



INTEGRITY  
COMMISSION  
TASMANIA

ANNUAL  
REPORT  
**2020  
2021**

**Essential to  
maintaining trust  
in Government**

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28 OCTOBER 2021

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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# 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 2020 to 30 June 2021***

In accordance with section 11(1) of the *Integrity Commission Act 2009* (Tas), we are pleased to present the *Integrity Commission Annual Report 2020-21* to Parliament. The report outlines the Commission's finances and business activities for the year ending 30 June 2021.

Yours sincerely



GREG MELICK, AO SC  
CHIEF COMMISSIONER



MICHAEL EASTON  
CHIEF EXECUTIVE OFFICER  
26 OCTOBER 2021

## LETTER TO THE MINISTER FOR JUSTICE

Hon Elise Archer MP  
Attorney-General  
Minister for Justice

Dear Minister

### ***Annual report for 1 July 2020 to 30 June 2021***

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 2020-21* for the year ending 30 June 2021.

Yours sincerely



MICHAEL EASTON  
CHIEF EXECUTIVE OFFICER  
26 OCTOBER 2021

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# FOREWORD

**Like most public authorities and businesses, the Commission's functions were impacted in the early parts of the 2020-21 year due to the Coronavirus pandemic. While Tasmania has been relatively sheltered, workplace safety and operations plans meant a reduced demand for our face-to-face training services and increased restrictions on our day-to-day activities.**

In our Misconduct Prevention area, we have taken the opportunity both to refine our strategic aims and to develop educational resources to meet our future training needs. From a strategic perspective, we commenced implementing recommendations from our *Establishing an evidence-base: sampling, engagement and evaluation 2019-20* research project. This project established a framework for the identification of tailored educational responses from data collected from individual agencies, and the establishment of Integrity Education Plans for medium and long term partnerships.

Essentially, we are helping our public sector agencies to identify and address their individual and specific misconduct risks.

From a practical perspective, our new *Integrity in Public Service* online course provides an efficient and adult-based learning product that can be easily distributed to all staff.

The course covers core topics such as *Pride in Public Service*, *Role of the Integrity Commission*, *Good Decision-making* and *Misconduct Risks*. In relation to face-to-face training, our educators managed to deliver 35 educational sessions to 633 public employees across the state – an excellent outcome given the impacts of the pandemic.

We also developed 230 new and revised fact sheets, case studies, scenarios and education tools that are used to support our education and advisory services.

From an investigative perspective, we continued to focus on serious or systemic misconduct, and misconduct by senior public officers. It is important that allegations of misconduct be dealt with at the appropriate level, and consequently we refer matters to the relevant public authority when we believe it has the capacity to deal with them.

We have continued to apply our investigative resources to potential misconduct identified through our analyses of public sector risks. This approach allows us to identify systemic risk areas warranting own-motion investigations, which can be conducted in the absence of a specific complaint. Our processes now incorporate greater scoping of potential risk areas to help decide whether an area requires further research or potentially an own-motion investigation.

As reported last year, our operational model is very much based on engagement with the public sector. We operate most effectively when organisations are telling us where they need assistance with education, and when organisations are responding to the outcomes of our investigations. We protect and maintain our investigative and complaint-handling independence while working collaboratively to provide education, support and advice.

We also operate cognisant of the impact of our work on the wellbeing of public employees. The nature of our investigative work can cause anxiety and we ensure that the wellbeing of those involved is paramount in our processes. This is a key reason for carrying out our investigations in private and for only publishing investigation reports where it is in the public interest to do so.



**GREG MELICK, AO SC**  
CHIEF COMMISSIONER



**MICHAEL EASTON**  
CHIEF EXECUTIVE OFFICER

## SNAPSHOT

**171** complaints received

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**69** notifications of misconduct received from public authorities

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

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**34** misconduct matters referred to public authorities for action

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**1** summary report of an investigation released in the public interest

**30** police misconduct matters audited to test the Tasmania Police Conduct and Complaint Management policy

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**62** occasions when statutory powers of investigation were used

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**633** public officers and elected representatives from 12 public authorities engaged in face-to-face integrity training and education

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**35** misconduct awareness and prevention workshops and presentations

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**230** fact sheets, case studies, scenarios and education tools developed to support education and advisory services

# SECTION ONE 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 2021–23* 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 an agent for change and a positive influence for the Tasmanian 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.

### 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.



**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, Deputy President of the Commonwealth Administrative Appeals Tribunal (part-time), and Special Investigator for Cricket Australia.

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.

**TABLE 1. INTEGRITY COMMISSION BOARD MEETING ATTENDANCE 2020-21**

MEETING DATES	ATTENDEES	ATTENDANCE
5 August 2020	Greg Melick, Phil Foulston, Luppó Prins, Rob Winter	100%
7 October 2020	Greg Melick, Phil Foulston, Luppó Prins, Rob Winter	100%
9 December 2020	Greg Melick, Phil Foulston, Luppó Prins, Rob Winter	100%
3 March 2021	Greg Melick, Phil Foulston, Luppó Prins, Rob Winter	100%
15 April 2021	Greg Melick, Phil Foulston, Luppó Prins, Rob Winter	100%
2 June 2021	Greg Melick, Phil Foulston, Luppó Prins, Rob Winter	100%

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



**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 and Human Services.



**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* (Tas). He is a former Tribunal member of the Tasmania Football League and former Chairman of the Southern Tasmanian Councils Code of Conduct Panel.

## OUR STRUCTURE

### Organisation chart

Figure 1 shows the Commission’s structure as of 30 June 2021. 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.

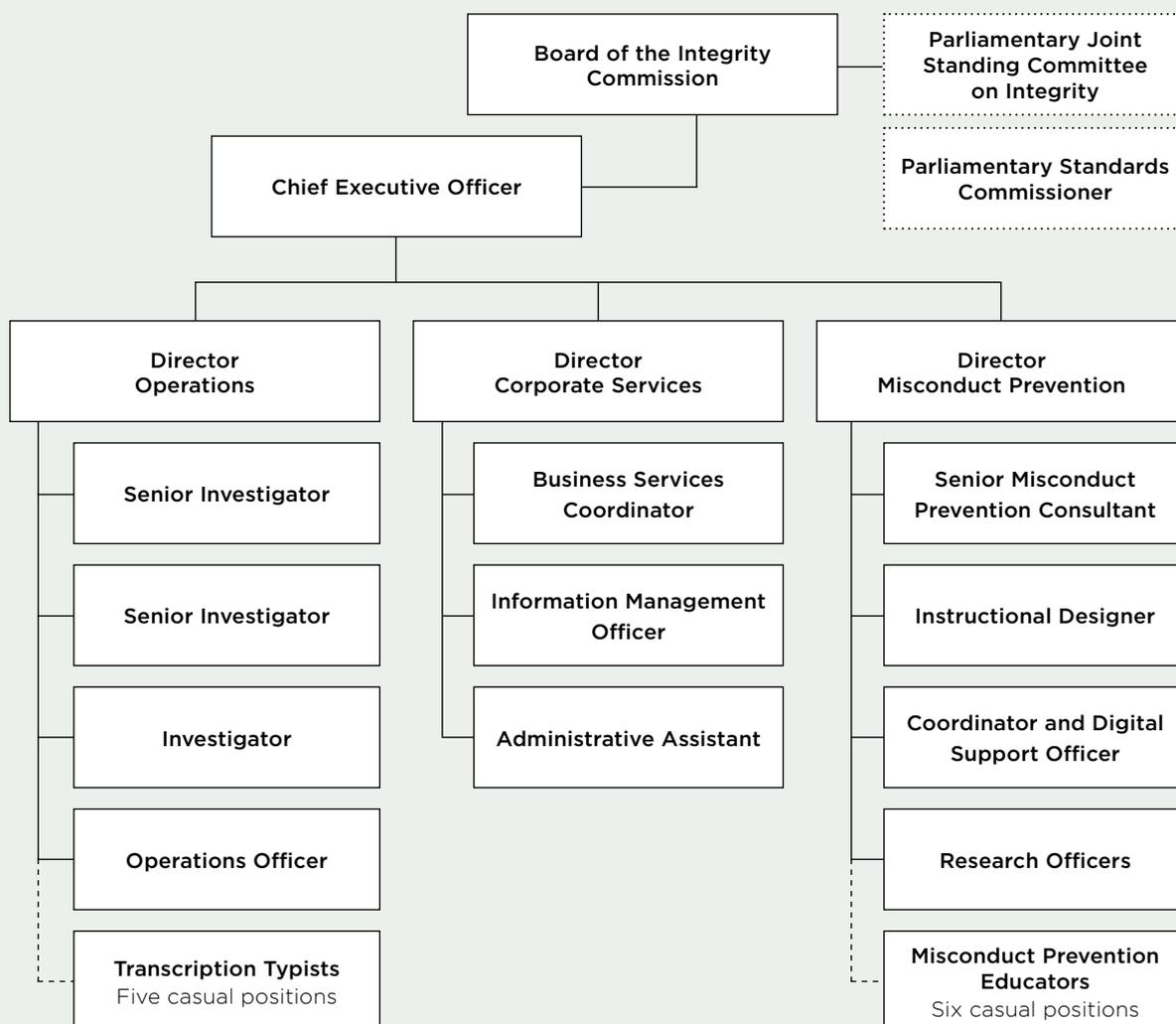
We employed additional casual employees to undertake education and training activities, and to transcribe audio recordings of interviews.

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

### 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.

FIGURE 1. INTEGRITY COMMISSION ORGANISATION CHART AT 30 JUNE 2021



## 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. From 1 July 2020 to the dissolution of the House of Assembly and the prorogation of Parliament for the State election on 26 March 2021, the Joint Committee members were:

### *Legislative Council*

- Hon Ivan Dean MLC, Chair
- Hon Rob Valentine MLC,
- Deputy Chair Hon Rosemary Armitage MLC

### *House of Assembly*

- Hon Michael Ferguson MP
- Ms Jennifer Houston MP
- Hon Jacquie Petrusma MP

With Mr Dean not recontesting the election, the Hon Jo Palmer MLC was appointed to the Committee on 22 June 2021. At that same meeting, Ms Michelle O'Byrne MP was appointed to replace Ms Houston (who did not get re-elected) and Ms Petrusma was replaced by The Speaker, the Hon Mark Shelton MP.

Mr Valentine was subsequently elected Committee Chair in the Committee's meeting on 30 June 2021, and Ms Palmer elected Deputy Chair.

Consequently, on 30 June 2021 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*

- Hon Michael Ferguson MP
- Ms Michelle O'Byrne MP
- The Speaker, Hon Mark Shelton MP

The Commission met with the Joint Committee on one occasion during the reporting period, in accordance with an 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.

Reverend Professor the Hon Michael Tate, AO held the office since its inception in 2010 until his tenure completed on 15 May 2021. As at 30 June 2021, the Government had not appointed a new Parliamentary Standards Commissioner.

## SECTION TWO COMPLAINT HANDLING

### Making a complaint to the Commission is an important step in shining a light on public sector misconduct

Reporting misconduct helps to ensure that:

- ▶ public authorities operate honestly, ethically and fairly
- ▶ public money and resources are not misused, and
- ▶ misconduct risks are identified so they can be dealt with and prevented.

The Commission received 171 complaints of alleged public sector misconduct in 2020-21. One complaint was carried forward from 2019-20 and was subsequently managed through triage. Three complaints were under consideration at the end of the reporting period.

**TABLE 2.** COMPLAINTS RECEIVED IN 2020-21

	2020-21	2019-20	2018-19
Complaints received	171	165 <sup>1</sup>	140

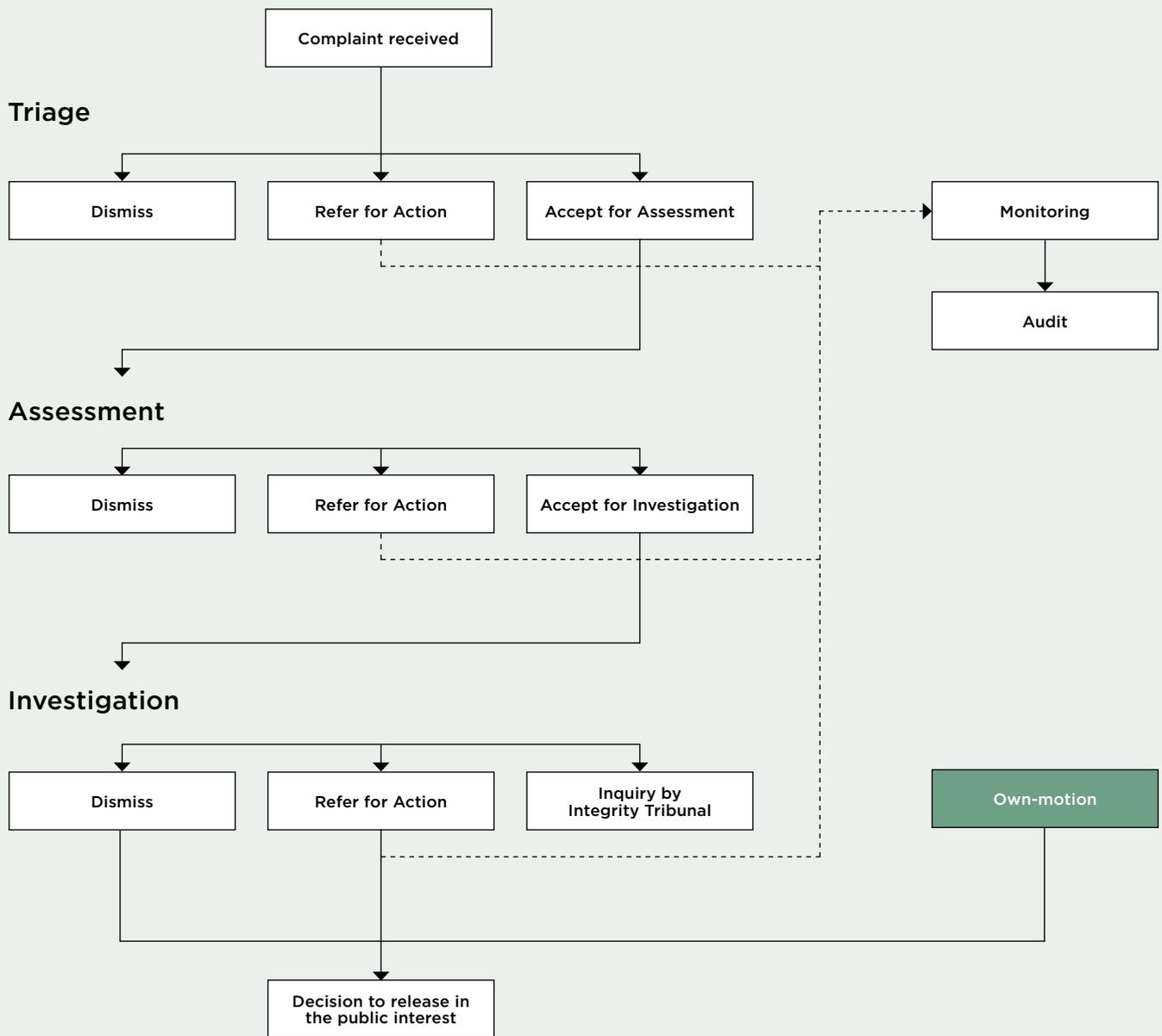
**TABLE 3.** COMPLAINTS DEALT WITH BY ORGANISATION SECTOR

	2020-21	2019-20	2018-19
Tasmanian State Service	64	53	60
Tasmania Police	55	61	29
Local Government	26	33	29
Government business enterprise	3	1	4
Statutory authority	5	1	1
State-owned company	0	0	1
Tertiary education provider	5	2	8
Parliament	10	5	6
Other (not in jurisdiction)	3	9	2
<b>Total</b>	<b>171</b>	<b>165</b>	<b>140</b>

**TABLE 4.** COMPLAINTS RECEIVED BY COMPLAINANT DETAILS

	2020-21	2019-20	2018-19
Anonymous complainants	39	17	15
Provided on condition of anonymity	43	34	8
Named complainants	89	114	117
<b>Total</b>	<b>171</b>	<b>165</b>	<b>140</b>

**FIGURE 2. COMPLAINT HANDLING FLOWCHART**



## TRIAGE

Complaints made to the Commission 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.

### Dismissing complaints

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

- ▶ is not in the public interest for us to investigate the complaint<sup>2</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.

Furthermore, the Commission generally will not duplicate or interfere with work that it considers is being, or has been, undertaken appropriately by another integrity entity or public authority.

The Commission dismissed 126 complaints following triage during 2020–21, consistent with the reasons outlined above.

**TABLE 5. TRIAGE OUTCOMES FOR COMPLAINTS IN 2020–21**

	2020-21	2019-20	2018-19
Dismissed [s 35(1)(a)]	<b>126</b>	122	79
Referred for action [s 35(1)(c)]	<b>31</b>	16	20
Accepted for assessment [s 35(1)(b)]	<b>13</b>	27	41
<b>Total</b>	<b>170</b>	<b>165</b>	<b>140</b>

### 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 31 complaints for action during 2020–21 following triage, not including those referred following assessment or investigation.

### 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 2020–21: one to police, and one to the DPP.

As an example, in August 2020 we received an information report about a State Service employee. The report contained credible information that the employee was using their position to commit offences. After liaising with the DPP, we referred the report to Tasmania Police under section 8(1)(h) of the Act.

This referral led to an investigation by police. In early July 2021, the Department of State Growth announced that police had charged one of its employees in relation to the alleged unauthorised release of personal information.

## Monitoring referred complaints

Monitoring the status of referred complaints, including those referred after triage, assessment, and investigation, enables us to assess whether appropriate action is taken and to monitor the capacity of public authorities to deal with misconduct. In some circumstances, we may determine to audit how the public authority has handled the complaint.

We intend to provide qualitative and quantitative reporting on our referral process in future annual reports.

## PUBLIC INTEREST DISCLOSURES

Two complaints were assessed as protected disclosures under the *Public Interest Disclosures Act 2002* (PID Act) in 2020–21. We chose to deal with those matters 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

	2020-21	2019-20	2018-19
Complaints assessed as protected disclosures	2	1	15
Protected disclosure referrals received	0	0	0

**TABLE 7.** NOTIFICATIONS RECEIVED ABOUT MISCONDUCT MATTERS

	2020-21	2019-20	2018-19
Notifications	69	54	50
(Tasmania Police)	(26)	(31)	(35)

## NOTIFICATIONS

Public authorities are encouraged to notify the Commission when they receive misconduct allegations 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 69 notifications during 2020–21. Of these, 23 were received from Tasmania Police on the basis of the Memorandum of Understanding between police and the Commission. The remainder were all received from public authorities in the Tasmanian State Service.

## SECTION THREE

# INVESTIGATING MISCONDUCT

Entrusted to impartially investigate public sector misconduct, the Commission works to ensure good governance is defining the future of Tasmania

In accordance with the Act, and consistent with the findings of the *Independent Review of the Integrity Commission Act 2009*,<sup>3</sup> the Commission continued to focus its investigative resources on allegations of serious misconduct<sup>4</sup> and matters involving designated public officers.<sup>5</sup>

The Commission also shifted the focus of its investigative work to a more strategic, risk-based and proactive approach, adopting new procedures to routinely consider risk areas that may warrant initiating an own-motion investigation. This involves an internal working group of senior staff assessing identified risk areas against a set of criteria. Matters that rated highly against the criteria progressed to a scoping project.

The outcomes of the scoping may be an own-motion investigation, a research project, or no further action. In 2020–21, one scoped matter proceeded to an own-motion investigation, one was referred to the Director of Public Prosecutions, and 4 proceeded to research projects.

During the reporting period, the Commission concluded 15 assessments and 3 investigations.<sup>6</sup> The Board released one public report in relation to an investigation completed in 2019–20.

Summaries of assessments and investigations concluded during 2020–21 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. They focus on preliminary enquiries and information gathering, enabling us to determine whether allegations warrant 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 2020–21 was 36 working days.

### Assessment outcomes

Of the 15 assessments concluded during 2020–21, we dismissed 13, referred one to the relevant public authority for action, and accepted one for investigation.

**TABLE 8. NUMBER OF ASSESSMENTS UNDERTAKEN AND CONCLUDED**

	2020-21	2019-20	2018-19
Commenced	13	27	40
Concluded	15	28	48
Duration (median, working days)	36	21	19

**TABLE 9. CONCLUDED ASSESSMENT OUTCOMES**

	2020-21	2019-20	2018-19
Dismissed [s 38(1)(a)]	13	23	31
Referred [ss 38(1)(b)-(f)]	1	2	7
Accepted for Investigation [s 38(1)(g)]	1	3	10
<b>Total</b>	<b>15</b>	<b>28</b>	<b>48</b>

**TABLE 10. COMPLAINT INVESTIGATIONS COMMENCED AND CONCLUDED**

	2020-21	2019-20	2018-19
Commenced	1	4	10
Concluded	2	3	6

**TABLE 11. OWN-MOTION INVESTIGATIONS COMMENCED AND CONCLUDED**

	2020-21	2019-20	2018-19
Commenced	1	2	1
Concluded	1	2	2

**TABLE 12. USE OF INVESTIGATIVE POWERS**

	2020-21	2019-20	2018-19
Authorisation of external officers [s 21]	1	1	1
Coercive notices [s 47]	62	42	61
Power to enter premises [s 50]	0	0	1
Search warrants [s 51]	0	0	0
Surveillance device warrants [s 53]	0	0	0
<b>Total</b>	<b>63</b>	<b>43</b>	<b>63</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.

In 2020-21, we made some changes to our investigative procedures to streamline the process, for example by moving to a dual investigator model. These changes are ongoing.

The median duration of investigations concluded in 2020-21 was 246 working days.

### Investigative powers

The Commission's 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.

**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 *Search Warrants Act 1997* (Tas).

No applications for a surveillance device or search warrant were made during the reporting period.

**Inspection of registers**

The Commission 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.

**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.

**TABLE 13.** CONCLUDED INVESTIGATION OUTCOMES

	2020-21	2019-20	2018-19
Dismissed [s 58(2)(a)]	0	2	3
Referred for action [s 58(2)(b)]	2	3	3
Commission of Inquiry [s 58(2)(c)]	0	0	0
Integrity Tribunal [s 58(2)(e)]	0	0	0
No determination	1	-	-
<b>Total</b>	<b>3</b>	<b>5</b>	<b>6</b>

**TABLE 14.** PUBLIC REPORTS RELEASED IN 2020-21

	2020-21	2019-20	2018-19
Public reports	1	2	4

An inquiry by an Integrity Tribunal is conducted in accordance with Part 7 of the Act, and is convened by the Chief Commissioner. The Commission is yet to determine to conduct such an inquiry.

Of three investigations concluded in 2020-21, the Board referred 2 for action. A final determination under section 58 of the Act was not made on the third investigation, as the Board revoked its original decision to conduct this investigation.

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

**Public 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.

The Board released one report in the public interest, arising from a matter finalised in 2019-20. Copies of all public reports are available at [www.integrity.tas.gov.au](http://www.integrity.tas.gov.au).

## AUDITS

The Commission may decide to audit matters it refers for action, or matters notified to it by public authorities. One such audit was undertaken during 2020-21.

Further information on our review of Tasmania Police conduct and complaint management policy and audit of a sample of 30 misconduct files is provided in Section 4 (below).

## 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 arrangements with 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.

**TABLE 15. MISCONDUCT AUDITS CONCLUDED**

	2020-21	2019-20	2018-19
Audits concluded	1	2	3
(Tasmania Police)	(0)	(2)	(2)

## SECTION FOUR

# POLICE OVERSIGHT PROGRAM

The Commission works to assure the public, and the police service itself, that police perform their roles in accordance with their values of integrity, equity and accountability

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 in active oversight of police is particularly important. Oversight of Tasmania Police during 2020–21 was achieved by:

- ▶ engaging with police, including at training events and by finalising a review of our engagement framework
- ▶ continuing a review of the Abacus Conduct and Complaint Management policy
- ▶ monitoring referred and notified complaints, and
- ▶ auditing complaints 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.

### ENGAGEMENT

We continue to engage on a regular basis with Professional Standards Command in Tasmania Police. This has included completion of a review of our former Memorandum of Understanding between the Commission and Tasmania Police, signed in 2010. On 19 May 2021, our CEO executed a new 'Letter of Understanding' (LoU) with Tasmania Police. The LoU sets out cross-agency engagement processes regarding to notifications and referrals of misconduct and compliance review matters, education and training, secondment of police to the Commission, and information-sharing.

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 5 of this report.

Commission staff also engaged in a focused education session at the Tasmania Police Academy, where our staff observed recruits undergoing training in use of force tactics. The session enabled us to consider acceptable use of force and options typically employed during dangerous or violent situations, which will assist us to assess use of force complaints against police.

## 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 2020, we commenced 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 on the review is expected to be tabled in Parliament at the end of this year.

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

## MONITORING REFERRED AND NOTIFIED COMPLAINTS

The Commission monitored complaints it referred to Tasmania Police to manage, as well as complaints notified to us by police under our joint MoU/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 23 notifications from Tasmania Police under the MoU/LoU in 2020-21.

## 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 2020-21, we initiated one audit of a police complaint file, into an incident involving use of force. The audit will be completed in the next financial year.

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

## SECTION FIVE

# PREVENTING MISCONDUCT

Through education, support and advice, the Commission works with public authorities to build integrity and prevent misconduct

Our education and training program for public sector employees continues to deliver positive outcomes across the state. After a break in face-to-face training due to COVID-19, we resumed our organisational training program in September 2021, alongside a shift to a focus on online and mixed-delivery education.

We also launched our next-generation online training program, *Integrity in Public Service*, undertook a review and improvement of our research program and education resources, and began implementing recommendations from our flagship research report *Establishing an evidence-base: sampling, engagement and evaluation 2019-20*.

Support for Principal Officers to meet the training requirements of section 32 of the Act continues to drive our education and prevention strategy. Our outreach program delivered strong outcomes, fostering effective partnerships with public authorities.

### PREVENTION HIGHLIGHTS

The *Integrity in Public Service* online course, developed through consultation with public sector reference groups, began rollout with organisations across our jurisdiction. Additional reference groups (uniformed services, education, and health) identified relevant misconduct risks that were developed into new written content, then scripted, filmed and produced for videos to be embedded in the next version of the course. We also modified the core content of the course to include volunteers.

Recommendations from our *Establishing an evidence-base: sampling, engagement and evaluation 2019-20* research project have been implemented, including data collection for tailored interventions, Integrity Education Plans for medium- and long-term partnerships, and measurement recommendations.

We developed an expanded and theory-driven survey that will collect data from across the public sector to measure the

Commission's impact across the sector, including long-term institutional change, and to inform original research at the Commission.

Our face-to-face training continues to be well-received, with participants providing positive evaluations across trainings and sectors.

We developed a self-assessment integrity tool for implementation across our jurisdiction to measure how organisations are meeting their requirements under section 32 of our Act. Results will inform partnerships with agencies and original research at the Commission.

A resource development project, informed by inter-jurisdictional research on good practice, resulted in 230 new and revised fact sheets, case studies, scenarios and education tools that have been used to support our education and advisory services. A branding review ran alongside this project, producing a new style guide for use across the Commission.

We have focused increasingly on whole-of-organisation and whole-of-business unit training. This places senior management in the same room as staff and ensures consistent messaging across the organisation or business unit. We continue to work with organisational executive and leadership groups for training, included elected representatives.

Recruits training programs continued with Tasmania Police, Tasmania Prison, and Tasmania Fire Service, reaching 127 new recruits as part of their induction training.

To support our training, we recruited and trained a pool of 6 casual trainers, located across the state, to increase our reach and agility of face-to-face training.

We met 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.

**TABLE 16. OVERVIEW OF TRAINING SESSIONS DELIVERED**

	2020-21	2019-20	2018-19
Total sessions	<b>35</b>	67	35
Total attendees	<b>633</b>	959	684
Total public authorities	<b>12</b>	33	17

**TABLE 17. TRAINING SESSIONS DELIVERED BY REGION**

	2020-21	2019-20	2018-19
South	<b>24</b>	32	30
North	<b>9</b>	23	4
North-West	<b>2</b>	12	1
Interstate	-	-	-
<b>Total</b>	<b>35</b>	<b>67</b>	<b>35</b>

**TABLE 18. TRAINING PARTICIPANTS BY SECTOR**

	2020-21	2019-20	2018-19
Tasmanian State Service	<b>307</b>	324	225
Tasmania Police	<b>97</b>	46	58
Local Government	<b>130</b>	551	222
Government businesses	<b>14</b>	37	40
Tertiary education provider	-	10	16
Parliament	-	-	123
Whole jurisdiction	<b>64</b>	-	-
Other (outside jurisdiction)	<b>21</b>	-	225
<b>Total</b>	<b>633</b>	<b>959</b>	<b>684</b>

## 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

The Commission delivered 35 workshops and presentations during 2020–21, reaching 633 public officers from 12 public authorities across the State.

We facilitated:

- ▶ 3 *Managing and Investigating Workplace Misconduct* workshops with 64 participants from across our jurisdiction, to equip attendees with the skills necessary to manage and undertake basic internal investigations into alleged misconduct.
- ▶ one *Writing Allegations* workshop with 12 employees from Communities Tasmania to support and give participants practice in transforming complaints into allegations.

We delivered:

- ▶ whole-of-organisation training for Glamorgan Spring Bay Council, reaching a total of 48 office and outdoor staff, which was positively received. Elected representatives also participated in an *Integrity in Leadership* workshop with the Commission shortly outside the reporting period.
- ▶ whole-of-organisation training for Meander Valley Council for a total of 82 office and outdoor staff, which was positively received. Elected representatives also participated in an *Integrity in Leadership* workshop with the Commission shortly outside the reporting period.
- ▶ whole-of-unit training with Department of Health Infrastructure Services, reaching 132 public sector employees across all regions.

We partnered with:

- ▶ Department of Justice to deliver 4 rounds of recruit training, focussed on understanding integrity, good decision-making and reporting misconduct.
- ▶ Department of Health to deliver executive training, bringing together 14 high-level managers to discuss conflicts of interest and use of power and authority.
- ▶ a range of public authorities and teams to design and deliver custom integrity training and presentations, including CPA Australia, Tasmanian Irrigation, TasRail, Department of Police, Fire and Emergency Management, and Communities Tasmania.

## RESOURCES

Capacity building within the public sector underpins all our activities, from handling complaints and making recommendations, to delivering training and developing resources.

To support this, we launched and finalised a resource development project in 2020–21, producing new and updated resources based on current trends and research.

These resources cover:

- ▶ key misconduct risks; for example conflicts of interest and misuse of resources
- ▶ sector-specific risks; for example local government and tertiary
- ▶ misconduct in high-risk activities; for example procurement and recruitment
- ▶ multiple types of resources; for example fact sheets and good practice guides.

Alongside this, we designed and published a style guide, which will inform standardised public-facing communications across the Commission, and particularly in Misconduct Prevention.

## Integrity in Public Service online training program

The Commission launched its new online training program, *Integrity in Public Service*, with 3 organisations initially, ready for jurisdiction-wide implementation. The course covers core topics such as *Pride in Public Service*, *Role of the Integrity Commission*, *Good Decision-making*, and *Misconduct Risks*.

We have embedded a survey tool in the online module, enabling us to collect views and perceptions of a diverse range of public sector employees, and to measure drivers of misconduct and long-term institutional change. Survey topics cover integrity in the workplace, key misconduct risks, trust in government, and public sector integrity in general.

New versions of the online course have been scoped and produced based on consultation with representatives from the public sector, ready for rollout in 2021-22. These new courses include specific misconduct risks and scenarios for specific sectors and work activities.

## RESEARCH AND EVALUATION

The Commission 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.

We developed the *Ethics and Integrity Snapshot*, a self-assessment tool for the Tasmanian public sector, ready for implementation in 2021-22. This developed tool followed a bench-mark survey carried out in 2013, and will collect information about what public sector organisations are doing to meet their obligations under the Act. Information collected will allow us to gain a clear view of what is already in place to support integrity in the public sector, and to identify areas for development.

We also implemented recommendations from our report *Establishing an evidence-base: sampling, engagement and evaluation 2019-20*, including developing Integrity Education Plans for organisations, developing new tools for measuring impact and setting up longitudinal data collection.

The 3-year Unit Operational Plan, which runs alongside the Commission's 2020-23 Strategic Plan, includes new metrics for monitoring and evaluating the performance and impact of the Misconduct Prevention Unit.

## SECTION SIX

# CAPABILITY AND RESOURCES

The Commission is committed to fostering a supportive, values-driven workplace and developing an effective, skilled and resilient workforce

### CORONAVIRUS (COVID-19) PANDEMIC: RESPONSE

The COVID-19 pandemic continued to affect the Commission, particularly during the first half of the reporting period. There was continued impact was on our education and engagement due to public authorities reducing their face-to-face training requirements. To prevent virus transmission, we had postponed all face-to-face activities from March 2020 until late August 2021.

From an administrative perspective, our staff had returned to the office under a return-to-work arrangement in mid July 2020, facilitated by a comprehensive safety plan. The plan, developed in accordance with WorkSafe Tasmania's *COVID-19 Safe Workplace Guidelines – Public Administration*, has been reviewed regularly throughout the reporting period in accordance with the changing environment.

Staff continue to limit face-to-face meetings where possible using technologies such as Teams meetings. Throughout 2020–21, we established working from home agreements for 3 staff, to enhance employee flexibility and satisfaction.

### WORKFORCE

At 30 June 2021, the Commission employed 15.5 full-time equivalent officers, including the Chief Commissioner and Chief Executive Officer.<sup>8</sup> We also recruited 5 casual transcription typists and 6 casual educators during the year, and funded 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>9</sup>

The CEO approved one extended leave arrangement during 2020–21.

### 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 reviews 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 the Commission's strategic and operational plans, and identifies relevant training and development opportunities.

### 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 42 training and development activities in 2020–21, including participation in the following industry conferences and forums:

- ▶ Tasmanian Governance Forum 2020 Future public sector leaders' series
- ▶ LGBTIQ+ Inclusive Leadership
- ▶ Plain English workshops (26TEN).

### Workplace health and safety

The Commission 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 4 reportable WHS incidents. All reports were adequately resolved. There were no claims for workers compensation.

**TABLE 19.** WORK HEALTH AND SAFETY INCIDENT REPORTS RECEIVED

	2020-21	2019-20	2018-19
Incident reports	4	1	0

**TABLE 20.** WORKERS COMPENSATION CLAIMS RECEIVED

	2020-21	2019-20	2018-19
Workers compensation claims	0	0	0

### 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

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

Two media releases were issued in 2020–21: one in association with the tabling of a report of an investigation, and one in association with the 2019–20 Annual Report.

The Commission published one edition of the *Integrity Matters* newsletter. We have decreased our reliance on a regular newsletter, focussing on the release of integrity commentary and education resources in association with operational matters.

## Publications

The Commission released 2 publications in 2020-21. 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.

## INFORMATION MANAGEMENT AND TECHNOLOGY

The Commission continued to enhance its information management and technology capabilities during 2020-21.

Throughout the year, the Corporate Services Unit provided operational advice to the Operations Unit on upgrading our complaints case management system (CMS) as well as facilitating system documentation and reporting capability. The Department of Justice is assisting with the integration of complaint forms from our website into the CMS.

The Operations Unit also purchased new forensic searching software, primarily to facilitate more efficient mailbox searches.

We have also been working with Misconduct Prevention to introduce workflow to enable improved tracking of the educational resources.

TABLE 21. REGISTER OF PUBLICATIONS RELEASED IN 2020-21

TITLE	DATE	LOCATION	ISSN
<i>Report 1 of 2020: Summary report of an own-motion investigation into misconduct by public officers in the Tasmanian Health Service, North West Region</i>	25 August 2020	Online Parliament	Yes
<i>Integrity Commission Annual Report 2019-20</i>	29 October 2020	Online Parliament	Yes

## BUDGET

The Commission operated with a budget of \$2.699m during 2020-21. We continued to monitor our budget carefully, ensuring the most appropriate and efficient use of resources.

We funded the production of 14 short films to continue the development of the Integrity in Public Service online training module.

At the end of the reporting period, the Commission had a budget surplus of approximately \$120,000, largely due to two 6-month staffing vacancies in each of the Operations and Misconduct Prevention units. There were also savings due to COVID-19, such as a reduction in travel arising from less face-to-face training. The Treasurer has given approval for the surplus to be rolled-forward to 2021-22 .

The rolled over funds will be used to:

- ▶ employ a fixed-term research officer to assist in undertaking research for strategic long-term projects and own-motion investigations into misconduct risks, and
- ▶ continued development and delivery of online and blended training and education.

## 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 2011* (SSR), and
- ▶ various Treasurer's Instructions (TI).

### 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 4 people: 2 external members, one of whom is the chairperson; a Board member (Phil Foulston); and the Commission's CEO. The Director, Corporate Services, provides administrative support to the committee.

**TABLE 22. INDEX OF COMPLIANCE RESPONSIBILITIES**

REQUIREMENT	LEGISLATION	SECTION
Appeals process	SSR reg 9(c)(iii)	6
Auditor-General's Report on financial statements	FMAA s 27(1)(c)	7
Community awareness, services and publications	SSR reg 9(c)(i)	1-7
Contact officers and points of public access	SSR reg 9(c)(ii)	Inside covers, 3
Contracts and procurement	TI FR-4	6
Financial statements	FMAA s 27(1)(c)	7
Head of Agency certification	TI 205 cl (1)	7
Major initiatives	SSR reg 9(a)(v)	1-7
Occupational health and safety strategies	SSR reg 9(b)(vi)	6
Organisation chart	SSR reg 9(a)(ii)	1
Organisation structure	SSR reg 9(a)(iii)	1
Overview of strategic plan	SSR reg 9(a)(i)	1
Processes established to ensure employee participation in industrial relations matters and any disputes affecting the Agency	SSR reg 9(b)(iv)	6
Public interest disclosures	PIDA s 86	2
Right to information	RTIA s 23	6
Superannuation contributions	PSSRA s 13	6
Support for local business	TI 1111 cl (3)(a)-(b); TI 1213 cl (2), (3)(a)-(b)	6

In 2020–21, the Committee’s focus areas were: a review of the Service Level agreement with the Department of Justice; monitoring of risk registers; information security; reviewing internal control mechanisms; and business continuity planning.

### Gifts, benefits and hospitality

The Commission declared one token gift during 2020–21. 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 one application under the *RtI Act* during 2020–21. As the application requested information about the CEO, the matter was delegated to the Department of Justice. The matter was ultimately determined by the Tasmanian Ombudsman and the request refused on the grounds it did not relate to the administration of the Commission.

### 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 2020–21. However there were no contracts awarded with a value greater than \$50,000.

### Service level agreement: Department of Justice

The Commission maintained its Service Level Agreement (‘SLA’) with the Department of Justice in 2020–21. Under the SLA, the department provides human resources, financial and information technology support. Adjusted for CPI, the cost of the SLA was \$188,425 in 2020–21.

A comprehensive review of the agreement was undertaken during 2020–21, resulting in the signing of a new agreement to come into effect on 1 July 2021.

### Complaints about the Commission

Complaints about the actions of the Commission or its employees can be made to the Parliamentary Joint Standing Committee on Integrity. The committee did not refer any complaints about the Commission during 2020–21.

## 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  
4 OCTOBER 2021

**SECTION SEVEN**  
**FINANCIAL STATEMENTS**

Statement of Certification  
Statement of Comprehensive Income  
Statement of Financial Position  
Statement of Cash Flows  
Statement of Changes in Equity  
Notes  
Independent Auditor's Report

# 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 2021 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**  
12 AUGUST 2021



RACHAEL DANIELS  
**DIRECTOR, CORPORATE SERVICES**  
12 AUGUST 2021

# STATEMENT OF COMPREHENSIVE INCOME

## FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
<b>Income from continuing operations</b>				
Revenue from Government				
Appropriation revenue - recurrent	3.1	2 699	2 569	2 528
Other revenue from Government	3.1	40	40	7
Other revenue		-	42	-
<b>Total income from continuing operations</b>		<b>2 739</b>	<b>2 651</b>	<b>2 535</b>
<b>Expenses from continuing operations</b>				
Employee benefits	4.1	1 959	1 761	1 878
Depreciation and amortisation	4.2	271	236	264
Supplies and consumables	4.3	356	377	351
Finance costs	4.4	74	(46)	85
Other expenses	4.5	201	204	212
<b>Total expenses from continuing operations</b>		<b>2 861</b>	<b>2 532</b>	<b>2 790</b>
<b>Net result</b>		<b>(122)</b>	<b>119</b>	<b>(255)</b>
<b>Comprehensive result</b>		<b>(122)</b>	<b>119</b>	<b>(255)</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 2021

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
<b>Assets</b>				
<i>Financial assets</i>				
Cash and deposits	8.1	41	85	24
Receivables	5.1	9	7	9
<i>Non-financial assets</i>				
Leasehold improvements and equipment	5.2	-	22	27
Right-of-use assets	5.3	-	757	838
Intangible assets	5.4	31	16	39
Other assets	5.5	1 056	64	41
<b>Total assets</b>		<b>1 137</b>	<b>951</b>	<b>978</b>
<b>Liabilities</b>				
Payables	6.1	17	11	10
Lease liabilities	6.2	978	772	896
Employee benefits	6.3	378	339	363
Provisions	6.5	75	82	81
<b>Total liabilities</b>		<b>1 448</b>	<b>1 204</b>	<b>1 350</b>
<b>Net assets</b>		<b>(311)</b>	<b>(253)</b>	<b>(372)</b>
<b>Equity</b>				
Accumulated funds		(311)	(253)	(372)
<b>Total equity</b>		<b>(311)</b>	<b>(253)</b>	<b>(372)</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 2021

	Notes	2021 Budget \$'000	2021 Actual \$'000	2020 Actual \$'000
<b>Cash flows from operating activities</b>		Inflows (Outflows)	Inflows (Outflows)	Inflows (Outflows)
<b>Cash inflows</b>				
Appropriation receipts - recurrent		2 739	2 569	2 528
GST receipts		-	79	84
Other cash receipts		-	82	-
<b>Total cash inflows</b>		<b>2 739</b>	<b>2 730</b>	<b>2 612</b>
<b>Cash outflows</b>				
Employee benefits		(1 928)	(1 792)	(1 824)
GST payments		-	(78)	(72)
Supplies and consumables		(356)	(389)	(333)
Finance costs		(74)	(18)	(85)
Other cash payments		(201)	(205)	(207)
<b>Total cash outflows</b>		<b>(2 559)</b>	<b>(2 482)</b>	<b>(2 521)</b>
<b>Net cash from (used by) operating activities</b>	8.2	<b>180</b>	<b>248</b>	<b>91</b>
<b>Cash flows from financing activities</b>				
<b>Cash outflows</b>				
Repayment of lease liabilities (excluding interest)	8.3	(180)	(187)	(112)
<b>Total cash out flows</b>		<b>(180)</b>	<b>(187)</b>	<b>(112)</b>
<b>Net cash from/ (used by) financing activities</b>		<b>(180)</b>	<b>(187)</b>	<b>(112)</b>
<b>Net increase/(decrease) in cash held and cash equivalents</b>		<b>-</b>	<b>61</b>	<b>(21)</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>38</b>	<b>24</b>	<b>45</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	8.1	<b>38</b>	<b>85</b>	<b>24</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 2021

	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>

	Accumulated Funds \$'000	Total equity \$'000
<b>Balance as at 1 July 2019</b>	<b>(117)</b>	<b>(117)</b>
Total comprehensive result	(255)	(255)
Total	<b>(255)</b>	<b>(255)</b>
<b>Balance as at 30 June 2020</b>	<b>(372)</b>	<b>(372)</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 2021

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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 2020-21 Budget Papers and is not subject to audit.

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

### 2.1 Statement of Comprehensive Income

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Employee Benefits	(a)	1 959	1 762	197	10
Finance costs	(b)	74	(46)	120	162

#### Notes to Statement of Comprehensive Income variances

- (a) Due to a timing difference between preparation of the Budget Papers and the Commission's internal original budget, employee benefits are approximately \$66,000 lower than shown in the budget papers. In addition, salary savings resulted from a six month vacancy for a Senior Investigator position. There was also a delay in recruitment following resignation of an employee in November 2020 in the Misconduct Prevention unit. Staff training was less than budget due to COVID-19 impacts.
- (b) When reassessing the lease for CPI increases, the Commission determined that the interest rate was not implicit in the lease. Accordingly recalculating the lease liability using the Tascorp indicative lending rate as at 1 July 2019 resulted in a reduction in interest expense for 2019-20. Whilst this is a prior period adjustment, due to immateriality, it has been adjusted in 2020-21. Refer also to note 8.3.

## 2.2 Statement of Financial Position

Budget estimates for the 2020-21 Statement of Financial Position were compiled prior to the completion of the actual outcomes for 2020-21. As a result, the actual variance from the Original Budget estimate will be impacted by the difference between estimated and actual opening balances for 2020-21. The following variance analysis therefore includes major movements between the 30 June 2020 and 30 June 2021 actual balances.

	Note	Budget \$'000	2021 Actual \$'000	2020 Actual \$'000	Budget Variance \$'000	Actual Variance \$'000
Lease liabilities	(a)	978	772	896	206	(124)

### Notes to Statement of Financial Position variances

- (a) A lease liability is measured at the present value of the lease payments remaining. The movement reflects the annual repayment of the lease during 2020-21. However refer also to notes 6.2 and 8.3. When reassessing the lease for CPI increases, the Commission determined that the interest rate was not implicit in the lease, as was deemed to be the case in 2019-20. Accordingly the lease liability at 1 July 2020 was recalculated using the Tascorp indicative lending rate as at 1 July 2019. This resulted in a reduction in the carrying value of the lease liability as at 1 July 2020 of \$63,000 (\$17,000 movement due to correction of the discount rate and inflation rate as well as a \$46,000 movement due to the market rent review as at 1 July 2020).

## 2.3 Statement of Cash Flows

	Note	Budget \$'000	Actual \$'000	Variance \$'000	Variance %
Employee Benefits	(a)	1 928	1 792	136	7

### Notes to Statement of Cash Flows variances

- (a) Due to a timing difference between preparation of the Budget Papers and the Commission's internal original budget, employee benefits are \$25,000 lower than shown in the budget papers. Salary savings resulted from a six month vacancy for a Senior Investigator position, as well as a delay in recruitment following resignation of an employee in November 2020 in the Misconduct Prevention unit. Staff training was less than budget due to COVID-19 impacts.

## 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. Rollover of unexpended appropriations under section 23 will be disclosed under the Financial Management Act for the first time in 2020-21.

In the 2019-20 comparative year, Revenue from Government included appropriations carried forward under section 8A(2) of the now repealed Public Account Act 1986, and taken up as revenue in the current year.

Section 8A(2) of the Public Account Act allowed for an unexpended balance of an appropriation to be transferred to an Account in the Special Deposits and Trust Fund for such purposes and conditions as approved by the Treasurer. In the initial year (2018-19), the carry forward was recognised as a liability, Revenue Received in Advance. The carry forward from the initial year was recognised as revenue in the reporting year, assuming that the conditions of the carry forward were met and the funds were expended.

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

	<b>2021 Budget \$'000</b>	<b>2021 Actual \$'000</b>	<b>2020 Variance \$'000</b>
Appropriation revenue - recurrent	2 699	2 569	2 528
Current year	<b>2 699</b>	<b>2 569</b>	<b>2 528</b>
Revenue from Government - other	40	40	7
Appropriation carried forward under section 8A(2) of the <i>Public Account Act 1986</i> taken up as revenue in the current year	<b>40</b>	<b>40</b>	<b>7</b>
<b>Total revenue from Government</b>	<b>2 739</b>	<b>2 609</b>	<b>2 535</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

	2021	2020
	\$'000	\$'000
Wages and salaries	1 575	1 644
Superannuation – defined contribution schemes	160	185
Superannuation – defined benefit schemes	10	11
Other employee expenses	16	38
<b>Total</b>	<b>1 761</b>	<b>1 878</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 12.95 per cent (2020: 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 9.5 per cent (2020: 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 (2020: 3.45 per cent) of salary in respect of employees who are members of contribution schemes.

**(b) Remuneration of Key management personnel**

2021	Short-term benefits		Long-term benefits		Termination Benefits \$'000	Total \$'000
	Salary	Other Benefits <sup>1</sup>	Super annuation	Leave Benefits <sup>2</sup>		
	\$'000	\$'000	\$'000			
<b>Key management personnel</b>						
Greg Melick, Chief Commissioner	120	-	11	-	-	131
Michael Easton, Chief Executive Officer	192	-	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>360</b>	<b>-</b>	<b>34</b>	<b>1</b>	<b>-</b>	<b>395</b>

2022	Short-term benefits		Long-term benefits		Termination Benefits \$'000	Total \$'000
	Salary	Other Benefits <sup>1</sup>	Super annuation	Leave Benefits <sup>2</sup>		
	\$'000	\$'000	\$'000			
<b>Key management personnel</b>						
Greg Melick, Chief Commissioner	137	-	13	-	-	150
Michael Easton, Chief Executive Officer (from 7 April 2020)	52	-	5	5	-	62
Richard Bingham, Chief Executive Officer (Resigned as at 6 April 2020)	126	17	13	(24)	-	132
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>363</b>	<b>17</b>	<b>34</b>	<b>(19)</b>	<b>-</b>	<b>395</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.
- In 2020-21 the Chief Executive Officer elected to receive a car allowance in lieu of a motor vehicle and did 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 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 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	2021 \$'000	2020 \$'000
Leasehold improvements - depreciation	14 years	5	59
Right-of-use assets - adjustment of depreciation 2020 (refer note 5.3)		14	-
Right-of-use assets - depreciation		194	170
<b>Total depreciation</b>		<b>213</b>	<b>229</b>

(b) Amortisation	Major amortisation period	2021 \$'000	2020 \$'000
Intangibles - amortisation		23	23
Lease make-good - amortisation		-	12
<b>Total amortisation</b>		<b>23</b>	<b>35</b>
<b>Total Depreciation and Amortisation</b>		<b>236</b>	<b>264</b>

### 4.3 Supplies and Consumables

	2021	2020
	\$'000	\$'000
Audit fees – external financial audit	12	12
Audit fees – internal audit	2	9
Motor vehicle leases	6	5
Consultants	85	82
Property services	37	35
Communications	16	15
Information technology	106	117
Travel and transport	6	21
Advertising and promotion	-	4
Printing	4	1
Personnel expenses	61	2
Plant and equipment	9	16
Office requisites	3	2
Other supplies and consumables	30	30
<b>Total</b>	<b>377</b>	<b>351</b>

Audit fees payable for the audit of the Commission's financial statements were \$12,450 (\$12,080 for 2019-20).

### 4.4 Finance costs

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

	2021	2020
	\$'000	\$'000
Interest on lease liabilities – adjustment of interest 2020 (refer note 8.3)	(64)	-
Interest on lease liabilities	18	85
<b>Total finance costs</b>	<b>(46)</b>	<b>85</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.

	2021	2020
	\$'000	\$'000
Salary on costs	13	14
Corporate support provided by the Department of Justice	188	184
Other expenses	3	14
<b>Total</b>	<b>204</b>	<b>212</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 2021 (and 30 June 2020) relate to GST credits receivable from the ATO.

	2021	2020
	\$'000	\$'000
Tax assets	7	9
<b>Total</b>	<b>7</b>	<b>9</b>
Settled within 12 months	7	9
<b>Total</b>	<b>7</b>	<b>9</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. 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

	2021 \$'000	2020 \$'000
<b>Leasehold improvements</b>		
At cost	583	583
Less: Accumulated depreciation	(561)	(557)
<b>Total Leasehold improvements</b>	<b>22</b>	<b>27</b>
<b>Total Leasehold Improvements and Equipment</b>	<b>22</b>	<b>27</b>

(b) Reconciliation of movements

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>

2020	Leasehold improvements \$'000	Total \$'000
<b>Carrying amount at 1 July</b>	<b>86</b>	<b>86</b>
Depreciation expense	(59)	(59)
<b>Carrying amount at 30 June</b>	<b>27</b>	<b>27</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.

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)
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>Adjusted carrying value at 1 July 2020</b>	<b>951</b>	<b>951</b>
Depreciation 2021	(194)	(194)
<b>Carrying value at 30 June</b>	<b>757</b>	<b>757</b>

2020	Buildings \$'000	Total \$'000
<b>Carrying value at 1 July</b>	<b>1 008</b>	<b>1 008</b>
Additions	-	-
Disposals / de-recognition	-	-
Depreciation	(170)	(170)
<b>Carrying value at 30 June</b>	<b>838</b>	<b>838</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. And 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.

## 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

	2021	2020
	\$'000	\$'000
<b>Intangible assets</b>		
At cost	261	261
Accumulated amortisation	(245)	(222)
<b>Total Intangible assets</b>	<b>16</b>	<b>39</b>

(b) Reconciliation of movements

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

2021	Intangible Assets \$'000	Total \$'000
<b>Carrying amount at 1 July</b> 62	62	62
Amortisation expense (23)	(23)	(23)
<b>Carrying amount at 30 June</b> 39	39	39

## 5.5 Other Assets

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

	2021 \$'000	2020 \$'000
<b>Other current assets</b>		
Prepayments	64	41
<b>Total</b>	<b>64</b>	<b>41</b>
<b>Other non-current assets</b>		
Lease make-good	-	65
Less: accumulated amortisation	-	(65)
<b>Total</b>	-	-
Utilised within 12 months	64	41
<b>Total other assets</b>	<b>64</b>	<b>41</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.

	2021	2020
	\$'000	\$'000
Accrued expenses	11	10
<b>Total</b>	<b>11</b>	<b>10</b>
Settled within 12 months	11	10
<b>Total</b>	<b>11</b>	<b>10</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:

<b>Class of right of use asset</b>	<b>Details of leasing arrangements</b>
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.

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Lease liabilities	191	132
<b>Non-current</b>		
Lease liabilities	581	764
<b>Total</b>	<b>772</b>	<b>896</b>

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

	2021	2020
	\$'000	\$'000
<b>Current</b>		
Interest on lease liabilities in note 4.4	(46)	85
Lease expenses included in note 7.1:		
Short term and/or low-value leases	15	10
<b>Net expenses from leasing activities</b>	<b>(31)</b>	<b>95</b>

### 6.3 Employee Benefits

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

	2021	2020
	\$'000	\$'000
Accrued salaries	36	27
Annual leave	96	118
Long service leave	207	218
<b>Total</b>	<b>339</b>	<b>363</b>
Utilised within 12 months	122	127
Utilised in more than 12 months	217	236
<b>Total</b>	<b>339</b>	<b>363</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.

	2021	2020
	\$'000	\$'000
Provision for lease make-good	82	81
<b>Total</b>	<b>82</b>	<b>81</b>
Utilised in more than 12 months	82	81
<b>Total</b>	<b>82</b>	<b>81</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.

	2021 \$'000	2020 \$'000
<b>By type</b>		
<i>Lease Commitments</i>		
Short-term and/or low-value leases	15	10
Total lease commitments	<b>15</b>	<b>10</b>
<i>Other commitments</i>		
Office cleaning contract	6	18
Total other commitments	<b>6</b>	<b>18</b>
<b>By maturity</b>		
<i>Operating lease commitments</i>		
One year or less	12	8
From one to five years	3	2
Total operating lease commitments	<b>15</b>	<b>10</b>
<b>Other commitments</b>		
One year or less	6	12
From one to five years	-	6
Total other commitments	<b>6</b>	<b>18</b>
<b>Total</b>	<b>21</b>	<b>28</b>

The Operating Lease commitments include minor information technology equipment leases and motor vehicle leases.

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 2021.

## 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.

	2021	2020
	\$'000	\$'000
<b>Special Deposits and Trust Fund balance</b>		
S527 Integrity Commission Operating Account	85	24
<b>Total cash and deposits</b>	<b>85</b>	<b>24</b>

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

	2021	2020
	\$'000	\$'000
Net result	119	(255)
Depreciation and amortisation	236	264
Finance cost adjustment - (refer note 4.4)	(64)	-
Decrease (increase) in Receivables	2	11
Decrease (increase) in Prepayments	(23)	44
Increase (decrease) in Employee entitlements	(24)	40
Increase (decrease) in Payables	1	(9)
Increase (decrease) in Provisions	1	3
Increase (decrease) in Other liabilities	-	(7)
<b>Net cash from (used by) operating activities</b>	<b>248</b>	<b>91</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.

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 review 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>

2020	Lease Liabilities \$'000
<b>Balance as at 1 July 2019</b>	<b>1 008</b>
Changes from financing cash flows:	
Cash Repayments	(112)
<b>Balance as at 30 June 2020</b>	<b>896</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 2021 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.

<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 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 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.

## 2021

<b>Maturity analysis for financial liabilities</b>							
	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Undiscounted Total</b>	<b>Carrying Amount</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial liabilities</b>							
Payables	11	-	-	-	-	11	11
Lease liabilities	191	195	199	186	-	804	771
<b>Total</b>	<b>202</b>	<b>195</b>	<b>199</b>	<b>186</b>	<b>-</b>	<b>815</b>	<b>782</b>

## 2020

<b>Maturity analysis for financial liabilities</b>							
	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Undiscounted Total</b>	<b>Carrying Amount</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Financial liabilities</b>							
Payables	10	-	-	-	-	10	10
Lease liabilities	206	217	227	239	229	1 118	896
<b>Total</b>	<b>216</b>	<b>217</b>	<b>227</b>	<b>239</b>	<b>229</b>	<b>1 128</b>	<b>906</b>

## 9.2 Categories of Financial Assets and Liabilities

<b>AASB 9 Carrying amount</b>	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
Cash and cash equivalents	85	24
Amortised cost	7	9
<b>Total</b>	<b>92</b>	<b>33</b>
<b>Financial Liabilities</b>		
Financial liabilities measured at amortised cost	783	906
<b>Total</b>	<b>783</b>	<b>906</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.

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

	<b>Carrying Amount 2021 \$'000</b>	<b>Net Fair Value 2021 \$'000</b>	<b>Carrying Amount 2020 \$'000</b>	<b>Net Fair Value 2020 \$'000</b>
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	85	85	24	24
Receivables	7	7	9	9
<b>Total financial assets</b>	<b>92</b>	<b>92</b>	<b>33</b>	<b>33</b>
<b>Financial liabilities</b>				
Accrued expenses	11	11	10	10
Lease liabilities	772	772	896	896
<b>Total financial liabilities</b>	<b>783</b>	<b>783</b>	<b>906</b>	<b>906</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 and lease liabilities are approximated by their carrying amounts.

The operating lease for rent of premises, previously expensed, is now recognised as a lease liability. Refer to notes 6.2 and 11.5(b) for further information in relation to lease liabilities.

## 9.4 Net Fair Values of Financial Assets and Liabilities

2021	Net Fair	Net Fair	Net fair	Net Fair
	Value Level	Value Level	Value Level	Value Total
	1	2	3	
	\$'000	\$'000	\$'000	\$'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
Lease liabilities	772	-	-	772
<b>Total financial liabilities</b>	<b>783</b>	<b>-</b>	<b>-</b>	<b>783</b>

2020	Net Fair	Net Fair	Net fair	Net Fair
	Value Level	Value Level	Value Level	Value Total
	1	2	3	
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash in Special Deposits and Trust Fund	24	-	-	24
Receivables	9	-	-	9
<b>Total financial assets</b>	<b>33</b>	<b>-</b>	<b>-</b>	<b>33</b>
<b>Financial liabilities</b>				
Accrued Expenses	10	-	-	10
Lease Liabilities	896	-	-	896
<b>Total financial liabilities</b>	<b>906</b>	<b>-</b>	<b>-</b>	<b>906</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 2021.

## 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 12 August 2021.

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. These include:

- AASB 1059 Service Concession Arrangements: Grantors – This Standard prescribes the accounting for a service concession arrangement by a grantor that is a public sector entity. Service concession arrangements are contracts between an operator and a grantor, where the operator provides public services related to a service concession asset on behalf of the grantor for a specified period of time and manages at least some of those services.

Where AASB 1059 applies, the grantor recognises the service concession asset when the grantor obtains control of the asset and measures the service concession asset at current replacement cost. At the same time, the grantor recognises a corresponding financial liability or unearned revenue liability or a combination of both.

The modified retrospective approach, permitted under AASB 1059, has been adopted, by recognising and measuring service concession assets and related liabilities as the date of initial application of 1 July 2019, with any net adjustments to the amounts of assets and liabilities recognised in accumulated funds at that date.

There is no effect of adopting AASB 1059 on the Office's financial statements.

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

There are no applicable Standards that have been issued by the AASB that are yet to be applied.

#### (c) Impact of COVID-19 on Financial Reporting for 2020-21

COVID-19 has had a minimal impact on the Financial Statements of the Commission. No expenditure was incurred directly due to COVID-19 in 2020-21, compared with approximately \$1,600 in 2019-20.

## 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 2019-20 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.

## **NOTE 12 PRINCIPAL ADDRESS AND REGISTERED OFFICE**

The Integrity Commission is located at:

Surrey House  
Level 2  
199 Macquarie Street  
Hobart TAS 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 2021 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 2021 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 – Audit  
Delegate of the Auditor-General**  
Tasmanian Audit Office

27 September 2021  
Hobart

# APPENDIX A

## SUMMARIES OF INVESTIGATIONS AND ASSESSMENTS CONCLUDED IN 2020-21

### INVESTIGATIONS

#### Boomer

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Public Officer
<b>Principal allegation(s)</b>	Improper or dishonest performance of functions and powers in procurement and provision of public services

Investigation Boomer considered conflicts of interest arising for two employees working across the public and private sectors. The focus of the investigation was the establishment by one of the employees of a private business that provided services to the public organisation.

The allegations included that the employees failed to disclose and take reasonable steps to avoid conflicts of interest, influenced decisions that had potential to impact other service providers and the organisation's procurement of services from the business, and were benefitting privately from their public sector duties.

Our investigation found that, once the private business was established, the employees had a potential conflict of interest. However, while the organisation had satisfactory conflict of interest protocols, these had not been provided to the employees nor brought to their attention. Neither employee had identified, disclosed or taken steps to manage their potential conflicts.

Much of the relevant decision-making by both employees was found to have been made in the public interest. However, the employee who established the business was aware that services provided by the organisation could be advantageous to their business.

We found that this employee had attempted to influence decision making about increasing the frequency of these services, and the procurement of related services from their business. Due to the lack of relevant data and records, we were unable to determine whether the employee gained a direct benefit as a result of their public duties.

We identified a number of systemic issues that amplified the misconduct risks and generated obstacles to our investigation, including: poor record keeping practices and rudimentary record keeping systems; unclear and undocumented decision-making and recruitment and procurement processes; and unclear supervision and management arrangements.

#### OUTCOME

***Referred to Principal Officer for action, with suggested improvements to processes***

## Hyperion

<b>Sector</b>	Tasmanian Parliament
<b>Respondent level</b>	Designated Public Officers - Elected representatives
<b>Principal allegation(s)</b>	Provision of funding to community groups through the 2018 State election and the powers of Tasmanian Electoral Commission to investigate alleged corrupt practices

Own motion investigation  
Hyperion considered the policies, practices and procedures, and conduct of public officers involved in providing funding to community groups through the 2018 State election. The grounds for the investigation involved possible conduct or systemic issues concerning the scale of the election commitments, and whether the process for determining and announcing recipients was sufficiently transparent.

The investigation also considered the existing powers of the Tasmanian Electoral Commissioner, and whether the Electoral Commissioner should have additional powers.

The investigation commenced in February 2019, and a draft investigation report was provided to relevant parties for comment in mid-2020. The Board obtained independent legal advice on various jurisdictional, scope and content issues, the extent of the investigation, and its terms of reference.

The Board concluded that the investigation could not be finalised, and revoked its original determination to conduct the investigation on 15 April 2021.

The Board considered how it might progress the matter, including changing the terms of reference. The Board decided that it would not be in the public interest to commit further resources to re-investigating the matter. However, the Board is considering whether the policy and procedure elements of the original investigation may be explored through other means.

### OUTCOME

***No determination as the Board revoked its decision to conduct the investigation***

## Munro

<b>Sector</b>	Tasmanian State Service
<b>Respondent level</b>	Public officer; Designated Public Officer - Senior Executive
<b>Principal allegation(s)</b>	Dishonest conduct relating to falsification of workplace documents

Investigation Munro arose from a complaint about an employee falsifying timesheets to show they were at work when on leave, making inappropriate claims for leave, improperly managing grant funds, and not declaring conflicts of interest resulting from their outside employment. The employee's manager was alleged to have failed to take proper actions in relation to this conduct.

Our investigation found four of the five allegations to be unsubstantiated. The allegation relating to failing to adequately declare benefits was substantiated, however was found not to be deliberate, and more likely due to a lack of awareness and support. It appears that this

is not uncommon in the particular organisation, with a high likelihood that other employees are similarly failing to make such declarations.

The investigation highlighted a number of systemic issues that have been referred to the Principal Officer for action, including: the system for managing staff hours appears to be inefficient and inadequate; and there appears to be a lack of awareness and adherence to policy relating to outside employment. This includes staff receiving honorarium payments from non-profit organisations, sponsored travel and payments for presenting at conferences.

### OUTCOME

***Referred to Principal Officer for action***

# ASSESSMENTS

## Algonkian (1), (2) and (3)

<b>SECTOR</b>	Local Government
<b>RESPONDENT LEVEL</b>	Designated Public Officer - Elected representative
<b>PRINCIPAL ALLEGATION(S)</b>	Conflict of interest when exercising statutory powers and in decision-making

Assessment Algonkian considered three complaints relating to allegations that the Mayor of a Council failed to declare and manage conflicts of interest in Council decisions stemming from the inclusion of their private property in plans for a development proposed by an educational facility.

We found that the Mayor had properly declared and recorded conflicts of interest in accordance with the Local Government Act 1993, or had absented themselves from relevant Council workshops. We noted that the lengthy history of the project and inconsistent public messaging from both Council and the educational facility generated confusion and perceptions of impropriety.

### OUTCOME

***Dismissed, with suggested improvements to processes provided to Principal Officer***

## Byron

<b>SECTOR</b>	Statutory Panel; Parliament of Tasmania
<b>RESPONDENT LEVEL</b>	Public Officers; Designated Public Officers - Senior Executive, Elected representative
<b>PRINCIPAL ALLEGATION(S)</b>	Improper exercise of powers by a statutory panel

Assessment Byron considered allegations that a Code of Conduct Panel investigating a complaint against a Local Government councillor was legally flawed and designed to target the councillor. It was alleged that this was done for political reasons and was facilitated by the Council's General Manager and a member of Parliament.

The assessment found that the determination of the Panel was set aside by the Supreme Court due to jurisdictional and technical issues; there was no evidence that the jurisdictional error involved misconduct or that it improperly targeted the complainant. We found there was no evidence that the General Manager and the Member of Parliament had acted improperly in their dealings with the matter.

### OUTCOME

***Dismissed***

**Castor**

<b>SECTOR</b>	Tasmanian State Service
<b>RESPONDENT LEVEL</b>	Designated Public Officers - Senior Executive, Principal Officer
<b>PRINCIPAL ALLEGATION(S)</b>	Misuse of a government credit card in purchasing entertainment and personal items

Assessment Castor reviewed an anonymous complaint that a Senior Executive misused their government credit card for personal subscriptions and to purchase gifts and personal refreshments, and that this had been authorised by the head of agency.

Our assessor obtained relevant documents including account and credit card statements. We found that some expenditure had been unauthorised but with the intention to boost morale. The head of agency advised that they had implemented a new process to ensure better oversight of such expenditure, including escalation of matters where appropriate.

**OUTCOME**

*Dismissed, with process improvements implemented by the public authority*

**Ducane**

<b>SECTOR</b>	Tasmanian State Service
<b>RESPONDENT LEVEL</b>	Public Officer
<b>PRINCIPAL ALLEGATION(S)</b>	Principal allegation(s) Misuse of government resources, including possible theft of materials

Assessment Ducane considered multiple allegations of conflict of interest, stealing and misuse of work resources, procurement fraud, and misuse of leave. The assessment involved liaison with the organisation (which was aware of the issue and determining how best to deal with it), as well as the police. The main respondent had resigned from the organisation after the allegations were raised internally.

The assessment found that as the main respondent had resigned, and the organisation was intending to take some action and was best placed to deal with it, this matter was best referred. In referring the matter, we requested that there be transparent documentation to ensure that the conduct does not re-occur, and that any misconduct by other staff is dealt with. We also requested that measures be put in place to re-invigorate the matter should the main respondent re-apply for employment.

**OUTCOME**

*Referred to principal officer for investigation*

## Eitel

<b>SECTOR</b>	Tasmanian State Service
<b>RESPONDENT LEVEL</b>	Designated Public Officer - Principal Officer
<b>PRINCIPAL ALLEGATION(S)</b>	Improper exercise of functions in providing advice on a statutory decision

Assessment Eitel considered allegations that the head of agency improperly facilitated quarantine exemptions for interstate construction workers.

A review of the relevant applications found they had been assessed and approved in accordance with a clear and documented process established by the State Control Centre, under the State Controller. The reason for the exemptions was documented in supporting material and presented as legitimate. The process did not require any involvement from the head of agency, and it was apparent that they did not seek to influence any outcomes related to these particular, or any other, workers.

### OUTCOME

*Dismissed*

## Gwynne (1) and (2)

<b>SECTOR</b>	Tasmanian State Service
<b>RESPONDENT LEVEL</b>	Public Officers
<b>PRINCIPAL ALLEGATION(S)</b>	Failure to manage work program with care and diligence, and discrimination against staff

Assessment Gwynne considered two complaints that an employee failed to provide adequate training to staff or to protect the welfare of resources under their management. It was also alleged that the employee displayed an overarching pattern of ongoing victimisation and harassment of other staff, and that the organisation had failed to properly respond to this behaviour.

Our assessment identified no clear evidence of harassment or other behaviour amounting to misconduct. The evidence suggested that the best management of the resources was a matter of opinion, and that the welfares of the resources was front of mind of all parties. It was apparent that the organisation had taken professional, documented and proportionate steps to address the complainant's concerns.

### OUTCOME

*Dismissed*

### Housetop

<b>SECTOR</b>	Tasmanian State Service
<b>RESPONDENT LEVEL</b>	Designated Public Officer - Senior Executive
<b>PRINCIPAL ALLEGATION(S)</b>	Failure to properly investigate complaint

Assessment Housetop concerned allegations that an internal investigation of an employee was improper and improperly motivated.

Following a review of the organisation’s investigation file, we concluded the matter was thoroughly investigated, with extensive witness interviews.

**OUTCOME**

*Dismissed*

### Inglewood

<b>SECTOR</b>	Tasmanian Statutory Authority
<b>RESPONDENT LEVEL</b>	Public Officer
<b>PRINCIPAL ALLEGATION(S)</b>	Conflict of interest in exercise of statutory power

Assessment Inglewood considered whether compliance staff from a Statutory Authority failed to properly disclose and manage a conflict of interest in an investigation, stemming from the complainant being in dispute with one of the compliance officers about some management issues. It was alleged that the conflict of interest resulted in overreach by the Authority.

The assessment included a review of relevant information and records from the Authority. We found that the relevant compliance officer had disclosed the conflict to senior staff and was not involved in resulting inquiries, however had accompanied staff to site inspections. This generated a reasonable perception of a conflict by the complainant. No actual conflict was identified as there was no evidence of influence by the respondent.

**OUTCOME**

*Dismissed with observations on management of conflicts of interest*

## Kerford

<b>SECTOR</b>	Local government
<b>RESPONDENT LEVEL</b>	Designated Public Officer - Elected representative
<b>PRINCIPAL ALLEGATION(S)</b>	Principal allegation(s) Failure to declare and manage a conflict of interest in statutory decisions

Assessment Kerford considered allegations that a councillor had influenced the closure of a Council-owned facility as a result of their interest in a competing business.

Our assessment found that the councillor had been employed by the business, however there was no evidence showing they had a conflict of interest before voting on the relevant issues, and had declared their interest as soon as they became aware of their external employer's intentions.

### OUTCOME

***Dismissed, with observations about transparency of declarations of interest in Closed Council***

## Mawson

<b>SECTOR</b>	Local government
<b>RESPONDENT LEVEL</b>	Public Officer
<b>PRINCIPAL ALLEGATION(S)</b>	Failure to declare and manage a conflict of interest in procurement and misuse of public resources

Assessment Mawson considered allegations that the manager of a large recreational facility misused their position to favour of associates and possibly for personal gain.

The assessment considered relevant Council Agendas and Minutes, supplier contracts and recruitment documentation. The material suggested that misconduct may have occurred and that the matter warranted investigation by the Commission.

### OUTCOME

***Accepted for investigation***

Osmund

<b>SECTOR</b>	Tasmanian State Service
<b>RESPONDENT LEVEL</b>	Designated Public Officer – member of statutory panel
<b>PRINCIPAL ALLEGATION(S)</b>	Failure to declare and manage a conflict of interest in advisory role

Assessment Osmund considered allegations that the Chair of an advisory committee had a conflict of interest arising from their involvement with a private group that provided a submission to the committee.

Our assessment considered Minutes of meetings of the committee, including its procedure for declaring and managing conflicts of interest. We found no evidence that suggested that the Chair would receive any personal advantage from the committee’s consideration of the matter, nor that the Chair had any involvement in the submission. We noted that, in the interests of good practice, a declaration of the Chair’s previous involvement with the group to the committee after the submission had been made may have avoided a perception of a conflict of interest.

**OUTCOME**

*Dismissed, with observations on good practice for declaration of interest*

Rufus

<b>SECTOR</b>	Tasmanian State Service
<b>RESPONDENT LEVEL</b>	Public Officer
<b>PRINCIPAL ALLEGATION(S)</b>	Failure to declare and manage a conflict of interest in a recruitment process involving a person’s partner

Assessment Rufus considered allegations that an employee had influenced a recruitment process to ensure the appointment of their partner to a position in the organisation, and that their partner was employed inappropriately through a fixed-term register into a position for which they were not qualified. There were further allegations regarding other appointments and nepotism at the organisation.

Based on records obtained from the organisation, our assessment found that the appointment of the employee’s partner was in response to genuine resource requirements. The employee had not been involved in the partner’s recruitment process and there was no evidence of any bias in that process. The partner had the relevant credentials and was the leading candidate in the selection report.

We found that the employee’s conflicts of interest were appropriately declared and managed. Across the organisation, the management of spousal and sibling relationships was well managed.

**OUTCOME**

*Dismissed*

# ENDNOTES

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

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

<sup>3</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>4</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>5</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.

<sup>6</sup> A final determination under section 58 of the Act was not made on one investigation. The Board revoked its original decision to conduct this investigation, resulting in the matter being concluded but no final determination being possible.

<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.

<sup>8</sup> Refer to the organisation chart on page 10.

<sup>9</sup> The *State Service Act 2000* does not apply to the Chief Commissioner, the Board or the Parliamentary Standards Commissioner.

