97–98 Annual Report



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"Under the *Annual Reports (Departments) Act 1995* the Independent Commission Against Corruption would normally be required to have tabled in Parliament an annual report for the year ended 30 June 1998 by 31 October 1998. The *Appropriations (1997–98 Budget Variations) Act (no 2) 1998* retrospectively made valid certain expenditures of budget dependent agencies including the Independent Commission Against Corruption. The *Appropriations (1997–98 Budget Variations) Act (no 2) 1998* further provides that the Independent Commission Against Corruption may within 28 days after the assent of that Act submit its annual report for 1997–1998 to Parliament."

ICAC ANNUAL REPORT 1997-98

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This report and other information about the ICAC is available on the ICAC's website at www.icac.nsw.gov.au

Three thousand copies of this Report were printed at a cost of \$5.74 per copy. Text preparation, editing, design and layout were undertaken using internal resources. Photography and printing were contracted out. Six thousand summaries were produced at a total cost of \$1916.

ICAC services and how to obtain them

The Independent Commission Against Corruption's (ICAC) purpose is to expose and minimise corruption in the New South Wales (NSW) public sector. This work involves participation by the following groups:

- the public sector of NSW; which includes all NSW government departments, statutory authorities, local councils and Councillors, judicial officers and Members of the NSW Parliament
- private sector organisations and individuals who interact with the NSW public sector
- the people of NSW.

In addition to undertaking investigations, the ICAC engages in a wide range of activities to expose and minimise corruption. Those that involve a direct service provider/customer relationship are outlined below:

 To provide information about possible corruption to the ICAC

You may write to, visit or telephone the ICAC and ask for the Assessment Section. You will be given information about how to supply the information and how it will be dealt with. For more information see page 27.

Corruption prevention advice

A telephone advice service is available to all members of the NSW public service, and any individual or agency interacting with the public sector. Advice can also be sought in writing. For more information see page 42.

Publications and resources

Where the publication is known, callers to the ICAC are referred to an answer phone where publication and address details can be left. If the caller requires assistance, the matter is referred to the ICAC's Education Section. Requested publications are forwarded by mail. Many publications are also available on the ICAC's web site http://www.icac.nsw.gov.au. Publications are provided free of charge.

Other information or requests of the ICAC

All other matters can be directed in the first instance to the ICAC receptionist who will direct your enquiry to the area of the ICAC best placed to respond.

Our service commitment

In its activities the ICAC 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 to needs
- 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 your input. Comments about your experience of ICAC services help us improve the quality of our service. Comments may be made by phone or in writing.

Complaints about the conduct of staff are treated seriously and will be investigated by a member of senior management. The investigation and any proposed action will usually be reviewed personally by the Commissioner. For more serious or difficult complaints against a staff member, a person from outside the ICAC may be engaged to investigate. Comments or complaints should be made in writing or by phone to the Solicitor to the Commission.



Independent Commission Against Corruption

The Hon Virginia Chadwick MLC President Legislative Council Parliament House SYDNEY NSW 2000 The Hon John Murray MLA Speaker Legislative Assembly Parliament House SYDNEY NSW 2000

Madam President

Mr Speaker

The ICAC's Annual Report for the year ended 30 June 1998 has been published in accordance with the *Independent Commission Against Corruption Act 1988* and *Annual Reports (Departments) Act 1985*, and the *Appropriation (1997–98 Budget Variations) Act 1998*.

In accordance with s76 of the Independent Commission Against Corruption Act, I am pleased to furnish the Report to each of you for presentation to Parliament.

If Parliament is not in session when this report is ready for publication, I recommend, pursuant to \$78 of the Independent Commission Against Corruption Act, that the Report be made public forthwith.

Yours faithfully

H. W. Lufe.
The Hon B.S.J. O'Keefe AM QC

Commissioner

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The Future—Directions and Priorities

ICAC 1998-2001

During the year staff and management worked together to develop the ICAC's corporate plan: *ICAC 1998–2001*. It is reproduced in Appendix 1 and will be published and distributed in the next financial year.

In the period covered by the plan, it is expected that public sector agencies' operations will become more closely aligned with private sector models, new technology will change the nature of transactions, and regrettably available resources will contract.

In new operating environments, where there is little by way of established procedure, where individuals may feel insecure, and where adherence to principles of public duty and public interest may not be accepted, corruption opportunities are more likely to arise. Furthermore, in these new environments, routine solutions to more traditional corruption problems may not be appropriate.

To be most effective, the ICAC needs to anticipate the emerging corruption prevention needs of the public sector. Accordingly, the ICAC is working to make best use of the information provided to it. As well, the ICAC needs to select its work strategically to ensure greatest benefit is delivered to the public sector and the people of NSW.

The new corporate plan, and the material in this Report, show that the ICAC is moving toward an ever more careful targeting of its work and at the same time working more closely with agencies to implement lasting preventive strategies.

IMPROVING STRATEGIC CAPACITY

Regulatory agencies such as the ICAC cannot achieve the required improvements in effectiveness through reliance on retrospective case-by-case after-the-fact enforcement. Effectiveness can only be improved through the development of new capacities for analysing important patterns of non-compliance, prioritising risks, and designing intelligent interventions using a significantly broader range of tools and approaches.

The approach the ICAC is taking in its selection of work is in accord with this paradigm. Work is now underway which will more fully enable the ICAC to detect and interpret corruption trends better, prioritise risks and select and tailor interventions using the ICAC breadth of powers and capabilities.

During the year work was begun on a number of projects that together will substantially enhance the ICAC's strategic decision making capacity and enable to ICAC to achieve the aims of the ICAC Act, as fleshed out in the corporate plan. These projects are a start and more are planned to develop further the ICAC's strategic capacity. Some of the work already undertaken, which is outlined in more detail on page 58–59, includes:

- consolidating and improving the classification of ICAC information holdings so that corruption trends and patterns across the public sector and within agencies can be better and more quickly detected
- exploring better ways for agencies to report to the ICAC so that more strategic information can be obtained and analysed to identify corruption risks.

About the ICAC

The Independent Commission Against Corruption (ICAC) was created by the *Independent Commission Against Corruption Act 1988* (the ICAC Act).

The concept of an anti-corruption body in NSW originated at a time when there was growing community concern about the integrity of public administration. This followed some specific events that included the imprisonment of a Chief Magistrate and a Cabinet Minister, trials of senior officials and an enquiry into the police force, leading to the discharge in disgrace of a Deputy Commissioner of Police.

The ICAC's creation by the State Government in 1988 was a significant as well as symbolic public statement that corruption would not be tolerated in NSW, and that positive steps were being taken to eradicate it. It was also a response to the community's demand for a public sector that it could trust.

The ICAC commenced operating in March 1989, its mission being to expose and minimise corruption in, and in connection with, the NSW public sector. It seeks to promote high standards of integrity and ethical operations in public administration.

The ICAC is independent of government, but is accountable to the people of NSW through the Parliament. The ICAC's exercise of independence and accountability is outlined in the following chapter.

CHARTER

The ICAC's major concerns are to protect the public interest and to prevent breaches of public trust by exposing and minimising corruption.

The ICAC Act is specifically designed to give the ICAC the powers to achieve this. The ICAC's concern with the conduct of individuals is directed to this end. As explained in more detail below, it does not punish offences or have any prosecutorial role.

What the ICAC may do (Discretion)

Most ICAC work originates in reports by public sector agencies and information received from members of the public. Subject to certain accountability mechanisms, the ICAC has discretion as to which matters it investigates and how it investigates them.

Upon completion of an investigation the ICAC may make findings of fact and form opinions based on those facts as to whether any person, even someone other than a public official, has engaged in corrupt conduct. Where appropriate, it may make recommendations for reforms that it believes others should undertake. It is not part of the ICAC's function to compel others to implement recommendations or to prosecute offences.

As well as investigations, the ICAC may initiate corruption prevention and education work and can also form task forces with other government agencies.

What the ICAC must do (Obligations)

Like everyone in the country, the ICAC is subject to the law. It is obliged to act in accordance with the ICAC Act and other applicable laws. In particular the ICAC is required to:

- pursue only those matters that are within jurisdiction
- investigate any matter referred by both houses of Parliament
- produce reports on any matter the subject of a public hearing, or which has been referred by both houses of Parliament, and furnish the reports for tabling in Parliament
- include in reports, in respect of each person about whom substantial allegations have been made, a statement as to whether the ICAC is of the opinion that consideration should be given to the prosecution, taking of disciplinary action or dismissal of the person.

Corrupt conduct

Corrupt conduct is broadly defined in the ICAC Act. It commonly involves conduct of any person that adversely affects or could adversely affect, directly or indirectly, the honest or impartial exercise of official functions by any public official

or public authority. The definition includes the misuse of information by a public official or any other breach of public trust. It must also involve a criminal or disciplinary offence, be grounds for dismissal, or, in the case of a Member of Parliament, a substantial breach of their code of conduct.

Jurisdiction

For the ICAC to have jurisdiction over a matter, it must relate to corrupt conduct as defined under the ICAC Act. All public officials, in the Parliament, government departments, statutory authorities and local councils in NSW, as well as Parliamentarians and local councillors, judges and magistrates, are covered by the ICAC's charter. Those working in the private sector and general community who are not public officials may be covered if their conduct adversely affects or could adversely affect the honest or impartial exercise of a public official's official functions.

Functions

The principal functions of the Commission are specified in s13 of the ICAC Act. They include:

Investigation

Serious and systemic corruption and corruption opportunities are targeted and investigated. Through the process of investigation, which can include the conduct of both private and public hearings, the ICAC exposes corruption and establishes the facts. It then states whether others should consider prosecution, discipline and preventive measures. Changes to prevent similar corruption happening again are recommended.

Corruption prevention

The exposure of corruption, followed up with remedial advice, guidance and information, helps organisations change so that the likelihood of recurrence is minimised. It is emphasised to public sector agencies that each has responsibility for minimising corruption in its operations. Active preventive assistance and advice is also available to help agencies deal with potential corruption issues.

Education

An ethical climate and an understanding of public duty encourage public sector agencies and individuals to act against corruption. These concepts are promoted to the public sector through education, communication and training. To enlist the support of the people of NSW in combating

corruption, the ICAC informs the community about the effects of corruption and the role of the ICAC.

An agent of change

The ICAC is an agent of change. The three main functions provided for in s13 of the ICAC Act work together to initiate change, guide the implementation of change, and influence culture so that corruption is minimised and an ethical culture promoted.

For example, investigations, often with consequent public exposure, have the capacity to motivate public sector leaders to introduce programs for change. Corruption prevention advice assists not only with system change, but also with implementation of that change. Education assists in influencing the culture to accept the change by promoting an ethical climate and an understanding of public duty.

Other models support the combination of these functions as an effective formula to promote change. Criminology studies indicate that aberrant behaviour such as corruption, is likely to occur when the following preconditions are present.

TABLE 1: Relationship between preconditions to aberrant behaviour and ICAC functions

	Corruption Precondition	ICAC Response
	Opportunity – for example, through poor systems	Addressed through corruption prevention advice
	Little fear of exposure or likelihood of detection	Addressed through ICAC investigations or through agency monitoring, undertaken as part of prevention work
	Cultural acceptance of the aberrant behaviour – both community and organisational	Addressed by preventive change implementation assistance and through education of public sector and community
	Lack of ethical leadership and support	Addressed by ICAC prevention leadership, education and support for organisational change implementation
	Self-excusing – personal rationalisations that the conduct is excusable	Addressed by education about ethics and public duty

Each precondition is addressed by the application of either investigation, prevention or education work as shown above:

By exercising its functions flexibly, the ICAC ensures its responses are appropriate to the circumstances giving rise to the corruption, and thus more likely to lead to an effective remedy.

Misunderstandings

The public and the media tend to focus on the ICAC's investigations and the exposure that public hearings generate. The ICAC's long-term impact on systemic corruption, achieved largely through its mix of functions, is not as newsworthy and so does not receive similar widespread news coverage.

This has created a perception that the ICAC's prime activity is to investigate corrupt individuals. This perception, which also arises from a lack of understanding of the ICAC's statutory functions, can lead to dissatisfaction by some members of the public about the way the ICAC deals with matters referred by them.

Another common expectation is that the ICAC will pursue all information from the public and will investigate or intervene on behalf of individuals. Resolving individual grievances is not central to the ICAC's role. Furthermore, budgetary restrictions make this impossible.

The large volume of information collected and collated by the ICAC, and the resources available, prohibit the investigation of every individual matter received. Such unfocussed investigation activity, if undertaken, would require enormous resources, but would not be likely to provide any real benefit in terms of improved strategic capacity. Moreover, the public sector's responsibility to deal with corruption allegations would be negated by such an approach. It is of more value to the people of NSW for the ICAC to target its work and to focus on major and systemic forms of corruption.

The most common misunderstandings about the ICAC are:

The ICAC can investigate allegations of corruption in the **private sector** even when the corruption has nothing to do with the public sector—The ICAC can not investigate matters involving private individuals or companies with no connection to the NSW public sector or NSW public officials.

The ICAC has the power to prosecute people— The ICAC does not have the power to prosecute people. That is the role of the NSW Director of Public Prosecutions.

The ICAC is the anti-corruption body for the whole of Australia—The ICAC's jurisdiction is confined to the NSW public sector.

The ICAC cannot investigate allegations of corruption against NSW judges and magistrates—It can. The ICAC Act defines a public official so as to include a judge, magistrate or holder of a judicial office.

The ICAC cannot investigate allegations of corruption in NSW local government— It can. The ICAC Act defines a 'public authority' so as to include a 'local government authority' and a 'public official' is defined as including an individual who is a member of a public authority. For a local government authority, this includes councillors.

Independence and Accountability

To operate as Parliament intended, and to ensure community confidence is maintained, the ICAC is both independent and accountable.

The ICAC is independent in that its operations, including investigations, are not subject to the direction of politicians, any political party, or the Government. Unlike most other publicly funded organisations, the ICAC is not responsible to a Government Minister; rather it is responsible to the NSW Parliament through a Parliamentary Committee on the Independent Commission Against Corruption (the Parliamentary Joint Committee or PJC).

This independence is essential if the public is to have confidence that the ICAC is not biased and subject to the dictates of the Government of the day. It also maintains the integrity of its operations.

Under the ICAC Act, the ICAC is given extensive powers which, in most cases, exceed those given to the police, to perform its investigative functions. These powers include authority to:

- require any person to produce specified documents or things
- require a public authority or public official to produce a statement of information
- search premises
- enter and inspect premises occupied by a public authority or public official, inspect documents on the premises and take copies of any documents
- apply to the Supreme Court for authority to use a listening device
- summons witnesses to appear at a hearing to give evidence or produce documents or both and to answer questions, even if the answer might incriminate the witness.

It can also, under the *Telecommunications* (Interceptions) Act 1979, obtain warrants for telephone intercepts from a Federal Court Judge or the Administrative Appeals Tribunal. Under the Law Enforcement (Controlled Operations) Act 1997, the Commissioner can authorise controlled operations.

Because of its independence and unique powers, the accountability to the people of NSW through the Parliamentary Joint Committee, the Operations Review Committee, and regular reporting, is very important for the ICAC.

PARLIAMENTARY JOINT COMMITTEE

The ICAC is accountable to the NSW Parliament through this 11-member Committee, which includes Members from both Houses of Parliament with a range of political affiliations. The PJC is established under the ICAC Act, which also defines its powers and functions. The PJC ensures the ICAC is accountable by monitoring and reviewing the ICAC's activities, ICAC reports on various matters and it may examine trends in corruption.

The PJC usually asks the ICAC Commissioner to give evidence before it in public hearings twice a year. It can report to both Houses of Parliament on any non-operational matter relating to the ICAC. No report adverse to the ICAC has been submitted in the current year. The PJC can also inquire into any question put to it about the ICAC by both Houses. The PJC may also look at areas of particular relevance to the ICAC's work and in fact refers a small number of unsolicited complaints from the public about the ICAC to the Commissioner for response.

The PJC's role neither extends to a reconsideration of ICAC decisions relating to investigating complaints, nor does it permit reconsideration of operational matters.

The current PJC, formed on 30 May 1995, has the following members:

- Mr P Nagle MP (Chairman)
- Ms M Andrews MP
- Mr D Beck MP
- The Hon D Gay MLC
- Mr P Lynch MP
- The Hon I MacDonald MLC (Vice-Chairman)

- Dr P MacDonald MP
- Ms R Meagher MP
- Mr B O'Farrell MP
- The Hon B Vaughan MLC
- Mr J Watkins MP.

The ICAC Commissioner, the Hon BSJ O'Keefe AM QC was examined by the Committee on 18 and 21 July 1997, 28 November 1997, and 19 June 1998.

The PJC commenced a public review of the ICAC Act in June 1997 and hearings began in relation to the review in October 1997. It is proceeding.

OPERATIONS REVIEW COMMITTEE

The Operations Review Committee (ORC) is established under the ICAC Act and its functions, membership and procedures are also specified in the Act. It ensures that the ICAC's investigative decisions in relation to complaints by members of the public are accountable. The main role of the ORC is to advise the ICAC Commissioner whether the ICAC should discontinue or not commence an investigation of a complaint alleging corruption. The ORC must be consulted before an investigation into a complaint can be discontinued.

The ORC consists of eight members. At the conclusion of the financial year the composition of the ORC was as follows:

- The Hon BSJ O'Keefe AM QC, the ICAC Commissioner, who is the Chairman of the Committee
- Assistant Commissioner of the ICAC, nominated by the Commissioner
- Mr Peter Ryan QPM, the Commissioner of Police, New South Wales Police Service
- Mr Laurie Glanfield, Director General, Attorney General's Department, who was appointed by the Governor on the recommendation of the Attorney General, with the concurrence of the Commissioner, and
- Four persons appointed by the Governor on the recommendation of the Minister with the concurrence of the Commissioner, to represent community views, namely:
 - Reverend Harry Herbert, General Secretary of the Board for Social Responsibility in the Synod of NSW of the Uniting Church in Australia

- Ms Yvonne Grant, lawyer
- Ms Ruth McColl SC, who replaced Ms Penelope Pether, lecturer in law, in May 1998
- Ms Carmel Niland AM, company principal.
 Ms Niland was replaced by Ms Suzanne
 Jamieson in July 1998.

Functions of ORC

The Commissioner has a statutory obligation to consult with the ORC on a regular basis, and at least once every three months. In practice, the Commissioner meets with the ORC every month, except January.

The ORC is an important accountability mechanism for the ICAC. The Terms of Reference of the ORC are to:

- advise the Commissioner whether the ICAC should discontinue or not commence an investigation of a complaint
- advise the Commissioner at least every three months whether the ICAC should continue an investigation
- advise the Commissioner whether the ICAC should discontinue an investigation conducted on its own initiative or on a report made to it
- advise the Commissioner on such other matters as the Commissioner may from time to time refer to the ORC, and
- bring to the attention of the Commissioner any matters relating to the operations of the ICAC which the ORC considers important.

OTHER ACCOUNTABILITY MECHANISMS

This Annual Report reviews the work of the ICAC as required under the ICAC Act and annual reporting legislation.

The Audit Office reviews the ICAC financial statements. An unqualified audit certification was provided. See page 75. An internal and external audit of ORC files was undertaken. No irregularities were found, although some suggestions for improvement were made. See page 28–29.

The Ombudsman scrutinises ICAC compliance with the statutory requirements for telephone intercepts and controlled operations. The ICAC reports on its use of listening devices to the Attorney General of New South Wales. Investigation reports on each investigation involving a public hearing or any matter referred from both Houses of Parliament must be presented to Parliament. Investigation reports specify any findings of corrupt conduct, and recommend changes to ensure that future corruption opportunities are minimised. As well, recommendations are made as to whether consideration should be given to prosecution of, or the taking of disciplinary action against, individuals. Investigations and investigation reports are outlined in the *Exposing Corruption* (*Investigations & Legal*) chapter.

ICAC reports are subject to judicial review by the Supreme Court of New South Wales on limited grounds. In public and private hearings witnesses and affected persons can be legally represented. Any claim that the ICAC has wrongly used its powers can thus be challenged and resolved. Two persons initiated challenges during the last financial year. Details are included in pages 32–33.

Performance 1997-98

During 1997–98 the ICAC continued to develop appropriate and meaningful ways of accounting for performance.

In the previous financial year the ICAC began a comprehensive review of how it measured its performance. It retained management consultants to assist in designing suitable performance measures for the ICAC. This involved staff workshops, meetings with all staff to report on progress and discussions with most members of the PJC to ascertain what they believed would constitute success for the ICAC.

During this year, another consultant was engaged to facilitate the development of the ICAC's 1998–2001 corporate plan. Material provided to the consultant included the report from the performance measurement review.

The new corporate plan *ICAC 1998–2001*, shown in Appendix 1, emphasises an enhanced set of measures that will be reported on in the next annual report. The program structure and performance measures for 1998–99 are shown in the Statement of Financial Performance 1998–99. A copy of this Statement can be found in Appendix 11.

The measures against which the ICAC performance is reported for the current year are those developed and published in the 1997–98 Statement of Financial Performance.

FINANCIAL PERFORMANCE

The ICAC is totally funded from Consolidated Fund allocations for recurrent and capital expenditure with a separate provision for superannuation and long service leave. The allocations for the present and next financial years, and the associated expenditure for current and previous financial years are shown in the following table.

TABLE 2: ICAC Allocations and Expenditure 1996–97, 1997–98 and 1998–99

	1996–97 Expenditure	1997–98 Allocation	1997–98 Expenditure	1998–99 Allocation
Funding	\$'000	\$'000	\$'000	\$'000
Consolidat Fund recur	ed 12,664* rent	12,936	12,936	13,377
Consolidat Fund capita		240	240	240
Net cost of service (inc non cash it		14,309	14,481	14,977

*In addition, the ICAC used \$407,000 of its existing cash balances bringing the actual amount available to \$13,071,000.

In real terms the ICAC has had a decrease of \$3.27 m in its allocation when 1997–98 is compared with 1990–91, the Commission's first year of operation, as the table below shows.

This consistent reduction in funding has had an adverse effect on the operations of the ICAC. It has forced a decrease in financial and staff resources. The allocation available for the various ICAC programs has inevitably been reduced.

TABLE 3: Funding in real terms 1990-91 to 1997-98

YEAR	1989 -90	1990 -91	1991 -92	1992 -93	1993 -94	1994 -95	1995 -96	1996 -97	1997 -98
CPI		4.3%	1.7%	1.54%	1.39%	3.48%	5.04%	1.26%	0.83%
Actual allocation (\$ 000)	3,400	14,470	11,999	12,802	12,734	13,004	13,022	13,071	12,936
Adjusted allocation (\$ 000)	3,400	13,873	11,312	11,886	11,661	11,507	10,970	10,874	10,673

INPUTS, OUTPUTS AND PERFORMANCE INFORMATION

The ICAC allocates its resources to three program areas:

- Investigative program—incorporating activities described in the chapter, Exposing Corruption (Investigations & Legal)
- Advisory program—incorporating activities described in the chapters Preventing public sector corruption through advice and education (Prevention Services); Informing the people of NSW (Community Relations) and Informing anti-corruption strategies (Research)
- Corporate Services program—described in the chapter Supporting investigations, prevention, education and research (Corporate Services).

Each of these programs is described below in terms of:

- Outputs
- Performance measures
- Achievements

and is accompanied by a table showing financial and staff resource inputs.

Investigations and Legal—Investigative program

TABLE 4: Investigations and Legal—Performance Information

Planned outputs	Performance measures	Achievements
Identification and exposure of new and significant areas of corruption to the benefit of the public sector and the community through accountable and sound analysis.	Analysis of the use of information reported to the ICAC under s10 and 11.	Implementation of recommendations following review of handling of s10 matters underway. An internal analysis of the information reported under s11 to be undertaken in 1998–99.
	Audit of matters reported to the ORC.	Of the 82 matters audited internally, 3 matters contained a total of 5 instances of inaccuracy/inadequacy. External audit performed by the NSW Auditor General found no irregularities. The Commissioner accepted the advice of the ORC on every matter.
	Investigations are completed efficiently, effectively and meet legal and accountability requirements.	Accountability requirements for use of special powers fully met.
Professional, fair and robust investigations are undertaken and high quality hearings are conducted	Percentage and number of investigations completed within agreed time limits and within scope and purpose.	Seven investigation reports were produced within scope and purpose parameters.
and reports produced.		Two public hearings postponed due to lack of resources.
	Significant system weaknesses and/or corruption are exposed.	Investigations into the former State Rail Authority, Corrective Services, Aboriginal Land Councils and TransGrid exposed significant system weaknesses and corruption.
A high proportion of ICAC recommendations is adopted and implemented by agencies.	Percentage and number of Report recommendations that are adopted by agencies.	The response to system and legislative recommendations is reported on page 40–41. The response to prosecution and disciplinary recommendations is shown in Appendix 10.

TABLE 5: Investigations and Legal—Financial and staff resource inputs

Inputs	1996–97	1997–98	1997–98	1998–99
	Actual	Budget	Actual	Budget
	\$'000	\$'000	\$'000	\$'000
Total expenditure of program (\$'000)	8,718	9,126	9,249	9,897
Average staff number	79.3	79.7	79.2	86.0

Prevention Services, Community Relations and Research – Advisory program

TABLE 6: Prevention Services, Community Relations & Research—Performance Information

Planned outputs	Performance measures	Achievements
Advice and information from the ICAC is effective and provided at a reasonable cost to the ICAC.	Percentage and number of stakeholders who consider ICAC advice timely, useful and credible.	A survey of CEO's of public authorities volunteered as most useful: - advice (nominated by 48%) - Corruption Matters Newspaper (35%) - Conduct Becoming training package (29%) - Practical Guide to Corruption Prevention (29%)
		Advice was provided within the budget set at the start of the financial year.
There is an increase in sophistication regarding the types of advice and requests for assistance received from clients.	Increasing level of sophistication in types of advice sought.	Practical Guide to Corruption Prevention referred to for self-help advice on routine matters.
		More complex matters handled individually. Telephone advice provided to 349 clients. Written advice on moderate to highly complex issues provided in response to 137 requests.
A high proportion of public sector agencies has effective and practical corruption prevention policies and training in place.	Percentage and number of public sector agencies: - with corruption prevention polices in place	Evaluation of agency responses unable to be undertaken as resources applied to higher priority matters.
adaming in places.	 with corruption prevention training in place which consider such polices are effective and practical. 	Eighteen <i>Conduct Becoming</i> train-the-trainer sessions provided to equip agencies to run their own ethics modules.
		There has been a significant increase in requests for in-house training and assistance to be provided by ICAC.
The community has a high level of understanding regarding the role of the ICAC and the definition of corruption.	Community attitude survey shows support maintained.	There was no community attitude survey conducted in 1997–98. Percentage of individual matters received that were out of jurisdiction increased slightly from 0.05 to 0.06%.

TABLE 7: Prevention Services, Community Relations & Research—Financial & staff resource inputs

Inputs:	1996–97 Actual	1997-98 Budget	1997–98 Actual	1998–99 Budget
	\$'000	\$'000	\$'000	\$'000
Total expenditure of program (\$'000)	3,883	3,223	3,113	2,987
Average staff number	32.0	29.0	27.5	26.6

Corporate Services program

TABLE 8: Corporate Services—Performance Information

Planned output	Performance measure	Achievement
Provide useful and timely financial information for decision making, forward planning and cost effective management of the ICAC's operations.	Service standards for provision of corporate services met.	New financial accounting software installed. More timely and detailed financial analysis available.
Enhance the ICAC's information systems to meet changing client needs, expand corporate information resources and focus on the integration of the various information management systems.	-	Contract for new information technology let and implemented during the financial year.
Maintain an active, integrated and strategic recruitment policy that focuses on reducing the time taken to recruit employees with the desired skills and experience to match the position description.		Recruitment services maintained at present levels.

TABLE 9: Corporate Services—Financial and staff resource inputs

Inputs:	1996-97 Actual \$'000	1997–98 Budget \$'000	1997–98 Actual \$'000	1998–99 Budget \$'000
Total cost of program (\$'000)	2,520	2,087	2,221	2,176
Average staff number	23.5	23.4	23.3	22.9

GUARANTEE OF SERVICE

The ICAC's Guarantee of Service, which describes standards for service provision, was published in the previous financial year. A review was undertaken in the current financial year and resulted in no amendment to the published guarantee.

The standards for provision of service are outlined in the preliminary pages of the Report. Comment on performance against these standards is provided below:

TABLE 10: ICAC Performance against standards for provision of service included in the guarantee of service

Service commitment	How performance is evaluated or regulated	Improvements in standard of service delivery
Maintain as the ICAC's primary concern the protection of the public interest and the prevention of breaches of the public trust.	PJC monitoring, review and reporting.	Level of reporting maintained.
Be tenacious in fighting corruption and maintaining ICAC independence.	Community attitude survey.	Survey to be conducted in 1998-99 financial year.
Deliver services that are useful, practical, strategically targeted and appropriate to customer needs.	Services and products evaluated through surveys of CEOs, public official focus groups, and <i>Corruption Matters</i> Newspaper readers.	Services being tailored in response to survey results.
	Analysis of strategic capacity with s10, s11 s53 and s54 matters identified for review.	Project to improve strategic capacity underway. Response to review of s10 underway with implementation to be completed next financial year.
	Strategies developed in response to sound research/ survey data eg NESB, Community Advisers research.	Projects to be evaluated once implemented (Community Advisers, NESB).
Respond to customer needs in a way that maximises the impact of ICAC activities and makes the best use of resources.	Better tailoring of services and products to client needs as a result of survey feedback.	Delivery of services and product confirmed as meeting needs.
		Phase I of internet project substantially completed and will optimise cost effectiveness by disseminating existing information to a broader audience.
Carry out duties impartially and with integrity.	Accountability mechanisms (outlined above) employed.	Much of ICAC work is done in public and open to scrutiny by the media and the public. It is also open to PJC comment.
	Staff aware of responsibilities.	Commitment to ethical practices a criterion in selection of staff. ICAC code of conduct reinforced with staff.
Meet the standards of ethical behaviour and accountability that the ICAC promotes in its dealings with other government organisations.	The Commission has various reporting and monitoring requirements that assess funding levels, operational areas and the efficiency of the Commission.	The focus of the internal audit program has moved from financial controls and compliance to one that also incorporates assurance that operations are being conducted effectively and efficiently.

Service Commitment	How performance is evaluated or regulated	Improvements in standard of service delivery
	Formal documents (section guarantees of service, procedures, code of conduct) provide guidance in preventing any breach of public trust by a Commission officer.	Commitment to ethical practices a criterion in selection of staff. ICAC Code of Conduct reinforced with staff.
Have regard for the impact of our work on organisations and individuals.	CEO survey and focus group research has examined this.	Products being adjusted to respond to survey information.
		A project is planned to improve corruption prevention services by developing staff skills and tools to enable better provision of advice on organisational change.



Exposing Corruption

(Investigations and Legal)

For most people, perceptions of the ICAC are formed by media reports about investigations and public hearings. Exposure through public hearings, and the media interest that accompanies it, are important means of informing people about the nature of corruption and its effects.

For many in the public sector, the fear of public exposure initially led to active avoidance of the ICAC. Advice was not sought because of fear that it might reveal mistakes and invite investigation. The statutory requirement that heads of public sector agencies report corruption was not embraced with enthusiasm.

Increasingly now, the public sector is coming to see that acting promptly and effectively on internal reports of corruption, and openly fulfilling statutory reporting requirements, are among the means of managing better. Some agencies are reporting in ways that suggest they are effectively dealing with allegations of corruption themselves.

The ICAC is working to encourage more agencies to take this approach. Reports of possible corruption from Principal Officers (CEOs of Government Departments and General Managers of local councils) as well as responses to ICAC requests for agencies to investigate allegations of corruption and report back are being analysed. The responses of the public sector in regard to these responsibilities are being profiled. New reporting procedures, which give the ICAC better information, will be developed and education activities to inform the public sector will be planned accordingly.

As for investigation hearings, it is now not unusual for the ICAC to be asked by an agency to investigate and hear a matter. In circumstances where intransigent culture is conducive to corruption and resistant to change, the catharsis of an investigation, and possible public hearing, can be a potent prompt to change.

The need for the ICAC to maintain its independence and objectivity necessarily limits the extent to which it can conduct joint investigations with public sector agencies whose employees are under investigation. However, in many significant investigations the ICAC receives substantial

assistance from the agency concerned, and in some cases aspects of a particular investigation are conducted jointly.

In addition, collaborative prevention work with agencies often begins during the investigation process and agencies can assist in determining and implementing appropriate remedies. Some examples of these, and agency accounts about experience of the ICAC, are outlined below:

Investigation into corruption in the former NSW State Rail Authority

This major investigation by the ICAC effectively used public hearings to combine the investigation of individual corrupt acts with reform statements by the chief executive of each of the four agencies that succeeded the former SRA. The benefits of this approach were recognised by NSW Treasurer the Hon Michael Egan MLC, who wrote to Commissioner O'Keefe after the investigation report's release in June 1998 that he "(valued) the ICAC's painstaking search for evidence and documentation of corrupt behaviour in the former SRA...(and was) pleased to see that (the Commission) went further, adopting the constructive approach of working with the present rail entities on the examination and strengthening of their strategies for preventing corruption".

Investigation into the Department of Corrective Services

This ongoing investigation is proving to be one of the most challenging for the ICAC. Three matters have been the subject of public hearings so far and public hearings into further aspects of the prison system are planned. One report has already been published and at least three further reports are expected.

The closed nature of the prison system makes any investigation by an external body very difficult as prison officials control access. This makes covert investigations particularly difficult, if not impossible, without the co-operation and assistance of the Department. The

need for this assistance and co-operation has had to be balanced with the equally important need to maintain the confidence of complainants (many of whom are prison officers or inmates) in the Commission's independence. Nevertheless, the ICAC's investigation would not have been possible, and incidents of corruption would not have been exposed, without the information and co-operation provided by the Department. A good example of cooperative investigative work was demonstrated in the investigation by the ICAC, which furnished the information necessary to foil the attempted escape by Ivan Milat and George Savvas.

Investigation into Glebe Morgue

In circumstances where corruption is entrenched in a work environment, public exposure as a result of an investigation can provide management with the leverage it needs to implement change. This was acknowledged by Associate Professor John Hilton, Director of the NSW Institute of Forensic Medicine, which operates Sydney's Glebe Morgue—the subject of an ICAC investigation report in 1997-98. Writing to Commissioner O'Keefe, Associate Professor Hilton said he was "grateful that (the ICAC) responded quickly to my initial approach and I was impressed with the professionalism of your investigators. Without the participation of the ICAC, I doubt if I could have ever cleaned the 'Augean Stable'—it was the ICAC's efforts that were Herculean rather than

CEOs want guidance on reporting corruption

Reports of possible corruption from heads of Government agencies are an important source of information about trends and patterns in public sector corruption. During 1997–98 CEOs were surveyed about their experience of the ICAC, and its products and services. The mandatory reporting of corruption—by individual notification and by regular schedule—attracted comment. The value of the reporting was acknowledged by some, for example "the submission of cases (to the ICAC) by schedule is an

important efficiency measure that we need to continue". Many respondents requested more feedback and asked that the ICAC "advise on what level needs to be reported. Many minor matters are sent, only to be noted and sent back.... Can we get some clarity?" and (CEOs) "don't always know what the threshold criteria are for reporting (suspected corruption)." Another commented, "Agencies don't like to admit problems. It is seen as failure rather than a key part of public sector accountability". These comments indicate that an education strategy in relation to the mandatory reporting of corruption by heads of agencies is timely.

Investigation 'No threat'

The more farsighted NSW Government agencies recognise that the ICAC investigations ultimately make their operations stronger and more efficient. This sentiment was expressed during focus group research of public sector managers conducted in 1997–98, "The ICAC is not seen as a threat in this organisation...(it is) another aid in good management".

YEAR IN REVIEW— INVESTIGATIONS AND LEGAL

Exposing corruption is one of the ICAC's principal functions and is achieved mainly through investigations, which may involve public or private hearings. In its exposure work the ICAC takes care to ensure its powers are exercised fairly, accountably, and in accordance with the relevant laws.

The number of matters that become the subject of a public hearing is small and is in no way indicative of the total number dealt with by the ICAC. Much of the exposure work undertaken arises through processing the large amount of information and reports of alleged corrupt conduct received. Investigation efforts are targeted at work which analysis shows and judgement suggests will have greatest effect across the public sector.

This targeted approach maximises the benefits of the ICAC's investigative work to the public sector and the community and helps to ensure that resources are used to best effect.

This chapter includes information about the process used by the ICAC to expose corruption, recent litigation and certain accountability requirements.

- Receipt, preliminary inquiry and assessment of matters involving suspected corrupt conduct in the NSW public sector
- Oversight by the Operations Review Committee (ORC)
- Exercise of special powers
- Formal investigation of complaints and other information received about corrupt conduct involving the NSW public sector
- Public and private hearings
- Investigation reports
- Litigation
- Other accountability requirements.

RECEIPT, PRELIMINARY INQUIRY AND ASSESSMENT OF MATTERS

Mode of receipt

The total number of matters received or dealt with by the ICAC during the reporting year was 3050. These matters were received either by letter, telephone, personal visit to the ICAC or by way of schedule in the case of some public authorities. The table below presents a comparison of the number of matters received by mode of receipt for 1996–97 and 1997–98.

TABLE 11: Matters received by mode of receipt 1996–97 and 1997–98

MODE OF RECEIF	PT 1996–97	1997–98	INCREASE
Letter	1108	1350	+22%
Telephone	467	415	-11%
Personal visit	84	48	-43%
Country visit*	4	3	-25%
TOTAL INDIVIDUA MATTERS	L 1663	1816	+9%
Schedule	**(4980) 893	1234	+38%
TOTAL	**(6643) 2556	3050	+19%

*Matters received by ICAC officers when visiting country locations

**Bracketed figure is a total that includes NSW Police Service and Ombudsman matters. The figure beside it shows matters received excluding those from the NSW Police Service and Ombudsman and is the figure used to compare with 1997–98.

The number of individual matters (excluding those received by way of schedule) has increased by 9.2 per cent from 1663 during 1996–97 to 1816 during 1997–98.

The number of matters reported by way of schedule has decreased due to the transfer of jurisdiction for investigating corruption allegations involving police officers to the Police Integrity Commission (PIC). The ICAC retains jurisdiction over NSW Police Service employees other than sworn officers, and over all of the NSW Police Service in regard to its corruption prevention and education functions. In the previous financial year, 4087 matters were received by way of schedule from the NSW Police Service, and from the Ombudsman which oversees the NSW Police Service customer complaints. During the current financial year only 54 such matters were reported, all of which were received by individual letter.

The number of matters received by schedule from the remaining public authorities has increased by 38 per cent. The table below lists the number of matters received from principal officers of public authorities, both individually (502) and by way of a schedule (1234), during the last financial year.

TABLE 12: Matters reported by Principal Officers individually and by schedule 1997–98

Public Authority	1997–98
Department of Community Services	468
Department of Corrective Services	321
Local Government (includes Department of Local Government and individual Local Councils)	210
Department of Education & Training	80
Roads & Traffic Authority	70
Department of Health (includes Area Health Servi	ces) 59
Rail Services Corporation	55
NSW Police Service & Ombudsman	54
Department of Juvenile Justice	37
Ambulance Service	35
State Rail Authority	31
Aboriginal Land Councils	18
All others combined	298
TOTAL	1736

Classification of matters

Individual matters received or dealt with by the ICAC are classified as follows:

- Complaints: These come from the public and are matters that concern or may concern corrupt conduct. The matters are received in accordance with s10 of the ICAC Act.
- Protected disclosure: This refers to a complaint made by a public official in accordance with s10 of the ICAC Act, which satisfies the criteria under the Protected Disclosures Act 1994 to be treated as a protected disclosure. The Protected Disclosures Act, which in certain circumstances protects public sector employees from 'detrimental action' taken against them because of their complaint, lists the ICAC as an agency which can receive such disclosures.
- Reports of corrupt conduct: These are reports made by principal officers of public authorities. Such reports are mandatory under s11 of the ICAC Act, which obliges the principal officer of a public authority to report 'any matter that the officer suspects on reasonable grounds concerns or may concern corrupt conduct'. They are received by individual letter, although some public authorities also report large numbers of matters of a minor nature by schedule on a regular basis.
- Information: These are matters which of themselves do not constitute a complaint about

- corrupt conduct, but do convey information about a circumstance or situation with the potential for corruption.
- Enquiry: This is when information is sought from the ICAC, usually by a member of the public, often as to whether a particular situation might indicate corrupt conduct.
- Dissemination: This refers to information provided by other government agencies (not being NSW public authorities) which may relate to corrupt conduct. Such agencies include the Australian Federal Police, the National Crime Authority, and the Commonwealth
 Ombudsman
- Own initiative: These are matters initiated by the ICAC without a complaint or report being received. Such matters may be prompted, for example, by media reports.
- Referral from Parliament: The ICAC Act provides for the NSW Parliament, by resolution of both Houses, to refer a matter to the ICAC for investigation.
- Outside jurisdiction: These matters either do not involve corrupt conduct or do not involve the NSW public sector. Where possible, people making complaints outside ICAC jurisdiction are referred to an agency which might deal with their complaint.

The following table shows the breakdown by classification of the individual matters received in 1996–97 and 1997–98.

TABLE 13: Individual matters received 1996–97 and 1997–98

Classification	1996–97	1997–98	Pecentage change
Complaints (s10)	979*	1031*	+5.3%
Reports of corrupt conduct (s1	1) 431	502	+16.5%
Information	135	137	+1.5%
Enquiry	32	28	-12.5%
Dissemination	6	11	+83.0%
Own initiative	4	5	+25.0%
Referral from Parliament	Nil	Nil	_
Outside jurisdiction	76	102	+34.0%
TOTAL	1663	1816	+9.2%

^{*} includes 201 protected disclosures in 1996–97 and 234 in 1997–98

There has been a 16.5 per cent increase in the number of individual s11 reports, contributing to almost half (47 per cent) of the increase in the number of individual matters received. This

increase in s11 reports can be attributed to the continual improvement in liaison and strengthening working relationships between the ICAC and public sector organisations.

Public authorities which are the subject of allegations from the public

The public authorities which have most frequently been the subject of allegations of corrupt conduct received from members of the public (s10) during the year under review are listed below:

TABLE 14: Public authorities the subject of allegation by a member of the public in 1997–98, by percentage of total complaints

Public authority Pe	ercentage of total	
Local Government (includes Department of Local Government and individual Local Councils)		
Department of Corrective Services	13.0%	
Department of Community Services	8.0%	
Department of Health (includes Area Health Services)		
NSW Police Service*		
Aboriginal Land Councils		
Department of Education & Training		
State Rail / State Transit Authorities	2.5%	
All others combined	33.0%	

^{*} NSW Police Service was transferred to PIC jurisdiction 1 January 1997

Protected disclosures

As noted above, protected disclosures are a subcategory of \$10 complaints. Public officials who make complaints to the ICAC are covered by the Protected Disclosures Act, provided their complaint is made in accordance with that Act. The information they provide is then dealt with by the ICAC in accordance with the procedures outlined in that Act.

TABLE 15: Public authorities, the subject of a protected disclosure 1997–98, as percentage of total complaints

Public authority	Percentage of total
Local Government (includes Department of Government and individual Local Councils)	
Department of Corrective Services	15.6%
Department of Health (includes Area Heal	th Services) 9.1%
Department of Education & Training	7.2%
State Rail / State Transit Authorities	6.2%
Aboriginal Land Councils	5.5%
Department of Community Services	3.0%
NSW Police Service*	0.3%
All others combined	33.5%

^{*} NSW Police Service was transferred to PIC jurisdiction 1 January 1997

The assessment process

Each allegation of corruption is assessed according to criteria developed to ensure that the ICAC Act and the ICAC's Corporate and Strategic Plans are taken into account. A brochure describing the ICAC's decision making process is provided to complainants when the receipt of the complaint is acknowledged.

A three-member Assessment Panel (the Panel) meets four times a week to make initial decisions about how \$10 and \$11 matters received by the ICAC will be handled. The Panel, which is supported by the Manager Assessments, has as its members the Director of Investigations, the Solicitor to the Commission and the Director of Corruption Prevention and Education, or their nominees. To assist the Panel, ICAC officers may attend the meeting to answer questions on matters for which they are responsible.

Applying the established criteria, the Panel recommends which matters should be the subject of further inquiry by the ICAC, referred to other agencies for investigation, or not pursued further. The Panel's recommendations not to pursue individual s10 complaints (including protected disclosures) must be referred to the ORC. The ORC then advises the Commissioner whether the ICAC should discontinue or not commence investigation of these matters.

OVERSIGHT BY THE OPERATIONS REVIEW COMMITTEE

As outlined in the *Independence and Accountability* chapter, the ORC ensures accountability in relation to the ICAC's investigation decisions. It is a very important role, but not one that attracts public attention.

The ORC generally meets at the ICAC's premises on a monthly basis, excluding January, with the Commissioner or Assistant Commissioner as Chairman. A quorum is five members, one of whom must be the Commissioner or an Assistant Commissioner.

The ORC members are provided with written reports outlining the allegations and recommendations regarding matters not less than a week before each meeting, to allow sufficient time to consider them.

During the meetings, the ORC may reject, accept or modify recommendations made by ICAC officers and/or request that further investigation be undertaken in relation to any matter reported to it.

The ORC's workload in 1997-1998

During the year under review, the ORC met 10 times and considered 951 matters pertaining to s10 complaints. Of these the ORC:

- accepted the recommendation made in relation to 756 of the matters (79 per cent), without any alteration or comment
- made specific comment or alteration to the recommendation before accepting the report in relation to 106 matters (11 per cent)
- did not accept the recommendation made, but sought further information and required further reports to be prepared, in relation to 65 matters (7 per cent).

Twenty-four (2.5 per cent) were reports on the status of matters.

Of the 951 matters considered by the ORC, the ICAC recommended 406 be referred to another agency for its consideration. Of these, the ORC accepted the recommendations in respect of 323, while 62 were accepted after the ORC made specific comment or alteration to the recommendations. In 6 of these 62 matters, the ORC changed the agency to which the ICAC recommended the matter be referred. The

recommendations relating to the remaining 21 matters were not accepted by the ORC because further information was required. The Commissioner accepted the advice of the ORC on every matter.

Ensuring compliance with duty to report to ORC

For the past four years the ICAC has arranged for the external audit of the reports submitted to the ORC and the associated complaint files. This is an important means of checking the integrity and quality of reports submitted. In early 1994, the ICAC introduced another quality control mechanism involving internal audits of the reports and associated files. Each of these is dealt with below.

Internal audit

A random selection of reports submitted to the ORC meetings is strictly evaluated against the contents of the associated file(s). The audit examines reports for possible inaccuracies or inadequacies, and also determines whether the report is in the correct format, as specified by the ICAC's internal policies and procedures.

Where a report is found to be unsatisfactory, either a further report is requested correcting any deficiencies picked up in the audit, or the report author is advised of any deficiencies for the purpose of preventing the same occurring in the future.

During this audit period a total of 82 reports were examined. The table below shows the results of the audit based on the level of non-compliance with the adequacy, accuracy and format standards required. The results indicate that the quality of information being presented to the ORC is satisfactory.

TABLE 16: ORC report audit result 1997-98

Audit considerations	Number of reports
Reports audited in 1997–98	82
Failed to meet adequacy standard	2
Failed to meet accuracy standard	3
Incorrect form	Nil
Further action required in terms of ORC	reporting Nil

External audit

At the invitation of the ICAC, the Audit Office of NSW, audited a random sample of the reports submitted to the ORC and the ICAC's response to requests for further action and other suggested changes.

The 1997–98 audit required a review and appraisal of the adequacy and effectiveness of the ICAC's procedures and controls to ensure that all complaints received by the ICAC were promptly and properly recorded and were classified and reported to the ORC in compliance with statutory and operational requirements. A random sample of 100 of the 1544 completed enquiry files was audited to assess:

- whether the complaint classification procedure had been appropriately applied
- whether a matter classified as a complaint was reported to the ORC for advice before closure
- in the event that the ORC called for a further report—whether one was presented in the time frame specified
- whether the requirement for provision of a status report was complied with
- where a complaint became, or was incorporated into, the scope and purpose of a formal investigation—whether the complaint was included in the final report submitted to the ORC recommending discontinuance
- that the data provided to the ORC concerning the number of complaints received and finalised each month were accurate and adequate
- that where the minutes of any ORC meeting specify that some action was to be taken by the ICAC—the request was complied with.

The audit found that the ICAC fully complied with its statutory requirements for reporting to the ORC. In relation to procedural matters, the audit made some observations that may enhance the management of complaints. The ICAC will consider these observations in the course of projects being undertaken to improve strategic capacity.

EXERCISE OF SPECIAL POWERS

To ensure its considerable powers are used only when appropriate, the ICAC has an internal procedure for approving the use of its coercive powers. Scope and purpose documents are required to establish the parameters of an investigation in which coercive powers are to be used. These must be approved by the Commissioner before the investigation can proceed.

Such investigations are referred to as 'formal investigations' and are given operational titles (for example, Operation Zack). These are the matters that have been selected as having the potential to expose significant and/or systemic corruption. They usually involve the commitment of significant resources.

The powers conferred under the ICAC Act and other legislation are explained below.

- A person can be summonsed by the ICAC to give evidence or produce documents or both at a hearing (s35). Two hundred and five such summonses were issued during the reporting period. The ICAC can also direct that prisoners appear before it (s39). Twenty-three such orders were made to the Department of Corrective Services in 1997–98.
- The ICAC can require a public authority or public official to provide a statement of information (s21). Written notices are used when exercising this power. Forty-two such notices were issued in 1997–98.
- A person can be required to produce specific documents or things (s22). Written notices are used when exercising this power. Three hundred and sixty-seven such notices were issued in 1997–98.
- The Commissioner can authorise ICAC officers in writing to enter specific premises occupied by a public authority or public official, inspect any document or thing in the premises and copy any document (s23). Thirty-six such s23 such notices were issued during the reporting period.
- An authorised Justice or the Commissioner may, upon application by an ICAC officer, issue a search warrant if satisfied that reasonable grounds exist for doing so (s40). An officer may also apply for a search warrant to enter premises in which it is reasonably believed there are things associated with an ICAC investigation. The ICAC policy is to obtain search warrants only from authorised Justices unless there is an exceptional situation. Twentytwo warrants were sought and obtained from authorised Justices in 199–98. None was issued by the Commissioner.
- ICAC officers may apply to the Supreme Court for a warrant to use a device under the *Listening Devices Act 1984*. Seventy-four warrants were obtained during the reporting period.
- Telephone calls may be intercepted and recorded by the ICAC under the

Telecommunications (Interceptions) Act, provided a warrant is obtained from a Federal Judge or a Federal Tribunal stipulated by the Act. The warrant must satisfy strict requirements under the Act and relate to classes of offences set out in the Act. Corruption was included as a separate category of offence in 1995. Fifteen warrants were sought and obtained in 1997–98.

• Under the Law Enforcement (Controlled Operations) Act the Commissioner is able to authorise controlled operations. These are operations that may involve ICAC officers or others in engaging in otherwise illegal activity. An example would be the payment of a bribe to a public official in a 'sting' operation. There are strict requirements to be satisfied under the Act and certain types of activities may not be authorised. Since the commencement of the Act on 1 March 1998 the Commissioner has authorised two controlled operations.

The following table summarises the ICAC's use of the above powers in 1997–98 and 1996–97.

TABLE 17: ICAC—Use of formal powers 1997–98 compared with 1996–97

Powers	1996 -97	1997 –98	Percentage change
Summonses to give evidence or produce documents or both at a hearing (s35)	276	205	-26%
Orders that prisoners appear before ICAC (s39)	1	39	+3,900%
Search warrants	19	22	+16%
Notices for a public authority or publ official to provide a statement of information (s21)	ic 15	42	+180%
Notices requiring any person to produce specific documents or hings (s22)	210	367	+75%
Notices authorising ICAC officers to enter specific premises occupied by a public authority or public official, nspect any document or thing in the premises and copy any document (s	:	36	+350%
Listening device warrants	39	74	+90%
Telephone interception warrants	7	15	+114%
Controlled operations authorised	N/A	2	N/A

To ensure compliance with statutory requirements, the NSW Ombudsman inspected the ICAC's records of telephone interception activities on 8 December 1997 and 19 March 1998. Inspection reports have been satisfactory. The ICAC has upgraded its system of record keeping to accommodate the increase in activity in this area

consequent upon the 1995 amendments to the legislation. The Ombudsman also conducted an inspection on 18 June 1998 of the ICAC's records in relation to controlled operations.

FORMAL INVESTIGATION OF COMPLAINTS

An investigation may be commenced as a result of the following:

- a complaint made by any person (s10 of the ICAC Act)
- a report made by the CEO of a public sector agency or General Manager of a local council (s11)
- the ICAC's own initiative
- a reference by both Houses of the NSW Parliament.

A matter referred by Parliament to the ICAC must be investigated. In all other matters the ICAC can decide whether or not to investigate. The Commissioner must consult the ORC in relation to complaints under s10 of the ICAC Act before he decides to discontinue or not commence the investigation of such complaints.

Information revealed in investigations may also be referred for corruption prevention action. Initiatives can thus be developed with agencies to remedy the circumstances that gave rise to the corruption, even while an investigation is underway.

Ten formal investigations were approved by the Commissioner in 1997–98, compared with 16 such investigations in the previous year. The variation in the number of such investigations reflects the time and resources applied by ICAC to the Corrective Services investigation and the reduction in resources as a result of the cut in funding in the financial year.

Investigations that were the subject of public hearings or investigation reports are outlined below. Apart from this information, operational details of investigations are not disclosed publicly.

PUBLIC AND PRIVATE HEARINGS

The purpose of hearings is to facilitate an investigation. They may be held in public, private or a combination of both. When considering whether to hold hearings in public or private, the

ICAC must take into account any matter related to the public interest.

The Commissioner or an Assistant Commissioner conducts hearings. Four Assistant Commissioners were appointed by the Governor during the financial year to preside over ICAC hearings. Biographical information about the Commissioner and appointment details of Assistant Commissioners is shown on page 68–69.

The ICAC may give directions as to the persons who may be present during a private hearing. The publication of evidence may also be prohibited by the ICAC. Any witness at a hearing is generally permitted legal representation, while any person or group with a substantial and direct interest in the same matter may also be allowed representation.

A document, which outlines hearing procedures and matters considered when deciding if proceedings should be public or private, has been published by the ICAC. Copies are available on request.

When a public hearing occurs or an investigation originates from a Parliamentary reference, the ICAC must provide a report to Parliament. Reports may also be prepared about any other ICAC investigation.

Hearings were held into seven matters in 1997–98. The table below sets out the number of hearing days in each matter.

TABLE 18: Hearing days for 1997-98

The Electron Houring days for 1777			
Matter	Public hearing days	Private hearing days	Days involving both public and private
Investigation into Aboriginal Land Councils	18	-	2
Investigation into Parliamentary and electorate travel	2	6	2
Investigation into the Department of Corrective Services and other organisations	15	17	19
Investigation into the disposal of waste and surplus assets in TransGrid, Pacific Power and Integral Energy	1	-	-
The investigation into whether Lou Bayeh or anyone associated with him provided any benefits or rewa to any Member of Parliament		14	9
Operation Armalite	-	3	-
Operation Encina	-	1	-
TOTALS	44	41	32

INVESTIGATION REPORTS

The following investigations have been the subject of public hearings and were the subject of an investigation report in 1997–98. All investigation reports published during the year are listed in Appendix 6.

- Investigation into the conduct of George Bertoncello of Lane Cove Council, Nazem Bechara in relation to certain Councillors of Holroyd City Council, and Vittorio Fasan and Antonio Cavallaro and their dealings with Fairfield City Council (Operation Cal). The report, prepared by Assistant Commissioner Henric Nicholas QC, was made public in November 1997.
- Investigation into the Department of Corrective Services and other organisations (Operation Cadix). The first report on the conduct of a prison officer and related matters was prepared by Assistant Commissioner Stephen Rushton and made public in February 1998.
- Investigation into the conduct of employees of the Glebe Morgue and others (Operation Sublime). This report was prepared by the Assistant Commissioner Ruth McColl SC and was made public in March 1998.
- Investigation into Parliamentary and electorate travel (Operation Becker). The first report was prepared by the Commissioner and made public in April 1998.
- A major investigation into corruption in the Former State Rail Authority of New South Wales (Operation Aroo). The report was prepared by the Commissioner and made public in June 1998.
- Investigation into the disposal of waste and surplus assets in TransGrid, Pacific Power and Integral Energy (*Operation Coruna*). The report was prepared by Assistant Commissioner Michael Pembroke SC and made public in June 1998.
- Investigation into Aboriginal Land Councils in New South Wales (*Operation Zack*). The first report, prefaced by the Commissioner, was made public in April 1998.

The following investigations have been the subject of public hearings and will be the subject of future public reports:

 The investigation into whether Louis Bayeh or anyone associated with him provided any benefits or rewards to any Member of Parliament (Operation Becker E).

- The investigation into the Department of Corrective Services (*Operation Cadix*). In addition to the matters dealt with in the report published in February 1998, this investigation has involved separate hearings into the conduct of two Corrections Health Service workers within correctional centres and in relation to the conduct of two correctional officers. Each concerned allegations of improper association with prisoners.
- The investigation into Fairfield City Council was concerned with the conduct of a former alderman of Fairfield City Council in relation to his dealings with two developers (*Operation Sturt*).
- The investigation into officers of the Department of Gaming and Racing concerned the conduct of Gregory John Sealby, an officer of that Department (Operation Visual).
- The investigation into Aboriginal Land Councils (Operation Zack) was a significant multidisciplinary project that commenced in 1995-96. The report on the corruption prevention and research aspects of this investigation was published during the reporting period. The ICAC has also held public hearings into some specific allegations about a number of local ALCs and the New South Wales ALC. The matters examined in the public hearings were selected from the over 200 complaints received by the ICAC. The matters selected illustrated the range of corruption issues that are an impediment to the optimal functioning of ALCs. The report on the investigation and public hearings is yet to be published.

External cost of hearings and reports

The external costs (that is, expenses apart from ICAC officers' salaries) of the formal investigations completed and reported on during 1997–98 are reported in table 19.

LITIGATION

On 25 March 1998, during the course of the hearings conducted in the ICAC's investigation of Parliamentary and Electorate Travel, the Honourable Brian Langton MP commenced proceedings for declaratory relief against the ICAC and two other parties in the Supreme Court of NSW. The relief sought included a declaration as to the proper construction of the *Guide to Members' Entitlements, Facilities and Services* issued to Members of Parliament in relation to the transfer of air travel warrants.

On 26 March 1988, Mr Justice Sperling dismissed an application for an interlocutory injunction restraining the ICAC from proceeding with its investigation into the use of travel warrants by Members of Parliament, including Mr Langton. He also made orders that the question of construction should be decided separately.

The hearing on the question of construction was on 2 April 1998. On 8 April 1998, Mr Justice Sperling decided that it was not appropriate to decide the construction point at that time and dismissed that part of the summons with costs. His decision was based in part on his view that the Court should not intervene in the procedures of the ICAC in relation to matters still being investigated.

TABLE 19: External cost of investigations completed and reported on in 1997–98

Matter	Transcript Costs	Legal Counsel Costs	Report Costs	Witness Expenses	Total External Costs
	\$	\$	\$	\$	\$
A major investigation into corruption in the Former State Rail Authority of NSW	6,072	-	8,737	-	14,809
Investigation into Parliamentary and electorate travel	18,938	56,150	5,979	146	81,213
Investigation into the Department of Corrective Services and other organisations First report	49,652	124,887	3,446	6,620	184,605
Investigation into conduct associated with Lane Cove- Council, Holroyd City Council, and Fairfield City Council	11,550	4,668	-	16,218	
Investigation into the disposal of waste and surplus assets in TransGrid, Pacific Power and Integral Energy	1,558	39,600	3,507	-	44,665
Investigation into the conduct of employees of the Glebe Morgue and others	-	-	7,088	-	7,088

The ICAC published *Investigation into Parliamentary and Electorate Travel: First Report* on 30 April 1998. The report included a finding that Mr Langton had engaged in corrupt conduct. On 7 May 1998, an amended summons was filed by Mr Langton. Declarations were sought in respect of the finding of corrupt conduct, firstly, that the finding was made without or in excess of jurisdiction, and secondly, that the finding was wrong in law. The proceedings are listed for hearing in October 1998.

Other proceedings were commenced in relation to the ICAC's investigation concerning allegations made by Louis Bayeh about benefits or rewards provided by him to any member of the NSW Parliament from July 1990 to date. On 30 April 1998, Mr Paul Gibson MP commenced proceedings for defamation against the Commissioner. The proceedings relied on statements made two days earlier by the Commissioner during a speech at the Sydney Town Hall at the launch of a report on the corruption prevention and research aspects of the ICAC's investigation into Aboriginal Land Councils. Those proceedings are yet to be determined.

On 1 May 1998, Mr Gibson commenced a second set of proceedings against the Commissioner seeking an order restraining him from further conducting the investigation. He sought the order on the ground of actual, or alternatively, ostensible bias. The allegations of bias relied on events that had occurred during the hearings in relation to the matter, on the statements made at the Town Hall, and on the fact that defamation proceedings had been commenced.

The hearing of the matter proceeded on 11 and 12 May 1998. On 20 May 1998, Justice Einstein decided that the plaintiff's case that there was actual bias on the part of the Commissioner was not made out. He did, however, conclude that Mr Gibson, as well as the reasonable and fair-minded observer with a broad knowledge of the material objective facts, might reasonably entertain a suspicion or apprehension of bias. His conclusion was based primarily on the events at the Town Hall and matters flowing from them. Subsequently, Mr Justice Einstein made an order restraining the Commissioner from further conducting the investigation, apart from making a report to Parliament under the ICAC Act. The Commissioner decided that in the interests of ensuring speedy finality of the investigation no appeal should be lodged. An Assistant Commissioner, the Hon Jeremy Badgery-Parker QC, has been appointed to complete the investigation and prepare the report.

OTHER ACCOUNTABILITY REQUIREMENTS

The ICAC Act specifies that certain matters be reported on in the annual report. Those associated with investigation or legal functions are outlined below. Appendix 12 provides an index for locating in the report those matters required to be reported—whether under the ICAC Act, Annual Reports (Departments) Act or another instrument.

Prosecutions and disciplinary proceedings

The ICAC liaises with the NSW Director of Public Prosecutions and other public sector agencies in relation to any prosecutions or disciplinary actions commenced as a result of an investigation.

Prosecutions against 14 individuals, arising out of ICAC investigations and reports, were progressed during the reporting period. Disciplinary proceedings were commenced in respect of one individual.

A list setting out the status of current prosecutions and disciplinary proceedings appears in Appendix 10. The review of the implementation of systemic and legislative recommendations is outlined on pages 40–41.

Legal changes affecting the ICAC

Two significant legal changes impacted on the ICAC in the reporting period. The first concerned the introduction of an Act introducing a greater degree of accountability and certainty in regard to covert operations. The second concerned an amendment to the Listening Devices Act.

The Law Enforcement (Controlled Operations) Act passed through all stages of the NSW Parliament in December 1997, and commenced operation on 1 March 1998.

The Act provides for the authorisation, conduct and monitoring of certain operations (specifically, operations involving what might otherwise be unlawful activities) by specified law enforcement agencies, including the ICAC. It removes doubt as to the status of evidence obtained in the course of such operations, and as to the liability of participants in such operations.

The Act imposes strict criteria for the authorisation of such controlled operations. The Commissioner may authorise participants in an operation to engage in conduct of a specified nature that would otherwise be unlawful. Activities which are likely to seriously endanger the health or safety of any person, including the participants in operations, or result in serious loss or damage to property may not be authorised. Officers of any organisation covered by the Act participating in such operations are bound by a code of conduct, which forms part of the regulations to the Act.

There are also strict requirements for records to be maintained and for notification of controlled operations to the NSW Ombudsman. The Ombudsman is required to conduct annual inspections of the records relating to such operations and furnish a report to Parliament.

The Listening Devices Amendment (Warrants) Act was enacted to remove the need to retrieve and reinstall a listening device if a further warrant is granted by the Supreme Court in respect of the same premises.

Recommended legal changes

The ICAC regularly comments on proposals for new legislation and the review of existing legislation that affects it.

The Law Enforcement (Controlled Operations) Act was sponsored by the Ministry for Police. The ICAC was represented on the working party convened by the Ministry to develop the proposal. The working party was also consulted during the drafting of the Bill. The ICAC played the lead role in developing the code of conduct.

In the past year the ICAC has also commented on amendments to the Listening Devices Act and as a member of a multi-agency working party commented on the *draft National Principles for the Fair Handling of Personal Information* developed by the Federal Privacy Commissioner.

Liaison with law enforcement agencies

To facilitate its work, the ICAC liaises with State and Commonwealth law enforcement agencies that provide information and assistance. ICAC information is also exchanged with these agencies where appropriate.

During 1997–98, information and data were exchanged with the Australian Federal Police, the Australian Bureau of Criminal Intelligence, the National Crime Authority, the Australian Customs Service, the NSW Police Service, the Police Integrity Commission and the NSW Crime Commission.

Important communication links are created for the ICAC with the agencies involved. The ICAC's intelligence holdings contribute significantly in forging such links.

exposing corruption—investigations and legal



Preventing Public Sector Corruption through Advice and Education (Prevention Services)

The ICAC Act requires the ICAC to actively examine policy, operating and management procedures in the public sector, so that opportunities for corrupt behaviour are minimised or eliminated. This work is undertaken by providing advice to agencies or individuals requesting it, and making recommendations about legislative and system change to help remedy corruption opportunities exposed in reports from agencies, the public, or as a result of ICAC investigations and hearings.

This emphasis has been maintained since the ICAC's inception. The increasing sophistication of public sector systems and operating environments has meant that the nature of advice has changed, becoming more complex. For example, the increased interaction between the public and private sectors in such areas as tendering, contracting out, corporatisation and privatisation has meant that providing advice in these areas requires constant detailed analysis.

More recently, this work has been complemented with educational initiatives. The aim has been to foster broad public sector acceptance of public duty and at the same time to work more closely with individuals and agencies to help create ethical workplace cultures, which will in turn influence relationships with those with whom the agency deals.

The advice and educative approaches combine seamlessly to provide a far more holistic and comprehensive preventive approach, some examples of which are outlined below:

Corruption prevention and research report for the operation of Aboriginal Land Councils

In developing its corruption prevention and research report for the operation of Aboriginal Land Councils, the ICAC consulted extensively with all levels of the indigenous community throughout the state during 1997–98. This was acknowledged by the NSW Aboriginal Land Council Chairman, Ossie Cruse, at the report's launch: "Aboriginal communities across the State have been given a chance to participate in this process, and this was good because (in dealing with some other Government agencies) we didn't know what was happening until it happened. In this process,

however, we were there—the NSW Aboriginal Land Council was there, talking with the Commissioner and his staff, keeping us always involved in this process."

Investigation into corruption in the former State Rail Authority

Each of the four new rail authorities now performing the functions of the former State Rail Authority worked closely with the ICAC in 1997-98 in implementing major reforms to address the corruption exposed by the Commission's inquiry. See page 41. FreightCorp Managing Director, Lucio Di Bartolomeo, said the ICAC's approach helped FreightCorp develop a "highly successful corruption prevention strategy, where one of the key elements is an education program that provides our employees with greater awareness of the nature of ethics and ethical conduct in performing the business of the Corporation".

Accountable Health & Building Inspection—Recommendations for Local Government

After examining the corruption risks faced by local government health and building surveyors and the gaoling of one surveyor for bribery as a consequence of an ICAC investigation, the ICAC issued recommendations in 1997-98 for minimising corruption in the inspection area. See page 42. In developing these recommendations, the ICAC consulted several country and metropolitan councils. The result, according to North Sydney Council General Manager, Ross Kempshull, was "a very valuable exercise...we are implementing the recommendations here, because health and building consents and inspections are areas where councils can have considerable exposure to corruption and not realise it".

Implementation of 'Conduct Becoming'—ICAC's ethics training resource

Workshops on the ICAC resource, Conduct Becoming, which outlines the ethical responsibilities of public sector employees, were held throughout NSW by ICAC officers during 1997–98. See page 44. Dubbo City Mayor, Councillor Tony McGrane, praised not only the workshops' content, but also the regional emphasis given to them. "Not enough is done in country areas by some government bodies to ensure awareness of their role and services. However, the ICAC provides a good package of information and instruction for workers in a wide variety of government agencies."

Investigations workshops to assist non-investigators

To improve individual government agencies' pursuit of corruption allegations, the ICAC produced an Internal Investigations Handbook in 1997-98 and embarked on a statewide series of workshops to instruct in its use. "I was very impressed with the content, and conduct of the course. The presenters remained focused on their core training points, while responding to the needs of individual participants - a very enjoyable and worthwhile training experience," said **NSW Department of Community Services** Human Resources Manager, Dianna Baillie, after attending a workshop in Orange.

Corruption prevention 'good management'

To ensure effective communication between itself and public sector managers in the area of corruption prevention, the ICAC arranged research with focus groups that found general satisfaction with the quality of prevention advice. This was reflected in the following response: "Corruption prevention reports are useful to directly change practices in the office...using the ICAC as a tool makes it easy to change management practices (as) people don't question the findings or recommendations if they come from an ICAC report".

YEAR IN REVIEW— PREVENTION SERVICES

The prevention of corrupt behaviour is a key objective of the ICAC. This involves changing the way public sector organisations, and perhaps more importantly the individuals within those organisations, operate so that opportunities for, and incidents of, corruption are reduced. While governments set policy and laws that impose responsibility, it is the values and attitudes of managers and staff that give life to systems and procedures, and it is these individuals who determine the overall effectiveness of any prevention approach.

In selecting its prevention work, the ICAC has given priority to:

- Strategic prevention—influencing public sector policy to include ethical considerations and publishing guidance about emerging issues or risks that are relevant to the whole or significant parts of the public sector
- Complementing investigative work—assisting agencies which are the subject of investigations to develop remedies to system problems that gave rise to the ICAC's interest
- Advice—providing guidance to agencies in response to information received and to both agencies and individuals on request
- Providing information and training.

STRATEGIC PREVENTION

This work influences public policy so that it responds to ethical and corruption prevention issues. Strategic prevention also provides guidance on emerging issues affecting the whole or large parts of the public sector. As such, it often involves working with central policy-making or regulatory agencies to develop sector-wide policies and guidelines.

Protected Disclosures Implementation Steering Committee

The ICAC chairs the Protected Disclosures
Implementation Steering Committee, established by
the Premier to heighten public sector awareness
and response levels to the provisions of the
Protected Disclosures Act. The committee
membership includes the ICAC, NSW
Ombudsman's Office, Audit Office of NSW, NSW
Premier's Department, Department of Local

Government, Police Integrity Commission and the NSW Police Service. The ICAC also had a lead role in the following Committee initiatives:

Workshops

During 1997-98 the Committee has organised and conducted 19 *Better Management of Protected Disclosures* workshops in Sydney and regional NSW. Two series were run—the first 11 focusing on local government, the other eight on state agencies —attracting 500 attendees. Seven more are scheduled for July and August 1998.

Participants have responded favourably to the workshop content, format and delivery with 83 per cent reporting with that the workshops are very relevant, and 88 per cent stating that the presenters met their nominated key workshop outcomes.

Focus groups

Education and Research staff have been conducting focus groups with general managers of local councils and CEOs of state agencies to explore responses to the findings in the ICAC research document *Monitoring the Impact of the Protected Disclosures Act 1994*.

Analysis of the group discussions will be published in the next financial year. Copies of the forthcoming discussion paper will be circulated to all local government general managers and government department CEOs.

Ethics Working Party

The Ethics Working Party, with representatives from the ICAC, Premier's Department and union representatives, is an advisory group that contributes to public sector policy. It works to identify ways in which ethics can be structured into the public sector policy framework, and then to encourage and support their implementation. During the year the following were achieved:

- launch of the Ethics Framework at the All-CEO Planning Day in August 1997, which was coupled with a survey of CEO's perceptions as to the effectiveness of ICAC services and products
- release of Circular No 97–48 by the Director-General, Premier's Department, regarding inclusion of 'commitment to ethical practices' in all NSW public sector job advertisements and the requirement for ethics training for public officials to be provided at induction (this implemented two recommendations made in the ICAC's Report on the Public Employment

Office Evaluation of the Position of Director General, Department of Community Services)

- provision of ethics training through Conduct Becoming workshops and other training reported on pp 44
- review of policies to ensure inclusion of ethical considerations, for example Model Code of Conduct.

The founding working party members agreed to expand the group's composition to include additional agencies, such as NSW Ombudsman's Office, Audit Office, Department of Public Works and Services, and Treasury, which contribute to public sector policy and regulation, and operational agencies. The expanded group met in June 1998, and will meet in July to develop a plan for its future work. Formal reporting to the Chief Executives Committee, a forum that advises the Director-General, Premier's Department, on public sector policy, has also been agreed and will be undertaken in the new financial year.

State Government procurement policies

The ICAC has provided input to the Department of Public Works and Services' Green Paper on NSW Government Procurement and Economic Development. The Green Paper outlines suggested policy reforms aimed at maximising the Government's purchasing power and achieving best practice in procurement by NSW government agencies. One matter of policy that the ICAC has been pressing is a proposed requirement that contractors to the State and its agencies must be able to show a commitment to ethical practices by having codes of conduct which interface harmoniously with the codes of the State and its agencies.

In order to guide public and private sector agencies in their procurement processes, the ICAC participated in the Standards of Behaviour Working Party. This group developed a Code of Practice to help ensure that ethics and integrity are incorporated as an essential component of NSW public sector procurement policy and procedure.

Recruitment and selection

In 1996, work commenced on a project to identify the corruption prevention issues in the recruitment and selection process. The project output was planned to be released in 1997, but was restructured to complement the *Review of Merit Selection in the NSW Public Sector* being

conducted by the Director of Equal Opportunity in Public Employment, the Premier's Department and the Office of the Council on the Cost of Government. The ICAC has worked to ensure that probity issues are central to that review's recommendations. The ICAC's publication, featuring case studies about recruitment, will be released in the new financial year.

Post separation employment

A position paper will be published in September 1998 to follow up on the principal issues raised in the 1997 discussion paper *Managing Post Separation Employment*. Limited resources did not enable this to be completed and the report published in the current financial year.

The discussion paper examined several possible strategies for minimising opportunities for corruption in this area. Having set out an initial position on how post separation employment might be managed, the ICAC sought the views of CEOs and other principal officers responsible for reporting corruption to the ICAC and promoting corruption prevention in their agencies. Their responses will be consolidated in the position paper to be published in the coming year.

COMPLEMENTING INVESTIGATIVE WORK

Investigations and hearings have the effect of exposing corruption and describing how it came about—but of themselves, investigations do not necessarily bring about a remedy to the circumstances revealed. Corruption prevention assistance—employed during investigations as well as afterward—enables organisations to emerge from the investigation process more positively and with an increased likelihood that the problems will not recur.

Monitoring recommendations in investigation reports

Evaluating the nature and extent of changes influenced by the ICAC is a sound measure of the ICAC's preventive effectiveness undertaken together with an investigation.

Work was undertaken to review the implementation of recommendations made in the 16 reports released between the beginning of the 1994 calendar year and the end of the 1997 calendar year. The review complements the monitoring of

the 29 reports previously reviewed and reported on in 1994–95.

The recommendations reviewed are those associated with legislative amendment or corruption prevention/system reform. Action arising from recommended prosecutions is reported in Appendix 10.

Ten of the 16 reports contained a total of 59 recommendations for legislative and/or corruption prevention / system reform. The other six reports contained no such recommendations. Nearly 70 per cent of these 59 recommendations had been implemented by June 1998—one of seven recommendations for legislative amendment (14 per cent) and 40 of 52 for systemic change (77 per cent).

These figures show, as do those from the reviews of earlier report recommendations, the ICAC is an important catalyst for significant change in the public sector.

Investigation into corruption in the former State Rail Authority

The former State Rail Authority (SRA) of NSW was the subject of an ICAC investigation and hearing conducted toward the end of the last financial year. That organisation had been the subject of two earlier ICAC hearings and reports, and 10 other investigations, but its size, the diversity of its functions, its history and culture meant that the preventive initiatives occurring in any one area were limited to that area and had not expanded into other areas.

The restructuring of the then SRA on 1 July 1996, by dividing its functions among three new organisations—Rail Access Corporation (property and infrastructure), Rail Services Corporation (construction and maintenance) and Freight Corp (freight services) and retaining passenger services within a reconstituted SRA, provided an impetus for reform. The conjunction of an investigative hearing and restructure enabled new approaches to system change work to be undertaken.

At a public hearing, the CEOs of the successor organisations stated their commitment to ethical management and reform, and made presentations of their reform plans. They also work-shopped their prevention plans with ICAC officers in private session. Later, summaries of their plans and progress in implementing them were published within the investigation report *A major investigation into corruption in the former State Rail Authority of*

NSW. The approach ensured that substantial progress toward system change was actively underway at the conclusion of the hearings and even before the report. This contrasts with the former practice of initiating changes recommended in the investigation report only after the report has been tabled in Parliament.

During the year the ICAC supported the implementation work outlined at the hearings, providing advice about codes of conduct, corruption prevention plans, internal reporting systems, and ethics training and awareness. At the invitation of each of the organisations, the Commissioner also made a number of presentations to senior executives and managers.

Preventing corruption in NSW Aboriginal Land Councils

In April 1998, the ICAC released the *Report on the Investigation into Aboriginal Land Councils in NSW: Corruption Prevention and Research Volume.* The recommendations for reform of the Aboriginal Land Council (ALC) system contained in the report are the result of work done during the ICAC's investigation into allegations of corrupt conduct in NSW ALCs. In summary, important reforms recommended include:

- tailoring governance models to be more responsive to local needs and contemporary cultural dynamics
- providing training and skills development in areas essential to ALC needs
- implementing co-ordinated dispute-handling systems
- placing greater emphasis on internal (rather than external) accountability mechanisms.

An Aboriginal Senior Corruption Prevention Officer was engaged to assist the implementation of the recommendations and has been involved in working with local Aboriginal communities on corruption prevention strategies. Twenty-three briefings have been held throughout NSW on the content and background of the recommendations, with two more to be run next financial year. The Commissioner spoke at several briefings to convey the significance the ICAC attaches to its work on ALCs in New South Wales.

As outlined on page 32, a second report on individual allegations of corrupt conduct arising from the investigation is being prepared and will be published in the next financial year.

Investigation into the Department of Corrective Services

Extensive research and consultation has been undertaken with the Department of Corrective Services in order to identify and understand the management and systems issues emerging during the ICAC's ongoing investigation into the Department. Assistance is being provided to the Department in addressing these issues.

Investigation into Parliamentary and electorate travel

An integral component of the ICAC's investigation into the use of travel vouchers by some Members of the NSW Parliament has been a corruption prevention analysis of Members' entitlements and the systems, policies and procedures used to administer those entitlements. ICAC staff spent considerable time within the Parliament becoming familiar with the systems used to administer entitlements. Parliamentary staff were also consulted in an effort to identify problem areas and possible solutions.

The analysis initially concentrated on the use of air travel warrants in the Legislative Assembly. However, air travel warrants are just one component of a larger, interrelated system and the review also incorporated the wide range of entitlements available to Members. Grounds for concern were found to exist generally regarding the use and accountability for entitlements.

The ICAC is working in co-operation with relevant stakeholders including the Premier's Department, Cabinet Office and the Council on the Cost of Government to review the systems for administration and implementation of Members' entitlements. Recommendations for change will be made to ensure that accountability and transparency are strengthened. Consideration will be given to incorporating corruption prevention strategies and initiating training and educational programs for Parliamentarians and their staff.

The ICAC will release a corruption prevention report towards the end of 1998 that will include a description of the systems review and make recommendations for change.

Local Government health and building surveyors

In 1997, the ICAC inquired into the activities of, and relationships between, certain council

employees and property developers in the Sydney Councils of Lane Cove, Holroyd and Fairfield. As part of the terms of its inquiry, the ICAC reviewed the accountability mechanisms adopted by councils in relation to health and building surveyors. As a result, guidelines on how to reduce the opportunities for corruption for all councils have been developed. The report, *Accountable Health and Building Inspections: Recommendations for Local Government*, was published in June 1998.

ADVICE

The ICAC's corruption prevention advice—provided over the phone and in response to written requests—is available to all public sector employees and agencies. Seminar presentations are made where a significant need is established. Advice is also provided in response to information received, such as reports from CEOs of government departments and general managers of local councils about corruption, media articles, or information provided by the public. Providing advice was a high priority activity in 1997–98.

Evaluation of the services provided was undertaken during the year using a survey of CEOs and focus group discussions with senior public servants. See page 59.

When surveyed about the ICAC services and products they found valuable, CEOs without prompting ranked corruption prevention advice as the most useful resource offered (48 per cent listed it). The *Practical Guide to Corruption Prevention* (published in 1995–96 and updated in 1996–97) was ranked fourth (29 per cent listed it) with strategic prevention reports in fifth place (27 per cent listed them).

The focus group discussions revealed that those who were aware of the prevention advice service and had used it were pleased with the assistance provided. They perceived the ICAC's advice role to be one of the most valuable resources it could offer organisations. Those who had not used the service cited fear of the ICAC, or not knowing how or who to approach as the main reasons for not doing so.

Implementing organisational change

Corruption prevention work—whether complementing investigation work or advising public sector agencies—is about change management. The challenge for the ICAC is to motivate others to bring about needed change, the change being to implement genuine prevention strategies and high ethical standards.

During the year a project designed to upgrade the skills of Corruption Prevention staff in advising organisations on managing planned change commenced. The market was tested and a specialist engaged to conduct training on change management strategies. The aim was to enhance staff understanding of how organisations operate, how people behave in an organisational context, and how change programs work.

The development of various tools or models for assisting public sector organisations will continue in the next financial year. This will enable prevention work to more effectively:

- examine and assess individual organisations
- encourage and assist organisations to undertake self-assessment
- identify public sector ethical/corruption prevention trends and risks
- advise on organisational effectiveness
- influence and assist with organisational and cultural change management.

ICAC research has further augmented this work with the development of a paper to promote ethical practices and provide proof of their positive impact on organisational effectiveness and efficiency. A survey was also prepared to explore the relationship between the tendency to behave unethically and perceptions about organisational leadership and values. See page 61. The survey will be used to enhance the ICAC's advice to the public sector and, as part of the corruption prevention tool kit, to measure staff perceptions about leadership and values within specific organisations. Both will be published in the new financial year.

Major advice matters

Major issues on which advice was provided included:

- a proposed transport system to Jenolan Caves
- privatisation of the TAB
- sale of Axiom Funds Management to Deutsche Morgan Grenfell
- corruption prevention issues in the tow truck industry
- policy and procedures for searching correctional centre staff
- tender for remediation of the landslide at Thredbo
- sale of Eastern Creek Raceway.

The ICAC maintained an ongoing link with the Olympic organisations and provided advice on a number of issues, including Olympics bus contracts.

Corruption prevention seminars

Standing arrangements, as well as requests from organisations, shaped the seminar program for the year. Presentations were given to public and private sector bodies, including:

- the Australian Institute of Police Management (management development course)
- the Australasian Fire Authorities Council (management development course)
- the Department of Fair Trading (a session for regional staff)
- TransGrid (sessions in a leadership training course for senior managers)
- the Faculty of Economics at the University of Sydney (a seminar for visiting Indonesian internal auditors).

In addition to these, which focused on prevention advice, presentations by ICAC staff and the Commissioner on a wider range of topics were made during the year. They are listed in Appendix 8.

PROVIDING INFORMATION AND TRAINING

The ICAC encourages public sector agencies to help it achieve its objective of exposing and minimising corruption by making available the necessary information and skills training. Strategies that help inform the NSW public, such as use of the media and the internet, also inform the public sector and those that interact with it. As well the ICAC undertakes the following:

Corruption Matters newspaper

Three editions of the ICAC's newspaper, which informs the NSW public sector about ethical and corruption-related issues, in addition to stimulating thought and discussion, were published in the period. Fifteen thousand copies of each issue were produced and distributed to individuals and agencies.

CEOs were asked in a survey to list, without prompting, those ICAC services that they found valuable. The newspaper was the second most frequently nominated item (35 per cent mentioned it).

The newspaper was also examined in focus group discussions with senior public servants. The results —qualitative rather than quantitative—showed that the newspaper was put to use (circulated to staff, articles copied to others or republished, and used as discussion points in training). It also helped keep public sector employees in touch with corruption prevention throughout the sector. They liked the newspaper format of short, pithy stories. Some suggestions for improvement included wider regional distribution and more frequent publication.

In response to these findings a promotion of the newspaper focusing on regionally based agencies was undertaken. Approximately 400 additional requests—for single and multiple copies— have been received. Unfortunately, much as the ICAC would like to increase the frequency of publication, its decreased funding make it impossible. This is yet another area in which budgeting cutbacks are biting.

A readership survey was published in the April / May issue. Compilation of the results, and any necessary changes to format, will be undertaken in the new financial year.

Implementation of ICAC ethics training resource

In 1996, the ICAC released a video-based training resource *Conduct Becoming...the personal responsibility of public duty.* It assists trainers, supervisors and managers to facilitate discussion groups of new and experienced public officials on the nature and ethics of public duty.

CEOs, when surveyed about the ICAC services and products they found valuable, listed without prompting, *Conduct Becoming* as the third most frequently nominated item (29 per cent mentioned it).

The effectiveness of the resource was also explored in focus group discussions involving senior public servants. Awareness of the resource at that level was moderate and responses suggested that the resource had not had wide implementation. It was seen as valuable for first line staff to middle managers in office environments. However, since leadership is essential in the fight against corruption, increased awareness at the senior levels of agencies will need to be addressed.

In response to this feedback, as well as requests from public sector agencies for assistance in using the resource, the ICAC has run two series of workshops—one run jointly with the Institute of Public Administration Australia (IPAA), the other with the Institute of Municipal Management (IMM). Six administered by IPAA were conducted in metropolitan locations from August to October 1997, and 12 administered by IMM were run in metropolitan and regional locations from March to May 1998.

The workshops aimed to:

- facilitate and encourage the use of the resource in public sector agencies, and
- encourage the discussion of ethics and public duty in the workplace.

Over 272 NSW public officials and elected representatives from local councils and government agencies participated in the two series. Seventynine per cent rated the workshops as valuable and found the content very relevant to their organisations.

Opportunities exist for the resource to be expanded by the inclusion of additional materials to guide managers and field workers. The ICAC plans to initiate this project in the next financial year.

Internal investigation training

The ICAC, with administrative support from IPAA, is running workshops to provide public sector staff who are not professional investigators with practical advice on how to conduct a range of minor internal investigations competently and efficiently. The training helps implement the *Internal Investigations Handbook* published in October 1997One workshop was conducted on 7 April. The response to that offering was strong and more have been scheduled for July, August and November in Sydney. IPAA has indicated that more may have to be run, such is the demand.

National Investigations Symposium— Checks, Lies & Videotape

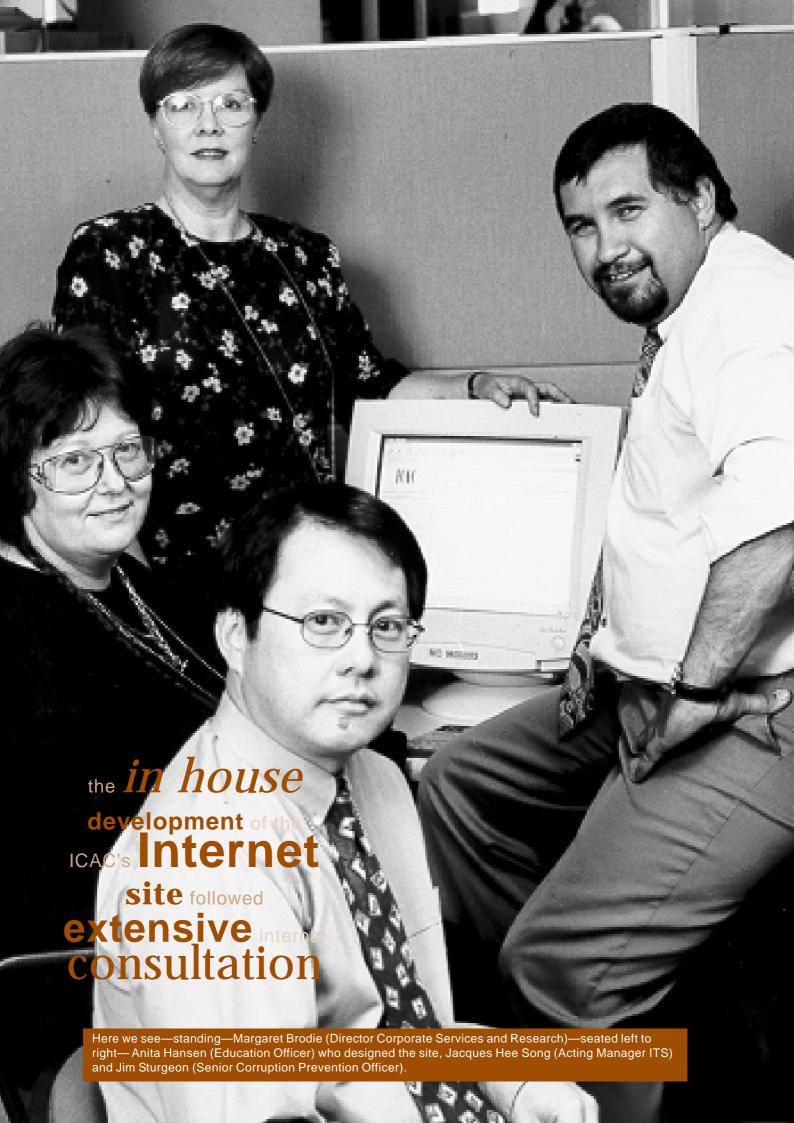
This joint ICAC, NSW Ombudsman and IPAA conference follows the successful 1996 Investigations Techniques Conference. It will be held at Manly in October 1998.

To ensure the program accurately responded to the needs of law enforcement investigators, the ICAC surveyed national investigation agencies and previous attendees. A working party involving national and NSW agencies (ICAC, NSW Ombudsman's Office, IPAA, Australian Securities and Investment Commission, Roads and Traffic Authority, Corrective Services, National Crime

Authority, Health Care Complaints Commission, and Commercial Crime Agency) assisted in the development of the program.

Public sector ethics curriculum

In July 1997, the ICAC submitted a proposal to the Department of Education and Training to fund the development of an ethics curriculum for the public sector. The development of an ethics curriculum was identified as a cross-sector training need in the NSW Public Sector Industry Training Advisory Board's (ITAB) Vocational Education and Training (VET) plan. The ICAC's proposal had strong support from public sector employer bodies and unions. The ICAC is awaiting a decision on the proposal. Support for the initiative continues, with additional impetus being provided by the Ethics Working Party.



Informing the People of NSW

(Community Relations)

While the public sector is the prime target audience of the ICAC's education initiatives, the community is also important. The ICAC was established very much as a response to community demand for improved ethical standards in the public sector. The community also has a role to play in providing the ICAC with information about public sector corruption.

The population of NSW is large and diverse, and corruption—or its converse, integrity—does not tend to feature obviously in people's daily lives. Responding to increasing community demand for a public sector that behaves ethically, and encouraging responsible action where inappropriate conduct appears to have occurred, is challenging work. Unfortunately, the reduced ICAC budget has meant the funds available to undertake mass audience information campaigns has been significantly reduced.

Nevertheless, the ICAC's community education work has produced some very effective responses to these challenges.

Communication via the internet

The ICAC's website was launched in March, and the Commission wrote advising Members of Parliament of the initiative. The Premier replied congratulating the ICAC on the initiative. He said "it will make (ICAC) reports and corruption prevention material far more accessible both to the public sector and to members of the general public. Indeed, they may well be used internationally where other countries are setting up corruption fighting bodies".

"The Government recognises that the ICAC's functions in the area of corruption prevention and education are of great importance and supports its actions in further disseminating information on these subjects."

Community advisers use ICAC resource

The dissemination of a *Guide for Community Advisers* in 1997–98 proved successful in providing information about the ICAC to public sector officials who may be asked by members of the public about the Commission, for example State Members of

Parliament, chamber magistrates and local councillors. "I think (the *Guide*) will prove a very handy tool for people wishing to access (ICAC) services. From within my own office, it will be a worthwhile aid to my staff who have to field enquiries ... Advice based on credible information will assist this process", wrote the Member for South Coast, Mr Eric Ellis, to Commissioner O'Keefe.

ICAC Business Studies school resource prompts examination of ethics

As part of regular evaluation of its education and corruption prevention work, the ICAC undertook a review of its HSC Business Studies kit, Ethics and Enterprise: A life cycle of a business, in 1997-98. This revealed a strong positive reaction to the kit, which provides teachers with a resource to impart the required values and attitudes components of the syllabus. One teacher's response from the review summarised the general finding: "They (the students) had not even considered some of these things before...(the kit) relates the issues well—taking them from theory to real life".

ICAC support to international corruption minimisation initiatives acknowledged

John Feneley, Director Legal and Solicitor to the Commission, addressed the National Community Workshop—an initiative of Transparency International (PNG) Inc—to build support for the creation of an ICAC-type body in Papua New Guinea. Suki Beavers, Manager of Transparency International (PNG) Inc wrote, "your presentation and contributions throughout the workshop were invaluable. Many of the participants and panellists commented on how useful they found your contribution... The Select Committee has finalised its report and formally tabled it in Parliament".

YEAR IN REVIEW— COMMUNITY RELATIONS

Over the years ICAC research has shown that there is broad support in the NSW community for the ICAC, but at the same time there are widely held misconceptions about it and what it can do. This breadth of support provides a strong foundation for the ICAC's work while the level of misunderstanding warrants continued activity in the community education area. The ICAC responds by:

- Informing about the ICAC and its work
- Helping people take responsible action against corruption by providing information and materials
- Input to formal and professional education by helping shape ethical attitudes and behaviours
- International liaison—keeping in touch with approaches concerning corruption prevention, education and investigation.

INFORMING ABOUT THE ICAC AND ITS WORK

The ICAC needs to communicate with the people of NSW—not only to tell them about the ICAC's work, but also to give/provide the information they may need to act against corruption. In this activity the ICAC is reliant largely on mass communication strategies—in particular using print and electronic news media, and more recently, the internet.

Media

The ICAC provides information to the media mainly by way of news release, although media conferences are usually held when an investigation report is tabled in Parliament. The media can attend public hearings, as can members of the public. A list of all ICAC statements issued to the media in 1997–98 is shown in Appendix 7.

Having access to public transcripts and some public exhibits assists news organisations covering ICAC public hearings. Seating is allocated to journalists in hearing rooms and a media room, fitted with an audio link from the hearing rooms, is also available.

The Media Manager answers general enquiries in response to news releases. Requests for live comment are referred to the Commissioner or appropriate personnel. After discussion with the Media Manager, ICAC staff may be available to talk

directly to journalists about newsworthy ICAC initiatives in which they have been involved.

To ensure staff who are expected to undertake such comment possess the necessary news handling skills, media training was provided to 12 officers during the reporting period.

Of the ICAC's activities, public hearings and release of investigation reports continue to attract most media interest, with the following matters receiving strong coverage:

- hearings into the investigation of the Department of Corrective Services
- hearings into and release of the Investigation into Parliamentary and Electorate Travel: First Report
- release of Investigation into the Department of Corrective Services—First Report: The Conduct of Prison Officer Toso Lila (Josh) Sua and matters related thereto
- release of Report on the Investigation into the Glebe Morgue
- hearings into the investigation of any benefits or rewards to any Member of the NSW Parliament by Mr Louis Bayeh or anyone associated with him
- release of A Major investigation into Corruption in the Former State Rail Authority of New South Wales.

There was also coverage in regional and suburban media resulting from:

- release of Report on Investigation into Aboriginal Land Councils in New South Wales: Corruption Prevention and Research Volume and public briefings to communities throughout NSW
- workshops for regionally located NSW government agencies and local government on the ICAC's ethics training resource, Conduct Becoming
- conduct of Better Management of Protected Disclosure workshops for regional government agencies and local government
- Corruption Matters Student Perspective poster exhibition at regional art galleries.

To promote a better knowledge of the ICAC amongst media people, ICAC officers met cadet journalists from four outlets (ABC radio/TV, John Fairfax Publications, News Limited and Cumberland newspapers) and outlined the ICAC's functions, jurisdiction and powers.

Internet

The ICAC's website, www.icac.nsw.gov.au, has been developed in-house during the last half of 1997–98 following extensive external and internal consultation about content and design. It contains:

- general information about the ICAC
- the ICAC Act
- updates on training opportunities and seminars
- news releases
- current and back issues of Corruption Matters newspaper
- details of what and how to report to the ICAC
- links to other relevant sites
- the complete text of recent investigation, corruption prevention and research reports
- some speeches and conference papers delivered by the Commissioner and ICAC staff.

New material (news releases, reports etcetera) is added regularly, being published electronically within days of its release.

The website has been promoted to the public sector through advertising in specialist public sector publications and the distribution of ICAC mouse mats and flyers. Flyers promoting the website are also being inserted into every publication mailed from the ICAC to encourage the use of this alternative point of access to ICAC information.

Since the site's launch in March, site usage has increased steadily. The visit rate since March averaged 400 a day, a relatively high rate for a small public sector agency. The most frequently visited parts of the ICAC website are new reports and the *Practical Guide to Corruption Prevention*. Use of the web site is being closely monitored and evaluated using a standard website statistics package.

Publications

Reports and other materials published during the year are listed in Appendix 6.

HELPING PEOPLE TAKE RESPONSIBLE ACTION AGAINST CORRUPTION

Information is made available to those who want to take action against corruption, providing guidance

about how best to deal with it. In particular, the ICAC targets for assistance those who, because of their lack of information, may be most vulnerable to corruption and least aware of the NSW Government's intolerance of corruption and the capacity of the ICAC to intervene. To this end, long-term projects are being undertaken addressing those whose first language is not English, those who have low literacy levels, and those who are geographically isolated.

Assistance to those whose first language is not English

The information needs of non-English speaking communities were identified through ICAC commissioned research in June 1996. The research found that, without being given the information they need, people from cultures with administrative systems significantly different from NSW may be more vulnerable to public sector officials soliciting bribes, or may inadvertently engage in corrupt practices.

A brochure focusing on what constitutes bribery was developed for use in a wider communication strategy. This brochure was translated into several community languages, then tested with focus groups of native speakers and adapted in line with the resulting recommendations.

The brochure, with the headline and key message "Bribery = Crime", has now been produced in 12 community languages: Arabic, Chinese, Croatian, Greek, Italian, Korean, Russian, Serbian, Spanish, Turkish, Vietnamese and English,. A supporting multi-lingual poster has also been produced.

In the coming year, the ICAC will work directly with community groups to raise awareness of corruption as an issue, and with public sector agencies that have non-English speaking clients. The new resources will be distributed through these consultative forums.

Community advisers

The ICAC seeks to equip people who act in community advisory roles to assist members of the public who come to them with corruption-related problems. Research conducted in 1995–96 identified the best ways to implement a program of informing community advisers about the ICAC and how to deal with these enquiries. A publication to help community advisers, *Guide for Community Advisers*, was produced last year.

This year the *Guide for Community Advisors* was distributed to Members of Parliament, local government councillors and chamber magistrates. These groups had needs that were closely aligned – they all had a basic understanding of corruption, but wanted more information about the ICAC and how to interact with it. Other groups of community advisers have been informed about the availability of the *Guide for Community Advisers* and other resources by direct mail, and advertising and articles in specialist publications. Copies of the *Guide for Community Advisers* have been distributed in response to these promotional activities.

Next year an evaluation of the effectiveness of the publication will be undertaken, and based on the outcomes, further development and/or promotion will be considered.

Regional poster exhibition

The travelling poster exhibition, *Corruption Matters Student Perspective*, toured regional NSW from August 1996 to November 1997. The posters, finalists in a competition conducted in the previous year, represented students' depictions of corruption and the importance of its exposure and prevention.

During the year the tour was completed, with exhibitions being mounted in the following regional galleries:

- New England Regional Art Museum18 July to 31 August 1997
- Tweed River Regional Art Gallery
 3 September to 5 October 1997
- Lewers Bequest and Penrith Regional Art Gallery
 10 October to 23 November 1997.

An education kit was distributed to primary and high schools in areas where the exhibition was held and school visits were welcomed by the galleries concerned.

Over 70,000 people visited the exhibition during its tour. An evaluation completed by exhibition attendees revealed the exhibition to be an innovative and effective tool in promoting the anticorruption message:

- seventy-six per cent of people attending said they had an increased awareness of corruption
- sixty-six per cent said that the exhibition had influenced their understanding about corruption (comments stating that the exhibition highlighted the seriousness of corruption, and its potentially widespread, insidious nature).

Assistance to members of the public in reporting corruption

The people of NSW provide information about alleged corruption to the ICAC, and the ICAC informs them about how to provide it. Work has been done to examine how matters reported by the public are handled and people's experience of the ICAC. This work found that while the necessary information is given, the mode of delivery may not be always effective in creating realistic expectations about what the ICAC can do as a matter of jurisdiction, because of budgetary constraints or otherwise. Toward the end of the financial year. work commenced on developing better ways to inform information providers so that their expectations of the ICAC are more accurate. Hopefully people who provide information to the ICAC will be more satisfied with their experience as a result.

INPUT TO FORMAL AND PROFESSIONAL EDUCATION

Young people are a key audience of the ICAC, because they are the citizens, decision-makers and public servants of the future. Schools and educational institutions equip students for life and employment in professions or industry and while in this preparatory mode, it is timely that ethical considerations also be explored.

Over recent years the ICAC has developed an impressive suite of educational resources for schools. These help teachers achieve the attitude and value outcomes specified in courses. In taking this approach the ICAC has not sought to influence the content of courses, but to assist in their implementation. As a result the ICAC has received the full support of the Office of the Board of Studies NSW and the NSW Department of Education.

The resources presently available include:

- Talk of Toppsville—for Kindergarten to Year 6
 Science and Technology
- Valuing our Work—for Years 7 to 10 Design and Technology
- Ethics in Design and Technology—for HSC Design and Technology
- Ethics and Enterprise—for HSC Business Studies
- The Individual and the State—for HSC Legal Studies.

As outlined below, the ICAC also looks to include ethics education wherever possible in other formal education settings.

Promoting existing schools resources

Rather than develop more resources, the emphasis this year has been to increase the use of available material. Advertising and direct mail to primary and secondary schools in May–June 1998 produced a strong response with over 400 kits being distributed by the end of the financial year.

Update of Ethics and Enterprise—The Life Cycle of a Business

This HSC Business Studies kit was launched in 1995 and consists of a video, teacher handbook and student activity sheets. The kit helps teachers teach the life cycle of a business, while raising corruption and other ethics-related issues.

Ethics and Enterprise has been updated and redistributed in line with recommendations made in the ICAC's 1997 review. See page 62. To improve the resource, the ICAC engaged a team of writers, teachers, HSC markers and business people, recommended by the Office of the Board of Studies NSW. The new resource meets the needs of teachers in a way that will ensure its regular use for several years to come, and engage tens of thousands of young people throughout the State in consideration of corruption and ethical issues.

The effectiveness of the updated kit is to be evaluated by teacher feedback form in mid-1999.

Minister's Young Designers Award

The Minister's Young Designers Award (MYDA), a joint initiative of the Office of the Board of Studies NSW, NSW Department of Education and the Education Minister's office is designed to encourage Year 7 and 8 students of Design & Technology in NSW to achieve the objectives of that syllabus—among those being attitude and value outcomes strongly aligned with ethical reasoning.

The ICAC first participated in MYDA in 1997, and presented the inaugural ICAC Ethics Award to Laura Whitnall from St Mary's Star of the Sea College, Wollongong, for her design of an outdoor safety hat. The Minister for Education, the Hon John Aquilina MP, and Vic Baueris, Acting Director Corruption Prevention and Education ICAC, presented the Ethics prize in October 1997 at the Powerhouse Museum in Sydney.

The ICAC has again sponsored the Award by contributing \$5,000 towards its administration, and will present the ICAC Ethics Award in November 1998.

New masters course on corruption and anti-corruption—Australian National University

During 1997–98 the ICAC formed a partnership with the Australian National University to teach a new unit, *Corruption and Anti-Corruption*, as part of a Masters Degree in Development Administration at the National Centre for Development Studies. The unit helps students to devise strategies to make organisations less exposed and more resistant to corruption.

The unit will be first taught over four weeks in October—November 1998 and annually thereafter. Discussions are under way to teach shorter versions, emphasising the practical aspects of corruption prevention, in neighbouring countries.

INTERNATIONAL LIAISON

International visitors

The ICAC is seen as an international leader in the field of corruption prevention, education and investigation. As such, many international delegations sought to visit the ICAC during 1997–98:

- Visit by Peter Donigi and Sir Barry Holloway from the New Guinea Ad Hoc Committee on Independent Commission Against Corruption to research the establishment of the ICAC, operations, legislation, facilities, staffing and other issues— September 1997
- Visit by Pasuk Phongpaichit, Professor of Economics, Chulalongkorn University, Bangkok, Thailand to learn about the history and the work of the ICAC and to gather material on anti-corruption cases, in order to prepare a report for the Counter Corruption Committee of Thailand—September 1997
- Visit by Mr Louis Forget, Legal Adviser, Institutional Affairs, The World Bank, Washington D.C., USA, to gain familiarity with the working of the ICAC, and to enable the World Bank to assist other nations seeking to establish similar institutions—September 1997
- Visit by Professor Dr. Borwornsak Uwanno, Dean, Faculty of Law, Chulalongkorn University, Bangkok, Thailand to discuss anti-

- corruption measures undertaken by the ICAC, and those beginning to be implemented in Thailand—October 1997
- Delegation of Jurists from the People's Republic of China on a fact-finding mission as part of a conference trip to Australia—October 1997
- Visit by Mosese Sikivou, Deputy Secretary of the Public Service Commission, Fiji, to research the functions of the ICAC, in light of reforms to the Fiji public service—November 1997
- Delegation of eight representatives from the American Council of Young Political Leaders to research the concept of the ICAC, its major achievements, and success as an agent of change—November 1997
- Delegation of seven Vietnamese Jurists taking part in a United Nations Development Program on Commercial Legal Frameworks—November 1997
- Delegation representing the Office of the President of the Ukraine (Mr Seriy Buryak, Office of the First President of Ukraine and Mr Vladimir Makeyenko, Chairman, Ukrgazprombank) to receive a general briefing on the principles and practices of the ICAC with a view to possibly establishing a similar organisation in the Ukraine—November 1997
- Delegation from Fiji to receive a general briefing on the ICAC—December 1997
- Visit by Mr Paul Ramasiam, Director of Personnel, Public Service Commission of Fiji to receive a briefing on the ICAC, and to discuss changes to the Fijian Public Services Act— February 1998
- Visit by Professor Patrick Fitzgerald, Chairperson, Gauteng Provincial Service Commission, Republic of South Africa, to collect information about the ICAC, and receive a briefing on ICAC activities, in order to prepare a Green Paper on Ethics and Anti-Corruption measures in Gauteng Province—February 1998
- Delegation of officers from the Ministry of Supervision, People's Republic of China, led by His Excellency Cao Quingze, Minister of Supervision, People's Republic of China, to examine different supervision approaches and techniques, as well as a discussion of ICAC functions—February 1998
- Delegation of representatives of the Supreme People's Procuratorate, People's Republic of China, led by Mr Zhang Qiong, Deputy

- Procurator, to study the processes of the Australian criminal justice system as these correspond with the Chinese procuratorial system and to forge ongoing links between the Supreme People's Procuratorate and the ICAC— June 1998
- Visit by representatives from the Department of Government Ethics, Ministry of Justice, Taiwan to discuss issues, including: the structure of the ICAC; anti-corruption laws and regulations; investigation, corruption-prevention and education functions—June 1998

Implementing the OECD recommendations on bribery of foreign public officials

The treaty to outlaw bribery of foreign officials in international business was signed by Organisation for Economic Cooperation and Development (OECD) members in December 1997. In March 1998 the Commissioner, by invitation, participated in the Transparency International (Australia) and Commonwealth of Australia conference in Canberra to explore the implementation of necessary legislation in Australia. The Commissioner presented the ICAC's view on this proposed treaty and on denying tax deductibility to such payments. Subsequently, he gave evidence before a Parliamentary Committee chaired by Senator Coonan.

Overseas visits

To keep up with new developments in ethics and corruption minimisation, and to share its expertise, the Commissioner and selected staff travel to relevant conferences and visit agencies with cognate and related functions. During 1997–1998 the following conferences were attended and visits made.

Eighth International Anti-Corruption Conference

The ICAC was invited by the Committee of the International Anti-Corruption Conference (IACC) to attend the above conference held in Lima, Peru on 8–12 September 1997, and to assist in the organisation of a session.

The Commissioner, accompanied by John Feneley, Solicitor to the Commission participated in the activities of the conference. The Commissioner chaired one session and presented an intervention on behalf of the ICAC. John Feneley presented a paper on witness protection issues. The Conference

culminated in the *Lima Declaration*, designed to help bring about in the participants 'vision of an era of international and national co-operation in the twenty first century in which the evil of corruption is suppressed'.

Meeting with New York Police Department

On 10 September the Commissioner and the Solicitor to the Commission had a meeting at the New York Police Department Academy and discussed issues including witness protection, electronic surveillance, intelligence gathering, fraud investigations and covert operations.

Meetings in Washington

On 11 September, the Solicitor to the Commission sat in on Government Affairs Committee Campaign Finance Hearings. He also attended meetings with Office of Government Ethics and discussed issues including ethics training for politicians, contracting out government services, comparative approaches of ICAC and that Office. The Commissioner had a discussion with the Director Office of Government Ethics (Federal).

International Association of Civilian Oversight of Law Enforcement

At the invitation of the President of the International Association of Civilian Oversight of Law Enforcement (IACOLE), the Commissioner and the Solicitor to the Commission attended the IACOLE conference in Ottawa on 10–13 September. The Commissioner presented a paper on civilian oversight agencies for law enforcement and government activities.

Canadian Association of Civilian Oversight of Law Enforcement

The Canadian Association of Civilian Oversight of Law Enforcement (CACOLE) conference, held immediately after the IACOLE conference in Ottawa, was also attended by the Commissioner and the Solicitor to the Commission. The Commissioner by invitation presented the keynote address, which related to the work being done in NSW by the ICAC and others to ensure integrity in the public sector.

Council of Government Ethics Laws

The CACOLE conference was followed on 14–17 September by the Annual Conference on the Council of Government Ethics Laws (COGEL), a professional organisation for agencies and individuals with responsibilities in governmental ethics, elections campaign finance, Freedom of Information and lobby law regulation. The

Commissioner and the Solicitor to the Commission attended the conference held in Edmonton, Canada.

Commonwealth Secretariat to Combat Effects of Corruption on Economic Management and Good Governance

The Commissioner went to London to participate, as one of ten invited from the 54 Commonwealth Nations, in a meeting of an expert group formed by the Commonwealth Secretariat to formulate advice on reforms to assist member countries in combating the effects of corruption on economic management and good governance. The discussions of the Secretariat held between 30 April and 16 May 1998, were attended by high level representatives of the World Bank, the International Monetary Fund, the Organisation for Economic Co-operation and Development and the United Nations, and formulated a draft report which will be considered by Commonwealth nation Finance Ministers in Ottawa in October 1998. After this the report will be reassessed to formulate the final report to be presented to Commonwealth Heads of Government Meeting (CHOGM) in 1999.

Special Commission of the Italian Parliament

On his return journey to Australia the Commissioner visited Rome at the request of the Italian Government to hold meetings with the Special Commission of the Italian Parliament and with members of the Italian Public Service into corruption in the public sector in Italy. Advice was sought in relation to the form of legislation and appropriate structures.

Constitutional Office of the Commission of Corruption

Prior to his return to Australia the Commissioner had a meeting with the newly established Constitutional Office of the Commission of Corruption (OCC) in Bangkok. Discussion with the OCC and the Professor responsible for much of the drafting of the new Constitution involved the new constitutional provisions and proposed subordinate legislation.

Assistance to the Ombudsman Commission of Papua New Guinea

The ICAC is participating in a project funded by AusAid to assist the Ombudsman Commission of Papua New Guinea to improve its corruption prevention and complaints handling systems and processes. The Director, Corruption Prevention and Education, Peter Gifford has made several visits to

Papua New Guinea to assist the project leader to develop a project plan and set the work in motion.

Other oversees visits

In June 1998, John Feneley, Solicitor to the Commission, was invited to speak to and participate in a National Community Workshop in Papua New Guinea to consider establishment of a PNG Independent Commission Against Corruption. Apart from minor incidental expenditure; the costs were met by Transparency International (PNG) Inc, the organisers of the Workshop.

Margaret Brodie, Director, Corporate Services and Research, travelled privately, on annual leave to Europe and visited the United Kingdom in June and July 1998. She took time out from that leave to attend the Sixth International Conference on Public Sector Ethics in the Netherlands where she presented a paper. Valuable contacts were also made in the United Kingdom.

TABLE 20: Overseas visits 1997–98—Purpose and costs

OFFICER & DATES	COUNTRIES VISITED	PURPOSE	COST
Hon BSJ O'Keefe, Commissioner (1 September to	Peru USA	Attend Eighth International Anti Corruption Conference Lima Attended New York Police Department Academy	\$20,288
3 October 1997)	USA	Discussion with Director, Office of Government Ethics (Federal) Washington DC	
	Canada	Attend International Association for Civilian Oversight of Law Enforcement Conference – Ottawa Attend Canadian Association for Civilian oversight of Law Enforcement Conference – Ottawa	
		Attend Council of Government Ethics Law Conference – Edmonton	
(30 April to 16 May 1998)	England	Attend Expert Group formed by Commonwealth Secretariat to formulate advice on reforms to assist member countries in relation to combating the effects of corruption on economic management and good governance	\$12,468
	Italy	At the request of the Italian Government attend the Special Commission of Italian Parliament into Corruption in the Public Sector in Rome	
	Thailand	Attend the Office of the Commission of Corruption (OCC) Bangkok	
Peter Gifford, Director, Corruption Prevention & Education (30 July to 2 August 1997)	Papua New Guinea	Attend briefing by Papua New Guinea Ombudsman Commission in connection with an institutional strengthening project	Nil – Costs met by AusAid
(7 to 21 December 1997)	Papua New Guinea	Assist the Ombudsman Commission of Papua New Guinea – a project for AusAid – to improve corruption prevention and complaint handling systems and processes	
(13 to 21 January 1998)	Papua New Guinea	Assist the Ombudsman Commission of Papua New Guinea – a project for AusAid – to improve corruption prevention and complaint handling systems and processes	Nil – Costs met by AusAid
(7 to 19 June 1998)	Papua New Guinea	Assist the Ombudsman Commission of Papua New Guinea – a project for AusAid – to improve corruption prevention and complaint handling systems and processes	Nil – Costs met by AusAid

OFFICER & DATES	COUNTRIES VISITED	PURPOSE	COST
John Feneley, Solicitor to the Commission	Peru	Attend Eighth International Anti Corruption Conference–Lima – address on witness protection issues	\$13,513
(1 September 1997 to 3 October 1997)	USA	Attended New York Police Department Academy Sat in on Government Affairs Committee – Campaign Finance Hearings – Washington DC Attended United States Office of Government Ethics (Federal) – Washington DC	
	Canada	Attend International Association for Civilian Oversight of Law Enforcement Conference – Ottawa Attend Canadian Association for Civilian Oversight of Law Enforcement Conference – Ottawa Attend Council of Government Ethics Law Conference – Edmonton	
(8 to 12 June 1998)	Papua New Guinea	Keynote address to National Community Workshop on the establishment of proposed Independent Commission Against Corruption for Transparency International (PNG) Inc	\$259 (Incidentals, balance paid by TI (PNG) Inc)
Margaret Brodie, Director, Corporate Services & Research (8 to 12 June 1998)	The Netherlands	Attend Sixth International Conference on Public Sector Ethics – presentation on Corruption in the Public Sector	\$1,845 (conference fees and incidentals)
(17 to 26 June 1998)	United Kingdom	Attend Bramshill Police Staff College, Ethics Training Transparency International meeting with Jeremy Pope, Executive Director Meeting with Lord Neill, QC, Chairman Committee on Standards in Public Life	Nil



Informing Anti-Corruption Strategies

(Research)

Research conducted by the ICAC provides valuable information about the direction and emphasis of ICAC work; it also gives feedback on how the ICAC is performing.

Information gathered in such areas as public sector perceptions of corruption and the effects of whistleblower legislation, has given the ICAC an international reputation for the quality of its research.

Protected disclosures research informs Government policy

In a 1997–98 extension of its research into the NSW Protected Disclosures Act, the ICAC published *Encouraging NSW Public Sector Employees to Report Corruption*, which explored the circumstances in which government workers were more or less likely to report corrupt conduct. An example of how this report was received came in a letter to the ICAC from an Assistant Director-General of the NSW Premier's Department, Ms Jan Smith, who wrote that the document would "be invaluable to Government policy makers in effectively managing this important issue".

Research contributes to ICAC's international reputation

ICAC research is sought after by many agencies working to combat corruption, both nationally and internationally. The statistics and findings encourage better-informed corruption minimisation strategies. Jeremy Pope, Executive Director Transparency International—Berlin, wrote to the ICAC saying, "Many thanks for your latest report which continues to make landmark contributions to the understanding of all of us about the beast we all wish to help tame. I cannot adequately express our admiration for such scholarly practicality".

YEAR IN REVIEW— RESEARCH

By conducting original research on corruption and related issues, the ICAC seeks to better inform efforts to reduce corruption. Previous research in this field is limited; therefore the study to be undertaken is substantial; the limiting factor, resources. Work is carefully selected to best meet the ICAC's needs. Research during 1997–98 was focused on:

- Informing ICAC strategy and projects
- Public sector research—obtaining a better understanding of the perceptions, motivations and behaviour of the ICAC's main target audience
- Assisting investigations—research to either gather intelligence or review processes.

INFORMING ICAC STRATEGY AND PROJECTS

Enhancing the ICAC's strategic capacity

A series of projects was commenced during the year to enhance the ICAC's strategic capacity. These projects have focused on:

- enhancement of the complaints database
- adding value to s11 schedule reporting and liaison relationships
- s53 referrals and s54 reports.

Enhancement of the complaints database

Work to standardise the categorisation of information contained on the ICAC's complaints database is being undertaken to allow trend-based searches to be undertaken more thoroughly.

By standardising the categories of corrupt conduct involved as well as the associated workplace activity or functional area in which the conduct was alleged to have taken place, it will be easier to identify issues relevant to different agencies. It will also be easier to identify agencies for which the issues examined in specific investigations will be relevant.

Information about trends in the nature of allegations across the NSW public sector over time will enable better targeting of investigation, corruption prevention and education work. It will

also enable the ICAC to provide more information about corruption to the Parliament and to public sector agencies in its reports.

Adding value to s11 reporting—by scheduling and liaison relationships

Under s11 of the ICAC Act, principal officers of public authorities—generally CEOs of government departments and general managers of local councils—are required to report to the ICAC 'any matter that they suspect on reasonable grounds concerns or may concern corrupt conduct'. Under certain circumstances agencies may be granted approval to report minor matters by schedule.

A review of s11 reporting by schedule is being undertaken. The review will determine:

- whether the ICAC can make better use of the information currently provided in schedules, and/or
- whether it is possible to improve the type and detail of the information supplied by principal officers so that the ICAC can make better use of such material in the future.

Some preliminary observations include:

- many of the schedules contain only a relatively small number of matters
- agencies differ in the quality of the information which they provide to the ICAC on their schedules
- some descriptions of allegations lack sufficient detail for the ICAC to make any useful judgement about the matter
- the ICAC may be able to improve the quality of the schedules by providing greater feedback to public sector agencies.

Enhancements to the reporting process will ensure the ICAC receives better information about public sector corruption in NSW – and this information will provide a more complete profile of the public sector in relation to corruption.

S53 referrals and s54 reports

S53 of the ICAC Act enables the ICAC, before or after investigating a matter, to refer the matter for investigation or other action to any public authority, person or body considered by the ICAC to be appropriate in the circumstances. The ICAC Act requires the ICAC to consult before referring a matter

S54 enables the ICAC, when referring a matter under this section, to require the relevant authority

to submit to the ICAC a report or reports in relation to the matter and the action taken by the authority.

A s54 report is usually required in response to a s53 referral. These referrals and their associated reports are a potentially useful source of information about public sector responses to alleged corruption.

The aims of this project are to enhance the ICAC's use of the referral power so that:

- better feedback is provided to public sector agencies submitting reports
- the ICAC's Annual Report is able to provide an overview of the matters referred and their outcome, including, where appropriate, commentary on the investigative capability of public sector agencies.

Reducing corruption: Views of NSW public sector managers

To learn how the ICAC can better help NSW public sector organisations reduce corruption, focus groups were held with 46 NSW public sector managers from metropolitan and regional centres. Some managers worked in local government; others in state agencies.

The aims of these focus groups were to identify:

- major corruption risk areas as defined by public sector managers
- successful and unsuccessful strategies undertaken by organisations to prevent corruption
- barriers to preventing corruption
- public sector organisations' experiences of the ICAC
- how the ICAC can help organisations prevent corruption
- how ICAC services and products can be used and evaluated.

Significant findings include:

- the investigation of an organisation by the ICAC and the consideration of greater integrity and accountability as core business were the most common reasons given for an organisation increasing the priority it gives to corruption prevention
- country participants believed their organisations gave lower priority to corruption prevention than did city participants

- the most frequently mentioned corruption risk areas related to private use of public resources, processing building and development applications, and failure to declare conflicts of interest
- the attitudes of political and organisational leaders towards corruption prevention were believed to have dramatic affect on the attitudes and behaviours of public sector employees.

CEO Questionnaire

In August 1997, the Premier launched the Ethics Working Party (see pages 39–40) at the All-CEO Planning Day. A questionnaire was developed to support the launch and given to all 74 CEOs present. It sought their views about the effectiveness of ICAC services and products and their needs in relation to corruption prevention.

Forty-eight responses were received—31 completed personally and 17 by delegates. The questionnaire results were compiled and circulated to CEOs in December 1997.

CEOs nominated thirty-seven areas where corruption prevention guidance would be helpful. Thirteen of these were being, or had been, addressed at the time through Corruption Prevention reports or the *Practical Guide to Corruption Prevention*. Since then, work has started on a further nine. The most frequently mentioned ICAC products and services seen as helpful were:

- corruption prevention advice (48 per cent)
- *Corruption Matters* newspaper (35 per cent)
- Conduct Becoming the personal responsibility of public duty, the ICAC's ethics training resource (29 per cent)
- The Practical Guide to Corruption Prevention (29 per cent)
- generic corruption prevention materials (27 per cent).

S11 reporting was perceived to be satisfactory by 40 per cent of respondents. Although comments were generally favourable, it was suggested that the ICAC could give a better level of feedback. New guidelines and systems for reporting of corruption to benefit both the ICAC and agencies will be developed after the internal analysis referred to earlier has been completed.

Minimising corruption: Some lessons from the literature

Two separate literature reviews were prepared as resources to assist those who are considering how best to minimise workplace corruption. These reviews were combined and published in a single research report in January 1998.

The first, *Identification of corruption risk factors: An analysis of the literature*, brought together in one document the variety of corruption risk factors which have been identified within the international literature. Risk factors which enable or optimise corrupt occurrences include:

- the nature of the work performed (discretion exercised by the position, type of position in the organisation, whether the service provided is associated with delays)
- working conditions (the disputed role of salary and its relationship to need, lack of benefits for remaining with employer, employee dissatisfaction, work pressures)
- individual histories and dependencies (ethical decision making history, dependence on employer, dependence on alcohol, drugs and gambling)
- organisational culture (unclear messages about what is acceptable, attitudes of colleagues, example set by management, lack of reinforcement of ethical behaviour, other workplace practices).

In addition to enabling corruption to occur, the responses of organisations can also aid in corruption being perpetuated. Factors that may perpetuate corruption include:

- failure to identify the behaviour as wrong
- matters that affect taking action about corruption (reporting mechanisms, employee responsibility, organisation history in dealing with reports of corruption)
- other things which affect taking action (individual beliefs, features of the wrongdoing).

These risk factors are of interest because they present possible focus points for corruption minimisation strategies.

The second review, *Applying crime prevention* concepts to the problem of minimising corruption, identifies and applies lessons from criminological literature, particularly crime prevention, to the problem of minimising public sector corruption.

Such literature suggests, amongst other things, that becoming better informed about the dynamics and the mechanics of individual types of corrupt conduct would assist those who seek to minimise corruption. As a consequence, it would be possible to tailor corruption prevention techniques to match the various types of corruption.

These literature reviews contribute to discussion about the nature of corruption and about the most effective methods for minimising it. The second of these literature reviews has been the subject of a paper to the 1997 Australian and New Zealand Society of Criminology Conference in Brisbane, and the topic of a related paper which was accepted for publication in the international journal *Crime, Law and Social Change*.

Organisational characteristics database

Work has begun on the development of a database of characteristics of NSW public sector organisations. This database will allow exploration of differences between organisations about which the ICAC receives allegations of corruption and those about which the ICAC does not receive allegations. Differences between organisations that report to the ICAC under s11 of the ICAC Act and those who do not make s11 reports are also to be explored.

PUBLIC SECTOR RESEARCH

Protected disclosures research

The ICAC's two-year project to monitor the impact of the Protected Disclosures Act on the NSW public sector was completed and two reports published in November 1997. The research was undertaken in four phases, the first two of which had been completed in the two preceding financial years.

The Protected Disclosures Act came into operation in March 1995. One of its purposes is to provide protection for NSW public officials who disclose corrupt conduct, maladministration and waste in the public sector. The Act is intended to be, and should be regarded as, a means to assist public sector organisations encourage employees to report workplace corruption and other matters covered by the Act. It has significant potential to contribute to the public sector becoming more ethical, effective and efficient.

This year's research complemented earlier phases that focused on the views of public sector managers. It also gave insights into NSW public

sector employee experiences and opinions about reporting corruption.

The Third Phase surveyed the opinions of public sector employees about reporting corruption, the level of faith in their organisation's ability to handle reports, and knowledge of and faith in the Protected Disclosures Act. Some disturbing findings were generated from the 1255 randomly selected public sector employees who were surveyed, including:

- two-thirds of public sector employees did not know about the Protected Disclosures Act
- more than half of all respondents did not know of procedures in their workplace for reporting corruption
- more than half of respondents did not know to whom they could go outside of their organisation to report corruption
- respondents from country organisations were even less likely to know of available external channels for reporting corruption
- one-third of respondents did not believe that their organisations would handle reports of corruption appropriately
- more than half of respondents did not know whether their organisation was serious about protecting them if they did report corruption, and almost 40 per cent did not believe their organisations had the power to protect them
- forty per cent of respondents believed that corruption is likely to occur in their work section.

The Fourth Phase explored, by telephone interview, the experiences of 30 public sector employees who had made a protected disclosure. Almost two-thirds of those interviewed reported some detrimental impact from having reported work place wrongdoing. Knowledge of the Protected Disclosures Act was limited or absent. Information provided by organisations proved to be seriously deficient, not only about the Act, but also regarding the ICAC and other channels available for reporting workplace corruption.

Recommendations flowing from the research included the need for organisations to:

- implement effective internal reporting channels
- inform employees effectively about existing internal and external channels and about the Protected Disclosures Act

 create cultures within their organisations in which employees at all levels have confidence that their managers will respond to reports of corruption appropriately, and protect them from reprisals for making such reports.

These findings were presented to the 1997 Australian and New Zealand Society of Criminology Conference in Brisbane.

The findings of these Phases were presented to the Protected Disclosures Implementation Steering Committee. (See page 39) The ICAC, under the auspices of this committee, has undertaken further research to explore practical solutions to the issues identified in the research. In May and June this year, focus groups were run with general managers of councils and CEOs and regional managers of state agencies. The groups explored:

- possible reasons for the low levels of trust in public sector organisations
- solutions to barriers between staff and management
- better systems for implementing the Protected Disclosures Act
- services and advice provided by the ICAC.

An analysis of responses will be published in a discussion paper to be released during the next reporting period. The findings will also help guide ICAC education and prevention initiatives.

Ethical culture project

This project is examining ethical culture in the NSW public sector and has two components:

- a literature review which summarises international research showing that emphasising ethical work practices has a positive impact on the efficient functioning of an organisation
- a survey which will explore the relationship between the tendency to behave unethically in an organisation and the perceptions about organisational leadership and values.

The survey has been developed and will be administered in 1998–99. The findings will inform ICAC advice to the public sector. It will also be adapted and given to public sector organisations to enable them to assess their own cultures. Public sector managers will be able to use it to measure staff perceptions about the leadership and values in their organisations.

Private sector perceptions of the public sector

The public sector relies increasingly on private sector contractors, and with different attitudes and requirements governing work practices in each sector, it is important that these contractors receive appropriate information about rules and regulations governing the public sector.

Accordingly, it is important to determine private sector knowledge of and misconceptions about the public sector. The ICAC undertook a study of private sector perceptions of the public sector. A telephone survey was conducted with more than 200 contractors from private sector organisations that have gained public sector contracts. Issues explored in the survey include:

- differences and similarities between the two sectors
- variances in ethical values
- changes in emphasis on ethics during the past five years
- private sector awareness of public sector rules
- impact of public sector rules on business
- understanding of public duty.

Data from this survey were being analysed at the end of the financial year and results will be reported in the 1998–99 financial year.

Review of ICAC Business Studies kit Ethics and Enterprise: A life cycle of a business

The four-stage review of the ICAC's Business Studies curriculum kit *Ethics and Enterprise: A life cycle of a business* was completed early in the financial year.

The curriculum kit, which consists of a video, a set of student activity sheets, and teachers' handbook, was developed by the ICAC and distributed to NSW high schools and TAFE institutions in February 1996. The review of this kit aimed to explore:

- the number of high schools and TAFEs that knew about and had used the kit
- the usefulness of the kit for teachers
- students' views about the video
- curriculum specialists' views about the kit as a teaching resource.

The review included a survey of half the schools teaching Business Studies in 1997, interviews with almost 30 teachers who had used the kit, and focus groups with eight classes of students where the kit had been used. Telephone interviews were also held with curriculum specialists from each of the education employer bodies.

Some major findings from the review were:

- most teachers thought the kit easy to use and beneficial in a subject area not well serviced by other resources
- teachers agreed that the video stimulated discussion in class and brought complex issues to light that students may not otherwise have been able to discuss as part of the HSC Business Studies course
- 75 per cent of surveyed teachers had heard of the kit prior to the survey and 49 per cent had used it.

This review led to the kit being updated in line with its findings.

ASSISTING INVESTIGATIONS

Evaluation of investigation into Aboriginal Land Councils in New South Wales

The principal objectives of this investigation were to expose corrupt practices and related system inadequacies in the Aboriginal Land Council (ALC) of NSW system, and to recommend changes which would discourage corrupt conduct. The ICAC was particularly concerned to ensure that its approach to the Aboriginal community in this investigation was as culturally sensitive as possible and so an evaluation was designed to:

- identify and measure the success of the process used
- identify the implications of the ICAC's methodology for working with Aboriginal people
- record the organisational experience of the interdisciplinary team.

The evaluation was undertaken using confidential interviews with team members and members of Aboriginal communities. Interviews covered:

- how the process of investigation was perceived
- perceptions about corruption
- suggestions for government.

The findings showed that the Aboriginal communities welcomed the ICAC's investigation and that the approach used was effective in gaining community support.

A conference paper on the findings of the evaluation, *Beyond rhetoric: Minimising corruption in NSW Aboriginal Land Councils*, was delivered in the 1997 Australian and New Zealand Society of Criminology Conference in Brisbane.

Drug trafficking in gaols: Sources, methods, motives and prevention strategies – A literature review

Recent international literature on drug trafficking in gaols, as well as material which focuses specifically on the NSW correctional system, was reviewed to better inform ICAC staff working on the investigation into the Department of Corrective Services. The focus of the review was to summarise and provide direct access to the literature concerning:

- estimates of drug use in gaol
- sources and methods of bringing drugs into gaol
- motivation for bringing drugs into gaol
- possible prevention strategies
- motivation for drug use in gaol
- consequences of the availability of drugs in gaol.

Case management research

Some of the enquiries undertaken as part of the investigation into the Department of Corrective Services revealed the pivotal nature of inmate/ officer relationships in the management of correctional centres. The importance of case management as a method of managing inmates became apparent as the investigation progressed and public hearings were held. In order for the ICAC to develop a better understanding of case management, a research project was commenced.

The project had several aims. One was to provide an overview of the historical context of case management and its contemporary application to corrections within a broader context of corrections administration and management in NSW, elsewhere in Australia and overseas. The day-to-day operation of case management in NSW corrections was also explored through interviews with some inmates and officers in NSW Correctional Centres.

The results of this research will inform the final reports summarising the outcomes of all phases of the investigation into the Department of Corrective Services and assist that Department in its efforts to improve the system.



Supporting Investigations, Prevention, Education and Research (Corporate Services)

The ICAC is a small agency with unusual and challenging work. The staff of the ICAC rises to the challenge and does so with considerable commitment. Corporate Services and ICAC management together ensure this commitment is fostered and well supported. An equitable and safe working environment complemented with good accommodation and reliable support services means that people are free to get on with their jobs.

Technology leasing arrangement delivers benefits

The gathering, capture and storage of data is an essential support for the ICAC's investigation, prevention, education and research activities, and information systems play a key role in maximising the effectiveness of the organisation. A technology leasing arrangement undertaken by the ICAC will enable it to avoid the problem of technology obsolescence and, as reported in Microsoft Communiqué magazine, the software overhaul "is already paying dividends in the form of improved functionality and better information sharing facilities between ICAC users, as well as increased efficiencies for the agency's IT staff".

EEO performance acknowledged

The ICAC, because of its independence, is not required to undertake many of the reporting requirements that apply to the public sector as a whole. In most instances though, the ICAC participates because it wishes to undertake these responsibilities and demonstrate its accountability.

Carol Davies, the Director of Equal Employment Opportunity in Public Employment, in responding to the ICAC's EEO Annual Report and Management Plan said, "While the ICAC is not required to develop and implement an EEO program or report to this office, its program has always been among the forerunners since it began submitting it for advice in 1993...It (the ICAC) was among the first agencies to integrate its EEO Program into the Enterprise Agreement...This agreement was and is significant for two initiatives in particular; the ICAC Officer Classification which provided

for equal pay for equal work, and for implementing a broad range of flexible working arrangements. The ICAC has also made good use of its broad-based EEO Committee. Indeed staff consultation appears to be an important characteristic of the ICAC's human resource practices".

Property handling procedures used as a benchmark

The ICAC's procedures for handling seized property, one of its investigation support services, were examined by the Australian Customs Service as part of an evaluation of its own approach to this issue. Australian Customs thanked the ICAC and sought further discussions in this regard.

YEAR IN REVIEW— CORPORATE SERVICES

The effective operation of the ICAC is supported through the provision of corporate services. Corporate needs are met by providing effective management of staff and resources. This assistance is provided through:

- Human resource management
- Information management and technology
- Financial and facility management
- Support services.

HUMAN RESOURCE MANAGEMENT

Commission Consultative Group

The ICAC's strong commitment to providing a consultative culture and framework continued during the year. The 1994 ICAC Enterprise Agreement established the Commission's Consultative Group (CCG). The CCG has five representatives elected by the staff and three senior management representatives appointed by the Commissioner. Improved communication within the ICAC and informed decision making are clear outcomes of the CCG process.

During 1997–1998, the CCG met seven times and participated in discussion on the following matters, inter alia:

- review of the consultation process
- private use of ICAC property
- review of ICAC's career development policy
- negotiations between staff and management for a new ICAC Award.

Staff members of the CCG were Jane Coulter, Melissa Dryden, Anita Hansen, Steve Ingram, and John Warburton, with reserve members Sue Nevin-Taylor and Vicki Klum. Management representatives were John Feneley, Peter Gifford and Guy Slater. The ICAC's Human Resource Manager acted as Executive Officer for the CCG.

Equal Employment Opportunity Committee

The ICAC has an Equal Employment Opportunity (EEO) Committee comprising staff representatives

elected annually and a representative of senior management. This Committee reports to the Commissioner through the CCG. Although not covered by the NSW Government's EEO legislation, the ICAC has developed a program that recognises the significance of EEO in the workplace.

The Committee's role is to advise on the development and introduction of EEO-related policy. The Committee met nine times and its major achievements for 1997–98 were:

- consideration of personnel policies and practices in terms of EEO principles (flexible working conditions, higher duties arrangements and career development opportunities)
- development of a harassment policy
- development of a new EEO program, including incorporation of a disability plan, and
- consideration of an Ethnic Affairs Priority Statement.

1997–98 staff members of the Committee were Marilyn Withers, Sandra Kordic, Deborah Atkinson, Aruni Wijetunga, Peter Stathis, Helen Wells and Raymond Kwan. Margaret Brodie, Director, Corporate Services and Research represented the senior management on the Committee. The ICAC Human Resource Manager was the Committee's Executive Officer.

The distribution of staff by level and employment basis as at 30 June 1998 is shown in tables 21 and 22 on the following page.

The EEO Committee is responsible for drafting the ICAC's EEO Plan, Ethnic Affairs Priority Statement (EAPS) and Disability Services Plan. These have been consolidated into one document, which appears as Appendix 5.

Highlights planned for 1998-99 include:

- Negotiations with the owners of the building the Commission occupies to redevelop the public areas on the ground floor to make them accessible for people with disabilities
- Provision of information brochures explaining the work of the Commission in a number of community languages
- Review of recruitment processes to ensure that people from EEO groups have access to knowledge about Commission vacancies
- Monitoring of the distribution of people from EEO groups across Commission salary levels and occupations.

TABLE 21: Total staff by level at 30 June 1998

Level	Total staff numbers	Staff responding to EEO data from 140 respondents	Men	Women	Aboriginal and Torres Strait Islander people	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 adjustment at work
<\$23,339	0	100%	Nil	Nil	Nil	Nil	Nil	Nil	Nil
\$23,339 -\$30,654	3	100%	Nil	3	Nil	Nil	Nil	Nil	Nil
\$30,655 - \$34,269	14	100%	2	12	Nil	3	2	1	Nil
\$34,270 – \$43,366	38	100%	6	32	Nil	7	4	2	1
\$43,367 – \$56,080	37	100%	22	15	1	14	10	1	2
\$56,081 - \$70,101	31	100%	27	4	Nil	4	1	2	Nil
>\$70,101 (non SES)	13	100%	8	5	Nil	2	Nil	1	1
>\$70,101 (SES)	4	100%	3	1	Nil	Nil	Nil	Nil	Nil
TOTAL	140	100%	68	72	1	30	17	7	4

^{*} The staff numbers referred to in the tables are actuals, not equivalent full-time

TABLE 22: Total staff by employment basis at 30 June 1998

Level	Total staff numbers	Staff responding to EEO data from 140 respondents	Men	Women	Aboriginal and Torres Strait Islander people	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 adjustment at work
Permanent full-time	112	100%	57	55	1	26	15	6	4
Permanent part-time	13	100%	Nil	13	Nil	2	1	1	Nil
Temporary full-time	7	100%	6	1	Nil	2	1	Nil	Nil
Temporary part-time	Nil	100%	5	Nil	Nil	Nil	Nil	Nil	Nil
Other**	8	100%	5	3	Nil	Nil	Nil	Nil	Nil
TOTAL	140	100%	68	72	1	30	17	7	4

^{*}The staff numbers referred to in the tables are actuals, not equivalent full-time ** Commissioner, Assistant Commissioners and Senior Management

Occupational Health and Safety Committee

The Occupational Health and Safety (OH&S) Committee met four times during 1997–98. In addition, workplace inspections were conducted at regular intervals. Staff members on this Committee are elected as specified in the *Occupational Health and Safety Act 1983*. All members have attended accredited OH&S Committee training. No major problems were identified and minor problems were rectified. A survey of indoor air quality was conducted and revealed that air and water quality was within acceptable limits. A number of ways to further improve air quality was identified and these were attended to during the year.

There were no major lost time incidents in the reporting period.

The staff members on the OH&S Committee in 1997–98 were Colin Walmsley, Jan Daly (Chair), Peter Stathis and John Warburton. John Feneley, Solicitor to the Commission was the senior management representative on the Committee. The Human Resource Manager was the Committee's Executive Officer.

Grievance handling

The ICAC's grievance mediation procedures provide a confidential way for all staff to resolve matters of concern in a non-threatening way. Staff and managers can ask qualified mediators to deal with work-related disputes.

Grievance mediators for 1997–98 were Melissa Dryden, John Warburton, Er-Kai Wang (to 29 August 1997) and Margaret Brodie. These officers received special training in the previous financial year to equip them to handle staff grievances.

Management of internal protected disclosures

Consistent with the aims and objectives of the Protected Disclosures Act, the ICAC has developed internal procedures to enable reporting and dealing with protected disclosures made by ICAC staff. The ICAC is committed to ensuring that those who make protected disclosures do not suffer detrimental action as a result of providing such information.

During 1997–98, no protected disclosures were made by staff.

Code of Conduct

The ICAC's Code of Conduct is reproduced at Appendix 3. There has been no amendment to the code in the year under review.

Statutory appointments

The Commissioner is appointed by the Governor under s5 of the ICAC Act for a term or terms not exceeding five years. In addition to exercising the ICAC's statutory functions and powers, the Commissioner also is the Chief Executive Officer.

The Hon Barry O'Keefe AM QC is the current Commissioner and was appointed for a five-year term in November 1994. Mr O'Keefe practiced as a barrister in NSW from 1957 after graduating in Law from the University of Sydney. He was later admitted to practice in Victoria, Western Australia, the Australian Capital Territory and the Northern Territory.

He was appointed a Queen's Counsel in NSW in 1974, and served as a member of the NSW Bar Council for eight years and as its President from 1989–1991. He was a member of the Legal Profession Disciplinary Tribunal from 1991 to 1993 and is currently a member of the Curriculum Review Board of the Faculty of Law, University of Technology, Sydney and a Governor of the Advocacy Institute of Australia.

Mr O'Keefe was appointed Chief Judge of the NSW Supreme Court Commercial Division in 1993, a position he held until becoming Commissioner. He has been President of the National Trust of Australia since 1991, and served as an Alderman on Mosman Council from 1968 until 1991 and as Mayor for 10 years between 1977 and 1990. He served as President of the Local Government Association from 1986 to 1988, and has represented Australian local government in China, Italy, Israel and Norway. He was appointed a Member of the Order of Australia in 1989.

The ICAC Act permits the Governor to appoint Assistant Commissioners, with the Commissioner's concurrence, to assist the ICAC as the Commissioner requires. During the year 1997–98, the following Assistant Commissioners were appointed:

- Henric Nicholas, QC—1 July 1997 to 31 July 1997, to conduct hearings into allegations of corrupt conduct in a number of local councils
- John Stowe, QC—1 April 1998 to 30 June 1998 to conduct hearings into allegations of corrupt conduct in the Environmental Protection Agency and a number of local councils
- Stephen Rushton—6 November 1997 to 18
 January 1998, to conduct hearings into

allegations of corrupt conduct in the Department of Corrective Services

- Anna Katzman, SC—1 May 1998 to 30 June 1998, to conduct hearings into allegations of corrupt conduct in the Department of Corrective Services
- Peter Neil, QC—1 April 1998 to 30 June 1998 (continuing) to conduct hearings into allegations of corrupt conduct in the Department of Corrective Services
- Michael Pembroke, SC—1 September 1997 to 10 February 1998 to conduct hearings into allegations of corrupt conduct in certain NSW electricity authorities.

Senior Management

Senior Management meets with the Commissioner weekly to assist him in the administration of the ICAC and to discuss strategic, operational and policy matters. The members of senior management in 1997–98 were:

Margaret Brodie, Director, Corporate Services and Research, appointed November 1995. Her responsibilities include the research program, security and all corporate service areas. Before joining the ICAC, Ms Brodie was for five years Deputy President of the NSW Anti-Discrimination Board. She has held senior positions in Telecom and the health system, and holds a Bachelor of Arts (Sociology and History) degree, plus qualifications in social work and strategic marketing.

John Feneley, Director, Legal and Solicitor to the Commission, appointed February 1995. Mr Feneley is responsible for Legal Services, which provides legal, strategic and policy advice to the ICAC. He oversees support for the Operations Review Committee, liaises with the Parliamentary Joint Committee and is the ICAC representative on a number of law enforcement committees. He holds a Bachelor of Law degree and before joining ICAC in 1991 worked in private practice in a variety of areas, including commercial and criminal law.

Peter Gifford, Director, Corruption Prevention and Education, appointed May 1993. Mr Gifford, who holds degrees in Arts and Economics, has worked in many areas of public sector corporate and line management, including five years as foundation director of the Federal Merit Protection and Review Agency. He has considerable experience in liaising and negotiating with the private sector and all levels of government, State and Federal.

Guy Slater, Director, Investigations, appointed temporarily in January 1996, was confirmed permanently in the position in November 1996. He is a former Detective Superintendent of the Australian Federal Police. After spending four years in his country's navy, Canadian-born Mr Slater emigrated to Australia in 1971 and joined the Commonwealth Police in 1972. During 24 years as a police officer, he gained extensive experience in investigating organised crime, especially that involving serious fraud and illicit drugs. He holds an Associate Diploma in Criminal Justice.

Staff numbers

At the beginning of the financial year, the ICAC employed a total of 137.6 people (equivalent full time), including senior management and the Commissioner. By 30 June 1998, this number was reduced to 127.8, with an average figure of 132.2 for the year. This reduction is a reflection of the reduced budgetary allocation made to the ICAC.

TABLE 23: Average staff numbers, 1994 to 1998

Year	Average number of staff (equivalent full time)
1994–95	126.7
1995–96	137.6
1996–97	134.8
1997–98	132.2

The ICAC is organised into an Executive and four Units. Each Unit contributes to each of the ICAC's program areas. The average number of staff in each of these Units in 1997–98 is shown in the table below:

TABLE 24: Staff number by area of employment 1997–98

Area of employment	Average number of staff (equivalent to full time)
Executive	3.5
Investigations Unit	58.6
Legal Unit	12.7
Corruption Prevention & Education	Unit 25.0
Corporate Services & Research Un	it 32.4

Staff turnover and recruitment

Twenty-five staff left the ICAC in 1997–98, with most gaining promotions / appointments to positions in either the public or private sector. Another two staff on secondment to the ICAC from other agencies returned to their home agencies during the year. Twenty-three permanent staff were recruited during 1997–98.

Staff are recruited through a merit-based selection process, which includes a stringent probity assessment. Due to the nature of ICAC work, the Commissioner may appoint employees without recourse to the standard merit selection process. This power was not used in 1997–98.

Directors have delegated authority to approve the employment of staff following merit selection. All employees involved in staff selection processes receive training before their involvement in selection panels.

Conditions of employment and movements in salaries

The Commissioner's conditions of employment are contained in his instrument of appointment, with salary linked to that of a puisne judge of the NSW Supreme Court. That rate was increased by the Statutory and Other Officers Remuneration Tribunal from 1 October 1997.

The four Unit Directors together with the Commissioner form the senior management of the ICAC. They are appointed on term contracts that include their conditions of service and, although not part of the NSW Senior Executive Service, their remuneration is linked to that Service. Those rates were increased by the Statutory and Other Officers Remuneration Tribunal from 1 October 1997, and the increases were passed on to Unit Directors following an assessment of their performance by the Commissioner.

Conditions of employment for ICAC staff, including salary arrangements, are set by the ICAC Enterprise Agreement (1994) and by Commission policies referred to in that Agreement. During the year, staff received salary increases of 3 per cent from 11 July 1997 and 2 per cent from 9 January 1998.

During the year, an Enterprise Bargaining Group comprising staff and management representatives continued negotiations towards a new consent ICAC Award.

Personnel services

The Personnel Section provides policy advice, manages the ICAC's training and development program, oversees the individual performance management program, co-ordinates payroll and administers conditions of employment across the ICAC.

Staff development

The ICAC has maintained its commitment to developing staff through enhanced position-specific competencies and opportunities for supervisory and management training.

The focus on staff development was maintained in the following areas:

Training courses

The ICAC actively supported staff in skill acquisition through both internal and external training courses. Functional areas covered included information technology and the ICAC's E-mail facility (all staff trained), basic and advanced analysis and investigation courses, recruitment training, conflict resolution, corporate management courses, specialist courses for legal staff and media skills training. Two staff members were selected to attend the Public Sector Management Course.

Professional conferences and seminars

ICAC staff attended relevant professional conferences, both as presenters and participants, to maintain contemporary knowledge within their respective areas of expertise.

Study time

The ICAC grants up to four hours paid leave per week during each semester for those staff undertaking approved external study at an approved institution. During 1997–98, three staff were granted leave to undertake undergraduate degrees (sociology, business and commerce/accounting). Ten staff were granted leave for post-graduate studies (including computer science, adult education, public affairs, communication, business and policy studies).

Higher duties

Opportunities for staff to act in higher positions provided a valuable training ground for ICAC staff during the year, with 20 staff being paid the higher duty allowance. However, there were numerous shorter-term higher duty opportunities not attracting the allowance, which is paid only for periods of 20 days or more in the higher position.

Career development opportunities

Seven staff members used the Career Development Opportunities Policy during the year, which involved exposure to different ICAC activities for varying lengths of time. The policy enables staff to work in functional areas of the ICAC, other than their own, to develop skills which may lead to a

permanent move, whether or not a promotion is involved. These opportunities also equip ICAC staff for subsequent career prospects elsewhere in the public sector.

Secondments

The ICAC continued to encourage secondments of staff to other agencies engaged in similar work. During the year, secondments of Commission staff were approved or continued to the Anti-Corruption Commission in Western Australia, the Police Integrity Commission, TAFE, the Anti-Discrimination Board, the Australian Federal Police, Department of Aboriginal Affairs and the Roads and Traffic Authority. Secondments give staff experience of working in other parts of the public sector.

INFORMATION MANAGEMENT AND TECHNOLOGY

Records and property management

The ICAC's records and archives are managed by the Records and Property Section according to guidelines provided by the NSW Records Management Office to all public sector agencies.

In 1997–98 a new electronic record keeping system to match the ICAC's physical file system was developed and implemented. This has resulted in the ICAC having the ability to make and keep electronic records with direct links to all functional and operational records, ensuring a comprehensive record management process in a secure environment.

During the year, the control of property acquired through use of the ICAC's formal powers and management of documents volunteered by interested persons or disseminated from other organisations were amalgamated with other record management functions.

Transcript of hearings continued to be administered in a way which protected sensitive information and conformed to suppression orders made by the Commissioner.

Information technology

The Information Technology Section is responsible for providing a functional and reliable computer service to all ICAC staff. The network is based on client-server architecture and comprises a UNIX- based mini computer and NT servers, personal computers, a database management system, financial and personnel management systems and specialised desktop publishing equipment.

In 1997–98 the ICAC commenced the implementation of a number of projects identified in the Information Technology and Telecommunications Strategic Plan, completed in June 1996. These projects included the replacement of personal computers, Unix servers, LAN technology, the implementation of a new financial package, and commencement of a data consolidation project.

The new computer system is funded through an operating lease, the first of its kind in the NSW public sector. This was made necessary because of the limitation of capital allocation to the ICAC. This is a major shift in the way the ICAC manages its funding, and the ICAC acknowledges the support and assistance provided by the NSW Treasury, Treasury Corporation, the Information Technology Service of the NSW Department of Public Works and Services and the NSW Audit Office in making this change. The change has, however, effectively further reduced the amount available as discretionary expenditure, and for staff.

Computer training was extended from custom applications to include general package software, utilising in-house facilities and resources. The Information Technology Help Desk continued to provide timely solutions to basic user problems and enquiries by staff with 85 per cent being met within priority ranked targets. Overall network availability exceeded 99 per cent and unplanned downtime was less than five hours for the year.

Year 2000 compliance

The ICAC is taking all action necessary to comply with the Government's Year 2000 Strategy and has completed Phase 2 implementation. In negotiating the operating lease for the new computer system, the ICAC ensured that responsibility for Year 2000 compliance was borne by the lessor.

Contingency plans will be completed by 30 October 1998. The Audit Office is independently verifying the Commission's compliance strategies. Total cost is estimated at \$1,500,000.

Information services

A range of library and data services including reference and research facilities is provided by the Information Services Section. Work in this area over the last year has concentrated on the implementation of the new computer system throughout the ICAC. As a result, a number of online and CD-ROM services, such as Desk Top Law, Case Base, Australia-on-Disc and the NSW Government Directory, have been networked to staff, giving them access to up-to-date information from their own desks instead of requiring a visit to the library.

Relationships between the ICAC and a number of other agencies, such as the NSW Police Service, the Roads and Traffic Authority and telecommunications carriers, which provide information to assist in ICAC investigations, continue to be managed effectively.

FINANCIAL AND FACILITY MANAGEMENT

Finance

The Finance Section provides accounting and budgetary services to ensure the ICAC complies with the *Public Finance and Audit Act 1983*, Treasurer's Directions and government accounting practices. Financial information and advice is provided to assist management in the effective and responsible use of ICAC finances.

The ICAC is funded from the Consolidated Fund. As a body listed under Schedule Three of the Public Finance and Audit Act, the ICAC prepares annual financial statements in accordance with the Annual Reports (Departments) Act. Audited financial statements, including notes, are included in this report.

The ICAC received \$12.936 million in recurrent allocation and \$240 thousand in capital during 1997–98. The actual net cost of service was \$172,000 over budget, which is 1 per cent of the recurrent allocation. The increase was due to a rise in the cost of salaries offset by a reduction in other operating expenses.

Internal audit, risk management and insurance

The Auditor-General conducts the internal audit of the ICAC's operations. Over the past few years the audit coverage has been extended from broadbased analysis of financial systems to a series of more detailed examinations of critical high-risk areas. For the 1997–98 financial year these have included complaint registration and acknowledgement, records management, motor vehicle usage, information technology, and the adequacy of the ICAC's reporting to the Operations Review Committee.

The internal audit programme for 1996–97 was completed in August 1997. The results of the audit review were satisfactory. There were various recommendations that provided opportunities to make cost-effective improvements to the reliability of management information and to reduce risks. These recommendations were endorsed and adopted during the year.

The ICAC's insurance cover for workers compensation, motor vehicles, public liability, property and miscellaneous items is provided by the NSW Treasury Managed Fund through the GIO. Premiums payable by the ICAC have not risen, reflecting the active management of claims and good management of risk. In 1997–98, the cost of motor vehicle claims and workers compensation was below the fund average.

Fraud control

The ICAC Act provides that officers of the ICAC, in carrying out their duties, are required to regard the protection of the public interest and the prevention of breaches of public trust as their paramount concern. This is reinforced in the ICAC's code of conduct, various formal documents and procedures manuals.

Funds granted to non-Government community organisations

The ICAC made no such grants during the financial year.

Major assets and acquisitions

Major assets held by the ICAC consist of leasehold improvements, and technical plant and equipment. The ICAC spent \$261,200 on capital equipment during the year. These funds were spent on various operational and technical equipment items, and improvements to the financial management software. Most computer equipment is now leased and is no longer an ICAC asset.

Leave balances

The liability for recreation and long service leave for ICAC employees at the end of 1997–98 was:

recreation leave \$ 716,748.47
 long service leave \$1,081,322.54

Facility management

The Office Services Section provides asset management services including those related to property, telecommunications, motor vehicles and other equipment. During the year minor accommodation changes and asset disposal were arranged, including assistance with a major IT asset disposal program.

Negotiations with the building owners commenced during the year on the renewal of the lease on the building the ICAC occupies in Redfern. The issues being negotiated include responsibility for making the building accessible for those with disabilities, whether staff or members of the public. The lease expires in 1999 and the Crown has the option of extending the term for a further five years.

Contracting out

The ICAC actively supports the concept of contracting out the provision of those services where a cost saving can be demonstrated, quality is maintained and the security requirements of the ICAC can be met. As each contract expires, the market is tested before a new contract is entered into. In 1997–98 contracts renewed or entered into included:

- leasing of IT network and equipment
- printing of ICAC reports.

Tenders were called for provision of:

- warehousing and distribution services
- hearing transcription services
- printing of ICAC stationery.

Contracts to be market tested in 1998-99 include:

- provision of telecommunication equipment and services
- air conditioning maintenance
- cleaning services
- waste disposal.

SUPPORT SERVICES

A range of support services including accommodation management, purchasing, staff travel, fleet management, office equipment and

general stores, and arranging maintenance of property and equipment is provided by the Office Services Section.

During 1997–98 a stores inventory module was purchased and installed as part of the ICAC's upgraded financial system. This involved changes to the way the ICAC records receipt, storage and issue of stores and stationery.

Security services

The Security Section protects ICAC staff, property, information, operations and witnesses. The NSW Police Service Security Management Branch is contracted to provide special constables on a 24-hour roster to assist in this function.

Security vetting of ICAC staff, companies and contract workers forms a large part of the Section's work. A total of 110 requests for such vettings was received during 1997–98. The target for provision of this service is to complete 50 per cent of vetting requests within 15 working days except where external factors intervene. This target was bettered, with 63 per cent of vetting requests being completed within 15 days.

There were no detected breaches of the security of ICAC premises during the reporting period. Improvements to the reception area and the building security system were completed during the year.

To ensure the personal safety of staff, briefings on personal safety from the NSW Police Service were held to supplement individual briefings given to staff on induction. Specific security measures are taken to protect staff when necessary.

Financial Statements

FINANCIAL STATEMENTS

The financial statements that follow consist of:

- Independent audit report
- Statement by Commissioner
- Operating statement for year ended 30 June 1998
- Statement of financial position as at 30 June 1998
- Statement of cash flows for year ended 30 June 1998
- Summary of compliance with financial directives
- Notes to and forming part of the financial statements for the year ended 30 June 1998
 - Summary of significant accounting policies
 - 2. Expenses
 - 3. Revenues
 - 4. Gain /(loss) on sale of non-current assets
 - Acceptance by the crown transactions entity of employee entitlements and other liabilities
 - 6. Program / activities of the Commission
 - 7. Current assets—receivables
 - 8. Current assets—other
 - 9. Non current assets—plant and equipment
 - 10. Current liabilities—accounts payable
 - 11. Current liabilities—employee entitlements
 - 12. Changes in equity
 - 13. Commitments for expenditure
 - 14. Budget review
 - 15. Cash and cash equivalents
 - 16. Reconciliation of net cost of services to net cash flows from operational activities
- Payment performance indicators
- Consultancies

INDEPENDENT AUDIT REPORT



BOX 12 GPO SYDNEY NSW 2001

INDEPENDENT AUDIT REPORT

INDEPENDENT COMMISSION AGAINST CORRUPTION

To Members of the New South Wales Parliament and the Commissioner

Scope

I have audited the accounts of the Independent Commission Against Corruption for the year ended 30 June 1998. The Commissioner is responsible for the financial report consisting of the accompanying statement of financial position, operating statement, statement of cash flows and summary of compliance with financial directives, together with the notes thereto, and the information contained therein. My responsibility is to express an opinion on these statements to Members of the New South Wales Parliament and the Commissioner based on my audit as required by sections 34 and 45F(1) of the *Public Finance and Audit Act 1983*. My responsibility does not extend here to an assessment of the assumptions used in formulating budget figures disclosed in the financial report.

My audit has been conducted in accordance with the provisions of the Act and Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates.

In addition, other legislative requirements which could have an impact on the Commission's financial report have been reviewed on a cyclical basis. For this year, the requirements examined were compliance with Treasurer's Directions in respect of usage of fuel cards.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the *Public Finance and Audit Act 1983*, Accounting Standards and other mandatory professional reporting requirements so as to present a view which is consistent with my understanding of the Commission's financial position, the results of its operations and its cash flows.

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

Audit Opinion

In my opinion the financial report of the Independent Commission Against Corruption complies with section 45E of the *Public Finance and Audit Act 1983* and presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Commission as at 30 June 1998 and the results of its operations and its cash flows for the year then ended.

A. C. HARRIS

SYDNEY
3 December 1998

STATEMENT BY COMMISSIONER

INDEPENDENT COMMISSION AGAINST CORRUPTION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 1998

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 1995 and the Treasurer's Directions;
- b. the statements exhibit a true and fair view of the financial position and transactions of the Commission; and
- c. there are no circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.

The Hon B S J O'Keefe AM QC Commissioner

M. a lufe.

3rd December, 1998

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 1998

	Notes	Actual 1998 \$'000	Budget 1998 \$'000	Actual 1997 \$'000
Expenses				
Operating Expenses				
Employee related	2(a)	9,257	8,825	9,196
Other operating expenses	2(b)	4,485	4,770	4,790
Maintenance	2(c)	307	200	358
Depreciation	2(d)	534	595	777
Total Expenses		14,583	14,390	15,121
Less:				
Retained Revenue				
Sale of goods and services	3(a)	29	35	27
Investment Income	3(b)	30	35	61
Other revenue	3(c)	32	11	15
Total Retained Revenue		91	81	103
Gain/(loss) on sale of non-current assets	4	11	-	(3)
NET COST OF SERVICES	16	14,481	14,309	15,021
Government Contributions				
Recurrent appropriation		12,936	12,849	12,664
Capital appropriation		240	240	240
Acceptance by the Crown Transactions Entity of	5	842	865	785
employee entitlements and other liabilities				
Total Government Contributions		14,018	13,954	13,689
SURPLUS/(DEFICIT) FOR THE YEAR		(463)	(355)	(1,332)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 1998

	Notes	Actual 1998 \$'000	Budget 1998 \$'000	Actual 1997 \$'000
ASSETS				
Current Assets				
Cash	15	9	131	549
Receivables	7	93	122	52
Other	8	179	105	29
Total Current Assets		281	358	630
Non-Current Assets				
Plant and equipment	9	2,610	2,596	2,894
Total Non-Current Assets		2,610	2,596	2,894
Total Assets		2,891	2,954	3,524
LIABILITIES				
Current Liabilities				
Accounts payable	10	414	392	617
Employee entitlements	11	1,040	582	1,007
Total Current Liabilities		1,454	974	1,624
Total Liabilities		1,454	974	1,624
Net Assets		1,437	1,980	1,900
EQUITY				
Accumulated funds	12	1,437	1,980	1,900
Total Equity		1,437	1,980	1,900

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1998

No	tes	Actual 1998 \$'000	Budget 1998 \$'000	Actual 1997 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee related		(8,751)	(7,960)	(8,345)
Other		(5,146)	(4,970)	(4,811)
Total Payments		(13,897)	(12,930)	(13, 156)
Receipts				
Sale of goods and services		31	35	48
Interest received		47	35	80
Other		3	11	33
Total Receipts		81	81	161
Cash Flows From Government				
Recurrent appropriation		12,936	12,849	12,664
Capital appropriation		240	240	240
Cash reimbursements from the Crown Transactions Entity		366	-	252
Cash transfers to the Consolidated Fund		(34)	-	(14)
Net Cash Flows from Government		13,508	13,089	13,142
NET CASH FLOWS FROM OPERATING ACTIVITIES	16	(308)	240	147
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of plant and equipment		(255)	(240)	(221)
Proceeds from sale of plant and equipment		23	-	30
NET CASH FLOWS FROM INVESTING ACTIVITIES		(232)	(240)	(191)
NET INCREASE/(DECREASE) IN CASH		(540)	-	(44)
Opening cash and cash equivalents	15	549	131	593
CLOSING CASH AND CASH EQUIVALENTS	15	9	131	549

SUMMARY OF COMPLIANCE WITH FINANCIAL DIRECTIVES FOR THE YEAR ENDED 30 JUNE 1998

	Actual Appro	priations	Estimated Expenditure	Actual Appr	opriations	Estimated Expenditure
	Original 1998 \$'000	Revised 1998 \$'000	1998 \$'000	Original 1997 \$'000	Revised 1997 \$'000	1997 \$'000
Recurrent Appropriations Program 5.1.1	12,849	12,936	12,936	13,071	12,664	12,664
Capital Appropriations Program 5.1.1	240	240	240	240	240	240
Total Appropriations Program 5.1.1	13,089	13,176	13,176	13,311	12,904	12,904

The name and purpose of the Commission's program is summarised in Note 6.

In New South Wales, agencies are not required to separately record cash expenditures which are financed by the Consolidated Fund as distinct from cash expenditures financed by their own user charges. As a result, they are not able to determine accurately the exact amount of the expenditures that are related to the Consolidated Fund. However, the amount of revised appropriation should approximate the actual cash expenditure of Consolidated Fund monies by agencies.

	1998 \$'000	1997 \$'000
Appropriations in Budget Papers	13,089	13,311
Section 24 Transfers of functions between departments		
Section 26 Commonwealth Specific Purpose payments		
Additional Appropriations		
Original Appropriation	13,089	13,311

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

As the Commission is a single program entity, a separate program statement is not required.

(b) Basis of Accounting

The Commission's financial statements are a general purpose financial report which has been prepared on an accruals basis and in accordance with applicable Australian Accounting Standards and other mandatory professional reporting requirements, the requirements of the Public Finance and Audit Act and Regulations and the Financial Reporting Directions published in the Financial Reporting Code for Budget Dependent Agencies or issued by the Treasurer under section 9(2)(n) of the Act.

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

Statements of Accounting Concepts are used as guidance in the absence of applicable Accounting Standards, Urgent Issues Group Consensus Views and legislative requirements.

The financial statements are prepared in accordance with the historical cost convention. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies adopted are consistent with those of the previous year.

(c) Parliamentary Appropriations

Parliamentary appropriations which are controlled by the Commission are recognised as revenues of the financial period in which they are received.

(d) Employee Entitlements

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

Liabilities for wages, salaries and annual leave are recognised and measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

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 entitlements 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 entitlements to which they relate have been recognised.

(ii) Long Service Leave and Superannuation

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

Long service leave is measured on a nominal basis. The nominal method is based on the remuneration rates at the year end for all employees with five or more years of service. It is considered that this measurement technique produces results not materially different from the estimate determined by using the present value basis of measurement.

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 (Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contribution.

(e) Insurance

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

(f) Acquisitions of Assets

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

(g) Plant and Equipment

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

(h) Depreciation of Non-Current Physical Assets

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

(i) Leased Assets

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

Where a non-current asset is acquired by means of a finance lease, the asset is recognised at its fair value at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense. The Commission has not entered into any finance lease arrangements during the year.

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

(j) Financial Instruments

Financial instruments give rise to positions that are financial assets or liabilities (or equity instruments) of either the Commission or its counterparties. They include Cash at Bank, Receivables and Accounts Payable. Classes of instruments are recorded at cost and are carried at net fair value.

The 1997–98 financial year is the first year that Australian Accounting Standard AAS33, "Presentation and Disclosure of Financial Instruments" is being applied. Certain comparative information has not been provided as it is considered impractical to do so.

(i) Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation (TCorp) 11am unoffical cash rate adjusted for a management fee to Treasury. The average interest rate during the year and the year end interest rate were 4.03 percent and 4.01 percent respectively. The Commission does not have any bank overdraft facility.

(ii) 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 uncollectable are written off. A provision for doubtful debts is raised when some doubt as to collection exists. The credit risk is the carrying amount (net of any provision for doubtful debts). No interest is earned on trade debtors. The carrying amount approximates net fair value. Sales are made on 30 day terms.

(iii) Accounts Payable

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

(k) Year 2000 Millennium Issue

The Commission is investigating if and to what extent the date change from 1999 to 2000 may effect its activities. To ensure that all significant operations are year 2000 compliant, the Commission has established a program to overcome the impact of the transition to the year 2000 on the Commission. The Commission does not expect its activities to be significantly impacted by the date change.

2.EXPENSES

	1998	1997
	\$'000	\$'000
(a) Employee related expenses comprise the following spec	cific items:	
Salaries and wages (including recreation leave)	7,762	7,600
Superannuation	537	552
Long service leave	268	195
Workers' compensation insurance	41	44
Payroll tax and fringe benefits tax	649	805
Total	9,257	9,196
(b) Other operating expenses		
Auditor's remuneration	15	12
Rental expense relating to operating leases	1,425	1,009
Insurance	44	42
Cleaning	57	61
Electricity	78	87
Travelling, air fares and subsistence	242	244
Motor vehicles	110	92
Consultancies	46	81
External Legal fees	534	760
Transcript fees Fees for services	108 493	107 688
Contract security services	400	422
Training Training	119	205
Advertising and publicity	80	122
Books and periodicals	77	79
Postal and telephone	247	214
Printing	152	205
Stores and specialised supplies	110	135
Other	148	225
Total	4,485	4,790
Previous year comparatives have been regrouped to give en	ffect to changes in the Financial F	Reporting Code.
(c) Maintenance expenses		
Repairs and routine maintenance	307	358
Total	307	358
(d) Depreciation and Amortisation expense		
Depreciation		
Computer equipment	144	297
Plant and equipment	42	68
	186	365
Amortisation		
Leasehold improvements	348	412
Total	534	777
10(a)		111

3. REVENUES

	1998 \$'000	1997 \$'000
(a) Sale of goods and services		
Sale of transcripts	29	27
Total	29	27
(b) Investment Income		
Interest	30	61
Total	30	61
(c) Other Revenue		
Other	32	15
Total	32	15

4. GAIN / (LOSS) ON SALE OF NON-CURRENT ASSETS

Gain / (loss) on disposal of property, plant and equipment

Proceeds from sale	21	32
Less:		
Written down value of assets sold	10	35
Net gain / (loss) on disposal of plant and equipment	11	(3)

5. ACCEPTANCE BY THE CROWN TRANSACTIONS ENTITY OF EMPLOYEE ENTITLEMENTS AND OTHER LIABILITIES

The following liabilities and/or expenses have been assumed by the Crown Transactions Entity:

Total	842	785
Payroll tax	37	38
Long service leave	268	195
Superannuation	537	552

6. PROGRAM / ACTIVITIES OF THE COMMISSION

The Independent Commission Against Corruption operates under a single program for Treasury reporting purposes. For the 1997–98 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.

7. CURRENT ASSETS—RECEIVABLES

	1998 \$'000	1997 \$'000
Sale of goods and services Other receivables	9 84	11 41
Total	93	52

No provision has been made for doubtful debts as all amounts are considered recoverable. There were no bad debts written off during the year (1997 \$189.67).

8. CURRENT ASSETS—OTHER

Prepayments	179	29
Total	179	29

9. NON-CURRENT ASSETS—PLANT AND EQUIPMENT

	Leasehold Improvements \$'000	Computer Equipment \$'000	Plant & Equipment \$'000	Total \$'000
At Cost				
Balance 1 July 1997 Additions Disposals	5,036 8 100	3,366 46 1,943	1,831 207 135	10,233 261 2,178
Balance 30 June 1998	4,944	1,469	1,903	8,316
Accumulated Depreciation				
Balance 1 July 1997	2,718	3,029	1,592	7,339
Depreciation for year	348	144	42	534
Write back on disposal	100	1,933	134	2,167
Balance 30 June 1998	2,966	1,240	1,500	5,706
Written Down Value At 30 June	1998 1,978	229	403	2,610

Included in the above figures are assets that have been fully depreciated comprising \$1,453,829 of plant and equipment and \$982,274 of computer equipment. The Commission continues to derive service potential and economic benefit from these fully depreciated assets.

10. CURRENT LIABILITIES—ACCOUNTS PAYABLE

	1998	1997
	\$'000	\$'000
Accounts Payable	115	284
Accrued Expenses	299	333
Total	414	617

11. CURRENT LIABILITIES—EMPLOYEE ENTITLEMENTS

Recreational leave	717	676
Accrued salaries and wages	136	119
Payroll tax and fringe benefits tax payable	187	212
Total	1,040	1,007

12. CHANGES IN EQUITY

	\$'000	\$'000
Accumulated funds		
Balance at beginning of financial year	1,900	3,232
Surplus / (Deficit) for the year	(463)	(1,332)
Accumulated funds		
Balance at end of financial year	1,437	1,900
(a) Capital Commitments		
13. COMMITMENTS FOR EXPENDIT		
Aggregate capital expenditure contracted for at balance date	e and not provided for:	
Not later than one year	-	21
Later than one year and not later than 2 years	-	-
Later than 2 years and not later than 5 years	-	-
Later than 5 years	-	-
Total	-	21
(b) Other Expenditure Commitments		
Aggregate other expenditure contracted for at balance date	and not provided for:	
Not later than one year	-	36

1998

1997

(c) Operating Lease Commitments

Later than one year and not later than 2 years Later than 2 years and not later than 5 years

Commitments in relation to non-cancellable operating leases are payable as follows:

commitments in relation to non-cancellable operating reason	s are payable as lone was	
Not later than one year	1,317	1,010
Later than one year and not later than 2 years	663	647
Later than 2 years and not later than 5 years	374	11
Later than 5 years	-	-
Total	2,354	1,668

These operating lease commitments are not recognised in the financial statements as liabilities.

14. BUDGET REVIEW

Net cost of services

Later than 5 years

Total

The actual net cost of service is \$172 thousand over budget. This is due to an increase in the cost of salaries and wages offset against a reduction in other operating expenses.

Assets and liabilities

The actual total current assets are \$78,000 lower than budget. This is mainly due to a decrease in the cash balance as a result of the increase in the net cost of service. There were no major variances in plant and equipment. Plant and equipment is slightly higher than budget due to the Commission purchasing more plant and equipment than initially budgeted for.

The actual current liabilities are \$480,000 higher than budget. This was due to an increase in the provision for recreation leave and other accrued salary expenses not budgeted for.

Cash flows

The variance in net cash flows from operating activities is consistent with the overspend in the net cost of service and the increase in prepayments.

15. CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank. The Commission has no financing facilities.

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	1998	1997
	\$'000	\$'000
Cash at bank	3	548
Cash on hand	6	1
Closing Cash and Cash Equivalents (per Statement of Cash Flows)	9	549

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

	1998 \$'000	1997 \$'000
Net Cost of Services	(14,481)	(15,021)
Increase/(Decrease) in Liabilities		
Provision for employee entitlementsAccounts Payable	41 (217)	94 457
(Increase)/Decrease in Assets		
- Receivables - Other	(42) (150)	76 72
Adjustment for Non Cash Items		
DepreciationLiabilities accepted by StateNet (gain)/loss on disposal of assets	534 842 (11)	777 785 3
Consolidated Fund Recurrent Allocation Consolidated Fund Capital Allocation	12,936 240	12,664 240
Net Cash Used on Operating Activities	(308)	147

END OF AUDITED FINANCIAL STATEMENTS

PAYMENT PERFORMANCE INDICATORS

1. Accounts payable

	Current S	30 Days S	60 Days	90 Days	
	Ş	Ş	Ş	Ş	
1st Quarter	120,838	-	-	-	
2nd Quarter	173,975	-	-	-	
3rd Quarter	167,193	-	-	-	
4th Quarter	114,882	-	-	-	

This table relates to payment outstanding at the end of each quarter as recorded in the ICAC's accounting system.

2. Payments on time

		ts Paid on ime	Amount Paid on	Amount Paid
	Target %	Actual %	Time \$	\$
1st Quarter	95	95	2,208,711	2,244,378
2nd Quarter	95	95	1,820,301	1,847,546
3rd Quarter	95	93	1,943,134	1,982,240
4th Quarter	95	90	3,397,022	3,517,794
Annual Average	95	93	9,369,168	9,591,958

The Commission set targets of 95% and problem level indicators of 90% in relation to the prompt payment of accounts. As reported above the Commission's performance regarding the prompt payment of accounts is slightly below established targets but higher than the problem level indicator of 90%.

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

CONSULTANCIES

The Commission spent a total of \$45,727 for specialised services from five different consultants, each at an individual cost of less than \$30,000. The consultants and services provided are indicated below:

•	KPMG Management Consulting	Final payment for assistance in the development of the Commission's tender to lease its computer systems.
•	Kathy Whimp	Write the Commission's corruption prevention report as part of the investigation into Aboriginal Land Councils.
•	Authentic Technologies	Provide advice and assistance in the migration of the Commission's specialised investigation software to the new computer environment.
•	The Riches Group	Facilitate the development of the Commission's Corporate Plan for the three years ending June 2001.
	Hewlett Packard	Customisation of the Commission's computer training manuals.

Appendixes

APPENDIX 1: CORPORATE PLAN – ICAC 1998 – 2001

The Independent Commission Against Corruption is an organisation established by an Act of the New South Wales Parliament. It is independent of the Government of the day.

We are accountable to the people of NSW through the Operations Review Committee and the Parliamentary Joint Committee on the ICAC.

Our aim

We will make New South Wales a better place in which to live and do business, by:

- combating corruption affecting the public sector;
- promoting the highest ethical standards.

What we do

We expose and minimise corruption in the NSW public sector.

We focus on exposure and minimisation work that public sector agencies are either unable or unwilling to do themselves, or because it is in the public interest for the ICAC to undertake the work.

How we expose corruption

- The ICAC targets and investigates serious and systemic corruption and corruption opportunities in the NSW public sector.
- Through our investigations, the ICAC establishes what the facts are and states whether others should consider prosecution, discipline and preventive actions. We recommend changes to prevent similar corruption occurring again.
- We conduct hearings and produce reports on our investigations.

How we minimise corruption

- We minimise corruption by exposing it and giving public sector agencies advice, guidance and information.
- We reinforce with each public sector agency its responsibility for minimising corruption in the way it does its work.
- We promote an ethical climate so that public sector agencies and individuals are encouraged to act against corruption.

What we cannot do

Unless the NSW public sector is involved, the ICAC does not have power to investigate:

- Private sector matters unless they arise out of dealings with the public sector
- Issues arising in other States or Territories

- Federal parliamentarians, departments or agencies
- Matters solely concerning police.

The ICAC is not a court. It cannot find people guilty or innocent.

The ICAC cannot make decisions for other agencies or overrule their decisions.

Our priorities

We will:

- Select work that brings the greatest benefit to the public sector and the people of NSW.
- Motivate public sector agencies and their employees to minimise corruption and make sure that they are capable of doing so.
- Encourage all people in NSW to support the need to combat corruption and to understand ICAC's role in this.

How we will achieve this

We will:

- Carefully assess information to target serious and systemic corruption and corruption opportunities.
- Continue to develop sound relationships and work collaboratively with public sector agencies, other organisations and individuals.
- Guide and advise the public sector in ways that are practical and relevant, and that enhance the reputation of New South Wales.
- Educate selected groups so their responses to corruption and potential corruption contribute to the achievement of our aim.
- Encourage public sector agencies to communicate with their staff and clients about corruption.
- Recognise and support public sector agencies in their efforts to achieve organisational improvement.
- Continue to improve our own skills, systems and practices to advance the achievement of ICAC's priorities; and
- Strengthen all our working relationships by managing expectations and promoting effective communications.

How we will demonstrate our effectiveness

- In our reports and in each Annual Report, provide a description and analysis of the corruption we have identified and addressed.
- Evaluate the extent to which ICAC services, products and advice are used in and beyond NSW

- Monitor and report on community perceptions of the ICAC and its effectiveness.
- Identify and recognise agencies that develop products and processes to inform their staff and clients of their anti-corruption strategies.
- Recognise and acknowledge agencies that implement change strategies designed to lead to the minimisation of corruption.
- Appraise and report on our dealings with individuals and groups with whom we work and affect.

Our values

We are committed to certain fundamental values in all our interactions with public sector agencies, other organisations, individuals and our staff.

We will:

- Advance the public interest at all times.
- Always act ethically and with integrity.
- Be fair, impartial and accountable in all our work.
- Strive for excellence in everything we do.
- Be tenacious and professional in pursuing our aim.
- Respect each other and work collaboratively; and
- Preserve the ICAC's independence.

Some important definitions

The Parliamentary Committee on the ICAC

The Parliamentary Committee on the ICAC (the Parliamentary Joint Committee or PJC) is made up of Parliamentarians. Its role is to monitor and review the ICAC's activities and published reports. It also examines trends, methods and practices in corrupt conduct.

Operations Review Committee

The Operations Review Committee (ORC) includes the ICAC Commissioner, representatives from the community and key government agencies. It is established by Parliament to advise the ICAC whether to investigate complaints and on other matters that the ICAC refers to it.

Public Sector of NSW

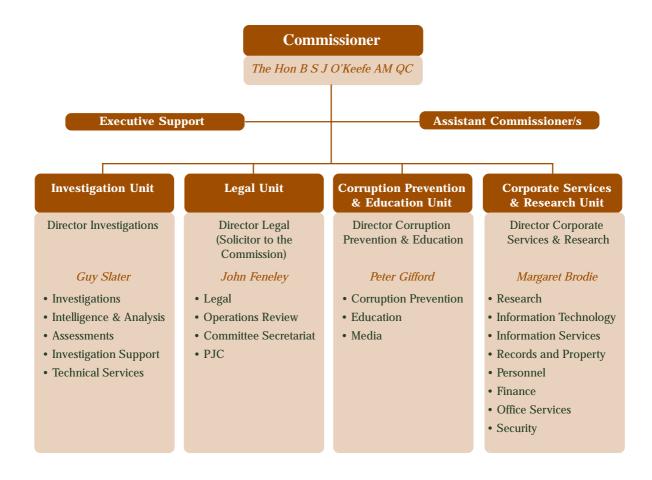
The NSW public sector includes all NSW government departments, statutory bodies, local councils, judicial officers and members of the NSW Parliament.

Contact information:

191 Cleveland Street, REDFERN NSW 2016 GPO Box 500 SYDNEY NSW 2001 Phone: (02) 9318 5999 or (1800) 463 909

Web Site: www.icac.nsw.gov.au

APPENDIX 2: ORGANISATION CHART



APPENDIX 3: CODE OF CONDUCT

The Independent Commission Against Corruption (the Commission) is constituted under the *Independent Commission Against Corruption Act* 1988 (ICAC Act). Accountable to the public of New South Wales, through the Parliament, it stands independent of the government of the day.

The Commission has three principal functions under the Act – investigation, corruption prevention and public education. In carrying out their duties, individuals employed as officers of the Commission are obliged to:

"...regard the protection of the public interest and the prevention of breaches of public trust as (their) paramount concerns." (s12 ICAC Act)

The legislation confers extraordinary powers on the Commission. Because of this, Commission staff must seek actively to achieve and retain public trust, if they are to deserve the responsibilities entrusted to them

The work of the Commission could be seriously undermined if any of its officers was seen to be acting in a way which the Commission itself, or right-thinking members of the community, would find reprehensible in any public organisation.

This Code sets out the principles officers are expected to uphold, and prescribes specific conduct in areas considered central to the exercise of the Commission's functions. It will be reviewed regularly, and updated and expanded to reflect changes both within and outside the Commission.

The Code is not intended to be read as a set of rules, where each word is scrutinised for its legal meaning. It is intended to convey in plain words the obligations placed on, and the behaviour expected of, all officers of the Commission.

This Code applies to every individual engaged as an officer of the Commission, whether by way of employment contract, term employment (appointment or secondment), temporary arrangement or on a fee for service basis.

Principles

Officers of the Commission must carry out their duties impartially, with integrity and in the best interests of the Commission.

The name and powers of the Commission must be used with restraint and with an awareness of their potential effect on the lives of individuals. They should never be used to gain personal advantage.

The standards of ethical behaviour and accountability which the Commission promotes in its dealings with other government organisations must be met by its own officers. Officers of the Commission should establish and maintain effective relations with individuals and organisations outside the Commission, recognising their rights as citizens. Discrimination and partiality, either within the Commission or in dealings with people and organisations outside the Commission, are unacceptable.

The work of the Commission must not be compromised or affected by any personal interest.

Public resources must be used efficiently and effectively.

The security of information and the protection of persons working with or dealing with the Commission must be assured.

The following parts of the Code provide detailed guidance on how you are expected to apply these principles in practice.

Employment

The ICAC Act places all officers under the control of the Commission. Appointment is not under the Public Sector Management Act but is within the terms of \$104 of the Independent Commission Against Corruption Act 1988 and the ICAC Enterprise Agreement. Conditions of employment with the Commission are similar to those within the NSW State Public Service relating to particular conditions of employment such as allowances and leave.

You should be familiar, and act in accordance, with the provisions of the ICAC Act and Regulations and the Commission's policies as set out in staff circulars and the Commission's operational manuals. Commission policies are available in the library, on the Commission's computerised network or from the Personnel Unit. All requirements concerning secrecy, personal and financial disclosures, security and media contact, must be strictly followed. If you perceive conflict between legislative and policy requirements and the Code, you must consult your supervisor.

Officers transferred from the NSW Police Service for a temporary period of employment, who continue to act as constables, are also required to know and abide by the Police Service Act and Regulations and the New South Wales Police Service Rules and Regulations manual. If you perceive any conflict between the legislative or policy requirements of the Commission and the Police Service, you must consult the Director of Investigations.

At induction to the Commission, staff are provided with details of the Commission's Individual Performance Management Program (IPMP). Appraisal takes place six months after commencement and then on an annual basis. For further information on IPMP consult the Personnel Unit. As an employee of the Commission, you have undertaken:

- not to engage in personal or professional conduct which may bring the Commission into disrepute,
- to abide by the strict secrecy provisions of the ICAC Act,
- to make full and open disclosures of your financial interests and personal particulars to the Commission. Significant changes to financial or personal status should be disclosed, when they occur, to a supervisor, a member of Senior Management or a member of the Security Unit.

To maintain credibility the Commission must make all efforts to ensure employees have no association with corruption. For this reason, failure to disclose personal or financial particulars may bring serious consequences for both the Commission and individual staff.

Personal and professional conduct

You should carry out your duties with honesty, commitment and diligence, working to the best of your ability. Where a decision or action is based on a statutory power, you must ensure that:

- the legislation under which the decision or action is taken authorises the taking of that decision or action
- you have the authority or delegation to take that decision or action, or that authority has been given
- any procedures required by law have been observed
- all relevant Commission policies and directions are followed
- the decision or action and the reasons for taking it are properly documented
- you have a responsibility to ensure fairness in carrying out the work of the Commission. This means that you should:
- take all reasonable steps to ensure that the information upon which decisions or actions are based, is factually correct, and that you have obtained all the relevant information
- deal with like situations in a like manner, i.e. be consistent
- take all relevant information into consideration
- not take any irrelevant information or opinions into consideration.

You should not act in any way which is discriminatory, and you should take care that your actions could not reasonably be regarded as discriminatory, bearing in mind that people may be aggrieved if a decision is not to their liking.

You must not harass or discriminate in your work practices on the grounds of sex, marital status, pregnancy, age, race, colour, nationality, ethnic or national origin, physical or intellectual impairment, sexual preference or religious or political conviction when dealing with your colleagues and members of the public.

You should record, immediately and accurately, verbal communications on sensitive matters, and inform your supervisor if you have any special concerns

You should not delay unnecessarily or unduly in making decisions or taking action.

You should be honest, but prudent, in your official and other dealings with colleagues and the public.

You should seek and/or offer supervision appropriate to your position and duties.

You must obey any lawful instruction by an officer of the Commission empowered to make such instruction.

The Commission's work involves close co-operation between people from different disciplines. You should make special efforts in your communication with colleagues, providing assistance and offering explanations for your requests and advice.

Loyalty to the Commission and its effectiveness as an organisation should take precedence over loyalty to colleagues.

You should keep up with changes within the Commission particularly as they relate to your duties, and with relevant changes outside the Commission.

Accountability

You are responsible for your own acts and omissions and will be held to account for them. If you are a supervisor or manager at any level, you are responsible also for the work-related acts and omissions of the staff you supervise.

This does not mean that you will be held responsible for every minor fault of your staff.

It means that you will be called to account for unsatisfactory acts or omissions by your staff if they are so serious, repeated or widespread that you should know of them and correct them, if you are exercising the level of leadership, management and supervision appropriate to your position.

Therefore it is your responsibility to make sure, in regard to the staff under your leadership, that they understand:

- what their job entails and what their duties are
- how they are expected to do their job

- what results are expected
- that their performance will be periodically and formally appraised.

Use of information

Commission work involves access to sensitive and confidential information which may be the subject of inquiry, investigation or consultation. S111 of the ICAC Act prohibits disclosure of this information, except in the exercise of the Commission's functions. Any breach of the requirements could result in your being charged with an offence against the Act.

If you believe that disclosure of information is justified, you must document the details of the information and the reasons you are seeking disclosure. These should be submitted through a Senior Manager to the Commissioner and approval obtained before any disclosure is made.

You must exercise caution and sound judgement in discussing sensitive information with other Commission officers. It should normally be confined to those who require access to that information in order to conduct their duties, or those who can, by reason of their experience, provide useful assistance.

The Commission is entrusted by other agencies with information to assist in analytical work, inquiries, investigations or consultation. You must not access this information or use it for any purpose other than Commission work.

You must not use information gained in the course of your duties:

- in ways which are inconsistent with your obligation to act impartially
- to cause harm or detriment to any person, body or the Commission
- to gain improper advantage for yourself or for any other person or body.

Examples of the use of information for improper advantage could include:

- speculation in property or shares based on information about Government decisions or the affairs of a company
- swapping confidential information with officers of other organisations
- taking advantage for personal reasons of another person on the basis of information about that person held by the Commission
- providing information from official records to any person outside the Commission for reasons not directly related to the work of the Commission.

Public comment

You must not make official comment on matters relating to the Commission unless you are authorised

to do so by the Commissioner. The Commission's Media Policy requires that you refer all media inquiries to the Media Manager who is the official spokesperson of the Commission.

Except when making authorised comment, discussions about the Commission's work should be confined to material which is in the public domain. You should ensure that others are aware that you are discussing only material in the public domain.

This applies to published reports and discussion papers, annual reports, public relations material, transcripts of public hearings, media releases, and public addresses. No comment should be made about any other material relating to the work of the Commission unless permission has been given by the Commissioner or the Media Manager. If you are uncertain as to whether information is in the public domain you must consult the Media Manager.

You should ensure that your personal views are not presented or interpreted as official comment. Expressing personal views about the Commission's work which might adversely affect its reputation or the exercise of its functions may lead to disciplinary action.

If you are aware that comments you have made socially or inadvertently may be used to undermine or damage the Commission's work, you should notify your supervisor or the Media Manager immediately.

Financial and other private interests - disclosure and conflicts

To ensure that the Commission's work is impartial and is seen to be so, there must be no opportunity for your personal interests, associations and activities (financial or otherwise) to conflict with the proper exercise of your duties.

All members of staff have made a disclosure of personal particulars prior to commencing duties. The Commissioner, in accordance with the ICAC Regulations, may also, at any time, ask you to disclose your financial interests and those of your partner, dependent children and other persons with whom you are closely associated.

You must submit in writing the details of any changes in your personal particulars and (if you have made a financial disclosure) the financial interests of yourself, your partner, a dependent child or close associate. You should consult the Personnel or the Security Manager if you are unsure of what matters you should disclose.

If, in the course of your duties, you encounter information which involves people, organisations or activities that you have or had a personal interest in or association with, you must make a written disclosure to a member of Senior Management. A decision will be made whether the matter represents

a conflict of interest and whether your involvement with it should cease.

If you are in doubt whether to disclose a change in financial or personal circumstances or a potential conflict of interest, you should consult a member of Senior Management. As a general rule, disclosure is always preferable. It is confidential and can do no harm, whereas a great deal of damage may be done if you have not made disclosure of an interest, association or activity which may embarrass the Commission.

There are many possible circumstances where a conflict of interest could arise. You have the responsibility to be aware of possible conflicts and bring them to the Commission's attention so that an informed decision can be made about what action to take. Some examples are given below, but you should not regard this as an exhaustive list:

- an inquiry or investigation involves a close relative or work colleague, or a company in which you recently had an interest
- you are involved in calling tenders or organising the purchase of supplies, and you find that a close friend or relative is one of the tenderers
- you are asked to provide corruption prevention advice to a government department where you were recently employed
- an inquiry/investigation relates to a political figure or party and you are a member of the party or an opposing political party.

Public resources

Public resources include financial, material and human resources. All should be used effectively, without waste and for the work of the Commission.

The financial resources of the Commission are allocated under the Public Finance and Audit Act and officers are bound by the Treasurer's Directions issued under that Act. Procedures for the purchase of stores and equipment are conducted according to Commission policy.

You must be authorised to incur expenditure on behalf of the Commission and you must adhere to the above regulations and policy.

You must not obtain or use any stores items (for example stationery, furniture) for a purpose which is unrelated to the work of the Commission.

You must not use your work time, or the Commission's staff resources, for private purposes. However, there are some reasonable exceptions to this rule. For example:

 you may use the phone for private calls, if they are short, infrequent and do not interfere with work

- you may send or receive facsimile messages providing they are infrequent and do not interfere with work
- you may, with a supervisor's permission, use Commission resources (such as computer equipment) for approved personal purposes
- you may add your mail to the Commission's for posting, but you must not ask anyone to make a special trip for you. You must provide the stamp.

You should exercise care when using equipment, and follow the service requirements, to ensure good condition is maintained.

Some equipment is shared by a number of staff. You should be aware of competing priorities and ensure that your use of the equipment does not needlessly limit access by others. You should not assume that your work has priority simply because you are in a hurry.

Commission vehicles should only be used for official business unless approval has been given for private use. Official use may include overnight garaging at your home. Members of your family and friends should not drive a Commission vehicle unless your terms and conditions of employment permit its private use.

You must seek prior approval from your supervisor if you want to use the Commission's equipment for private purposes, for example using a Commission laptop computer for writing an essay for university studies. When using Commission equipment for authorised private purposes, you must ensure:

- you use it only in your own time
- the equipment is secure and properly cared for
- your use does not prevent colleagues from doing their work
- you provide consumables, for example, paper.

Security

Security of information and premises is vital to the Commission's effectiveness and to the personal safety of staff.

You should ensure that you are familiar with and follow security procedures for handling and disposing of information and for access of officers and visitors to Commission premises. These and other security procedures are contained in the Commission's Protective Security Program available from Unit and Section Heads or from the Security Manager. If you are unsure of procedures on any occasion, consult the Security Manager.

The removal of confidential documents and information, including Commission files, from the Commission's premises is permitted only in accordance with the Protective Security Program. Where it is not possible to seek permission from a

member of Senior Management to remove confidential documents or information, security staff should be notified of materials removed.

Bribes, gifts, benefits, travel and hospitality

Offences under the ICAC Act include the acceptance by officers of bribes, and the offering of bribes to officers. If you believe yourself or a colleague to have been offered a bribe you must provide a detailed written report to the Commissioner immediately that you become aware of this.

You must never solicit any money gift or benefit, travel or hospitality and you must never accept any offer of money. Accepting gifts or benefits could seriously damage the Commission's position. It is vital that:

- the impartial exercise of the Commission's functions not be influenced in any way
- the appearance not be created that any person or body is securing or attempting to secure the influence or favour of the Commission or any of its officers.

As a general rule, you should decline offers of gifts, benefits, travel or hospitality (accommodation, meals or entertainment). Officers who agree to speak officially at functions should, where possible, notify their hosts that it is inappropriate to offer gifts or rewards. There may be rare occasions when refusing a gift would be perceived as rude or offensive and these occasions require that you exercise sound judgement. For example:

- you must decline any offer from an individual or organisation you know to be the subject of an investigation by the Commission, or the subject or originator of a complaint or report to the Commission
- you must decline any offer which is individually targeted and not available to colleagues or associates who share a common task and purpose. For example, you may accept a modest lunch which is offered to a working group, but should pay for your own when you are the only person to whom an offer is made
- you may accept an item which relates to the work of the Commission, such as a book on a relevant topic, but you must refuse items which are unrelated to your work, for example travel or sporting goods
- you may accept a gift, benefit, travel or hospitality only if it is of a token kind, and when to refuse would be unnecessarily rude.

Do not destroy evidence of unsolicited gift giving. The evidence may be important.

You should ensure that your partner, dependent children and other close personal associates

understand these requirements and are aware that the requirements apply to them also.

If you have been offered or have received a gift, benefit, travel or hospitality you should inform your supervisor as soon as possible. Supervisors should then ensure that Senior Management is in a position to refer to the Commissioner any offers which are substantial, financially or materially, or which may be seen to compromise impartiality.

Outside employment

If you are employed or are considering employment outside the Commission on any basis – full-time, part-time or casual – you must seek the approval of the Commissioner, or delegate, as outlined in the Commission's Private Employment Policy.

Approval will be withheld where the outside employment could compromise your position or your work at the Commission.

Police officers temporarily transferred to the Commission, who are required to attend court hearings concerning matters initiated prior to transfer, must register court commitments in writing immediately following notification. Officers who, in the role of constable, respond to an incident which results in the commencement of police work unrelated to Commission duties, must inform the Director of Investigations in writing promptly after the incident.

Notification of corrupt conduct and complaints against staff

You must report to the Solicitor to the Commission any instance of suspected corrupt conduct:

- revealed in the course of investigation work, even if unrelated to that investigation
- revealed in the course of corruption prevention or education work
- in the course of duties generally.

You must also disclose any instance of suspected corrupt conduct, maladministration or serious and substantial waste occurring within the Commission to your supervisor, the Commission's General Counsel (in the case where the Commission does not have a General Counsel, the Solicitor to the Commission), or the Commissioner. Any such disclosure will be a 'protected disclosure' provided it conforms to the requirements of the 'Protected Disclosure Act, 1994'.

Cases of suspected corruption or maladministration may also be reported direct to the NSW Ombudsman and cases of serious and substantial waste may also be reported to the NSW Auditor-General.

The Protected Disclosures Act, as far as it is relevant to staff at the Commission, makes it an offence to take "detrimental action" against another person in reprisal for making a protected disclosure.

All 'protected disclosures' will be handled in accordance with the Commission's 'Protected Disclosure Reporting Policy'. The Commission is committed to ensuring that there will be no recriminations against those who report suspected corrupt conduct, maladministration and serious and substantial waste. In the case of a 'protected disclosure' recriminations are unlawful. If you feel that you are the subject of recriminations, you should report it directly to the Commissioner.

You must notify the Solicitor to the Commission of any complaint made against a Commission officer by a person not working for the Commission.

Under the Commission's policy on complaints against staff, the Solicitor to the Commission is generally responsible and will report to the Commissioner in respect of each matter. Any matter requiring investigation will be allocated to an appropriate member of Senior Management, and what is proposed after investigation will be reviewed and approved or otherwise by the Commissioner personally.

In respect of any more serious or difficult complaints against a staff member, a person from outside the Commission may be engaged to assist.

If, in the course of your private life, you become aware of any instance of suspected corrupt conduct, you are strongly advised to report it to the Manager, Assessments or to the Solicitor to the Commission.

Sanctions

Sanctions may be applied if you are involved in:

- unacceptable behaviour, either in the course of your duties or in your private life
- unsatisfactory performance of duties
- breaches of the code of conduct
- actions which can be prosecuted as breaches of the ICAC Act.

The sanction/s to be applied will depend on how serious and/or repeated breaches are considered to be. They may include:

- counselling by your supervisor, a member of Senior Management, or in extreme cases by the Commissioner
- a record of behaviour being documented and placed on your file
- not being recommended for further term of employment
- dismissal
- prosecution.

For example, an officer may be counselled by a supervisor for inadvertently giving confidential information to the media. An officer may be

dismissed for knowingly leaking confidential information to the media.

Clause 13 of the Commission's Enterprise Agreement relating to resignations and terminations states employees resigning from employment must provide a minimum of four weeks notice, in writing, to the Commission unless the Commission agrees to a lesser period. Should a decision be made to terminate employment, four weeks notice or payment in lieu will be provided. The Commission will not necessarily give a reason for terminating employment. This provision will not be taken lightly by the Commission, and is likely to be used only for serious cases of gross inefficiency, for misconduct or where a substantial security risk is evident.

In cases where no reason has been given for dismissing an officer of the Commission, you should discount any rumours you may hear, and positively discourage their circulation within or outside the Commission.

Responsibilities of officers who have left the Commission

In accordance with the general terms and conditions of your employment, you must not without the permission of the Commission:

- make public or otherwise use any confidential knowledge or information gained as a consequence of your employment with the Commission, or
- distribute, publish, mail or otherwise permit to go out of your possession any confidential information gained as a direct or indirect result of your employment with the Commission.

At the end of your employment with the Commission, you must return any documents or items which relate to the Commission's work and which are not otherwise publicly available.

APPENDIX 4: FREEDOM OF INFORMATION—STATEMENT OF AFFAIRS

Every agency covered by the *Freedom of Information Act 1989* (FOI Act) is required by the Act to publish an Annual Statement of Affairs. The ICAC's administrative, research and educational matters are covered by the FOI Act, while its corruption prevention, complaint handling, investigative and report functions are exempt.

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

ICAC contact details are shown at the front of this Report.

Freedom of information procedures

Arrangements can be made to obtain, or to inspect, copies of available documents at the ICAC by contacting the Director, Corporate Services and Research.

Formal requests made under the FOI Act for access to documents held by the ICAC should be accompanied by a \$30 application fee and be sent to the ICAC's Director, Corporate Services and Research. People wishing to be considered for a reduction in fees should set out reasons with 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 2.

The functions of the ICAC are broadly to investigate allegations of corruption, to prevent corruption and to educate the public. They are described comprehensively in the body of this Annual Report.

Effect of functions on the public and arrangements for public participation

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

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

Members of the public can attend and observe the ICAC's public hearings, which are advertised in metropolitan newspapers for Sydney hearings, and

metropolitan and regional or country newspapers for public hearings outside Sydney. Public hearings are also listed in the Sydney Morning Herald law listings.

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

The ICAC is accountable to the public through the Parliament, specifically through the Parliamentary Committee on the ICAC. The functions and membership of this Committee are described in this 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 can also make such comments directly to the ICAC by writing to the Commissioner.

Documents held by the ICAC

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

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

Members of the public may contact the Director, Corporate Services and Research, to clarify which documents may be available under FOI legislation.

ICAC publications produced in 1997–98 are listed in Appendix 6 of this Annual Report. They include investigation reports, corruption prevention reports, research reports and education material. The ICAC also publishes brochures about the ICAC's activities and procedures.

Freedom of information requests 1997-98

The ICAC was an exempt agency under the FOI Act from 1989 until 1992. Amendments introduced on 1 July 1992 varied that blanket exemption.

The ICAC's operational and related activities including corruption prevention, complaint handling, investigative and report functions remain exempt from the provisions of the FOI Act.

The FOI requests received in 1997–98 are summarised in the tables below:

Section A: Number of new FOI requests

FOI requests	Personal	Other	Total
A1 New (includes transferred in)	0	3	3
A2 Brought forward	0	3*	3
A3 Total to be processed	0	6	6
A4 Completed	0	4	4
A5 Transferred out	0	0	0
A6 Withdrawn	0	2	2
A7 Total processed	0	6	6
A8 Unfinished (carried forward)	0	0	0

^{*} Two requests listed as completed in last year's annual report were reopened in 1997–98, each as a continuation of the original request.

Section B: What happened to completed requests

FOI requests	Personal	Other	Total
B1 Granted in full	0	1	1
B2 Granted in part	0	0	0
B3 Refused	0	3	3
B4 Deferred	0	0	0
B5 Completed	0	4	4

Section C: Ministerial certificates

FOI requests	Personal	Other	Total
C1 Ministerial certificates issued	0	0	0

Section D: Formal consultations

Results	Initial	Total	
D1 Number of requests requiring formal consultation	3*	3	

^{*} All three were requests for consultation received from other Government Departments.

Section E: Amendment of personal records

Result or amendment request	Total
E1 Result agreed	0
E2 Result refused	0

Section F: Notation of personal records

Results	Total	
F1 Number of requests for notation	0	

Section G: FOI Requests granted in part or refused

Basis of disallowing or restricting access Personal		
G1 s19 (application incomplete, wrongly directed)	0	0
G2 s22 (deposit not paid)	0	0
G3 s25(1)(a1)(diversion of resources)	0	0
G4 s25(1)(a)(exempt)	0	0
G5 s25(1)(b), (c), (d) (otherwise available)	0	0
G6 s28(1)(b) (documents not held)	0	0
G7 Deemed refused – 21 day time limit expired	0	0
G8 s31(4)(released to medical practitioner)	0	0
G9 Totals	0	0

Note: All 3 requests refused were exempt under schedule 2 of the FOI Act.

Section H: Costs and fees of requests processed

	Results	Incurred costs	Fees received (application + deposit + refund + review)
H1	All complete requests	ed \$1,110*	\$60

^{*}These costs relate to a request withdrawn after 37 hours had been spent in processing it.

SECTION I: Discounts allowed

	Type of discount	Personal	Other
11	Public interest	0	0
12	Financial hardship – pensioner	0	0
13	Financial hardship – non-profit	0	0
14	Under 18 years	0	0
15	Totals	0	0
16	Significant correction of records	0	0

SECTION J: Days to process

Elapsed time (including withdrawn)	Personal	Other
J1 O to 21 days	0	9
J2 22 to 35 days (consultation period)	0	0
J3 Over 35 days (extended consultation)	0	0
J4 Over 21 days (out of time determination)	0	0
J5 Over 35 days (out of time determinations consultation)	after 0	0
Totals	0	9*

^{*}This total includes 3 new requests, 3 requests brought forward from 1996–97 and 3 requests for consultation.

SECTION K: Processing time

	Processing hours (including with	ndrawn)Personal	Other
K1	0 to 10 hours	0	8
K2	11 to 20 hours	0	0
К3	21 to 40 hours	0	1
K4	Over to 40 hours	0	0
	Total	0	9

SECTION L: Review and appeals

	Results	Total	
L1	Number of internal reviews finalised	2	
L2	Number of Ombudsman reviews finalised	1	
L3	Number of District Court actions finalised	0	

Details of internal review results

Grounds on which requested	. 0.00	Personal varied	0	Other varied
L4 Access refused	0	0	0	0
L5 Deferred	0	0	0	0
L6 Exempt matters	0	0	2	0
L7 Unreasonable charges	0	0	1	0
L8 Charge unreasonably incurre	d 0	0	0	0
L9 Amendment refused	0	0	0	0
Totals	0	0	3	0

Comparison with 1996-97

In 1996–97 the ICAC received eleven FOI requests; six regarding the personal affairs of the requester and five others.

In 1997–98 the ICAC received no FOI requests concerning the personal affairs of the requester, three requests concerning other matters and three requests for consultation from other Government Departments. One request was brought forward from 1996–97 and two requests, finalised in 1996–97, were reopened.

Impact on the ICAC

One request, subsequently withdrawn before completion, had a marked impact on the time taken to meet the requirements of the FOI Act. Apart from this one request, the impact of the FOI Act was less than in 1996–97.

APPENDIX 5: EQUAL EMPLOYMENT OPPORTUNITY MANAGEMENT PLAN, ETHNIC AFFAIRS PRIORITY STATEMENT AND DISABILITY SERVICES PROGRAM

Introduction

EEO Management Plan

The Independent Commission Against Corruption (ICAC) is not bound by Part 9A of the Anti-Discrimination Act. We choose to comply in a way that will allow comparisons with other public sector agencies. The Commission has developed its EEO Program having regard to the NSW Public Sector principles and guidelines issues by the Office of the Director for Equal Opportunity in Public Employment and the special needs of the ICAC.

NSW Government Action Plan for Women

The Commission's EEO Management Plan ensures compliance with the NSW Government Action Plan for Women.

Ethnic Affairs Priority Statement

The ICAC is a 'public authority' in terms of Section 5 of the Ethnic Affairs Commission Act, 1996. It recognises and values cultural diversity and is committed to ensuring that the principles of cultural diversity are reflected in its corporate and strategic planning. The Commission is not a 'key agency' for reporting purposes under the Act.

Disability Services

The Disability Services Act binds the Crown (Section 24[1]). The ICAC is committed to ensuring that the human rights of persons with disabilities are upheld at the point that the services and programs of the Commission may be available to them.

The Commission is committed to achieving the following outcomes:

- diversity
 - a skilled workforce which reflects the diversity of the NSW community
 - EEO, ethnic affairs and disability strategies included in agency planning.
- equity
 - a workplace culture displaying fair practices and behaviours based on known policies and procedures that are fair.
 - where appropriate, employee views heard, considered and acted upon
 - managers and employees who are informed, trained and accountable and assisted by a sound information base.
- opportunity
 - improved employment access and participation for EEO group members
 - development of staff and management practices to improve accessibility to EEO group members as customers and employees.

What EEO outcomes do we want to achieve?	How will we know we have achieved or are progressing towards achieving the EEO outcomes?	How will we achieve the EEO outcomes?	Who is responsible to make sure we achieve the EEO outcomes?	Time frame to achieve EEO outcomes?
A skilled workforce which reflects the diversity of the NSW community.	 Progress towards the following targets within the Commission: Women to continue to represent 50% of full-time employees by 2003; Aboriginal people and Torres Strait Islanders to 	■Consider development of specific strategies to assess these targets and to identify Commission positions which may accommodate employment of target groups by	■EEO Committee and CCG (monitor) ■Directors	■June, 1999
	represent 2% of full-time employees; - An appropriate percentage of the workforce being people with a disability who require work related adjustments; and - An appropriate percentage of the workforce	target groups, by: - upon a vacancy occuring, review position and position description to assess whether it would lend itself to being under- taken by people assessed as qualified who may also be members of an	■Directors	■As vacancies occur
	being people whose first language was not English.	identified EEO group. - review recruitment practices such as advertisement wording, advertising locations and methods of recruitment	■HR Manager	■30 June, 1999
		- examine the utilisation of existing state/federal employment programs.	■EEO Committee and CCG (monitor)	■30 June, 1999
		 Monitor against EEO statistics 	■HR Manager	■Annual Report
		 Periodically review policies and practices in relation to flexible work arrangements. 	■CCG (monitor)	As determined in each policy
		 Encourage flexible work practice opportunities when advertising positions. 	■Directors	■Include in all advertisements where appropriate
2. A range of employee diversity at all Commission salary levels and in all occupations.	People from each EEO group are distributed across all salary levels and occupations within the Commission.	■Monitor against collected EEO statistics.	■Directors	■By 2003
3. Pay equity for identified EEO groups.	•Increase in the average weekly full-time gross earnings of women as a % of the average weekly full-time gross earnings of men.	■Monitor trends against collected EEO statistics and devise strategies to counter any imbalance.	■Directors	■Annual improvement as reported in Annual Report
	■Increase in the average weekly full-time gross earnings of each EEO group, other than women, as a % of average weekly full-time earnings of all employees.	■Monitor trends against collected EEO statistics and devise strategies to counter any imbalance.	■Directors	■Annual improvement as reported in Annual Report

What EEO outcomes do we want to achieve?	How will we know we have achieved or are progressing towards achieving the EEO outcomes?	How will we achieve the EEO outcomes?	Who is responsible to make sure we achieve the EEO outcomes?	Time frame to achieve EEO outcomes?
4. Retention in the Commission's employ- ment of employees from EEO groups.	 Separation of EEO group employees from the Commission is proportionally no greater than their 	■Review content of Departure Survey to include necessary questions relevant to identified EEO groups.	■EEO Committee (monitor)	■30 June, 1999
	representation in its workforce.	 Provide annual analysis and statistics of departure question- naires. 	■HR Manager	Report to Directors and CCG annually
		■Review results of analysis and consider development of remedial action where necessary.	■EEO Committee & CCG (monitor)	■30 June, 1999
5. Selection and appointment to Commission positions based on merit.	Merit processes are used for selection to positions at all levels, except where consid- eration of higher duties and/or staff develop- ment opportunities are being considered.	■Review existing policies to make more transparent the distinction between merit selection and developmental opportunity	■EEO Committee & CCG (monitor)	■30 June 1999
	 Extent to which the merit principle has been applied. 	 Undertake regular audits to review application of merit in recruitment 	■HR Manager	■31 May, 1999
	Use of staff trained in selection techniques and EEO principles.	■Selection Techniques Training for all staff	■Directors	Courses made available each year
6. A workplace, free from discrimination and harassment.	 Increase in employees' awareness that the Commission's workplace is free of 	■Develop and implement Harassment and Grievance Policies and procedures.	■EEO Committee and CCG (monitor)	■1 December, 1998
	discrimination and harassment and grievance procedures are accessible and fair.	 Select and train staff and management Grievance Mediators and Harassment Information Officers. 	■HR Manager	■1 November, 1998
		■Increase staff aware- ness of Commission policies and procedures and availability of information.	■Directors, Managers and HR Manager	■Ongoing
	■Number of grievances.	Monitor and report on statistics.	HR Manager and CCG (latter to monitor)	Annually
	Ensure all policies and procedures are free from discriminatory elements.	■Review existing policies	■HR Manager and EEO Committee (latter to monitor)	■31 March, 1999

What EEO outcomes do we want to achieve?	How will we know we have achieved or are progressing towards achieving the EEO outcomes?	How will we achieve the EEO outcomes?	Who is responsible to make sure we achieve the EEO outcomes?	Time frame to achieve EEO outcomes?
7. Accountabilities for EEO outcomes are specified in the performance agreements of Directors and Managers.	■All Commission performance agree- ments have assessable EEO accountabilities.	■Review EEO accountabilities for Directors and Managers.	■Commissioner for Directors and Directors for all other positions	■Annually
8. Information about EEO and associated policies and programs is readily available.	■Structured processes are in place to keep all Commission employees informed of: - EEO policies, current EEO priorities, action and outcomes, and - workplace issues that impact on them.	■Increase staff aware- ness and access to information by increased use of: - Notice boards - Commission network, including e-mail - Personnel's newsletter - Information stand in Library.	■Directors, Managers and HR Manager	■Ongoing
9. Access to Commission developmental opportunities for EEO groups.	■The proportion of employees from EEO groups who act in higher duties overall reflects their proportion in the Commission's workforce.	■Directors be required to record all periods of 'higher duty'. ■Implement strategy	DirectorsDirectors, Managers and HR Manager.	■Annually ■Annually
10 All Commission positions are designed and evaluated equitably.	■A systematic and equitable process is used in the design and evaluation of Commission positions.	•All positions are designed and evaluated using OCR job evaluation methodology.	■HR Manager and Classification Commit- tee	■Ongoing
11. Performance management agree- ments are achieved equally for all staff.	■Developmental needs of Commission staff are identified through performance manage- ment processes and contribute to unit and corporate strategies.	 Analyse Training and Development agree- ments to assist in developing training and career development programs. Analyse a sample of the previous 12 month T&D 	Directors and HR ManagerDirectors and HR Manger	■Annually ■30 June, 1999
		agreements to ascertain the extent to which the agreements contributed to achieving identified Unit and Corporate needs.	v	
12. Effective monitoring and program evaluation processes inform Commission strategic planning.	■EEO outcomes are incorporated in strategic planning processes and documentation.	■Linked with Outcome 1. Ensure strategic planning processes and documentation is reviewed or structured to include EEO	■Commissioner and Directors in consultation with Corporate Planning Group.	■30 June, 1999
	■All EEO outcomes have measurable performance indicators, specific accountabilities and time frames.	priorities. Assessment of performance against previous relevant Commission statistical data.	■EEO Committee (monitor)	■30 June, 1999

What EEO outcomes do we want to achieve?	How will we know we have achieved or are progressing towards achieving the EEO outcomes?	How will we achieve the EEO outcomes?	Who is responsible to make sure we achieve the EEO outcomes?	Time frame to achieve EEO outcomes?
13. Opportunities for employment and training are offered to people who have a disability.	■Examining ways in which representation of staff with a disability can be brought to and maintained at acceptable levels.	■Review and identify positions that may be filled by a person with a disability and amend position descriptions as required, but not so as to change the essential requirements of the particular position/s.	■Directors and HR Manager	■31 October, 1998
		■Develop career development plans for staff with a disability in line with the Commis- sion's performance management system.	■Directors, Managers, Supervisors and HR Manager	■30 April, 1999
	Provision of adjusted workplace for staff with a disability.	Review the principle of reasonable adjustment, as it applies to the workforce, including position descriptions for new and existing staff.	■HR Manager	■31 May, 1999
		 Review existing recruitment policies that may impact on people who have a disability. 	■CCG (monitor)	■30 November, 1998
		 Provide information for managers and supervisors to raise awareness of reason- able adjustment. 	■HR Manager	■30 November, 1998
		Review the implementation of reasonable adjustment with staff who have a disability.	■HR Manager	■30 June, 1999
	Appropriate work place technology and equipment is provided for staff who have a disability.	Report on number and cost of workplace adjustments made for inclusion in Annual Report.	■HR Manager	■30 June, 1999
	•	Assess the needs of special equipment for staff who have a disability.	■HR Manager	■As required
		Staff with a disability will have specialised equipment available to assist in performing their duties.	■HR Manager	■When required
		equipment available to assist in performing		

What EEO outcomes do we want to achieve?	How will we know we have achieved or are progressing towards achieving the EEO outcomes?	How will we achieve the EEO outcomes?	Who is responsible to make sure we achieve the EEO outcomes?	Time frame to achieve EEO outcomes?
14. Improved access for EEO groups to services and materials provided by the Commission.	Progress towards improved access to Commission premises, services and materials for people with a disability.	Review building access for people with a disability and make recommendations to the owner of the building to improve accessibility.	■Director, CS&R	■31 December, 1998
	■Subject to budget and time constraints, Commission services and materials are more accessible to other EEO group members as customers.	Review past materials produced by the Commission and improve access to such material for people with a disability and other EEO group members.	■Director, CP&E	■Ongoing
as customers.	 Within budget and time constraints, ensure that future services and materials are more accessible to all EEO group members. 	■Director, CP&E	■Ongoing	
		 Promote availability of such material and services to all EEO group members. 	■Education Section	■Ongoing

APPENDIX 6: ICAC PUBLICATIONS 1997—1998

Investigation reports

- Report on the Conduct of George Bertoncello of Lane Cove Council, Nazem Bechara in relation to certain Councillors of Holroyd City Council and Vittorio Fasan and Antonio Cavallaro and their Dealings with Fairfield City Council - November 1997
- Report on Investigation into Aboriginal Land Councils in New South Wales: Corruption Prevention and Research Volume - April 1998
- Investigation into the Department of Corrective Services First Report: The Conduct of Prison Officer Toso
 Lila (Josh) Sua and matters related thereto February 1998
- Report on the Investigation into the Glebe Morgue March 1998
- Investigation into Parliamentary and Electorate Travel: First Report April 1998
- A Major Investigation into Corruption in the Former State Rail Authority of New South Wales June 1998
- Investigation into the Disposal of Waste and Surplus Assets in TransGrid, Pacific Power and Integral Energy June 1998

Corruption prevention reports

- Report on Investigation into Aboriginal Land Councils in New South Wales: Corruption Prevention and Research Volume - April 1998
- Report on Investigation into Aboriginal Land Councils in New South Wales: Corruption Prevention and Research Volume Summary – April 1998
- Accountable Health and Building Inspections: Recommendations for Local Government June 1998

Research publications

- Monitoring the Impact of the NSW Protected Disclosures Act 1994: Encouraging NSW Public Sector Employees to Report Corruption – November 1997
- Monitoring the Impact of the NSW Protected Disclosures Act 1994: Phases 3 and 4 NSW Public Sector Employees Attitudes to Reporting Corruption – November 1997
- Minimising Corruption Some Lessons from the Literature January 1998
- Report on Investigation into Aboriginal Land Councils in New South Wales: Corruption Prevention and Research Volume - April 1998
- Report on Investigation into Aboriginal Land Councils in New South Wales: Corruption Prevention and Research Volume Summary - April 1998

Other publications

- Annual Report 1996–97
- Annual Report Summary 1996–97
- Corruption Matters Newspaper 3 issues
- Updated Business Studies kit, Ethics and Enterprise—the Life Cycle of a Business
- Internal Investigations Handbook—October 1997

APPENDIX 7: MEDIA STATEMENTS 1997—1998

4 July ICAC poster exhibition visits New England Regional Art Museum 8 July ICAC releases community attitude survey on corruption 16 July Toppsville CD-ROM launched for 600,000 school children 17 July Commissioner O'Keefe appears before NSW Parliamentary Committee on the ICAC 20 August ICAC poster exhibition visits Tweed River Regional Art Gallery 23 September ICAC participates in Protected Disclosures workshop in Sydney 26 September ICAC announces public hearings into corruption in NSW gaol system 8 October ICAC participates in Protected Disclosures Act workshop in Wagga Wagga 1 October USA, Thailand & Papua New Guinea corruption fighters visit ICAC 7 October ICAC participates in Protected Disclosures Act workshop in Parramatta 13 October ICAC starts public hearing into corruption in the NSW gaol system 15 October ICAC participates in Protected Disclosures workshop in Maitland 27 October ICAC poster exhibition visits Lewers Bequest & Penrith Regional Art Gallery 30 October Innovation & achievement in ICAC 1996-97 annual report 3 November ICAC participates in Protected Disclosures Act workshop in Tamworth 14 November ICAC announces second hearing into corruption in the NSW gaol system ICAC starts second public hearing into corruption in the NSW gaol system 20 November 26 November Statement re comment in NSW Parliament about ICAC interest in Brian Langton MP 27 November Commissioner O'Keefe appears before NSW Parliamentary Committee on the ICAC 28 November Investigation report released on local government health & building surveyors 28 November ICAC releases public survey into effectiveness of the Protected Disclosures Act 3 December ICAC participates in Protected Disclosures Act workshop in Coffs Harbour 5 December ICAC participates in Protected Disclosures Act workshop in Dubbo 8 December ICAC participates in Protected Disclosures Act workshop in Broken Hill 9 December ICAC participates in Protected Disclosures Act workshop in Bathurst 10 December ICAC participates in Protected Disclosures Act workshop in Queanbeyan 12 December ICAC participates in Protected Disclosures Act workshop in Batemans Bay 12 December Local Government whistleblowers lack understanding of Protected Disclosures Act 19 December Closing submissions being taken in Aboriginal Land Councils investigation 22 December ICAC enters major, innovative information technology contract 16 February Top Chinese corruption fighter visits ICAC 27 February ICAC releases first investigation report on NSW gaol corruption ICAC announces public hearings into NSW MPs' travel expenses 13 March 27 March ICAC announces public hearings into relationship between Louis Bayeh and NSW MPs 31 March ICAC releases investigation report into Glebe Morgue corruption 22 April ICAC announces third investigation into corruption in the NSW gaol system 28 April ICAC issues corruption prevention recommendations for NSW Aboriginal Land Councils 30 April ICAC releases first investigation report into NSW MPs' travel 3 May ICAC starts third public hearing into corruption in NSW gaol system

3 May	ICAC announces public meeting in Nowra on Aboriginal Land Council corruption prevention recommendations
4 May	ICAC announces public meeting in Bega on Aboriginal Land Council corruption prevention recommendations
4 May	ICAC announces public meeting in Batemans Bay on Aboriginal Land Council corruption prevention recommendations
7 May	ICAC announces public meeting in Queanbeyan on Aboriginal Land Council corruption prevention recommendations
7 May	ICAC represents Australia at Commonwealth Anti-Corruption meeting
8 May	ICAC announces public meeting in Tweed Heads on Aboriginal Land Council corruption prevention recommendations
11 May	ICAC announces public meeting in Lismore on Aboriginal Land Council corruption prevention recommendations
12 May	ICAC announces public meeting in Kempsey on Aboriginal Land Council corruption prevention recommendations
13 May	ICAC announces public meeting in Taree on Aboriginal Land Council corruption prevention recommendations
15 May	ICAC announces public meeting in Dubbo on Aboriginal Land Council corruption prevention recommendations
18 May	ICAC announces public meeting in Brewarrina on Aboriginal Land Council corruption prevention recommendations
21 May	Comment made on NSW Supreme Court decision re Paul Gibson MP
29 May	ICAC announces public meeting in Dareton on Aboriginal Land Council corruption prevention recommendations
1 June	ICAC announces public meeting in Broken Hill on Aboriginal Land Council corruption prevention recommendations
2 June	ICAC announces public meeting in Wilcannia on Aboriginal Land Council corruption prevention recommendations
12 June	ICAC announces public meeting in Moree on Aboriginal Land Council corruption prevention recommendations
15 June	ICAC announces public meeting in Inverell on Aboriginal Land Council corruption prevention recommendations
16 June	ICAC announces public meeting in Armidale on Aboriginal Land Council corruption prevention recommendations
16 June	ICAC announces public meeting in Coffs Harbour on Aboriginal Land Council corruption prevention recommendations
17 June	ICAC announces public meeting in Tamworth on Aboriginal Land Council corruption prevention recommendations
17 June	Comment made on appealing NSW Supreme Court decision re Paul Gibson MP
19 June	ICAC announces meeting in Wagga Wagga on Aboriginal Land Council corruption prevention recommendations
23 June	ICAC announces meeting in Deniliquin on Aboriginal Land Council corruption prevention recommendations
24 June	ICAC announces meeting in Albury on Aboriginal Land Council corruption prevention recommendations
25 June	ICAC issues investigation report on corruption in certain NSW electricity authorities
29 June	ICAC announces meeting in Newcastle on Aboriginal Land Council corruption prevention recommendations
30 June	ICAC announces public meeting in Campbelltown on Aboriginal Land Council corruption prevention recommendations
30 June	ICAC issues investigation report on corruption in the former NSW State Rail Authority
TOTAL: 6	7

APPENDIX 8: CONTRIBUTION TO SEMINARS, CONFERENCES AND WORKSHOPS

ICAC Workshops and training for state and local government agencies

Seminar / Workshop

Community briefings regarding implementation of recommendations contained in *Report on Investigation into Aboriginal Land Councils in NSW: Corruption Prevention and Research Volume*

Briefings presented in the following locations: Albury, Armidale, Batemans Bay, Bega, Brewarrina, Broken Hill, Campbelltown, Coffs Harbour, Dareton, Deniliquin, Dubbo, Inverell, Kempsey, Lismore, Newcastle, Nowra, Moree, Queanbeyan, Tamworth, Taree, Tweed Heads, Wilcannia, Wagga Wagga.

Better Management of Protected Disclosures

Nineteen workshops conducted at the following locations to give practical advice and guidance to public officials who deal with protected disclosures: Batemans Bay, Bathurst, Broken Hill, Chatswood, Coffs Harbour, Dubbo (2 workshops), Maitland, Newcastle, Parramatta (2 workshops), Queanbeyan, Sydney (5 workshops, 2 being for State Transit), Tamworth, Wagga Wagga.

Conduct Becoming Workshops

Sessions were run to help agencies and councils make best use of *Conduct Becoming* and in doing so promote understanding of ethics and public duty. Eighteen workshops were held at the following locations: Blacktown, Broken Hill, Chatswood (2 workshops), Coffs Harbour, Dubbo, Narrandera, Newcastle (2 workshops), Queanbeyan, Sydney (7 workshops), Wollongong.

Internal Investigations training

Training for novice investigators - One session was offered in Sydney.

NSW state and local government agencies and groups

NSW state and local government agencies and groups			
Organisation	Topic		
Department of Community Services (Child Protection Council)	Investigations carried out by the Commission, Sydney, 03/07/97 Speaker: Melissa Dryden		
Department of Corrective Services	Tone at the Top – Ethical Considerations, Sydney, 11/03/98 Speaker: Commissioner		
Department of School Education.	Ethics and Values & Attitudes Education – outline for teachers converting to Design & Technology, Sydney, 02/07/97 Speaker: Yvonne Miles		
Eurobodalla Shire Council	Under Careful Consideration workshop with councillors and staff, Moruya, 8/10/97 Speaker: Peter Gifford		
Hay Shire Council – Celebration of 125 Years of Local Government in Hay	Speech on local government and how the ICAC fits in, Hay, 28-29/03/98 Speaker: Commissioner		
FreightCorp	Ethical Values and Leadership, Parramatta, 19/08/97 Speaker: Commissioner		
North-West Group of Environmental Health & Building Surveyors	Corruption in the public sector – a local government perspective, Tamworth, 12/06/98 Speaker: Commissioner		
NSW Police Service - Chatswood Police	Integrity & Ethics (3 day induction), Chatswood, 13/10/97 Speaker: Vic Baueris		
Pittwater Council	Code of Conduct,		

Warriewood, 22/7/97 Speaker: Peter Gifford Protected Disclosures Steering Protected disclosures research – Implications for the Committee,

Committee Sydney, 29/01/98

Speaker: Lisa Zipparo

Rail Access Corporation Official launch of Rail Access Corporation's Corruption Prevention Policies,

Sydney, 03/07/98 Speaker: Commissioner

Railway Services Authority Senior Management forum on leadership and accountability,

Sydney, 21/10/97 Speaker: Commissioner

Roads & Traffic Authority Ethics and leadership in the public sector,

as part of ethics seminar for SES Officers,

Rosebery, 17/06/98 Speaker: Commissioner

Roads & Traffic Authority Ethics and leadership in the public sector,

Sydney, 29/05/98 Speaker: Commissioner

SHOROC Conference Ethical values and leadership in the Public Sector,

Sydney, 05/11/97 Speaker: Commissioner

State Library of NSW Risk management & internal control,

Sydney, 6/4/98 Speaker: Peter Gifford

State Rail Authority ICAC's role & SRA's responsibilities to the ICAC,

Sydney, 16/06/98 Speaker: Commissioner

State Rail Authority Values and leadership – need for these in the public sector,

Sydney, 24/06/98 Speaker: Commissioner

Warringah Council Under Careful Consideration in meeting with Service Unit Managers,

Dee Why 3/9/97 Speaker: Peter Gifford

1997 Executive Development Group Interaction of accountability bodies with public sector organisations,

Sydney, 15/5/98 Speaker: Peter Gifford

Other government and professional bodies

Organisation Topic

Australian Federal Police Procurement & Tendering,

AFP Headquarters Eastern Division, 28/10/97

Speaker: Nick Wolanin

Australian Institute of Police

Management

Accountability and Leadership – the anti corruption perspective,

Manly, 12/08/97

Speaker: Commissioner

Australian Society of Editors Ethics & developing a code of conduct,

Sydney, 07/04/98 Speaker: Yvonne Miles

Commonwealth Department of

Finance & Administration

The principles & practices of probity when tendering

Heads of Procurement Forum - Competitive Tendering & Contracting,

Canberra, 24/11/97 Speaker: Peter Gifford

Institute of Internal Auditors Promoting organisational change through corruption prevention & education,

Sydney, 19/8/97 Speaker: Peter Gifford

North Coast Group of Surveyors,

Legal & Planning professions

Promoting probity - our responsibility,

Port Macquarie, 16/11/97 Speaker: Peter Gifford

Educational institutions, bodies and organisations

Organisation Topic

Economics & Business Educators The challenges for the legal system in the 21st century,

Sydney, 02/04/98 Speaker: Commissioner

Economics & Business Educators

NSW

The nature of law, Sydney, 11/07/97

Speaker: Commissioner

Harvard Club Ethics in Government,

Mitchell Library, 10/07/97 Speaker: Commissioner

Legal Studies Students' Conference Nature of justice and the law,

Sydney, 22/05/98 Speaker: Commissioner

NSW Young Lawyers - Law Society

of NSW

Transparency and ethics in the public sector,

Potts Point, 30/05/98 Speaker: Commissioner

Sydney Grammar School An ICAC – is it worth having one?

(Alligator Forum Speech) Sydney, 11/11/97

Speaker: Commissioner

The Law Society of NSW Ethics and public sector lawyers,

Sydney, 05/11/97 Speaker: Commissioner

Whistleblowers Aust. Inc Protected Disclosures Act & whistleblowing,

Sydney, 24/10/97 Speaker: John Feneley

Commercial, industry or non-government bodies

Organisation Topic

ABC News & Current Affairs ICAC roles & functions,
-Trainee Journalists Sydney, 10/2/98

Syulley, 10/2/98

Speakers: David O'Sullivan, John Feneley, Mark Davis

Brisbane Waters Probus Club Role of ICAC,

Gosford, 23/10/97 Speaker: Peter Gifford

Chatswood Chamber of Commerce Corruption and ethical values - the role of the ICAC,

Chatswood, 21/10/9 Speaker: Commissioner

Cumberland Suburban Newspapers

- Trainee Journalists

ICAC roles & functions
Parramatta, 12/11/97

Speakers: David O'Sullivan, Roy Waldon, Mark Davis

IIR Conferences Avoiding corruption in the tendering process,

Sydney, 27/10/97 Speaker: Peter Gifford

IIR Conferences Corruption prevention in a reforming public service,

Conference on Corporate Governance & Accountability

Canberra, 6/11/97 Speaker: Peter Gifford

IIR Conferences Changing the culture of your organisation-lessons from the NSW

experience,

Conference on Fraud, Ethics, Accountability & Risk Management,

Sydney, 17/2/98 Speaker: Peter Gifford

IIR Conferences Integrity & probity: optimising performance in the tendering process,

Conference on Competitive Tendering & Contract Management,

Sydney 25/2/98 Speaker: Peter Gifford John Fairfax Publications ICAC roles & functions, -Trainee Journalists Sydney, 8/12/97

Speakers: David O'Sullivan, John Feneley, Mark Davis

News Limited - Trainee Journalists ICAC roles & functions,

Sydney 11/12/97

Speakers: David O'Sullivan, John Feneley, Mark Davis

Property Council of Australia

NSW Division

The Tendering Process, Sydney, 29/7/97 Speaker: Peter Gifford

Corruption and the functions of the ICAC. Rotary Club of Lindfield

Killara, 26/05/98 Speaker: Commissioner

Rotary Club of Mosman Speech on the need for leadership in promoting ethical behaviour in the

public sector, Mosman, 18/11/97 Speaker: Commissioner

The Celtic Council of Australia The Inaugural Vinegar Hill Address,

Blacktown 15/11/97 Speaker: Commissioner

National conferences

Conference **Topic**

National Public Sector Competing forces and policies in the public sector,

Accountants' Conference Darling Harbour, 22/10/97 Speaker: Commissioner

1997 Australian and New Zealand Society of Criminology Conference

Beyond rhetoric: minimising corruption in Aboriginal Land Councils,

Brisbane, 8-15/7/97 Speaker: Stephanie Cooke

1997 Australian and New Zealand Society of Criminology Conference Applying crime prevention concepts to the problem of minimising

corruption, Brisbane, 8-15/7/97

Speaker: Angela Gorta

1997 Australian and New Zealand Society of Criminology Conference Why people don't report corruption,

Brisbane, 8-15/7/97

Author: Angela Gorta, paper presented on her behalf

International conferences

Conference **Topic**

International Association of Civil Oversight of Law Enforcement

Civilian oversight bodies need the power to investigate,

Ottawa, Canada, 10-13/9/97 Speaker: Commissioner

Canadian Association of Civil Oversight of Law Enforcement Origins of civilian oversight in New South Wales and role of the ICAC,

Ottawa, Canada, 14/9/97 Speaker: Commissioner

Council on Government Ethics

Laws Conference

Good ethics is good government, Edmonton, Canada, 17/9/97 Speaker: Commissioner

Eighth International Anti-Corruption

Conference

Commissioner participated as panel member and chaired Plenary Session

Witness protection schemes pitfalls and best practice,

Peru, 7-10/9/97 Speaker: John Feneley

Sixth International Conference on Ethics in the Public Sector -

Preventing corruption in the political arena, The Netherlands, 8-11/6/98

"Integrity at the Public -Private Interface'

Speaker: Margaret Brodie

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APPENDIX 9: PARTICIPATION IN SIGNIFICANT COMMITTEES

Austrac Client Liaison Meetings

Liaison with financial transactions tracking agency. This meeting is held half-yearly and is organised by the Australian Transaction Reports and Analysis Centre. Representatives from the Commission and other agencies at Federal and State levels attend this meeting to discuss matters in relation to the Financial Transaction Reports Act.

- Marilyn Withers, Manager Information Services and Raymond Kwan, Analyst

Australian Public Sector Ethics Network (APSEN)

Public servants and academics working in fraud/corruption prevention and ethics share information and resources.

- Yvonne Miles, Manager Education

Controlled Operations Review Working Party

This working party comprises representatives from a number of law enforcement agencies. Its purpose is to identify and recommend legislative changes to facilitate the conduct of controlled operations and other covert operations.

- Jan Daly, Senior Lawyer

Heads of Criminal Intelligence Agencies Conference

The Australian Bureau of Criminal Intelligence organises this conference twice each year. Law enforcement officers attend it from Federal and State agencies as well as New Zealand. The Commission participates in this conference to maintain good relationships and liaison, and for better exchange of intelligence with these agencies.

- Andrew O'Connor, Senior Analyst

Information Security Committee of the Research Foundation for Information Technology

Sydney University Committee established to promote information security to academics, students and the public and private sectors.

- Colin Walmsley, Assistant Security Manager

Inter-Agency Fraud Committee

A committee of representatives from law enforcement agencies which discusses the incidence of fraud and associated matters, with reference to both criminal and civil issues.

- Tim Lowe, Senior Lawyer

Interdepartmental Custodial Witness Protection Committee

- Peter Ross, Manager Security

Library Management Systems Applications Review Committee

Public Works and Services Committee established to select contract library management systems.

- Marilyn Withers, Manager Information Services

Law Enforcement Advisory Committee

A committee of State and Federal agencies that examine issues relating to telecommunications interception.

- Marie Ryan, Special Projects Manager

NSW Department of Health Code of Conduct Working Party

This working party is reviewing and updating the health system code of conduct.

- Melissa Dryden, Principal Corruption Prevention Officer

NSW Law Enforcement Agency Committee

The purpose of this committee is to identify and discuss issues relevant to law enforcement agencies.

- John Feneley, Solicitor to the Commission

NSW Pay Equity Taskforce Job Evaluation Sub-Committee

Committee established to evaluate representative positions across the public sector to assist in the elimination of gender bias in remuneration.

- Trevor Heldt, Personnel Manager

NSW Police Service Information and Records Management Steering Committee

This committee was established to oversee the implementation of recommendations concerning record keeping and records management included in the second report of the *ICAC Investigation into the Relationship Between Police and Criminals*.

- Vic Baueris, Principal Corruption Prevention Officer; Melissa Dryden, Principal Corruption Prevention Officer

NSW Police Service Internal Witness Advisory Council

The function of this council is to oversight the new Police Service Internal Witness program. It meets to consider matters relevant to the Internal Witness Support Unit.

- John Feneley, Solicitor to the Commission

NSW Public Sector Ethics Working Party

This group involving the Premier's Department, ICAC and trade unions meets to develop and recommend to the Chief Executives Committee strategies to include ethics into the operation of the NSW public service.

- Peter Gifford, Director Corruption Prevention and Education, Yvonne Miles, Manager Education, Sue Bolton, Education Officer

Protected Disclosures Act Implementation Steering Committee

The Premier established the Committee in 1996 to develop strategies to ensure effective implementation of the Act

- Peter Gifford, Director Corruption Prevention and Education, Sue Bolton, Education Officer

Quality in Policy Network (QUIP)

This group of senior public sector officers involved in policy development meets to discuss contemporary issue in public policy.

- Melissa Dryden, Principal Corruption Prevention Officer

Special Branch Working Party

- John Feneley, Solicitor to the Commission, and Guy Slater, Director Investigations.

APPENDIX 10: PROSECUTIONS AND DISCIPLINARY ACTIONS

PROSECUTION PROCEEDINGS DURING 1997-98

Investigation into north coast land development (Operation Barracuda)

Name CASSELL, Barry John

Nature of Offences Recommended s87 ICAC Act
Date of Action 18/06/98

Result Cassell has sought a ruling from the Court of Criminal Appeal on principles

to do with his case. The Court has reserved its judgement.

Name MUNRO, Roger Gareth

Nature of Offences Recommended Bribery
Date of Action 28/05/97

Result Sentenced to a fixed term of imprisonment of five months. Munro has

appealed on conviction and sentence and was granted bail.

Name HOGAN, Thomas Edward Paul

Nature of Offences Recommended Bribery

Date of Action 2/3/98

Result Found unfit to plead on the grounds of dementia (Alzheimer's disease). If

found unfit on reassessment then a special hearing will be held.

Investigation into unauthorised release of confidential information (Operation Tamba)

Name CHAD, Kerryn

Nature of Offences Recommended s87 ICAC Act s88 ICAC Act

Date of Action 3/11/97

Result Jury returned a verdict of not guilty.

Name CORDWEL, William Frank

Nature of Offences Recommended s87 ICAC s309 (3)(c) Crimes Act s249B(1) Crimes Act

Date of Action 14/8/97

Result Sentenced to 500 hours community service and \$3,000 fine. Pecuniary

penalty order in the sum of \$200 was made.

Name DEVINE, Paul (Francis)
Nature of Offences Recommended Conspiracy to bribe

Result No bill and stay application pending.

Name WADDELL, James McBeth
Nature of Offences Recommended s309 Crimes Act s87 ICAC Act

Date of Action 29/10/97

Result Jury returned a verdict of not guilty.

Investigation into the relationship between police and criminals (Operation Milloo)

Name BOWEN, Grahame Peter

Nature of Offences Recommended s87 ICAC Act Date of Action 30/9/97

Result Jury returned a verdict of not guilty. Directed verdict in respect to one count.

Name DALY, Ronald

Nature of Offences Recommended Conspiracy to attempt to pervert the course of justice s87 ICAC Act

Date of Action 31/10/97

Result Sentenced to 6 months imprisonment. The charge of conspiracy to attempt

to pervert the course of justice was dropped by the Crown.

Name HARDING Brian Robert

Nature of Offences Recommended s87 ICAC Act s330 Crimes Act

Date of Action 8/9/97

Result Jury returned a verdict of not guilty.

Investigation into matters relating to police and confidential information (Operation Proton)

Name FREEMAN, Gregory Leonard

Nature of Offences Recommended Receipt of bribe and attempted solicitation of bribe

Date of Action 13/10/97

Result Jury returned a verdict of not guilty.

Operation Rouse

Name ASTILL, Raymond William Nature of Offences Recommended s249B(2)(a)(ii) Crimes Act

Date of Action 21/7/97

Result Convicted and sentenced to 12 months imprisonment, comprising a fixed

term of 9 months and an additional term of 3 months. Astill filed notices of

appeal.

Investigation into the conduct of Brian Zouch (Operation Dilli)

Name ZOUCH, Brian

Nature of Offences Recommended s87 ICAC Act Conspiracy to bribe

Date of Action 01/12/97

Result Set down for trial.

Name MERTON, Leslie
Nature of Offences Recommended Conspiracy to bribe

Date of Action 01/12/97

Result Set down for trial. Bench warrant issued on 23 February 1998 for Merton's

arrest.

DISCIPLINARY ACTION PROCEEDINGS DURING 1997-98

Investigation into conduct of Khaled Ghoul, an inspector employed by Workcover Authority (Operation Astra)

Name GHOUL, Khaled Mahmoud

Nature of Offences Recommended Discipline, dismissal

Date of Action 18/08/97

Result Ghoul dismissed. Ghoul appealed to the Industrial Relations Commission,

but withdrew the appeal.

APPENDIX 11: STATEMENT OF FINANCIAL PERFORMANCE

The Independent Commission Against Corruption is an organisation established by an Act of the New South Wales Parliament. It is independent of the Government of the day.

We are accountable to the people of NSW through the Operations Review Committee and the Parliamentary Committee on the ICAC.

1. AIM, PRIORITIES AND KEY STRATEGIES

Aim

We will make New South Wales a better place in which to live and do business, by:

- (a) combating corruption affecting the public sector; and
- (b) promoting the highest ethical standards.

What We Do

- We expose and minimise corruption in the NSW public sector.
- We focus on exposure and minimisation work that public sector agencies are either unable or unwilling to do themselves, or because it is in the public interest for the ICAC to undertake the work.

How We Expose Corruption

- The ICAC targets and investigates serious and systemic corruption and corruption opportunities.
- Through our investigations, the ICAC establishes what the facts are and states whether others should consider prosecution, discipline and preventative actions. We recommend changes to prevent similar corruption occurring again.
- We conduct hearings and produce reports on our investigations.

How We Minimise Corruption

- We minimise corruption by exposing it and giving public sector agencies advice, guidance and information.
- We reinforce with each public sector agency its responsibility for minimising corruption in the way it does its work
- We promote an ethical climate so that public sector agencies and individuals are encouraged to act against corruption.

Our Priorities

We will:

- Select work that brings the greatest benefit to the public sector and the people of NSW.
- Motivate public sector agencies and their employees to minimise corruption and make sure that they are capable of doing so.
- Encourage all people in NSW to support the need to combat corruption and to understand ICAC's role in this.

Strategies

- Carefully assess information to target serious and systemic corruption and corruption opportunities.
- Continue to develop sound relationships and work collaboratively with public sector agencies, other organisations and individuals.
- Guide and advise the public sector in ways that are practical and relevant, and that enhance the reputation of New South Wales.
- Educate selected groups so their responses to corruption and potential corruption contribute to the achievement of our aim.
- Encourage public sector agencies to communicate with their staff and clients about corruption.
- Recognise and support public sector agencies in their efforts to achieve organisational improvement.
- Continue to improve our own skills, systems and practices to advance the achievement of ICAC's priorities.
- Strengthen all our working relationships by managing expectations and promoting effective communications.

2. COMMISSION FUNDING AND FINANCIAL PARAMETERS

	1996-97 Actual	1997-98 Actual	1998-99 Budget	
FUNDING	\$'000	\$'000	\$'000	
Consolidated Fund Recurrent Allocation	13,071	12,936	13,377	
Consolidated Fund Capital Allocation	240	240	240	
FINANCIAL PARAMETERS				
Net Cost of Service	15,021	14,481	14,982	
Capital Authorisation Limit	240	250	250	

3. PROGRAMS

Regulatory Program - relates to the exposing of corruption.

The Regulatory Program of the Commission encompasses the Commission's investigations, legal and various technical areas.

Objectives:

- Carefully assess information to target serious and systemic corruption and corruption opportunities.
- Continue to develop sound relationships and work collaboratively with public sector agencies, other
 organisations and individuals.
- Guide and advise the public sector in ways that are practical and relevant, and that enhance the reputation of New South Wales.
- Continue to improve our own skills, systems and practices to advance the achievement of ICAC's priorities.
- Strengthen all our working relationships by managing expectations and promoting effective communications.

Inputs:

	1996-97 Actual	1997-98 Actual	1998-99 Budget
Total Expenditure of Program (\$'000)	8,718	9,140	9,897
Average Staff Number	79.3	79.5	86.0

Advisory Program - relates to the minimisation of corruption.

The Advisory Program comprises the Commission's corruption prevention, education and research areas. The objectives of the advisory program are:

Objectives:

- Carefully assess information to target serious and systemic corruption and corruption opportunities.
- Continue to develop sound relationships and work collaboratively with public sector agencies, other
 organisations and individuals.
- Guide and advise the public sector in ways that are practical and relevant, and that enhance the reputation of New South Wales.
- Educate selected groups so their responses to corruption and potential corruption contribute to the achievement of our aim.
- Encourage public sector agencies to communicate with their staff and clients about corruption.
- Recognise and support public sector agencies in their efforts to achieve organisational improvement.
- Continue to improve our own skills, systems and practices to advance the achievement of ICAC's priorities.
- Strengthen all our working relationships by managing expectations and promoting effective communications.

Inputs:

THE STATE OF THE S				
	1996-97 Actual	1997-98 Actual	1998-99 Budget	
Total Expenditure of Program (\$'000)	3,883	3,153	2,987	
Average Staff Number	32.0	27.8	26.6	

Corporate Services Program

The Corporate Services Program encompasses all other areas of the Commission which support the regulatory and advisory program areas.

Objectives:

- Continue to develop sound relationships and work collaboratively with public sector agencies, other organisations and individuals.
- Continue to improve our own skills, systems and practices to advance the achievement of ICAC's priorities.
- Strengthen all our working relationships by managing expectations and promoting effective communications.

Inputs:

	1996-97 Actual	1997-98 Actual	1998-99 Budget
Total Cost of Program (\$'000)	2,520	2,290	2,148
Average Staff Number	23.5	23.3	22.9

4. PERFORMANCE MEASURES

- In our Investigation, Research and Corruption Prevention reports, and our Education products, describe and analyse corruption and corruption opportunities we have identified and addressed.
- Measure and report on the extent to which ICAC services, products and advice are used in and beyond NSW.
- Public sector agencies evaluate ICAC guidance as timely, practical and relevant.
- Community perceptions of the ICAC and its effectiveness continue at highly positive levels.
- Recognise and acknowledge, through publications, agencies that implement change strategies designed to lead to the minimisation of corruption.
- Monitor and publish examples of products and processes that agencies have developed to inform their staff and clients of their anti-corruption strategies.
- Appraise and report on our dealings with individuals and groups with whom we work and affect.

5. SERVICE QUALITY STANDARDS

The Commission will:

- Advance the public interest at all times.
- Always act ethically and with integrity.
- Be fair, impartial and accountable in all our work.
- Strive for excellence in everything we do.
- Be tenacious and professional in pursuing our aim.
- Respect each other and work collaboratively.
- Preserve the ICAC's independence.

6. REPORTING AND MONITORING REQUIREMENTS

The Commission has various reporting and monitoring requirements that assess funding levels, operational areas and the efficiency of the Commission. The following bodies comprise the accountability bodies of the Commission.

The Parliamentary Committee on the ICAC (PJC) Is established under the ICAC Act. The PJC is legislatively tasked to review and monitor Commission activities in addition to examining ICAC reports on relevant matters and trends in corrupt conduct. The Committee's role does not include reconsideration of ICAC operational decisions nor decisions relating to whether or not particular investigations or complaints should be pursued.

The Operations Review Committee is established by the ICAC Act. The Committee is responsible for advising the Commissioner whether the ICAC should discontinue or not commence investigation of a complaint.

The Treasury monitors the Commission funding on a monthly basis to assess any forecast changes in the budget result. The focus of the monthly reviews is to identify actual and anticipated variations in expenditure and revenues, the reasons for the variations and the source of funding to meet the identified variations.

7. RISK MANAGEMENT IDENTIFICATION AND STRATEGY

Fraud Control

As highlighted in the Commission's code of conduct the ICAC legislation provides that officers of the Commission, in carrying out their duties, are required to "regard the protection of the public interest and the prevention of breaches of public trust as (their) paramount concerns".

The work of the Commission could be undermined if any of its officers acted or was seen to be acting in a way which the Commission itself, or right thinking members of the community, would find reprehensible in any public organisation.

The Commission relies on various formal documents, including procedures manuals and the code of conduct to provide guidance in the prevention of fraud and internal accounting and like procedures to detect it should it occur. Although these documents will continue to play an integral part in this process, the Commission is in the process of developing a comprehensive Fraud Control Policy which will identify more clearly both the internal and external fraud risks to the Commission, assess the threat of fraud and the possibility of its occurrence, and review the existing internal controls to counter these fraud risks.

Internal Audit

In line with Treasury guidelines on "best practice internal control", the scope of the Commission's internal audit program has moved from a traditional focus on financial controls and compliance, to one which also incorporates assurance that the Commission's operations are being conducted effectively and efficiently. Internal Audit for the Commission is performed by the Auditor General.

The continuing move to expanding internal audit activity to other than reviews of financial accounting systems and aspects of financial compliance has been beneficial in improving the efficiency and effectiveness of the Commission's operations.

The Internal Audit program also includes a review of the reporting to the Operational Review Committee to determine the accuracy and adequacy of the Commission's reporting performance and compliance with the Committees recommendations.

8. REVIEW

Over the last few years through the streamlining of corporate services and the more efficient use of contracting out, the Commission has been able reduce its corporate service costs to assist in its move towards a broader approach to combating corruption. This has involved a greater emphasis on collaboration, advice and education while still retaining a strong investigative capacity.

APPENDIX 12: STATUTORY DISCLOSURE REQUIREMENTS REFERENCE

This appendix has been prepared to assist the reader to locate in the report those matters specified by statutory disclosure requirements

Independent Commission Against Corruption Act 1988

Section and Detail

76(1)	Report prepared within four months after 30 June and furnished to presiding officers of each House of Parliament	ii
76(2)	Report shall include:	
76(2)(a)	Description of matters referred to ICAC	25-27
76(2)(b)	Description of matters investigated by ICAC	30-32
76(2)(c)	Recommendations for changes in the laws of the state or for administrative action	34, 40-42
76(2)(d)	Information furnished to a law enforcement agency	34
76(2)(e)	Extent to which investigations have resulted in prosecution or disciplinary action	116-117
76(2)(f)	Number of search warrants issued	29-30
76(2)(g)	Activities in relation to educative and advising functions	36-45

Annual Reports (Departments) Act 1985

1-8		N/A
9(1)	The Annual Report shall comprise:	
9(1)(a)	-Financial statements	74-88
9(1)(b)	-Auditor's opinion	75
9(1)(b1)	-Response from Department Head to Auditor-General's report	N/A
9(1)(c)	-Report of operations	22-73
9(1)(d)	-Other prescribed matters	complies
9(2)	Treasurers directions	N/A
10	Report of operations prepared within 4 months	complies
11(1):	Report shall include:	•
11(1)(a)	-charter	10
11(1)(b)	-aims and objectives	89-90
11(1)(c)	-access	ii
11(1)(d)	-management and structure	91
11(1)(e)	-summary review of operations	2-7
11(1)(f)	-legal change	33-34
11A	Letter of submission to include:	
11(a)	-submission to Minister	V
11(b)	-provisions under which report has been prepared	V
11(c)	-if late, length of delay and reason for s16 extension	N/A
11(d)	-if no s16 application made, reasons for delay and failure to make application	N/A
11(e)	-signed by Department Head	V
12(1)	Submission within 4 months to Minister	N/A
12(2)	Submission to Treasurer	complies
13		N/A
14	Public availability	complies
15-20		N/A

Annual Reports (Department) Regulations

4	Start and finish of audited financial statements clearly indicated	74-87
5(a)	Major assets, other than land holdings, and major acquisitions	85
5(c)	Code of conduct amendments or new replacement code	68
5(d)	Matters significantly affecting reporting in 1997-98 of financial operations, other operations or clientele	complies
5(e)	Number of annual report copies printed and average cost of each	ii
6	Identification of any unaudited financial statements or reports	N/A

7	Performance of executive officers	N/A
8	Total number of executive positions, comparison with previous year, the	N/A
	number of females in that total and that comparison with previous year*	
10(2)	Annual report table of contents and index	complies
12(1)	Public availability of annual report	complies

Matters referred to in Schedule 1

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Access:		
	ldress	ii
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	gnificant committees and members	114–115
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	view of operations:	2-7
	arrative summary of significant operations	22-73
	nancial and quantitative information about programs or operations	16–19
	to non-government community organisations	N/A
Legal change	in Acts or subordinate legislation and significant judicial decisions affecting the Agency	33-34
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	other factors that have affected the achievement of operational objectives	2-7
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	ature and range of activities	2-8, 22-73
	easures and indicators of performance showing level of efficiency and effectiveness	16-21
	ature and extent of internal and external performance review practices	14, 16–21
Ве	enefits from management and strategy reviews	16-21
Ma	anagement improvement plans adopted and achievements in reaching previous targets	16-21
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Ex	cceptional movement in salaries	N/A
Pe	rsonnel policies and practices	66-71, 101-10
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Co	osting more than \$30,000	N/A
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Time for payment of accounts:	88
All instances where interest has been paid and reason for delay	88
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	101-100
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Requirements under Freedom of Information Act 1989 and Regulations:	
1. Information is to be provided in the required format	98-100
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Requirements under Treasury Circular TC 98/09	71
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Annual reporting requirements:	
(a) Number of copies printed and cost	ii
(b) Index and table of contents	complies
(c) Provided to Parliament in computer-readable form	complies
Requirements under Treasurer's Direction TD 900.01 General Insurance:	-
Report on risk management and insurance activities	72
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Requirements under Premier's Department Memorandum No 91-27	_
Requirements for all NSW Government publications**	complies

Requirements under Premier's Department Circular No. 92/4

Senior Executive Service - Reporting in annual reports*

Requirements under Premier's Department Memorandum No. 94-28

Changes to Procedures for Making Statutory Rules

N/A

1. Annual reports to detail any departures from Subordinate Legislation Act

Requirements under Premier's Memorandum No. 98-4

Production costs of annual reports

ii

Notes * ICAC Directors are on term contracts, but are not part of the NSW Senior Executive Service, although their remuneration is linked to that service.

** The report complies with all requirements under Premier's Department Memorandum No 91-27 except for that which requires inclusion, on the front cover, of the legend: "The New South Wales Government, Putting people first by managing better". The decision not to include these words is based on the ICAC's independence of government.

N/A Not Applicable

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