

# Profiting from public housing

**A recent ICAC investigation has highlighted the risks involved in allowing a public official to become a 'resident expert', controlling key processes with a high degree of autonomy and independent decision-making.**

In 2005–06 the ICAC investigated the sale of surplus properties from two public housing schemes – HomeFund and Public Equity Partnership. The investigation commenced after the ICAC received an anonymous complaint, and in the course of its investigation the ICAC interviewed over 50 witnesses, analysed thousands of documents and held a public inquiry in February this year.

As with all investigations involving a public inquiry, the ICAC published its

findings in a report that was presented to Parliament on 26 October. The ICAC made findings of corrupt conduct against three people – Graham Wade, a former officer of the former Home Purchase Assistance Authority and NSW Department of Housing who was in charge of organising the sale of surplus HomeFund and Public Equity Partnership properties; and John Ashe and Ken Williams, two real estate agents appointed by Mr Wade to sell such properties on behalf of the Authority and Department.

The investigation established that Mr Wade arranged the sale of five surplus HomeFund properties to companies controlled by two friends of Mr Wade and that these properties were re-sold

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**One of the public housing properties that was valued, sold and re-sold for profit as part of the corrupt conduct investigated by the ICAC.**

## Managing gifts and benefits

**In October the ICAC released two new and related resources: a best practice toolkit to help public sector organisations manage the probity issues around gifts and benefits and a brochure to help staff deal with situations that they believe might involve bribery.**

The *Managing gifts and benefits in the public sector toolkit* provides practical advice on how to implement policies and procedures to handle gifts and benefits effectively.

Many of the matters reported to the ICAC each year by members of the public and public officials relate to the offering or receiving of gifts and benefits, commissions or bribes. While the offering or receiving of a gift or benefit may not involve corrupt conduct, public officials and public organisations need to have clear, effective and appropriate policies and procedures in place to deal with this often problematic area – and need to be aware that bribery is a criminal offence.

The new toolkit reinforces the need for public officials and employees to

understand that they should never solicit gifts and benefits; never accept gifts of money and always consider the value and purpose of a gift or benefit before making any decisions about accepting it.

It provides options for addressing gifts and benefits and gives public sector organisations freedom to structure policies to suit core business and management structures. The toolkit contains practical guides for policy development and implementation, promotion of policies and procedures,

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# Commissioner's editorial

**To properly investigate and prevent or resist serious and systemic corruption in the NSW public sector, the ICAC needs to understand any weaknesses in systems that create opportunities for corrupt conduct to occur.**

In recent months, for example, the ICAC has done a great deal of work to identify corruption risks in the development approval process and in the public health sector.

The development approval project attracted a record number of submissions from members of the public and local councils and the ICAC will produce a publication setting out possible reforms and recommendations to address these risks. The Departments of Local Government and of Planning fully participated in the public discussion and the ICAC wishes to express its appreciation for the informed and constructive suggestions it received from these Departments.

For the public sector health project the ICAC consulted widely with stakeholders on corruption risks in the NSW public health sector and has recently produced a report describing the outcomes of the consultation process. As a consequence of the consultation process, the Health Department and the ICAC have committed to jointly developing a new resource that will assist the public sector in managing particular corruption risks.

This issue of *Corruption Matters* gives information on a wide range of other ICAC initiatives and activities, including a current project, arising out of several recent investigations, to develop corruption prevention guidelines on managing risks in occupation licensing and accreditation processes, and the first national forum devoted to public sector corruption.

The occupational licensing project is largely informed by the ICAC's investigative work into the fraudulent issue of building licences (Operation Ambrosia) and

safety certification and the operations of the WorkCover NSW Licensing Unit (Operation Cassowary).

In October 2007 the ICAC, the Crime and Misconduct Commission, Queensland and the Crime and Misconduct Commission of Western Australia will host the inaugural Australian Public Sector Anti-Corruption Conference. The Conference, to be held in Sydney, will be an opportunity for CEOs and public sector managers from across Australia to exchange experiences and practices in investigating and preventing corruption and official misconduct.

The program of local and international speakers is currently being developed and will also incorporate workshops on conducting investigations, corruption risk management and other relevant topics.

We are writing directly to all heads of State and Commonwealth agencies, general managers of local government councils and external stakeholders this month to further promote the Conference and invite individuals to register to receive a full program in May 2007. I encourage you to register your interest and inform your colleagues about this new and exciting event.

The Hon Jerrold Cripps QC  
Commissioner

## 2005–2006: the year in review

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

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

In 2005–2006 the ICAC investigated and exposed serious and systemic

conduct across a wide spectrum of public sector activity including the exposure of a number of sophisticated schemes to corrupt regulatory and licensing systems.

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

As well as making findings of corrupt conduct against 61 individuals in the course of 2005–2006, the ICAC analysed the relevant organisational systems and identified the weaknesses within them that created opportunities for corrupt conduct to occur. The Commission published eight investigation reports containing 78 specific corruption prevention recommendations to public sector agencies to help them reduce the likelihood of such conduct occurring in the future.

In furtherance of its corruption prevention function, the ICAC published significant guidelines publications during the year including *Probity and probity advising*; *Direct negotiations*, and *Sponsorship in the public sector*.

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

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

compel the production of documents in the course of its investigations.

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

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

The ICAC's 2005–2006 Annual Report was presented to Parliament in October 2006 and is publicly available on the ICAC website: [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au).



# Train-the-trainer package for universities launched

**In September, the ICAC launched its latest training resource, *Managing the risk of corruption – A training module for NSW universities*.**

The resource, which was successfully piloted in 2005 with the participation of three NSW universities and produced in consultation with them, is designed as a 'train-the-trainer' package that can be delivered internally in universities.

The resource is designed to raise awareness of corruption risks within the university sector, to provide guidance on identifying and managing conflicts of interest, and to ensure senior university staff have the knowledge and skills to respond to allegations of corrupt conduct and are aware of their reporting obligations.

Heads of school and heads of programs are particularly important recipients of such training as they are crucial in establishing a culture of integrity and anti-corruption.

The package is appropriate for university managers at all levels and will help universities include corruption awareness and prevention in their

professional development programs while saving them time and resources in course development.

*Managing the risk of corruption – A training module for NSW universities* consists of three short training modules, "Recognising corruption"; "Identifying and managing conflicts of interest" and "Preventing corruption" that can be used together as the basis of a half-day training program. Case studies and recent cases, drawn from allegations made to the ICAC that have been the subject of investigation or advice by the ICAC, are used throughout the pack to stimulate discussion and active learning.

Participants at the workshop launch, who included internal auditors and learning and development specialists, reported that they now feel more confident about providing training in corruption prevention within their institutions.

The module has been distributed free of charge to all NSW public universities. For more information or to request a copy, contact Catherine Hughes, email [chughes@icac.nsw.gov.au](mailto:chughes@icac.nsw.gov.au) or telephone 02 8281 5731.



The ICAC presented the train-the-trainer package to NSW universities on 12 September 2006.

# Australia's first national anti-corruption conference in 2007



**The inaugural Australian Public Sector Anti-Corruption Conference (APSACC) is a unique opportunity for public officials to learn the latest in new anti-corruption trends and strategies and to network with Australian and international public sector peers and leaders.**

The four-day event will be held at the Sydney Hilton Hotel from Tuesday 23 to Friday 26 October 2007. The program will offer individual speakers and panel sessions on:

- managing risks around business relationships between the private and public sectors
- safeguarding against the misuse of confidential information
- regulatory licensing and associated corruption risks
- best practice for managing whistleblower complaints and investigations
- strategies for managing conflicts of interest.

The launch of the "Whistling While They Work" project, believed to be the largest study of whistleblowing in the world, will also take place at the conference.

Delegates will be able to nominate to attend tailored streams for local government, public sector, police and universities sectors on day two of the conference, and the program will offer two days of interactive workshops.

## Who should attend the conference

Public sector executives and managers, corruption prevention practitioners, policy advisors, local government and planning specialists, senior police officers, academics and university executive members who want to enhance their skills, knowledge and techniques should attend the APSACC.

The APSACC is a joint initiative of the Independent Commission Against Corruption (NSW), Crime and Misconduct Commission (QLD) and the Corruption and Crime Commission (WA), Australia's leading anti-corruption bodies.

## Want to know more about APSACC?

Email your full contact details to [sbolton@icac.nsw.gov.au](mailto:sbolton@icac.nsw.gov.au) to receive bulletins about the conference and a copy of the program in May 2007.



# Corrupt conduct and community service orders

**In September the ICAC made public the report of its investigation into allegations of corrupt conduct relating to the management and administration of community service orders (CSOs).**

In its report the ICAC stated the investigation "revealed wide-ranging and serious systemic flaws in the policies, procedures and implementation of the CSO scheme" and made 24 recommendations to the Department of Corrective Services (DCS) to address deficiencies in the scheme in areas such as conflicts of interest, staff management and record keeping.

The ICAC found nine people engaged in corrupt conduct in the non-

performance of community service orders (CSOs).

Michael Ishac was a CSO organiser at the Bankstown office of the Probation and Parole Service, who improperly assisted offenders he knew personally.

The ICAC found that:

- Mr Ishac knew Mr Tourni and Mr Khouzame, who were assigned to work at St Nicholas Antiochian Orthodox Church in Punchbowl where their CSO supervisor was Father Elias Khoury. Father Khoury falsely certified the two had performed days of community work, when they had in fact each performed only about two hours. Another supervisor at St Nicholas, Faride Hilal, falsified timesheets for the offenders with the tacit approval of Father Khoury.

- Mr Ishac arranged for false information regarding Mr Tourni's CSOs to be entered into the DCS database. In another matter he also accessed and disseminated confidential information from the Department's databases without authority, and in a third matter, he provided personal references for three offenders, which he knew contained false information, for use by a court in sentencing.

- Albert Bullen was a supervisor at the Chester Hill Community Garden who falsely certified the timesheets of CSO workers in return for money. Hammurabi Barhy was the community service work supervisor at St Melkeh's Syrian Orthodox Church in Greenacre who arranged

for offenders to undertake their community work as renovations to the homes of his parents and uncle rather than at the church.

The ICAC recommended that the advice of the Director of Public Prosecutions (DPP) be sought concerning the taking of prosecution action against seven of the people who were the subject of this investigation, namely Mr Ishac, Mr Tourni, Mr Khouzame, Father Khoury, Ms Hilal, Mr Bullen and Mr Barhy, for various offences under sections 178BA, 318 and 319 of the Crimes Act, and sections 87 and 89 of the ICAC Act.

Proceedings against Mr Ishac relating to unlawful access to confidential information commenced on 14 June 2006.

# 2006 Community Attitudes Survey

**In May–June 2006 the seventh Community Attitudes Survey was conducted for the ICAC. These surveys are used to gauge the community's views on corruption in the public sector and awareness of the ICAC. The results of the surveys are used to inform continuing development of the Commission's education and corruption prevention strategies and resources.**

A random sample of NSW adults was surveyed by telephone. 502 people participated, and the results indicate that public confidence in the work of the ICAC remains high. The percentages of respondents who regard corruption as a serious problem in the NSW public sector, and as something that directly affects them,

were smaller in 2006 than in previous surveys.

In every Community Attitudes Survey since the first one conducted in 1993, participants have been asked to rate the extent to which they feel corruption is a problem in the NSW public sector. In all surveys up to 1999 a very high proportion of respondents (92 per cent in 1999) felt that it was a problem. This proportion fell in 2003 and again in 2006, to 72 per cent.

The 2006 survey also recorded the lowest percentage since the surveys began in 1993 (42 per cent compared to a high of 63 per cent in 1999) of people who felt they were affected by corruption in some way. Most commonly, people felt that it affected "everyone", that is, taxpayers or the whole community.

In the 2006 survey, participants were asked to indicate which of a list of nominated, problematic activities they felt commonly occur in the NSW public sector. Favouritism, misuse of public resources and failure to disclose a conflict of interest were the three most commonly nominated activities. While 82 per cent of respondents felt that it was "okay to report corruption in the NSW public sector", almost 70 per cent believed that people who report corruption are likely to suffer for it.

Eighty-three per cent of the respondents indicated that they were likely or very likely to report serious corruption, a figure that fell to 42 per cent when asked if they would report the corruption if they thought it was less serious.

Participants were asked to name the agency set up by government to

deal with corruption in the NSW public sector. If they did not name it initially they were asked if they had heard of the ICAC. A total of 82 per cent of respondents either recalled or recognised the ICAC.

As in previous surveys there was strong agreement with the statement that having the ICAC is a good thing for the people of NSW. Almost three quarters of the people who were aware of the ICAC felt it was successful in exposing corruption, and half felt it was successful in reducing corruption.

The Community Attitudes Survey is scheduled to be released before the end of 2007 and will then be posted on the ICAC website [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au) or available in hard copy on request, telephone 02 8281 5999.

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shortly afterwards at prices totalling \$229,000 (or 35%) more than the disposal sale price. The ICAC found that Mr Wade knowingly abused his position as a public official for private gain and engaged in a course of corrupt conduct involving numerous frauds, concerted efforts to sell public property at an under-value and the receipt of secret profits. The ICAC found that Mr Ashe and Mr Williams engaged in corrupt conduct by colluding with Mr Wade to defraud the Authority or Department.

The investigation also established that Mr Williams had offered and/or provided various benefits to Mr Wade (and his wife), including payments for two holidays at Queensland resorts. All of the benefits were provided during a period when Mr Wade was responsible for appointing real estate agents to sell properties on behalf of the Authority

or Department and had appointed Mr Williams to sell a number of those properties. Relevant codes of conduct required Mr Wade to decline offers of such benefits and/or disclose them to his superiors, but he did not do so.

The ICAC found that the payments for the two holidays were offered by Mr Williams, and received by Mr Wade, as corrupt inducements or rewards in relation to the performance of Mr Wade's functions as a public official and, accordingly, found that both men engaged in corrupt conduct in relation to the provision of those benefits.

Mr Wade organised a tender process which resulted in Mr Williams' real estate agency being selected to sell 11 surplus Public Equity Partnership properties. He also appointed Mr Williams to sell HomeFund properties, which were sold to Mr Williams' relatives or companies controlled by Mr Williams or his accountant and then re-sold shortly

afterwards at prices totalling \$309,900 (or 32%) more than the disposal sale prices.

The ICAC recommended that consideration should be given to the prosecution of Graham Wade for offences including misconduct in public office, defrauding a public authority, and receiving corrupt inducements or rewards; and Ken Williams and John Ashe for offences including defrauding a public authority and fraudulently using documents containing false or misleading information.

As part of its investigation the Commission examined weaknesses in the sales process for surplus public housing that provided opportunities for corrupt conduct to occur and remain undetected over a period of time.

The most significant of these was the nature of Mr Wade's position within the Authority and Department, which meant that he had both autonomy and

monopoly control of the sales process, which together provided the opportunity to engage in corrupt conduct.

The Department has worked closely with the ICAC throughout its investigation and devoted considerable effort to examining the scope for improvements to its policies and procedures. The ICAC has made a number of corruption prevention recommendations to address the remaining weaknesses. The full text of this and all other published ICAC investigation reports is available on the ICAC website: [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au).

In October the ICAC also released two new and related resources to help public sector organisations manage probity issues relating to gifts and benefits and to help staff deal with situations that they believe might involve bribery (see "Managing gifts and benefits" story on page 1).

## Managing gifts and benefits

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advice for monitoring performance, an electronic declaration and gifts register program and an interactive training module which agencies and councils can adapt for their needs.

The toolkit has been produced for use by state government departments, local governments, universities, state and local government elected officials, boards and government corporations.

The *Bribery, corrupt commissions and rewards* four-page brochure is designed to give quick and easy-to-access information and practical guidance for staff if they become aware of an offer of a bribe, corrupt commission or reward.

Copies of these resources can be downloaded from the ICAC website [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au) or contact the ICAC by telephone on 02 8281 5999 to request hard copies.

## Operation Quilla investigation

**The ICAC is currently investigating allegations that an RTA officer and others defrauded the RTA in relation to payments for the provision of 'traffic tidal flow' services; and defrauded the RTA and RailCorp in relation to the provision of traffic management services during rail shutdowns.**

Traffic tidal flow services is the term used to describe changing traffic lane delineation during peak hours – by various means including the use of 'candy bars', coloured tubes that are inserted into holes in the road – to help maintain traffic flow. Rail shutdowns is the term used when RailCorp shuts down a section of a line or a whole line to safely conduct track maintenance.

The investigation, codenamed Operation Quilla, was initiated by the ICAC following a report from the RTA when it discovered discrepancies in the payments approved by a particular RTA officer for tidal flow

services, and other goods and services, to various business names and corporations run by a friend of the RTA officer. RailCorp later made a report to the ICAC in regard to invoices the friend of the RTA officer had submitted for services in regard to rail shutdowns.

The ICAC is investigating allegations that the friend of the RTA officer submitted invoices to both the RTA and RailCorp for services that he did not provide and that, in the case of the RTA, the RTA officer approved these invoices knowing they were false. It is alleged that these arrangements were organised by the RTA officer to benefit both his friend and himself. The investigation also focuses on systemic weaknesses that may have resulted in corrupt payments to go undetected.

As part of its investigation the ICAC held a public inquiry in September. The ICAC's report on this investigation will be completed before the end of 2006.



# Focus on local government

## DLG audits officials' declarations of interests



**The Local Government Pecuniary Interest and Disciplinary Tribunal makes determinations about pecuniary interest complaints that are investigated by the Department.**

In recent cases the Tribunal has strongly criticised councillors for failing to make full and proper disclosure in their written returns and for failing to fully understand and comply with their pecuniary interest obligations during council meetings. The Department's reviews under the "Local Government Reform Program – Promoting Better Practice" have regularly identified non-compliance with the pecuniary interest provisions of the Act.

To reinforce the obligations of council officials, the Department has recently issued *Pecuniary Interest Guidelines* to help them understand more

thoroughly their obligations in this area and meet them more effectively. The Guidelines and a number of supporting departmental circulars are available on the Department's website [www.dlg.nsw.gov.au](http://www.dlg.nsw.gov.au).

The *Local Government Act 1993* (the Act) places obligations on councillors, committee members, council staff and advisers to act honestly and to disclose relevant interests in carrying out their functions. The statutory requirement to act honestly and responsibly in carrying out functions relating to council business is underpinned by the pecuniary interest provisions of the Act.

Acting honestly and responsibly includes the obligation of council officials to lodge full and accurate annual written returns of interests in the prescribed form, in addition to disclosing pecuniary interests. Written annual returns must be lodged by 30 September each year.

This year, following the period for lodgement of the 2005–2006 written

returns, the Department is undertaking an audit of a selected sample of returns. The sample includes returns lodged by both councillors and council staff from a cross section of councils throughout New South Wales. The audit is examining the completeness of returns against interests identified on publicly available registers, including Land Titles Office records and Australian Securities and Investment Commission records.

The audit will help to gauge the existing level of compliance, identify problem areas and assist in promoting greater levels of compliance. If the Department finds instances of serious non-compliance, it will consider these cases for possible investigation and referral to the Pecuniary Interest and Disciplinary Tribunal.

In July 2006 the Department issued a circular (06-41) to all councils informing them of the forthcoming audit and encouraging all people required to lodge returns to pay particular attention to their fullness and accuracy. This appears to have

prompted increased interest and attention from council officials to the detail of their returns, which in turn promotes greater transparency and accountability.

For further information about the *Local Government Reform Program – Promoting Better Practice*, and/or the *Pecuniary Interest and Disciplinary Tribunal*, contact the Department of Local Government on 4428 4100 or email [dlg@dlg.nsw.gov.au](mailto:dlg@dlg.nsw.gov.au)

**Garry Payne**  
Director General

*The aim of the Department of Local Government is to foster a strong and sustainable local government sector. It does so by monitoring council operations, supporting the legislative framework for local government and investigating and reviewing council performance.*

## Lobbying local government councillors

**In August the ICAC produced a brochure giving advice about lobbying local government councillors.**

Councillors are subject to a range of lobbying practices including representations by special interest groups, by individuals with a direct interest in a council decision and by advocates acting on behalf of others.

The ICAC's view is that *appropriate* lobbying of councillors is normal, and that in many cases lobbying is part of the democratic process.

However, it is in the public interest that lobbying is fair and does not undermine public confidence in impartial decision-making. The brochure provides advice on what constitutes inappropriate lobbying and suggestions on how to ensure transparency in dealing with lobbyists.



The brochure also provides advice on managing lobbying in relation to development applications and tenders.

The brochure was distributed to all NSW local government councils in August. The brochure is posted on the ICAC website [www.icac.nsw.gov.au](http://www.icac.nsw.gov.au) and additional hard copies are available from the ICAC on request.

## Make the right choice

**The Australian Taxation Office (the Tax Office) has developed a multi award-winning interactive training package in ethics, fraud awareness and information security and is in the final stages of delivering training to a total of 23,000 of its staff.**

Like many other public sector agencies, the Tax Office holds a great deal of sensitive information about members of the community. Tax Office employees are required to abide by legislation and the Australian Public Service Code of Conduct at all times. As a Commonwealth agency, the Tax Office is also required by the Commonwealth Fraud Control Guidelines to develop a Fraud Control Plan and provide ongoing fraud awareness training to staff.

The training package, titled *Make the Right Choice*, is based on a series of dramatised scenarios that illustrate real-life issues and situations that Tax Office employees may face – including ethical behaviour, unauthorised access to information, conflicts of interest,

improper use of Tax Office assets and the tendering process.

The package, which includes a comprehensive facilitator's guide, is designed for use with a range of internal workgroups – senior management, whole of Tax Office and induction – and can also be customised.

The Tax Office initiative has been widely recognised as an outstanding program, winning a Corruption Prevention Network award for fraud prevention training resources. *Make the Right Choice* has won a number of ACT Film and TV Industry awards and is also being used overseas, to train 12,000 officers of Malaysia's Inland Revenue Board.

For more information on the *Make the Right Choice* training package, contact Annalissa Hilton, Fraud Awareness Training Manager, Fraud Prevention & Control

Australian Taxation Office, email [fraud\\_awareness\\_training@ato.gov.au](mailto:fraud_awareness_training@ato.gov.au), telephone 02 6216 3954.

# Out west with the ICAC

**The ICAC's biannual series of outreach visits have over the last five years proved an increasingly effective means of taking corruption awareness and corruption prevention strategies and resources to rural and regional New South Wales.**

The outreach visit to the Central West between 30 May and 6 June this year, based in Dubbo and other centres of the region, attracted more than 300 participants to the various events.

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

Those presenting the training and taking part in the visits included 22 staff from the ICAC as well as representatives of the Department of Local Government and the NSW Ombudsman's Office.

The ICAC Commissioner, the Hon Jerrold Cripps QC, addressed community leaders at a breakfast event in Dubbo and senior public officials in the region at special meetings of the Regional Coordination Management



ICAC Commissioner, the Hon Jerrold Cripps QC, ICAC staff and participants in the Central West outreach program.

Group and Orana Regional Organisation of Councils. Both presentations were well received.

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

Wellington High School and tailored workshops for Trangie and Coonamble Local Aboriginal Land Councils.

Program evaluation for this visit shows it was highly successful. Participant feedback indicated a high degree of satisfaction with ICAC workshops, presentations and liaison visits, which they perceived as interesting, useful and relevant to the needs of regional public authorities and staff. Speakers were evaluated as being knowledgeable and the workshops were generally

considered to be of an appropriate pitch and duration.

The next Rural and Regional Outreach Program will run from Monday 27 November to Friday 1 December and will be based at Armidale and Tamworth. For more information contact the New England Outreach Program coordinator, Bill Kokkaris, by email [bkokkaris@icac.nsw.gov.au](mailto:bkokkaris@icac.nsw.gov.au) or telephone 02 8281 5877.

# Training delivery for Local Aboriginal Land Councils

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

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

colleagues or applicants for benefits managed by a public officer.

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

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

Fifteen participants from seven different LALCs attended the three

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



# New resource to improve fraud control

**Studies of fraud from around the world consistently show that fraud is not reducing as a key risk issue. In fact, within the Australian economy, the incidence of fraud is increasing, as is the average financial loss associated with fraudulent conduct.**

In addition, both fraud risks and fraud control obligations are growing at a rate which demands that more be done. However, a report published by the Audit Office in 2005 showed that only 50 per cent of NSW public sector organisations had achieved an adequate level of performance in developing and implementing a fraud control strategy.

The report, titled *Fraud Control: Current Progress and Future Directions*, urged that fraud control become a key item for attention by audit committees and provided a range of recommendations for improving fraud control.

Arising out of this report, the Audit Office has released a new publication, *Fraud Control Improvement Kit— Meeting Your Fraud Control Obligations*, to help organisations in the NSW public sector maintain their fraud control environment over the long term.

The new kit provides two new simple, economic and effective tools to help organisations meet their growing range of fraud control obligations under their legislative, best practice and auditing standards requirements. These tools are the “Fraud Control Health Check”, and a “Fraud Control Improvement Workshop”.

The Fraud Control Health Check identifies specific work areas where implementation of some elements of the organisation’s fraud control strategy may need refreshing or improvement and elements of the fraud control strategy that may need attention across the entire organisation. The Improvement Workshop has been designed to encourage structured, critical analysis and discussion about the current situation and develop practical actions for implementation.

The Audit Office recognises that audit committees need a simple and effective way to review and monitor how effectively their organisations are implementing fraud control

strategies and this kit has been developed precisely for that purpose. Its development reflects an extended period of consultation, focus-group review and pilot-testing to ensure that the kit is simple to use, practical and flexible. The kit assists organisations to meet their fraud control obligations in a cost-effective manner, tailored to their situation and based on risk.

Copies of the kit have been sent to ministers and other members of Parliament, and also to chief executives. The kit is also available online at [www.audit.nsw.gov.au/publications/better\\_practice/better\\_practice.htm](http://www.audit.nsw.gov.au/publications/better_practice/better_practice.htm).

The Institute of Public Administration Australia, NSW Division, (IPAA NSW) is supporting the Audit Office’s leading-edge original work in this field with training for agencies (information available from [www.nsw.ipaa.org.au](http://www.nsw.ipaa.org.au)).

All of the Audit Office reports and guides are available from its website at [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au). For further information about the kit contact Sean Crumlin telephone 9275 7286 or email [sean.crumlin@audit.nsw.gov.au](mailto:sean.crumlin@audit.nsw.gov.au).

**Sean Crumlin**  
Acting Assistant Auditor General  
Performance Audit

*The mission of the NSW Audit Office is to assist Parliament in improving the accountability and performance of the State. It does this by reporting its findings from auditing the financial reports of the State’s public sector bodies and through its performance audits on specific government activities. It also has a role in dealing with protected disclosures.*



# Dealing with difficult complainants

**So-called ‘difficult complainants’ have been around for a long time. They are a fact of life for Ombudsman offices and many other agencies, and widespread anecdotal evidence indicates that their numbers are growing, as is their detrimental impact on the work of complaint handling bodies generally.**

In the interest of helping ourselves and organisations within our jurisdiction, we at the Ombudsman’s Office turned our minds to this issue some years ago and published our ‘Dealing with Difficult Complainants’ booklet in September 1998. Our office also runs a one-day workshop on Dealing with Difficult Complainants (details of both are available on our website: [www.ombo.nsw.gov.au](http://www.ombo.nsw.gov.au)).

The booklet, with its guidelines, has been particularly popular and is used extensively in government organisations around Australia. However, our continuing interaction with so-called ‘difficult complainants’ has led us to develop some more sophisticated strategies to identify and manage the problems they create. We will be training the staff and piloting these new strategies in all Parliamentary Ombudsman offices in Australia, starting in early 2007, and will conduct a detailed evaluation of the success of these strategies after 12 months.

Our new approach involves:

- Shifting the culture of complaint handling so that dealing with difficult complainant behaviour is seen as part of the core work of agencies, not as an occupational hazard or interruption to the normal routine – a nuisance on the periphery of core work. Dealing with such conduct must be done by staff who are well trained, resourced and supported by endorsed official policies and guidelines so that they can confidently make decisions in their interaction with complainants whose behaviour is difficult.
- Shifting the focus away from the person to the person’s conduct or behaviour. A number of trigger behaviours have been identified and organised into five broad conduct categories, with the defining characteristic being that the conduct is ‘unreasonable’: unreasonable persistence; unreasonable demands; unreasonable lack of cooperation; unreasonable arguments; and unreasonable behaviour (anger, aggression, threats). The mere fact

that a complainant is persistent, makes demands, or may be angry does not mean that their conduct is unreasonable in most circumstances. Unreasonableness requires the conduct to go beyond the norm of situational stress that many complainants experience, which can be identified using objective measures. It is our experience that only a very small percentage of complainants display such unreasonable conduct, nevertheless, dealing with them consumes a disproportionate amount of resources.

- Creating a framework of fair and reasonable strategies that allow us to manage or otherwise respond to unreasonable complainant conduct without needing to ‘psycho-analyse’ the person or try to divine his or her motives.

This project aims to minimise the effect of unreasonable complainant conduct on the process of complaint handling and resource management, thus ensuring equity across all complaints handled by Ombudsman offices. It also aims to minimise both staff stress and possible detriment to the interests of complainants who engage in unreasonable conduct. And finally, it aims to achieve consistency of practice across all Ombudsman offices.

We hope to be able to adapt the new management strategies framework to suit the needs of other government agencies, including those that need to maintain an ongoing relationship with complainants. For further information, contact Helen Mueller, NSW Ombudsman Office telephone 02 9286 1021.

**Chris Wheeler**  
Deputy Ombudsman

*In the interests of the NSW community, the NSW Ombudsman works to promote good conduct and fair decision making by all agencies and persons within its jurisdiction.*



# In other news

## CPN award winners

The RTA, the Department of Corrective Services and Energy Australia have been judged joint winners in the Corruption Prevention Network's 2005/06 Excellence Awards, announced in September. The NSW Rural Fire Service was given an encouragement award.

The four organisations were entrants in the state public sector category of the awards, the other categories being the Commonwealth public sector (in which the Australian Tax Office took out the award), local government, not-for-profit and the private sector.

The Corruption Prevention Network was formally established in 1998 to provide opportunities for those involved in corruption prevention and fraud control to learn from each other and to promote corruption prevention in the NSW public sector. The ICAC, NSW Ombudsman's Office and Audit Office of NSW are ex-officio members of the CPN, which conducts public conferences, maintains a web page ([www.corruptionprevention.net](http://www.corruptionprevention.net)), operates an email discussion forum, publishes newsletters and establishes

links with other organisations aligned with the CPN's mission.

"This was only the second year that the CPN Excellence Awards have been held and we were delighted to see the number of contestants triple between 2005 and 2006," said one of the four judges, Nicola Dunbar of the ICAC. "It is an indication of the increase in corruption awareness and prevention and we are looking forward to seeing an even greater number of contestants for next year's awards."

Award submissions have to provide information about:

- ethical workplace culture to encourage integrity and minimise corruption
- strategies and support by leadership and communication channels
- how the strategies have been tailored to meet the needs of the organisation
- steps taken to identify organisational corruption risks
- strategies to maximise awareness about the organisation's value amongst staff, clients and business partners
- measures of success.

The other judges were Geoff Briot from the NSW Ombudsman's Office; Angela Gorta from the Police Integrity Commission and Michael Clark of the Sydney South West Area Health Service.

For further information about the Corruption Prevention Network visit [www.corruptionprevention.net](http://www.corruptionprevention.net) or write to: Corruption Prevention Network, PO Box A2148, Sydney South NSW 1235.

## Update on ICAC's health project

The ICAC is collaborating with the NSW Department of Health to jointly develop an education resource to assist area health services and hospitals better manage their risks of corruption.

The resource is to be developed following an extensive consultation this year by the ICAC to identify the corruption risks faced by the sector as part of an ICAC public health anti-corruption project.

In consulting with area health services and other organisations working in or with the public health sector, the ICAC sought information on a range of issues including major corruption risks in the

sector, why these risks occur and what could be done to address them.

Many of the concerns raised by those consulted related to conflicts between public duty and private interests.

The results of the consultation confirmed earlier ICAC research that the four broad areas of potential risk in area health services are misuse of resources, conflicts of interest, relationships with suppliers, and the delivery of clinical services.

Generally those consulted by the ICAC considered that the corruption prevention policy framework of NSW Health was sound. The most common suggestion for addressing the corruption risks was to develop an education or information resource that covered issues such as conflicts of interest, ethics and public duty.

The ICAC has been working with the Department of Health for approximately two years on the health project, which is entitled "Strengthening the corruption resistance of the NSW public health sector".

It is the first anti-corruption project undertaken in Australia to specifically target risks in the health sector.

The new anti-corruption resource for the health sector is expected to be ready for use by May 2007.

# Corruption prevention advice

## The ICAC's corruption prevention officers work with public sector organisations to strengthen administrative systems and to raise awareness of potential corruption problems.

One of the key functions of the ICAC is to provide advice to the public sector about strategies to minimise corruption and maintain the integrity of public administration. In some situations the ICAC can also provide advice to private citizens about corruption prevention practices that should be followed by public sector organisations. The main benefits of contacting the ICAC for advice by telephone are that informal advice can be given promptly and the caller can be advised about relevant information and resources. Sometimes, more research and consultation than a phone call will allow is required and in such cases ICAC officers would discuss the most appropriate way to assist. This may involve writing to the ICAC.

In some circumstances, the ICAC may decline a request for advice. Advice requests are declined when the ICAC considers that the advice function would potentially conflict with its investigative function. The ICAC is unable to give advice that could be seen as authorising a particular course of action or provide advice that extends beyond probity and corruption prevention issues. The ICAC may only be able to provide generalised advice in cases where the request is complex or detailed and the ICAC cannot resource the request.

### For corruption prevention advice:

**Telephone the ICAC between 9am and 5pm on 8281 5999 (or toll free on 1800 463 909 for callers outside Sydney).**

## About Corruption Matters

*Corruption Matters* is produced twice a year to raise awareness in the NSW public sector and the wider community about corruption-related issues. If you have any comments about the publication or would like to be put on the mailing list, please contact the Corruption Prevention, Education and Research Division, Independent Commission Against Corruption.

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PRINTING	Superfine Printing

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