

# INTEGRITY COMMISSION ANNUAL REPORT

# 2021/22

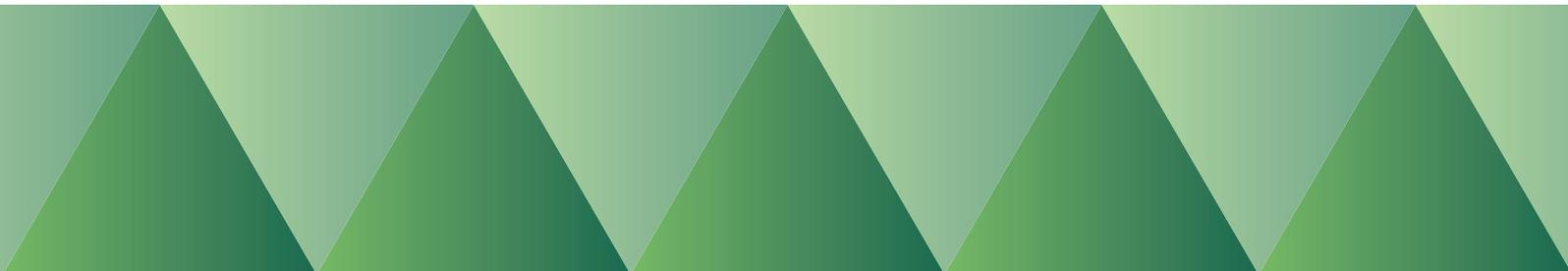
27 October 2022



INTEGRITY  
COMMISSION  

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TASMANIA



# Essential to ensuring trust in Government

This report and further information about the Commission is available at [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au)

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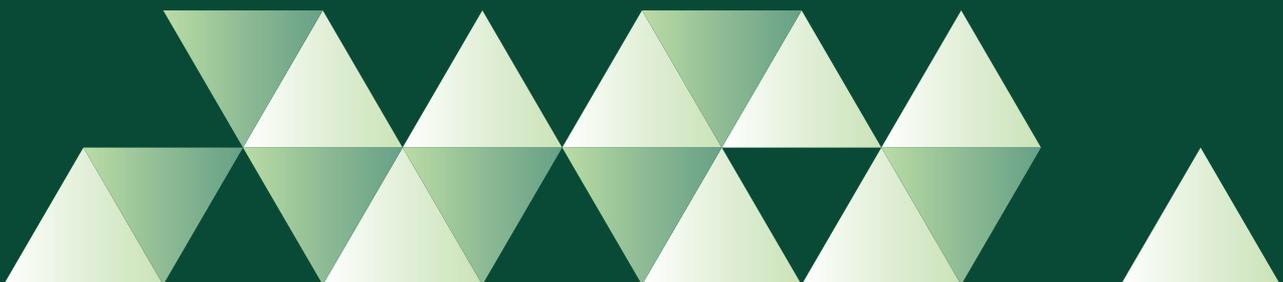
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**We acknowledge and pay our respects to Tasmanian Aboriginal people as the traditional owners of the Land upon which we work. We recognise and value Aboriginal histories, knowledge and lived experiences, and commit to being culturally inclusive and respectful in our working relationships with all Aboriginal people.**



# LETTERS OF TRANSMITTAL

**Letter to the Presiding Officers  
President of the Legislative Council  
Speaker of the House of Assembly**

Dear Mr President

Dear Mr Speaker

**Annual report for 1 July 2021 to 30 June 2022**

In accordance with section 11(1) of the *Integrity Commission Act 2009* (Tas), we are pleased to present the *Integrity Commission Annual Report 2021–22* to Parliament. The report outlines the Commission's finances and business activities for the year ending 30 June 2022.

Yours sincerely



Greg Melick, AO SC  
**Chief Commissioner**



Michael Easton  
**Chief Executive Officer**

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27 October 2022

**Letter to the Minister for Justice  
Hon Elise Archer MP**

Attorney-General

Minister for Justice

Dear Minister

**Annual report for 1 July 2021  
to 30 June 2022**

In accordance with section 36 of the *State Service Act 2000* (Tas) and section 26 of the *Financial Management and Audit Act 1990* (Tas), I am pleased to present the *Integrity Commission Annual Report 2021–22* for the year ending 30 June 2022.

Yours sincerely



Michael Easton  
**Chief Executive Officer**

27 October 2022

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# FOREWORD

Throughout 2021-22, the Commission continued to develop its model of proactive engagement and research, building its capacity to deliver integrity education and respond to misconduct risk areas and complaints.

The re-opening of Tasmania's borders in late 2021 following COVID-19 coincided with the implementation of a rebuild of our Misconduct Prevention Unit. A 3-year funding increase provided new roles in research, technology, education and communications, significantly increasing our capacity to deliver on our educative, advisory and preventative functions. This proved timely as the relaxing of pandemic restrictions has prompted a return in demand for education and training across agencies within our jurisdiction.

Identification of organisation-specific misconduct risks and sector trends has been advanced by the *Ethics and Integrity Snapshot* research tool. This initiative allows us to proactively assess organisational integrity systems, policies and culture within individual agencies and across sectors. Valuable insights gained through data analysis will be shared with the 55 participating organisations, and educative programs can now be more effectively tailored to areas of identified need.

Delivery of the *Integrity in Public Service* online module rolled out to 16 organisations, with 620 participants completing the course. The module introduces core integrity concepts and practical, occupation-specific scenarios that support public sector employees to make good decisions and identify misconduct risks. Face-to-face and remote sessions reached a further 526 public officers across 42 workshops and presentations.

We have continued to prioritise a proactive, risk-based approach to systemic misconduct risk identification, ensuring our resources are directed to the most serious of matters. This operates in parallel with complaints about misconduct, and allows us to focus our resources on areas of high risk and where we can deliver integrity outcomes.

Our collaborative approach to misconduct prevention resulted in 72 notifications of misconduct from public authorities during this reporting period, with 38 complaints and 3 assessments referred to public authorities or other relevant entities for action.

We significantly increased our research and reporting on misconduct risk areas. Our reports on potential misconduct risks associated with funding promises and commitments during State elections have led debate on this issue. We are increasingly carrying out research in tandem with particular complaint-based investigations, to

ensure that both individual misconduct and the possible systemic issues that may have facilitated that misconduct, are identified and addressed.

We will follow up on any recommendations we have made to ensure that either Government or the relevant public authority takes the issue seriously and that appropriate change is implemented. The management of referred complaints, assessments and investigations is oversighted by our compliance team, and this year we established a more rigorous Oversight and Compliance framework to ensure we monitor our referrals. This enables us to review how agencies manage and respond to misconduct, and helps us to identify areas where we can assist to build capacity.

We continue to focus on the key principles of transparency and accountability across the public sector. As a small jurisdiction, Tasmania's public officers and employees, and particularly those holding elected office, must ensure that their actions and decisions are driven, and be seen to be driven, by the public interest, and not personal or sector interests. As public officers, we have a personal responsibility to make good decisions in the interests of the community, which is key to maintaining public trust in governance, and the ability to deliver services and outcomes that are fair and equitable.



Greg Melick, AO SC

**Chief Commissioner**



Michael Easton

**Chief Executive Officer**

# SNAPSHOT

133

misconduct complaints received

72

notifications of misconduct received from public authorities

17

assessments, 2 complaint investigations and one own-motion investigation concluded

43

misconduct matters referred to public authorities for action

37

occasions when statutory powers of investigation were used

7

public reports released in the public interest

30

audits of police misconduct matters completed to test the Tasmania Police Conduct and Complaint Management policy

1146

public officers and elected representatives from 22 public authorities engaged in integrity training and education

42

misconduct awareness and prevention workshops and presentations

## Section 1

# ABOUT THE COMMISSION

The Commission is an independent state authority entrusted by the Tasmanian community to support an ethical and responsible public sector

The Integrity Commission (the Commission) is an independent statutory authority established in 2010 by the *Integrity Commission Act 2009* (Tas) (the Act). Under the Act, our objectives 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.

### We do this by:

- educating public officers and the public about integrity
- assisting public authorities to deal with misconduct
- dealing with allegations of serious misconduct or misconduct by designated public officers, and
- making findings and recommendations in relation to investigations.

## Our strategic plan

The *Integrity Commission Strategic Plan 2021–24* sets out the goals and strategies for progressing the objectives of the Act and developing the capability of the Commission. Our progress against the plan is outlined in this report.

## Our values

Our statement of values establishes the behaviours that are most important to us as an organisation:

- Respect
- Accountability
- Professionalism
- Collaboration
- Trust

The values underpin our guiding statement:

*The Integrity Commission always acts independently and in the public interest. We strive to be a positive influence and an agent for change within the public sector.*

# GOVERNANCE

The Act establishes the offices of the Chief Commissioner and Chief Executive Officer. These roles have wide-ranging responsibilities, and set the strategic and operational directions of the Commission.

## Greg Melick, AO SC Chief Commissioner

Greg Melick chairs the Board of the Integrity Commission. Greg practises as a barrister and mediator in jurisdictions in both criminal and civil matters, and holds several concurrent positions. They include: National President of the Returned and Services League Australia, and Deputy President of the Commonwealth Administrative Appeals Tribunal (part-time).

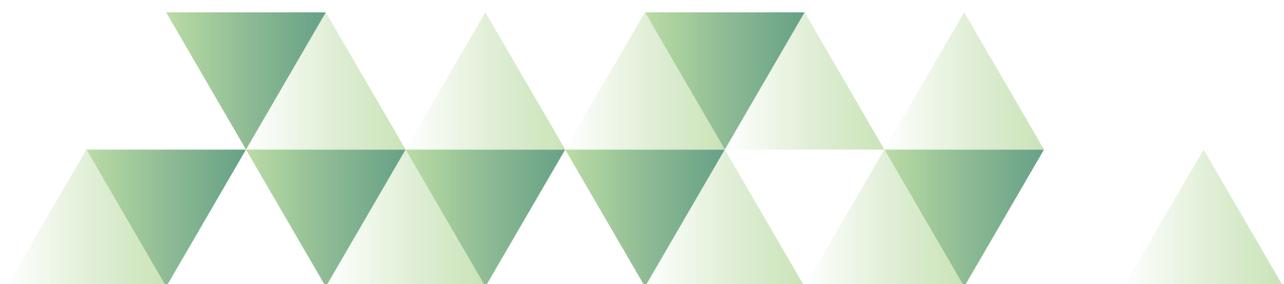
He is a former Principal Crown Counsel and Statutory Member of the National Crime Authority and the New South Wales Casino Control Authority. Greg also served as a Major General in the Australian Defence Force.



## Michael Easton Chief Executive Officer

Michael Easton has led the Integrity Commission since April 2020.

With a public sector career spanning more than 25 years, he has held management positions in State and local government sectors. He was admitted as a barrister and solicitor to the Supreme Court of Tasmania and holds qualifications in law and science from the University of Tasmania and Macquarie University.



# BOARD OF THE INTEGRITY COMMISSION

The role of the Board of the Integrity Commission is set out in the Act. The Board comprises the Chief Commissioner as Chair and 3 appointed members. It ensures that the Commission performs its functions appropriately and exercises its powers in accordance with the objectives of the Act.

## Luppo Prins, APM Board Member

A former Assistant Police Commissioner, Luppo Prins had a 42-year career in policing. He was awarded the National Police Medal, the Australian Police Medal for Outstanding Service, and the Commissioner's Integrity Medal.

Since retiring from Tasmania Police in 2005, Luppo has conducted major independent investigations and reviews for the Department of Justice and the Department of Health.



## Phil Foulston Board Member

Former Director and member of the executive of the Department of Premier and Cabinet, Phil Foulston worked in the public sector for almost 30 years. He has substantial experience as a senior administrator, adviser and manager within a policy and regulatory framework in the complex political, social and organisational environment of a central government agency.

His key responsibilities included the machinery of government, constitutional administration, general governance, and corporate services. Before joining the public sector, he was a human resource management practitioner in the UK aluminium industry. He has a Bachelor of Science with Honours from the University of Tasmania.



## Robert Winter Board Member

Rob Winter was admitted as a barrister and solicitor of the Supreme Court of Tasmania and the High Court of Australia in 1989. After extensive experience in prosecutions and insurance litigation, he joined an international loss adjusting practice in 1995. Since then, he has investigated and reported on wide-ranging employment and liability matters.

He is a member of the Anti-Discrimination Tribunal and the Code of Conduct Panel established under the *Local Government Act 1993*. He is a former Tribunal member of the Tasmania Football League and former Chairman of the Southern Tasmanian Councils Code of Conduct Panel.



# BOARD MEETING ATTENDANCE

Table 1. Integrity Commission Board meeting attendance 2021–22

Meeting dates	Attendees	Absent	Attendance rate
<b>2021</b>			
4 August	Greg Melick Phil Foulston Luppo Prins Rob Winter		100%
6 October	Greg Melick Phil Foulston Luppo Prins Rob Winter		100%
1 December	Greg Melick Phil Foulston Luppo Prins Rob Winter		100%
<b>2022</b>			
15 February	Greg Melick Phil Foulston Luppo Prins Rob Winter		100%
21 March	Greg Melick Phil Foulston Luppo Prins Rob Winter		100%
4 May	Greg Melick Phil Foulston Luppo Prins Rob Winter		100%

# OUR STRUCTURE

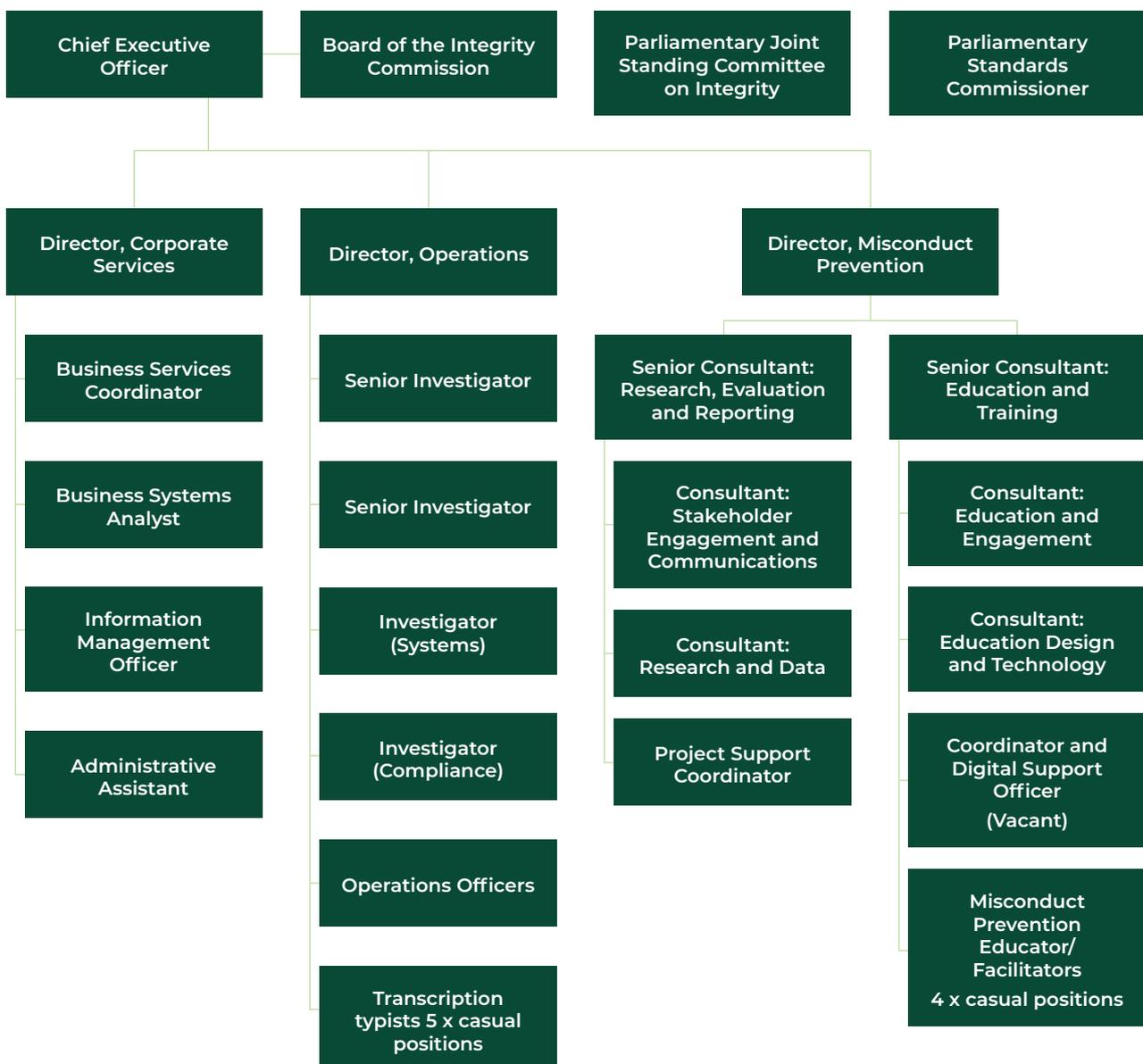
## Organisation chart

Figure 1 shows the Commission's structure as of 30 June 2022. It includes the Parliamentary Joint Standing Committee on Integrity and the independent statutory office of the Parliamentary Standards Commissioner, both of which are established by the Act.

We employed additional casual employees to undertake education and training activities, and to transcribe audio recordings of interviews.

During the reporting period, we authorised one public officer under section 21 of the Act to assist with our investigative work.

Figure 1. Integrity Commission organisation chart at 30 June 2022



## Business Units

The Commission has 3 business units: Operations, Misconduct Prevention and Corporate Services. As a small organisation, we work with a high degree of cross-team collaboration. All employees make a substantial contribution to the effectiveness of the Commission.

### Operations

The Operations Unit is responsible for the Commission's complaint handling, monitoring and investigative functions. The unit handles all allegations of public sector misconduct and conducts own-motion investigations, as directed by the Board, as well as our police oversight program.

### Misconduct Prevention

The Misconduct Prevention Unit progresses the Commission's objective of increasing public sector capacity to prevent and respond to misconduct risks. It does this through education, advice and support. The unit is also responsible for our communications and media portfolio.

### Corporate Services

The Corporate Services Unit oversees the management and continuous improvement of the Commission's business practices. This includes managing our budget, financial reporting, information, records, office facilities, and providing secretariat support to the Executive.

## Relationship with Parliament

The Commission operates independently of Government. It does not receive direction from any Minister or other public authority. Under the Act, the Commission is accountable to the Parliament of Tasmania through the Parliamentary Joint Standing Committee on Integrity (the Joint Committee).

## Joint Standing Committee on Integrity

The Joint Committee is established pursuant to section 23(1) of the Act. Its role involves monitoring, reviewing and reporting upon the functions, and matters relevant to the performance, of integrity entities in Tasmania, including the Commission.

The Joint Committee consists of 6 members of Parliament, 3 each from the Legislative Council and House of Assembly. As at 30 June 2022 the membership of the Joint Committee was:

### Legislative Council

- Hon Rob Valentine MLC, Chair
- Hon Jo Palmer MLC, Deputy Chair
- Hon Rosemary Armitage MLC

### House of Assembly

- Ms Michelle O'Byrne MP
- The Speaker, Hon Mark Shelton MP
- Hon Nic Street MP

The Hon Michael Ferguson MP was a member of the Joint Committee from 1 July 2021 to 20 May 2022, when he resigned from the Committee following his elevation to Deputy Premier. Mr Ferguson was replaced by the Hon Nic Street MP on 24 May 2022.

The Commission met with the Joint Committee twice during the reporting period, in accordance with our inter-agency protocol.

## Office of the Parliamentary Standards Commissioner

The office of the Parliamentary Standards Commissioner is a statutory office established under the Act. The Commissioner operates independently of the Commission and provides advice on conduct, propriety and ethics to members of Parliament and to the Commission.

The Hon Sue Smith AM was appointed Parliamentary Standards Commissioner on 20 September 2021 for a 5-year term. This followed 2 terms in the position by the Hon Michael Tate AO.

## Section 2

# COMPLAINT HANDLING

Complaints are critical to shining a light on public sector misconduct, assisting us to both investigate and prevent misconduct

Making a complaint about misconduct to the Commission helps to ensure that:

- public authorities manage misconduct appropriately
- public money and resources are not misused, and
- misconduct risks are identified so they can be dealt with and prevented.

The Commission received 133 complaints of alleged public sector misconduct in 2021-22. Ten complaints were carried forward from 2020-21. Twelve complaints were under consideration at the end of the reporting period.

Table 2. Complaints received in 2021-22

	2021-22	2020-21	2019-20
Complaints received	<b>133</b>	171	165 <sup>1</sup>

Table 3. Complaints received by organisation sector

	2021-22	2020-21	2019-20
Tasmanian State Service	<b>58</b>	64	53
Tasmania Police	<b>40</b>	55	61
Local Government	<b>21</b>	26	33
Government business enterprise	<b>3</b>	3	1
Statutory authority	<b>1</b>	5	1
State-owned company	<b>3</b>	0	0
Tertiary education provider	<b>4</b>	5	2
Parliament	<b>6</b>	10	5
Other (not in jurisdiction)	<b>5</b>	3	9
<b>Total</b>	<b>141<sup>2</sup></b>	<b>171</b>	<b>165</b>

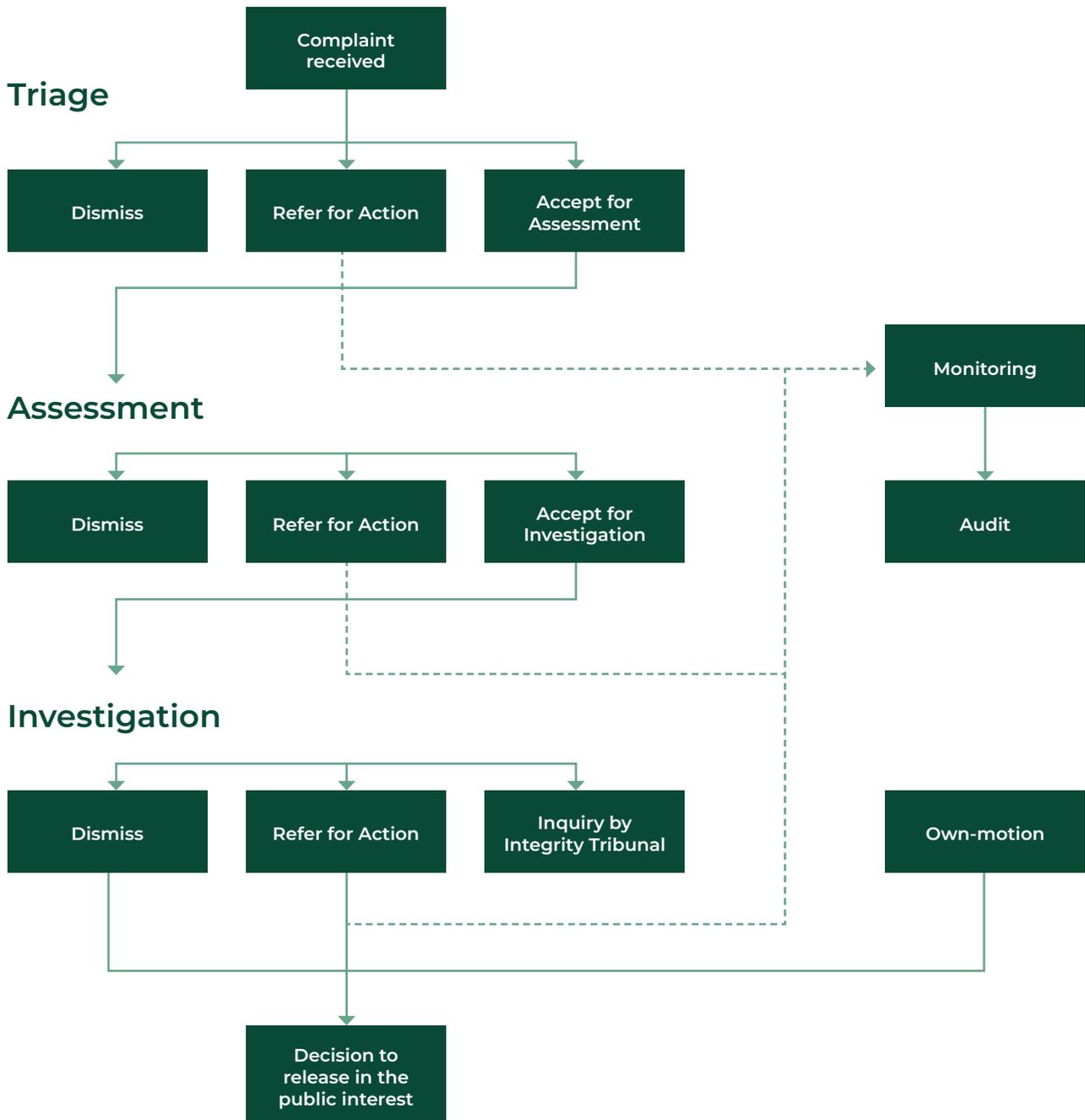
Table 4. Complaints received by complainant details

	2021-22	2020-21	2019-20
Anonymous complainants	<b>28</b>	39	17
Provided on condition of anonymity	<b>73</b>	43	34
Named complainants	<b>32</b>	89	114
<b>Total</b>	<b>133</b>	<b>171</b>	<b>165</b>

1 Thirty-four complaints were made by one individual, all of which were dismissed in accordance with section 35(1)(a) of the Act.

2 An individual complaint may contain allegations against multiple agencies.

Figure 2. Complaint handling flowchart



## Triage

Complaints made to us are carefully considered at the triage stage, the first step in complaint handling. The purpose of triage is to determine what action should be taken. As shown in Figure 2, triage has three main potential outcomes:

- referral for action
- dismissal, or
- acceptance of the complaint for assessment.

**Table 5. Triage outcomes for complaints in 2021–22**

	2021-22	2020-21	2019-20
Dismissed [s 35(1)(a)]	<b>67</b>	126	122
Referred for action [s 35(1)(c)]	<b>38</b>	31	16
Accepted for assessment [s 35(1)(b)]	<b>26</b>	13	27
<b>Total</b>	<b>131</b>	<b>170</b>	<b>165</b>

## Dismissing complaints

We may determine to dismiss a complaint on receipt for a range of reasons, including if it:

- is not in the public interest for us to investigate the complaint<sup>3</sup>
- would be an unjustifiable use of resources to investigate the complaint
- does not relate to our functions
- lacks substance or credibility
- was not made in good faith, or
- is frivolous or vexatious.

We also will not duplicate or interfere with work we consider is being, or has been, undertaken appropriately by another integrity entity or public authority.

We dismissed 67 complaints following triage during 2021–22, consistent with the reasons outlined above.

## Referring complaints for action

Referring complaints for action is an important element of our complaint handling function, as prescribed by the Act. The Commission may refer complaints following triage based on possible misconduct or where a public authority may need to consider relevant policies and procedures. We may also recommend that the matter be investigated.

Depending on the nature of the allegations, we may refer complaints for action to:

- an appropriate integrity entity, including a parliamentary integrity entity
- the Commissioner of Police, or
- any other relevant public authority or person.

The Commission referred 38 complaints for action during 2021–22 following triage, not including those referred following assessment or investigation.

<sup>3</sup> Section 36(2) of the Act prescribes factors for making such a determination.

## Referring matters under section 8 of the Act

Under section 8 of the Act, the Commission may refer potential breaches of the law to the Commissioner of Police or the Director of Public Prosecutions (DPP). We made 2 referrals under this section in 2021–22. One referral was to police, about potential breaches of our Act by persons involved in one of our investigations. As at 30 June 2022, the police investigation into this referral was ongoing.

The second referral related to evidence of potential offences committed by a public officer, found in a search of a private premises as part of a Commission own-motion investigation. At 30 June 2022, the prosecution of the matter was ongoing.

## Process after referral

After we refer a complaint to a public authority, the management of the complaint is oversighted by our Compliance Team. More information about this process is in Section 4 Oversight and Compliance (below).

## Public interest disclosures

One complaint was assessed as a protected disclosure under the *Public Interest Disclosures Act 2002* (PID Act) in 2021–22. We chose to deal with this matter under the *Integrity Commission Act*, in accordance with section 29A(a) of the *PID Act*.

Ombudsman Tasmania, as the authority responsible for administering the *PID Act*, did not refer any public interest disclosures to the Commission during the reporting period.

**Table 6. Complaints that were deemed public interest disclosures**

	2021-22	2020-21	2019-20
Complaints assessed as protected disclosures	1	2	1
Protected disclosure referrals received	0	0	0

## Section 3

# INVESTIGATING MISCONDUCT

We investigate public sector misconduct to enhance public confidence that misconduct by public officers will be appropriately dealt with, both by the Commission and by public authorities

In accordance with the Act, and consistent with the findings of the *Independent Review of the Integrity Commission Act 2009*,<sup>4</sup> the Commission continued to focus its investigative resources on allegations of serious misconduct<sup>5</sup> and matters involving designated public officers.<sup>6</sup>

During the reporting period, the Commission concluded 17 assessments and 3 investigations. The Board released 1 public report in relation to an investigation completed in 2020–21.

Summaries of assessments and investigations concluded during 2021–22 are provided in **Appendix A**. These summaries, along with status updates for current misconduct matters, are published at [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au).

## Assessments

Assessments are an important step in the Commission's investigative process. An assessment is a preliminary inquiry. It enables us to decide whether a complaint warrants investigation and, if so, whether the Commission is the best agency to undertake the investigation.

We aim to complete assessments within 40 working days. The median duration of assessments in 2021–22 was 42 working days.

**Table 7. Number of assessments undertaken and concluded**

	2021-22	2020-21	2019-20
Commenced	<b>20</b>	13	27
Concluded	<b>17</b>	15	28
Duration (median, working days)	<b>42</b>	36	21

<sup>4</sup> The review was concluded in 2016 by the Hon William Cox, AC ED QC. The final review report is available at [www.integrityactreview.tas.gov.au](http://www.integrityactreview.tas.gov.au).

<sup>5</sup> Under the Act, 'serious misconduct' means misconduct that could be a crime or an offence of a serious nature, or misconduct providing reasonable grounds for terminating a public officer's appointment.

<sup>6</sup> 'Designated public officer' (DPO) is a term prescribed in section 5 of the Act. DPOs include Members of Parliament, elected members of a council, the principal officer of a public authority, statutory officeholders, commissioned police officers and senior executive officers.

## Assessment outcomes

Of the 17 assessments concluded during 2021–22, we dismissed 8, referred 3 to the relevant public authority for action, and accepted 6 for investigation.

**Table 8. Concluded assessment outcomes**

	2021-22	2020-21	2019-20
Dismissed [s 38(1)(a)]	<b>8</b>	13	23
Referred [ss 38(1)(b)–(f)]	<b>3</b>	1	2
Accepted for Investigation [s 38(1)(g)]	<b>6</b>	1	3
<b>Total</b>	<b>17</b>	<b>15</b>	<b>28</b>

## Investigations

Investigations are conducted for the most serious misconduct allegations received by the Commission. The Act establishes our investigative processes, powers and priorities.

We aim to conduct investigations efficiently while maintaining a high quality of work. Misconduct investigations vary in complexity, and complex matters or those with multiple witnesses can absorb the Commission’s resources. We take great care to ensure procedural fairness obligations are met, and this can greatly lengthen the investigative process.

For example, one investigation concluded in 2021-22 involved the drafting of 5 separate investigation reports. There was a report about each of the four respondents, and one that was about organisational and systemic issues. Our handling of this complaint has been ongoing since 2018 and continued as at 30 June 2022, with the Board determining to undertake an inquiry.

Owing to the length of this investigation, the median duration of investigations concluded in 2021–22 was higher than previous years, at 392 working days.

**Table 9. Complaint investigations commenced and concluded**

	2021-22	2020-21	2019-20
Commenced	<b>6</b>	1	4
Concluded	<b>2</b>	2	3

**Table 10. Own-motion investigations commenced and concluded**

	2021-22	2020-21	2019-20
Commenced	<b>0</b>	1	2
Concluded	<b>1</b>	1 <sup>7</sup>	2

<sup>7</sup> A final determination under section 58 of the Act was not made on this own-motion investigation. The Board revoked its original decision to conduct the investigation, resulting in the matter being concluded but no final determination being possible.

## Investigation outcomes

The Board determines the outcomes of investigations undertaken by the Commission, informed by recommendations from the CEO. In accordance with section 58 of the Act, the Board may decide to:

- dismiss a matter
- refer the investigation report for action, along with any recommendations
- require that the matter be further investigated
- recommend that the Premier establish a commission of inquiry, or
- undertake an inquiry by Integrity Tribunal.

Of the 3 investigations concluded in 2021–22, the Board referred 2 for action. One investigation was accepted into inquiry by an Integrity Tribunal.

An inquiry by an Integrity Tribunal is conducted in accordance with Part 7 of the Act and is convened by the Chief Commissioner. This is the first inquiry that the Board has determined to undertake.

The investigations are summarised in **Appendix A**.

**Table 11. Concluded investigation outcomes**

	2021-22	2020-21	2019-20
Dismissed [s 58(2)(a)]	0	0	2
Referred for action [s 58(2)(b)]	2	2	3
Commission of Inquiry [s 58(2)(c)]	0	0	0
Inquiry by Integrity Tribunal [s 58(2)(e)]	1	0	0
No determination	0	1	0
<b>Total</b>	<b>3</b>	<b>3</b>	<b>5</b>

## Investigative powers

Our investigative powers are set out in the Act. These powers enable our investigators to take specific action to advance and maintain the integrity of investigations. This usually involves serving notices requiring persons to attend to give evidence, and to produce documents or written information. Generally, our investigators conduct their work with as little formality and technicality as possible.

**Table 12. Use of investigative powers**

	2021-22	2020-21	2019-20
Authorisation of external officers [s 21]	1	1	1
Coercive notices [s 47]	34	62	42
Power to enter premises [s 50]	1	0	0
Search warrants [s 51]	1	0	0
Surveillance device warrants [s 53]	0	0	0
<b>Total</b>	<b>37</b>	<b>63</b>	<b>43</b>

## Applications for warrants

The Commission, in the same manner as a law enforcement agency, can apply for warrants under the *Police Powers (Surveillance Devices) Act 2006* (Tas) and the *Search Warrants Act 1997* (Tas).

We made one application for a search warrant for a private premises during the reporting period. We did not make any applications for a surveillance device warrant in 2021-22.

## Inspection of registers

We continued to maintain records obtained under the *Police Powers (Surveillance Devices) Act 2006*, in accordance with the requirements of that Act.

No inspections were undertaken during the reporting period.

## Public investigation reports

After determining the outcome of an investigation, the Board considers whether a report should be tabled in Parliament under section 11(3) of the Act. In making this decision, the Board considers the personal welfare, privacy and reputational concerns of the individuals involved, and whether those concerns outweigh the public interest in publishing the matter, including any potential educative or preventative value. In 2021-22, the Board reviewed the criteria for when it might table an investigation report.

The Board released one investigation report in the public interest, arising from a matter finalised in 2020-21. We also tabled one report about an audit of a class of police complaints. A further 5 reports were tabled relating to research on misconduct risk areas.

Copies of all public reports are available at [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au).

Table 13. Public reports released in 2021–22

	2021-22	2020-21	2019-20
Public reports	2	1	2

## Research

We continued our work commenced in 2020-21 on the routine identification and assessment of misconduct risks to inform research projects and own-motion investigations. This has led to several research projects, including our [review of the lobbyist system in Tasmania](#).

Other operational research has included a series of research papers on [ethical conduct and potential misconduct risks in Tasmanian parliamentary elections](#). We identified the risks discussed in these papers through various means, including:

- complaints
- assessments and investigations completed by us and other integrity entities
- research into open source information, including information from other jurisdictions, and
- communications to the Commission.

The first paper was about Tasmania's *Electoral Act* offences and campaign conduct, and the second was about grant commitments in election campaigns. We intend to release at least 1 more paper in the series.

We have also enhanced our companion research into misconduct risks identified in live investigations. As of 30 June 2022, we were in the process of finalising 2 such reports that will assist our investigations. It is intended that this research will be publicly released.

## Interagency liaison

In performing our complaint handling and investigation functions, we undertake regular liaison with other integrity, legal and regulatory entities. We do this to ensure our decisions are efficient, effective and informed.

For this purpose, we maintained close contact with other relevant integrity and enforcement entities including:

- Local Government Division, Department of Premier and Cabinet
- Office of the Director of Public Prosecutions
- Ombudsman Tasmania
- Tasmania Police, and
- Tasmanian Audit Office.

## Section 4

# OVERSIGHT AND COMPLIANCE

We oversee the management of misconduct in the public sector to enhance the ability of public authorities to effectively deal with misconduct

We enhance public confidence that misconduct by public officers will be appropriately investigated and dealt with both by dealing with misconduct ourselves, and by overseeing how it is managed by public authorities.

In 2021-22, after the receipt of some additional funds, we were able to start building a more rigorous Oversight and Compliance framework. We are working to establish and embed an Oversight and Compliance Program that builds capacity in the public sector. This is multi-faceted work, involving monitoring and engagement, audits and reviews, and research.

## Referrals

In 2021-22, we revisited and redesigned the way in which we monitor complaints that we refer to public authorities. This involves engaging with the public authority at the referral point and following-up at 6-monthly intervals. When we receive the outcome, we assess whether it is adequate and decide whether we need to take further action. The most common further action we take is to audit the public authority's action. We have improved our engagement with public authorities by providing individual feedback about their handling of matters in the majority of cases.

## Notifications

Public authorities are encouraged to notify the Commission when they receive allegations of serious misconduct or undertake internal misconduct investigations.

Different to misconduct complaints, notifications are an essential part of our ongoing research into misconduct management. They provide valuable insight into emerging misconduct trends and risks, as well as the capacity of public authorities to manage misconduct allegations.

The Commission received 72 notifications from public authorities during 2021-22. Of these, 19 were received from Tasmania Police on the basis of the Letter of Understanding between Police and the Commission. The remainder were all received from public authorities in the Tasmanian State Service.

After receiving an initial notification, we monitor the outcome in the same way we monitor referrals.

Table 14. Notifications received about misconduct matters

	2021-22	2020-21	2019-20
Notifications	<b>72</b>	69	54
(Tasmania Police)	<b>(19)</b>	(26)	(31)

## Audits

We may decide to audit matters that we refer for action, or matters notified to us by public authorities. Two audits were initiated in 2021–22, both relating to Tasmania Police; only 1 of these was completed in the reporting period.

We also audited 30 Tasmania Police files as part of our review of the 'Abacus' conduct and complaint management policy (refer Section 5, below).

Table 15. Misconduct audits concluded

	2021-22	2020-21	2019-20
Audits concluded	<b>31</b>	1	2
(Tasmania Police)	<b>(30)</b>	(0)	(2)

## Review of Parliamentary Disclosure of Interests Register

Part of our oversight and compliance function is to monitor various registers. This includes our legislated function to monitor the Parliamentary Disclosure of Interests Register under the *Parliamentary (Disclosure of Interests) Act 1996*.

In 2021–22, we conducted a [review of the register](#) that included both research and an audit of a random sample of disclosures. The results of the review will be released in 2022–23.



## Section 5

# POLICE OVERSIGHT PROGRAM

We have a specific function to oversight the management of misconduct by the Commissioner of Police

In addition to our broader oversight function, we have a specific Tasmania Police Oversight Program. Tasmania Police performs a crucial role in our society and our State.

To be effective, police officers exercise significant powers, including the ability to legally use force, detain, search, arrest, enter premises, and seize property. As such, the community place great trust in police and expect that they will act with impartiality and accountability, and in accordance with the law. For these reasons, the Commission's role overseeing police is particularly important.

During 2021–22, the Tasmania Police Oversight Program involved:

- engaging with police, especially Professional Standards Command
- finalising a review of the Abacus Conduct and Complaint Management policy, which involved an audit of classes of police complaints (30 audits in total)
- monitoring referred and notified complaints, and
- auditing 1 complaint managed by Tasmania Police.

The Commission can undertake investigations into police misconduct without receiving a complaint or notification. These are known as 'own-motion' investigations. We did not conduct any own-motion investigations into Tasmania Police during the reporting period.

It is our intention to redesign our Police Oversight Program in 2022-23.

## Engagement

We continue to engage on a regular basis with Professional Standards Command in Tasmania Police.

We continued with the delivery of onsite training and education to the Police recruit programs. These sessions are an important tool in educating police not only in preventing misconduct, but also in detection of misconduct, and their reporting obligations. Statistics on the number of sessions and participants are provided at section 6 of this report.

## Review of the Abacus conduct and complaint management policy

Tasmania Police introduced the Abacus Conduct and Complaint Management policy ('Abacus') in 2018, following a joint review of the previous policy by the Commission and Tasmania Police.

In 2021, we finalised a review of Abacus, focusing on how the policy is working in practice. The review involved an audit of 30 matters involving a cross-section of complaint files with varying levels of seriousness. The report concluded that we consider Abacus to be perhaps the most advanced police conduct management system in Australia. The [report on the review](#) was tabled in Parliament in November 2021.

We engaged with both Tasmania Police and the Police Association of Tasmania as part of this review.

## Monitoring referred and notified complaints

We monitored complaints that we had referred to Tasmania Police to manage, as well as complaints notified to us by police under our joint Letter of Understanding (LOU). Under the LOU, Police notify the Commission of all allegations of serious misconduct, and all allegations against designated public officers (officers of the rank inspector and above).

The Commission received 19 notifications from Tasmania Police under the LoU in 2021–22.

## Audits of individual files

Under the Act we have the power to undertake audits of the way the Police Commissioner has dealt with complaints of police misconduct. As well as audits of a class of police complaints, we also undertake individual audits of police complaints.

In 2021–22, we initiated 2 audits of police complaint files. One audit, involving alleged excessive use of force, is complete. Overall, we found that actions of police in handling this matter to be adequate. The second audit was not complete at 30 June 2022.

The Commission also completed an audit of 30 police files as part of its review of Abacus.

## Section 6

# INVESTING IN PREVENTION AND EDUCATION

Through education, support and advice, we work with public authorities to build integrity and prevent misconduct

The Commission received funding in the 2021-22 budget to enhance its research, education, technological, and communications functions to build a sustainable program for misconduct prevention in the Tasmanian public sector. We are now 9 months into the 2021-2024 Misconduct Prevention program, which is progressing in two streams:

### *i) Education, engagement and training*

Our education, engagement, and training team provides strategic engagement and planning of education and training activities across the public sector. The team has developed graduated and tailored training for different sectors, organisations and particular roles. We recruited specialist educators and casual trainers to implement this work.

### *ii) Research, evaluation and communications*

Our research, evaluation, and communications team has been conducting original research with public sector Heads of Agencies and employees, and the community, to identify misconduct risks, gaps and opportunities within the context of ethical culture.



## Prevention highlights

We collected insights from Heads of Agencies regarding their organisations' policies, procedures, training and overall integrity culture. The *Ethics and Integrity Snapshot* was sent to all organisations in our jurisdiction, and results are informing our education and understanding of misconduct risk and existing strengths. Public reports will be prepared for the latter half of 2022.

During 2021–22, we undertook a consultation process to seek community and stakeholder views on whether the Tasmanian lobbying framework required reform. We hope to have recommendations for reform in late 2022.

Using multiple sources of data from our *Ethics and Integrity Snapshot*, media monitoring and complaints data, we formulated a local government engagement strategy. The aim is to reach out to all Councils in the next 18 months, with several Councils already participating in the program. This program will be run for Council staff, alongside a complementary program for local government elected representatives delivered in collaboration with the Local Government Association of Tasmania and the Local Government Division of the Department of Premier and Cabinet.

We embarked on an engagement program for Members of Parliament, beginning with discussions with party leaders and independent members from the House of Assembly and Legislative Council about the role, functions, and powers of the Commission. The second phase of this program will be workshops and facilitated discussions with Members and their staff.

The *Integrity in Public Service* online module, developed through consultation with public sector reference groups, continued to roll out to organisations across the State. An additional *Uniformed Services* version of the module, containing tailored content for Tasmania Prison Service, Ambulance Tasmania, State Emergency Service and the Tasmania Fire Service was prepared and delivered to those organisations.

Our face-to-face and remote training continues to be well-received, with participants providing positive evaluations across trainings and sectors. We continue to implement our Uniformed Services program, with training for all recruits, and increasingly, senior staff, at Tasmania Police and Tasmania Prison Service.

We meet quarterly with the Interstate Corruption Prevention Network with integrity bodies in other jurisdictions to keep abreast of national developments in integrity risk and misconduct prevention. The Commission is also a partner of the Australian Public Sector Anti-Corruption Conference.

## Education and training

Our education and training activities focus on building integrity capacity and misconduct resilience for individuals and organisations at every level. This equips public officers with the skills, knowledge and practical tools to deal with misconduct as part of their core business.

### Training delivery

We delivered 42 face-to-face and remote workshops and presentations during 2021–22, reaching 526 public officers from 22 public authorities across the State. Our online training module reached an additional 620 public officers, for an annual total of 1146 participants engaged in Misconduct Prevention training.

Table 16. Training delivery

	2021-22	2020-21	2019-20
Total sessions	42	35	67 <sup>8</sup>
Total public authorities	22	12	33
Total attendees (training workshops)	526	633	959
Total attendees (online module)	620	-	-
<b>Total</b>	<b>1146</b>	<b>633</b>	<b>959</b>

Table 17. Training delivery by region (sessions)

	2021-22	2020-21	2019-20
South	29	24	32
North	12	9	23
North-West	1	2	12
<b>Total</b>	<b>42</b>	<b>35</b>	<b>67</b>

Table 18. Training delivery by sector (participants)

	2021-22	2020-21	2019-20
Tasmanian State Service	268	307	324
Tasmania Police	55	97	46
Local Government	117	130	551
Government Businesses	15	14	37
Tertiary Education Provider	50	-	10
Parliament	11	-	-
Whole jurisdiction	-	64	-
Other (outside jurisdiction)	10	21	-
Training via online module	620	-	-
<b>Total</b>	<b>1146</b>	<b>633</b>	<b>959</b>

<sup>8</sup> Thirty-three training sessions were cancelled due to restrictions imposed by COVID-19.

**We provided:**

- consultation sessions to 13 organisations, in which we probe the organisation's needs, context, risk areas and organisational strengths for the purpose of building a trusting relationship with the organisation and organiser.
- training proposals to 12 organisations, providing an agreed plan for an education and training program with the Commission, or multiple options for consideration, aimed at entering into a more formal, longer-term relationship with the organisation.
- debriefing reports to 3 organisations, which summarise the training experience and participant feedback, provide recommendations for next steps internally based on our experience of working with the organisation i.e. capacity building, and flag when the organisation will hear from us again.

**We designed:**

- a revised training program for police recruits, which invites participants to think critically about ethical conduct in situations specific to their role; and
- a new tailored training module for outdoor council workers, designed to be delivered anywhere, without the use of technology.

## ***Integrity in Public Service* online training**

In August 2021 we launched our new online training program, *Integrity in Public Service*, with 620 participants from 16 organisations having completed the module, and another 1179 enrolled and yet to complete. The module covers core topics such as *Pride in Public Service*, *Role of the Integrity Commission*, *Good Decision-making* and *Misconduct Risks*.

The *Integrity in Public Service* online module will be promoted and offered to organisations as an introduction to the core concepts of integrity in public service. Following completion of the module, organisations can then work with us to build on this knowledge through face-to-face and remote tailored training.

## **Research and Communications**

We continued to monitor established and emerging misconduct risks, both locally and nationally, to inform the provision of high-level advice to public authorities and to develop misconduct prevention resources.

## Ethics and Integrity Snapshot

The *Ethics and Integrity Snapshot* tool was designed using original research, a review of similar tools across the national and international field, and cross-Commission input. It consisted of 119 questions and assessed organisational integrity systems, processes, and culture. Seventy-two organisations were invited to participate in three phases.

This resulted in a total of 55 responses from 72 eligible organisations (77.5% response rate). A breakdown of responses by sector is below.

**Table 19. Ethics and Integrity Snapshot responses by sector**

Sector	Received	Not responded
Executive Government	1	1
Government Business Enterprise	6	0
Higher Education	0	1
Local Government	22	7
State Service	9	1
State-owned Company	6	2
Statutory Authority	4	0
Vocational Education	1	0
Other	4	1
Boards	2	2
Commissions	0	1
<b>Total</b>	<b>55</b>	<b>17</b>

We have used the *Snapshot* data to provide an overview of the local government sector, and have begun analysis of State Service Agencies. Organisations will receive feedback in the form of their individual results being compared to the rest of their sector (for example, a Council will receive direct feedback compared to the local government sector), and in comparison to the public sector overall.

We also receive information from public sector employees who participate in our online module. It includes a number of voluntary research questions that align with those asked in the *Ethics and Integrity Snapshot*, but instead of Heads of Agencies it is staff who provide their views. Data from Heads of Agencies and staff can be compared to highlight discrepancies or alignment in perceptions.

Combined with analysis of data from complaints, assessments, and investigations, we have triangulated information about integrity and misconduct in the public sector to inform our education and training, and contribute to our understanding of key risk areas.

## Lobbying framework

As of 1 July 2022, the Commission will have administrative oversight of the Tasmanian Lobbyist Register and Code of Conduct, previously administered by the Department of Premier and Cabinet.

In preparation for this, during 2021–22, our research and evaluation team prepared a research report reviewing good practice in lobbying regulation, comparing Tasmania with other Australian and international lobbying oversight systems. This resulted in a consultation paper summarising key issues, which was then used to promote a consultation process with key stakeholders and the Tasmanian community more broadly.

We received 28 submissions. This was a higher response than anticipated, with NSW receiving 53 submissions for their comparable lobbying consultation with a population 15 times greater than Tasmania. The submissions will be reviewed and it is hoped to have recommendations for reform in late 2022.

## Communications

Increasingly we are employing communications strategies to promote the work we do and inform public understanding and debate. The release of the second of our reports into [Ethical conduct and potential misconduct risks in Tasmanian parliamentary elections](#) (Project Acropolis) is a prime example of this.

There was a wide media response to the paper, with coverage from ABC Hobart, ABC TV, the Mercury, The Examiner, The Advocate, Tasmania Talks, Tasmania Times, The Australian and a syndicated Australian Associated Press story that ran in dozens of outlets in the first 24 hours of coverage. Multiple Members of Parliament made public comments on the report. Follow-up reporting by ABC included leaked documents showing pre-election grant agreements, indicating that media attention surrounding the release of the report produced further investigative work by journalists.

Our communications team prepares an events-based newsletter, *Integrity Matters*, for distribution to our mailing list, covering special topics and news from the Commission.

Finally, we contribute to state-level reviews and inquiries. In 2021-22 this included the *Ministerial and Parliamentary Services Review* the *Local Government Reform Review*, and our 3 submissions to the *Commission of Inquiry into the Tasmanian Government's responses to child sexual abuse in institutional settings*.

## Section 7

# CAPABILITY AND RESOURCES

We are committed to fostering a supportive, values-driven workplace and developing an effective, skilled and resilient workforce

## Coronavirus (COVID-19) pandemic: Response

The Commission's Incident Management team continued to review our COVID-19 Safety Plan in accordance with WorkSafe Tasmania's *COVID-19 Safe Workplace Guidelines – Public Administration* and the changing environment and public health advice. A risk assessment was undertaken in November 2021 prior to the opening of Tasmanian borders on 15 December 2021. As part of risk mitigation staff continued to limit face-to-face meetings and interviews where possible using technologies such as Teams meetings.

Throughout 2021–22, we established or extended working from home agreements for 9 staff, to enhance employee flexibility and satisfaction.



## Workforce

At 30 June 2022, we employed 19.2 full-time equivalent officers, including the Chief Commissioner and Chief Executive Officer.<sup>9</sup> We also maintain a register of 5 casual transcription typists and 4 casual educators and facilitators.

The Commission also funds the role of the Parliamentary Standards Commissioner.

The Commission is an agency for the purposes of the *State Service Act 2000* (Tas). Our employees are required to comply with the State Service Code of Conduct and principles, and receive training accordingly.<sup>10</sup>

## Diversity and Inclusion

Diversity and inclusion are important areas of focus for our staff. A working group was established in 2021 to develop our framework, following on with excellent work undertaken by the Department of Justice.

Our office endorsed the following statement to show what diversity and inclusion mean to the Commission:

*A work environment where everyone feels safe, equal, and valued.*

We have also embedded the following statement in support of diversity and inclusion within our recruitment documentation and statements of duties:

*We recognise the strengths that diversity brings to our workplace as well as to the Tasmanian community. We seek to make our workplace accessible for all people, and particularly encourage Indigenous Australians, people with disability, people from diverse cultural and linguistic backgrounds, mature age workers, and lesbian, gay, bisexual, transgender and intersex (LGBTIQ+) people to consider a future with us.*

The staff of the Commission are committed to a diverse and inclusive work environment and will continue to look for opportunities to foster diversity and inclusion.

## Performance and development

All staff participate in an annual performance appraisal and development cycle. The cycle commences with a review of performance for the previous year, and discussion and setting of priorities for the following 12 months under the respective Unit Operational Plan. An interim review occurs at 6 months to monitor progress and adjust the work plan as required.

The process, adapted from the Department of Justice performance management system, aligns individual performance with our strategic and operational plans, and identifies relevant training and development opportunities.

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<sup>9</sup> Refer to the organisation chart on page 11

<sup>10</sup> The *State Service Act 2000* does not apply to the Chief Commissioner, the Board or the Parliamentary Standards Commissioner.

## Training and participation

Our annual whole-of-office training plan ensures that our staff are aware of their obligations as State Service employees and maintain contemporary skills and knowledge in relevant areas, from workplace health and safety to managing unconscious bias.

In addition to mandatory training, employees undertook 43 training and development activities in 2021–22, including participation in the following industry conferences and forums:

- National Anti-Corruption Integrity Agency Network Conference
- 2021 Women and Leadership Australia Symposium
- LGBTIQ+ workshops
- Tasmanian State Service Aboriginal cultural respect sessions

## Workplace health and safety

We adopted the Department of Justice Work Health and Safety Management System framework in 2016 to meet requirements of the *Australian Standard AS/NZ 4801 Work Health and Safety Management Systems*.

Our Work, Health and Safety Plan, inclusive of our Coronavirus Pandemic Response and Safety plan, establishes our priorities and key performance indicators.

Over the reporting period, we had one WHS incident report. The report was adequately resolved. There was one claim for workers compensation.

**Table 20. Work health and safety incident reports received**

	2021-22	2020-21	2019-20
Incident reports	1	4	1

**Table 21. Workers compensation claims received**

	2021-22	2020-21	2019-20
Workers compensation claims	1	0	0

## Employment policies and practices

The Commission adopts Department of Justice policies and procedures for the purposes of *State Service Regulations 2021* (SSR) 9(b)(i).

## Security vetting

In addition to provisions of the Act and the *State Service Act 2000*, relevant Commission employees are required to hold a baseline security clearance, administered by the Australian Government Security Vetting Agency (AGSVA).

Authorised persons and contractors of less than 3 months undergo a Short-term access security clearance process, also administered by AGSVA.

## Communications

We use a range of methods to inform the public sector, including media releases, online resources and a newsletter, *Integrity Matters*.

Nine media releases were issued in 2021–22:

- one in association with the tabling of an investigation report ([Investigation Tyndall](#))
- one in association with the 2021–22 Annual Report
- one in response to public debate surrounding the functions, powers, and jurisdiction of the Commission
- two relating to reviews of compliance measures, and
- four relating to the Commission's research.

The Commission relaunched the *Integrity Matters* newsletter following a hiatus. One edition was published in 2021–22, with further editions to be released in conjunction with key events and activities at the Commission.

## Publications

The Commission released 7 publications in 2021–22. All publications are available at [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au) and are catalogued in the Tasmanian Parliamentary Library, State Library of Tasmania, and National Library of Australia.

**Table 22. Register of publications released in 2021–22**

Title	Date	Location	ISSN
<i>Report 1 of 2021: Summary of an investigation into allegations of misconduct by the Work Health and Safety Regulator, Government Ministers and ministerial staff</i>	24 August 2021	Online Parliament	Yes
<i>Ethical Conduct and Potential Misconduct Risks in Tasmanian Parliamentary Elections Research Series</i> <i>Paper 1: Tasmania's Electoral Act Offences and Campaign Conduct</i>	25 October 2021	Online Parliament	No
<i>Integrity Commission Annual Report 2020–21</i>	28 October 2021	Online Parliament	Yes
<i>Report 2 of 2021: A review of Tasmania Police's new conduct and complaint management policy, Abacus</i>	25 November 2021	Online Parliament	Yes
<i>Ethical Conduct and Potential Misconduct Risks in Tasmanian Parliamentary Elections Research Series</i> <i>Paper 2: Grant Commitments in Election Campaigns</i>	26 April 2022	Online	Yes
<i>Consultation Paper: Have your say – Reforming Oversight of Lobbying in Tasmania</i>	18 May 2022	Online	Yes
<i>Research Report: Reforming Lobbying Oversight of Lobbying in Tasmania</i>	18 May 2022	Online	Yes

## Information management and technology

We continued to enhance our information management and technology capabilities during 2021–22, with an upgrade to our digital content management system.

We have implemented project management software to track organisational enrolments and engagement with the Integrity in Public Service online course.

Additional software has been introduced to increase the level of security for complaints and notifications submitted through our website.

## Budget

We operated with a budget of \$3.23 million during 2021–22. We continued to monitor our budget carefully, ensuring the most appropriate and efficient use of resources.

In 2021, we submitted a budget request and subsequently received additional funding of \$622,000 p.a. over three years. This provided for an additional 5 full time equivalent staff, in a mix of permanent and fixed-term positions, reducing to 3 full time equivalent staff in 2024.

The budget submission detailed the need for an additional 4 roles (a total of 3.5 full time equivalent) to support the Misconduct Prevention Unit and 2 further roles (total 1.5 full time equivalent) to support both the Misconduct Prevention and Operations Unit in communications and compliance, business systems reviews, casual educators, and additional software to streamline business processes across the Commission.

At the end of the reporting period, the Commission had a budget surplus of ~ \$315,000. Approximately half of the savings arose from an inability to fill the funded positions until later in the year. The contracts will extend into 2024–25, where the savings from 2021–22 will be applied.

The remainder of the savings arose from filling vacant positions that arose from time to time in our Operations and Misconduct Prevention units. Savings also accrued in non-salary expenditure, including a reduction in travel arising from reduced delivery of face-to-face training, less expenditure on consultants, and reduced costs for training and development of our staff. The Treasurer has given approval for \$170,000 to be rolled forward to 2022–23. The rolled over funds will be used for:

- Additional research support for the Operations and Misconduct Prevention Units
- Additional administrative resources to support increases in staff in the other business units, and
- Funding towards internal system upgrades, including the case management system.

Detailed statements providing our financial obligations, performance and position is provided in Section 8 of this report.

## Compliance

Table 22 sets out our legislative reporting requirements and refers to sections of this report where the relevant information is available.

The index complies with the annual reporting disclosure requirements of the:

- *Financial Management and Audit Act 1990 (FMAA)*
- *Public Sector Superannuation Reform Act 2016 (PSSRA)*
- *Public Interest Disclosures Act 2002 (PIDA)*
- *Right to Information Act 2009 (RTIA)*
- *State Service Regulations 2021 (SSR)*, and
- various Treasurer's Instructions (TI).

**Table 23. Index of compliance responsibilities**

Requirement	Legislation	Section
Appeals process	<i>SSR</i> reg 9(c)(iii)	7
Auditor-General's Report on financial statements	<i>FMAA</i> s 27(1)(c)	8
Community awareness, services and publications	<i>SSR</i> reg 9(c)(i)	1-8
Contact officers and points of public access	<i>SSR</i> reg 9(c)(ii)	Inside covers, 3-7
Contracts and procurement	TI FR-4	7
Financial statements	<i>FMAA</i> s 27(1)(c)	8
Head of Agency certification	TI 205 cl (1)	8
Major initiatives	<i>SSR</i> reg 9(a)(v)	1-8
Occupational health and safety strategies	<i>SSR</i> reg 9(b)(ii)	7
Organisation chart	<i>SSR</i> reg 9(a)(ii)	1
Organisation structure	<i>SSR</i> reg 9(a)(iii)	1
Overview of strategic plan	<i>SSR</i> reg 9(a)(i)	1
Processes established to ensure employee participation in industrial relations matters and any disputes affecting the Agency	<i>SSR</i> reg 9(b)(i)	7
Public interest disclosures	<i>PIDA</i> s 86	2
Right to information	<i>RTIA</i> s 23	7
Superannuation contributions	<i>PSSRA</i> s 13	7
Support for local business	TI 1111 cl (3)(a)–(b); TI 1213 cl (2), (3) (a)–(b)	7

## Internal audit

The Risk and Audit Committee oversees the Commission's governance processes, including the management of information, finances and assets. Its role is to provide independent assurance and risk management advice to the Board and CEO.

The Committee consists of: 2 external members, one of whom is the chairperson, and the other with expertise in information security; a Board member (Phil Foulston); and the Commission's CEO. The Director, Corporate Services, provides administrative support to the committee.

During the year, the Committee determined to test the market for internal audit services following the existing auditor (WLF Accounting and Advisory) having advised the Committee for several years. Following a request for quote process, Crowe Audit Australia was appointed as auditor for 36 months, with an option to extend for a further 12 months..

## Gifts, benefits and hospitality

The Commission declared one token gift during 2021–22. The declaration was recorded on our Gifts and Benefits Register, and published on our website.

## Right to information

The *Right to Information Act 2009* (Tas) (RtI Act) allows individuals to apply for information from public authorities. In accordance with section 6(1) of the *RtI Act*, only information that relates to the administration of the Commission is obtainable under that Act.

The Commission received no applications under the *RtI Act* during 2021–22.

## Contracts and procurement

The Commission ensures Tasmanian providers are given every opportunity to compete for its business. Our policy is to support local suppliers whenever they meet our criteria and offer the best value for money.

The Commission undertook a range of contracting activities during 2021–22. However there were no contracts awarded with a value greater than \$50,000.

## Service level agreement: Department of Justice

Our new Service Level Agreement (SLA) with the Department of Justice came into operation on 1 July 2021. Under the SLA, the Department provides human resources, financial and information technology support. Adjusted for CPI, the cost of the SLA in 2021–22 was \$209,000. The cost of the SLA increases in proportion to increases in our establishment.

## Complaints about the Commission

Complaints about the actions of the Commission or its employees may be made to the Parliamentary Joint Standing Committee on Integrity.

The Joint Committee referred 2 complaints about the Commission to us for comment during 2021–22. We provided a summary of our dealings with either complainant, noting that each had submitted a number of complaints to the Commission over recent years. Each complaint had been considered on its merits in accordance with our usual processes, and been dismissed for various reasons, including that the complaint:

- lacked substance
- was outside our jurisdiction
- did not relate to misconduct as defined in the Act, or
- the likely low degree of culpability of the public officer(s) involved.

## Superannuation certificate

I, Michael Easton, Chief Executive Officer of the Integrity Commission, hereby certify that the Integrity Commission has met its obligations under the *Superannuation Guarantee (Administration) Act 1992* (Cth) 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.



Michael Easton  
**Chief Executive Officer**

27 October 2022

# FINANCIAL STATEMENTS

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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 Act 2016* to present fairly the financial transactions for the year ended 30 June 2022 and the financial position as at the end of the year.

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

**Michael Easton**  
Chief Executive Officer

15 August 2022

**Rachael Daniels**  
Director, Corporate Services

15 August 2022



## Statement of Comprehensive Income for the year ended 30 June 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Income from continuing operations</b>				
Revenue from Government				
Appropriation revenue - recurrent	3.1	3 289	2 974	2 569
Other revenue from Government	3.1	120	120	40
Other revenue		-	-	42
<b>Total income from continuing operations</b>		<b>3 409</b>	<b>3 094</b>	<b>2 651</b>
<b>Expenses from continuing operations</b>				
Employee benefits	4.1	2 682	2 278	1 761
Depreciation and amortisation	4.2	202	224	236
Supplies and consumables	4.3	290	378	377
Finance costs	4.4	61	15	(46)
Other expenses	4.5	207	245	204
<b>Total expenses from continuing operations</b>		<b>3 442</b>	<b>3 140</b>	<b>2 532</b>
<b>Net result</b>		<b>(33)</b>	<b>(46)</b>	<b>119</b>
<b>Comprehensive result</b>		<b>(33)</b>	<b>(46)</b>	<b>119</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 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Assets</b>				
<i>Financial assets</i>				
Cash and deposits	8.1	16	68	85
Receivables	5.1	9	16	7
<i>Non-financial assets</i>				
Leasehold improvements and equipment	5.2	-	16	22
Right-of-use assets	5.3	-	611	757
Intangible assets	5.4	12	-	16
Other assets	5.5	667	79	64
<b>Total assets</b>		<b>704</b>	<b>790</b>	<b>951</b>
<b>Liabilities</b>				
Payables	6.1	12	14	11
Lease liabilities	6.2	764	622	772
Employee benefits	6.3	425	358	339
Provisions	6.5	81	95	82
<b>Total liabilities</b>		<b>1 282</b>	<b>1 089</b>	<b>1 204</b>
<b>Net assets</b>		<b>(578)</b>	<b>(299)</b>	<b>(253)</b>
<b>Equity</b>				
Accumulated funds		(578)	(299)	(253)
<b>Total equity</b>		<b>(578)</b>	<b>(299)</b>	<b>(253)</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 2022

	Notes	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
<b>Cash flows from operating activities</b>		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash inflows</b>				
Appropriation receipts - recurrent		3 289	2 974	2 569
Appropriation receipts – other		120	120	40
GST receipts		-	75	79
Other cash receipts		-	-	42
<b>Total cash inflows</b>		<b>3 409</b>	<b>3 169</b>	<b>2 730</b>
<b>Cash outflows</b>				
Employee benefits		(2 651)	(2 256)	(1 792)
GST payments		-	(81)	(78)
Supplies and consumables		(290)	(394)	(389)
Finance costs		(61)	(15)	(18)
Other cash payments		(207)	(246)	(205)
<b>Total cash outflows</b>		<b>(3 209)</b>	<b>(2 992)</b>	<b>(2 482)</b>
<b>Net cash from (used by) operating activities</b>	8.2	<b>200</b>	<b>177</b>	<b>248</b>
<b>Cash flows from financing activities</b>				
<b>Cash outflows</b>				
Repayment of lease liabilities (excluding interest)	8.3	(200)	(194)	(187)
<b>Total cash out flows</b>		<b>(200)</b>	<b>(194)</b>	<b>(187)</b>
<b>Net cash from/ (used by) financing activities</b>		<b>(200)</b>	<b>(194)</b>	<b>(187)</b>
<b>Net increase/(decrease) in cash held and cash equivalents</b>		<b>-</b>	<b>(17)</b>	<b>61</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>16</b>	<b>85</b>	<b>24</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	8.1	<b>16</b>	<b>68</b>	<b>85</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 2022

	Accumulated Funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2021</b>	<b>(253)</b>	<b>(253)</b>
Total comprehensive result	(46)	(46)
Total	<b>(46)</b>	<b>(46)</b>
<b>Balance as at 30 June 2022</b>	<b>(299)</b>	<b>(299)</b>

	Accumulated Funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2020</b>	<b>(372)</b>	<b>(372)</b>
Total comprehensive result	119	119
Total	<b>119</b>	<b>119</b>
<b>Balance as at 30 June 2021</b>	<b>(253)</b>	<b>(253)</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 2022

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## Note 1. Commission Output Schedules

### 1.1 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 2. Explanations of Material Variances between Budget and Actual Outcomes

Budget information refers to original estimates as disclosed in the 2021-22 Budget Papers and is not subject to audit.

Variances are considered material where the variance exceeds the greater of 10 per cent of Budget estimate and \$100,000. Budget information has not been subjected to audit.

### 2.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation revenue – recurrent	(a)	3 289	2 974	(315)	(10)
Employee benefits	(b)	2 682	2 278	404	15

#### Notes to Statement of Comprehensive Income variances

- (a) The variation relates to a declared salary saving of \$145,000. The Commission made a successful budget submission for five additional positions for three years commencing 2021-22. Whilst the funding was for the full financial year, the positions were not filled until late in 2021. The contracts will extend into 2024-25, where the savings from 2021-22 will be applied.
- (b) Due to a timing difference between preparation of the Budget Papers and the Commission's internal original budget, employee benefits are approximately \$230,000 lower than shown in the budget papers. In addition, salary savings resulted from delays in recruitment, refer note 2.1(a).

### 2.2 Statement of Financial Position

Budget estimates for the 2021-22 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2021-22. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2021-22. The following variance analysis therefore includes major movements between the 30 June 2021 and 30 June 2022 actual balances.

	Note	Budget \$ ,000	2022 Actual \$ ,000	2021 Actual \$ ,000	Budget Variance \$ ,000	Actual Variance \$ ,000
Right-of-use assets	(a)	-	611	757	611	(146)
Lease liabilities	(b)	764	622	772	142	150

**Notes to Statement of Financial Position variances**

- (a) The net variance is due to depreciation of the accommodation lease, an increase in the value of the lease due to CPI, as well as an increase in the makegood provision. Refer note 5.3.
- (b) The movement is due to cash repayments for the accommodation lease, net of an increase in the lease liability due to the reassessment of CPI. Refer note 8.3.

**2.3 Statement of Cash Flows**

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Appropriation receipts – recurrent	(a)	3 289	2 974	(315)	(10)
Employee benefits	(b)	2 651	2 256	395	15
Supplies and consumables	(c)	290	394	(104)	(36)

**Notes to Statement of Cash Flows variances**

- (a) The variation relates to a declared salary saving of \$145,000. The Commission made a successful budget submission for five additional positions for three years commencing 2021-22. Whilst the funding was for the full financial year, the positions were not filled until late in 2021. The contracts will extend into 2024-25, where the savings from 2021-22 will be applied.
- (b) Due to a timing difference between preparation of the Budget Papers and the Commission's internal original budget, employee benefits are approximately \$230,000 lower than shown in the budget papers. In addition, salary savings resulted from delays in recruitment, refer note 2.1(a).
- (c) The variation is largely due to human resources and advertising costs associated with recruitment of five new staff, as well as ergonomic equipment for new and existing staff.

## Note 3. Revenue

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.

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15.

### 3.1 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 as they do not contain enforceable and sufficiently specific obligations as defined by AASB 15. Revenue from Government includes revenue from appropriations and appropriations carried forward under section 8A of the *Public Account Act 1986*.

Revenue from Government includes revenue from appropriations, unexpended appropriations rolled over under section 23 of the *Financial Management Act 2016* and Items Reserved by Law.

Section 23 of the Financial Management Act allows for an unexpended appropriation at the end of the financial year, as determined by the Treasurer, to be issued and applied from the Public Account in the following financial year. The amount determined by the Treasurer must not exceed five per cent of an Agency's appropriation for the financial year.

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

	2022 Budget \$'000	2022 Actual \$'000	2021 Actual \$'000
Appropriation revenue - recurrent			
Current year	3 289	2 974	2 569
	<b>3 289</b>	<b>2 974</b>	<b>2 569</b>
Revenue from Government - other			
Appropriation Rollover under section 23 of the <i>Financial Management Act 2016</i> .	120	120	40
	<b>120</b>	<b>120</b>	<b>40</b>
<b>Total revenue from Government</b>	<b>3 409</b>	<b>3 094</b>	<b>2 609</b>

## Note 4. Expenses

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.

### 4.1 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.

#### a) Employee expenses

	2022 \$'000	2021 \$'000
Wages and salaries	1 969	1 575
Superannuation – defined contribution schemes	225	160
Superannuation – defined benefit schemes	12	10
Other employee expenses	72	16
<b>Total</b>	<b>2 278</b>	<b>1 761</b>

Superannuation expenses relating to defined benefits schemes relate to payments into the Public Account. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The current employer contribution is 13.45 per cent (2021: 12.95 per cent) of salary.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation funds at a rate of 10.0 per cent (2021: 9.5 per cent) of salary. In addition, the Commission is also required to pay into the Public Account a “gap” payment equivalent to 3.45 per cent (2021: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

#### b) Remuneration of Key management personnel

2022	Short-term benefits		Long-term benefits		Termination Benefits \$'000	Total \$'000
	Salary \$'000	Other Benefits <sup>1</sup> \$'000	Super-annuation \$'000	Leave Benefits <sup>2</sup>		
<b>Key management personnel</b>						
Greg Melick, Chief Commissioner	140	-	14	-	-	154
Michael Easton, Chief Executive Officer	219	-	29	14	-	262
Luppo Prins, Board Member	16	-	2	-	-	18
Robert Winter, Board Member	16	-	2	-	-	18
Phil Foulston, Board Member	16	-	2	-	-	18
<b>Total</b>	<b>407</b>	<b>-</b>	<b>49</b>	<b>14</b>	<b>-</b>	<b>470</b>

2021	Short-term benefits		Long-term benefits		Termination Benefits \$'000	Total \$'000
	Salary \$'000	Other Benefits <sup>1</sup> \$'000	Super annuation \$'000	Leave Benefits <sup>2</sup>		\$'000
<b>Key management personnel</b>						
Greg Melick, Chief Commissioner	120	-	11	-	-	131
Michael Easton, Chief Executive Officer	193	-	20	1	-	213
Luppo Prins, Board Member	16	-	1	-	-	17
Robert Winter, Board Member	16	-	1	-	-	17
Phil Foulston, Board Member	16	-	1	-	-	17
<b>Total</b>	<b>361</b>	<b>-</b>	<b>34</b>	<b>1</b>	<b>-</b>	<b>396</b>

<sup>1</sup>Other includes car and car parking benefits.

<sup>2</sup>Leave Benefits include movements in long service leave and annual leave.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

#### *Integrity Commission Board and Chief Executive Officer*

The Integrity Commission Board and Chief Executive Officer comprise the key management personnel at the Integrity Commission. The Board is chaired by the Chief Commissioner and has three appointed members.

Details of the Commission'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, 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 allow for the provision of a motor vehicle, superannuation contributions, car parking and reimbursement of reasonable expenses incurred on official business. Contractual arrangements allow for reimbursement for appointed Board members of reasonable expenses incurred on official business.
- The Chief Executive Officer has elected to receive a car allowance in lieu of a motor vehicle and does not use the Commission car park. The Chief Commissioner has waived the right to a motor vehicle throughout his tenure at the Commission.
- The Chief Commissioner's remuneration was lower in 2020-21, with his salary suspended whilst undertaking an independent review of the response to the COVID-19 outbreak in North-West Tasmania.
- Upon retirement, the Chief Executive Officer is paid employee benefit entitlements accrued to the date of retirement. In the event of any redundancy, the Chief Executive Officer is paid in accordance with their instrument of appointment.

### **c) Related Party Transactions**

There are no significant related party transactions requiring disclosure.

## 4.2 Depreciation and Amortisation

All applicable Non-financial 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. The Commission makes a judgement that all of its assets are consumed in an equal pattern over their useful life, and as a result depreciation and amortisation are provided for on a straight line basis, using lives which are reviewed annually.

The depreciable amount of improvements to or on leaseholds is allocated progressively over the estimated useful lives of the improvements or the unexpired period of the lease, whichever is the shorter. The unexpired period of a lease includes any option period where exercise of the option is reasonably certain.

The useful lives of each class of asset are as follows:

### *Key estimate and judgement*

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.

### Right-of-use assets

A right-of-use asset is a lessee's right to use an asset over the life of a lease. The Commission has entered into a leasing arrangement for its premises at 199 Macquarie St for a period of 5 years, to be amortised over the period of the lease. Refer also to notes 5.3 and 11.5(b).

(a) Depreciation	Major depreciation period	2022 \$'000	2021 \$'000
Leasehold improvements – depreciation	14 years	6	5
Right-of-use assets - depreciation		202	207
<b>Total depreciation</b>		<b>208</b>	<b>213</b>

(b) Amortisation	Major amortisation rate	2022 \$'000	2021 \$'000
Intangibles – amortisation	10 per cent	16	23
<b>Total amortisation</b>		<b>16</b>	<b>23</b>
<b>Total Depreciation and Amortisation</b>		<b>224</b>	<b>236</b>

### 4.3 Supplies and Consumables

	2022 \$'000	2021 \$'000
Audit fees – external financial audit	13	12
Audit fees – internal audit	5	2
Motor vehicle leases	4	6
Consultants	42	85
Property services	32	37
Communications	18	16
Information technology	165	106
Travel and transport	9	6
Printing	5	4
Personnel expenses	6	61
Plant and equipment	49	9
Office requisites	2	3
Other supplies and consumables	28	30
<b>Total</b>	<b>378</b>	<b>377</b>

Audit fees paid or payable to the Tasmanian Audit Office for the audit of the Commission's financial statements were \$12,920 (\$12,450 for 2020-21).

Lease expense includes lease rentals for short-term leases, lease of low value assets and variable lease payments. Refer to note 6.2 for breakdown of lease expenses and other lease disclosures.

### 4.4 Finance costs

All finance costs are expensed as incurred using the effective interest method.

	2022 \$'000	2021 \$'000
Interest on lease liabilities – adjustment of interest 2020 (refer note 8.3)	15	(46)
<b>Total finance costs</b>	<b>15</b>	<b>(46)</b>

## 4.5 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.

	2022 \$'000	2021 \$'000
Salary on-costs	17	13
Corporate support provided by the Department of Justice	209	188
Other expenses	19	3
<b>Total</b>	<b>245</b>	<b>204</b>

## Note 5. 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.

### 5.1 Receivables

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price.

Receivables are held with the objective to collect the contractual cash flows and are subsequently measured at amortised cost using the effective interest method. Any subsequent changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process. An allowance for expected credit loss is based on the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted at the original effective interest rate.

For trade receivables, a simplified approach in calculating expected credit losses is applied, with a loss allowance based on lifetime expected credit losses recognised at each reporting date. The Commission has established a provision matrix based on its historical credit loss experience for trade receivables, adjusted for forward-looking factors specific to the receivable.

The only receivables recognised by the Commission at 30 June 2022 (and 30 June 2021) relate to GST credits receivable from the ATO.

	2022 \$'000	2021 \$'000
Tax assets	16	7
<b>Total</b>	<b>16</b>	<b>7</b>
Settled within 12 months	16	7
<b>Total</b>	<b>16</b>	<b>7</b>

As the Commission does not generally have trade receivables, only Tax assets in any given year, there is no expected impairment or credit loss on those receivables.

## 5.2 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. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. 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).

### a) Carrying amount

	2022 \$'000	2021 \$'000
<b>Leasehold improvements</b>		
At cost	583	583
Less: Accumulated depreciation	(567)	(561)
<b>Total Leasehold improvements</b>	<b>16</b>	<b>22</b>
<b>Total Leasehold Improvements and Equipment</b>	<b>16</b>	<b>22</b>

## b) Reconciliation of movements

2022	Leasehold Improvements \$'000	Total \$'000
<b>Carrying amount at 1 July</b>	<b>22</b>	<b>22</b>
Depreciation expense	(6)	(6)
<b>Carrying amount at 30 June</b>	<b>16</b>	<b>16</b>

2021	Leasehold Improvements \$'000	Total \$'000
<b>Carrying amount at 1 July</b>	<b>27</b>	<b>27</b>
Depreciation expense	(5)	(5)
<b>Carrying amount at 30 June</b>	<b>22</b>	<b>22</b>

### 5.3 Right-of-use Assets

AASB 16 requires the Commission to recognise a right-of-use asset, where it has control of the underlying asset over the lease term. A right-of-use asset is measured at the present value of initial lease liability, adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site. Right-of-use assets include assets in respect of leases previously treated as operating leases under AASB 117, and therefore not recognised on the Statement of Financial Position.

The Commission has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases, rental arrangements for which the Department of Treasury and Finance has substantive substitution rights over the assets and leases for which the underlying asset is of low-value. Substantive substitution rights relate primarily to office accommodation. An asset is considered low-value when it is expected to cost less than \$10 000.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the term of the lease. Where the Commission obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the Commission will exercise a purchase option, the Commission depreciates the right-of-use asset over its useful life.

2022	Buildings \$'000	Total \$'000
<b>Carrying value at 1 July</b>	<b>757</b>	<b>757</b>
Additions	-	-
Increase (decrease) - reassess lease liability of CPI	44	44
Increase (decrease) – make good provision	12	12
Depreciation	(202)	(202)
<b>Carrying value at 30 June</b>	<b>611</b>	<b>611</b>

2021	Buildings \$'000	Total \$'000
<b>Carrying value at 1 July</b>	<b>838</b>	<b>838</b>
Movement due to correction of discount rate	81	81
Movement due to correction of inflation rate as at 1 July 2019	(14)	(14)
<b>Adjusted carrying value at 1 July 2020</b>	<b>905</b>	<b>905</b>
Depreciation 2021	(194)	(194)
Movement re market rent review as at 1 July 2020	46	46
Lease make-good	65	65
Less: accumulated amortisation – lease make-good	(65)	(65)
<b>Carrying value at 30 June</b>	<b>757</b>	<b>757</b>

The Commission reassessed the lease liability on a yearly basis to reflect actual CPI inflation and after-market rent reviews.

## 5.4 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 cost less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.

## a) Carrying amount

	2022 \$'000	2021 \$'000
<b>Intangible assets</b>		
At cost	261	261
Accumulated amortisation	(261)	(245)
<b>Total Intangible assets</b>	<b>-</b>	<b>16</b>

## b) Reconciliation of movements

2022	Intangible Assets \$'000	Total \$'000
<b>Carrying amount at 1 July</b>	<b>16</b>	<b>16</b>
Amortisation expense	(16)	(16)
<b>Carrying amount at 30 June</b>	<b>-</b>	<b>-</b>

2021	Intangible Assets \$'000	Total \$'000
<b>Carrying amount at 1 July</b>	<b>39</b>	<b>39</b>
Amortisation expense	(23)	(23)
<b>Carrying amount at 30 June</b>	<b>16</b>	<b>16</b>

## 5.5 Other Assets

Other assets comprises of 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.

	2022 \$'000	2021 \$'000
<b>Other current assets</b>		
Prepayments	79	64
<b>Total</b>	<b>79</b>	<b>64</b>
Utilised within 12 months	79	64
<b>Total other assets</b>	<b>79</b>	<b>64</b>

## Note 6. 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.

### 6.1 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.

	2022 \$'000	2021 \$'000
Accrued expenses	14	11
<b>Total</b>	<b>14</b>	<b>11</b>
Settled within 12 months	14	11
<b>Total</b>	<b>14</b>	<b>11</b>

Settlement is usually made within 30 days.

## 6.2 Lease Liabilities

A lease liability is measured at the present value of the lease payments that are not paid at that date. The discount rate used to calculate the present value of the lease liability is the rate implicit in the lease. Where the implicit rate is not known and cannot be determined the Tascorp indicative lending rate including the relevant administration margin is used.

The Commission has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases, rental arrangements for which the Department of Treasury and Finance has substantive substitution rights over the assets and leases for which the underlying asset is of low-value. Substantive substitution rights relate primarily to office accommodation. An asset is considered low-value when it is expected to cost less than \$10 000.

The Commission has entered into the following leasing arrangements:

Class of right-of-use asset	Details of leasing arrangements
Building	Office Accommodation at 199 Macquarie Street, Hobart

The Commission's leasing arrangement is for five years. The Commission makes a number of assumptions regarding CPI and interest rates which it uses to calculate the present value of the lease liability. The Commission retains a provision for lease make-good which is included in note 6.5.

	2022 \$'000	2021 \$'000
<b>Current</b>		
Lease liabilities	208	191
<b>Non-current</b>		
Lease liabilities	414	581
<b>Total</b>	<b>622</b>	<b>772</b>

### Maturity analysis of lease liabilities

	2022 \$'000	2021 \$'000
One year or less	220	205
From one to two years	220	205
From two to three years	201	205
From four to five years	-	189
More than five years	-	-
<b>Total</b>	<b>641</b>	<b>804</b>

The lease liability in the maturity analysis is presented using undiscounted contractual amounts before deducting finance charges.

The following amounts are recognised in the Statement of Comprehensive Income.

	2022 \$'000	2021 \$'000
<b>Current</b>		
Interest on lease liabilities in note 4.4	15	(46)
Lease expenses included in note 7.1:		
Short term and/or low-value leases	81	15
<b>Net expenses from leasing activities</b>	<b>96</b>	<b>(31)</b>

## 6.3 Employee Benefits

### *Key estimate and judgement*

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. The Commission makes an assumption that all staff annual leave balances less than 20 days will be settled within 12 months, and therefore valued at nominal value, and balances in excess of 20 days will be settled in greater than 12 months and therefore calculated at present value.

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. The Commission makes a number of assumptions regarding the probability that staff who have accrued long service leave, but are ineligible to take it will remain with the Commission long enough to take it. For those staff eligible to take their long service leave, the Commission assumes that they will utilise it evenly over the following ten years. All long service leave that will be settled within 12 months is calculated at nominal value and all long service leave that will be settled in greater than 12 months is calculated at present value.

	2022 \$'000	2021 \$'000
Accrued salaries	56	36
Annual leave	100	96
Long service leave	202	207
<b>Total</b>	<b>358</b>	<b>339</b>
Expected to settle wholly within 12 months	151	122
Expected to settle wholly after 12 months	207	217
<b>Total</b>	<b>358</b>	<b>339</b>

## 6.4 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.

### Key estimate and judgement

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.

## 6.5 Provisions

A provision arises if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. Any right to reimbursement relating to some or all of the provision is recognised as an asset when it is virtually certain that the reimbursement will be received.

	2022 \$'000	2021 \$'000
Provision for lease make-good	95	82
<b>Total</b>	<b>95</b>	<b>82</b>
Utilised in more than 12 months	95	82
<b>Total</b>	<b>95</b>	<b>82</b>

The lease make-good provision provides for work to be carried out at the expiry of the lease period in 2025, to restore the current premises to the original condition prior to fit out by the Commission. This provision is measured at present value.

## Note 7. Commitments and Contingencies

### 7.1 Schedule of Commitments

The Commission had entered into a number of operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments were 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.

Leases are recognised as right-of-use assets and lease liabilities in the Statement of Financial Position, excluding short term leases and leases for which the underlying asset is of low value, which are

recognised as an expense in the Statement of Comprehensive Income.

	2022 \$'000	2021 \$'000
<b>By type</b>		
<i>Lease Commitments</i>		
Short-term and/or low-value leases	81	15
<i>Total lease commitments</i>	<b>81</b>	<b>15</b>
<i>Other commitments</i>		
Office cleaning contract	20	6
<i>Total other commitments</i>	<b>20</b>	<b>6</b>
<b>By maturity</b>		
<i>Operating lease commitments</i>		
One year or less	27	12
From one to five years	54	3
<i>Total operating lease commitments</i>	<b>81</b>	<b>15</b>
<i>Other commitments</i>		
One year or less	19	6
From one to five years	7	-
<i>Total other commitments</i>	<b>26</b>	<b>6</b>
<b>Total</b>	<b>107</b>	<b>21</b>

The Operating Lease commitments include minor information technology equipment leases and motor vehicle leases which is owned and managed by Treasury. The Commission pays a monthly payment to Treasury via the Government's fleet manager for use of the vehicles.

The Commission has entered into operating lease agreements for 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 equipment. All amounts shown are inclusive of GST.

## 7.2 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.

The Commission has no contingent assets or liabilities as at 30 June 2022.

## Note 8. Cash Flow Reconciliation

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.

### 8.1 Cash and Deposits

Cash and deposits include the balance of the Financial Management Account held by the Commission within the Public Account.

	2022 \$'000	2021 \$'000
<b>Special Deposits and Trust Fund balance</b>		
S527 Integrity Commission Operating Account	68	85
<b>Total cash and deposits</b>	<b>68</b>	<b>85</b>

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

	2022 \$'000	2021 \$'000
Net result	(46)	119
Depreciation and amortisation	224	236
Finance cost adjustment – (refer note 4.4)	-	(64)
Decrease (increase) in Receivables	(9)	2
Decrease (increase) in Prepayments	(15)	(23)
Increase (decrease) in Employee entitlements	20	(24)
Increase (decrease) in Payables	3	1
Increase (decrease) in Provisions	-	1
<b>Net cash from (used by) operating activities</b>	<b>177</b>	<b>248</b>

### 8.3 Reconciliation of liabilities arising from financing activities

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Statement of Cash Flows as cash flows from financing activities.

2022	Lease Liabilities \$'000
<b>Balance as at 1 July 2021</b>	<b>772</b>
Increase (decrease) - reassess lease liability of CPI	44
Changes from financing cash flows:	
Cash Repayments	(194)
<b>Balance as at 30 June 2022</b>	<b>622</b>

2021	Lease Liabilities \$'000
<b>Balance as at 1 July 2020</b>	<b>896</b>
Movement due to correction of discount rate and inflation rate	17
Movement re rent market reviews as at 1 July 2020	46
Changes from financing cash flows:	
Cash Repayments	(187)
<b>Balance as at 30 June 2021</b>	<b>772</b>

Australian Accounting Standards AASB 16 Leases commenced on 1 July 2019. At that time, Department of Treasury and Finance published Treasurer's Instruction FC-19 Leases and Financial Management - Better Practice Guidelines to support the Treasurer's Instruction.

The Guidelines provide that:

upon initial recognition of lease liabilities a discount rate is required to calculate the present value of the lease liability (the remaining lease payments that have not been paid). AASB 16 states that this rate is the interest rate implicit in the lease. Where the implicit rate is not known and cannot be determined, AASB 16 requires that the lessee's incremental borrowing rate will be used. Agencies should use the applicable Tascorp indicative lending rate including the relevant administration margin, as an incremental borrowing rate.

When reassessing the lease for CPI increases, the Commission determined that the interest rate was not implicit in the lease. In 2020-21, the Commission recalculated the lease liability and right-of-use asset using the Tascorp indicative lending rate as at 1 July 2019. In addition, the Commission also determined that a CPI inflation rate was used in the calculation for the forward years in the initial recognition. The Commission has corrected the CPI increases to reflect changes in rates where they have actually occurred. There was no material movement and the Commission included the variance as at 1 July 2020.

The Commission reassessed the lease liability on a yearly basis to reflect actual CPI inflation and after-market rent reviews.

## Note 9. Financial Instruments

### 9.1 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, with the advice of the Commission's Risk and Audit Committee, 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.

<b>Financial Instrument</b>	<b>Accounting and strategic policies (including recognition criteria and measurement basis)</b>	<b>Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)</b>
<b>Financial Assets</b>		
Receivables	Receivables are recognised at amortised cost, less any expected credit 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 2022 relate to GST receivable from the ATO.
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 FC-7, the Commission pays within suppliers' credit terms or within 14 days of the Commission receiving the invoice, whichever is shorter.
Lease Liabilities	Lease liabilities are measured at the present value of the lease payments that are not paid at that date	The discount rate used to calculate the present value of the lease liability is the rate implicit in the lease. Where the implicit rate is not known and cannot be determined the Tascorp indicative lending rate including the relevant administration margin is used.

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: Refer to notes 2.2(a), 6.2 and 11.5(b) for further information in relation to lease liabilities.

	Maturity analysis for financial liabilities						Undiscounted Total \$'000	Carrying Amount \$'000
	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000			
<b>2022</b>								
<b>Financial liabilities</b>								
Payables	14	-	-	-	-	14	14	
<b>Total</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>	<b>14</b>	

	Maturity analysis for financial liabilities						Undiscounted Total \$'000	Carrying Amount \$'000
	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000			
<b>2021</b>								
<b>Financial liabilities</b>								
Payables	11	-	-	-	-	11	11	
<b>Total</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>11</b>	

## Categories of Financial Assets and Liabilities

AASB 9 Carrying amount	2022 \$'000	2021 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	68	85
Amortised cost	16	7
<b>Total</b>	<b>84</b>	<b>92</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	14	11
<b>Total</b>	<b>14</b>	<b>11</b>

The operating lease for rent of premises, previously expensed, is now recognised as a lease liability. Refer to note 6.2 for further information in relation to lease liabilities.

## 9.2 Comparison between Carrying Amount and Net Fair Values of Financial Assets and Liabilities

	Carrying Amount 2022 \$'000	Net Fair Value 2022 \$'000	Carrying Amount 2021 \$'000	Net Fair Value 2021 \$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	68	68	85	85
Receivables	16	16	7	7
<b>Total financial assets</b>	<b>84</b>	<b>84</b>	<b>92</b>	<b>92</b>
<b>Financial liabilities</b>				
Accrued expenses	14	14	11	11
<b>Total financial liabilities</b>	<b>14</b>	<b>14</b>	<b>11</b>	<b>11</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.

### 9.3 Net Fair Values of Financial Assets and Liabilities

2022	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	68	-	-	68
Receivables	16	-	-	16
<b>Total financial assets</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>84</b>
<b>Financial liabilities</b>				
Accrued Expenses	14	-	-	14
<b>Total financial liabilities</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>14</b>

2021	Net Fair Value Level 1 \$'000	Net Fair Value Level 2 \$'000	Net fair Value Level 3 \$'000	Net Fair Value Total \$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	85	-	-	85
Receivables	7	-	-	7
<b>Total financial assets</b>	<b>92</b>	<b>-</b>	<b>-</b>	<b>92</b>
<b>Financial liabilities</b>				
Accrued Expenses	11	-	-	11
<b>Total financial liabilities</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>11</b>

The recognised fair values of financial assets and financial liabilities are classified according to the fair value hierarchy that reflects the significance of the inputs used in making these measurements. The Commission uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 the fair value is calculated using quoted prices in active markets;

Level 2 the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3 the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

## Note 10. Events Occurring After Balance Date

There have been no events subsequent to balance date which would have a material effect on the Commission's Financial Statements as at 30 June 2022.

## Note 11. Other Significant Accounting Policies and Judgements

### 11.1 Objectives and Funding

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 comprises the Chief Commissioner 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.

### 11.2 Basis of Accounting

The Financial Statements were signed by the Chief Executive Officer and Director, Corporate Services on 15 August 2022.

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 Act 2016*.

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 accounting policies are consistent with the previous year except for those changes outlined in note 11.5.

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.

The Office 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.

### 11.3 Reporting Entity

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

### 11.4 Functional and Presentation Currency

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

### 11.5 Changes in Accounting Policies

#### 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. New and revised Australian Accounting Standards, amendments thereof, and Interpretations effective for the current year that are relevant to the Commission include:

- AASB 2020-8 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*
- AASB 2021-3 *Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021*.

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

The Commission has not applied a new Australian Accounting Standard or Interpretation that has been issued but is not yet effective. Those that have an impact on the Commission's financial statements include:

- AASB 17 *Insurance Contracts* (as amended) (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2020-1 *Amendments to Australian Accounting Standards Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current* and AASB 2020-6 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (effective for annual reporting periods beginning on or after 1 January 2022)
- AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* (effective for annual reporting periods beginning on or after 1 January 2023)
- AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments* (effective for annual reporting periods beginning on or after 1 January 2022)
- AASB 2022-1 *Amendments to Australian Accounting Standards – Initial Application of AASB 17 and AASB 9 – Comparative Information* (effective for annual reporting periods beginning on or after 1 January 2023).

The Commission has undertaken an assessment of the impact of new and revised Accounting Standards

and those yet to be applied and has determined they will have no material impact on the Commission's financial statements.

## 11.6 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.

## 11.7 Comparative Figures

Comparative figures have been adjusted to reflect any changes in accounting policy or the adoption of new standards.

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

## 11.8 Budget Information

Budget information refers to original estimates as disclosed in the 2021-22 Budget Papers and is not subject to audit.

## 11.9 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.

## 11.10 Commission Taxation

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

## 11.11 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 Office (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.

### 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 the Members of Parliament  
Integrity Commission  
Report on the Audit of the Financial Statements**

**Opinion**

I have audited the financial statements of the Integrity Commission (the Commission), which comprises the statement of financial position as at 30 June 2022 and statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the Chief Executive Officer.

In my opinion, the accompanying financial statements:

- (a) present fairly, in all material respects, the Commission's financial position as at 30 June 2022 and its financial performance and its cash flows for the year then ended
- (b) are in accordance with the *Financial Management Act 2016*, and Australian Accounting Standards.

**Basis for Opinion**

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial statements in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

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

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

### **Responsibilities of the Chief Executive Officer for the Financial Statements**

The Chief Executive Officer is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, and the financial reporting requirements of Section 42 (1) of the *Financial Management Act 2016*. This responsibility includes such internal control as determined necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commission is to be dissolved by an Act of Parliament, or the Chief Executive Officer intends to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive Officer.
- Conclude on the appropriateness of the Chief Executive Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If I conclude that

a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Chief Executive Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Stephen Morrison  
**Assistant Auditor-General**  
**Delegate of the Auditor-General**

Tasmanian Audit Office

5 October 2022  
Hobart

# APPENDIX A:

## Summaries of investigations and assessments concluded in 2021–22

### Investigations

#### Cuvier

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Public Officer Designated Public Officers
<b>Principal allegations</b>	Improper or dishonest performance of functions and powers for personal gain in use of public facilities Failure to deal with alleged improper conduct

Investigation Cuvier considered allegations arising from a practitioner operating across the private and public sector. The allegations included that the practitioner had breached their contractual obligations and misused public resources; undertaken private work in public hours; failed to declare gifts and benefits; and utilised funds for professional development without proper authorisation.

Further allegations against 2 senior public officers relating to a failure to take action on the Public Officer's alleged conduct were identified in our assessment and considered in the investigation. The investigation also identified potential misconduct by another employee related to a recruitment process.

The matter was dealt with in 5 investigation reports. This allowed for the allegations against the 2 senior public officers and other employee to be referred to the Principal Officer of the relevant public authority to deal with.

The remaining 2 reports related to the main Public Officer, and systemic and organisational issues identified in the investigation. These matters have been accepted for inquiry by an Integrity Tribunal, established under the *IC Act*.

#### Outcome

Three matters referred to Principal Officer for action

Two matters accepted for inquiry by Integrity Tribunal

## Mawson

<b>Sector</b>	Local Government
<b>Respondent level</b>	Public Officer
<b>Principal allegations</b>	Failure to declare and manage a conflict of interest in procurement and misuse of public resources

Investigation Mawson considered allegations that a manager of a major public facility issued favourable supplier contracts to friends without proper process and without managing or declaring conflicts of interest. Similar long term arrangements with other suppliers (who are also friends) were identified during the investigation.

The primary lines of inquiry were that the manager failed to declare and/or manage conflicts of interest with, and made improper use of their position to gain an advantage for, his friends. Other lines of inquiry included whether the manager had solicited gifts and benefits from suppliers, and whether the manager's colleague (who assisted them with procurement and other matters) was complicit in the alleged conduct.

A key aspect of the matter was that, for a substantial period, the facility was managed by a 'controlling authority' established under the public authority's legislation. The controlling authority had a number of functions, including to provide facilities or services, and to manage or administer any property, on behalf of the public authority. This meant oversight of the manager during this period was limited.

The investigation found that the manager made decisions that were conflicted by his associations with some of the service providers. These associations included close friendships and publicly known connections established through the community, and were not declared or managed.

While the service providers benefitted financially from their arrangements with the precinct, the evidence suggested that the manager's decisions in relation to the arrangements were based on what was in the best interests of Council and the ratepayers, and not for personal financial gain.

The manager's colleague was found not to be complicit in these decisions.

The manager and their colleague showed a lack of understanding of what a conflict of interest is, when to declare it, how to manage it, and the underlying risks of not doing so. The public authority's conflict of interest policy has improved in recent years, however awareness of such policy and the rationale behind it did not seem to have trickled down to the manager or their colleague.

## Outcome

Referred to Principal Officer for action

Also referred to Auditor-General and relevant Minister

## Tyndall

<b>Sector</b>	Tasmanian State Service
	Tasmanian Parliament
<b>Respondent level</b>	Designated Public Officer
	Designated Public Officer – Elected Representative
<b>Principal allegations</b>	Improper exercise of statutory powers
	Attempt to adversely affect the performance of a public officer

Investigation Tyndall considered alleged misconduct by the then Work, Health and Safety (WHS) Regulator and Chief Executive Officer of WorkSafe Tasmania (WST) and members of the Tasmanian Government in relation to the Regulator's response to forest protest activity.

The investigation's focus was on the conduct of the subject officers, including whether there was improper use of power or influence by the Regulator, and improper influence or interference by the members of the Government.

The investigation identified that a pro-timber industry lobbyist had regularly engaged with the Regulator and other WST staff, and members of the Government and their staff, in relation to safety concerns about the forest protest activity.

The investigation found that the Regulator's decisions to issue statutory notices relating to the forest protest activities were underpinned by genuine and reasonably held safety concerns about the activities, and were not influenced by members of the Government, and no such influence was attempted. Further, it was found that no Ministerial staff had failed to respect the Regulator's independence.

The investigation found that some aspects of the Regulator's decision-making – particularly in relation to the pro-timber industry lobbyist – could have led a reasonable person to perceive that they were not acting with independence.

Although no misconduct was found, the investigation identified that Ministers and Ministerial staff should be alive to the risk that lobbyists pose to both themselves and independent Regulators.

## Outcome

Referred to Principal Officer for action

Summary report tabled in Parliament

## Assessments

### Beehive (1) & (2)

<b>Sector</b>	Local Government
<b>Respondent level</b>	Designated Public Officer – Elected Representative
<b>Principal allegations</b>	Failure to comply with code of conduct and organisational policies when recruiting a senior public officer

Assessment Beehive considered the recruitment process for a senior public officer. The complaints alleged multiple failings on the part of elected representatives, particularly a failure to manage a conflict of interest impacting the recruitment process.

The assessment considered information from the Local Government Division and the Tasmanian Audit Office, including an independent review initiated by the Council. While there were issues with how the conflict was managed, it was noted that the Council had taken on board the feedback from the various reviews, neither of which found evidence of actual bias. Implementation of further measures to ensure transparency in recruiting have been identified in the assessment and were provided as feedback.

#### Outcome

Dismissed

### Currajong

<b>Sector</b>	Tasmanian State Service Local Government
<b>Respondent level</b>	Public Officer Designated Public Officer – Elected Representative
<b>Principal allegations</b>	Abuse of procedure in making policy, planning and operational decisions

Assessment Currajong considered alleged misconduct in relation to the decommissioning of a public facility. The complaint alleged that numerous public authorities conspired to have the facility decommissioned, despite there being other options and to the detriment of the community.

On the information available, there was no evidence that the decision to decommission the facility involved misconduct. It was a policy decision due to the state of the facility, the cost of repairs and upkeep, and the availability of alternatives.

#### Outcome

Dismissed

## Darling

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Designated Public Officer
<b>Principal allegations</b>	Abuse of powers in recruitment of a senior public officer through higher level appointment

Assessment Darling considered allegations that the head of a public authority authorised appointment of a senior public officer at a higher level than was advertised, and that this prevented other quality candidates from applying for the position.

The assessment identified that the senior officer was appointed within the correct band, albeit at a higher level in recognition of their experience and qualifications. The head of the public authority had in fact delegated most of their role in the process to another person. The process was well managed and there was no potential for misconduct.

### Outcome

Dismissed

## Dazzler

<b>Sector</b>	State-owned Company
<b>Respondent level</b>	Designated Public Officer Public Officer
<b>Principal allegations</b>	Improper exercise of powers in recruitment and failure to adopt a merit-based approach

Assessment Dazzler considered allegations that senior officers appointed a known associate from their professional work to a senior position within the public authority, and made other appointments without advertising the positions.

The assessment concluded that there was no credible evidence of a conflict of interest in any of the appointments. However the evidence suggested a possible failure to comply with the relevant recruitment policy and code of conduct, and that these issues required further investigation.

### Outcome

Accepted for investigation

## Eagle

<b>Sector</b>	Local Government
<b>Respondent level</b>	Designated Public Officer – Elected Representative Public Officer
<b>Principal allegations</b>	Failure to comply with code of conduct, including fraud, bullying and unsafe work practices

Assessment Eagle considered multiple allegations that councillors and senior staff of a local council engaged in: fraud, bullying and unsafe work practices; poor procurement practises; improper use of power and information for personal profit; and improper management of conflicts of interest, and nepotism/cronyism.

The assessment provided an opportunity to test the complainant's assertions. Open source evidence verified some facts relating to the allegations, and it was determined that, in light of the seniority of the subject officers, the matter should be investigated.

### Outcome

Accepted for investigation

## Flame

<b>Sector</b>	Local Government
<b>Respondent level</b>	Designated Public Officer – Elected Representative
<b>Principal allegations</b>	Breach of statutory processes through failure to declare a conflict of interest

Assessment Flame considered allegations of a Councillor's failure to declare and manage a conflict of interest in a planning decision.

The assessment identified that the Councillor was not at the relevant time aware of their distant familial association with the development proponent, and consequently could not be held to be in breach of their legislative responsibilities.

### Outcome

Dismissed

## Greer

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Designated Public Officer Public Officer
<b>Principal allegations</b>	Abuse of statutory power by failing to properly implement the Right to Information Act

Assessment Greer considered allegations that senior public officers improperly refused a request for disclosure under the *Right to Information Act*, and then improperly involved themselves in a review of that decision.

The assessment was unable to obtain clarity regarding the decision-making in the matter, particularly the decision to not disclose certain information in the Rtl request. The investigation will consider the allegations and the potential systemic issues around management and oversight of Rtl requests.

### Outcome

Accepted for investigation

## Harold

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Designated Public Officer
<b>Principal allegations</b>	Failure to follow policies and proper processes in recruitment

Assessment Harold considered the alleged failure to follow proper recruitment processes or to appoint based on merit. It is alleged that a public officer was directly appointed to a permanent position following the cessation of a proper recruitment process.

The assessment identified that the initial recruitment process was withdrawn based on panel members not agreeing on the successful candidate. However the public authority was unable to provide any documentation relating to the withdrawn process. The subsequent appointment of one of the candidates without the process being fully documented demonstrated that the matter required further investigation.

### Outcome

Accepted for investigation

## Innes

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Designated Public Officer
<b>Principal allegations</b>	Improper exercise of powers in recruitment and failure to adopt a merit-based approach, including nepotism

Assessment Innes considered allegations that senior staff at a public authority improperly recruited a Public Officer, who in turn went on to make other improper appointments.

The Assessment involved a review and analysis of human resource files, recruitment and selection records, and relevant statements of duties. There was no evidence identified that corroborates the allegations. The recruitment processes appeared to be legitimate and well-documented.

### Outcome

Dismissed

## Loyetea

<b>Sector</b>	Tasmanian Parliament
<b>Respondent level</b>	Designated Public Officer – Elected Representative
<b>Principal allegations</b>	Failure to declare and manage conflicts of interest when making policy and expenditure decisions

Assessment Loyetea consider a number of allegations that an elected representative failed to declare and manage a conflict of interest.

Given the seniority of the subject officers and the need to exercise coercive powers under the *IC Act* to obtain further evidence, it was determined to accept the matter for investigation.

### Outcome

Accepted for investigation

## Smithies

<b>Sector</b>	Local Government
<b>Respondent level</b>	Designated Public Officer Public Officer
<b>Principal allegations</b>	Failure to manage conflicts of interest and improper exercise of powers in recruitment

Assessment Smithies considered allegations that a number of Council staff had been appointed without due process or a transparent recruitment process. The complaint included allegations of bullying and poor management at the Council, and that these issues had not been addressed.

The assessment considered recruitment files and other documentation relating to a number of the identified positions. There was no evidence of personal relationships creating conflicts of interest. However the minimal documentation in each of the selection processes suggested a lack of policy and process, and a possible failure to apply the merit principle, which required further investigation.

### Outcome

Accepted for investigation

## Tyenna (1) & (2)

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Designated Public Officer Public Officer
<b>Principal allegations</b>	Nepotism and misuse of public resources in the hiring of an external contractor Attempt to adversely affect the performance of a public officer

Assessment Tyenna considered allegations that the Secretary of the public authority failed to declare or manage a conflict of interest in recruiting an external contractor, resulting in a financial benefit for the contractor. The consultancy was valued in excess of \$3.5 million since 2019. The assessment also considered allegation relating to the conduct and influence of the contractor.

The assessment found no conflict of interest arising for the Secretary, and no improper influence or decision making by the Secretary in order to benefit the contractor. There was also no evidence that the contractor tendered for any relevant contracts, or was involved or influential in decisions made by the authority.

### Outcome

Dismissed

## Yellow (1) & (2)

<b>Sector</b>	Government Business Enterprise
<b>Respondent level</b>	Public Officer
<b>Principal allegations</b>	Misuse of public resources through payments in procurement arising from conflict of interest, and failure of the organisation to properly deal with the matter

Assessment Yellow considered allegations that a senior Public Officer oversaw payments and contracts to a friend or business associate without following the prescribed procurement processes. A second complaint alleged that the authority tried to 'sweep the [allegations] under the rug' and pressure the internal auditor to stop its investigation into the matter.

The assessment identified that the public authority had contracted an external auditing firm to investigate the issues. It was found that the authority's internal auditor was satisfied with the handling of the matter. There was no evidence that any officers were pressured to stop investigating the matter.

It was determined that the public authority was responding appropriately to the allegations and was best placed to take action if misconduct was identified.

### Outcome

Referred to Principal Officer for action

## Wayback

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Designated Public Officer
<b>Principal allegations</b>	Misuse of power and authority leading to multiple breaches of a code of conduct

Assessment Wayback considered allegations of bullying, discrimination and sexual harassment by a senior Public Officer, amounting to a long-term pattern of unaddressed misconduct.

The assessment identified that the public authority is aware of the broader cultural and systemic issues in play at the workplace and appears to be taking steps to address the concerns about culture, behaviour and misconduct. It appears that lack of communication from senior management about action being taken is exacerbating concerns about the behaviour. Nonetheless, it was determined that the best outcome would be for public authority to resolve these issues, not the Commission. This provides the best option for promoting change.

### Outcome

Referred to Principal Officer for action

