

# ANNUAL REPORT **2013-2014**

**ESSENTIAL** TO ENSURING  
TRUST IN GOVERNMENT



## **The objectives of the Integrity Commission are to**

- > improve the standard of conduct, propriety and ethics in public authorities in Tasmania;
- > enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with; and
- > enhance the quality of, and commitment to, ethical conduct by adopting a strong, educative, preventative and advisory role.

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This report and further information about the Commission can be found on the website [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au)

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President  
Legislative Council  
Parliament House  
HOBART TAS

Speaker  
House of Assembly  
Parliament House  
HOBART TAS

Dear Mr President  
Dear Madam Speaker

**Annual Report for 1 July 2013-30 June 2014**

The Integrity Commission Annual Report is presented to Parliament in accordance with the *Integrity Commission Act 2009*, sections 11(1) and 11(2). The report covers the Commission's activities and financial statements from 1 July 2013 to 30 June 2014.

Yours sincerely



The Hon Murray Kellam AO  
Chief Commissioner  
On behalf of the Board



Diane Merryfull  
Chief Executive Officer

October 2014

Hon Dr Vanessa Goodwin MLC  
Attorney-General  
Minister for Justice  
Parliament House  
HOBART TAS

Dear Attorney-General

**Annual Report for the year ended 30 June 2014**

In accordance with section 36 of the *State Service Act 2000* and section 27 of the *Financial Management and Audit Act 1990*, I am pleased to present the Integrity Commission Annual Report for the financial year ending 30 June 2014.

Yours sincerely



Diane Merryfull  
Chief Executive Officer

October 2014

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## MESSAGE FROM THE CHIEF COMMISSIONER



**The Hon Murray Kellam AO**  
Chief Commissioner and  
Chair of the Integrity  
Commission Board

This report relates to the fourth year of the existence of the Integrity Commission in Tasmania. The work of the Commission over that period of time demonstrates that serious misconduct does occur in the Tasmanian public sector and that misconduct does result in substantial financial loss to the State, but furthermore lowers the public esteem for the work of the public sector, which on the whole is undertaken by hardworking and ethical employees.

**It would be naïve to believe that misconduct of the nature that has been found to exist by ICAC in the last year in NSW cannot occur in Tasmania.**

Under the *Integrity Commission Act 2009* one of the three objectives of the Commission is to enhance public confidence that misconduct will be appropriately investigated and dealt with. Public confidence is not enhanced when serious misconduct is dealt with behind closed doors, as has been the case in the past in Tasmania. Indeed investigative reports of the Commission dealing with misconduct in the public sector provided to various departments have not been made public by those departments.

Transparency is the key to public confidence but there is an obvious balance between what is necessary in terms of transparency and the privacy of the subject of the investigation. In general, the Integrity Commission has not published reports naming specific individuals and insofar as it refers to such investigations in reports to Parliament it has almost invariably not provided any information which would identify such persons. However, in the course of the current year the Commission did provide to Parliament a report of an investigation which named two individuals.

That investigation revealed conduct on their part over a protracted period of time in relation to the procurement of services from, and the employment of, direct family members and others with whom they had shared a professional (and additionally, in the case of one officer, a financial) association in another country.

This conduct brought financial benefits to the persons associated with the two officers. It involved conflicts of interest which were not dealt with in accordance with applicable policy or legislative requirements as well as failure to comply with other applicable policies and procedures all of which benefited a family member or associate of the officers.

The officers concerned were very senior public servants and prior legitimate enquiries made by the media as to the conduct in question were met with obfuscation by the relevant departments. An internal audit in relation to one of the recruitments failed to uncover unfair preferential treatment afforded to the relative of one of the officers.

It was clear that other public servants were aware of the conduct but did not feel they could disclose such knowledge without fear of repercussion. In all of these circumstances, the Board of the Commission determined that the public interest required that the totality of the conduct and the names of the officers concerned should be made public and not just reported to the principal officer of the agency.

The Integrity Commission Act also provides for a review of the functions, powers and operations of the Commission by the Parliamentary Joint Standing Committee on Integrity ('the Committee') after three years of operation. The Commission made detailed submissions to the Committee in October 2013 as well as a report (which was also provided to the then Attorney-General) about a great many technical amendments to make the Integrity Commission Act more workable and to avoid ambiguity and uncertainty. As the CEO notes in her report, even though the Committee agreed in principle to the vast majority of those amendments, neither the current or previous Governments advanced any of them in the Parliament.

The fact of the three year review and the fact that the Government has announced a funding cut of approximately 28% p a to the Commission coupled with a submission made to the review by the Government recommending that all investigative powers be removed from the Commission makes it a timely point to consider whether Tasmania needs an Integrity Commission or not, and, if so, what type of Commission it should be. The Integrity Commission has far less investigative power than any comparable body in other states of Australia and despite that has established clearly that misconduct is occurring in the public sector.


Of particular concern has been that the Commission has, in the course of several investigations, established that public sector employees knew of the existence of misconduct by others but felt that they were unable to speak up for fear of repercussions. The Commission has commenced an education program in the public sector called 'Speak up' which is designed to ensure that those who become aware of misconduct have the confidence to report it. Obviously the higher in the hierarchy is the person engaged in misconduct, the more difficult it is for an internal report to be made by a person lower in the hierarchy. For these persons, an independent body such as the Commission, which will investigate the matter without needing to reveal the source of the information, is an imperative.

As stated above the Government made a submission to the Committee on 16 September 2014 which was released publicly and to the Integrity Commission on 28 September 2014. It is appropriate to note that the submission acknowledged that the Commission had been most effective as an 'agent for change' and that the work of the Misconduct Education, Prevention and Research Unit has been 'particularly effective'.

However, the argument advanced that the investigative functions of the Commission be removed is based on a number of false and somewhat naïve premises, the most important of which is that the public sector has the capacity to adequately investigate misconduct internally. Unfortunately, the experience of the Commission is that such is not the case. Indeed, in the case referred to above, the media raised concerns of misconduct, but that did not result in any investigation by the department concerned. Instead the subject officers were actively associated with responding to the media with misleading or less than complete information.

The Government proposes that complaints could be made to the Commission and while it will refer them to the relevant agency for internal investigation, it would have no power to investigate itself. This assumes that the relevant agency has the investigative powers that the Commission now holds. No agency (not even Tasmania Police) has such investigative powers. The Commission can produce case studies of investigations whereby the use of the investigative powers held by the Commission resulted in establishing misconduct in circumstances where that information could not have been gathered by the agencies themselves. Furthermore, whilst it may be that the large State departments have the resources and experience to conduct a major investigation, it is simply the fact that smaller agencies, such as local government and other government businesses, do not have the capacity to do so.

The second false premise is that because the Commission has no power of sanction the public sector employer finds it has to commence a fresh investigation. No evidence was provided as to how and why that occurs. The Commission knows that its evidence has been relied upon for disciplinary matters. However, of much more significance is the simply absurd conclusion that because present employment processes (applying to State Service employees) may require a 'further investigation' the investigative function of the Commission should be removed. If it is the case that a further investigation is required, what needs to be changed are the processes to enable Commission information and evidence to be more readily used in disciplinary proceedings. The Commission has over a considerable period made submissions that State Service procedures be altered to make what happens after a Commission's investigation clearer and more efficient.



Corruption is inherently secretive and covert. It thrives on a conspiracy of silence. **The exposure and prevention of corruption cannot, therefore, occur in private.** It must be subjected to the full glare of the public gaze or it will continue to thrive.

**The Hon Megan Latham**, Commissioner,  
Independent Commission Against Corruption,  
*Corruption Matters Newsletter*,  
June 2014, Issue 43

The third false premise is that other integrity entities cover the field in Tasmania. They simply do not. Under the government proposal there would be no independent scrutiny of the conduct of Parliamentarians or Ministers for instance.

The fourth false premise is that an Inspectorate will prove to be an economic replacement for the Board, which in this reporting period cost \$92, 718.

It is inconceivable, when you consider the costs of Inspectorate's interstate, that the establishment of such an office, even with no other staff than an Inspector, would be more economically viable than the costs of the current Board.

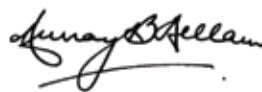
As stated above, the Government submission acknowledged the good work done by the Commission in relation to training and misconduct prevention. It is regrettable indeed that the Government submission did not acknowledge the major contribution made by the Board members to the effective working of the Commission. The two ex officio members, the Auditor-General and the Ombudsman serve on the Board with no remuneration for their membership and have always brought the benefit of their extensive experience in the public sector to the fore in consideration of issues before the Board. Likewise the submission failed to acknowledge the significant work done by the three community members of the Board, each of whom has made a major contribution to the work of the Commission. In the absence of that fair and appropriate recognition, I make it clear that I personally am most grateful for the intelligent and thoughtful hard work provided by every member of the Board in the interests of the Tasmanian community.

Likewise I am grateful to every member of the staff of the Commission. They have, throughout the last year, worked together in often difficult circumstances to ensure that the Commission fulfills its statutory obligations to the highest level. Special mention should be made of our General Counsel, Ms Gayle Johnson who has worked tirelessly on the submissions made to the Committee over the last 18 months and who has provided solid support to our CEO Ms Diane Merryfull whose intelligent, ethical and decisive leadership of the Commission has been exemplary. I and each member of the Board are full of admiration for the dedication she has to ensure that the contribution to the public good by the work of the Commission is at the highest level.

No doubt it will be some time until the final report of the Committee is made. However, the questions to be considered by Parliament and by the Tasmanian community are as follows.

- Is it in the community interest for Tasmania to be the only State in Australia whereby Parliamentarians, public officials, and local government are not subject to independent scrutiny?
- Is it in the community interest for Tasmania to be the only State in Australia that does not have any independent oversight of police misconduct?

As this will be the last Annual Report with which I am associated I do wish to remark upon the quite amazing contribution made to the Commission by many members of staff both past and present. The early days of a new organisation such as the Integrity Commission were bound to, and indeed did, present many challenges. Many of those challenges continue to face the Commission. Throughout the whole period, the staff of the Commission have displayed an exemplary commitment to ensuring that the public sector in Tasmania conducts itself in such a manner as to deserve the trust of the Tasmanian community. Those staff have earned my deepest respect.



**The Hon Murray Kellam AO**

Chief Commissioner

On behalf of the Board

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER



The home page of the Integrity Commission's website describes the Commission as **'essential to ensuring trust in government'**.

This is the most fundamental benefit which the Commission brings to the Tasmanian community. The Commission is a unique mechanism to help the community to have trust in the honesty and integrity of all of the forms of government in the state. The Commission also provides the community with the assurance that misconduct – which is a breach of that trust – is investigated and dealt with.

Since it commenced operation in October 2010, the Commission has proven its worth in exposing misconduct which would otherwise have been hidden and helping public officers to understand and apply high standards of ethical conduct to their work.

The achievements of the Commission are all the more noteworthy when the obstacles facing it are considered. The *Integrity Commission Act 2009* is acknowledged as having been drafted and passed by the Parliament in a very short period of time. This is reflected in the considerable number of technical amendments which the Commission has identified as necessary to ensure that it can do its work as efficiently and effectively as possible. Most of those amendments have been endorsed by the Parliamentary Joint Standing Committee on Integrity. Unfortunately they have not been acted upon by government. Nevertheless, the Commission has continued to perform its functions to a high standard despite its clearly deficient legislative framework.

Since 2012, the Commission has faced the prospect of significant budget cuts which came to fruition – to an even larger degree than anticipated – in the 2014 budget. The consequences of those cuts will be felt outside the current reporting period however, it is important to note that although they will have an impact on our operations, the dedicated staff of the Commission are determined to carry out the important functions that the community expects of us.

The threats to the Commission's budget and the more recent proposal by the Government to remove its investigative functions have been unwelcome and unnecessary distractions from the Commission's work and achievements, which this report amply demonstrates and which we believe that the community understands and appreciates. Of note, the Community Perceptions survey conducted by the Commission in 2013 showed that 89% of Tasmanians believe the State needs an Integrity Commission.

The Chief Commissioner has been a tower of strength to us all at the Commission and I have particularly appreciated his principled and unwavering support. I thank the Board for their wisdom and guidance. I thank the staff for their optimism, commitment, creativity, loyalty and hard work. We can all be proud of the job we are doing for Tasmania.



**Diane Merryfull**  
Chief Executive Officer

# REPORT FROM THE INTEGRITY COMMISSION BOARD

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The Board of the Integrity Commission, established under s 12 of the *Integrity Commission Act 2009*, met regularly during the year to undertake its role under s 13 of the Integrity Commission Act. **Various Board members also attended Commission forums and training module launches.**

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The current Board consists of the Chief Commissioner, two ex-officio members (the Ombudsman and the Auditor-General) and three appointed community members with experience in areas directly related to the functions and operations of the Commission. The only personnel change to the Board was the replacement of the former Ombudsman Mr Leon Atkinson-MacEwen with his successor, Mr Richard Connock.

Although the Board has limited involvement in the day to day operation of the Commission, it is able, by virtue of its structure, composition and reporting conditions, to provide effective oversight of the activities of the Chief Executive Officer and Commission staff as well as discharging its statutory functions.

In accordance with s 3 of the Integrity Commission Act, the Board endorsed and approved the Commission's education and training programs which were delivered to public authorities throughout the state. Feedback received through Commission surveys indicate that the education, prevention and advisory component of the Commission is playing a significant part in the achievement of the Commission's objectives.

In terms of administrative decision making, the Board dealt with a number of important issues directly affecting the functions and operation of the Commission including:

- *Integrity Commission Report No.2 of 2013* to the Parliament (Audit of Tasmania Police Complaints)
- Review of Board Governance Manual
- Review of delegations
- Community Perceptions Survey
- Case Management System
- Ethics and Integrity Training Program
- Strategic planning

During the year the Board considered a variety of misconduct-related issues involving state service departments, councils and other public authorities. While education, training and research remain integral to the Commissions strategic direction, the need to effectively deal with complaints of misconduct by public officers through comprehensive and professional investigation, was readily evident to the Board over the past year.



*The Commission Board (from left): Murray Kellam, Richard Connock, Luppó Prins, David Hudson, Liz Gillam, and Mike Blake.*

In the performance of its functions under s 58 of the Integrity Commission Act, the Board made determinations in respect to a number of major investigations carried out by Commission investigators, including own motion investigations. One of the investigations was the subject of the Commission's Report No. 1 of 2014, to the Parliament. This particular investigation was one of the largest and most comprehensive in the Commission's short history and demonstrated clearly that the Commission is able to successfully undertake its unique role in enhancing public confidence that misconduct by public officers will be appropriately investigated and dealt with.

Although the disclosure of Commission investigations is generally constrained by the privacy provisions of s 48 of the Integrity Commission Act the Board, after careful consideration of the rights of the community to be fully informed of Commission activities and the need for the privacy of individuals subject to investigation, determined that it was in the public interest to publish a report in the Parliament that included the identity of the senior public servants who were the subject of the investigation. The Board also determined to forward the full investigation report with its determinations and recommendations to the Premier as Principal Officer of the relevant public authority.

In October 2013, the Commission provided a Board-approved submission to the Joint Standing Committee on Integrity (in accordance with s 24(1)(e) of the Act) on the functions and powers of the Integrity Commission after three years of operation. The submission contained detailed information on all aspects of the Commission's work since its establishment and included recommendations for consideration by the Committee. The Board acknowledges that the fine leadership of the CEO and the dedicated and professional work of the Commission staff throughout the year were instrumental in the achievement of the Commission's objectives in 2013-14.



# SNAPSHOT

## Our role

The Integrity Commission is an independent body established under the *Integrity Commission Act 2009* (the Integrity Commission Act) with the following objectives, to:

- improve the standard of conduct, propriety and ethics in public authorities in Tasmania;
- enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with; and
- enhance the quality of, and commitment to, ethical conduct by adopting a strong, educative, preventative and advisory role.

## Key activities

An important focus of the Commission is misconduct prevention. It does this by educating public officers and the public about integrity and assisting public authorities including the State Government, local government, the University of Tasmania, government businesses and other public sector authorities to deal with misconduct. The Commission also conducts investigations into allegations of misconduct and makes findings and recommendations aimed at preventing misconduct recurring.

## The Commission's budget

The Commission is a State authority and financially independent of any other agency. In 2013-14, the Commission operated with a budget of \$2.9m, [\$3.0m in 2012-13]. The budget includes funding and support for the Parliamentary Standards Commissioner, a role that is independent of the Commission.

## Our people

As at 30 June 2014, the Commission employed 14.8 full-time equivalent staff members (there was one vacant position), including the Chief Commissioner, Chief Executive Officer, misconduct prevention officers, investigation officers, a lawyer, communications advisor, and corporate services staff. On occasions, the Commission engages appropriately qualified consultants to supplement its internal expertise. During the last reporting period this included counsel assisting the investigator, reported as a consultant cost.

## Governance and administrative support

The Integrity Commission is independent of government and is led by its Chief Commissioner and the five member Board he chairs. The Chief Executive Officer is a Head of Agency and is responsible for the operations of the Commission. The Commission is accountable to Parliament through the Parliamentary Joint Standing Committee on Integrity. It has contracted with the Department of Justice for administrative support such as information technology and human resources assistance through a service level agreement.

The Commission also provides limited administrative support to the independent role of the Parliamentary Standards Commissioner, currently occupied by Rev. Prof. Michael Tate AO.



## Parliamentary Joint Standing Committee on Integrity

The membership of the Joint Standing Committee on Integrity changed during the reporting period due to the state election held in March, 2014.

Until Parliament was prorogued on 12 February 2014, the Committee members were:

### Legislative Council

Hon. Dr Vanessa Goodwin MLC, Chair

Hon. Ivan Dean MLC

Hon. Craig Farrell MLC

### House of Assembly

Mr. Kim Booth MP, Deputy Chair

Mr. Rene Hidding MP

Ms Rebecca White MP

The members of the Joint Standing Committee on Integrity appointed at the beginning of the first session of Parliament following the March 2014 election are:

### Legislative Council

Hon. Ivan Dean MLC, Chair

Hon. Mike Gaffney MLC

Hon. Tony Mulder MLC

### House of Assembly

Mr. Guy Barnett MP

Ms. Lara Giddings MP

Mr. Nick McKim MP

In accordance with s 24(1) (e) of the Integrity Commission Act, the Committee has commenced its three year review of the Integrity Commission's operations. That process has yet to be completed. The Committee also monitors and reviews the performance of the functions of other Tasmanian integrity agencies, as well as providing guidance and advice. While the Committee can refer matters to the Commission for investigation or advice, it is not authorised to investigate any matter relating to a complaint, or to review a decision of the Commission to investigate or not investigate a particular complaint.

The Committee did not meet with the Commission during the reporting period, noting the interruption by the State general election. However there was an exchange of correspondence with respect to:

- further information to the Committee, about the Section 13(c) report of the Board of the Integrity Commission regarding technical amendments to the *Integrity Commission Act 2009*, as forwarded in the previous year. The exchange of information culminated in the tabled report of the Committee *Integrity Commission Report under section 13(c) of the Integrity Commission Act 2009* on 19 November 2013;
- seeking a response from the Commission with respect to communications to the Committee by various complainants or their representatives (and see *Goal 2 Complaints about the Commission*);
- the three year review; and
- briefing the Committee on *Report No. 1 of 2014*.

## Parliamentary Standards Commissioner

Former Federal Minister for Justice, Reverend Professor Michael Tate AO, is the State's first Parliamentary Standards Commissioner. The Parliamentary Standards Commissioner is a statutory officer and independent of the Commission.

The role was established under the Integrity Commission Act to provide confidential advice to Tasmanian Parliamentarians on ethical issues. As part of the role of Parliamentary Standards Commissioner, Rev Professor Tate AO also provides advice to the Commission on ethical matters relating to Members of Parliament.

# THE BOARD OF THE INTEGRITY COMMISSION

## CHIEF COMMISSIONER



**Chief Commissioner**  
Hon Murray Kellam AO

A former justice of the Supreme Court of Victoria, Murray Kellam has had a long-held interest in legal and judicial education, particularly in developing countries. On behalf of UNICEF he has provided training to lawyers, police, magistrates and judges on juvenile justice issues in Bangladesh, Mongolia and Burma. He has presented ethics programs for judges and magistrates throughout Australia.

In 2009 he was appointed Adjunct Professor in the Faculty of Business and Economics, Monash University, where he has a special interest in business ethics and in the international obligations of Australian business to comply with anti-corruption requirements and promote corporate social responsibility.

## EX-OFFICIO MEMBERS



**Mike Blake**  
Auditor-General

Mike was appointed Tasmanian Auditor-General on 10 May 2004. He was previously Auditor-General for the Northern Territory and has been active in setting standards in accounting and auditing in Australia. He was made a member of the Public Sector Accounting Standards Board in 1999, was a member of the Urgent Issues Group representing Auditor-Generals from 2003 to 2005, and a member of the Auditing and Assurance Standards Board from 2006 - 2011.

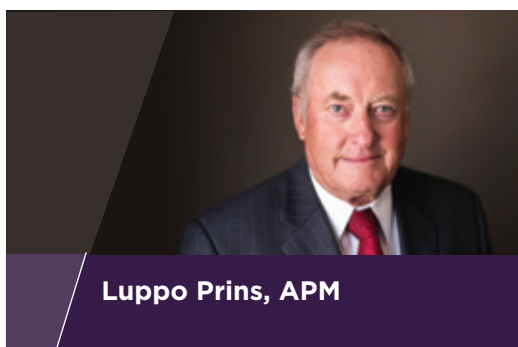


**Richard Connock**  
Acting Ombudsman

Richard has been Acting Ombudsman since January 2014, following the resignation of Leon Atkinson-MacEwen. He was appointed Director of the Office of the Ombudsman in April 2011, and before that was the Principal Officer, Ombudsman.

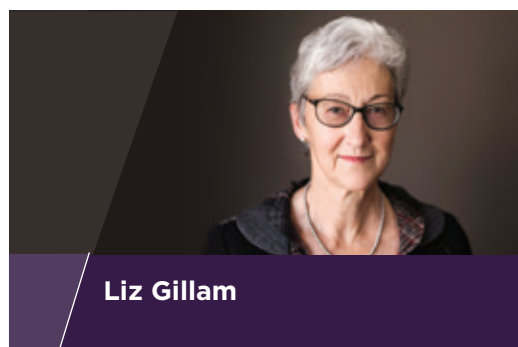
Richard has extensive experience as a barrister and solicitor, principally in Victoria. Following his move to Tasmania in 2000, however, Richard focused more on consultancy than legal work and before joining the Office of the Ombudsman, provided investigation, conciliation and mediation services for a number of government agencies and private organisations.

## APPOINTED MEMBERS



**Luppo Prins, APM**

A former Assistant Police Commissioner who was awarded the National Police Medal, the Australian Police Medal (APM) for Outstanding Service and the Commissioner's Integrity Medal, Luppo had a 42-year career in policing. Since his retirement from Tasmania Police in 2005, he has conducted major independent investigations and reviews for the Department of Justice and the Department of Health and Human Services.



**Liz Gillam**

A former Deputy Director of the Local Government Office, Liz is Chair of the Tasmanian Electoral Commission, Chair of the St Michael's Collegiate School Board, a Director of the Public Trustee and a member of the Local Government Board. She holds a Bachelor of Laws and is a Fellow of the Australian Institute of Company Directors.



**David Hudson**

With a career in the State Public Service spanning 35 years, David Hudson held senior roles before leaving in 2010 as Deputy Secretary of the Department of Primary Industries, Parks, Water and Environment. He is currently undertaking a range of roles for public sector organisations, including his position as Chair of the Tasmanian Building and Construction Industry Training Board. He is on the board of Hockey Tasmania and is involved in other not-for-profit organisations.

## CHANGE IN BOARD MEMBERSHIP

Mr Leon Atkinson-MacEwen, former Tasmanian Ombudsman, was a member of the board from his appointment as Ombudsman in March 2012 until March 2014, when he resigned. Mr Richard Connock has been Acting Ombudsman since that date, and attended Board meetings in his capacity as an ex-officio member.

## INTEGRITY COMMISSION ATTENDANCE ORDINARY BOARD MEETINGS 2013-14

Meeting dates	No. in attendance	Absent	Attendance rate
<b>2013</b>			
4-Jul	6		100%
5 Sep	6		100%
3 Oct	4	Leon Atkinson-MacEwen, Liz Gillam	67%
5 Dec	6		100%
<b>2014</b>			
6 Feb	6		100%
3 Apr	5	Richard Connock	83%
21 May	6		100%
26 Jun	6		100%

However misconduct will not be reported, and therefore not investigated, **if people believe that they will suffer negative consequences if they speak up.**

**Ms Diane Merryfull**, CEO Integrity Commission, Media Release, 2 December 2013.  
[re second Community Perceptions Survey]

# KEY ACHIEVEMENTS

## 2013 - 2014

### Report No. 2 of 2013

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In September 2013, the Commission reported on its first audit of Tasmania Police complaints, finalised in 2012. Overall, the audit found that Tasmania Police was managing its complaints system well. No recommendations were made in the report.

### Investigation Report No. 1 of 2014

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This report was a summary of a complex 12 month investigation by the Commission into allegations of nepotism and conflict of interest by senior health managers. The investigation revealed conflict of interest and subsequent non-compliance with public sector procurement and recruitment policies, which cost the Tasmanian health budget more than \$500,000 from late 2009 to late 2013. The Board referred the full report of the investigation to the Premier for action and made other recommendations aimed at preventing a recurrence of the conduct. The Commission tabled the summary of the full report in the Parliament in May 2014.

### Launch of the Ethics and Integrity Training Program

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In July 2013, the Commission launched a flagship product, the *Ethics and Integrity Training Program*. The program consists of 14 Modules on key misconduct risk areas. The Modules are designed for public sector agencies to deliver in-house to staff in a manner that meets the specific needs of the agency. A significant component of the Program is the availability of public sector specific video scenarios, available on the Commission's website, and other templates and guides.

### Release of Conflict of Interest training module and associated resources

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In February 2014 the Commission, in partnership with the Institute of Public Administration Australia (Tasmanian division) (IPAA), hosted a panel discussion 'Is that just the way it is? Tackling conflict of interest in Tasmania', to launch Module 3 of the *Ethics and Integrity*

*Training Program*. Conflict of interest is a significant misconduct risk to the Tasmanian public sector. The Module includes a range of training and education resources as well as templates for developing conflict of interest policies, procedures and other guidance documents for employees.

### Training for elected Members of Parliament 2014

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'Integrity in Office' was a workshop delivered to Members of Parliament following the election in March 2014, by Dr Peter Patmore and Professor Richard Herr from the University of Tasmania.

### Second Audit of Tasmania Police Complaints

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In early 2014 the Commission commenced its second comprehensive audit of Tasmania Police complaints, for complaints finalised by Tasmania Police in 2013. The audit is being conducted with the full co-operation of Tasmania Police with a report expected to be finalised in September 2014.

### Commencement of the Three Year Review by the Joint Standing Committee on Integrity

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The Integrity Commission Act requires the Joint Standing Committee on Integrity to review the functions, powers and operations of the Commission following three years of operation (30 September 2013). The Commission provided a detailed submission to the Committee in October 2013, including six key recommendations covering matters such as the ability to publish reports, the Commission's ability to obtain telecommunications data and mandatory notification of serious misconduct.

# A BOUTIQUE INTEGRITY AGENCY

## Joint review of the Graduated Police Management System

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A major project during the year was a joint review by the Commission and Tasmania Police of the internal complaint handling methodology used by Tasmania Police for complaints against police – the Graduated Management Model. The report was very close to being finalised by the end of the reporting period. A number of recommendations will be made in that report for consideration by Tasmania Police.

## Establishment of dedicated local government resources

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In late 2013, the Commission employed a Misconduct Prevention (Research and Education) officer specifically dedicated to assisting the local government sector.

## Establishment of the Investigator Support Network

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This network provides both support and an opportunity to share best practice to those in public sector agencies who conduct in-house investigations of misconduct.


## Second Community Perceptions Survey

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In July 2013, the Commission conducted its second Community Perceptions Survey through an independent service provider. A significant finding of the survey of 600 Tasmanians was that 68% of respondents agreed that people who complain about corruption or unethical behaviour are likely to suffer as a consequence of complaining. This finding was consistent with the first survey two years earlier. The entrenched belief that there is likely to be adverse consequences for reporting corruption and unethical behaviour in government could be a key barrier to people bringing information to the Commission. In response the Commission has developed a campaign, 'Speak up', which it will offer to public authorities in 2014 and 2015.

The Integrity Commission Act, which created the Commission, was informed by consideration of the operation of similar integrity entities in other jurisdictions, but with adaptations so as to create a unique structure for Tasmania. The Commission is the only integrity entity in Australia which has a Board, and the only one which directly involves the Auditor-General and Ombudsman in its administration via their participation on that Board. It is one of the few commissions with no separately appointed parliamentary inspector.

However, it does share common attributes with other integrity entities including significant coercive powers, provided on the basis that it is in the public interest for public sector misconduct to be exposed, addressed and prevented. Like the Commission, none of these other integrity entities are created as complaint resolution services. The investigative purpose of integrity agencies is to ascertain the facts, expose misconduct (or corruption), and report findings or recommendations, most often to parliament.



**'Corruption is endemic to the human being. That is, when the opportunities are there, when there is no policing, there are some people who will get involved in that.'**

**Hon David Ipp**, retired ICAC Commissioner,  
interview with ABC *Four Corners*, June 23 2014.

# THE WAY THE INTEGRITY COMMISSION WORKS

All Australian states now have an integrity entity. While each state has its own particular issues to tackle, no public sector is immune from misconduct – it can occur anywhere and everywhere, and is a genuine risk. In that respect, Tasmania is no different to any other state.

Education and prevention, which is a key focus of the Commission, is also a mandated function of many of the other interstate integrity entities. Although Tasmania is one of the newest state integrity entities, and is by far the smallest and the least financially resourced, it has successfully developed a suite of innovative educational resources adaptable across a broad range of public agencies. In this regard, the Commission has had to develop a clear understanding of what it can achieve as a 'boutique' agency that delivers its finite resources to the greatest effect.

The Commission's educational video scenarios, available through its website, have been very successful, and although targeted to Tasmania's public agencies, have been sought widely throughout Australia and with one request coming from as far away as Canada. The Commission intends to build on its foundational education Modules over the next reporting period, both in response to specific requests for assistance, and to meet operational need.

From an operational perspective, the Commission's 'boutique' nature has meant that it must be judicious about the matters it investigates and must focus its resources and attention to the areas where it can add the most value or where there are clear gaps in the integrity framework of the Tasmanian public sector.

The Commission's objectives, functions, powers and principles of operation are set out in its legislation. Essentially however, the work of the Commission falls into two broad areas:

- misconduct prevention and education (educative work); and
- dealing with complaints and conducting investigations in relation to misconduct (operational work).

The statutory framework establishes the Board, the CEO, and, at various stages with respect to the dealing with complaints, certain other appointments: authorised persons, assessors and investigators. The Commission has three 'business areas' – Operations; Misconduct Prevention, Education and Research (MPER); and, to maintain its independence, a Business Administration area.

## Misconduct prevention

In performing its misconduct prevention functions under the Integrity Commission Act, the Commission continually has regard to active engagement with public authorities and public officers. Wherever possible, misconduct risk management must be undertaken by the public authorities themselves as they have the greatest capacity to recognise and control the risk, but the Commission has a key role in providing advice and assistance to them. It is the Commission's view that capacity building to deal with the misconduct is best achieved through collaborative and consultative approaches.

## Operations

The Integrity Commission Act requires that investigations are to be conducted in private. During an investigation, the Commission is required to comply with obligations concerning the privacy of individuals including anyone who has made a complaint and anyone about whom allegations are made. Allegations of misconduct made to the Commission go through a number of different stages. Investigations can be very wide-reaching and can include requiring witnesses and subject officers to attend to give evidence, the searching of public sector premises and, under warrant, the searching of private premises. Gathering and following evidence in a complex investigation can take a significant period of time.

The Commission may notify principal officers that it is conducting an assessment (a preliminary investigation) and is obliged to notify principal officers that it is conducting a formal investigation – these officers can be Agency Heads, Ministers and in some cases the Premier. The Commission does not, as a matter of routine, provide briefings to any principal officer, about a specific investigation, while it is under way.

A Commission investigator must comply with the rules of procedural fairness. In practice, this includes providing an opportunity to a person, who may be adversely affected by a report of an investigation or assessment, to provide comments or submissions. The investigator takes these into account before finalising their report for the CEO.


When the CEO receives an investigator's report, the Integrity Commission Act provides that the CEO can seek comments or submissions on the report – including from principal officers and others with a special interest.

The Commission usually imposes confidentiality obligations on persons receiving such reports. This confidentiality protects the privacy of individuals and the integrity of the investigation.

It is a criminal offence for persons to breach the confidentiality obligations imposed on them. It is only when the comments or submissions on a report have been received by the CEO that a report of the investigation, including the CEO's recommendations, is provided to the Commission's Board. It is the Board which determines the outcome of all investigations, including referral for action if appropriate.

Once the Board has finished its consideration of a completed investigation, confidentiality obligations are usually lifted by the Commission. The Commission may publicly report on a completed investigation or assessment through a special report laid before both Houses of the Parliament.

The Integrity Commission Act does not provide for the Commission to make a public report outside of Parliament.



68% believe that people who complain about misconduct are likely to suffer as a consequence.



# REPORTING AGAINST TASMANIAN BUDGET INITIATIVES

The Commission's key initiatives in the 2013-14 Tasmanian Budget were:

- working with key stakeholders to enhance trust and confidence in public authorities within Tasmania;
- working cooperatively with public authorities and other integrity entities to prevent misconduct and enhance capacity-building in dealing with misconduct;
- educating public authorities and the public about integrity and ethical conduct; and
- dealing with misconduct issues in the public interest.

The Commission reports against these initiatives in Goals 1-3 of this annual report.

Standing Committee on Integrity following its finalisation of the three year review;

- finalisation and delivery of the second audit of police complaints (for complaints finalised by Tasmania Police in 2013);
- design and commencement of the third audit of police complaints;
- continue to strengthen the misconduct prevention capacity of local government, including the development of resources specifically designed for local government;
- develop a discussion paper for the Joint Standing Committee on Integrity, and the Attorney-General on the criminal offence of misconduct/corruption in public office, across the jurisdictions;
- host a meeting of Executive Officers of other integrity agencies in the latter part of 2014.

## PRIORITIES FOR THE YEAR AHEAD

The Commission has identified the following priorities for 2014-15 to continue its essential work of improving the integrity of public authorities in Tasmania:

- deliver a training program for newly elected local government members following the local government elections in October 2014;
- ongoing development and release of more Modules in the *Ethics and Integrity Training Program*, including on Social Media; Misuse of Work Resources, and Use of Work Information; and Confidentiality and Security.
- in partnership with the Minister for Justice, to whom the administration of the *Integrity Commission Act 2009* is assigned, pursue legislative amendment of the identified technical issues already considered and supported by the Joint Standing Committee on Integrity in 2013;
- implementation of recommendations of the Joint

## THE COMMISSION'S ACHIEVEMENTS OF ITS STRATEGIC GOALS

The Commission identified three key goals in its Strategic Plan applicable in the reporting period:

- improved standard of conduct, propriety and ethics in public authorities in Tasmania;
- enhanced public confidence that misconduct by public officers will be appropriately investigated and dealt with; and
- a best practice agency that is valued by the community.

Our progress against these goals is outlined in the following pages.

**ESSENTIAL** TO ENSURING TRUST IN GOVERNMENT

**PROGRESS  
TO DATE**

**GOAL ONE**

Improved standard of propriety  
and ethics in public authorities

## ETHICAL REFERENCE GROUPS

The Commission has continued to facilitate and build on the work of the Ethical Reference Groups (ERGs) established in 2012. The purpose of the ERGs is to enhance understanding of integrity and ethical practice in the public sector and share best practice among group members.

ERGs are a key mechanism for communication and collaboration between the Commission and public sector leaders. Each ERG meets twice per year to discuss matters such as best practice in ethical systems and misconduct prevention, ethical issues, and ways to improve ethical risk management. The ERGs also provide participants with an opportunity to discuss capacity-building tools developed by the Commission and to identify new resources or training required.

ERGs provide valuable insight into misconduct risk areas, which has guided the Commission's product development. The Groups have also served as a means to assess products from an agency/organisational perspective.

Meetings held during 2013-14 were:

- Lead agency – 10 July and 11 December 2013
- Northern agencies – 18 July and 13 November 2013
- Government Business Enterprises – 12 July and 13 December 2013
- Local Government – 1 August 2013
- Southern agencies – 21 March 2014

'Southern Councils' and 'Government Business Enterprises' were combined in November 2013 to form 'Southern agencies' ERG.

The most significant issues raised, which assisted the Commission to identify trends and emerging risks, included:

- conflict of interest;
- bullying and harassment;
- confidentiality;
- gifts and benefits; and
- use of work resources.

The Commission is committed to the ongoing improvement of each ERG and to responding to any recommendations and suggestions arising from group meetings.

## INVESTIGATOR SUPPORT NETWORK

In July 2013 the Commission was approached to assist in the establishment of a network of investigators in public sector agencies. Recognising that investigators often work in isolation, the aim of the network was to provide both support and an opportunity to share best practice.

The first meeting of the Investigator Support Network (ISN) was held in September 2013. The role of chair was initially undertaken by the Department of Education and is now shared amongst member agencies, which also host quarterly meetings on a rotating basis. The Commission provides coordination and support. Four meetings were held in 2013-14.

Membership has increased since the initial meeting, and members report that the opportunities provided by the network are invaluable in building their capacity to conduct internal investigations in their agencies. Members discuss trends in misconduct matters, resources they have developed to facilitate investigations, and 'lessons learnt'. To encourage open discussion, meetings are informal and only action items are recorded.

Members also have the opportunity to network and share ideas outside meetings, and in June 2014 three investigators from the network participated in investigative design training arranged by the Commission.

## LOCAL GOVERNMENT ENGAGEMENT AND SUPPORT

In late 2013, the Commission renewed its focus on local government and since the beginning of 2014, has met with councils across the state to gain an understanding of each council's specific needs and to provide advice and support in ethics training and misconduct prevention. Nineteen councils have been visited to date, with plans to visit the remaining 10 in first few months of 2014-15.

The Commission recognises that councils have particular challenges in managing ethical issues due to the wide range of roles they fulfill and their close ties with the local community. The Misconduct Prevention Education and Research (MPER) team has provided training sessions for a number of councillors and staff, tailored to meet specific areas of need. For example, in response to feedback that resources were needed to address the specific risk areas of a council's outdoor workforce, the Commission developed a version of Module 1A '*Ethical Decisions at Work*' for operational, works and outdoor-based employees. The training Module was piloted with Glenorchy City Council and is now available for all councils. Also in response to council feedback, a number of video scenarios set in a council environment have been produced.

Training has also been provided for councillors on gifts and benefits and, following the October 2014 elections, the Commission will run ethics and integrity training for newly-elected members.

The Commission has strengthened its relationships with the Local Government Association of Tasmania (LGAT), the Local Government Managers Association (Tasmania) and the Department of Premier and Cabinet (DPAC) Local Government Division to ensure that support provided to councils is consistent and coordinated across agencies.

The Commission has contributed articles to the LGAT News magazine, including *Managing Conflicts of Interest in Local Government* and *Confidentiality and Community Trust*.

## REGIONAL VISITS

During 2013-14, the MPER team identified opportunities for increased communication and relationships with agencies which are located beyond Hobart and the southern region. The team has implemented two outreach strategies to support this:

- in March 2014, the team commenced onsite visits with local councils and by 30 June 2014 had visited 19 councils throughout the state; and
- in June 2014, the team commenced a regional visits program – travelling to the north, central north, and north west of the state to visit agencies that are based in the regions and/or have a significant presence there.

The visits have been well received and valuable – both for the agencies visited and for the Commission. They have provided an effective means of openly exchanging information on ethical risks, trends, training, resources and programs. Topics of interest have been explored in depth and Commission staff have been able to respond to various questions about our investigations, reports, complaints processes, training and resources.

New working relationships have been established across the regions and the Commission looks forward to strengthening these in the years ahead, together with further visits to agencies and councils.



## CONSULTATION AND ASSISTANCE

Throughout 2013-14, the Commission provided advice and assistance to agencies to build their capacity in managing misconduct risk areas. Consultation with agencies has primarily focused on policy and procedure development, effectively implementing the *Ethics and Integrity Training Program*, and developing and improving codes of conduct across the sector.

## PARLIAMENTARY DISCLOSURE OF INTERESTS REGISTERS

Under section 30 of the *Integrity Commission Act 2009*, the Chief Executive Officer is required to monitor the operation of the registers of interests held in respect of members of each house of Parliament.

The Commission's practice is to inspect each Member's annual return and note if the information disclosed on the forms complies with the applicable requirements of the *Parliamentary (Disclosure of Interests) Act 1996*. The inspection does not seek to verify the accuracy or completeness of the information provided.

Inspections since 2011 have noted a number of errors in the completion of the forms. The Commission has provided advice to DPAC with suggested improvements to the forms, together with additional guidance for Members, in order to reduce the errors noted. This advice has since been utilised by DPAC and an improved form, together with further guidance, has now been released for use by Members from 2014 onwards. The Registers were last inspected in January 2014.

The Commission engaged consultants to deliver the 'Integrity in Office' workshop for Members of Parliament in April 2014. The consultants were provided with de-identified information regarding the noted errors on the forms. This was used by the consultants to provide guidance to Members on the proper use of the form.

### CASE STUDY

## Good practice profile: Glenorchy City Council



In March 2014, after participating in training provided by the Commission, managers from Glenorchy City Council's Works Centre requested that the Commission develop ethics and integrity training targeted to meet the needs of council's outdoor workforce.

Through meetings held with the Council Works Centre and human resources staff, and from feedback received from other councils, the Commission identified the key risk areas facing a council's outdoor workforce that needed to be addressed in the training program. These included use of work resources, gifts and benefits, confidentiality and secondary employment. Module 1A '*Ethical Decisions at Work*' was developed for the outdoor workforce and two interactive sessions were run at Glenorchy City Council in June 2014 for 20 capital works staff. These sessions were well received and stimulated discussion about ethical issues in a workplace context, and how to deal with them. This Module is comprised of a PowerPoint presentation, facilitator notes, group activities and video and written scenarios. The Module has been requested by a number of councils across the state, while Glenorchy City Council is now planning to roll out the training for other Works Centre staff.

Glenorchy City Council also worked with the Commission on the three latest video scenarios, which explore the use of work resources and public perceptions about misconduct. The scenarios were developed in response to feedback received from councils to tailor more video scenarios to an outdoor workforce. Glenorchy City Council provided both the set for filming the scenarios, and actors (Glenorchy Works Centre staff). The scenarios are part of Module 8 '*Use of Work Resources*' and are available on the Commission's website.

## CASE STUDY

# Prevention & Education in action: Conflict of Interest Working Group

The Commission established a Conflict of Interest Working Party in July 2013, with representation from a variety of public sector agencies. The tasks of the working party were to:

- consider conflict of interest issues in the Tasmanian public sector;
- formulate a template conflict of interest policy, procedure and forms; and
- assist with rollout and education across the sector.

Tasmania's unique characteristics required the Commission to carefully adjust the advice about conflict of interest policies, procedures and guides from other Australian jurisdictions to tailor them to local conditions.

Key conflict of interest areas identified by the working party included:

- friendship and family relationships;
- recruitment and employment relationships;
- gifts and benefits;
- political issues; and
- compliance issues.

The template policies, procedures and guidance developed by the working party are designed to assist Tasmanian public authorities to identify and manage conflicts of interest. The policy and procedures set out a high-level, principles-based framework, while the guidance offers practical tools and assistance. Collectively, they enable public sector agencies to customize their own policies and procedures to effectively manage conflicts of interest.

Employees in certain high risk areas of the Tasmanian public sector require particular assistance. As a result, guidance documents were developed specifically addressing human resources, procurement, those who issue grants or permits, and those who regulate. The policies, procedures and guidance are able to be customised by each agency.

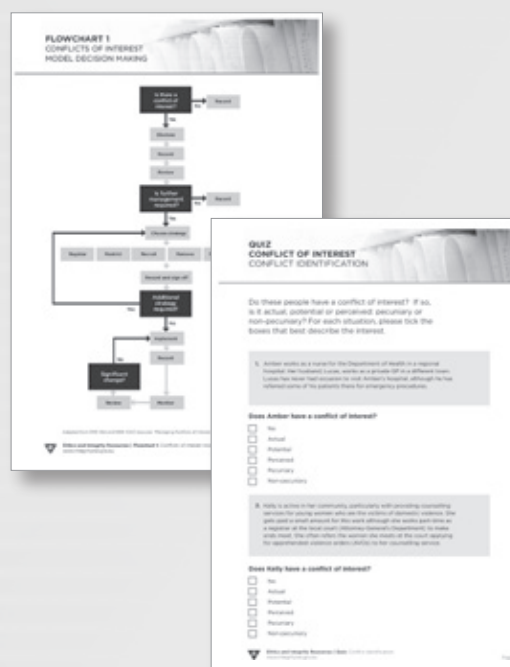
## Launch of the resources

To launch the resources developed by the working party and the associated training Module, the Commission partnered with Institute of Public Administration Australia (IPAA) (Tasmanian division) to convene a public forum held in Hobart on 18 February 2014 – 'Is that just the way it is? Tackling Conflict of Interest in Tasmania'.

Panel members from public sector businesses, regulatory bodies, agencies and local government contributed to the discussion, which was attended by over 100 public officers – including principal officers.

The Commission thanks the facilitator and panel members – Mr Greg Johannes, Mr Don Challen AM, Mr Mark Kelleher, Ms Susan M Johnson and Mr Nick Heath for their participation in the event.

A condensed video of the event is available on the Commission's website at [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au).



## CASE STUDY

### Good practice profile: Southern Midlands Council

Since the Commission delivered training for councillors in 2013, Southern Midlands Council has continued to use the *Ethics and Integrity Training Program* and, in addition to running Module 1 training for senior managers, has incorporated elements of Module 1 into training for all staff.

Council management has noted, in particular, that the training has raised councillor and staff consciousness of the importance of transparency, impartiality, accountability and keeping good records of decision-making processes. This awareness has assisted council in effectively managing complex issues in the community.

Southern Midlands Council has also developed a gifts and benefits policy that has been well received by councillors and staff.

## CASE STUDY

### Good practice profile: Kingborough Council

Following on from initial training provided by the Commission for councillors and senior staff, Kingborough Council has adopted the *Ethics and Integrity Training Program* as part of ongoing training for its 223 staff.

The program, and in particular Module 1, was developed to assist an agency's principal officer to meet their statutory obligation to provide ethics and related training. Kingborough Council has also recently developed a new code of conduct for staff, and has again drawn on the program's resources when rolling out training for the new code of conduct.

## ETHICS AND INTEGRITY TRAINING PROGRAM

The *Ethics and Integrity Training Program* (EAITP) was developed to enable agencies to deliver in-house training to meet their statutory obligation under s 32 of the Integrity Commission Act. The training program will consist of 14 modules, addressing misconduct risk areas in the public sector. They are designed to enable agencies to provide their own in-house training, and can be customised by each agency to meet its specific needs.

Through its *Ethics and Integrity Training Program* the Commission is meeting one of its key objectives – to improve the standard of conduct, propriety and ethics in the public sector.

### Module 1

Module 1 '*Role of the Commission and Making Ethical Decisions*' was launched in July 2013. Since release, 11 agencies have delivered Module 1, equating to approximately 800 public officers. Further agencies have delivered Module 1 during 2013-14 but this data was not available on 30 June 2014.

### Module 1A

In response to feedback received from local councils, the Commission developed an alternative version of Module 1 in June 2014, called Module 1A '*Ethical Decisions at work*.' It is specifically contextualised to engage with an operational and outdoor workforce, with relevant examples and learning activities included.

### Module 2

Module 2 *Transparency and Accountability* was released in December 2013 and requested by 21 agencies. Feedback from agencies indicates Module 2 will generally be delivered in conjunction with Module 1 as a comprehensive introduction to the *Ethics and Integrity Training Program*.

### Module 3

Module 3 *Conflict of Interest* includes a suite of resources dealing with conflict of interest including scenarios, templates, fact sheets and video scenarios. Module 3 and associated resources were launched via a public forum in Hobart on 18 February 2014 in partnership with IPAA (Tasmanian division).



## TRAINING AND PREVENTION RESOURCE DEVELOPMENT

### Module 8

Module 8 *Use of Work Resources* was completed in June 2014. Misuse of work resources has been identified by agencies as a significant misconduct risk area. Module 8 explores the risk areas for misusing work resources and the consequences of misuse for the individual, the agency and the public. The Module includes video scenarios to evoke discussion and an innovative software 'wizard' which demonstrates the impact of cumulative small-scale misuse.

### Module 10

Employees' use of social media is being increasingly regarded as a misconduct risk area by agencies. The Commission has acknowledged this issue by developing Module 10 *Social media @ work: what's the big deal?* This is the Commission's first online, self-paced module delivered in an e-learning environment. It encourages public officers to consider the risks and consequences of using social media.

### Education consultancy and assistance

The Commission assisted a number of agencies and organisations throughout 2013-14 to customise the program for their specific needs, and provided learning needs analysis and advice on the design and provision of ethics and integrity training.

The Commission designed, developed and released a substantial range of resources during 2013-14. This has been a concentrated effort to support all agencies with targeted, high-quality and flexible resources to enable in-house training and support of their staff. This is a key component of helping agencies to build their capacity to identify and manage areas of misconduct risk. Six modules within the *Ethics and Integrity Training Program* have been developed. Three modules are now in use across various agencies, with a further three modules to be distributed to agencies in early 2014-15. There has been much work on individual resources that are used within the modules and independently in other training and support contexts.

A profile of the development of our conflict of interest resources, including Module 3, is a good practice example of some of our work (see the profile later in this section).

### Video scenarios

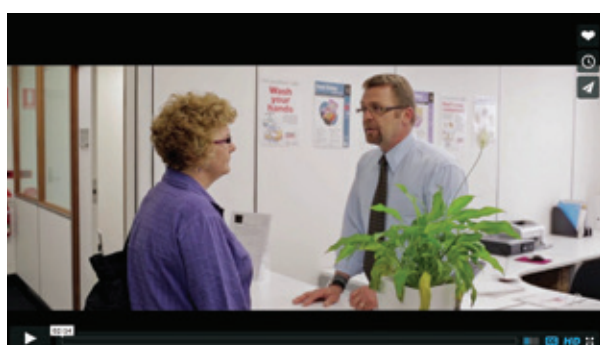
After receiving positive feedback on the first three video scenarios filmed in 2013, a further eight video scenarios, exploring a range of misconduct risk areas, were produced. The scenarios raise some of the key issues facing public sector employees, including conflict of interest, gifts and benefits, use of work resources, secondary employment and public perception. They feature employees in a broad range of roles (including those involved in tendering decisions, assessing grants, issuing permits and participating on selection panels). In response to feedback received from councils, four of the new scenarios are targeted to address the specific

### REQUESTS FOR MODULES 2013-14

Module	No. of requests	No. of agencies
1. The role of the commission & making the best ethical decisions	54	34
2. Transparency & accountability	27	21
3. Conflict of interest	62	43



**Above and below:** Stills from video scenarios



needs of an outdoor workforce and were filmed at Glenorchy City Council Works Centre.

The video scenarios form part of the *Ethics and Integrity Training Program* modules but can also be used as standalone resources to promote discussion/follow up in team meetings. Actors in the scenarios are volunteers from the Department of Justice, Hobart City Council, Glenorchy City Council Works Centre and the Integrity Commission.

The scenarios are available on the Commission website and through Vimeo at

**<http://vimeo.com/integritycommission>.**

Since the release of the first video scenario on Vimeo in December 2013, the videos have been played a total of 2,438 times (to 30 June 2014). This includes users accessing the videos directly through the Vimeo site and videos being streamed within Module presentations in agency-based training sessions.

## Resources for the Ethics and Integrity Training Program

Each module in the program includes a range of resources such as PowerPoint presentations, facilitator guides, template policy, procedures and guidelines, checklists, video scenarios, written scenarios, flowcharts, quizzes and tools.

Agencies are encouraged to customise the modules and select resources to meet specific areas of need. The resources can be used to support workshop presentations and as separate elements, such as discussion prompters in team meetings. A number of agencies have indicated that the resources provide a useful follow-up to training.

The conflict of interest checklists have also been provided to local government members to assist with decision-making, while other agencies are including materials as part of staff newsletters, induction materials and on agency intranet sites.

## TRAINING PROVIDED BY THE COMMISSION

In 2013-14 the Commission conducted eight 'Practical Application of Integrity in the Public Sector' (PAIPS) half-day workshops throughout the state. The workshops examine the concepts of ethics and integrity and how they apply to the public sector. Participants gain an understanding of the role of the Integrity Commission, codes of conduct, and ethical decision-making processes. The workshops were attended by employees from a diverse range of public sector entities, including state service agencies, government business enterprises, and local government.

The Commission also provided tailored training in 2013-14, which focused on specific topical areas for agencies, and on the application of ethics and integrity issues within a unique workplace context.

It should be noted that the Commission does not have sufficient resources to extensively provide tailored training and therefore delivery is limited to selected areas of high priority.

Following training delivered by the Commission, participants are asked to complete feedback forms. Key findings from this feedback are:

### ***Previous training on integrity or ethics in the public sector***

*60% of respondents indicated that they had not received any previous training on integrity or ethics in the public sector.*

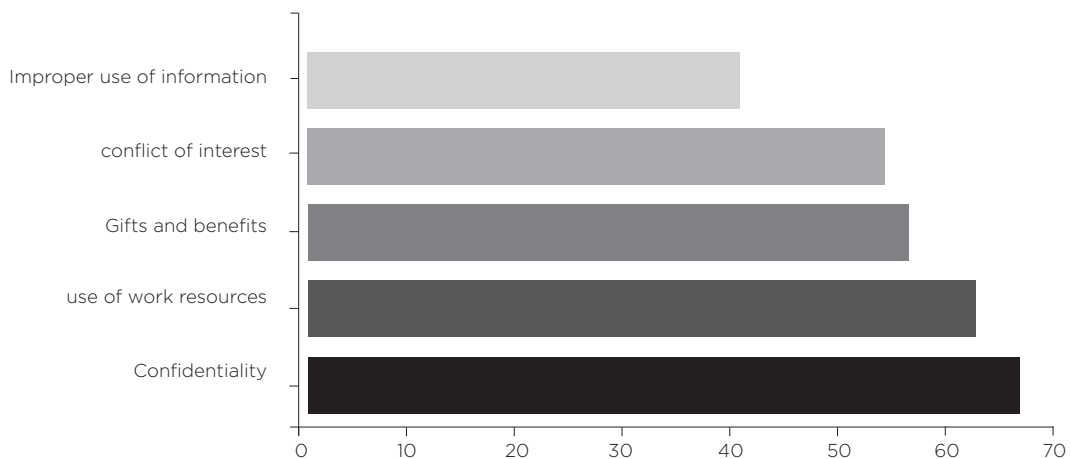
### ***Understanding of integrity and ethical behaviour post training***

*97% of respondents indicated that they had gained a good understanding of integrity and ethical behaviour from the workshop. The Commission uses workshop activities to gather information (in a confidential manner) about key misconduct risk areas within the public sector. Conflict of interest was ranked as the highest misconduct risk area, while confidentiality, use of work resources, improper use of information, and improper use of power and authority were also identified as significant risk areas by participants.*

### NUMBER OF PARTICIPANTS 2013-14

	<b>Elected members</b>	<b>State Sector employees</b>	<b>TOTAL</b>
PAIPS workshops	0	119	119
Tailored training	25	170	195
<b>TOTAL Participants</b>	<b>25</b>	<b>289</b>	<b>314</b>

## PERCEIVED MISCONDUCT RISK AREAS BY MANAGERS AND EXECUTIVES (2013-14)



### Perceived misconduct risk areas

Feedback on perceived misconduct risk areas from training with managers and executives is summarised in the chart above.

To assist agencies to build their capacity to identify and manage misconduct risks, the Commission has consulted with and advised agencies on how best to deliver the *Ethics and Integrity Training Program* to employees. Agencies are taking a proactive approach to customising and delivering their training in-house. This efficient approach to training delivery has allowed the Commission to reduce direct delivery in 2013-14, which has released additional time for the Commission to focus on further product development.



### Website improvements

As part of the recent upgrade of the Commission website, the education and prevention section has been streamlined to improve ease of use for agencies. There are now 'search by type' and 'search by topic' functions available that enable users to quickly find what they need. The website also outlines how the MPER team can provide assistance – through its education and prevention services and activities.

The website now provides more streamlined information and links to modules, video scenarios and fact sheets.

## PRESENTATIONS TO GROUPS AND CONFERENCES 2013-14

	<b>Group / conference</b>	<b>Presentation</b>	<b>No. of participants</b>
August 2013	University of Tasmania - Faculty of Law	Ethics & Integrity for final year law students	22
September 2013	Local Government Managers Association (Tas)	Topical Issues Forum: Ethics and Integrity in Decisions	34
October 2013	Tasmania Police Academy	Sergeants course	16
October 2013	Tasmania Police Academy	Inspectors course	12
March 2014	Resource Management and Planning Appeal Tribunal	Australasian Conference of Planning and Environment Courts and Tribunals	15
February 2014	Institute of Public Administration (Tas) and Integrity Commission	Conflict of Interest in Tasmania: panel discussion and resources launch	110
February and April 2014	Tasmania Police Academy	Recruit course	45
March 2014	Legacy, Hobart	Introduction to the Integrity Commission	20
March 2014	Tasmanian Audit Office	Hobart Audit Committee Seminar	75
March 2014	CPA Australia	Discussion group session	30
April 2014	Members of Parliament	Induction program for new members: Introduction to the Commission	15
May 2014	Department of Premier and Cabinet	Training for ministerial advisors	34
June 2014	Institute of Public Administration Australia	Introduction to ICAC presentation	55

## CASE STUDY

# Prevention & Education in action: Developing a Conflict of Interest Resource Package

Development of a suite of resources around conflict of interest was a major focus for the Commission in 2013-14. This was in response to feedback from across the state public sector on the prevalence of this issue, and intelligence gained from complaints received and investigations conducted by the Commission.

Module 3 *Conflict of Interest* was developed as the foundation for identifying and managing conflicts of interest, and complements the template policies, procedures and guidance materials also developed by the Commission.

The Module's PowerPoint presentations include innovative video scenarios to demonstrate concepts and principles. The slides are engaging and interactive, providing participants with theory, discussion points and realistic scenarios for consideration.

A variety of checklists, flowcharts, quizzes, scenarios and guidance documents accompany the presentations. These were designed to assist with decision-making at all levels of the agency – individual, team, section, management, and whole of agency.

## Checklists

The checklists can be used to identify and assess conflict of interest risks within specific internal functions; the existence of actual, perceived or potential conflicts of interest; pecuniary and non-pecuniary interests for individuals; and how to implement the conflict of interest policy.



**CHECKLIST**  
IDENTIFYING CONFLICT OF INTEREST  
RISK AREAS FOR INDIVIDUALS

**ai Checklist for identifying a conflict of interest**  
The purpose of this tool is to provide a checklist that you can methodically work through when you are faced with a situation in which you think you might have an actual, perceived or potential conflict of interest.

**Five steps:**  
1. Describe the matter or issue being considered and the situation in which you are involved.  
2. What role do you play in this situation?  
3. What are the interests involved?  
4. What are the risks?  
5. What are the benefits?

**Making an assessment**  
An assessment of whether there is an actual, reasonably perceived or potential conflict of interest. It may be useful to ask yourself the following questions to help you make an assessment of whether there is an actual, perceived or potential conflict of interest with the public interest.

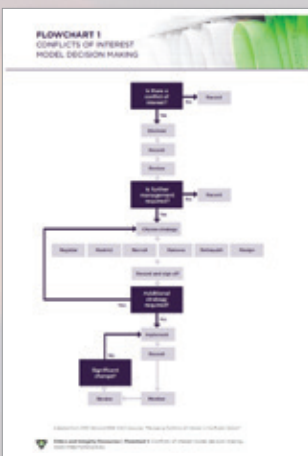
**What is the situation?**

	Yes	No
Is there an interest associated with this function or the department/agency for my proposed decision or action?	<input type="checkbox"/>	<input type="checkbox"/>
Could there be benefits for me in this function?	<input type="checkbox"/>	<input type="checkbox"/>
Could there be a conflict of interest?	<input type="checkbox"/>	<input type="checkbox"/>
Do I have a conflict of interest personal, professional or financial relationship or association of any significance with an interested party?	<input type="checkbox"/>	<input type="checkbox"/>

Commissioner's office

## Scenarios

The scenarios are useful in enhancing facilitated training sessions, for self-paced learning, and by team leaders during team meetings or 'toolbox' meetings.



## Flowcharts

The flowcharts can assist in outlining tasks that need to be completed throughout implementation of a conflict of interest policy and provide a useful guide to assist employees make the best ethical decisions.



**QUIZ**  
CONFLICT OF INTEREST  
CONFLICT IDENTIFICATION

Do these people have a conflict of interest? If so, is it actual, potential or perceived, pecuniary or non-pecuniary? For each situation, please tick the boxes that best describe the interest.

1. Andrew works as a nurse for the Department of Health in a regional hospital. He has been asked to work on a private ward at a different hospital. He has been asked to work on a private ward at a different hospital. He has been asked to work on a private ward at a different hospital.

Does Andrew have a conflict of interest?

☐ No  
☐ Actual  
☐ Potential  
☐ Perceived  
☐ Pecuniary  
☐ Non-pecuniary

2. Kelly is a nurse in her community. She is working on a project to improve the health of the community. She is working on a project to improve the health of the community. She is working on a project to improve the health of the community.

Does Kelly have a conflict of interest?

☐ No  
☐ Actual  
☐ Potential  
☐ Perceived  
☐ Pecuniary  
☐ Non-pecuniary

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## Quizzes

The quizzes can be used by employees to self-assess their knowledge of conflicts of interest, pecuniary and non-pecuniary interests, and the distinction between actual, perceived and potential conflicts.



**CASE  
STUDY**

**Members of Parliament:  
'Integrity in Office' Workshop**

The Commission's education activities extend throughout the public sector, including training for Members of Parliament (MPs). The *Integrity in Office* workshop was most recently conducted in April 2014, following the commencement of the newly-elected state Parliament.

The workshop was designed collaboratively by the Commission and consultants from the University of Tasmania – Dr Peter Patmore and Prof Richard Herr – who also facilitated the workshop.

Feedback from the previous workshop was evaluated, together with analysis of issues relevant to MPs, to ensure that the 2014 workshop was aligned to

current issues and practices, resulting in a relevant and engaging event. The workshop provided practical guidance for Members on accountability, managing conflicts of interest, managing gifts, public perception, interactions with stakeholders, governance in various contexts and ethical dealings within Parliament.

Sixteen MPs attended the workshop, including Members from both houses of Parliament, all three parties and independent Members. The feedback provided by participants was positive and constructive with 90% of participants indicating that they had gained a better understanding of ethics and integrity issues for MPs, and 70% indicating that they would definitely find the training useful in their role as an MP.

**CASE  
STUDY**

**Good practice profile:  
Department of Justice**

Module 1 of the *Ethics and Integrity Training Program* has been rolled out to over 400 Department of Justice employees to date, with the intention that all staff will complete the training by the end of 2014.

The Department has a 'train-the-trainer' model, whereby human resources staff coach and facilitate ethics training with a select group of participants, who then deliver the training to other employees. The trainers contextualise the materials for each work group to increase the relevance of the training and engagement by employees. The training has been delivered face-to-face in group settings.

The Department of Justice advised the Commission that it is confident that the training has heightened employees' understanding of ethics as it applies to their roles.

**CASE  
STUDY**

**Good practice profile:  
Tasmanian Irrigation  
Pty Ltd**

Approximately 55 employees at all levels of Tasmanian Irrigation, including directors, managers, professional and operational staff, have attended in-house delivery of Module 1 of the *Ethics and Integrity Training Program*.

Contextualised to suit the nature of the state-owned company, Tasmanian Irrigation reports that the training has resulted in an increased awareness of the need to report conflict of interest issues, and gifts and benefits. Employees have an enhanced understanding of their responsibilities, and the training has also confirmed to Tasmanian Irrigation that procurement is a potential risk area for the company.

## Good practice profile: Port Arthur Historic Site Management Authority

Port Arthur Historic Site Management Authority (PAHSMA) is using Module 1 of the *Ethics and Integrity Training Program* to provide ethics training to all permanent employees. Over 120 employees from all levels of the organisation, from tourism operations to executive management, were involved in the face-to-face sessions which were facilitated in-house during early 2014.

PAHSMA reports that the training has increased employees' awareness of ethical behaviour and has generated discussion around ethical issues in the workplace. The training has also assisted PAHSMA to identify potential misconduct risk areas which may be addressed with further training, to be contextualized to suit the needs of different roles within the organisation.

## BUILDING CAPACITY

In 2013-14, the Commission focused on developing and releasing key Modules and materials to enable agencies to deliver training and support employees in-house. The first three Modules, for example, were designed and released during the year in response to the earlier agency mapping report, which identified the topics that agencies reported as highest priority. During 2014-15, one of the Commission's main priorities is to work with agencies to build their capacity to deliver training in-house. Many agencies have now received the Modules and materials released in 2013-14 and we will work with them to ensure that the materials are widely and effectively used with as many employees as possible. This will include new modules that were developed in 2013-14 and will be released in the next financial year.

To support this priority we aim to provide agencies with greater flexibility in the delivery of our training modules – including the use of some e-learning options, where appropriate.

Our key priorities for 2014-15 include:

- further release of Modules in the *Ethics and Integrity Training Program*;
- further engagement with councils and regionally-located agencies throughout the state;
- provision of training in ethics and integrity specifically for councillors, following the statewide local government elections to be held in October 2014;
- strengthening our engagement strategies through the Ethical Reference Groups and the Investigator Support Network;
- revisiting the agency mapping project (conducted in 2012-13) and assisting agencies with further analysis of their progress towards improving their ethical culture and practice; and
- assisting agencies to address any gaps in their ethical framework with resources and advice to support the development/refinement of their codes of conduct and key policies and procedures.

The focus for 2014-15 in misconduct prevention is on capacity-building within agencies. While there is always a role for direct training by the Commission (particularly in a 'train the trainer' context), agencies need to develop their own capabilities and be responsible for building their own culture of integrity.





**PROGRESS  
TO DATE**

**GOAL TWO**

Enhanced public confidence  
that misconduct will be  
appropriately investigated  
and dealt with

## REPORTING MISCONDUCT

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The Commission's functions include the receipt and assessment of 'complaints or information relating to matters involving misconduct'.

Complaints may be made to the Commission in person, through the post and via the Commission's website. The complaint form can be downloaded from our website or completed online.

In 2013-14, just over half (51%) of complaints to the Commission were received electronically.

In addition to complaints, the Commission is notified of possible or suspected misconduct by some public authorities, and also receives information and reports about misconduct from varied sources, including directly from the public. The Commission is unable to use its powers to deal with this information, no matter how strong the suspicion that misconduct has occurred or is likely to occur. In order for the Commission to take action, the information must first be put into a formal complaint, or the Board must determine to commence an 'own motion investigation' in accordance with the Integrity Commission Act.

Every complaint received by the Commission is registered in an electronic case management system. There can be up to three stages to a complaint where it is retained to be dealt with by the Commission:

- a triage process – where the complaint is initially considered;
- an assessment process – where preliminary inquiries are made;
- an investigation – following which a report is submitted to the Board.

The Integrity Commission Act is prescriptive in the way the Commission is able to deal with allegations of misconduct. The Commission is able to:

- receive and assess complaints or information relating to misconduct;
- refer complaints or potential breaches of the law to other agencies and authorities;
- assess a complaint;
- investigate a complaint by itself or in cooperation with other agencies and authorities;
- monitor or audit how a public authority has dealt with a misconduct matter.

Every complaint of misconduct received by the Commission is submitted to the triage process. However, it is not the Commission's function to resolve complaints and it continues to be the Commission's experience that most complaints are likely to be referred to other agencies to be dealt with, or dismissed.

Only a small number of complaints result in an assessment or investigation by the Commission itself. This is in keeping with the experience of similar bodies operating in other jurisdictions. It is also consistent with Parliament's intent that primary responsibility for the management of misconduct in a public authority rests with that authority, and that the Commission should focus its limited investigative resources on the most serious or sensitive matters, or where a complaint involves a designated public officer.

The Commission has additional specific functions where allegations of misconduct concern designated public officers and with respect to police misconduct. Where a complaint involves a designated public officer, the Commission will itself deal with it and will only refer the complaint after a determination of the Board following investigation. Where a complaint involves Tasmania Police, the Commission may provide advice to the Commissioner of Police about the conduct of an investigation into police misconduct, and can audit particular complaints or classes of complaints. The Commission can only investigate a complaint about serious misconduct by a police officer or misconduct by a police officer of the rank of inspector or above.

As a general proposition, the Commission will not duplicate or interfere with work that the Commission considers has been or is being undertaken appropriately by a public authority.

## OWN MOTION INVESTIGATIONS AND RESULTS

The Board of the Integrity Commission may, of its own motion, determine that the Commission should conduct an investigation. The Board has power under sections 45 and 89 to determine to conduct an investigation of its own motion. Own motion investigations can examine allegations of misconduct by a particular public officer; or allegations of misconduct generally; or policies, practices and procedures (or the failure of those policies, practices and procedures) in a public authority. This power is exercised sparingly.

During the reporting period, the Commission concluded three own motion investigations. Two of those matters had been commenced in the 2012-13 financial year.

## COMPLAINTS AND STATISTICS

Over the course of the 2013-14 reporting period, the Commission received 660 allegations of misconduct (an increase of 84.8% from the previous year), from a total of 113 complaints received (an increase of 71.2%).

As had been the case in previous years, the majority of complaints received are referred to the principal officer of the relevant public authority, or were not accepted or were dismissed, following the initial triage. This occurs for a variety of reasons, and involves considerations such as whether the allegations relate to the functions of the Commission, whether it is in the public interest that there is an investigation, whether the allegations are credible and whether it would be an unjustifiable use of resources to consider the allegations further. A principal consideration for referral to a public authority is to build capacity within the public authority.

### Outcome of complaints received in 2013-14

Not accepted/dismissed after Triage	56
Referred for action after Triage	39
Accepted for assessment	4
Currently under consideration	14
	113

## DEVELOPMENT OF OVERT INVESTIGATION EXPERTISE

In the course of the reporting period, the Commission sponsored two investigative training courses for both its own staff and employees of other agencies involved in conducting investigations or investigative-type functions. The Commission called for expressions of interest from members of the Investigation Support Network and contributed towards the cost of the attendance of those participants to one of these courses. The courses were facilitated by external providers, and conducted over a total period of five days at the Commission's offices in Hobart.

## ANONYMOUS COMPLAINTS

Complaints may be made to the Commission anonymously.

During the reporting period, 23% of complainants either remained anonymous or requested anonymity in the event that their complaint was referred to a public agency.

Anonymous complaints appear to often be made by someone from within a public agency, and complainants generally express concern at the prospect of reprisal. Where a complainant chooses to remain anonymous, there is little prospect of seeking additional information from the complainant, who could be well-placed and informed. This can make the allegations difficult to investigate.

For this reason, the Commission encourages complainants to identify themselves to it, and will respect a complainant's request that their identity remain confidential.

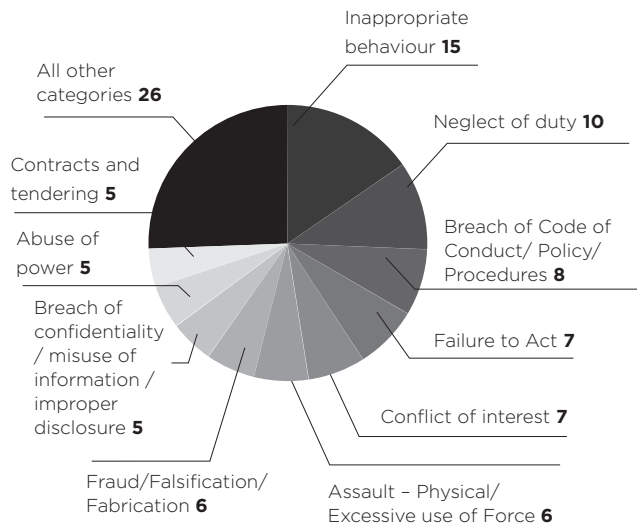
## MISCONDUCT TYPES

Primarily, allegations of misconduct relate to breach of a code of conduct or other policy or procedure. Conflict of interest, although not significantly represented in the allegations received during the reporting period, continues to remain a significant concern as it is a frequent issue in matters that reach the investigation stage and is reflected in information received through the Commission's MPER team.

### Allegation Categories 2013-14

Inappropriate behaviour	102
Neglect of duty	68
Breach of code of conduct/policy/procedures	51
Failure to act	49
Conflict of interest	44
Assault - physical/excessive use of force	42
Fraud/falsification/fabrication	38
Breach of confidentiality/misuse of information/improper disclosure	34
Abuse of Power	33
Contracts and tendering	30
All other categories	169
<b>Total</b>	<b>660</b>

### PERCENTAGE OF ALLEGATIONS BY CATEGORY 2013-14



## OVERSIGHT OF AGENCY INTERNAL INVESTIGATIONS

The Commission referred 39 complaints to public agencies to be dealt with. This represents 34.5% of the total complaints received. In the previous year, 16 matters – or 24.2% of complaints, were referred.

In addition, the Commission conducted formal assessments following which a further three complaints were referred to public agencies for action. (In the previous year, there was one such referral.)

Once referred to an agency the Commission is able to audit the way agencies respond to a complaint. It will seek to conduct an audit when and if a particular matter is thought to warrant further attention. The nature of the audit will depend on the matter and can take the form of an examination, inspection, review or investigation.

A limitation on the Commission's auditing functions

## LIAISON AND CONSULTATION WITH STAKEHOLDERS

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is that once a matter has been referred to a public authority for action, the Commission does not retain any jurisdiction over the matter. This means the Commission, while having the 'power' to audit the action taken, is unable to compel a public authority to take remedial action if an agency's action has been inadequate. The only way the Commission can take further action is to commence an own motion investigation or seek a fresh complaint. In contrast, other interstate integrity entities invariably retain jurisdiction over a complaint, even after referral:

- *Corruption and Crime Commission Act 2003* (WA), s 39. Despite having made a decision to refer, the CCC may at any time decide to act, i.e. to investigate and has a separate power to direct an agency not to take action.
- *Crime and Misconduct Act 2001* (Qld), s 48. The (then) CMC was able to assume responsibility for and complete an investigation by a public official into official misconduct.
- *Crime and Corruption Act 2001* (Qld), s 48. The new CCC may direct a public official to undertake further investigation.
- *Law Enforcement Integrity Commissioner Act 2006* (Cwth), s 42. The Commissioner is able to reconsider how to deal with a particular corruption issue at any time, including directing the agency involved not to investigate the issue.
- *Independent Commission Against Corruption Act 1988* (NSW), s 57. The Commission may revoke a referral or vary a recommendation, requirement or direction.
- *Independent Broad-based Anti-corruption Commission Act 2011* (Vic), s 79. The IBAC may determine to investigate a complaint or notification that has been referred or withdraw the referral at any time. If a person or body receives a notice withdrawing a referral they must cease their investigation and cooperate with IBAC, including providing any evidence in their possession.
- *Independent Commissioner Against Corruption Act 2012* (SA), s 37(5). The Commissioner may decide to exercise the powers of an inquiry agency in respect of a matter referred to the agency and if so, the agency must refrain from taking action in respect of the matter. Further, the Commissioner may at any time revoke a referral to an agency or revoke or vary any directions or guidance given to an agency.

The Commission endeavours to constructively engage with public sector agencies when conducting assessments or investigations of complaints.

Public authorities are able to request the Commission's assistance in their handling of misconduct and misconduct complaints. The Commission's experience is that public authorities frequently seek guidance as to what they should do about a complaint that has been referred, and what information should be sent back to the Commission for review or audit.

## USE OF INVESTIGATIVE POWERS

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Section 47 gives an investigator (and an assessor) the power to compel a person to provide information, produce documents, or give evidence. Those powers can be used both during an investigation itself or the earlier assessment process, irrespective of whether the complaint alleges misconduct or serious misconduct. The powers may also be used if the Board of the Commission commences an own motion investigation. Persons who are served with a s 47 Notice are entitled to be represented by a legal practitioner or other agent. Anyone providing information in response to a Notice can make a claim for privilege, where appropriate. In addition to the powers in s 47, the Integrity Commission Act also permits an assessor/investigator to enter into the premises of public authorities, without the need for a search warrant. Other premises, or where consent is not forthcoming, can be entered with a search warrant under s 51 – which is governed by the requirements of the *Search Warrants Act 1997*. If there is a complaint which has allegations of serious misconduct, the Commission may also apply for a warrant under the *Police Powers (Surveillance Devices) Act 2006*.

Examples of how the Commission has used its powers include:

- compelling the production of records – including records held by private institutions (such as financial information);
- compelling the production of electronic information held by public authorities (such as emails, computer drives, etc.);
- entering public premises, searching them and seizing material from public officers;
- obtaining warrants to use surveillance devices;
- compelling persons to come and give evidence.

The Commission maintains Registers about its use of such powers.

## REGISTERS OF POWERS EXERCISED

Register	2012-13	2013-14
Section 21 Authorisations	4	2
Section 47 Notices (attend and give evidence or produce documents)	46	74
Section 50 Power to enter premises	3	2
Section 51 Search Warrants	0	1
Section 53 Surveillance Device Warrants	1	0

## What standard of proof is applied to investigations?

The standard of proof used by Commission investigators when making factual findings is the civil standard, that is, on the balance of probabilities. This civil standard of proof requires reasonable satisfaction, as distinct from the criminal standard of proof beyond reasonable doubt.

In considering whether or not to make a particular finding of fact, an investigator will bear in mind what was said by Dixon J in *Briginshaw v Briginshaw* (1938) 60 CLR 336 at 362:

*‘...reasonable satisfaction is not a state of mind that is attained or established independently of the nature and consequence of the fact or facts to be proved. The seriousness of an allegation made, the inherent unlikelihood of an occurrence of a given description, or the gravity of the consequences flowing from a particular finding are considerations which must affect the answer to the question whether the issue has been proved to the reasonable satisfaction of the tribunal. In such matters “reasonable satisfaction” should not be produced by inexact proofs, indefinite testimony, or indirect inferences.’*

This approach accords with the practice of all Australian integrity agencies.

## INTERACTION WITH OR EFFECT OF ED5 INVESTIGATIONS

One of the functions of the Commission under its Integrity Commission Act is, when conducting or monitoring investigations into misconduct, to gather evidence for, or ensure evidence is gathered for, the prosecution of persons for offences, proceedings to investigate a breach of a code of conduct or proceedings under any other act.

‘Employment Direction No 5 – Procedures for the investigation and determination of whether an employee has breached the Code of Conduct’ (ED5) sets out the procedures that must be followed by an agency head to deal with possible breaches of the code of conduct under the *State Service Act 2000*. This is a principal area for both assessments and investigations by the Commission.

As reported last year, ED5 does not presently refer to the Commission or any action which it may be undertaking, nor to the use to which any evidence it gathers can be put in such proceedings. The Commission has maintained contact with the State Sector Management Office to seek to advance amendments to ED5. None has been progressed to date.

## SUBJECT OF COMPLAINTS

In assessments or investigations where it appears that ED5 will be invoked following a referral, the Commission identifies the evidence it has gathered, and makes that evidence or material available to the Head of Agency for use in the ED5 process.

## NOTIFICATIONS

The Commission received 51 notifications (instances of public authorities notifying the Commission about complaints of misconduct) during the reporting period. This compares to 52 such notifications in the previous year.

Notifications are not complaints, and do not allow the Commission to use its investigative powers. There is no mandatory requirement for a public authority to notify the Commission of a complaint of misconduct. Rather, public authorities are encouraged to notify the Commission of such matters so that the Commission might work with the authorities to improve complaint handling processes and to ensure that issues are adequately dealt with.

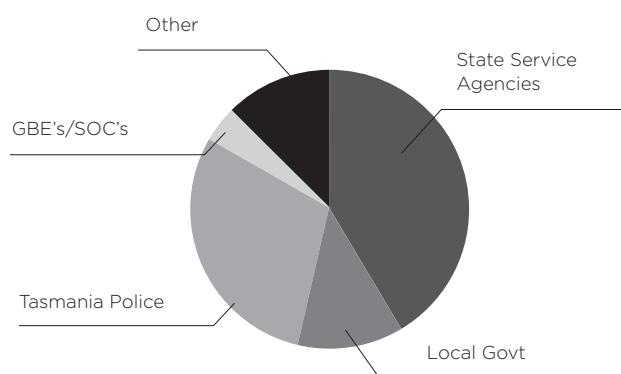
Notifications are particularly important in assisting the Commission to identify specific misconduct trends. However, as noted above, unlike other integrity jurisdictions in Australia, public authorities in Tasmania are not required by legislation to report misconduct or serious misconduct to the Commission.

Tasmania Police provides the Commission with the largest number of notifications. This is done pursuant to a Memorandum of Understanding between the two agencies.

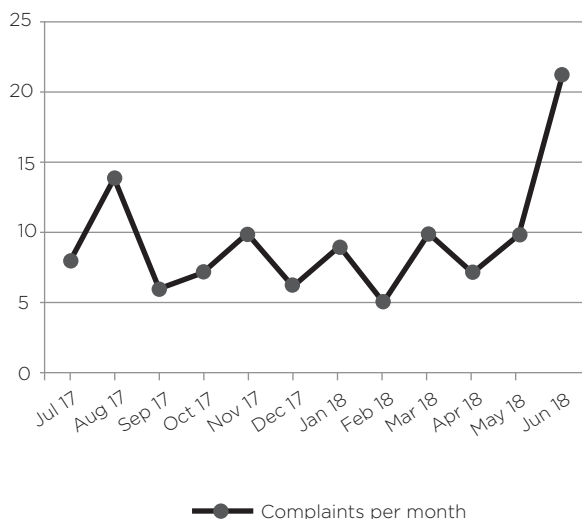
Subject Agencies	2013-14
Department of Education	9
Department of Economic Development, Tourism & the Arts	1
Department of Health and Human Services	14
Department of Infrastructure, Energy & Resources	2
Department of Justice	18
Department of Premier & Cabinet	2
Department of Police & Emergency Management	37
Department of Primary Industries, Parks, Water & Environment	4
Government Business Enterprise	2
Local Government	15
Marine & Safety Tasmania	1
Other public authorities	9
Parliament	2
State-Owned Company	3
THO-South	1
THO-NW	1
	<b>121*</b>

\*Complaints may name more than one agency, thus this number here is greater than the overall number of complaints received.

## SUBJECT AGENCIES



## COMPLAINTS NUMBERS RECEIVED BY MONTH 2013-14



## NOTICES TO ATTEND – S 47 OF THE *INTEGRITY COMMISSION ACT 2009*

When conducting an assessment or investigation, the appointed assessor or investigator is able to serve a written notice under s 47 of the Integrity Commission Act, on a person, whether a witness or the subject officer, requiring or directing that person to do certain things. The notices issued by the Commission are generally to either produce documents or attend and give evidence. The notices are coercive.

A person served with a notice to attend and give evidence has certain rights. The Commission recognises that a person served with such a notice may find the experience stressful especially where the notice imposes confidentiality. To assist persons served with notices, and their legal practitioner or other agent, in all cases, a notice will have attached to it important information. The information includes:

- an explanation of their obligations to comply with the notice;
- confidentiality provisions, if they apply;
- rights to legal representation;
- claims of privilege;
- how the information will be used;
- the penalties for failing to comply with the requirements or directions of the Commission assessor or investigator;
- the penalties for knowingly producing false or misleading information in response to the notice; and
- arrangements for maintaining security over information to be produced.

The above information is included on the website under the FAQ section: [http://www.integrity.tas.gov.au/resources\\_and\\_publications/faqs](http://www.integrity.tas.gov.au/resources_and_publications/faqs)

A copy of the Information Sheet has been reproduced at Appendix B.



## JOINT REVIEW OF THE TASMANIA POLICE GRADUATED MANAGEMENT MODEL

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In 2012, Tasmania Police invited the Commission to participate in a joint review of the internal policy used by Tasmania Police for complaints against police – the Graduated Management Model (GMM). The review was commenced in 2013, and is due for finalisation in the latter half of 2014.

The purpose of the review was to examine the GMM and how it is operating in practice, and to determine if any changes need to be made. The review team started the process by undertaking a study of best practice complaints handling literature, focusing particularly on information from Australian ombudsmen and from police agencies and their oversight bodies in Australia and around the world. The review then undertook an analysis of the GMM, and sent requests (through Tasmania Police) for information to all Australian police forces about their equivalent protocols. The review finalised a consultation paper – summarizing GMM practices and procedures, best practice literature, and publicly available information on practices in other jurisdictions – in August 2013. The paper was sent to a range of internal and external stakeholders, calling for responses to questions posed in the paper. Some stakeholders were invited to meet with the review team, and others were requested to submit their opinion in writing.

On the basis of its research and consultations, the review team prepared a final report for presentation to the Deputy Commissioner of Tasmania Police. The report recommends the establishment of a broad, all-encompassing ‘conduct’ management system – as opposed to a pure ‘complaints’ management system. The report’s 42 recommendations and 28 suggestions ‘for consideration’ advocate that the new policy should concentrate on the needs of the various parties, including complainants, subject officers and the organisation. The focus should be on professional development and remedial intervention, satisfying the complainant where possible and appropriate, and making sure that the organisation (and the individual) learns from the process. The report’s recommendations centre on six key features: clarity, efficiency, accountability, transparency, fairness and ongoing learning.

A staged process of implementation was recommended, with the first stage involving a complete revision of internal Tasmania Police complaint-handling policy. The second stage of implementation – which will be dependent on how the policy change works in practice – would involve legislative change. The recommendations are currently with Tasmania Police, and are still under consideration, pending a further consultation process.

## AUDIT OF COMPLAINTS FINALISED BY TASMANIA POLICE IN 2012

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In September 2013, the Integrity Commission tabled a report in Parliament of an audit it conducted of Tasmania Police complaints (*Report of the Integrity Commission, No 2 of 2013*). The Commission reviewed nearly 90 complaints of varying seriousness made against Tasmania Police which were finalised in 2012. Tasmania Police co-operated fully with the audit which found overall the complaints system was well managed – in general complaints were appropriately classified, investigations were adequately undertaken and possible systemic issues were identified. The audit noted that record-keeping and timeliness of complaint finalisation could both be improved.

Under the Integrity Commission Act the Commission has the power to undertake audits of the way the Police Commissioner has dealt with police misconduct. It is envisaged that this will now occur annually.

*The Report of the Integrity Commission No 2 of 2013 an audit of Tasmanian Police complaints finalised in 2012* is available on the website [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au)

## AUDIT OF COMPLAINTS FINALISED BY TASMANIA POLICE IN 2013

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In 2014, the Commission undertook its second comprehensive audit of complaint-handling in a public authority. The scope for this year’s audit was all complaints finalised by Tasmania Police in calendar year 2013.

Primarily, the Commission’s audits of complaints against Tasmania Police are to provide Parliament, the public and Tasmania Police itself with assurance that the agency deals with complaints adequately and in compliance with legislative requirements and internal policy. The audits are also designed to enhance Tasmania Police systems, practices and procedures around complaint-handling by highlighting areas where improvements can be made. The key objectives of this audit were to:

- a. examine the way the Commissioner of Police dealt with misconduct, in relation to complaints finalised in calendar year 2013;
- b. identify if the findings of the Commission's previous audit were repeated in regard to timeliness, contact, and record keeping;
- c. determine if allegation findings were justified on the evidence;
- d. determine if internally raised issues experienced higher substantiation rates; and
- e. identify if 'excessive force' complaints were managed adequately.

A total of 105 auditable complaints were identified by Tasmania Police as falling within the scope of the audit. This included 88 Class 1 complaints (less serious), and 17 Class 2 complaints (more serious).

The report of the audit is expected to be finalised in September 2014.

Operation Foxtrot was an own-motion investigation approved by the Board of the Integrity Commission in May 2013. The investigation was finalised in 2013-14, and is therefore featured in this annual report.

The investigation commenced after the Commission received information (but not a formal complaint) from an anonymous source alleging misuse of an official motor vehicle by a statutory office holder. Essentially, it was alleged that over a period of about two months, the officer had used a Government car for private purposes in circumstances where there was no entitlement to make such use of the particular vehicle.

The Commission's investigation included an analysis of relevant Government policies on the use of motor vehicles, and interviews conducted under s 47 Notice. In accordance with the conditions of employment, a motor vehicle had been made available to the officer. However, that motor vehicle sustained damage when involved in a collision, and was rendered unserviceable for some weeks while undergoing repair.

For the period in which the motor vehicle was unserviceable, the officer had made use of an operational vehicle belonging to the relevant agency. It was not a vehicle normally available for private use.

The private use of an operational vehicle is not permitted other than in accordance with guidelines contained in the relevant policy. At the relevant time, there was no policy or guidelines in place providing for an entitlement to a 'replacement' vehicle when the vehicle provided under the contract of employment is rendered unserviceable or is otherwise unavailable for use.

The Board of the Integrity Commission determined that the CEO should bring to the attention of the Department of Premier and Cabinet the apparent gap in policy in relation to what entitlements, if any, an officer has when a vehicle provided under a remuneration package is unavailable. No response was received from the Department.

As the evidence did not indicate that misconduct had occurred, no further action was taken by the Commission.

# REPORT NO 1 OF 2014 - **AN INVESTIGATION INTO ALLEGATIONS OF NEPOTISM AND CONFLICT OF INTEREST BY SENIOR HEALTH MANAGERS**

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In May 2014, a report about an investigation was tabled in the Tasmanian Parliament.

The report tabled was a summary of a detailed investigation report which was provided by the Board to the Premier in accordance with the Integrity Commission Act. The investigation report provided to the Premier was over 150 pages and contained details of the extensive evidence gathered by the Commission over the course of the year-long investigation.

The summary report set out the findings of the Commission arising from its investigation of a complaint in March 2013. The complaint, made by a resident of King Island, alleged that the then and former CEOs, of the Tasmanian Health Organisation North West (THO-NW) and the previous North West Area Health Service, had used their position to employ members of their families to perform building and maintenance work on King Island.

Although the complaint as received focused on work performed on King Island, it later became apparent that work had been performed in other parts of the North West in similar circumstances. Further, attention focused on a number of other recruitment and procurement decisions involving both the THO-NW and the Tasmanian Health Organisation South (THO-S). The Commission confined its investigation to activities post 1 July 2009.

In the course of the assessment and investigation of this matter, the Commission made use of its coercive powers, issuing a total of 38 Notices under s 47(1) of the Integrity Commission Act. In addition, a Notice was issued under s 50 of the Integrity Commission Act authorising the entry and search of various premises occupied by THO-NW.

The Commission's investigation identified conduct by Ms Jane Holden and Mr Gavin Austin, in relation to the procurement of services from, and the employment of, direct family members and others with whom they had shared a professional (and in the case of Mr Austin, a financial) association in New Zealand. During the period in question Ms Holden was the CEO of the North West Area Health Service while Mr Austin was firstly the Finance Director, and then acting CEO of NWAHS. Ms Holden then became CEO of Southern Tasmania Area Health Service and later the acting CEO of THO-S. Mr Austin became the CEO of THO-NW.

The investigation revealed that the two officers failed to comply with procurement and employment policies and procedures, including relevant Treasurer's Instructions, Employment Directions, Ministerial Directions and the requirements of legislation (including the *State Service Act 2000*). In every instance identified in the report, a family member or associate of the officers was a beneficiary of the non-compliant conduct.

The investigation also revealed conduct by other public officers that breached policies and procedures (some of which also benefited the family or associates of Ms Holden and Mr Austin), as well as inadequate record keeping, poor practices and non-compliance with policy and procedure.

The financial cost of the non-compliance with applicable policies, guidelines and legislative requirements, identified during the investigation is estimated to exceed \$500,000, not including the salaries paid to the officers' family members as employees. There were other, unquantifiable costs, including the effect of the conduct on the ethical culture of the agencies which the officers led, poor quality work (including lack of value for money), and lost opportunities for Tasmanians.

All investigations conducted by the Commission must comply with the requirements of procedural fairness, and care is taken to ensure those requirements are met. Accordingly, every person about whom an adverse comment or finding was proposed in this investigation was afforded procedural fairness. This included having the opportunity to respond to allegations in the course of interview, and the opportunity to respond in writing to a draft of the investigator's report. All submissions received were taken into account by the investigator when finalising the investigation report, and a copy of each submission formed part of the investigation report as submitted to the Board of the Integrity Commission and which was ultimately sent to the Premier for action.

In the report tabled in the Tasmanian Parliament, only Ms Holden and Mr Austin were named. This was a matter considered very carefully by the Commission and its Board. Inevitably, the naming of officers requires that the rights of the individual to privacy be considered against the rights of the public to know about the conduct uncovered by such an investigation. In this matter, the Commission considered the balance fell in favour of the public's right to know.

In an investigation such as this, the Commission makes findings of fact but is unable by reason of its governing legislation, to make a formal finding that misconduct has occurred. Nevertheless, the Board of the Integrity Commission was of the view that it was open to conclude on the factual findings that Ms Holden and Mr Austin engaged in misconduct within the meaning of the Integrity Commission Act in that both failed to comply with the Code of Conduct under the State Service Act.

*The Report of the Integrity Commission No 1 of 2014 an investigation into allegations of nepotism and conflict of interest by senior health managers* is available on the website [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au)

## COMPLAINTS CONCERNING SUSAN NEILL-FRASER

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In August 2009, Ms Susan Neill-Fraser was convicted by jury in the Supreme Court of Tasmania of the murder of her partner, Mr Robert Adrian Chappell. She was sentenced to 26 years imprisonment (later reduced on appeal to 23 years).

Subsequent to the conviction, appeals on behalf of Ms Neill-Fraser to the Court of Criminal Appeal and to the High Court of Australia have been unsuccessful.

In early 2014, the Coroner determined that there would be no inquest into the circumstances of Mr Chappell's disappearance, noting that Ms Neill-Fraser had been found guilty of his murder.

In the period November 2013 to April 2014, the Commission received a total of ten separate (but related) complaints, about Tasmanian Police and other public officers involved in the criminal investigation and trial that culminated in the August 2009 conviction of Ms Neill-Fraser. The ten complaints raised some 26 allegations of misconduct, each of which was accompanied by detailed submissions.

The Commission is not an appeal court; nor is it a function of the Commission to 'put right' any alleged miscarriage of justice. Even if a miscarriage of justice has occurred that does not mean that there has been misconduct by a public officer such as to invoke the Commission's jurisdiction.

The processes by which complaints to the Commission are to be dealt with are set out in s 35 of the Integrity Commission Act. On receipt of a complaint, the CEO may:

- dismiss a complaint (on grounds identified in s 36);
- accept the complaint for assessment;
- refer the complaint to an appropriate person for action; or
- recommend to the Board that the Board recommend to the Premier that a commission of inquiry be established under the *Commissions of Inquiry Act 1995*.

The Commission gave careful consideration to each complaint and allegation it received in this matter. It was evident that many of the submissions raised in support of the allegations involved arguments previously considered during the criminal trial, the subsequent appeals and when the matter was before the Coroner.

Of the ten complaints received by the Commission, after due consideration, none of the complaints were accepted for assessment. Six complaints were dismissed and four were referred to Tasmania Police for action. The four matters so referred have been addressed by Tasmania Police and no further action is proposed.

## CASE STUDY

## Assessment: Echo

In May 2013, the Integrity Commission received an anonymous complaint that there had been a failure to follow due process in the University of Tasmania's (UTAS) appointment of spouses/partners when recruiting senior staff.

The complainant pointed to guidance documents published by UTAS concerning procedures for the appointment of academic staff and the avoidance of conflict of interest which, it was alleged, were not complied with.

The Commission ascertained that while there was no publicly-disseminated information about the employment of spouses/partners of members when senior academic appointments are made, it was an accepted historical practice that negotiations for the recruitment of senior academics may include provision for employment of spouses/partners of members, where the additional appointment may enhance UTAS's academic effort and reputation. It is UTAS's position that it is an accepted historical practice across the higher education sector, and not limited to UTAS.

Such a practice had developed in recognition of the fact that a significant factor in an individual's decision to accept appointment in Tasmania is the employment opportunity of their spouse/partner. As UTAS is the only university in the State, there may be limited academic employment opportunity for the spouse/partner of a prospective senior appointee. Accordingly, where appropriate, the University has been prepared to consider employment of the accompanying spouse/partner of an eligible appointee.

When approached by the Commission, the University's Senior Management Team was then in the process of adopting formal principles governing the recruitment of accompanying spouses/partners. The Commission was advised that those principles were formally adopted in September 2013.

As the evidence did not indicate that misconduct had occurred, the complaint was dismissed. However, the Commission recommended to the Chancellor that the University consider making publically available the principles and was subsequently informed that those principles would be made available on the University's human resources website.

## CASE STUDY

## Assessment: Golf

From August 2013 until May 2014, the Commission conducted an assessment in response to a complaint alleging misconduct by an employee who was responsible for the procurement of certain external services within the Justice portfolio.

At the time of the complaint, the employee occupied a position with a significant degree of autonomy, working with limited supervision. The employee was the sole decision-maker in the procurement of certain services, deciding which external providers to engage on behalf of the agency. A practice evolved whereby the employee routinely engaged a particular business to coordinate the provision of the external services. That business became the preferred provider.

The Commission's assessment identified that the employee had a financial association with the preferred supplier, and was once a proprietor of that business. Further, the employee performed similar services as part of a secondary employment regime, and was also paid for those services via a business associated with the preferred supplier. The arrangement meant that the subject officer had direct and indirect financial associations with various service providers who they were routinely engaging on behalf of the agency.

A conflict of interest occurs when private interests interfere or are perceived to interfere with a public officer's duties. Conflict can be actual, perceived or potential. A conflict of interest can arise where a public officer uses their position to benefit associates. When interviewed by the Commission, the employee also conceded that work resources were sometimes used in support of the services performed as part of their secondary employment.

The assessment report and relevant evidence was forwarded to the Secretary of the Department of Justice for action.



## ACTION THAT CAN BE TAKEN AFTER REFERRAL OF A COMPLAINT

When the Commission receives a complaint of misconduct, it may refer that complaint to an 'appropriate person for action' under s 35(1) (c) of the Integrity Commission Act. However the Commission faces a jurisdictional issue whenever a complaint is referred to an agency for action. Following referral, the Commission can audit the action taken by an agency. Even if the Commission is not satisfied with the action taken by an agency the Commission has no capacity to direct a principal officer to take further or additional action. This difficulty is illustrated by the outcome of a complaint which the Commission referred to the Secretary of the Department of Justice for action. The complaint was about the refusal by a sub-agency within the Justice portfolio to issue a permit for a particular activity. The complainant alleged that the permit application had been refused because an employee of the Department had objected, based on information allegedly provided by their family member who worked in the sub-agency. The objector had made use of their official Departmental email account to lodge the objection.

In due course, the Secretary advised the Commission that the complaint had been the subject of an internal investigation which, although confirming that the objector has used their work email account, did not warrant disciplinary action. The internal investigation had found no other evidence of misconduct.

The Commission sought and obtained the Departmental file, and audited the internal investigation. The Commission's audit determined that the internal investigation had been inadequate, with relevant witnesses not being interviewed and key issues not having been addressed.

The Commission wrote to the Secretary setting out the deficiencies it saw with the investigation and sought a response.

The Secretary advised (shortly after the reporting period) that the Commission's findings had been noted and appropriate action taken. No further information was provided as to what appropriate action was taken nor any response given to the deficiencies in the investigation which the Commission had identified.

### CASE STUDY

### Assessment: Hotel

In September 2013, the Commission received a complaint suggesting that an employee in the Justice Portfolio had misused information acquired in or in connection with the state servant's duties in an attempt to attain a financial advantage for family members.

In particular, it was alleged the employee had become privy to confidential information about a potential loophole in the operation of a Government permit system and had acted on that information to make applications for the issue of a permit on behalf of family members. When the applications were initially refused, the employee had prepared an application for Ministerial reviews of the refusal to issue the permits. Had the applications been successful, the family members would both have received permits of considerable commercial value.

The assessment identified that relevant documents used in support of the applications had been created by the employee on their work computer, which had also been used to conduct searches of the Internet about matters relevant to the applications. The Commission also conducted searches under the Integrity Commission Act of the employee's workplace, and executed a search warrant under the *Search Warrants Act 1997* on the employee's residence. Documents relevant to the assessment were identified.

When interviewed by the Commission about the matter, the employee admitted to making use of work resources to pursue the applications. However, the employee claimed to have long suspected there was a loophole in the operation of the permit system, and denied knowing of, or being motivated by, the confidential information when making the permit applications on behalf of the family members.

The evidence identified during the Commission's assessment provided a strong circumstantial basis to conclude that the employee had made use of the confidential information to make the applications. At the conclusion of the assessment, the CEO referred the complaint and evidence to the Secretary of the Department of Justice for action.

## COMPLAINTS AGAINST POLICE

The Commission's jurisdiction over complaints about police is different to its jurisdiction over complaints about other public authorities and officers. In particular, the Commission can only investigate a complaint about serious misconduct by a police officer or a complaint about misconduct or serious misconduct by a commissioned police officer (of the rank of inspector or above). Serious misconduct is defined in the Act as misconduct by a public officer that if proved would be a crime or an offence of a serious nature or misconduct providing reasonable grounds for terminating the officer's employment.

In effect this means that the Commission does not investigate complaints about misconduct by non-commissioned police officers. These complaints must be referred to the Tasmania Police to deal with. Tasmania Police can decline to accept a complaint for reasons including that it has not been made within 6 months after the conduct became known to the complainant. Tasmania Police has advised that their current internal practice is that when referrals from the Commission are not classified as a complaint, in general terms they are still referred by Professional Standards to the relevant police district for further enquiry or to discuss the matter with the complainant. The correspondence to the district police commander advice that in the event a Code of Conduct breach is identified, to either refer the matter back to Professional Standards or deal with it appropriately in accordance with the Graduated Management Model.

If a complaint is not 'accepted' by Tasmania Police, the reasons for refusing the referral are communicated to the Commission. When a complaint is referred to Tasmania Police but is not accepted, the Commission's jurisdiction over that complaint lapses. The only way the Commission can take further action is to elevate the original complaint to the Board for an 'own motion' investigation. Own motion investigations can be into the conduct of a commissioned police officer, or into police misconduct generally, or into the policies, practices or procedures of Tasmania Police in relation to misconduct.

In the reporting period the Commission did not commence any own motion investigations into Tasmania Police.

### CASE STUDY

### Operation: Alpha

In December 2013, the Commission completed an own motion investigation it had commenced in February 2013. The investigation arose from anonymous complaints to the Commission alleging that the recruitment of certain staff by the Department of Health and Human Services (DHHS) had been influenced by personal relationships and favouritism.

The investigation focused on the actions of a senior officer of DHHS who was a 'designated public officer' within the meaning of the Integrity Commission Act.

The evidence identified by the investigation indicated that the officer had assisted persons in their applications for employment in the area of the officer's responsibility. The officer separated from DHHS prior to the completion of the investigation.

In response to recommendations made by the Commission, the Secretary of DHHS initiated a review of recruitment and selection processes, and directed that HR procedures then under development address conflict of interest declarations. The Secretary also agreed to Internal Audit conducting a random sample of staff appointments in 2014 and to report the outcomes of that to the Commission.

DHHS have since advised the Commission that the new policy framework now in place clearly articulates the responsibilities of DHHS staff to undertake their duties in accordance with the State Service Act 2000 and Employment Direction 1. A suite of procedures and other resources to support the full implementation of this new Framework have been completed, supported by education and training materials. DHHS has issued a Conflict of Interest and Improper Use of Power Procedure and all staff involved in recruitment and selection panels are required to complete a new education and training module. The online training course covers recruitment legislation and Employment Directions, roles and responsibilities of selection panel members, how to manage conflicts of interest, merit selection, workplace diversity and discrimination, pre-employment checks and delegations.

## LEGAL ASSISTANCE FOR STATE SERVICE EMPLOYEES

On 11 February 2014, Employment Direction No 16 *Indemnity and Legal Assistance* (ED16) was signed by the (then) Premier. ED16 is concerned with indemnity and legal assistance for public officers (state servants) in Tasmania and replaced Ministerial Direction No 8 *Indemnity Against Legal Process*. Unfortunately, the ED16 was formulated without any consultation with the Commission, and from the Commission's perspective, it creates a number of potential problems for Commission investigations.

The Commission is of the view that public officers should be eligible for representation when responding to a coercive notice issued by the Commission (whether in assessment or investigation), irrespective of their status as a witness or subject officer. However, until an investigation has been completed, the requirements set out in ED16 that the person has to have acted in good faith to receive representation cannot be determined. The processes set out for public officers to apply for representation also pose issues for the confidentiality of Commission investigations.

The Commission made detailed comments to DPAC about the potential impact of ED16 on its investigations, provided information about arrangements in other jurisdictions for similar legal representation and sought urgent amendments to ED16. As at 30 June 2014 it is not apparent whether those amendments will be pursued.

## COMPLAINTS ABOUT THE COMMISSION

From time to time, complaints are made either about specific actions of the Commission or its officers. To date those complaints have all concerned the operational aspects of the Commission. Such complaints are made directly to the Commission and also to the Joint Standing Committee on Integrity. On occasion complaints made to the Committee are forwarded to the Commission for response back to the Committee.

Complaints forwarded from the Committee to the Commission have concerned the following issues:

- how complaints relating to the conduct of members of the Board are dealt with in general operation terms;
- an explanation of the process by which complaints of serious allegations concerning the highest levels of Government are dealt with by the Commission;
- an explanation of the process by which complaints relating to the conduct of the Chief Commissioner; Chief Executive Officer; and General Counsel of the Integrity Commission are dealt with in operational terms by the Commission.

During the reporting period the Commission made a detailed response to the Committee outlining its established procedures for the above.

Complaints made directly to the Commission in the reporting period have primarily concerned the investigative process, and include:

- the availability and quality of interview transcripts for recipients of coercive notices;
- the consequences of the confidentiality obligations imposed by the Integrity Commission Act, particularly with respect to obtaining appropriate assistance or making arrangements for absence from work to attend interviews;
- the availability of legal assistance when public officers are involved in Commission investigations;
- the service of coercive notices and interviewing procedures;
- the inclusion of identifying information in tabled reports to Parliament;
- procedural fairness processes during an investigation; and
- the possibility of action being taken against public officers arising from a Commission investigation.



Integrity and misconduct investigations are new and unfamiliar territory for Tasmania and its public sector employees. In that respect it is not surprising that issues around investigative processes have arisen.

The Commission is interested in, and responds directly to, issues raised about its investigations. Consequent to the above complaints and concerns, the Commission has clarified its process with respect to the provision of transcripts to interviewees and will exert greater control over the quality of transcripts (which are outsourced to an external provider). The Commission is also examining the service of notices and interviewing procedures to ensure that they achieve the Commission's operational needs, but at the same time, to the extent that they can, also be fair and reasonable to those involved. It should be noted that the procedures adopted by the Commission with respect to the use of coercive powers and conduct of interviews are consistent with procedures and processes used by similar integrity entities, subject to jurisdictional differences. The extent of similar powers has been widely explored by courts.

However, it needs to be understood by officers appearing before the Commission, and those who comment on its work, that further action may be taken against individuals arising from its investigations and findings. Indeed, that is the very purpose for which the Commission has been established. Enhancing public confidence that misconduct by public officers will be appropriately investigated and dealt with is one of the key objectives of the Commission as set out in its legislation. There will be occasions when, to pursue that end, the public interest will have to take precedence over the interests of individuals.

The Commission website maintains an FAQ section which deals with some of the issues above, and has a copy of the information attached to a coercive notice:  
**[www.integritycommission.tas.gov.au](http://www.integritycommission.tas.gov.au)**



**‘The audit was undertaken with the full cooperation of Tasmania Police and shows its willingness to open itself up to constructive scrutiny and to demonstrate its transparency and accountability.’**

**Ms Diane Merryfull**, CEO Integrity Commission,  
Media Release, 25 September 2013.  
[re first audit of police complaints]

**HELPING** PUBLIC AUTHORITIES PREVENT MISCONDUCT

PROGRESS  
TO DATE  
**GOAL  
THREE**

A BEST PRACTICE AGENCY  
THAT IS VALUED BY THE  
COMMUNITY

# BUSINESS SERVICES

## Our organisation

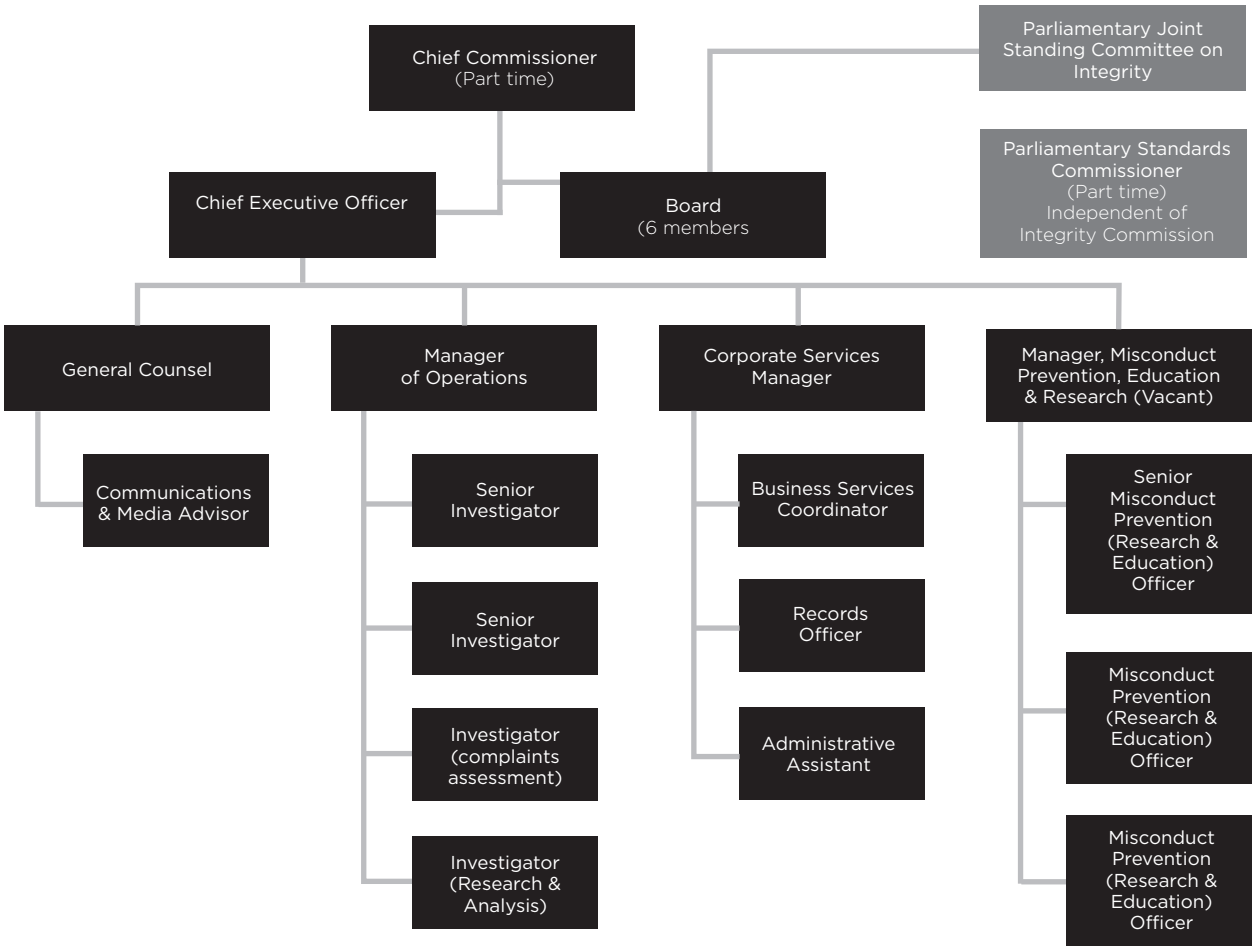
The Commission Chief Executive Officer is Ms Diane Merryfull. The CEO is a Head of Agency for the purposes of the *State Service Act 2000* and is responsible for the operational and business performance of the Commission. The CEO reports directly to the Board.

## Our employees

Some organisational restructuring was implemented at the Commission during 2013-14. The Investigation Review and Complaint Assessment Co-ordinator position became vacant and the requirements of this position was reassessed, with the position of Investigator (Complaints Assessment) established

instead. The graduate position was abolished. A new position of Investigator (Research and Analysis) was created to provide additional resources in the Operations Unit. A Senior Misconduct Prevention (Research and Education) Officer position was created within the Misconduct Prevention, Education and Research unit. The Manager, Misconduct Prevention, Education and Research position was vacant as at 30 June 2014. As a result of these organisational changes the established FTE's increased from 14.8 as at 30 June 2013 to 15.8 as at 30 June 2014 (including the vacant MPER Manager position). It is intended to keep the MPER manager position vacant until the implications of the 2014-15 budget are known.

ORGANISATIONAL CHART AS AT 30 JUNE 2014



## Budget

In 2013-14 the Commission's budget was \$2.9m, including funding and support for the Parliamentary Standards Commissioner, a role that is independent of the Commission.

During the year the Commission experienced delays in recruitment for vacant positions, including the Manager, MPER which has been vacant for approximately six months, as well as lower than budgeted expenses for the Chief Commissioner who is paid on a casual basis for time spent on Commission business. Consequently the Commission returned salary savings for the year of \$175,000. There were also savings of \$42,000 in other employee related costs which relate primarily to staff relocation and training costs being lower than budget. The Commission also returned savings from non-salary expenditure in the areas of travel \$25 000, consultants \$53 000 and supplies and consumables of \$14 000. The Commission returned, in total, savings of \$331 000, of which a significant proportion relates to salaries savings due to vacancies and unavoidable delays in recruitment.

## Monitoring our organisational performance

### People

All Commission staff members are State Service employees and are obliged under the *State Service Act 2000* to comply with the State Service Code of Conduct. In addition, all members of the Commission, including Board members, undertake to comply with a voluntary code of conduct, over and above the State Service Code of Conduct. This includes annual declarations of interest.

In monitoring individual staff performance, the Commission has adopted the performance management system developed and used by the Department of Justice. All staff undergo twice yearly performance management appraisals and have the opportunity to have input into their own goals and objectives in line with their team's business and the Commission's strategic plans.

The Commission took part in a State-Service wide workforce survey, with 100% of Commission staff participating. Survey answers to questions about employee understanding of, and confidence in the performance management system indicated:

- 70% of our staff stated they understand how the Organisation's performance management system works;
- 73% of our staff stated performance management within the Organisation reinforces employees' expected behaviours in relation to the Organisation's values; and
- 75% of our staff felt that performance reviews are focussed on individual and business outcomes within the Organisation.

### The overall top ten responses included:

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93% of our staff have a good understanding of the ethical standards expected of them;

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91% of our staff are aware of the Tasmanian State Service Code of Conduct and how it applies to them;

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90% of our staff understand what the Organisation does and the part we play in the wider Tasmanian State Service;

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88% of our staff understand the knowledge, skills and behaviour (capabilities) required for their role;

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88% of our staff believe the Organisation has high ethical standards;

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87% of our staff believe they have the required knowledge, skills and capabilities to do their job well;

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86% of our staff believe the Organisation expects a high level of performance;

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85% of our staff believe the Organisation highly values ethical behaviour in the workplace;

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85% of our staff strongly associate with the Organisation's goals and objectives; and

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85% of our staff stated they understand the Organisation's core purpose.

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**The areas which received the overall lowest scores are:**

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49% of our staff feel they have the opportunity to give feedback to their manager on their performance;

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54% of our staff felt the Organisation effectively manages underperforming employees;

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57% of our staff felt the Tasmanian State Service employment framework enables us to retain high quality, skilled people within our workforce;

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57% of our staff felt that in their team, differences in performance are recognised in a meaningful way; and

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58% of our staff felt the Tasmanian State Service is an attractive place to work because of the career options.

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## Learning and development

The Commission is committed to developing good leaders and employees who are resilient and accountable. Development and training undertaken by the Commission in this reporting period include:

- all Commission staff have all undertaken work health and safety awareness training;
- all managers have undertaken work health and safety awareness training for managers;
- one manager enrolled in the Public Sector Management Program;
- 5 staff, including the Chief Commissioner, attended the Australian Public Sector Anti-Corruption 2013 Conference;
- staff who travel frequently within the state completed a defensive driving course;
- staff at risk from manual handling activities attended a manual handling awareness session;
- the majority of staff attended an awareness session on the dangers of sedentary behavior at work, as a healthy@work initiative; and
- senior managers attended procurement training.

All staff have attended at least one training and development activity relevant to their area of expertise during the reporting period.

## Development of our investigation expertise

The Commission is fortunate to have investigators who have considerable experience in the conduct of misconduct investigations. The investigators maintain liaison with counterparts in integrity bodies in other jurisdictions. One member of the investigations team attended the bi-annual Australian Public Sector Anti-Corruption Conference held in November 2013 and another represents the Commission in a multi-organisational investigative group that examines developments in contemporary misconduct investigative techniques.

One of the Commission's senior investigation officers has commenced a Certificate IV in Government Investigations. Two other investigators completed their Certificate IV during the reporting period.

## Workforce stability

The restructure of positions as noted above, and unavoidable delays in filling staff vacancies (specifically the Manager of MPER for approximately six months) resulted in an under-spend of employee expenses in the reporting period. At 30 June 2014 one position was vacant out of a total of 15.8 FTE resulting in 14.8 FTE employed.

## Information Management

The 2013-14 financial year saw ongoing developments and upgrades to the Commission's two electronic information management systems, TRIM and *Investigator*; continued training and development, monitoring and revision of business processes to ensure efficiency and effectiveness. In addition, two major projects relating to the sound management of the Commission's information were significantly progressed during this period. Staff are working with the Tasmanian Archives and Heritage Office (TAHO) to develop a retention and disposal authority; and are progressing towards meeting whole of government requirements by complying with the Tasmanian Government Information Security Policy Manual (ISPM).

The disposal authority will enable the destruction of records which are no longer required, while ensuring that records of continuing value to the public and the Commission are accessible for appropriate lengths of time.



Schedule development follows a structured timeline with input from staff at TAHO. Discussions have been held with the Commission's business units to ascertain the types of records created and captured, and the length of time they should remain accessible for business purposes. From these discussions a detailed list of records relating to the specific functions of the Commission was drafted in accordance with TAHO requirements, and submitted to TAHO for comment. Comments have been received and the draft authority has been revised and resubmitted. It is hoped that a final draft of the authority will be submitted to the State Archivist by the end of 2014.

Commission staff have also worked towards compliance with the ISPM, as required by December 2014. A project plan was developed using resources provided by TAHO to ensure compliance within the required timeframe. Achievements within the reporting period include:

- the formal allocation of information security governance responsibilities to the Commission's Audit Committee;
- completion of a gap analysis to correlate the Commission's existing information security program with the requirements of the ISPM, and need for the development of a schedule of policies, procedures and other framework requirements revealed; and
- creation of an Information Asset Register to identify assets with any security, business, technology and risk management requirements.

## Personnel Vetting

All staff employed at the Commission are required to submit to a personnel security clearance undertaken by the Australian Government Security Vetting Agency. The security clearance is a series of assessments and background checks to ensure that Commission staff can be entrusted with sensitive information or resources as part of their work and are suitable to work in an environment that holds sensitive information.

The vetting process forms part of the Commission's risk management approach to information management as well as helping to maintain the security profile of the Commission.

## Corporate Services

The Commission has a Service Level Agreement with the Department of Justice for provision of specialist financial and accounting services, as well as human resources services and information technology support. The Commission is responsible for all internal reporting and management of budget processes. Commission staff members have access via the Department's intranet to its guidelines, policies and procedures for information. Although as the Commission is an independent agency they are not directly applicable, it has formally adopted a number of those policies that are relevant to staff as State Service employees, such as internal grievance procedures, recruitment and financial policies.

Specifically in relation to Work Health and Safety, the Commission has adopted the Department of Justice Work Health and Safety Strategy as well as other relevant policies and procedures. As with all other government agencies the Commission has a Ministerial Direction to comply with *AS/NZ 4801 WHS Management Systems* by 2016. The Commission has conducted a risk analysis of Work, Health and Safety (WH&S) issues at the Commission, as well as strategies to mitigate risks identified. The Commission is continuing to review and develop policies and procedures specific to the Commission in relation to WH&S issues.

Work, health and safety strategies implemented during the reporting period include:

- development of a travel policy which includes identified WH&S risks;
- development of a risk management procedure;
- development of a leave management policy;
- quarterly safety inspections of office premises;
- defensive driving courses for staff who travel frequently;
- WH&S awareness for all staff and managers, as well as awareness sessions on sedentary behaviour;
- provision of ergonomic equipment, such as height adjustable desks as identified through ergonomic assessment; and
- support for healthy@Work activities such as participation in fun run events and pedometer challenges, healthy morning tea options and provision of fruit.



## Audit Committee and Internal Audit

The Commission established an Audit Committee in accordance with Treasurer's Instruction No 108. The Committee is comprised of the CEO (chair), General Counsel and the Corporate Services Manager.

The Commission issued a request for quotation to five local firms for appointment as the Internal Auditor. Following evaluation by the Audit Committee of three submissions received, Wise Lord and Ferguson was appointed. Following consultation with managers at the Commission, the Auditor has developed a strategic internal audit plan and an annual work plan, with risk management identified as the first internal audit project to be undertaken. The risk management project has been partially completed during the reporting period.

## Contracts and procurement

The Integrity Commission ensures that Tasmanian businesses are given every opportunity to compete for Agency business. It is the Commission's policy to support Tasmanian businesses whenever they offer best value for money for the Government. The Integrity Commission complies with all Treasurers' Instructions in relation to contracts and consultancies.

A Service Level Agreement (SLA) exists between the Department of Justice and the Commission for the provision of services provided by the Corporate Services Division to the Commission. The current SLA commenced on the 1 July 2013 for a period of three years for \$165 670 plus CPI per annum.

The Commission issued no other new contracts greater than \$50 000 during 2013-14 but has one ongoing contract with a value greater than \$50 000 as part of a five-year contract for cleaning services. There were no consultancy arrangements greater than \$50 000 entered into during 2013-14.

## Tenders

In December 2013 the Commission issued a Request for Tender to establish a panel of suitable multi-media suppliers to provide multi-media services to the Commission for educational purposes, during the contract period of two years. A panel of three service providers was established with Clemenger Tasmania, Southern Cross Austereo and Roar Film.

## Accountability

The CEO of the Commission is responsible for the operations, management and general administration of the Commission. She reports on those matters to the Board at each Board meeting.

As all Commission staff are state service employees, they are bound by the *State Service Act 2000*. Likewise, the Commission is obliged in its activities to comply with all relevant governing legislation and Treasurer's Instructions. Where a complaint is made against Commission staff, the CEO, as head of agency must comply with applicable Employment Directions, as issued from time to time by the Premier. Complaints about other decisions made by the Commission (excluding with respect to its investigations), would be directed to the CEO.

Name of Contractor	Location	Purpose	Contract period	Value
ISS Facility Services Australia	Port Melbourne Victoria	Office cleaning	2 years remaining	\$20,078
Department of Justice	Hobart	Provision of Corporate Services	2 years remaining	\$340,950

# COMMUNICATIONS

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## Website

On 3 July, 2013, the Commission launched its new website to provide greater usability for the public sector and more accessible information for the public.

The new website contains much more information with links to resources from other anti-corruption organisations both in Tasmania and interstate.

However the greatest change has been the increase in the provision of training resources on ethical decision-making, which are available for use.

These resources include fact-sheets, flowcharts, guides, quizzes, and checklists on subjects such as Conflict of Interest, Gifts and Benefits, Local Government, and Misconduct. New subject materials are under development.

An innovation on the website is the video scenarios of ethical dilemmas faced by employees in everyday work situations. These scenarios include subjects such as: use of work resources, preferential treatment in interviews, a thank you lunch or present from a client, among others. The video scenarios were developed to highlight how easily ethical dilemmas can arise in the workplace.

The website also has information about the Misconduct Prevention Education and Research (MPER) Ethics and Integrity Training Program which contains training Modules which are in the process of being delivered to Tasmania's public sector.

New training resources are uploaded to the website as they become available.

Statistics collated by the Commission on the use of the new website reveal a steadily increasing usage since its launch last year.

## Accessibility

The Commission is aware of its obligations under the Tasmanian Government Website Standards which require Government websites to meet W3C WCAG 2.0 standards. The Commission is working towards compliance with these standards.

## Media

In 2013-14 the Commission tabled several reports in Parliament, one of which drew significant media interest.

The restrictions on public commenting on any investigations under the Integrity Commission Act have always made any media interaction problematic as this is the main area of interest for media organisations.

To increase understanding of its process for investigations, the Commission released a Media Statement which outlined the Commission's investigative process and its position on public comment.

The explanatory media release has helped the media to come to a better understanding of the Commission's investigative work.

The Commission maintains regular contact with the Anti-Corruption Peer Network, which has members from all the communications units of the misconduct prevention or anti-corruption authorities throughout Australia.

The Commission emails all media releases, information on MPER activities and other communications matters to the Anti-Corruption Peer Network, to inform our sister agencies of the work the Commission is undertaking and also receives similar information from the Network.

## Second community perceptions survey

In July 2013 the Commission conducted its second community perceptions survey, building on the results of its initial survey in March 2011. The survey, of 600 Tasmanians, assessed the perceptions and attitudes of the community regarding the standards of conduct and propriety in the Tasmanian public sector. A key finding was that the majority – 89% of respondents – believe that Tasmania needs an Integrity Commission.

## LEGAL AND STRATEGY

Ninety per cent of respondents accepted that 'there will always be some dishonesty, unethical behaviour and corruption in the public sector', with more than three quarters (76%) believed that 'most Government employees are honest'. Of concern is that 68% of respondents agreed that 'people who complain about corruption or unethical behaviour are likely to suffer as a consequence of complaining' almost exactly the same result as in the previous survey. The entrenched belief that a person could suffer for reporting corruption and unethical behaviour in government could be a key barrier to reporting misconduct.

On the basis of those concerns, the Commission has developed a campaign – 'Speak up' to encourage public employees to report unethical behaviour or misconduct. The campaign will be introduced to public authorities across the next reporting period. It is based on the fundamental premise that everyone across the state public sector can help to identify and eradicate misconduct. It consists of tools which will give public employees clear and easy-to-find information, primarily on each agency's intranet.

### Register of Publications

All reports published by the Commission are catalogued in the Tasmanian Parliamentary Library, the State Library of Tasmania and the National Library of Australia in Canberra.

#### REGISTER OF PUBLICATIONS 2013 - 2014

Name	Date	Where published	Stors/legal deposit	State Library	ISSN or ISBN
<b>Report No 2 Audit of Tasmania Police Complaints</b>	9/13	Parliament, Web,	Yes	Yes	Yes
<b>Annual Report</b>	10/13	Parliament, Web, hard copy	Yes	Yes	Yes
<b>3 Year Review Submission</b>	10/13	Tabled Parliament			
<b>Annual Report</b>	10/13	Parliament, Web, hard copy	Yes	Yes	Yes
<b>Module 2</b>	12/13	Web			
<b>Module 3</b>	18/2/14	Web			
<b>Investigations Report No 1 of 2014</b>	27/5/14	Parliament, Web, hard copy	Yes	Yes	Yes

### External inspections of registers

The Commission is able to apply for a warrant under the *Police Powers (Surveillance Devices) Act 2006* as if it were a law enforcement agency under that Act. That Act governs the use that a law enforcement agency makes of surveillance devices and the records that it is obliged to keep in respect of each warrant for which it applies. The Ombudsman is the inspection entity for the Act and is required to inspect the records of the law enforcement agency at least once every 12 months.

In the reporting period there were no applications for a warrant for a surveillance device under this Act.

The records maintained by the Commission (for the previous reporting period) were inspected by the Ombudsman in August 2013. The inspection is conducted to determine the extent of compliance with the Act. The inspection found the records to be comprehensive and adequate.

In the written report of the inspection, the Ombudsman noted a legislative anomaly that the inspection entity is to inspect the Commission's records despite the Commission having no obligation under the Act to actually keep the required records. The anomaly had been previously advised to the Department of Justice through the Attorney-General in September 2012. Legislative amendment to correct the anomaly has not yet been made. Despite that, the Commission maintains its records as if it were required to do so.

## LITIGATION

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### ***West Tamar Council v Leonard*** **[2012] TASSC 68**

On 19 October 2012 the Supreme Court of Tasmania gave judgment for the Commission with an order that the West Tamar Council pay the Commission's costs of the action, and a declaration that the Notice issued to the Council pursuant to s 47(1) (c) was valid.

A certificate of taxation was signed on 2 May 2014 certifying taxed party/party costs were recoverable by the Commission from West Tamar Council in the sum of \$23 674.00. In accordance with the Supreme Court Rules, interest on the taxed costs sum was also payable but had not been received during the reporting period.

### ***Etter v State of Tasmania***

Proceedings commenced in the Supreme Court of Tasmania by the former Chief Executive Officer, Ms Barbara Etter, against the State of Tasmania, in 2011 are continuing. The Commission is not a party to those proceedings.

### **Engagement of external counsel as counsel assisting**

In December 2013 the Commission engaged independent counsel at the bar (from interstate) as counsel assisting the investigator with respect to the Commission's investigation into allegations of nepotism and conflict of interest by senior health managers, as reported to Parliament. This was considered necessary given the potential role of Crown Law (and in particular the Office of the Solicitor-General) to advise the Government on the outcomes of the investigation. Counsel assisting the investigator conducted the interviews with the two primary subject officers who were themselves also represented by independent lawyers.

As a State Agency, the Commission is restricted to using the services of Crown Law for its legal services unless an exemption is approved. In this case, the Commission was able to obtain an exemption to brief interstate counsel with experience in integrity jurisdictions, whose assistance was invaluable.

### **Applications for warrants**

The Commission applied for and was granted one search warrant, pursuant to s 51 of the Integrity Commission Act and the *Search Warrants Act 1997*, during the relevant reporting period.

### **'Enforcement agency' status** ***Telecommunications (Interception and Access) Act 1979***

The *Telecommunications (Interception and Access) Act 1979* (Cwth)(TIAA) sets out the circumstances in which it is lawful for *interception* agencies to intercept and access communications (passing over a telecommunications system) and also authorises the disclosure by carriers of telecommunications data to *enforcement* agencies.

Interception agencies include those State agencies declared by the Commonwealth Attorney-General (A-G) as eligible to be an interception agency under s 34 of the TIAA. The Commission is not a declared *interception* agency.

Enforcement agencies are those listed in the TIAA as an 'enforcement agency' under s 5(1) of the TIAA. This includes all Commonwealth and State police forces and interstate integrity/anti-corruption agencies or bodies prescribed by regulations (s 5(1)(k)) or any body whose functions include administering a law imposing a pecuniary penalty or administering a law relating to the protection of the public revenue (s 5(1)(n)).

The Commonwealth Attorney-General's Department (AGD) recommends to the Commonwealth A-G whether an agency should be listed as an enforcement agency in the TIAA or in the regulations. The other variety of enforcement agency is determined as such by its functions of administering a law imposing a penalty or protecting public revenue. AGD has a practice of 'vetting' agencies who consider that they are an enforcement agency by virtue of their functions.

Enforcement agencies can obtain telecommunications data from a carrier. This is information about the process of a communication, not its content (it includes for example the sending and receiving parties, the time, date and duration of a communication). All enforcement agencies can access 'historical data' and 'criminal law-enforcement agencies' (the police/integrity agencies and any agency listed in regulations) can access prospective data. The threshold for access is that it is reasonably necessary to enforce the relevant law or protect the public revenue. An enforcement agency can also obtain stored communications (typically referred emails and text messages, but may include images or video).

When an enforcement agency has obtained telecommunications data under an authorisation, the data can only be 'on-disclosed' for certain purposes including to enforce the criminal law, to enforce a law imposing a pecuniary penalty, or to protect the public revenue.

In late 2013, following the commencement of the Independent Commission Against Corruption in South Australia (noting many of the similarities to Tasmania), the Commission sought approval from the AGD to be accepted as an 'enforcement agency' to allow access to historical data only. To access prospective data would require the Commission to be prescribed in the regulations and would require a formal request by the relevant Tasmanian Minister.

AGD undertook a review of the Commission's functions and objectives under the Integrity Commission Act and, on 6 March 2014, agreed that the Commission could be considered an enforcement agency by virtue of its functions.

The Commission may thus only access historical and stored telecommunications data, and always subject to the threshold requirements for access.

Between the date of approval and the end of the reporting period, the Commission has not made any applications for access to historical and stored telecommunications data.

## **The Joint Standing Committee on Integrity**

On 19 November 2013 the Joint Standing Committee on Integrity tabled its *Report on the Integrity Commission Report under section 13(c) of the Integrity Commission Act 2009*. The Integrity Commission Report under s 13(c) of the Integrity Commission Act suggested 48 technical amendments to the Integrity Commission Act which impacted on the operation and effectiveness of the Integrity Commission Act. In its report to Parliament, the Committee supported in principle 35 of the proposed amendments and indicated it would consider another 12 items under the scope of the 'Three Year Review'. One recommendation, the reporting obligations of the Committee under s 26 of the Integrity Commission Act, was supported in principle with a request to the Attorney-General to introduce legislation as soon as possible to effect the proposed amendment.

Prior to finalising its report, the Committee had sought advice from the (then) Attorney-General, Mr Brian Wightman, on some of the issues raised by the Commission. It was the Attorney-General's stated preference to await the final report of the Committee following the three year review, before he would commit to any reform or introduce amending legislation.

As at 30 June 2014, and despite the in-principle support of the Committee, the present Attorney-General had yet to implement any legislative amendments to correct the technical issues.

## **Three year review conducted by the Joint Standing Committee**

It is a specific function of the Joint Standing Committee on Integrity to monitor and review the performance of the Commission. Pursuant to section 24(1) (e) of the Integrity Commission Act, the Committee is required:

*'To review the functions, powers and operations of the Integrity Commission at the expiration of the period of 3 years commencing on the commencement of this section and to table in both Houses of Parliament a report regarding any action that should be taken in relation to this Act or the functions, powers and operations of the Integrity Commission.'*

The three-year period expired on 30 September 2013. In October 2013 the Commission delivered a two volume Submission to the JSC on its functions, powers and operations. The Commission made three recommendations in its Submission:

- that the identified technical issues in relation to the *Integrity Commission Act 2009* which have already been considered by the JSC and supported in principle, under the s 13(c) report of the Board in April 2013, be referred to the Minister for Justice for amendment to the Act as soon as possible;
- that the remaining identified technical issues in relation to the Act as identified in the response from the JSC to the s 13(c) report of the Board be considered and supported by the JSC for amendment to the Act as soon as possible;
- that six essential policy issues, as identified by the Commission be supported in principle by the JSC for amendment to the Act (where necessary) as soon as possible.

The six essential policy issues are:

- mandatory notification of serious misconduct to the Commission;
- a broadening of the Commission's ability to publish reports, particularly outside sitting periods;
- the extension of the discretion to apply confidentiality around the Commission's investigative functions;
- the independence of the Commission to engage appropriate legal services;
- the Commission's status as an enforcement agency\*<sup>1</sup>; and
- clarifying the interaction between the Commission and public authorities' investigations of breaches of code of conduct, particularly Employment Direction 5.

The Committee has commenced its review. It has made the Commission's submission publicly available and in January 2014 invited written submissions to the Committee. While it is understood that a number of written submissions were received, none of these have been made public as at 30 June 2014. As at that date, the review had yet to be completed.<sup>1</sup>

\* The Commission's status as an enforcement agency has been partly achieved following a reconsideration of the issue by the Commonwealth Attorney-General's Department as reported under 'Enforcement Agency' status.

## Tabled reports

In 2013-14 the Commission tabled two separate reports in Parliament, pursuant to s 11(3) of the *Integrity Commission Act 2009*. Unlike other Tasmanian integrity entities (the Auditor-General and the Ombudsman), the Commission can only table reports in Parliament when both Houses are sitting. The lack of flexibility around tabling reports is significant when there are limited Parliamentary sitting days.

### Report of the Integrity Commission No 2 of 2013

This report was *An audit of Tasmania Police complaints finalised in 2012*, tabled in September 2013 in both Houses of Parliament. Under s 88(1) of the Integrity Commission Act, the Commission has the function of auditing the way the Commissioner of Police has dealt with complaints about police misconduct. The Commission commenced this, its first audit of Tasmania Police complaints in February 2013. Further information about the audit is under Goal 2.

### Report of the Integrity Commission No 1 of 2014

The first tabled report of 2014, *An investigation into allegations of nepotism and conflict of interest by senior health managers*, reported on a complex 12 month investigation undertaken by the Commission during 2013-14. The report was in effect an executive summary of the detailed investigator's report which had been presented to both the CEO and then the Board of the Commission. The full investigation report and relevant evidence supporting the factual findings was referred to appropriate authorities for action.

## Public interest disclosures

In August 2013 one referral was made to the Commission by the Ombudsman under s 29B of the *Public Interest Disclosures Act 2002*. No other disclosures under the Act – and therefore relevant for referral to either the Ombudsman or another public body, in accordance with s 29A – were made to the Commission.

<sup>1</sup> Further submissions were publicly called for by the newly constituted Committee in August 2014.

## Right to information

The Commission is excluded from the *Right to Information Act 2009* by s 6 of that Act, unless the information relates to its administration. The Commission is committed to ensuring that its administrative information is available to the public, so far as it can, and does this generally through its annual reporting process. Other information, and in particular, information relating to complaints, is exempt. The Commission did not receive any requests under the *Right to Information Act 2009* during the reporting period.

## Legislative amendments

### Tasmania

During the reporting period there have been no amendments to the *Integrity Commission Act 2009*.

### Interstate

In Queensland the Crime and Misconduct Commission will be replaced with the Crime and Corruption Commission on 1 July 2014.

## Sharing knowledge and expertise

The Commission continues to interact with other integrity agencies interstate on an as-required basis, both with respect to its investigative capacities and building on the knowledge base concerning misconduct prevention.

In development of a range of educational resources, the Commission has sought the assistance of other agencies, both in Tasmania and interstate. In Tasmania, the Commission has received assistance from the Department of Justice with the development of its forthcoming module on Social Media.

The Commission has liaised with the Department of Premier and Cabinet with respect to Employment Direction No 5 concerning investigations of breaches of the code of conduct and the interaction with the Commission.

Interstate, the Commission has also received considerable assistance from the (then) Crime and Misconduct Commission in Queensland and the Independent Commission Against Corruption in New South Wales in the development of its conflict of interest modules.

The Commission has received enquiries from the Commonwealth and as far afield as Canada with respect to the educational use of its online videos.

### Victoria

The Independent Broad-based Anti-corruption Commission (IBAC) in Victoria has appointed the Chief Commissioner of the Integrity Commission, the Hon Murray Kellam AO QC to examine the conduct of Victoria Police in relation to the management of human sources (informants), and in particular the issue of whether or not such management has complied with appropriate ethical and legal obligations. This is the second appointment of the Chief Commissioner to consider matters relating to IBAC's jurisdiction over Victoria Police.

## Australian Public Sector Anti-Corruption Conference, November 2013

In November 2013 several staff from the Commission, as well as the Chief Commissioner and Chief Executive Officer, attended the fourth Australian Public Sector Anti-Corruption Conference in Sydney. The conference is held every two years. The 2013 Conference theme 'Vision.Vigilance.Action.' reflected the knowledge, skills and attributes needed to effectively identify, consider and respond to corruption and misconduct. In addition, Mr Mike Blake, Auditor-General and an ex-officio member of the Board was a panel member of a session on 'The search for accountability in local government'.

## Australian Anti-Corruption Commissions Forum

The Commission is a member of the Australian Anti-corruption Commissions Forum which comprises all of the anti-corruption agencies in Australia.

The purpose of the forum is to provide the means for its members and their principals to interact, exchange information, knowledge and ideas, to work cooperatively, to share resources and to promote priority areas of interest commonly affecting them. The Principals (the most senior statutory officers in each organisation) met twice in the last financial year. The CEO of the Commission attended both meetings.



### **SUPERANNUATION CERTIFICATE**

I, Diane Merryfull, Chief Executive Officer of the Integrity Commission, hereby certify that the Integrity Commission has met its obligations under the Commonwealth *Superannuation Guarantee (Administration) Act 1992* in respect of those employees of the Commission who are members of complying superannuation schemes to which the Commission, through the Department of Justice under a Service Level Agreement, makes employer superannuation contributions.



Diane Merryfull  
Chief Executive Officer

August 2014

## **INVESTIGATING** AND DEALING WITH MISCONDUCT

## FINANCIAL CONTENTS

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## STATEMENT OF CERTIFICATION

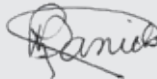
The accompanying Financial Statements of the Integrity Commission are in agreement with the relevant accounts and records and have been prepared in compliance with Treasurer's Instructions issued under the provision of the *Financial Management and Audit Act 1990* to present fairly the financial transactions for the year ended 30 June 2014 and the financial position as at the end of the year.

At the date of signing, I am not aware of any circumstances, which would render the particulars included in the financial statements misleading or inaccurate.



Diane Merryfull  
Chief Executive Officer

12th of August 2014



Rachael Daniels  
Corporate Services Manager

12th of August 2014

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
<b>Continuing operations</b>				
<b>Revenue and other income from transactions</b>				
Revenue from Government				
Appropriation revenue – recurrent	1.6(a), 4.1	2 934	2 603	2 601
Other revenue from Government	1.6(a), 4.1	–	1	60
Other revenue	1.6(b), 4.2	–	24	–
<b>Total revenue and other income from transactions</b>		<b>2 934</b>	<b>2 628</b>	<b>2 661</b>
<b>Expenses from transactions</b>				
Employee benefits	1.7(a), 5.1	2 068	1 716	1 806
Depreciation and amortisation	1.7(b), 5.2	53	98	95
Supplies and consumables	5.3	718	690	637
Other expenses	1.7(c), 5.4	179	191	223
<b>Total expenses from transactions</b>		<b>3 018</b>	<b>2 695</b>	<b>2 761</b>
<b>Net result from transactions (net operating balance)</b>		<b>(84)</b>	<b>(67)</b>	<b>(100)</b>
<b>Comprehensive result</b>		<b>(84)</b>	<b>(67)</b>	<b>(100)</b>

This Statement of Comprehensive Income should be read in conjunction with the accompanying notes. Budget information refers to original estimates and has not been subject to audit. Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
<b>Assets</b>				
<i>Financial assets</i>				
Cash and deposits	1.9(a), 9.1	2	28	28
Receivables	1.9(b), 6.1	28	38	15
<i>Non-financial assets</i>				
Leasehold improvements and equipment	1.9(c), 6.2	463	402	470
Intangible assets	1.9(d), 6.3	211	191	221
Other assets	1.9(e), 6.4	24	51	40
<b>Total assets</b>		<b>728</b>	<b>710</b>	<b>774</b>
<b>Liabilities</b>				
Payables	1.10(a), 7.1	24	22	12
Employee benefits	1.10(b), 7.2	287	382	369
Other liabilities	7.3	3	-	20
<b>Total liabilities</b>		<b>314</b>	<b>404</b>	<b>401</b>
<b>Net assets</b>		<b>414</b>	<b>306</b>	<b>373</b>
<b>Equity</b>				
Accumulated funds		414	306	373
<b>Total equity</b>		<b>414</b>	<b>306</b>	<b>373</b>

This Statement of Financial Position should be read in conjunction with the accompanying notes.  
 Budget information refers to original estimates and has not been subject to audit.  
 Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Notes	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash flows from operating activities</b>				
<b>Cash inflows</b>				
Appropriation receipts – recurrent		2 934	2 603	2 621
GST receipts		–	95	111
<b>Total cash inflows</b>		<b>2 934</b>	<b>2 698</b>	<b>2 732</b>
<b>Cash outflows</b>				
Employee benefits		(2 037)	(1 699)	(1 762)
GST payments		–	(94)	(98)
Supplies and consumables		(718)	(714)	(646)
Other cash payments		(179)	(191)	(238)
<b>Total cash outflows</b>		<b>(2 934)</b>	<b>(2 698)</b>	<b>(2 744)</b>
<b>Net cash from (used by) operating activities</b>	9.2	–	–	<b>(12)</b>
<b>Cash flows from investing activities</b>				
<b>Cash outflows</b>				
Payments for acquisition of non-financial assets		–	–	(32)
<b>Total cash outflows</b>		–	–	<b>(32)</b>
<b>Net cash from (used by) investing activities</b>		–	–	<b>(32)</b>
<b>Net increase/(decrease) in cash held and cash equivalents</b>		–	–	<b>(44)</b>
<b>Cash and deposits at the beginning of the reporting period</b>		<b>2</b>	<b>28</b>	<b>72</b>
<b>Cash and deposits at the end of the reporting period</b>	9.1	<b>2</b>	<b>28</b>	<b>28</b>

This Statement of Cash Flows should be read in conjunction with the accompanying notes.

Budget information refers to original estimates and has not been subject to audit.

Explanations of material variances between budget and actual outcomes are provided in Note 2 of the accompanying notes.



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Accumulated funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2013</b>		<b>373</b>	<b>373</b>
Total comprehensive result		(67)	(67)
<b>Total</b>		<b>(67)</b>	<b>(67)</b>
<b>Balance as at 30 June 2014</b>		<b>306</b>	<b>306</b>

	Notes	Accumulated funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2012</b>		<b>473</b>	<b>473</b>
Total comprehensive result		(100)	(100)
<b>Total</b>		<b>(100)</b>	<b>(100)</b>
<b>Balance as at 30 June 2013</b>		<b>373</b>	<b>373</b>

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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## Note 1: Significant Accounting Policies

### 1.1 Objectives and Funding

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The Integrity Commission (the Commission) was established by the *Integrity Commission Act 2009* and started operation on 1 October 2010 with its start-up phase being from June 2010. The Commission's role is to improve the standard of conduct, propriety and ethics in the public sector through:

- Education and training to prevent misconduct and develop resistance to misconduct;
- Building the capacity of the public sector to prevent and address misconduct;
- Providing an effective mechanism for misconduct complaints to be addressed; and
- Promoting integrity by providing advice on issues of integrity and ethical conduct across the public sector and developing codes of conduct.

The Commission's primary focus, under its legislation, is on education, advice and prevention of public officer misconduct to strengthen the confidence of Tasmanians in the capacity of the State's public authorities to operate ethically and with propriety.

The Commission also deals with complaints of misconduct which, in some instances, may lead to investigations, and has the power to monitor and audit internal investigation processes conducted by public authorities.

The Commission is overseen by a Board that includes the Chief Commissioner, the Ombudsman, the Auditor-General and three other members, with specialist expertise.

The Commission's activities are classified as controlled as they involve the use of assets, liabilities, revenues and expenses controlled or incurred by the Commission in its own right.

The Commission is funded through Parliamentary appropriations. The financial statements encompass all funds through which the Commission controls resources to carry on its functions.

### 1.2 Basis of Accounting

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The Financial Statements were signed by the Chief Executive Officer and Corporate Services Manager on 12th August 2014.

The Financial Statements are a general purpose financial report and have been prepared in accordance with:

- Australian Accounting Standards (AAS) and Interpretations issued by the Australian Accounting Standards Board (AASB); and
- The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

Compliance with the AAS may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS. The Commission is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention.

The Financial Statements have been prepared on the basis that the Commission is a going concern. The continued

existence of the Commission in its present form, undertaking its current activities, is dependent on Government policy and on continuing appropriations by Parliament for the Commission's administration and activities. It is also noted that, because the Commission is not funded for depreciation or to meet employee annual or long service leave not taken in the normal course of events, support will be needed to fund asset replacements and leave entitlements as outlined.

### 1.3 Reporting Entity

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The Financial Statements include all the controlled activities of the Commission.

### 1.4 Functional and Presentation Currency

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These Financial Statements are presented in Australian dollars, which is the Commission's functional currency.

### 1.5 Changes in Accounting Policies

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#### (a) Impact of new and revised Accounting Standards

In the current year, the Commission has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 13 *Fair Value Measurement* - The Commission's only non-current assets are leasehold improvements, plant and equipment and intangibles which are recognised at cost less depreciation and less impairments if relevant. As a result, AASB 13 has no impact on the Commission's Financial Statements.
- AASB 119 *Employee Benefits* (2011-10 Amendments to Australian Accounting Standards arising from AASB 119) - This Standard supersedes AASB 119 *Employee Benefits*, introducing a number of changes to accounting treatments. The Standard was issued in September 2013. There is no material financial impact.

#### (b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 2013-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle* [AASB 1, AASB 101, AASB 116, AASB 132 & AASB 134 and Interpretation 2] - This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. It is anticipated that there will not be any financial impact.

### 1.6 Income from Transactions

---

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

#### (a) Revenue from Government

Appropriations, whether recurrent or capital, are recognised as revenues in the period in which the Commission gains control of the appropriated funds.

#### (b) Other revenue

Revenue from sources other than those identified above are recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease in a liability has arisen that can be measured reliably.

## 1.7 Expenses from Transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

### (a) Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

### (b) Depreciation and amortisation

All applicable Non-current assets having a limited useful life are systematically depreciated or amortised over their useful lives in a manner which reflects the consumption of their service potential. Depreciation and amortisation are provided for on a straight line basis, using lives which are reviewed annually. The useful lives of each class of asset are as follows:

<i>Leasehold Improvements</i>	<i>10 years</i>
<i>Equipment</i>	<i>5 years</i>

All intangible assets having a limited useful life are systematically amortised over their useful lives reflecting the pattern in which the asset's future economic benefits are expected to be consumed by the Commission. Major amortisation rates are:

<i>Software</i>	<i>5 years</i>
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### (c) Other expenses

Expenses from activities other than those identified above are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably.

## 1.8 Other Economic Flows Included in Net Result

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions.

### (a) Gain/(loss) on sale of non-financial assets

Gains or losses from the sale of Non-financial assets are recognised when control of the assets has passed to the buyer.

### (b) Impairment – Financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that there are any financial assets that are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss, in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate when it can be reliably measured.

All impairment losses are recognised in the Statement of Comprehensive Income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

### (c) Impairment – Non-financial assets

All non-financial assets are assessed to determine whether any impairment exists. Impairment exists when the recoverable amount of an asset is less than its carrying amount. Recoverable amount is the higher of fair value less costs to sell and value in use. The Commission's assets are not used for the purpose of generating cash flows; therefore value in use is based on depreciated replacement cost where the asset would be replaced if deprived of it.

All impairment losses are recognised in Statement of Comprehensive Income.

In respect of non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### (d) Other gains/(losses) from other economic flows

Other gains/(losses) from other economic flows includes gains or losses from reclassifications of amounts from reserves and/or accumulated surplus to net result, and from the revaluation of the present values of the long service leave liability due to changes in the bond interest rate.

## 1.9 Assets

Assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the Commission and the asset has a cost or value that can be measured reliably.

### (a) Cash and deposits

Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund, being short term of three months or less and highly liquid. Deposits are recognised at amortised cost, being their face value.

The Commission has an overdraft facility on its account to allow for the delay in receiving reimbursement for GST payments from the Australian Taxation Office.

### (b) Receivables

Receivables are recognised at amortised cost, less any impairment losses. However, due to the short settlement period, receivables are not discounted back to their present value.

The only receivables recognised by the Commission at 30 June 2014 relate to GST credits receivable from the ATO.

### (c) Leasehold improvements and equipment

#### (i) Valuation basis

All Non-current physical assets are recorded at historic cost less accumulated depreciation and impairments if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. All assets within a class of assets are measured on the same basis.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvements and equipment.

*(ii) Subsequent costs*

The cost of replacing part of an item of leasehold improvements and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Commission and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of leasehold improvements and equipment are recognised in profit or loss as incurred.

*(iii) Asset recognition threshold*

The asset capitalisation threshold adopted by the Commission for non-current physical assets is \$10,000. Assets acquired at a cost of less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items which are material in total).

**(d) Intangible assets**

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the Commission; and
- the cost of the asset can be reliably measured.

Intangible assets held by the Commission are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

**(e) Other assets**

Other assets comprise prepayments. Prepayments relate to actual transactions that are recorded at cost with the asset at balance date representing the un-utilised component of the prepayment.

**1.10 Liabilities**

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

**(a) Payables**

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Commission becomes obliged to make future payments as a result of a purchase of assets or services.

**(b) Employee benefits**

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

**(c) Superannuation**

*(i) Defined contribution schemes*

A defined contribution scheme is a post-employment benefit scheme under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution schemes are recognised as an expense when they fall due.

*(ii) Defined benefit schemes*

A defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme.

The Commission does not recognise a liability for the accruing superannuation benefits of Commission employees. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

**1.11 Leases**

The Commission has entered into a number of operating lease agreements for property and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The Commission is prohibited by Treasurer's Instruction 502 Leases from holding finance leases.

**1.12 Judgements and Assumptions**

In the application of Australian Accounting Standards, the Commission is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Commission that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements. These judgements include:

- Employee benefits 1.7(a), 1.10(b), 5.1, 7.2
- Depreciation and amortisation 1.7(b), 5.2

The Commission has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**1.13 Foreign Currency**

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date.

**1.14 Comparative Figures**

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards. Details of the impact of changes in accounting policy on comparative figures are at Note 1.5.

Where amounts have been reclassified within the Financial Statements, the comparative statements have been restated.

### 1.15 Budget Information

Budget information refers to original estimates as disclosed in the 2013-14 Budget Papers and is not subject to audit.

### 1.16 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

### 1.17 Commission Taxation

The Commission is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax.

### 1.18 Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the GST incurred is not recoverable from the Australian Taxation Commission (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the ATO is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

## Note 2: Explanations of Material Variances between Budget and Actual Outcomes

The following are brief explanations of material variances between Budget estimates and actual outcomes. Variances are considered material where the variance exceeds 10 per cent of Budget estimate.

### 2.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue - recurrent	(a)	2934	2603	(331)	(11)
Employee benefits	(b)	2068	1716	(352)	(17)

#### Notes to Statement of Comprehensive Income variances

- (a) The variation in appropriation relates primarily to savings in salaries (refer note 2.1(b) below). Excess funds were returned to the Consolidated Fund.
- (b) The variance is due to actual salaries being lower than budget, arising from a position being vacant for six months, delays in recruitment for three other positions, savings in the Chief Commissioner salaries due to attending fewer meetings than budgeted and a restructure which abolished a graduate position.

### 2.2 Statement of Financial Position

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Cash and deposits	(a)	2	28	26	1 300
Receivables	(b)	28	38	10	36
Leasehold improvements and equipment	(c)	463	402	(61)	(13)
Other assets	(d)	24	51	27	113
Employee benefits	(e)	287	382	(95)	(33)
Other liabilities	(f)	3	-	3	>100

#### Notes to Statement of Financial Position variances

- (a) The variance in cash and deposits relates to \$19,000 due to be transferred to the Consolidated Fund for unspent S8(A) carry forward (refer note 4.1), and the timing of GST payable to the ATO.
- (b) The net variance is due to an outstanding claim for the reimbursement of court costs for a case found in favour of the Commission for \$24,000 receivable at 30 June 2014, as well as tax assets being lower than budget.
- (c) The budget for depreciation for leasehold improvements is understated and will be revised in the 2014-15 financial year to reflect the actual usual life of leasehold improvements.
- (d) The variance in other assets is due to prepayments being greater than budgeted. This is largely due to \$9,500 being prepaid for media monitoring which was not budgeted for in the current year.
- (e) The variance in employee benefits is primarily due to accrued salaries and long service leave provision being greater than the budget. The budget will be revised 2014-15 financial year to reflect that some staff transferred to the Commission with larger long service leave balances than anticipated.
- (f) The budget included a liability for employee benefit on-costs (for payroll tax) which is no longer required.

## 2.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts - recurrent	(a)	2934	2603	(331)	(11)
GST receipts	(b)	-	95	95	>100
GST payments	(b)	-	94	94	>100
Employee benefits	(c)	2037	1699	338	17

### Notes to Statement of Cash Flows variances

- (a) The variation in appropriation relates primarily to savings in salaries (refer note 2.3(c) below). Excess funds were returned to the Consolidated Fund.
- (b) The budget did not include GST receipts or payments.
- (c) The variance is due to actual salaries being lower than budget, arising from a position being vacant for six months, delays in recruitment for three other positions, savings in the Chief Commissioner salaries due to attending fewer meetings than budgeted and a restructure which abolished the graduate position.

## Note 3: Events Occurring after Balance Date

The Commission has taken a significant reduction in funding across the forward estimates which will require careful financial management. There have been no other events subsequent to balance date which would have a material effect on the Commission's Financial Statements as at 30 June 2014.

## Note 4: Income from Transactions

### 4.1 Revenue from Government

Revenue from Government includes revenue from appropriations and appropriations carried forward under section 8A(2) of the *Public Account Act 1986*.

The Budget information is based on original estimates and has not been subject to audit.

	2014 Budget \$'000	2014 Actual \$'000	2013 Actual \$'000
Appropriation revenue - recurrent			
Current year	2934	2603	2 601
	<b>2934</b>	<b>2603</b>	<b>2 601</b>
Revenue from Government - other			
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	-	1	60
<b>Total</b>	<b>-</b>	<b>1</b>	<b>60</b>
<b>Total revenue from Government</b>	<b>2934</b>	<b>2604</b>	<b>2 661</b>

Section 8A(2) of the Public Account Act allows for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year, the carry forward is recognised as a liability, Revenue Received in Advance. The carry forward from the initial year is recognised as revenue in the reporting year, assuming that the conditions of the carry forward are met and the funds are expended.

The Commission received \$20,000 under section 8A(2) for VoIP (Voice over Internet Protocol) implementation. However actual implementation costs were substantially less than budgeted at \$1,100. The unspent funds are to be returned to the Consolidated Fund.

### 4.2 Other Revenue

	2014 \$'000	2013 \$'000
Other revenue	24	-
<b>Total</b>	<b>24</b>	<b>-</b>

The Commission has an outstanding claim for the reimbursement of court costs for a case found in its favour for \$24,000 receivable at 30 June 2014.



## Note 5: Expenses from Transactions

### 5.1 Employee Benefits

	2014 \$'000	2013 \$'000 <i>Restated*</i>
Wages and salaries	1496	1584
Superannuation – defined contribution schemes	157	148
Superannuation – defined benefit schemes	10	10
Other employee expenses	53	64
<b>Total</b>	<b>1716</b>	<b>1806</b>

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The employer contribution at 30 June 2014 is 12.5 per cent of salary (12.5 per cent at 30 June 2013). During 2012-13, the Australian Government introduced a phased increase in the superannuation guarantee rate from 9 per cent to 12 per cent over the seven years ending 2019-20. This results in the Commission's employer contribution rising to 13.0 per cent from 1 July 2014, and increasing 0.5 per cent per annum through to 15.5 per cent from 1 July 2019.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation funds at a rate of 9.25 per cent of salary. In addition, the Commission is also required to pay into to Treasury a "gap" payment equivalent to 3.5 per cent of salary in respect of employees who are members of contribution schemes.

### 5.2 Depreciation and Amortisation

	2014 \$'000	2013 \$'000
Leasehold improvements – Amortisation	59	59
Equipment – Depreciation	9	9
Intangibles – Amortisation	30	27
<b>Total depreciation and amortisation</b>	<b>98</b>	<b>95</b>

### 5.3 Supplies and Consumables

	2014 \$'000	2013 \$'000
Audit fees – financial audit	14	6
Operating lease costs	217	217
Consultants	63	76
Property services	88	87
Communications	20	17
Information technology	106	87
Travel and transport	41	46
Advertising and promotion	7	5
Printing	11	13
Personnel expenses	15	15
Plant and equipment	36	37
Office requisites	7	6
Other supplies and consumables	65	25
<b>Total</b>	<b>690</b>	<b>637</b>

## 5.4 Other Expenses

	2014 \$'000	2013 \$'000
Salary on-costs	9	36
Corporate support provided by the Department of Justice	166	162
Other expenses	16	25
<b>Total</b>	<b>191</b>	<b>223</b>

## Note 6: Assets

### 6.1 Receivables

	2014 \$'000	2013 \$'000
Reimbursements	24	-
Tax assets	14	15
<b>Total</b>	<b>38</b>	<b>15</b>
Settled within 12 months	38	15
<b>Total</b>	<b>38</b>	<b>15</b>

The Commission has an outstanding claim for the reimbursement of court costs for a case found in its favour for \$24,000 receivable at 30 June 2014.

### 6.2 Leasehold Improvements and Equipment

(a) Carrying amount		2014 \$'000	2013 \$'000
<b>Equipment</b>			
At cost		45	45
Less: Accumulated depreciation		(25)	(16)
<b>Total Equipment</b>		<b>20</b>	<b>29</b>
<b>Leasehold improvements</b>			
At cost		583	583
Less: Accumulated amortisation		(201)	(142)
<b>Total Leasehold improvements</b>		<b>382</b>	<b>441</b>
<b>Total Leasehold Improvements and Equipment</b>		<b>402</b>	<b>470</b>
(b) Reconciliation of movements			
2014	Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
<b>Carrying amount at 1 July</b>	<b>29</b>	<b>441</b>	<b>470</b>
Depreciation and amortisation expense	(9)	(59)	(68)
<b>Carrying amount at 30 June</b>	<b>20</b>	<b>382</b>	<b>402</b>

2013	Equipment \$'000	Leasehold Improvements \$'000	Total \$'000
Carrying amount at 1 July	38	501	539
Depreciation and amortisation expense	(9)	(59)	(68)
Carrying amount at 30 June	29	441	470

### 6.3 Intangible Assets

(a) Carrying amount	2014 \$'000	2013 \$'000
Intangible assets		
At cost	261	261
Accumulated amortisation	(70)	(40)
<b>Total Intangible assets</b>	<b>191</b>	<b>221</b>

(b) Reconciliation of movements	Intangible Assets \$'000	Total \$'000
2014		
Carrying amount at 1 July	221	221
Amortisation expense	(30)	(30)
Carrying amount at 30 June	191	191

2013	Intangible Assets \$'000	Total \$'000
Carrying amount at 1 July	216	216
Additions – Case Management Software	70	70
Net movement in Work in progress – Case Management Software	(38)	(38)
Amortisation expense	(27)	(27)
Carrying amount at 30 June	221	221

### 6.4 Other Assets

	2014 \$'000	2013 \$'000
Prepayments	51	40
<b>Total</b>	<b>51</b>	<b>40</b>
Utilised within 12 months	51	40
<b>Total</b>	<b>51</b>	<b>40</b>

## Note 7: Liabilities

### 7.1 Payables

	2014 \$'000	2013 \$'000
Creditors	19	-
Accrued expenses	3	12
<b>Total</b>	<b>22</b>	<b>12</b>
Settled within 12 months	22	12
<b>Total</b>	<b>22</b>	<b>12</b>

Settlement is usually made within 30 days.

### 7.2 Employee Benefits

	2014 \$'000	2013 \$'000 <i>Restated*</i>
Accrued salaries	47	41
Annual leave	108	110
Long service leave	227	218
<b>Total</b>	<b>382</b>	<b>369</b>
Utilised within 12 months	154	144
Utilised in more than 12 months	228	225
<b>Total</b>	<b>382</b>	<b>369</b>

### 7.3 Other Liabilities

	2014 \$'000	2013 \$'000
<b>Revenue received in advance</b>		
Appropriation carried forward from current and previous years under section 8A of the <i>Public Account Act 1986</i>	-	20
<b>Other liabilities</b>		
Employee benefits – on-costs	-	-
<b>Total</b>	<b>-</b>	<b>20</b>
Utilised within 12 months	-	20
<b>Total</b>	<b>-</b>	<b>20</b>

## NOTE 8: COMMITMENTS AND CONTINGENCIES

### 8.1 Schedule of Commitments

	2014 \$'000	2013 \$'000
<b>By type</b>		
<i>Lease Commitments</i>		
Operating leases	278	472
<i>Total lease commitments</i>	<b>278</b>	<b>472</b>
<i>Other commitments</i>		
Office cleaning contract	20	33
Other contracts	6	21
<i>Total other commitments</i>	<b>26</b>	<b>54</b>
<b>By maturity</b>		
<i>Operating lease commitments</i>		
One year or less	236	260
From one to five years	42	212
<i>Total operating lease commitments</i>	<b>278</b>	<b>472</b>
<i>Other commitments</i>		
One year or less	19	34
From one to five years	7	20
<i>Total other commitments</i>	<b>26</b>	<b>54</b>
<b>Total</b>	<b>304</b>	<b>526</b>

The Operating Lease commitments include leased accommodation, motor vehicles and information technology equipment leases. All amounts shown are inclusive of GST.

### 8.2 Contingent Assets and Liabilities

Contingent assets and liabilities are not recognised in the Statement of Financial Position due to uncertainty regarding the amount or timing of the underlying claim or obligation.

#### (a) Quantifiable contingencies

A quantifiable contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A quantifiable contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

	2014 \$'000	2013 \$'000
<b>Quantifiable contingent liabilities</b>		
<i>Contingent claims</i>		
Contingent legal claims	350	350
<b>Total quantifiable contingent liabilities</b>	<b>350</b>	<b>350</b>

At 30 June 2014 the Commission has an interest in a Supreme Court proceeding for which there is a potential financial liability: The matter concerns a claim brought by the Commission's former CEO against the State of Tasmania.

**(b) Unquantifiable contingencies**

The Commission has a possible obligation under its lease of the premises at 199 Macquarie Street to reinstate the premises for alterations instigated by the Commission. The Commission has not provided for lease makegood as at 30 June 2014 due to uncertainty regarding extension of the lease which expires on 1 June 2015, as well as a high degree of uncertainty that the landlord will require reinstatement, and if so to what extent. It is not possible at the reporting date to accurately estimate the amounts of any eventual payments that may be required in relation to reinstatement of the premises.

## Note 9: Cash Flow Reconciliation

### 9.1 Cash and Deposits

Cash and deposits include the balance of the Special Deposits and Trust Fund Account held by the Commission, and other cash held.

	2014 \$'000	2013 \$'000
<b>Special Deposits and Trust Fund balance</b>		
T527 Integrity Commission Operating Account	28	28
<b>Total cash and deposits</b>	<b>28</b>	<b>28</b>

### 9.2 Reconciliation of Net Result to Net Cash from Operating Activities

	2014 \$'000	2013 \$'000
Net result	(67)	(100)
Depreciation and amortisation	98	95
Decrease (increase) in Receivables	(23)	13
Decrease (increase) in Prepayments	(11)	(12)
Increase (decrease) in Employee entitlements	13	57
Increase (decrease) in Payables	10	(12)
Increase (decrease) in Other liabilities	(20)	(53)
<b>Net cash from (used by) operating activities</b>	<b>-</b>	<b>(12)</b>

## Note 10: Financial Instruments

### 10.1 Risk Exposures

**(a) Risk management policies**

The Commission has exposure to the following risks from its use of financial instruments:

- credit risk; and
- liquidity risk.

The Chief Executive Officer has overall responsibility for the establishment and oversight of the Commission's risk management framework. Risk management policies are continuing to be established to identify and analyse risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

**(b) Credit risk exposures**

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
<b>Financial Assets</b>		
Receivables	Receivables are recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.	Receivables recognised by the Commission at 30 June 2014 relate to GST receivable from the ATO and reimbursement of court costs for a case found in favour of the Commission (refer note 6.1).
Cash and deposits	Deposits are recognised at amortised cost, being their face value.	Cash means notes, coins, any deposits held at call with a bank or financial institution, as well as funds held in the Special Deposits and Trust Fund. The Commission has an overdraft facility on its account to allow for the delay in receiving reimbursement for GST payments from the ATO.

The Commission had no financial assets at either balance date that were past due or impaired.

**(c) Liquidity risk**

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial Instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
<b>Financial Liabilities</b>		
Payables	Payables are recognised at amortised cost, which due to the short settlement period, equates to face value, when the Commission becomes obliged to make future payments as a result of a purchase of assets or services.	Payables, including goods received and services incurred but not yet invoiced, arise when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. As per Treasurer's Instruction 1125 the Commission pays within suppliers' credit terms. Where no credit terms are specified, the Commission's policy is to pay within 30 days.

The following tables detail the undiscounted cash flows payable by the Commission by remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

**2014**

**Maturity analysis for financial liabilities**

	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
<b>Financial liabilities</b>			
Payables	22	22	22
<b>Total</b>	<b>22</b>	<b>22</b>	<b>22</b>



**2013****Maturity analysis for financial liabilities**

	1 Year \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
<b>Financial liabilities</b>			
Payables	12	12	12
<b>Total</b>	<b>12</b>	<b>12</b>	<b>12</b>

**10.2 Categories of Financial Assets and Liabilities**

	2014 \$'000	2013 \$'000
<b>Financial assets</b>		
Cash and deposits	28	28
Receivables	38	15
<b>Total</b>	<b>66</b>	<b>43</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	22	12
<b>Total</b>	<b>22</b>	<b>12</b>

**10.3 Comparison between Carrying Amount and Net Fair Values of Financial Assets and Liabilities**

	Carrying Amount 2014 \$'000	Net Fair Value 2014 \$'000	Carrying Amount 2013 \$'000	Net Fair Value 2013 \$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	28	28	28	28
Receivables	38	38	15	15
<b>Total financial assets</b>	<b>66</b>	<b>66</b>	<b>43</b>	<b>43</b>
<b>Financial liabilities</b>				
Payables	19	19	-	-
Accrued expenses	3	3	12	12
<b>Total financial liabilities</b>	<b>22</b>	<b>22</b>	<b>12</b>	<b>12</b>

**Financial Assets**

The net fair values of cash and non-interest bearing monetary financial assets approximate their carrying amounts.

The net fair value of receivables is recognised at amortised cost, less any impairment losses, however, due to the short settlement period, receivables are not discounted back to their present value.

**Financial Liabilities**

The net fair values for trade creditors are approximated by their carrying amounts.

## Note 11: Key management personnel compensation

The Integrity Commission Board and the management group comprise the key management personnel at the Integrity Commission. The Board is chaired by the Chief Commissioner and other members are three appointed members and two ex officio members. The management group is chaired by the Chief Executive Officer and includes four members of senior management (three since 19 January 2014).

Details of the Office's remuneration arrangements for its key management personnel are as follows:

- The remuneration policy is in line with Senior Executive Service arrangements for the Chief Executive Officer, State Service arrangements for all other officers in the management group and instruments of appointment pursuant to and in accordance with sections 14 and 15 of the *Integrity Commission Act 2009* for the Chief Commissioner and the appointed Board members.
- In the case of the Chief Commissioner and the Chief Executive Officer, contractual arrangements also allow for the provision of a motor vehicle and a motor vehicle allowance respectively, superannuation contributions and reimbursement of reasonable expenses incurred on official business. All key management personnel receive a base salary and superannuation payments in accordance with the relevant award. Contractual arrangements allow for reimbursement for appointed Board members of reasonable expenses incurred on official business.
- The Chief Commissioner, Chief Executive Officer and the management group all receive access to parking during business hours.
- All the Executive Management Group are provided with an I-pad for business and incidental personal use.
- Upon retirement, the Chief Executive Officer and members of the Executive Management Group are paid employee benefit entitlements accrued to the date of retirement. In the event of any redundancy, the Chief Executive Officer and members of the management group are paid in accordance with their instrument of appointment or arrangements applicable to State Service employees.
- The ex officio members who do not receive remuneration or recoveries of costs are:
  - Mike Blake (Auditor-General)
  - Frank Ogle (State Service Commissioner) for the period 19 July 2012 to 7 December 2012
  - Leon Atkinson-MacEwen (Ombudsmen) from 5 April 2012 to 14 March 2014
  - Richard Connock (Acting Ombudsmen) from 6 February 2014 (attended February Board meeting whilst Leon Atkinson-MacEwen was on leave)

**Table of Benefits and Payments for the Year Ended 30 June 2014**

Key Management Personnel		Post-Employment Benefits		Long-Term Benefits		Total
		Salary and Leave	Other*	Super-annuation	Long Service Leave	
		\$'000	\$'000	\$'000	\$'000	\$'000
Hon Murray Kellam AO (Chief Commissioner)	2014	32	2	3	-	37
	2013	73	3	7	-	83
Liz Gillam (Board Member)	2014	21	0	2	-	23
	2013	21	1	2	-	24
David Hudson (Board Member)	2014	21	-	2	-	23
	2013	21	-	2	-	23
Luppo Prins APM (Board Member)	2014	21	-	2	-	23
	2013	21	-	2	-	23
Members of the Management Group	2014	645	13	60	10	728
	2013	672	16	60	15	763
Total Key Management Personnel	2014	740	15	69	10	834
	2013	808	20	73	15	916

\* Other includes I-pad, car parking and car benefits.

## Note 12: Output Group Information

The Commission has a single Output called Integrity Commission which fulfils all of its statutory responsibilities. The summary of budgeted and actual revenues and expenses for this Output are the same as in the Statement of Comprehensive Income. Therefore, the inclusion of a separate Output Schedule is not necessary.

## Note 13: Principal Address and Registered Office

The Integrity Commission is located at:  
 Surrey House  
 Level 2  
 199 Macquarie Street  
 Hobart TASMANIA 7000



## **Independent Auditor's Report**

### **To Members of the Tasmanian Parliament**

### **Integrity Commission**

### **Financial Report for the Year Ended 30 June 2014**

### **Report on the Financial Report**

I have audited the accompanying financial report of Integrity Commission (the Commission), which comprises the statement of financial position as at 30 June 2014 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the joint statement of compliance by the Chief Executive Officer and the Corporate Services Manager.

### **Auditor's Opinion**

In my opinion the Service's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2014, and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the *Financial Management and Audit Act 1990* and Australian Accounting Standards.

### *The Responsibility of the Director for the Financial Report*

The Director is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 27 (1) of the *Financial Management and Audit Act 1990*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I

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comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

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

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

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information in the Commission's financial report.

### **Independence**

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

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

### **Tasmanian Audit Office**



E R De Santi  
**Deputy Auditor-General**  
**Delegate of the Auditor-General**

Hobart  
11 September 2014

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# APPENDIX A

## Reporting Requirements

*State Service Regulations 2011 – SSR*

*Financial Management and Audit Act 1990 – FMAA*

*Public Interest Disclosures Act 2002 – PIDA*

*Right to Information Act 2009 – RTIA*

*Public Sector Superannuation Reform Act 1999 – PSSRA*

## Legislative reporting compliance

REQUIREMENT	LEGISLATION	REPORT SECTION
Overview of strategic plan	SSR s 9(a)(i)	Snapshot, Goals.
Organisation chart	SSR s 9(a)(ii)	Business services
Program management structure	SSR s 9(a)(iii)	Goals 1, 2 & 3
Major changes	SSR s 9(a)(iv)	Legal & Strategy
Major initiatives	SSR s 9(a)(v)	Key achievements, Goals 1, 2 & 3
Industrial relations matters	SSR s 9(b)(iv)	Accountability
Occupational health and safety strategies	SSR s 9(b)(vi)	Corporate services
Community awareness, services and publications	SSR s 9(c)(i)	Snapshot, Goal 1, Tabled reports, Communications
Contact officers and points of public access	SSR s 9(c)(ii)	Inside cover, back cover
Appeals against decisions	SSR s 9(c)(iii)	Accountability
Relevant legislation	SSR s 9(d)	Snapshot, Legislative amendments
Contracts and procurement	FMAA s 27	Contracts and procurement, Tenders
Financial statements	FMAA s 27(l)(c)	Financial statements
Public interest disclosures	PIDA s 86	Public Interest Disclosures
Right to information	RTIA	Right to Information
Superannuation contributions	PSSRA s13	Superannuation Certificate

# APPENDIX B

## Information attached to s 47 Notices when served



### IMPORTANT INFORMATION FOR RECIPIENTS OF A NOTICE UNDER SECTION 47(1)

This information is intended for persons who have been served with a Notice issued under section 47(1) of the *Integrity Commission Act 2009* [‘the Act’].

#### What are you required to do?

The Notice that has been served upon you will specify your obligations.

For instance, section 47 of the Act permits an investigator, by written notice, to require or direct a person:

- to provide the investigator or any person assisting the investigator with any information or explanation that the investigator requires
- to attend and give evidence before the investigator
- to produce to the investigator any record, information, material or thing in that person’s custody or possession or control.

The investigator may require or direct that:

- the information, explanation or answers to questions be given orally or in writing
- the truth of the information, explanation or answers be verified, or be subject to oath or affirmation.

The Notice will set out what it is that the investigator requires of you. It will specify if you are required to produce information, an explanation, or answers to questions, and will indicate whether your response must be in writing, or oral.

The Notice will also contain a description of the information or explanation you are required to provide, and will specify when, and in what manner you are required to provide it.

In addition, the Notice will nominate contact details for the Integrity Commission officer you should contact if you have questions, or if problems arise affecting your capacity to meet the requirements of the Notice.

#### Confidentiality – Section 98

The Notice may specify that it is a **confidential document** – in terms of section 98 of the *Integrity Commission Act 2009*. If so specified, you must not disclose the existence of the Notice to another person unless you have a reasonable excuse.

## Appendix B: Information attached to s 47 Notices when served (continued)

It is an offence, subject to a fine not exceeding 2,000 penalty points [\$260,000], to disclose the Notice without reasonable excuse. Section 98(2) of the *Integrity Commission Act 2009* provides details as to what is a reasonable excuse.

In simple terms, you should take care to ensure to take no action that might disclose the existence of the Notice to any person. However, you may disclose the existence of the Notice if it is necessary for you to seek legal advice, or in order to ensure compliance. It might, for instance, be necessary for you to brief a colleague in order to retrieve or gain access to a relevant document. You may have to disclose the existence of the Notice in order to request permission of your supervisor to leave the workplace to attend at the Commission to give evidence.

If it is necessary to inform another person, section 98(2)(b) of the Act stipulates that you should also inform that person that the Notice is a confidential document, and that it is an offence to disclose the existence of the Notice to another unless there is a reasonable excuse. In other words, any person to whom you make the disclosure is in the same position you are, and you are obliged to so advise them.

In addition to obligations imposed by the *Integrity Commission Act 2009*, a public officer may also have a responsibility to preserve confidentiality of information obtained in the course of employment. A breach of confidentiality might also constitute a breach of the applicable code of conduct governing the public officer's employment for which various penalties may apply.

If you have any doubt about whether or not it is reasonable in a particular case to disclose the existence of the Notice, you should seek to clarify the matter with the nominated contact officer.

### **Legal representation**

Pursuant to section 49 of the Act, a person directed to provide information or an explanation under section 47(1) may be represented by a legal practitioner or other agent. Accordingly, it is open to you to disclose the existence of the Notice in order to seek legal advice in relation to it – but any person you make a disclosure to must be advised of the prohibition against disclosure, and the obligations that arise in that regard. See above commentary on Confidentiality.

You should inform the Commission as soon as possible (at least 48 hours before a scheduled interview) of the identity of your representative. Where you seek to be represented by a person who may compromise the investigation (for example because they have a conflict of interest or are otherwise connected with the matter under investigation), the Commission may require you to be represented by a different agent.

### **Claims of privilege**

The powers conferred on the Commission by section 47(1) of the Act may not automatically be avoided by a claim of privilege.

If you seek to claim privilege in respect of any requirement or direction arising from the Notice, the Commission may withdraw the requirement or direction in accordance with section 92(3) of the Act. If the requirement or direction is not withdrawn, a further written Notice to comply with the requirement or direction will be issued. You will be obliged to comply with that further Notice within 14 days, or make application to the Supreme Court to determine the claim of privilege. Section 92 of the Act sets out the procedure that is to be followed to determine a claim of privilege.



## Appendix B: Information attached to s 47 Notices when served (continued)

As the recipient of this Notice, you should consider, where necessary, seeking appropriate legal advice as to whether a third party may be able to assert privilege over any documents you are required to produce.

### **How will information be used?**

Subject to any claim for privilege, the information or explanation produced may be used for the purposes of the Commission's complaint assessment, investigation or a subsequent Integrity Tribunal inquiry.

It is also a specific function of the Commission to collect evidence for the prosecution of persons for offences, or for proceedings to investigate a breach of a code of conduct or for proceedings under any other Act.

### **Failure to comply with Notice**

A person who, without a reasonable excuse, fails to comply with a requirement or a direction made pursuant to a Notice under a section 47(1) of the Act within 14 days of receipt of the Notice or such other time period as specified in the Notice, commits an offence, and may be subject to a fine not exceeding 5,000 penalty units [\$650,000], pursuant to section 54(1) of the *Integrity Commission Act 2009*.

### **Furnishing false and misleading information**

A person who produces information or advice in purported compliance with a section 47(1) Notice, knowing it to be false or misleading, or omits any matter from the produced information or explanation knowing that without that matter the information or explanation is false or misleading, commits an offence under the Act, and may be subject to a fine not exceeding 5,000 penalty units [\$650,000] or imprisonment for a term not exceeding one year, pursuant to section 96 of the *Integrity Commission Act 2009*.

### **Production of statement of information or advice**

The Commission considers the security of information to be of paramount importance. Unless otherwise arranged, all written statements of information or explanation produced pursuant to a Notice under section 47(1) of the Act must be delivered by hand in a secure and suitable container to the officer nominated in the Notice or, in another manner agreed to by the Commission.

### **Transcripts**

If you are required to attend the Commission to give evidence by interview, that evidence will be recorded. The Commission makes a transcript of each recorded interview. If you, or your legal representative, require a copy of the transcript, you may advise the Commission at the conclusion of the interview. Alternatively, at any other time you may make a request in writing to the Commission.

The timing of the provision of such a transcript is at the Commission's discretion, but will usually occur after conclusion of all interviews in an investigation. In exceptional circumstances, the Commission may determine it is not appropriate to provide a transcript. When the Commission provides a transcript, confidentiality in accordance with s 98 may also apply to the circumstances which the transcript can be used or communicated.

### **Your welfare**

## Appendix B: Information attached to s 47 Notices when served (continued)

If you have attended, are attending or are due to attend before the Commission to give evidence or to produce a document or any other thing and, because of this, you consider that you need to consult a medical practitioner, psychologist or psychiatrist, or your employer's Employee Assistance Program, you are at liberty to do so.

### **Other Information**

The Commission is situated at Level 2, 199 Macquarie Street, Hobart, Tasmania. Its telephone number is 1300 720 289.

The email address for the Integrity Commission is [integritycommission@integrity.tas.gov.au](mailto:integritycommission@integrity.tas.gov.au).

Further information about the Commission can be found at [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au), including a copy of the *Integrity Commission Act 2009*.



INTEGRITY  
COMMISSION

