried out if every Commission officer acts in accordance with their public duty, and the trust placed in them by the community.

This code of conduct sets out the principles we are expected to uphold, and prescribes specific conduct in areas considered central to the exercise of the Commission's functions. The code will be reviewed regularly, and updated and expanded to reflect changes both within and outside the Commission.

This code applies to all employees of the Commission and other persons engaged to do work for the Commission. (Where the code says 'Commission officers', this includes other persons engaged to do work for the Commission).

Any one of us may be faced with ethical dilemmas in both our working life and personal life. This code of conduct has been developed to guide us in making decisions and in determining an appropriate course of action that is supported by our corporate values.

As individuals, we are responsible for our own actions. In the event that any of us becomes aware of, or witnesses, unsatisfactory actions by other Commission employees or persons engaged by the Commission, each of us is obliged to report that to a senior staff member or to the Solicitor to the Commission.

Breaches of the code or any of the principles and guidelines that it describes may lead to the Commission taking disciplinary action.

If you are unsure of any aspect of this code consult your line manager, a director, or the Manager, Human Resources and Administration.

Yours sincerely



The Hon Jerrold Cripps QC
Commissioner

Our corporate values are to:

1. advance the public interest
2. act ethically and with integrity
3. be fair, impartial and accountable
4. strive for excellence
5. be tenacious and professional in pursuing our aims
6. respect each other and support each other with an emphasis on teamwork
7. preserve the ICAC's independence.

2. Our conduct as Commission officers

The name and powers of the Commission must be used with restraint, and with an awareness of their potential effect on individuals. These powers must never be used to gain personal advantage or pursue personal issues.

2.1 Our employment

By accepting employment or engagement with the Commissioner of the ICAC we are obliged to be aware of and comply with this code of conduct, and have undertaken to:

- engage in personal or professional conduct that will uphold the reputation of the Commission
- abide by the secrecy and confidentiality provisions of the *Independent Commission Against Corruption Act 1988* (the ICAC Act)
- in accordance with Commission policies and regulations, fully and openly disclose to the Commission personal particulars and financial or other interests. Any significant changes to those interests should be disclosed.

We must be continually alert to our individual employment obligations to ensure we are acting ethically, responsibly and productively.

We are committed to certain fundamental values in all our interactions with public sector agencies, other organisations, individuals and our staff.

2.2 Ethical behaviour and decision-making

We are obliged to meet the same standards of ethical behaviour and accountability that the Commission promotes in its dealings with other government organisations.

We should:

- treat members of the public, officers of the Commission and other public officials with respect, courtesy, honesty and fairness, and have proper regard for their interests, rights, safety, health and welfare
- ensure that our work habits, behaviour and personal and professional relationships at the workplace contribute to a harmonious and productive work environment
- perform our work honestly, diligently and with commitment
- make decisions in a fair and timely manner, giving due attention to relevant information, legislation and Commission policies and procedures
- respect diversity of thought, experience and skills
- observe common courtesies and etiquette in terms of day-to-day relationships
- comply with lawful or reasonable instructions given by an authorised colleague.

2.3 Conflicts of interest

The work of the Commission must not be compromised or affected by any personal interest.

A conflict of interest arises when our public duty conflicts with a private interest that we may have. The public interest must come first on all such occasions.

Conflicts of interest, or the perception that they have arisen, can do great damage to the reputation of the Commission and its staff.

We can all have real, potential or perceived conflicts of interest. These can be financial or non-financial. It is our responsibility to ensure that the situation is properly managed, including by reporting the situation to our line manager and advising our manager of any changes to that situation.

We must check our Declaration of Interests at regular intervals, and make amendments to reflect any changes in our interests as they occur.

If in doubt seek advice from your line manager, the Security and Risk Management Officer, the Manager of Human Resources and Administration, or an Executive Director. For more information refer to our Conflicts of Interest Policy.

2.4 Gifts, benefits, bribes or favours

We should never create the impression that the Commission or any of its officers is being influenced by any person or organisation.

As Commission officers we may be offered gifts, benefits, travel, hospitality or other inducements during the course of our work. The acceptance of gifts and other benefits has the potential to compromise our position by creating a sense of obligation in the receiver and so undermine our impartiality. It may also affect the public perception of the integrity and independence of the Commission and its officers.

We should never solicit any money, gift or benefit and should never accept any offer of money. To do so may constitute bribery. Bribery is soliciting, receiving or offering any undue reward. A reward can encompass anything of value and is not limited to money or tangible goods. The provision of services may amount to a reward.

There are some circumstances when to refuse a gift would be perceived as rude or offensive.

We must exercise sound judgement when deciding whether or not to accept a gift or other benefit. Officers should ensure that the Gifts and Benefits Declaration is completed and submitted. If unsure, seek advice from your line manager and consult our Gifts and Benefits Policy.

2.5 Use of public resources

Public resources must be used efficiently and appropriately.

The resources we use at work are publicly funded resources, including our time. These resources include—but are not limited to—facilities, computers, printers, motor vehicles, the internet, mobile phones, credit and fuel cards, and people. Because these resources are publicly funded, our use of them needs to be efficient and appropriate.

It is our obligation and responsibility to use publicly funded resources in accordance with government legislation and policy. Limited private use of the Commission's resources may be permitted in some cases. However, our private use of the Commission's resources, including our time, should be short, infrequent, and should not interfere with Commission work.

Further guidance about these issues can be found in our Phone Policy, Private Use of Commission Property Policy, Use of Commission Vehicle Policy, Electronic Mail Policy and Procedures, External Systems Access Policy, Internet Access Policy, and Cab Charge Procedures Policy.

2.6 Political, community and personal activities

As individuals we have the right to participate in political and community activities and to pursue personal interests, provided we do so in a private capacity and do not allow a conflict of interest to arise.

We must ensure that any participation in political activities does not conflict with our primary duty to advance the public interest in a politically neutral manner.

We must also be aware that involvement in or association with a political party may limit or prevent our involvement in particular Commission investigations and projects. This is because the Commission can be required to deal with matters that are politically controversial and sensitive.

In participating in any political, community and personal activity we must ensure that:

- any comment we make or discussion we have does not cast doubt on our ability or willingness to implement Commission policies and guidelines objectively
- we do not participate in private political activities in the work environment
- we do not use Commission resources to assist us in our political, community or personal activities
- we do not use information obtained through our work at the Commission to assist our political, community or personal activities, or make such information known to any other person
- we do not misrepresent the position of the Commission on any issue.

It is our obligation to ensure that any involvement in political, community or personal activities is understood to represent our personal views as a private citizen. It is also our responsibility to ensure that our manager is made aware of any political association that may affect, or be perceived to affect, a matter that we encounter in our day-to-day work.

2.7 Secondary employment or other activities

Engaging in outside, or secondary, employment, professional activities or even volunteer work may have the potential to compromise or be seen to compromise our duties as a Commission officer. For example we might not know that a potential employer was of interest to the ICAC.

Prior to engaging in any secondary employment or other professional activity we should seek advice from our line manager. We should only commence secondary employment once we have received formal authorisation from the Commissioner for that employment.

For further details regarding secondary employment and how to apply for authorisation, refer to our Secondary Employment Policy.

2.8 If we leave the Commission

We have an obligation to carry out our work professionally, impartially, with integrity and in the best interests of the Commission.

If any one of us intends to accept a position with another organisation we should advise our Executive Director as soon as possible so that any conflict or potential conflict of interest can be managed.

When we leave the Commission, in accordance with the ICAC Act we should respect the confidentiality of information that we have come across in our work, and the Commission's intellectual property rights over material produced by the Commission, including material produced by us while at the Commission.

When we cease duty with the Commission we cannot take any Commission resources such as manuals, documents, materials or other information or equipment, unless authorised. These items are the property of the Commission.

Being a former employee of the Commission does not entitle a person to favourable treatment or access to confidential information.

3. Our workplace

We should treat everyone with respect.

3.1 A workplace free of discrimination, harassment and bullying

We are required to deal with individuals and organisations fairly, properly and with integrity, as well as recognise that each individual has rights as a citizen.

Discrimination and partiality, either within the Commission or in dealings with people and organisations outside the Commission, are unacceptable.

We are all obliged not to harass, bully or discriminate against our colleagues or members of the public on the grounds of gender, marital status, pregnancy, age, race, ethnic or national origin, disability, carer responsibilities, transgender status, religious beliefs, sexual orientation, medical conditions, political and trade union affiliations.

We should take all necessary steps to prevent and deal with harassment, bullying and discrimination in our work environment and to report it if it occurs.

For more information refer to our Bullying and Harassment Prevention Policy, the Equal Employment Opportunity (EEO) Policy and the *Anti-Discrimination Act 1977* (NSW).

3.2 A workplace that is safe and secure

Safety

We are expected to understand our responsibilities and obligations under occupational health and safety (OHS) legislation. We should be proactive in ensuring that our workplace is safe and secure for everyone, including identifying, assessing and reporting safety risks and hazards.

We have an obligation to ensure that personal use of alcohol or other drugs does not affect our performance or safety, or the performance or safety of others. Inappropriate consumption of alcohol or other drugs may adversely affect the image of the Commission.

Security

We have obligations to keep our workplace secure by being aware of and reporting suspicious visitors and/or unusual events. It is important that we are familiar with our security policies and procedures.

For more information refer to our Managing Alcohol and Other Drugs Policy, Occupational Health and Safety Policy, Workplace Injury and Management and Workers Compensation Policy, Anti Tail-Gating Procedure, and Security Passes and Cards Policy.

4. Our obligations regarding Commission information

The security of information and protection of persons working with or dealing with the Commission must be assured.

4.1 Using and protecting confidential information

Commission work involves access to confidential information. We must not disclose any information that we acquire during the course of our work except in the exercise of the Commission's functions. To do so may be an offence under section 111 of the ICAC Act.

We are obliged to ensure that we deal with information appropriately and use it only for the purposes of the Commission. Information may be disclosed in accordance with the Commission's Security of Sensitive Material Policy, or if the Commissioner certifies that it is necessary in the public interest to do so.

We should also exercise caution and sound judgement in discussing such information with other Commission officers. Normally information should be limited to those who need it to conduct their duties, or who can assist us to carry out our work because of their expertise.

We should remember that former Commission employees will not be given favourable treatment or access to confidential information.

Improper use of information could result in harm to another person, interfere with the integrity of an investigation or otherwise reduce the effectiveness of the Commission. We must not use information to gain a personal or commercial advantage for ourselves or another person.

Commission files and other confidential documents and information are not to be removed from the premises except in accordance with the Commission's security policies and procedures. If in doubt as to how to manage or secure sensitive material, consult our Security of Sensitive Material Policy or your line manager.

4.2 Making public comment on the Commission's work

Only officers authorised by the Commissioner can make official public comment about the Commission.

The unauthorised or improper release of information to the media may compromise an investigation, adversely affect the reputation or safety of individuals, or undermine public confidence in the Commission.

In general, Commission officers are not authorised to make official public comment about the Commission. Any media enquiries should be immediately referred to the Media Manager.

We are able to discuss Commission work that is already in the public domain, such as published reports and discussion papers, annual reports, public relations material, transcripts of public hearings, media releases, and public addresses.

We should ensure that others are aware that we are only discussing material that is in the public domain, to avoid the perception that we may be telling people something that is confidential. This is a good rule to observe, for example, when talking to family, friends or acquaintances, when on public transport, in social settings, or at a café, party or pub.

If uncertain as to whether information is in the public domain, consult the Media Manager or your line manager.

For more information refer to our Policy and Practice in relation to the Media.

4.3 Intellectual property

We should respect the Commission's intellectual property rights over material produced by the Commission.

Anything we develop, invent or create, either alone or in collaboration with others in the course of our employment or engagement with the Commission, remains the intellectual property of the Commission.

On occasion, it may be in the public interest for the Commission to share its intellectual property with other agencies, but this must be authorised by the Commissioner.

If we leave the Commission we should respect the Commission's intellectual property rights over material produced by the Commission.

For more information refer to our Intellectual Property Management Policy.

5. Unacceptable conduct

Unacceptable conduct is conduct that is unethical, unfair, unlawful or corrupt, or involves maladministration or serious and substantial waste.

It is critical that we as Commission officers practise the conduct we expect of others. The integrity and public image of the Commission could be seriously compromised if any of us engage in conduct that is corrupt, unlawful, unethical or unfair.

The Commission will not tolerate any officer engaging in misconduct, corrupt conduct, maladministration or serious and substantial waste of public resources.

Misconduct

Misconduct may involve deliberate acts or acts that contravene the ICAC Act, this code of conduct, or other Commission policies. Misconduct refers to many different factual situations that are considered under legislation or by the Commission to be unethical, unfair or unlawful.

Misconduct includes, but is not limited to, acts of carelessness, neglect, deceit, bullying, discrimination, harassment, or the misuse of position or information arising from a conflict of interest, as well as taking reprisal action against someone for making a protected disclosure. Misconduct includes conduct that happened while an officer was not on duty, or before an officer was appointed to his or her position.

Corrupt conduct

As public officials we have specific powers, functions and knowledge because of the positions we hold. Corrupt conduct occurs when a public official uses or attempts to use that position for personal advantage. Corrupt conduct can also occur when a member of the public influences or attempts to influence a public official to use his or her position for a purpose other than the benefit of the public.

Serious and substantial waste

Serious and substantial waste refers to uneconomical, inefficient or ineffective use of resources that results in loss/wastage of public funds/resources. Serious and substantial waste might be systemic (e.g. where there is a pattern of waste that might be low-level or involve

large quantities) or it might be absolute (e.g. where \$200,000 is spent on supplies never used).

Maladministration

Maladministration includes action — or lack of action — of a serious nature by a public employee that is:

- against the law
- unreasonable, unjust, oppressive or discriminatory, or
- based wholly or partly on improper motives.

For more information on these definitions refer to the *Ombudsman Act 1974*, the *Public Finance and Audit Act 1983*, the *ICAC Act*, and the *Protected Disclosures Act 1994*.

6. Accountability and reporting

We are required to comply with the principles and guidance in this code of conduct.

If we suspect or become aware of conduct inside the Commission that is unethical, unfair, unlawful or corrupt, or which involves maladministration or serious and substantial waste, we should promptly report it to our line manager, the Solicitor to the Commission or the Commissioner.

6.1 Misconduct

If we become aware of conduct that is unethical, unfair or unlawful, such as bullying, harassment, or involving a breach of this code, we should report it to our line manager or to the Solicitor to the Commission. If the matter concerns the Solicitor to the Commission it should be made known to the Commissioner directly.

For further information refer to our policy on Procedures Relating to the Handling of Complaints of Misconduct Against Staff.

6.2 Corrupt conduct, maladministration or waste within the Commission

If we become aware of conduct that may involve corrupt conduct, maladministration or serious and substantial waste we should promptly report it. The *Protected Disclosures Act 1994* will generally be applicable to complaints made by officers about such conduct to a line manager, the Solicitor to the Commission or to the Inspector of the ICAC.

We should report such conduct that we suspect or encounter in the course of our duties. We should also

make a report if we suspect that another Commission officer is engaged in corrupt conduct, even if that corrupt conduct is unrelated to the officer's duties for the Commission.

Protected disclosures

Under the *Protected Disclosures Act 1994*, a 'protected disclosure' is a voluntary report by a public official about corrupt conduct, maladministration or serious and substantial waste within the NSW public sector. The *Protected Disclosures Act 1994* acknowledges the difficulty we may face when making a report about another public official.

The Act provides certain protections against reprisals for employees who report such matters and makes it an offence for detrimental action to be taken against a person for making a protected disclosure (but not for vexatious or malicious complaints). The Act applies to complaints made about the actions of public officials from other agencies as well as those involving the agency by which the public official is employed.

Internal reports by staff that fall within the *Protected Disclosures Act 1994* will be treated as a 'protected disclosure' and handled in accordance with the Commission's Reporting of Protected Disclosures by Commission Officers Policy.

We can make a protected disclosure in the knowledge that it is an offence to take detrimental action against a person in reprisal for making a protected disclosure. If we believe that we have been detrimentally treated for having made a protected disclosure, we should report this directly to the Commissioner.

The internal investigation of complaints against staff is the responsibility of the Solicitor to the Commission, reporting to the Commissioner. Internal investigations are ordinarily conducted by a member of the Executive and a report submitted to the Commissioner for consideration of appropriate action. In the case of more serious or difficult investigations, outside assistance may be engaged.

Some staff may prefer to make a complaint to someone outside the Commission. Complaints involving corrupt conduct, maladministration or serious and substantial waste on the part of Commission officers may be made to the Inspector of the ICAC. The Inspector is an investigating authority for the purposes of the Protected Disclosures Act and has jurisdiction to investigate such complaints.

The Ombudsman and Auditor-General are no longer able to investigate complaints about ICAC officers made directly to them, although the Inspector of the ICAC may refer matters to them.

6.3 Reporting unacceptable behaviour outside the Commission

The nature of our work means that from time to time we may become aware of suspected corrupt conduct which has not been otherwise reported. As Commission officers it is our responsibility to lead by example in reporting suspected corrupt conduct.

For example we may personally observe a public official engage in a suspect act, a friend may tell us something because we are a Commission employee, or someone may seek to enlist us into an improper arrangement during the course of conducting government business.

Although we are not obliged to report corrupt conduct that we may suspect or encounter by the general public outside the course of our duties, we are encouraged to do so. We should make such reports in writing to our line manager or to the Solicitor to the Commission.

6.4 Breaches of the code of conduct

By accepting a position or engagement with the Commission we have agreed to abide by this code of conduct.

Breaches of the code or any of the principles and guidelines that it describes may lead to the Commission taking disciplinary action. Disciplinary action may include counselling, official notification of unsatisfactory performance, dismissal, prosecution, and a number of other measures described in our Misconduct, Unsatisfactory Performance and Serious Offences Policy.

7. Applicable legislation

- *Anti-Discrimination Act 1977* (NSW) and Commonwealth legislation relating to discrimination on the grounds of race, sex and disability
- *Crimes Act 1900* (NSW)
- *Freedom of Information Act 1989* (NSW)
- *Independent Commission Against Corruption Act 1988* (NSW)
- *Industrial Relations Act 1996* (NSW)
- *Occupational Health and Safety Act 2000* (NSW) & Occupational Health and Safety Regulation 2001

- *Ombudsman Act 1974 (NSW)*
- *Privacy and Personal Information Protection Act 1998 (NSW)*
- *Protected Disclosures Act 1994 (NSW)*
- *Public Finance and Audit Act 1983 (NSW)* and *Public Finance and Audit Regulation 2005*

Refer to the ICAC intranet for the relevant Commission policies.

When we are faced with an ethical dilemma, each of us should ask ourselves the following questions:

Is it legal?

Is it consistent with Commission values, principles and policies?

Do I think it's the right thing to do?

What will the consequences be for my colleagues, the Commission and me?

What will the consequences be for other parties?

Can I justify my actions?

What would be the reaction of my family and friends if they were to find out?

What would happen if my conduct became front page news?


If you are unsure of the answer or what to do, speak to your manager or a more senior Commission officer.

Remember ...

Managers are a resource to help us resolve problems and make ethical decisions, as well as help us manage unintentional acts that may breach the code.

APPENDIX 31: REVIEW OF CREDIT CARD USE

No irregularities in the use of corporate credit cards by staff have been recorded during the year. I certify that credit card use at the ICAC has been in accordance with Premier's Memorandum and Treasurer's Directions.



The Hon Jerrold Cripps QC
Commissioner

APPENDIX 32: MAJOR WORKS IN PROGRESS

The Commission undertook no major works during 2006–07 and hence there were no delays, amendments, deferments or cancellations. All minor works in progress were complete by 30 June 2007.

APPENDIX 33: GUARANTEE OF SERVICE

As stated in its service commitment on the ICAC website, the Commission will:

- maintain as its primary concern the protection of the public interest and the prevention of breaches of the public trust
- be tenacious in fighting corruption and maintaining its independence
- deliver services which are useful, practical, strategically targeted and appropriate
- respond to customer needs in a way which maximises the impact of ICAC activities and makes the best use of resources
- carry out its duties impartially and with integrity
- meet the standards of ethical behaviour and accountability that the ICAC promotes in its dealings with other government organisations
- have regard for the impact of its work on organisations and individuals.

The ICAC welcomes comments from the public on the quality of its service. These can be made by telephone 02 8281 5999 or sent in writing to: GPO Box 500, Sydney NSW 2001.

Complaints about the conduct of Commission staff should be referred to the Inspector of the ICAC.

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