

Yes, it's corruption.  
Yes, I can do something about it.

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# Annual report

## 2018/19



## Responsible body's declaration

In accordance with the *Financial Management Act 1994*, the *Independent Broad-based Anti-corruption Commission Act 2011* and the *Protected Disclosure Act 2012*, I am pleased to present the Independent Broad-based Anti-corruption Commission's annual report for the year ending 30 June 2019.



### **The Honourable Robert Redlich QC**

Commissioner  
Independent Broad-based Anti-corruption Commission

5 September 2019

Authorised and published by the  
Independent Broad-based Anti-corruption Commission

Level 1, 459 Collins Street  
Melbourne, Vic 3000

### **We value your feedback**

We welcome feedback on our annual report, particularly about its readability and usefulness. Please send your feedback to [communications@ibac.vic.gov.au](mailto:communications@ibac.vic.gov.au)

An accessible version and other formats of this document can be found on our website [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

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(Independent Broad-based Anti-corruption Commission)



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## About this report

This annual report outlines IBAC's work in 2018/19 to build a corruption-resistant Victorian public sector. It details our operational and financial performance, highlights achievements, reflects on challenges, and looks at how we plan to prevent and expose public sector corruption and police misconduct in the year ahead.

This report is a key accountability document and the principal way in which we report on our activities and outcomes to our stakeholders: the Parliament of Victoria, Victoria Police, public sector leaders and employees, and the Victorian community.

We report in accordance with the *Financial Management Act 1994* (FM Act), the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC Act) and the *Protected Disclosure Act 2012* (PD Act).

If a council employee sells a list of ratepayers' personal details online.

**Yes, it's corruption.**

**Yes, I can do something about it.**

**Anonymously.**

IBAC takes your reports and exposes corruption in our public sector – from dishonesty and fraud, through to the abuse of power and theft.



To find out more or to report, visit [ibac.vic.gov.au](http://ibac.vic.gov.au) or call 1300 735 135

**ibac** independent broad-based anti-corruption commission  
Victoria

Cover: Based on one of the posters from IBAC's community awareness campaign, *Yes, it's corruption. Yes, I can do something about it* (see page 47 for more information).

The structure of this report is based on that of IBAC's 2018–21 Corporate Plan (page 12). The four main chapters cover our focus areas (see below) and report on:

- IBAC's performance
- the challenges we faced and the opportunities presented
- the improvements made
- what we are planning in the year ahead.

For legal and operational reasons, we cannot report on some activities publicly. Wherever possible, when activities are no longer sensitive or constrained by legal and statutory requirements, we inform the public. Some of our work is long term with results occurring months or years after our initial involvement. This includes potential criminal prosecutions and changes in public sector and community practices, which affect our ability to report, and the timing of our reporting.

Note: Some of the percentages in this report may not add to 100 due to rounding.

### OUR VISION

A Victorian public sector that actively resists corruption

### OUR PURPOSE

To prevent and expose public sector corruption and police misconduct

### OUR FOCUS AREAS

1. Exposing and preventing corruption and police misconduct.
2. A highly-capable and forward-looking organisation.
3. A respected, trusted independent statutory agency.
4. Investing in our people.

## IBAC's year at a glance 2018/19

### Complaints/notifications, allegations and protected disclosures

**2347** 

Complaints/notifications received

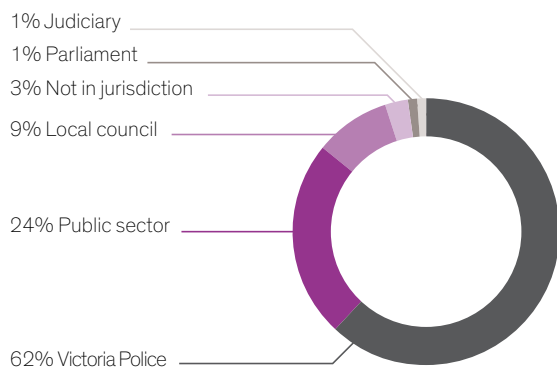
**5812** 

Allegations assessed

**875** 

Allegations assessed as protected disclosures

#### Allegations by sector



### Investigations and outcomes

**38** 

Investigations and preliminary inquiries commenced into alleged serious public sector corruption and police misconduct

**45** 

Investigations and preliminary inquiries finalised, a 221% increase compared to 2017/18

**50** 

Formal recommendations made (under the IBAC Act) for public sector agencies to improve their systems, practices and controls

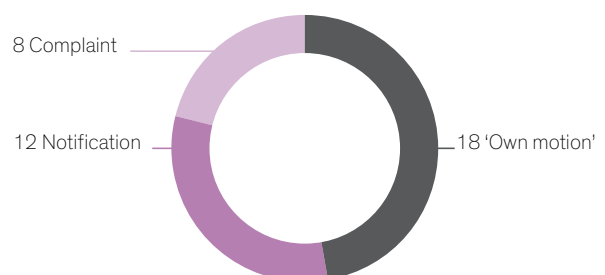
**16** 

People charged with a range of offences under various State and Commonwealth statutes

**\$110,091** 

Recovered following IBAC investigations (\$2.93 million since 2013)

#### Source of IBAC investigations and preliminary inquiries commenced in 2018/19



## Reviews

**45** 

Reviews of police investigations completed

**11** 

Reviews of public sector investigations completed

## Prevention initiatives

**99** 

Corruption prevention initiatives delivered including a community awareness campaign, *Yes, it's corruption. Yes, I can do something about it.* and two regional Integrity Insights forums (Ballarat and Horsham)

**99%** 

Satisfaction rating with corruption prevention initiatives delivered

**4** 

Key research reports published exposing corruption and misconduct risks

## Social reach

**102,505**

Unique visits to the IBAC website, an 11 per cent increase compared to 2017/18

**3100** 

IBAC Insights subscribers

**2500** 

Twitter followers

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# Chapter 1 About IBAC

## Our vision

**A Victorian public sector that actively resists corruption**

## Our purpose

**Prevent and expose public sector corruption and police misconduct in Victoria**

## Our values

### Fairness

We are objective, consistent and impartial in everything we do, demonstrating the highest standards of integrity and independence.

### Professionalism

We are responsive and accountable for our actions. We strive for excellence and take pride in our work.

### Courage

We are committed and tenacious in realising our purpose.

### Respect

We work in the spirit of cooperation and understanding, drawing on the skills and expertise of others. We are open and responsive, valuing the views of others.

### Trust

We promote and sustain public confidence through the quality of our work. We implicitly trust the competence of the people we work with.

## Our role

IBAC is Victoria's independent anti-corruption and police oversight agency. We are responsible for preventing and exposing public sector corruption and police misconduct.

Corruption hurts all Victorians. It denies fairness and justice. It also diminishes the delivery of important frontline government services, infrastructure and the protection of all Victorians.

IBAC works to expose and prevent corruption. We do this by:

- receiving and assessing complaints and notifications, including assessing all complaints to see if they qualify as protected disclosures
- referring matters to other appropriate agencies (such as public sector bodies and integrity agencies) for action
- investigating allegations of serious or systemic corruption and police misconduct
- undertaking strategic research and other initiatives to inform the public sector, police and the community of the detrimental impacts of corruption and how it can be prevented.

IBAC's jurisdiction covers the entire Victorian public sector including all government departments, agencies, local councils, schools and universities, public hospitals, parliamentarians, the judiciary and the police.

Our skilled and talented workforce is integral to achieving the organisation's priorities. Our work is underpinned by our values and culture, which supports a strong approach to ensuring integrity in all we do.

## About IBAC

### Victoria's integrity system

The Victorian public sector provides vital community services and facilities that support Victorians. Every day, public sector employees in government departments, agencies and local councils make decisions that affect all Victorians.

The community expects people working in the public sector to perform their duties fairly and honestly. When misconduct or corrupt activities are not identified or left unchecked, public money and resources are wasted. Misconduct and corruption undermine trust in government and damage the reputation of the public sector.

The Victorian integrity system exists so Victorians can have confidence in the state's public sector because corruption in councils and government departments and agencies hurts us all.

Public sector corruption can occur when a public sector employee misuses their position or power for their own gain. Some examples of public sector corruption include providing services to family and friends ahead of other members of the community, misusing information to help a particular company win a contract or accepting bribes or other benefits.

Our integrity system is made up of three key agencies: IBAC, the Victorian Ombudsman and the Victorian Auditor-General's Office (Figure 1).

FIGURE 1: VICTORIA'S INTEGRITY SYSTEM





## Oversight and accountability

We account for how we responsibly use our powers, comply with legal obligations and effectively manage risk. We are overseen by the Victorian Inspectorate and the Victorian Parliamentary Integrity and Oversight Committee. The Victorian Inspectorate monitors our compliance with the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC Act) and other legislation; the Integrity and Oversight Committee monitors and reviews our performance and functions and examines the reports we publish.

We share our work publicly, including on our website and through other media, unless there are clear operational or legal constraints on this.

## History and legislation

The IBAC Act, passed in November 2011, outlined our functions, powers and relationship to other public sector integrity agencies.

IBAC was formally established on 1 July 2012 and became fully operational in February 2013.

IBAC receives and assesses complaints about alleged corrupt and improper conduct in the Victorian public sector. In assessing every complaint that is made, IBAC determines which complaints are a 'protected disclosure' under the *Protected Disclosure Act 2012* (PD Act). Under the PD Act, only IBAC, the Victorian Ombudsman, Victoria Police, the Judicial Commission of Victoria and the Victorian Inspectorate can investigate complaints that are protected disclosures. IBAC further determines which agency, is most appropriate to investigate a particular complaint and accordingly, refers the matter to that agency for investigation.

In addition, IBAC is responsible under the PD Act for issuing guidelines on handling disclosures and managing the welfare of people who make protected disclosures. It is also responsible for providing information and education about the protected disclosure scheme.

IBAC has powers and functions under a number of other Acts, and is required to comply with a range of Acts and regulatory frameworks. A full list of legislation affecting our functions and operations is available on our website.

## Victoria Police oversight

While IBAC's remit covers the whole Victorian public sector, an important and highly visible function of IBAC is the provision of independent oversight of Victoria Police. As Victorian communities place great trust in Victoria Police, they want to be assured that this independent oversight is thorough and effective. IBAC performs a crucial role in ensuring Victoria Police members act fairly, impartially and in accordance with the law. As police officers exercise significant powers – including powers to detain, search and arrest, use force, enter premises and seize property – oversight of the way these powers are used is important for community safety and wellbeing.

Independent oversight of Victoria Police by IBAC is provided by:

- receiving complaints/notifications about conduct of police personnel (including complaints received by Victoria Police, which are mandatorily reported to IBAC)
- assessing these complaints and notifications to determine which are to be referred to Victoria Police for action, which are to be dismissed and which are to be investigated by IBAC
- reviewing investigations of selected matters that IBAC has referred to Victoria Police to ensure those matters are handled appropriately and fairly
- conducting 'own motion' investigations<sup>1</sup> into serious police misconduct
- overseeing deaths and serious injuries associated with police contact pursuant to a standing 'own motion' investigation
- conducting private or public examinations as part of IBAC investigations into serious or systemic police misconduct
- ensuring police officers have regard to the *Charter of Human Rights and Responsibilities Act 2006*, including through IBAC's reviews of complaint investigations by Victoria Police
- undertaking research and other strategic initiatives, including auditing how Victoria Police handles complaints
- informing and educating the community and Victoria Police about police misconduct, encouraging the reporting of, and advising on ways that, corruption and police misconduct can be prevented.

<sup>1</sup> IBAC may decide to investigate corrupt conduct or police misconduct on its 'own motion' at any time, in relation to any matter within its jurisdiction.

## About IBAC (continued)

### Corporate structure

FIGURE 2: IBAC ORGANISATIONAL STRUCTURE AS AT 30 JUNE 2019

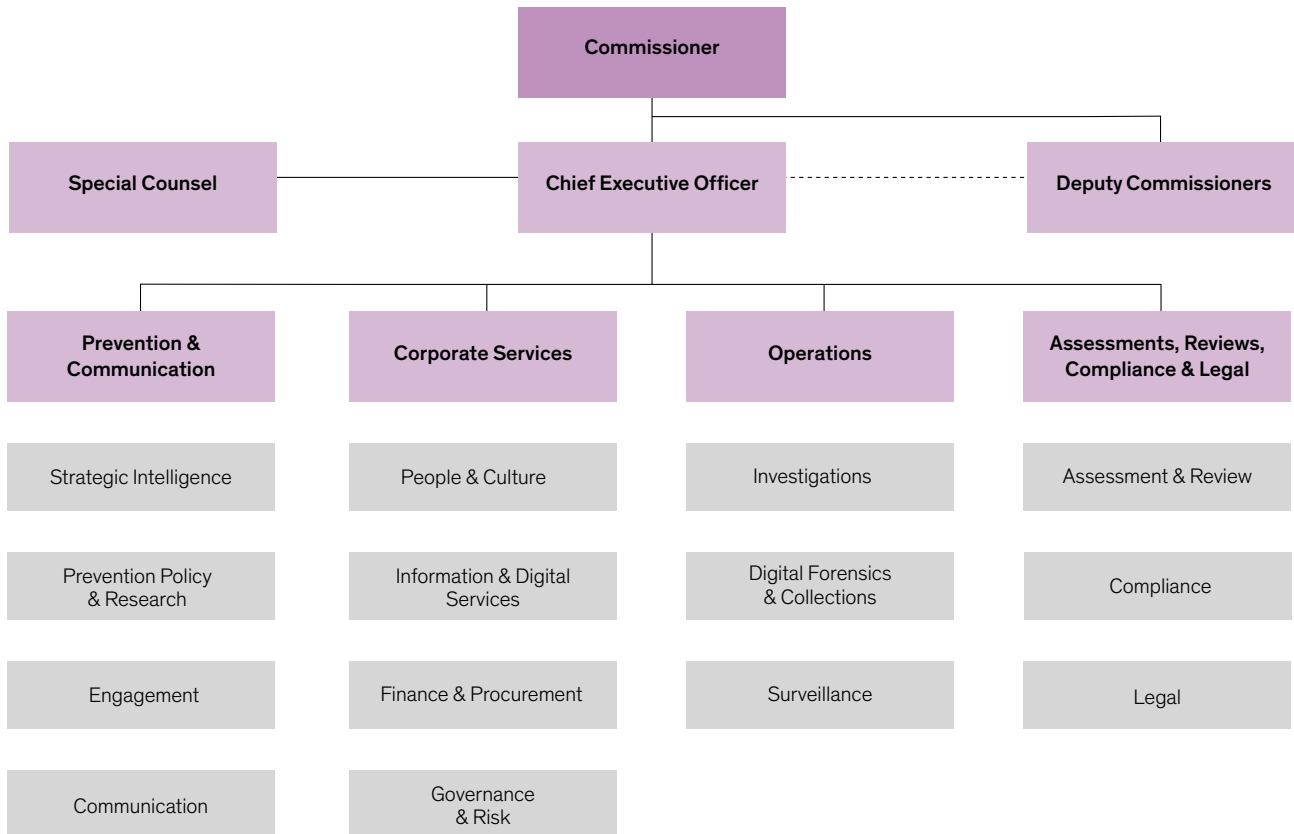
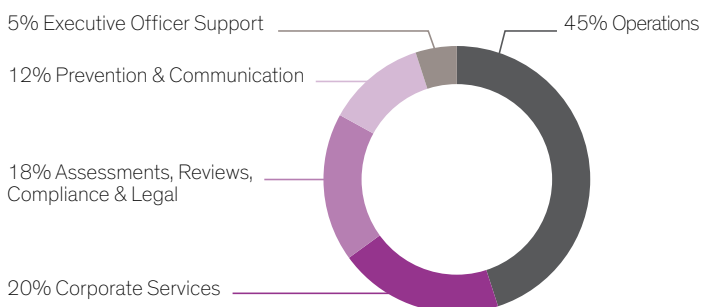


Figure 3 below depicts the distribution of staff across the organisation based on their functions.

The largest proportion of IBAC staff work in the Operations division, which is responsible for investigating alleged corruption and police misconduct.

FIGURE 3: IBAC DIVISIONAL STAFFING AS AT 30 JUNE 2019



## Leadership

### Our Executive



(left to right) Simon Heath, Veronica McGowan, Helen Fatouros, Robert Redlich, Robert Sutton, Kerryn Ellis, Katie Miller, Alistair Maclean

The executive team comprises the Commissioner, two Deputy Commissioners, Chief Executive Officer and the directors of IBAC's four divisions. The executive group provides leadership and direction, and ensures we meet our strategic goals and legislative responsibilities in an accountable and responsible way.

## Leadership (continued)

### Commissioner and Deputy Commissioners

IBAC's Commissioner is an independent officer of Parliament and responsible for strategic leadership of the organisation.

The Deputy Commissioners assist and advise the Commissioner by exercising delegated operational powers, which include issuing summonses and confidentiality notices and presiding at some examinations.

#### Commissioner The Honourable Robert Redlich QC

The Honourable Robert Redlich QC commenced a five-year term as IBAC Commissioner on 1 January 2018.

Commissioner Redlich was a judge of the Supreme Court of Victoria for 15 years, including 11 years as a Victorian Court of Appeal Judge. He was previously a member of the Victorian Bar for some 30 years and served for a period as Chairman of the Victorian Bar Council. His significant achievements in legal practice were recognised with his appointment as Queen's Counsel in 1984.

Commissioner Redlich brings extensive experience to IBAC, including the investigation of corrupt practices within the public service and the police. He has successfully prosecuted and defended cases involving corrupt practices.

#### Deputy Commissioner Simon Heath

Mr Heath commenced a five-year term as a Deputy Commissioner on 13 August 2013. He has been practising law for more than 30 years and was a partner in private practice, specialising in litigation, administrative law, insurance and insolvency. Mr Heath holds a Bachelor of Arts, a Bachelor of Laws and a Master of Laws. He is a qualified mediator and a member of the Law Institute of Victoria.

#### Deputy Commissioner Katie Miller

Ms Miller commenced a three-year term as a Deputy Commissioner on 30 August 2018. Ms Miller is a Law Institute of Victoria accredited specialist in administrative law. She has more than 15 years' experience in providing legal services to state and federal governments. Before joining IBAC, Ms Miller was Executive Director, Legal Practice at Victoria Legal Aid and is a past president of the Law Institute of Victoria. Ms Miller holds a Bachelor of Laws and a Bachelor of Science and has completed negotiation, leadership and mediation training.

### Executive officers

#### Chief Executive Officer Alistair Maclean

The Chief Executive Officer is responsible for the general conduct and the effective, efficient and financial management of IBAC's functions and activities.

Mr Maclean joined IBAC in April 2013. He came to IBAC from PanAust Ltd, where he helped build the company into a significant ASX 100 gold and copper producer. He was previously an Australian diplomat, having served as Ambassador to Laos from 2004 to 2007 following postings in Washington DC and Bangkok. He fulfilled various roles in Canberra, including as a senior advisor to the Prime Minister. Mr Maclean holds a Bachelor of Arts (Honours) and a Master of International Law. He is a graduate of the Australian Institute of Company Directors.

#### Director Prevention & Communication Veronica McGowan

The Director of Prevention & Communication leads the delivery of IBAC's corruption prevention mandate, supported by strategic intelligence, research, engagement and communication.

Ms McGowan took the position of Director of Prevention & Communication in March 2019, filling the role while the substantive director, Christine Howlett, is seconded to the Royal Commission into the Management of Police Informants.

Ms McGowan is an experienced communication and stakeholder engagement specialist, having worked for more than 30 years in a range of senior public affairs, communications, government relations and stakeholder engagement roles across the public and private sectors. Ms McGowan has held director and advisory roles in government, community, industry and business organisations. She holds a Bachelor of Science.

TABLE 1: EXECUTIVE OFFICER DATA BY GENDER AND CLASSIFICATION AS AT LAST PAY PERIOD IN JUNE 2019

Classification	Male		Female	
	No.	Variance from 2017/18	No.	Variance from 2017/18
E01	1	-	-	-
E02	2	-	4 <sup>2</sup>	+3
E03	6	+2	7	+3
Other	2	-	1	+1
<b>Total</b>	<b>11</b>	<b>+2</b>	<b>12</b>	<b>+7</b>

### Director Corporate Services Kerryn Ellis

The Director of Corporate Services leads the Finance and Procurement, Information & Digital Services, Governance & Risk (including corporate strategic planning) and People & Culture teams.

Ms Ellis has more than 20 years' experience in the public sector, working in environments of change and building high-performing and agile organisations with positive values-based leadership.

Before her move to state government, Ms Ellis was Director of Corporate Performance at the City of Greater Bendigo and Manager of Governance and Innovation at Knox City Council. She has also previously worked for the City of Melbourne and Bayside City Council. Ms Ellis holds a Bachelor of Arts, a Master of Commerce and a Graduate Diploma of Public Policy and Management. She also completed the Local Government Professionals Executive Leadership Program in 2016.

### Director Operations Robert Sutton

The Director of Operations is responsible for leading IBAC's investigation units and support service functions.

Mr Sutton joined IBAC in February 2013 and has an extensive background in law enforcement and anti-corruption. He spent 20 years with Tasmania Police, most of those years as a detective. He also worked in investigations at the Wood Royal Commission and the Police Integrity Commission in New South Wales and held senior investigative roles at the Kennedy Royal Commission and the Corruption and Crime Commission in Western Australia. Mr Sutton has completed a number of national and international leadership and management courses focused on the conduct and oversight of serious and complex investigations.

### Director Legal Helen Fatouros

The Director of Legal leads the Legal, Compliance and Assessment & Review teams.

Ms Fatouros has worked as a lawyer, advocate and executive leader in the criminal justice system and the wider public sector for more than 19 years. Her most recent role was Executive Director, Criminal Law Services at Victoria Legal Aid. Before that role, she was the Legal Prosecution Specialist and Directorate Manager of the Specialist Sex Offences Unit at the Office of Public Prosecutions Victoria. In 2012, Ms Fatouros led the sector-wide Sexual Offences Interactive Legal Education Program, earning her the Law Institute of Victoria President's Award for Government Lawyer of the Year. Ms Fatouros was a Commissioner of the Victorian Law Reform Commission between 2014 and 2018, and is a Council Director of the Sentencing Advisory Council, a role she has held since 2013. Ms Fatouros holds a Bachelor of Laws and a Bachelor of Arts.

Table 1 above summarises the distribution of gender and job classification across the executive positions in IBAC.

<sup>2</sup> Includes substantive and acting director roles, as one director is on secondment to the Royal Commission into the Management of Police Informants.

## 2018–21 Corporate Plan

Endorsed by the executive team in July 2018, the 2018–21 Corporate Plan presents our focus areas, priorities and how we will achieve our legislative responsibilities and purpose over the three years from 2018/19 to 2020/21. The plan is informed by consideration of the opportunities and challenges we face today and into the future. The corporate plan is ambitious and shows our firm commitment to achieving our goals for the benefit of all Victorians.

The corporate plan identifies four main focus areas for IBAC:

1. Exposing and preventing corruption and police misconduct.
2. A highly-capable and forward-looking organisation.
3. A respected, trusted independent statutory agency.
4. Investing in our people.

FIGURE 4: IBAC'S 2018-21 CORPORATE PLAN



Figure 5 below identifies IBAC's priorities for the duration of the 2018–21 Corporate Plan.

FIGURE 5: SUMMARY OF THE 2018–21 CORPORATE PLAN



## Implementing our corporate plan



## 2018–21 Corporate Plan (continued)

This is the first year reporting on the progress of IBAC's corporate plan, and we are proud of the foundations we have built to become more effective and efficient.

Consistent with our goals for the first year of the plan, we built on the internal systems and processes developed in our first five years. We are implementing our new case management system and have identified and planned for enhancements of future capabilities, such as monitoring and reviewing investigations conducted by other agencies. We established a workforce plan to recruit, retain and develop people with the skills and experience necessary for IBAC's work and legislative responsibilities.

The details of the work IBAC has undertaken and progress towards each focus area is covered in Chapters 4 to 7 of this report.

By 2020, we will have achieved better integration of our expository and prevention functions, and our investigations will have higher impact.

By 2021, we will retain and develop the support and confidence of the public and Parliament, have strong partnerships across the integrity system and continue to demonstrate our value to Victorians.



# Chapter 2 Year in review

## Commissioner's foreword



Building strong cultures of integrity is the single most significant action our public sector leaders at all levels can take to address corruption. Much has been achieved in our public sectors to identify and address corruption risks and there are some

notable achievements being championed by many public sector leaders.

As IBAC Commissioner, I meet frequently with public sector leaders. While the vast majority of these leaders strive to have their organisations maintain high standards of integrity and are committed to strong public service values, I have been surprised to hear on more than one occasion the comment from some leaders that 'we have no corruption here'. Disappointingly, often in response to the evidence of corrupt conduct, the fall-back position of some public sector leaders is the myth that all is needed is to remove the 'bad apple' rather than taking a hard look at addressing the organisational features that enabled the corruption to occur.

Corruption is often misunderstood. Frequently we think of corruption as only the most serious and extreme misconduct or criminal behaviour. Often we fail to recognise that more minor transgressions are lesser forms of corruption. For example, behaviours such as favouritism, nepotism, poorly managed conflicts of interest, misuse of information, deliberate non-compliance with procedures, and failure or refusal to take action on such conduct by fellow employees or management are still corrupt behaviours.

Public sector leaders must recognise that wherever such conduct is allowed to occur with impunity, more serious corruption can develop and flourish. Ignoring perceived minor misconduct puts an organisation on a path towards the normalisation and acceptance of corruption. Behaviours and cultures that contribute to misconduct and corruption undermine our public sector and decrease public trust and confidence.

Consequently, a key focus for IBAC is to draw public sector leaders' and employees' attention to the need to recognise the risk presented by these behaviours and to inform them on how to address these risks. This is an important way in which we can support corruption prevention, and has been a focus of our work this year.

## Intelligence-led investigations

Investigations are an integral part of our work to expose and prevent public sector corruption and police misconduct. In 2018/19, IBAC commenced 38 investigations and preliminary inquiries, and finalised 45.

In addition to investigating complaints from individuals and notifications from public sector bodies, IBAC may decide to investigate corrupt conduct or police misconduct on our 'own motion'. In 2018/19, IBAC commenced 18 'own motion' intelligence-led investigations as part of our commitment to further improve our use of our intelligence sources.

As outlined in this annual report, 16 people were charged under various Victorian and Commonwealth statutes as a result of IBAC investigations. These prosecutions help to expose corrupt conduct in the public sector and police misconduct, as well as informing the community about the adverse consequences of corruption for those involved. However, IBAC's performance is more than securing charges and convictions, although this activity is highly visible. Our performance is assessed against agreed metrics across our core operational functions, as detailed further in this annual report. The greatest value derived from a completed investigation is the identification of any organisational failings that may have contributed to misconduct.

## The important role of reviews

An important part of our oversight, education and prevention role involves our reviews of investigations conducted by other agencies (page 36). Complementary to our investigative role, reviews serve the public interest in a cost-effective way that adds to IBAC's oversight role in exposing and preventing corruption. Reviews also build public sector and police capability in conducting best practice internal investigations, resulting in stronger, fairer organisational cultures resistant to corruption.

In 2018/19, IBAC completed fewer reviews than previous years due to the number and complexity of IBAC assessments increasing, and numbers of members of the public contacting us via our phone service, who had complex needs, also increasing. The reviews that were completed involved more complex and systemic issues.

IBAC is committed to conducting more reviews but without additional funding our capacity to increase our review function is constrained.

## Commissioner's foreword (continued)

### IBAC's role in police oversight

Independent oversight of Victoria Police is among our most important functions. This work includes: independently investigating cases of serious or systemic police misconduct and corruption; undertaking strategic research and other projects to help Victoria Police improve its systems and practices; reviewing internal investigations conducted by Victoria Police; and working with police to build their corruption resistance and an integrity culture.

IBAC also plays an important role in supporting Victoria Police's adherence to Victoria's Charter of Human Rights and Responsibilities. In 2018/19 we conducted a number of investigations into allegations of excessive use of force by Victoria Police officers and identified breaches of human rights, such as Operation Angas (page 62) and Operation Poros. Included in our findings and recommendations was that Victoria Police further reviews training and compliance programs to ensure its personnel better understand, are aware of and fully comply with the Charter.

In 2018/19, IBAC's independent police oversight role was enhanced by the appointment of Ms Katie Miller as our second IBAC Deputy Commissioner.

Ms Miller has a specific focus on our police oversight work, and her appointment has strengthened our focus on ensuring police employees discharge their duties with integrity and in accordance with the law, as well as enhancing our work on supporting the building of the right culture and processes.

### Behaviours that mask misconduct

One way in which we have supported public sector agencies, such as Victoria Police, to build their corruption prevention capacity is to help them better understand the factors that contribute to the development of cultures that support corruption. 'Obscuring behaviours' are behaviours that can cover up, or obscure, misconduct and corruption by any public sector employee.

Obscuring behaviours occur when people who are directly involved in or witness corruption or misconduct conceal or fail to accurately disclose misconduct. Or when managers or supervisors fail to rigorously inquire about, report, or indeed actively conceal misconduct. An adverse effect of obscuring behaviours is not only a decrease in trust and confidence in the public sector because corruption and misconduct was not dealt with, but also missed opportunities to take action. An example of obscuring behaviours was evident in the falsification of preliminary breath tests by Victoria Police officers (page 66).

### IBAC Parliamentary Committee Report

In September 2018, the IBAC Parliamentary Committee concluded its inquiry into external oversight of police corruption and misconduct in Victoria. This inquiry took more than a year, during which the Committee received 54 submissions and conducted a number of hearings. I appeared before the Committee twice, outlining ways in which IBAC's independent police oversight role might be strengthened. The Committee's report is being considered by the Victorian Government. Any legislative changes arising from the report's recommendations, which may impact on IBAC, will be a matter for the Government and Parliament.

In March 2019, the Victorian Parliament passed new legislation that established a new parliamentary committee, the Integrity and Oversight Committee, which consolidates the oversight and performance review functions of several Victorian integrity agencies, including IBAC.

### Public examinations and protecting the welfare of witnesses

In February and March 2019, IBAC held public examinations for Operation Gloucester into Victoria Police's witness statement-taking practices during the investigation into the murders of Sergeant Gary Silk and Senior Constable Rodney Miller in 1998 (page 34). We also examined these practices in other more recent Victoria Police investigations. Despite some of the incidents occurring 20 years ago, it was important to examine whether these practices are continuing.

A public report on Operation Gloucester, including IBAC's recommendations to Victoria Police, is scheduled to be tabled to Parliament later in 2019. However, IBAC is already working with Victoria Police to address opportunities identified in the examinations.

IBAC takes its responsibility to support witnesses and other people involved in our investigations – the complainants, those under investigation and our staff – very seriously. Any agency with significant powers, particularly coercive powers, has an obligation to use them responsibly. In 2018/19, IBAC reviewed how our coercive powers are being applied to ensure the organisation and staff continue to be aligned with industry best practice and community expectations, and to make sure that IBAC's powers are used appropriately. As a result of this review, we increased our capacity to manage witness issues, particularly relating to those witnesses who have been directed to provide information under the coercive powers of the IBAC Act (page 74).

## Our focus on preventing corruption

Preventing corruption is one of IBAC's primary purposes. When conducting investigations, reviewing matters referred to Victoria Police and other agencies for action, and undertaking research, we always consider how the findings can raise awareness of corruption and help public sector agencies identify their own vulnerabilities and risks, and take action to prevent corruption.

In 2018/19, IBAC delivered 99 corruption prevention initiatives, with a 99 per cent satisfaction rating. These initiatives included providing information sessions, speaking opportunities and a broad range of prevention resources. In collaboration with Victoria Police, IBAC launched an education program for Victoria Police members and public sector staff. The program integrates anti-corruption messaging in Victoria Police education and corporate activities, to raise awareness about IBAC, the obligations of police to report misconduct and how to report misconduct (to IBAC or Victoria Police). The program emphasises the importance of building a strong, ethical culture in Victoria Police that actively resists corruption and misconduct (page 69).

In June 2019, IBAC ran a public awareness campaign to encourage Victorians to report public sector corruption. The campaign aimed to increase community knowledge and understanding of public sector corruption, its impacts and the protections available to those who come forward (page 47).

We also released corruption prevention resources, including four research reports (page 16), 30 videos and a variety of other communication and engagement activities to raise awareness about corruption and its prevention. These resources were promoted via our quarterly e-newsletter, *IBAC Insights*, to our 3 100 subscribers, 2500 Twitter and 1000 LinkedIn followers.

## Regional corruption prevention forums

IBAC hosted two regional Integrity Insights forums on corruption prevention, one in Ballarat in November 2018 and the other in Horsham in May 2019. Approximately 70 regional public sector employees, including local government councillors, attended each forum, which featured regional speakers from local councils and public sector agencies. IBAC presented alongside representatives from the Victorian Ombudsman, Victorian Auditor-General's Office and the Local Government Inspectorate (page 50).

## Engagement with Victoria's legal sector

In 2018/19, IBAC continued its engagement with the legal sector. We presented at several legal forums, including the Law Institute of Victoria's Government Lawyers Conference, Victoria Legal Aid training and seminars coordinated by the Victorian Government Solicitor's Office, Corrs Chambers Westgarth, and Lander & Rogers (page 50).

## IBAC resources

In the last year we have been required to respond to a range of additional obligations including the Royal Commission into Management of Police Informants and the commencement of the new Public Interest Disclosure regime. In addition, IBAC has sought to increase the number of investigations of serious police misconduct and the review of investigations that we have referred back to Professional Standards Command for investigation. As discussed earlier, review procedure, on one view, is the most critical work IBAC performs, as it provides the opportunity for IBAC to identify organisational failings, educate and bring about cultural change. To the limited extent that our finances permitted, the initiatives of increasing investigations and the number of reviews is a response to changing government and community expectations of IBAC, particularly in the police jurisdiction.

As IBAC's operations continue to grow, so therefore does the funding required to deliver our important work. We will continue to put a robust business case to government for responsible and sustainable increases to our funding to ensure that our work to foster a corruption-resistant public sector in Victoria is sustainable over time.

## A note of thanks

It has been a successful and productive year for IBAC, and I am confident that 2019/20 will also be busy and constructive. I thank IBAC's Deputy Commissioners and Chief Executive, along with the rest of our executive team and staff for their commitment and dedication to the task of preventing and exposing serious corruption and police misconduct. I look forward to continuing working with the whole of IBAC, as well as our public sector and the community, to further strengthen corruption resistance in Victoria.



**The Honourable Robert Redlich QC**  
Commissioner

## CEO's foreword



Over the past six years, IBAC has established a solid track record of preventing and exposing serious public sector corruption and police misconduct in Victoria, while navigating the complexities and sensitivities of our

operational requirements and legislative framework. In this year's annual report, we report on the first year of our 2018–21 Corporate Plan in which we built on the strong foundations we have established to continue our vital work for the benefit of the Victorian community.

### Complaints, notifications and information reports

One of IBAC's core functions is to receive complaints from the public and notifications from departments and agencies of public sector corruption and police misconduct. We assess all the information provided to decide on the appropriate course of action – whether to dismiss, refer or investigate. In 2018/19, IBAC received 2347 complaints and notifications, and assessed 5812 allegations. IBAC's increased investigative capacity with the establishment of an additional investigation team, bringing our teams to four, together with sophistication to our assessment and investigation systems, led to a 26 per cent increase in the number of allegations investigated by IBAC.

In May 2018, we introduced another way for IBAC to be informed about corruption. In addition to the option of making a formal (written) complaint, we added an 'information' option to the website. This enables people to provide information about suspected public sector corruption or police misconduct to IBAC securely and anonymously online, without making a formal complaint. In the first full financial year, 278 information reports were submitted to IBAC, and added significantly to our body of intelligence about public sector corruption and police misconduct risks.

### Recommendations to agencies

In undertaking investigations, IBAC considers broader systemic issues – including gaps or weaknesses in an agency's systems and processes – that may have facilitated corruption or police misconduct. During 2018/19, IBAC made 50 formal recommendations under the IBAC Act to public sector agencies to improve their systems, practices and controls.

As part of our corruption prevention responsibilities, we publish on our website the responses of public sector agencies and Victoria Police to our recommendations. This informs the community about the actions agencies have advised they are taking, and to share learnings to help other public sector agencies improve their systems and practices to prevent corruption.

### Protected disclosures

Under the IBAC Act, it is also IBAC's role to assess complaints and notifications to determine which matters warrant protected disclosure status. Protected disclosures, also known as 'whistleblower' complaints, provide the complainant with certain legal protections, including protection from civil or criminal liability. Victoria's protected disclosure regime is important to encourage and support people to report corruption and misconduct in the knowledge that they will be protected.

Another important function IBAC performs is to consult with public sector agencies and provide information, advice, guidance and recommendations on the handling of protected disclosures and the welfare and protection of people who have disclosed under the PD Act.

IBAC chairs a Protected Disclosure consultative group, which considers systemic issues relating to application of the PD Act (page 31). Amendments to the PD Act that come into effect on 1 January 2020 will further support people making disclosures that are in the public interest, and the existing term 'protected disclosure' will be replaced with 'public interest disclosures'. A revised definition of improper conduct, additional ways of receiving protected disclosures and modified confidentiality arrangements are other key changes. IBAC is working with its stakeholders, Protected Disclosure Coordinators and public sector agencies to support the Victorian public sector to update policies, processes and systems ahead of these changes to the PD Act.

Protected Disclosure Coordinators are public sector employees who are responsible for receiving and notifying IBAC of potential protected disclosures. They play an important role in helping people to speak out about wrongdoing in the public sector. IBAC hosts an annual

forum to build public sector capability to manage Victoria's protected disclosure regime. The 2018/19 forum focused on the management and welfare of whistleblowers (page 49).

Another IBAC initiative to support Protected Disclosure Coordinators is our new Protected Disclosure Community of Practice. This provides Protected Disclosure Coordinators with opportunities to share knowledge and build skills associated with the management of protected disclosure reports. IBAC hosted two Community of Practice events that featured case studies and opportunities to exchange experience and information. These events will now form part of IBAC's ongoing program to support Protected Disclosure Coordinators to fulfil their role and obligations under the Act.

## Embracing technology

Patterns of corruption and police misconduct are becoming increasingly complex, and we are responding to this challenge by continuously seeking novel and more sophisticated technology to assist our strategic intelligence and investigations.

Keeping pace with technological advances – including the increasing shift to encrypted communication methods – is a challenge for integrity bodies. IBAC uses a range of intelligence and data sources, and is committed to utilising data analysis and predictive modelling to further improve intelligence gathering while continuing to meet strict legislative compliance requirements.

In 2018/19, we began implementing our new case management system, which has resulted in greater efficiency in the way we manage cases, from receipt of complaints and notifications to closure of investigations, by improving our reporting and analytical capabilities.

Other key organisational developments included:

- enhancing IBAC's procurement framework, which is now fully aligned with that of the Victorian Government Purchasing Board
- introducing a risk and complexity assessment tool in our assessment and review function, leading to more effective allocation of complaints and notifications
- increasing our data analytics capability, resulting in improved analysis of large complex datasets for IBAC's strategic intelligence work.

## Financial health

IBAC's financial position remains strong and we are well placed to respond to financial challenges in the short term and are focused on, and planning for, longer term financial sustainability and independence.

The range of IBAC's work is growing, and for the first time in IBAC's history, the 2019/20 budget is forecast to be fully expended on delivering our corruption prevention and expository operations and support services. While this is a positive reflection of the growth of IBAC's operations, it also represents a future challenge, as we aim to maximise the breadth and impact of our work while remaining within our current budget allocation. Initiatives have commenced to ensure that IBAC's future funding requirements can be met.

## Oversight of IBAC

Various bodies provide oversight of IBAC, including the Parliamentary Integrity and Oversight Committee, the Victorian Inspectorate and the Public Interest Monitor (page 78).

We also report four times a year to an Audit & Risk Management Committee (see page 82). The Committee comprises one internal and three external independent members, and provides independent advice on financial and risk management matters. I thank the Committee for its support and take this opportunity to extend my appreciation to Chair Mr Don Challen AM, who is stepping down in August 2019 after six years in the role.

## Staffing

Highly skilled and motivated staff are integral to achieving IBAC's purpose and our strategic goals. We need to continue attracting and developing people with the right expertise and experience. An ongoing challenge for IBAC, and similar agencies, is the limited number of available specialists with appropriate and sufficient skills, particularly investigators and intelligence analysts.

In 2018/19, IBAC developed a workforce plan to address this challenge. The plan will assist IBAC to better recruit, retain and develop people with the skills and experience necessary to meet the challenges of IBAC's work and legislative responsibilities (page 91). We also introduced a new human resources system that better supports capability building, and delivered occupational health and safety initiatives for staff (page 91).

## CEO's foreword (continued)

### National anti-corruption conference

IBAC is pleased to be hosting the seventh Australian Public Sector Anti-Corruption Conference in late October 2019. This is the leading anti-corruption event in Australia, and it will be the first time that Melbourne will be the host city. The theme is *'identifying challenges, finding solutions'*, and the conference will enhance knowledge, improve identification of corruption and misconduct risks, and increase understanding of practical solutions by sharing experiences, ideas and expertise. For more information, visit [www.apsacc.com.au](http://www.apsacc.com.au).

### Looking ahead

Crime and corruption are becoming more complex and sophisticated, especially because of technological advances. In order to successfully investigate and expose corruption and serious misconduct, IBAC must be able to stay ahead of those who involve themselves in and mask corrupt conduct.

At the same time, we know that as our prevention programs continue to shine a light on corruption and misconduct, and as IBAC's role becomes increasingly well known, the number of calls, complaints, notifications and information reports to us increases.

These increasing demands and community expectations pose a challenge for IBAC. We must respond to this challenge, meet our responsibility to the Victorian community and work hard to maintain community trust. Securing the necessary resources (people, finance and knowledge) is critical.

IBAC has built a solid foundation as a capable and robust integrity body with strong governance and financial management, and we will continue improving the effectiveness and efficiency of our internal processes. We also need to be increasingly astute and innovative, and invest in attracting and retaining highly skilled people to meet our evolving needs.

In 2019/20, a key focus will continue to be provision of independent police oversight, especially in response to anticipated recommendations of the Royal Commission into the Management of Police Informants, and expected Government response to the IBAC Parliamentary Committee's report into external oversight of police corruption and misconduct in Victoria.

As we enter our seventh year of operation, while we can be proud of all we have achieved, corruption and misconduct remain evident and we need to remain ever vigilant and focused on doing all we can to expose and prevent it. There are clearly challenges ahead, however the agency is well placed to meet them.

I thank IBAC's executive team and the IBAC staff for their important contribution to preventing and exposing public sector corruption and police misconduct in Victoria.



**Alistair Maclean**  
Chief Executive Officer

## Financial report summary

IBAC's financial position remains strong. Revenue, expenditure and equity are up and IBAC is well placed to respond to financial challenges in the short term. IBAC continues to mature as an organisation, and revenue and expenditure are forecast to increase further in 2019/20. The breadth of IBAC's operations is growing, and for the first time in IBAC's history, the 2019/20 budget is forecast to be fully expended with all budgeted resources allocated to the delivery of corruption prevention and expository operations and support services. While this is a positive reflection of the maturity of IBAC's operations, it also represents a future challenge, as we aim to maximise the breadth and impact of our work while remaining within our limited budget allocation. IBAC's recurring revenue budget is not enough to maintain the current and forecast expenditure levels. Current revenue growth is funded by finite funding sources which will be fully exhausted in 2022. It will require an increase in recurrent funding or a reduction in our cost base (and associated operations) to stay within the recurring budget envelope in 2022. Initiatives have commenced to ensure that IBAC's future funding requirements can be met.

IBAC will gain budget independence on 1 July 2020 as a result of the government passing the Integrity and Accountability Legislation Amendment (Public Interest Disclosures, Oversight and Independence) Bill 2018. IBAC is currently preparing for this, noting that it already has a fully functioning Corporate Services division and is therefore well placed to respond to the challenges and opportunities associated with budget independence.

## Financial performance

IBAC's net financial result for the year was a deficit of \$99,000, compared with a surplus of \$75,000 in 2017/18. Our aim is to break even.

A summary of IBAC's performance is outlined in Table 2 below and shows the movement in actual revenues, expenses, balance sheet items and net cash flow.

Detailed information related to IBAC's financial performance is included in the financial statements of the annual report (page 95).

## Income

IBAC receives its funding from government.

Income or grant funding increased by 10 per cent in 2018/19. This is due to a corresponding increase in expenditure as a result of the addition of the extra investigation team and full realisation of associated expenditure in 2018/19.

## Expenditure

IBAC's expenditure also increased by 10 per cent, with 62 per cent of the expenditure on employees. There was increased expenditure in marketing and promotion, as well as in contractors and professional services, as a result of a public awareness campaign and increased investment in IT infrastructure and capabilities.

TABLE 2: FINANCIAL SUMMARY FOR 2018/19 AND PREVIOUS FOUR YEARS

	2018/19 \$m	2017/18 \$m	2016/17 \$m	2015/16 \$m	2014/15 \$m
<b>Financial performance</b>					
Total income	43.672	39.695	36.372	32.580	31.547
Total expenditure	43.672	39.695	36.372	31.992	31.285
Net result from transactions	-	-	-	0.588	0.262
Comprehensive result	(0.099)	0.075	0.132	0.554	0.241
<b>Financial position</b>					
Total assets	30.150	28.054	27.418	27.138	25.558
Total liabilities	9.902	7.707	7.092	6.923	5.827
Total equity	20.248	20.347	20.326	20.215	19.731
<b>Cash flow</b>					
Net cash flow from operating activities	1.395	1.701	1.459	1.915	1.606

## Financial report summary (continued)

### Financial position

IBAC's financial position remains strong with total assets of \$30.15 million, liabilities at \$9.9 million and equity of \$20.4 million. During 2018/19, \$1.96 million was expended on capital works, mainly on asset replacements and a new case management system. Phase I and II of the case management system went live in 2018/19. The third and final phase is expected to be fully implemented and operational in 2020.

In line with mandatory requirements, we are including the following disclosures (see Table 3).

**TABLE 3: COMPLIANCE WITH FINANCIAL POLICIES AND MODEL REPORT REQUIREMENTS**

Advertising	<p>One advertising campaign had a media spend of \$100,000 or greater.</p> <p>Name of campaign: <i>Yes, it's corruption. Yes, I can do something about it.</i></p> <p><i>Yes, it's corruption. Yes, I can do something about it.</i> campaign worked to increase community awareness about public sector corruption, how to report suspected corruption and the legal protections available. Launched in early June 2019, the campaign included advertising in metropolitan and regional newspapers, on radio, digital media and other mediums.</p> <p>Start date: 3 June 2019</p> <p>End date: 28 June 2019</p> <p><b>Details of campaign expenditure for the reporting period (excl. GST)</b></p> <p>Advertising (media spend): \$630,000</p> <p>Creative and campaign development: \$175,298</p> <p>Research and evaluation: \$102,264</p> <p>Other campaign costs: \$36,113</p>
Sponsorships	IBAC did not enter into any sponsorship arrangements in 2018/19.
Consultancies (\$ > 10,000)	IBAC contracted four consultancies at a total expenditure of \$256,275 (excl. GST). Details of individual consultancies can be viewed at <a href="http://www.ibac.vic.gov.au">www.ibac.vic.gov.au</a>
Consultancies (\$ < 10,000)	IBAC contracted two consultancies at a total expenditure of \$3702.
Ex gratia payments	We did not make any ex gratia payments in 2018/19.
Major contracts	IBAC did not award any major contracts greater than \$10 million during 2018/19.
National Competition Policy	IBAC is compliant with the National Competition Policy, including the requirements of the Department of Treasury and Finance's Competitive Neutrality Policy.
<i>Local Jobs First Act 2003</i>	IBAC did not commence or complete any projects in 2018/19 in which a Victorian Industry Participation Policy Plan, Local Industry Development Plan or Major Project Skills Guarantee were required.



## Budget Paper No. 3 performance measures

IBAC's performance measures are set out in 2018/19 State Budget Paper No. 3 (BP3): Service Delivery and outlined in Table 4 below. Brief notes on variances are included, along with page references for more detailed analysis of IBAC's performance.

TABLE 4: BUDGET PAPER NO. 3 PERFORMANCE MEASURES

	Unit of measure	2018/19 target	2018/19 actual	Notes	Page
<b>(a) Quantity</b>					
Corruption prevention initiatives delivered by IBAC	number	90	99	The 2018/19 actual performance exceeded the 2018/19 target as a result of increased engagement with Victoria Police and IBAC's community awareness advertising campaign, which delivered additional resources.	37
<b>(b) Quality</b>					
Satisfaction rating with corruption prevention initiatives delivered by IBAC	per cent	95	99	The 2018/19 target was exceeded, reflecting continued high levels of satisfaction with corruption prevention initiatives delivered by IBAC.	37
<b>(c) Timeliness</b>					
Complaints or notifications about public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) assessed by IBAC within 45 days	per cent	85	85	The 2018/19 target was met.	28
Complaints or notifications about police personnel conduct and police personnel corrupt conduct assessed by IBAC within 45 days	per cent	90	77 <sup>3</sup>	The 2018/19 actual performance was lower than the 2018/19 target because IBAC was transitioning to a new case management system, which impacted on response times. An increase in the volume of calls from the public, as well as complex Victoria Police cases, also contributed to the result.	28
Proportion of IBAC investigations into public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) completed within 12 months	per cent	75	42 <sup>4</sup>	The 2018/19 actual performance was lower than the 2018/19 target due to an increase in the number of ongoing complex investigations into alleged serious and systemic corrupt content.	32
Proportion of IBAC investigations into police personnel conduct and police personnel corrupt conduct completed within 12 months	per cent	75	33 <sup>5</sup>	The 2018/19 actual performance was lower than the 2018/19 target due to an increase in the number of ongoing investigations. More than half of the IBAC investigations of police involved charges and disciplinary hearings involving external agencies, which extended the investigation timeframe.	32

<sup>3</sup> Finalising the implementation of IBAC's new case management system will lead to improved efficiencies in our work, including more timely assessments of complaints and notifications.

<sup>4</sup> In 2018/19, IBAC finalised an increased number of investigations and preliminary inquiries. This increase in the number of investigations and preliminary inquiries impacted the timeliness of investigations completed. To help address this issue, the performance measures have been amended and moving forward they will more accurately reflect IBAC's timeframes for standard and complex investigations.

<sup>5</sup> *ibid.*



## Chapter 3 Snapshot of IBAC's work

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### Investigating and exposing corruption and police misconduct

A core function is to receive and assess complaints (from the public) and notifications (from departments and agencies) alleging public sector corruption and police misconduct.

IBAC prioritises allegations of serious or systemic corruption and misconduct for investigation. As part of its investigations, IBAC may conduct private or public hearings. As a result of these investigations, IBAC may bring criminal proceedings, refer matters to the Office of Public Prosecutions and make recommendations to help prevent corruption and misconduct. IBAC publishes reports and prepares other resources to inform the community and stakeholders about corruption, its impacts and how it can be prevented.

### Preventing corruption and police misconduct

We deliver prevention initiatives to support Victorians to identify and report corruption. We help public sector organisations build effective corruption and misconduct prevention capacity, and strengthen societal norms to create a strong and lasting anti-corruption culture. We work with others in the Victorian integrity system, interstate integrity counterparts, and other partners to promote corruption prevention strategies.

## Complaints and notifications

IBAC considers complaints made about corruption and misconduct (including improper conduct under the PD Act) concerning:

- a public body officer
- Victoria Police employees, including Protective Services Officers.

IBAC also receives mandatory notifications from principal officers of public sector departments and agencies, and Victoria Police.

A single complaint or notification may contain several separate allegations that are individually assessed to determine an appropriate outcome. Possible outcomes of our assessment of each allegation are:

- investigating
- referring
- dismissing
- noting
- returning
- taking no further action.

Figure 6 explains these terms and summarises the outcomes of complaints and notifications assessed by IBAC during 2018/19. To find out more about how we handle complaints, please refer to our website ([www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)).

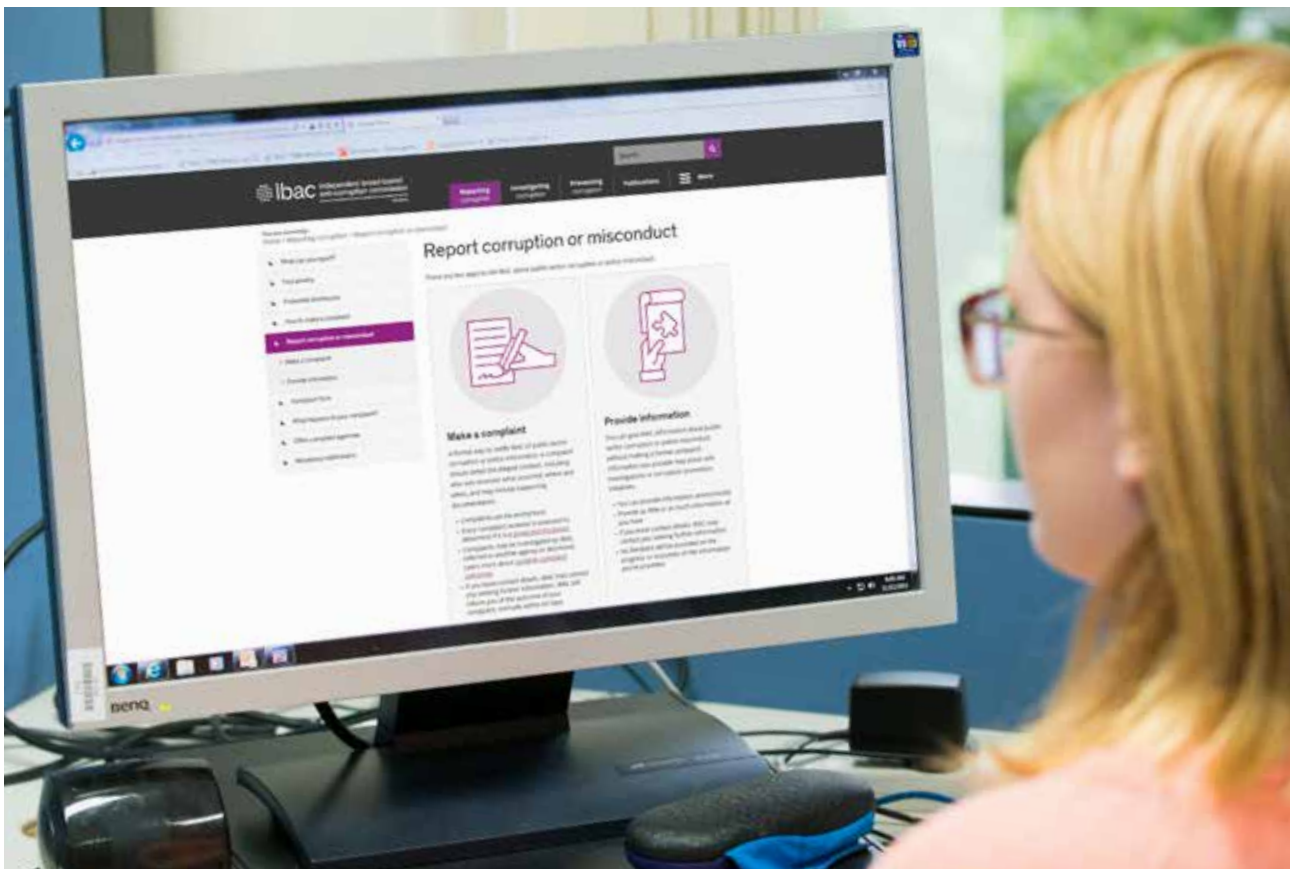
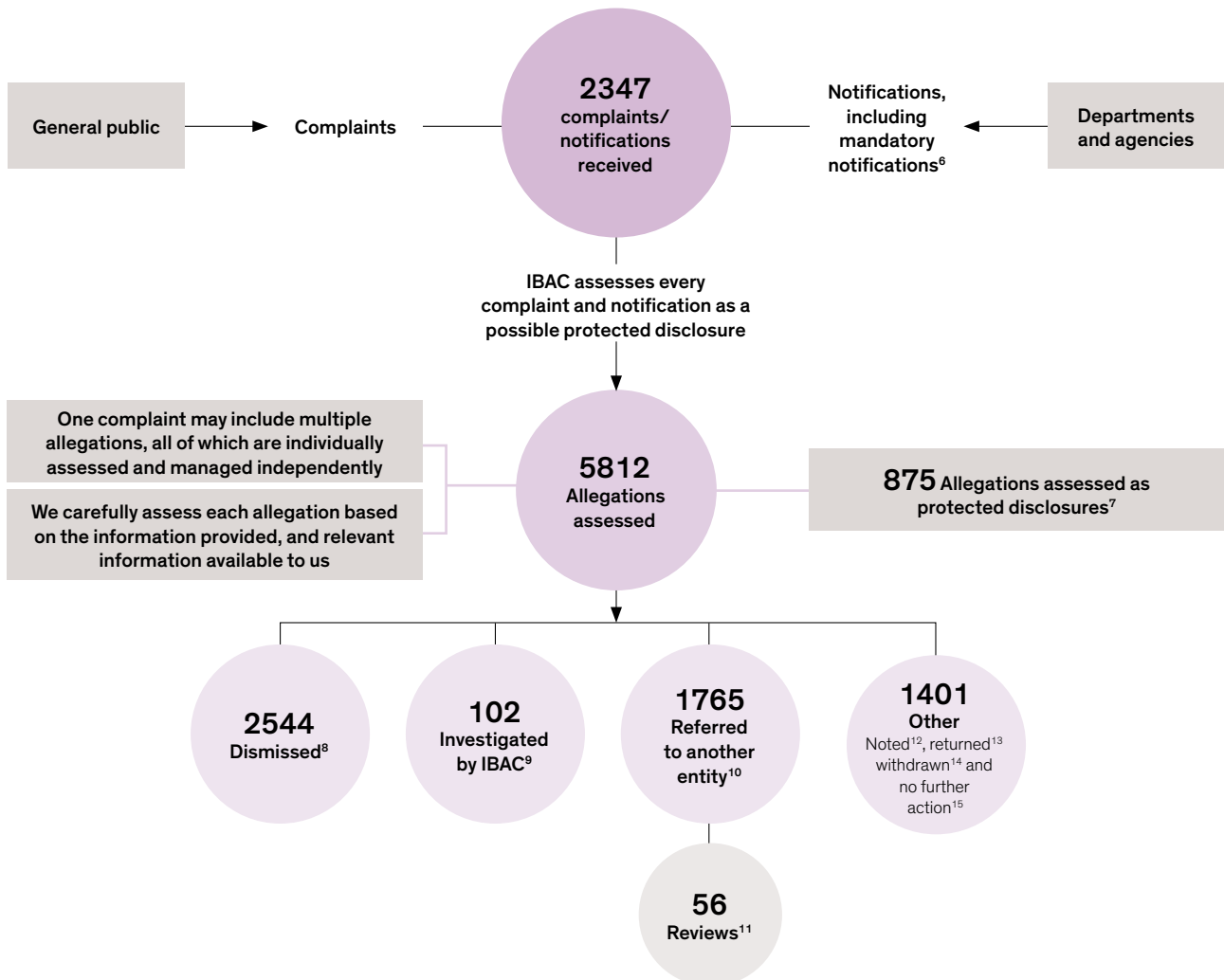


FIGURE 6: COMPLAINTS AND NOTIFICATIONS ASSESSED BY IBAC DURING 2018/19



<sup>6</sup> Mandatory notifications: all relevant principal officers of a public body must notify IBAC of any matter they suspect on reasonable grounds involves corrupt conduct.

<sup>7</sup> Protected disclosures (previously known as 'whistleblower' complaints) provide the complainant with certain legal protections.

<sup>8</sup> Matters are dismissed by IBAC for a range of reasons including insufficient information, alleged incident being too old, matters already investigated, or matters being frivolous or vexatious.

<sup>9</sup> By law, we must prioritise investigations into serious or systemic corruption and misconduct.

<sup>10</sup> While many complaints and notifications are referred by IBAC to agencies who are most appropriate to action, information in all complaints continues to provide IBAC with intelligence that we use to identify trends and patterns in corruption and misconduct. This informs prevention activities, IBAC's strategic priorities, helps to identify serious and systemic issues for possible 'own motion' investigations, and helps to assess future complaints and notifications.

<sup>11</sup> IBAC aims to determine if the matter has been handled fairly and investigated thoroughly by the relevant agency. Where reviews identify deficiencies, we provide feedback to the agency and may recommend specific action be taken to address an issue.

<sup>12</sup> Noted outcomes are mandatory notifications under s169 of the Victoria Police Act, about a complaint against a police officer, that IBAC 'notes' and monitors.

<sup>13</sup> Returned outcomes are protected disclosure notifications from public sector agencies that are determined by IBAC not to be protected disclosures and therefore do not engage the IBAC Act for assessment. These are 'returned' to the relevant agency for their consideration or action.

<sup>14</sup> The complainant has withdrawn their complaint.

<sup>15</sup> Matters that fall outside IBAC's jurisdiction and no further action can be taken.

## Complaints and notifications (continued)

TABLE 5: OUTCOMES OF COMPLAINTS AND NOTIFICATIONS ASSESSED BY IBAC

Classification	2014/15	2015/16	2016/17	2017/18	2018/19
Complaints and notifications received	2196	2041	2098	2315	2347
Allegations assessed	4443	4576	4990	6293	5812
Allegations assessed as protected disclosures <sup>16</sup>	210	653	579	742	875
Allegations investigated by IBAC	38	47	45	81	102
Allegations referred to another entity	1206	1523	1264	1460	1765
Allegations dismissed <sup>17</sup>	1818	2408	2730	3758	2544
Allegations resulting in other <sup>18</sup> outcomes	n/a	n/a	n/a	n/a	1401
Enquiries received	1415	903	808	988	688
Percentage of complaints/notifications assessed within 45 days <sup>19</sup>	n/a	94%	94%	94%	n/a
Percentage of complaints or notifications about public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) assessed by IBAC within 45 days	n/a	n/a	n/a	n/a	85%
Percentage of complaints or notifications about police personnel conduct and police personnel corrupt conduct assessed by IBAC within 45 days	n/a	n/a	n/a	n/a	77%

In 2018/19, IBAC received a higher number of complaints and notifications to the previous year, although there was a decrease in the number of allegations assessed. However, there was a significant increase in the number of allegations assessed as protected disclosures and an increase in the number of allegations investigated compared to the previous year, requiring a more intensive assessment effort due to complexity and need to ensure that the protected disclosure scheme protections were in place for more allegations.

As IBAC's assessment and investigation systems have matured and become more sophisticated, we have been able to investigate an increased number of allegations while also undertaking more engagement with relevant sector partners to support appropriate referrals.

In 2018/19, the percentage of IBAC's assessments completed within 45 days decreased as a result of transition to a new case management system, and an increased number of complex callers and complaints necessitating a more intensive service level. This change in service intensity, including in the type of calls received where more callers exhibited complex behaviours, also impacted IBAC staff and a tailored debriefing program was also undertaken to ensure the wellbeing of our staff.

**2347** 

**Complaints/notifications received**

**102** 

**Allegations investigated, a 26% increase compared to 2017/18**

<sup>16</sup> This was referred to as 'matters assessed for protected disclosure' in previous reports.

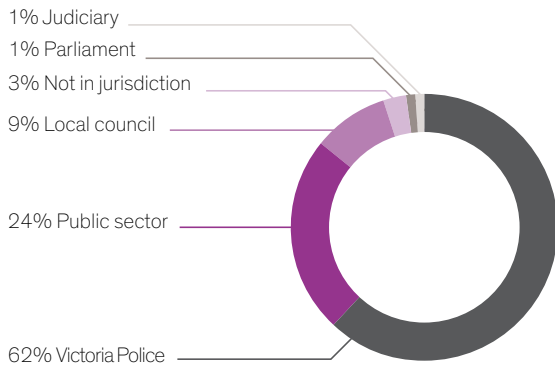
<sup>17</sup> Last year 'dismissed' included withdrawn allegations. 'Withdrawn' allegations have been included in 'other' for 2018/19.

<sup>18</sup> 'Other' is the sum of no further action, noted, returned and withdrawn. The numbers of 'noted' and 'returned' allegations were not included in previous year reports.

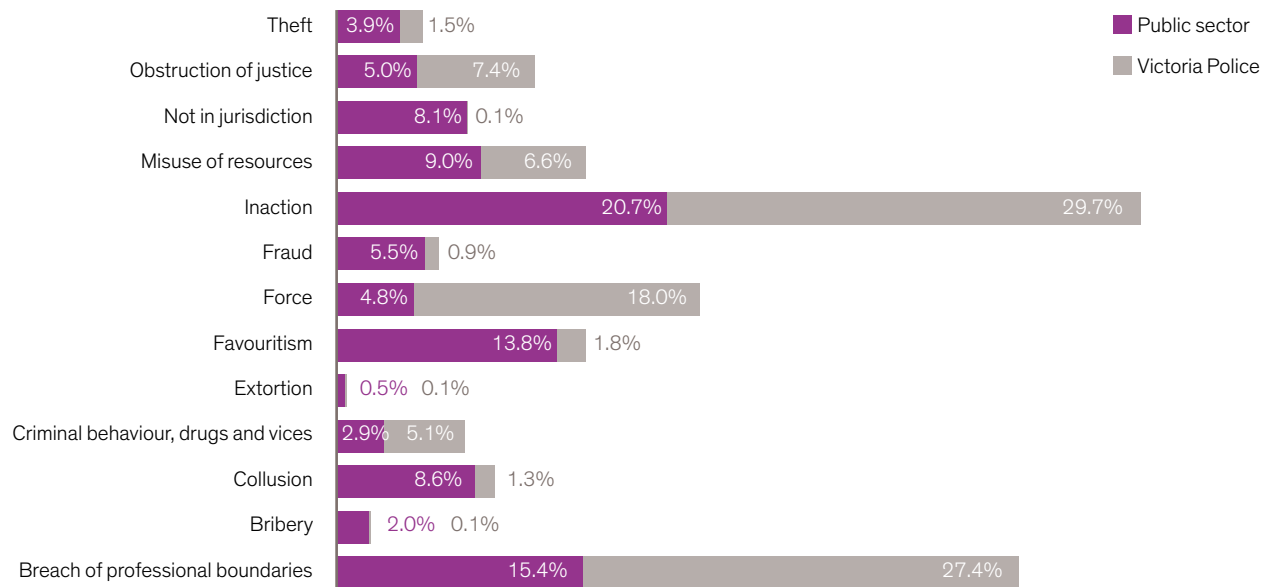
<sup>19</sup> The percentage of complaints/notifications assessed within 45 days was split into two measures in 2018/19 to reflect the breakdown of Public Sector and Victoria Police complaints and notifications.

Figure 7 provides a breakdown of the sector in which corruption or misconduct is alleged to have occurred, Figure 8 summarises the type of allegations made, and Figure 9 (on the next page) summarises the allegations investigated by IBAC.

**FIGURE 7: ALLEGATIONS BY SECTOR**



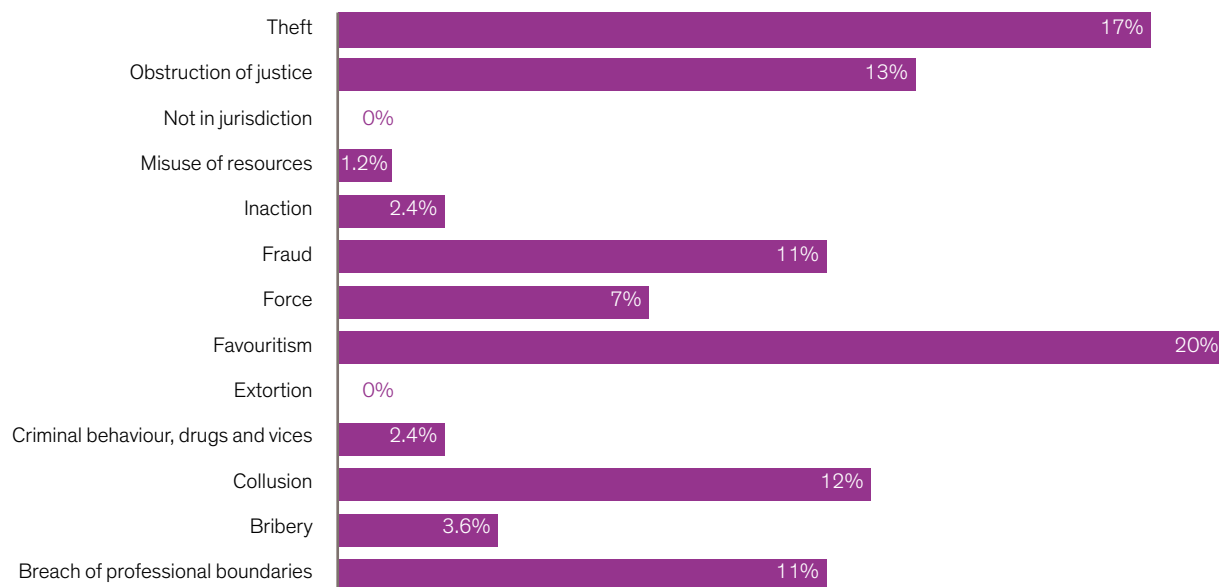
**FIGURE 8: ALLEGATIONS BY TYPE**



Note: These figures are based on data from IBAC's new case management system and exclude the first six weeks of the 2018/19 year (this information was unrecorded in the previous case management system).

## Complaints and notifications (continued)

FIGURE 9: ALLEGATIONS INVESTIGATED BY IBAC IN 2018/19



## Protected disclosures and outcomes

TABLE 6: PROTECTED DISCLOSURES AND OUTCOMES

Classification	2014/15	2015/16	2016/17	2017/18	2018/19
Protected disclosures made direct to IBAC	n/a <sup>20</sup>	n/a	n/a	n/a	333
Protected disclosures notified to IBAC by Victoria Police or other entities	n/a	n/a	n/a	n/a	542
Allegations assessed for protected disclosure status	210	653	579	742	875
Referred to Victorian Ombudsman, Chief Commissioner of Police, Judicial Commission of Victoria or Victorian Inspectorate for investigation	171	597	424	544	726
Investigated by IBAC	14	24	17	24	80
Dismissed	25	32	138	174	62

<sup>20</sup> This level of reporting is unavailable for previous years



## Protected disclosures

IBAC receives complaints and notifications of corruption and misconduct (including improper conduct under the PD Act) in the Victorian public sector. As part of its assessment process, IBAC determines whether complaints and notifications meet the requirements of a 'protected disclosure complaint' under the PD Act. Only IBAC, the Victorian Ombudsman, Victoria Police, the Judicial Commission of Victoria and the Victorian Inspectorate can investigate complaints that are protected disclosures. IBAC determines which of those agencies is most appropriate to investigate the particular complaint and accordingly refers the matter to that agency for investigation. If IBAC is the most appropriate agency, IBAC will investigate the matter.

IBAC consults with the public sector and provides information, advice, guidance and recommendations in relation to the handling of protected disclosures and the welfare and protection of people who have disclosed under the PD Act.

IBAC chairs the Protected Disclosure Consultative Group (comprising the organisations listed above), which considers systemic issues relating to the operation of the PD Act. The Protected Disclosure Consultative Group is preparing for legislative changes to commence on 1 January 2020, which delivers a new definition of improper conduct, additional pathways for the receipt of protected disclosures and revised confidentiality arrangements.

## Information submitted to IBAC

IBAC's option to 'provide information', introduced in May 2018 on IBAC's website, enables people to provide information about suspected public sector corruption or police misconduct securely and anonymously online, without making a formal complaint. Unlike the formal complaint process, IBAC does not provide feedback on the progress or outcome of such reporting of information.

In 2018/19, 278 reports were submitted online using the 'provide information' option. These reports have:

- contributed significantly to the body of intelligence at IBAC
- prompted and/or contributed to investigations and preliminary inquiries
- identified issues, trends and themes that would otherwise have been unreported or unidentified
- helped shape IBAC's understanding of various issues affecting the public sector
- highlighted trends and themes that contribute to IBAC's work on investigations and prevention and communication.

# 278

**Reports submitted using the 'provide information' option on the IBAC website**

## Investigations

IBAC investigations are now categorised based on their level of complexity (ie standard or complex), which reflects the time needed to properly complete an investigation. The category is determined by considering the following factors:

- number of persons of interest
- offending period (limited or extensive)
- number of corruption or misconduct behaviours identified
- number of criminal offences suspected
- volume of evidence (limited or extensive).

A standard investigation will have no more than two factors and 'limited' as the majority of responses. Complex investigations will have two or more and 'extensive' as majority of responses.

**TABLE 7: INVESTIGATIONS AND PRELIMINARY INQUIRIES**

Classification	2014/15	2015/16	2016/17	2017/18	2018/19
Preliminary inquiries commenced <sup>21</sup>	n/a	n/a	10	14	11
Investigations commenced <sup>22</sup>	16	19	26	27	27
Investigations commenced – standard <sup>23</sup>	n/a	n/a	n/a	n/a	11
Investigations commenced – complex	n/a	n/a	n/a	n/a	16
Investigations and preliminary inquiries finalised <sup>24</sup>	15	7	18	14	45
Preliminary inquiries finalised	n/a	n/a	n/a	n/a	18
Investigations finalised – standard	n/a	n/a	n/a	n/a	19
Investigations finalised – complex	n/a	n/a	n/a	n/a	8
Open investigations and preliminary inquiries as at 30 June	14	27	28	51	31
Proportion of IBAC investigations into public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) completed within 12 months	n/a	n/a	n/a	60%	42%
Proportion of IBAC investigations into police personnel conduct and police personnel corrupt conduct completed within 12 months	n/a	n/a	n/a	100%	33%

In 2018/19, IBAC commenced the same number (27) of investigations as last year, and finalised a large number (45) of investigations and preliminary inquiries that were commenced in previous years. This meant there was an increase in the number of ongoing investigations throughout the year, causing a significant amount of work. As a result, the proportion of investigations completed within the expected timeframes decreased.

These performance measures are not being continued in 2019/20. They will be replaced by new measures that more accurately reflect IBAC's timeframes to complete standard and complex investigations.

<sup>21</sup> From 1 July 2016, IBAC was able to conduct preliminary inquiries to help determine whether to dismiss, refer or investigate a complaint or notification. More information is on the IBAC website.

<sup>22</sup> 2018/19 is the first year IBAC has reported on 'standard' and 'complex' investigations.

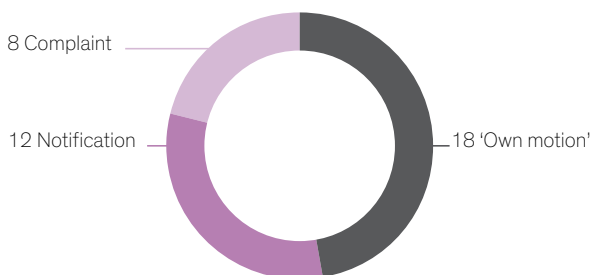
<sup>23</sup> See definitions of 'standard' and 'complex' investigations above.

<sup>24</sup> Before 2018/19, 'preliminary inquiries finalised' and 'investigations finalised' was a combined total.

The number of open investigations and preliminary inquiries has decreased from 51 to 31, leaving IBAC with capacity to continue to commence new investigations and preliminary inquiries. As outlined on the previous page, IBAC has begun to categorise its investigations as 'standard' or 'complex' to better reflect time and resource requirements of investigations and to facilitate planning processes. The introduction of the investigations module in the new case management system will improve IBAC's processes, making our investigations more efficient. Refer to page 73 for further details on the new system.

IBAC can commence an investigation or preliminary inquiry into single or multiple allegations resulting from a complaint or notification. IBAC can also decide to investigate alleged corrupt conduct or police misconduct on its 'own motion', based on information provided anonymously or by intelligence sources. Figure 10 summarises the source of IBAC investigations and preliminary inquiries that commenced during 2018/19.

**FIGURE 10: SOURCE OF IBAC INVESTIGATIONS AND PRELIMINARY INQUIRIES COMMENCED IN 2018/19**



In 2018/19, almost 50 per cent of the 38 commenced investigations and preliminary inquiries originated from proactive 'own motion' intelligence. IBAC is committed to improving its use of intelligence sources and maintaining a focus on intelligence-led 'own motion' investigations.

## Examinations

As part of an investigation, IBAC may hold private or public examinations to gather more information. These examinations are not trials and do not determine guilt or innocence. Rather, their purpose is to establish the facts.

Most examinations are held in private, as required under the IBAC Act. Private examinations are not open to the public or media, although the matter may be publicly reported when the investigation is finalised, to inform the public sector and community about the adverse impacts, and assist prevention of corruption.

Public examinations (or hearings) are valuable for exposing and deterring corrupt conduct in the public sector and police misconduct. They can:

- inform and educate the community and public sector about the impact of corruption and police misconduct and how such behaviour can be prevented
- deter further wrongdoing by individuals
- prompt public sector officers and agencies to examine their own systems and practices to prevent corrupt conduct
- encourage credible complaints about corruption.

To hold public examinations, the Commissioner must be satisfied that exceptional circumstances apply, that the public examination is in the public interest, and the public examination can be held without causing unreasonable damage to the reputation, safety or wellbeing of the people involved.

Table 8 provides information on examinations conducted in the course of IBAC investigations in the past five years.

# 45

**Investigations and preliminary inquiries finalised, a 221% increase compared to 2017/18**

## Investigations (continued)

TABLE 8: EXAMINATIONS UNDERTAKEN AS PART OF IBAC INVESTIGATIONS

Classification	2014/15	2015/16	2016/17	2017/18	2018/19
Private hearing days	52	81	22	57	64
Public hearing days	38	23	4	9	16
Witnesses called	105	144	37	91	111

### Operation Gloucester

In November 2017, following the receipt of new information, IBAC reopened Operation Gloucester. This operation investigated allegations of police misconduct in relation to Victoria Police's investigation of the murders of Sergeant Gary Silk and Senior Constable Rodney Miller in 1998. These allegations were originally investigated in 2015 but the investigation closed due to insufficient evidence.

In February and March 2019, IBAC held public examinations for Operation Gloucester into the statement-taking practices of Victoria Police. These examinations were carried out over four weeks, and focused on three aspects of the police investigation of the murders:

- the Lorimer Taskforce investigation of the above murders, in particular
  - the taking of witness statements
  - the preparation of the brief of evidence for the trial of Bandali Debs and Jason Roberts
  - whether there was full disclosure of witness statements or other relevant information before or during the trial.
- Victoria Police's practices concerning witness statements
- compliance with the obligation on Victoria Police to disclose evidence.

The examinations heard evidence from 34 witnesses and 376 exhibits were tendered.

IBAC Commissioner, the Honourable Robert Redlich QC, presided at the examinations. Counsel assisting was Mr Jack Rush QC with Ms Catherine Boston of the Victorian Bar. IBAC expects to table a special report on this investigation in late 2019.

***'Operation Gloucester exposed the improper statement-taking practices that occurred in Victoria Police's Armed Robbery Squad and the Lorimer Taskforce in the late 1990s to the early 2000s... These practices can have significant adverse impacts on the proper administration of justice, the accused's right to a fair trial and can cause criminals to be acquitted due to failings in process.'***

The Honourable Robert Redlich QC  
IBAC Commissioner

## Results of IBAC investigations

TABLE 9: OUTCOMES OF IBAC INVESTIGATIONS IN THE PAST FIVE YEARS

Investigation outcomes	2014/15	2015/16	2016/17	2017/18	2018/19
Number of investigations resulting in formal recommendations	3	7	7	6 <sup>25</sup>	22
Criminal proceedings or brief of evidence to Office of Public Prosecutions <sup>26</sup>	3	3	5	n/a	n/a <sup>27</sup>
People charged	n/a	n/a	n/a	35	16
Special Reports to Parliament	1	2	6	2	0
No further action	6	3	6	8	3

## Recommendations under s 159 of the IBAC Act

Table 10 summarises the number of recommendations made by IBAC and their outcomes in the past five years.

TABLE 10: IBAC RECOMMENDATIONS UNDER S 159 OF THE IBAC ACT

	2014/15	2015/16	2016/17	2017/18 <sup>28</sup>	2018/19
Recommendations made by IBAC	24	20	47	14	50
Recommendations implemented	10	18	20	33	27
Recommendations being monitored	14	16	38	27	48

IBAC investigations consider broader systemic issues and gaps or weaknesses in agencies' controls that may have facilitated the alleged corruption or police misconduct. During 2018/19, IBAC made 50 formal recommendations under the IBAC Act for public sector agencies to improve their systems, practices and controls. IBAC generally requires agencies to respond to recommendations within a specified period.

**50** 

**Formal recommendations made (under the IBAC Act) for public sector agencies to improve their systems, practices and controls, an increase of 257% compared to 2017/18**

**16** 

**People charged with a range of offences under Victorian and Commonwealth statutes**

Corrections:

<sup>25</sup> A review of IBAC's recommendations data identified that in 2017/18, six investigations resulted in formal recommendations, not 14 as stated in the 2017/18 annual report.

<sup>26</sup> A review of IBAC's criminal proceedings identified that in 2017/18, the number 35 reported was the number of people charged, not the criminal proceedings or brief of evidence to the Office of Public Prosecutions (OPP).

<sup>27</sup> Consultation with IBAC's Legal department determined that a more useful measure is the number of people charged, instead of criminal proceedings or brief of evidence to OPP.

<sup>28</sup> A review of IBAC's recommendations data identified that in 2017/18, 14 recommendations were made, 33 recommendations implemented and 27 recommendations monitored, not the 18, 30 and 30 stated in the 2017/18 annual report.

## Reviews

### IBAC reviews of investigations conducted by other agencies

An important part of our oversight, education and prevention role pursuant to sections 15 and 16 of the IBAC Act involves our reviews of investigations conducted by other agencies. Reviews also inform IBAC's strategic intelligence, policy and research work.

Of those matters that IBAC refers to Victoria Police or a public sector agency for action, certain cases are selected for review by IBAC. IBAC reviews a select sample of these matters to determine whether the agency investigation has been handled thoroughly and fairly, in a timely and evidence-based way, such that outcomes are reasonable and align with public expectations. Where applicable, reviews also consider human rights and protected disclosure laws. The matters selected by IBAC for review

are based on whether the agency investigation warrants oversight given the specific issues in a case such as the gravity of the allegations; or whether the case falls into an area of systemic importance for IBAC based on our strategic intelligence and trend analysis (for example, investigations that point to organisational issues such as systemic cultural, policy or procedural issues). Conflicts of interest and excessive force are two of our current strategic areas of focus, amongst others. Where an IBAC review identifies deficiencies, feedback to the agency is provided, and recommendations for specific actions may be made. Table 11 summarises IBAC's reviews of actions or investigations taken by other agencies in matters referred to them.

**TABLE 11: OUTCOMES OF IBAC REVIEWS OF MANAGEMENT OR INVESTIGATIONS CONDUCTED BY OTHER AGENCIES**

	2014/15	2015/16	2016/17	2017/18	2018/19
Reviews of police investigations completed	114	96	73	72	45
Returned as deficient <sup>29</sup>	19	35	20	48	29
Reviews of public sector investigations completed	5	8	8	8	11
Returned as deficient	3	5	2	8	4

With the number and complexity of IBAC assessments increasing and its phone service to members of the public with complex needs escalating, IBAC's capacity to undertake more reviews was reduced, necessitating a prioritisation of limited resources.

While fewer reviews were completed in 2018/19, these reviews have involved more complex and systemic issues, with IBAC recommendations for improvements referencing previous reports drawing on our strategic intelligence and data analysis of previous reviews.

As we transition to the new case management system, our reporting and analytical capabilities will improve and become more sophisticated. While IBAC is committed to conducting more reviews, without additional investment IBAC's current capacity to undertake more reviews is constrained and falls far short of the number of reviews undertaken by interstate anti-corruption agencies. Reviews complement IBAC's investigative role. Undertaken in the right proportions, reviews serve the public interest in a cost-effective way, adding to IBAC's oversight role in exposing and preventing corruption while also building public sector and police capability in conducting best practice internal investigations that build stronger, fairer organisational cultures resistant to corruption.

<sup>29</sup> The main reason files are returned as deficient is a lack of detail provided.

## Corruption prevention initiatives

A core organisational function under the IBAC Act is to prevent corruption. IBAC focuses on achieving the greatest impact on the prevention of public sector corruption and police misconduct by:

- engaging with the community and the public sector to raise awareness and improve understanding of corruption and its adverse impacts
- encouraging reporting of corruption and helping to build public sector capacity to actively resist corruption
- alerting organisations to research information and intelligence so they remain prepared and are a step ahead of corruption risks.

In 2018/19, IBAC delivered 99 corruption prevention initiatives and received a 99 per cent satisfaction rating from participants (see Table 12).

These are discussed further in Chapter 4.

**99** 

**Corruption prevention initiatives delivered including a community awareness campaign, *Yes, it's corruption. Yes, I can do something about it.* and two regional Integrity Insights forums (Ballarat and Horsham)**

**99%** 

**Satisfaction rating with corruption prevention initiatives delivered**

## External engagement activities

As part of IBAC's corruption prevention remit, the Executive team participated in a range of forums over the last 12 months, including the:

- TAFE network Leaders' forum
- Governance Institute of Australia's Public Sector Governance forum
- LGPro CEO forum
- Rural Council Victoria CEO and councillor forum.

Following the release of IBAC's *Corruption risks associated with public regulatory bodies* report (page 52), IBAC presented findings at a number of engagements, including the Commission for Better Regulation forum and the Australia New Zealand School of Government (ANZSOG) regulators' forum.

IBAC also regularly engages with public sector senior leadership teams to discuss corruption risks and mitigation strategies. In 2018/19, these engagements included:

- Corrections Victoria
- Energy Safe Victoria
- Zoos Victoria
- Consumer Affairs Victoria
- Environment Protection Authority Victoria
- Public Transport Victoria
- Victorian Building Authority
- City of Melbourne
- Darebin City Council
- Department of Environment, Land, Water and Planning.

In addition, IBAC continued its Victoria Police education program to integrate messaging about the importance of integrity and ethical behaviour through its ongoing involvement in the Victoria Police Foundation Program for new recruits. As part of this program, IBAC also presented to Victoria Police Command, the Police Managers' Qualifying Program and Professional Standards Command.

**TABLE 12: CORRUPTION PREVENTION INITIATIVES UNDERTAKEN BY IBAC**

	2014/15	2015/16	2016/17	2017/18	2018/19
Number of corruption prevention initiatives delivered (eg information sessions, speaking opportunities and prevention resources)	76	78	93	92	99
Satisfaction rating with prevention and education initiatives delivered to stakeholders	100%	99%	99%	99%	99%

## Corruption prevention initiatives (continued)

IBAC publishes a quarterly e-newsletter, *IBAC Insights*, to more than 3 100 subscribers, and connects with more than 2500 Twitter and 1000 LinkedIn followers.

In 2018/19 we released a broad range of resources through our communication channels, including four research reports (page 52), 38 media releases, 30 videos<sup>30</sup> as well as other communication and engagement activities to highlight the issue of, and prevent, corruption.

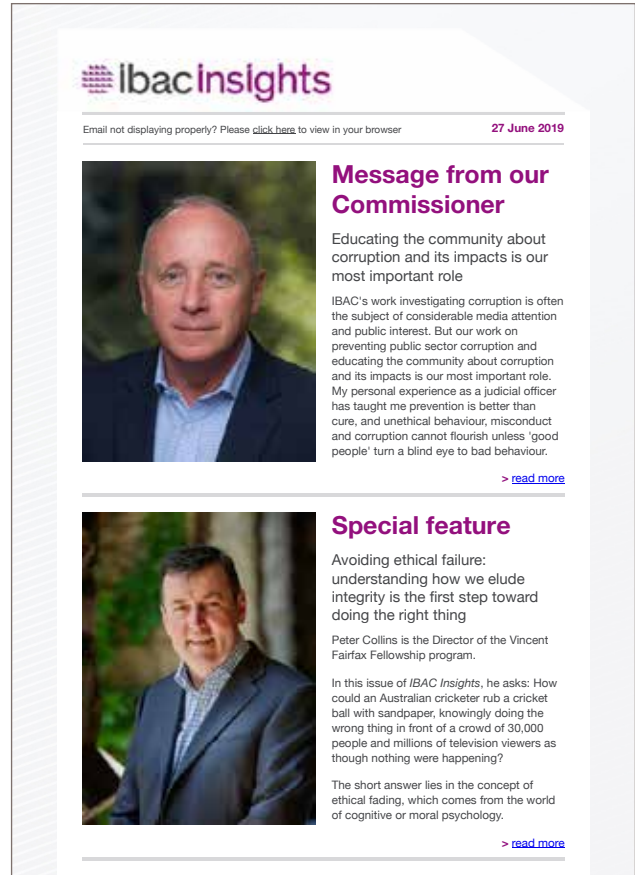
Several initiatives were undertaken to help people find IBAC information and resources online, including via search engines. Enhancements were also made to the way this content displays on social media platforms to ensure key messages are highlighted and to encourage further sharing. These efforts contributed to increased engagement with IBAC via social media and an 11 per cent increase in the number of unique visits (102,505) to our website during 2018/19.

# 102,505

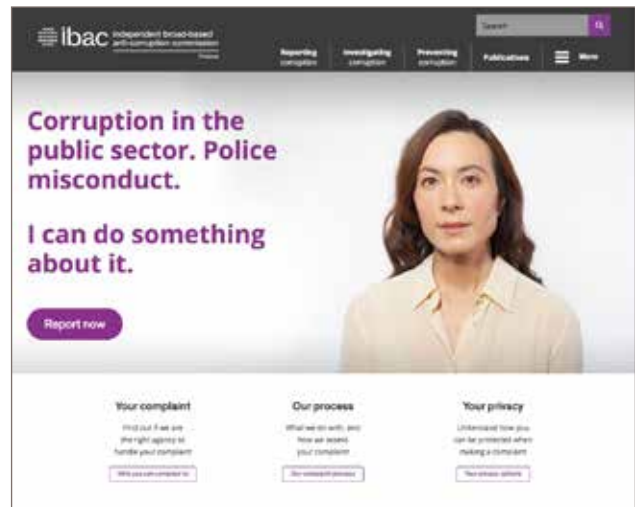


**Unique visits to the IBAC website,  
an 11 per cent increase compared to  
2017/18**

**FIGURE 11: IBAC'S QUARTERLY E-NEWSLETTER  
*IBAC INSIGHTS***



**FIGURE 12: IBAC WEBSITE**



<sup>30</sup> Figure includes the 'About IBAC' video being translated into 20 community languages. For more information, visit the IBAC YouTube channel.



# Chapter 4 Focus Area 1: Exposing and preventing corruption and police misconduct

IBAC is responsible for exposing, investigating and preventing corruption and police misconduct.

Investigations are integral to IBAC's work, and are a key way by which we fulfil our remit. The decision by IBAC to investigate is informed by:

- complaints
- information reports
- notifications
- protected disclosures
- its sources of intelligence.

Investigations often involve analysing trends, unravelling complex networks and following financial trails. IBAC investigations help to uncover and identify the evidence necessary to expose serious and systemic corruption and police misconduct.

This chapter details the way in which its operational and oversight work enable IBAC to:

- better understand and identify corruption and misconduct risks
- expose serious and systemic corruption and misconduct
- help to shape a public sector that actively resists corruption.

## Challenges and opportunities

The challenge of maintaining four fully resourced investigation teams is ongoing. As a consequence of limited talent in key areas and Australia-wide integrity agency competition, recruitment can take significant time, particularly when new employees need to relocate from interstate. IBAC has commenced a workforce plan to help attract, retain and develop skills for operational roles (page 91).

Keeping up with technological advances, including the increasing shift to encrypted communication methods, is another major challenge. These encrypted applications present potential barriers to IBAC investigations; however, IBAC has other intelligence and data sources and is committed to utilising technological advances to maintain a strong collections capability while continuing to meet strict compliance requirements.

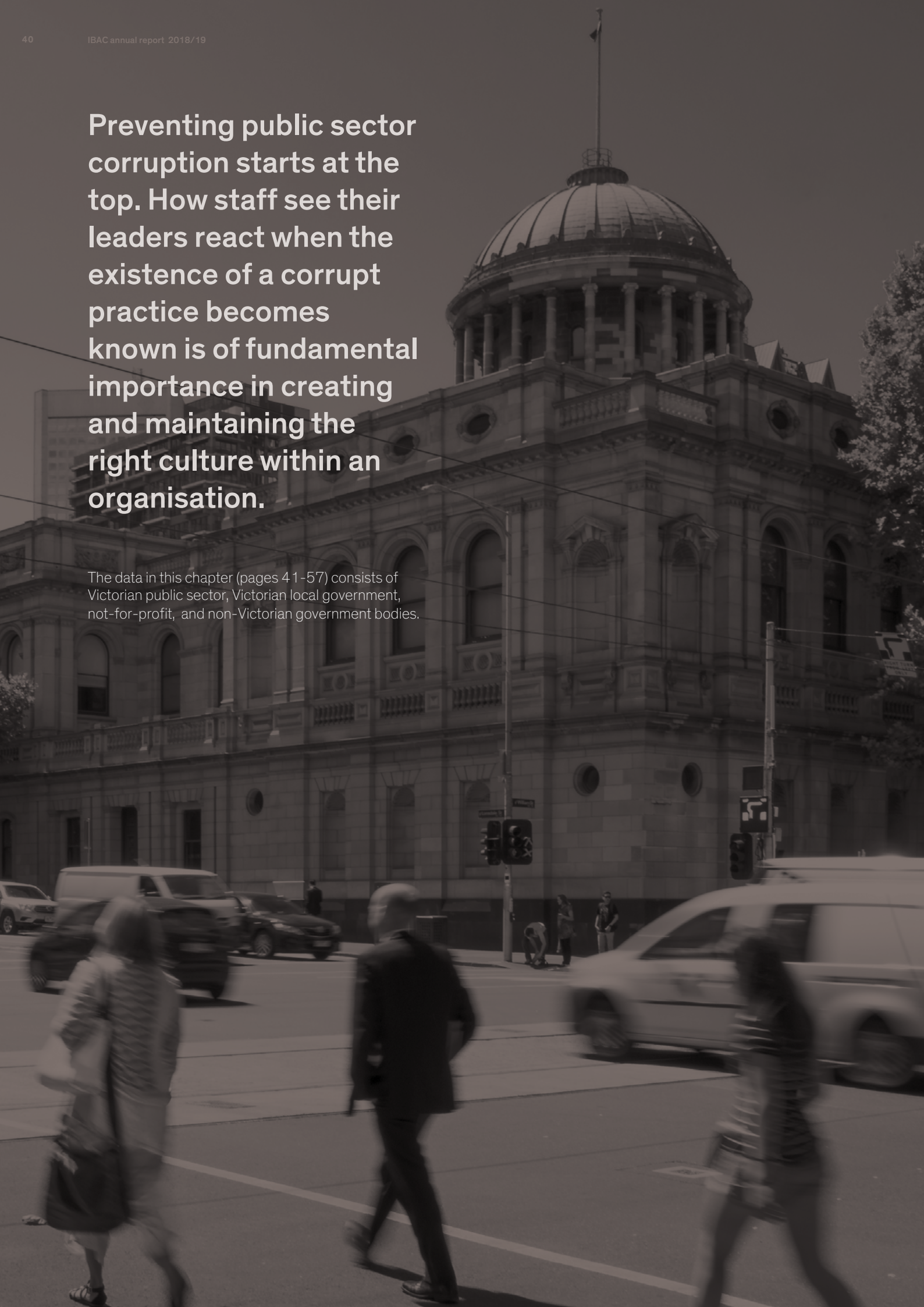
## Highlights

Activities to directly expose and counteract corruption and police misconduct include:

- finalising an increased number of investigations and preliminary inquiries
- holding public examinations for Operation Gloucester
- introducing a new case management system.

**Preventing public sector corruption starts at the top. How staff see their leaders react when the existence of a corrupt practice becomes known is of fundamental importance in creating and maintaining the right culture within an organisation.**

The data in this chapter (pages 41-57) consists of Victorian public sector, Victorian local government, not-for-profit, and non-Victorian government bodies.

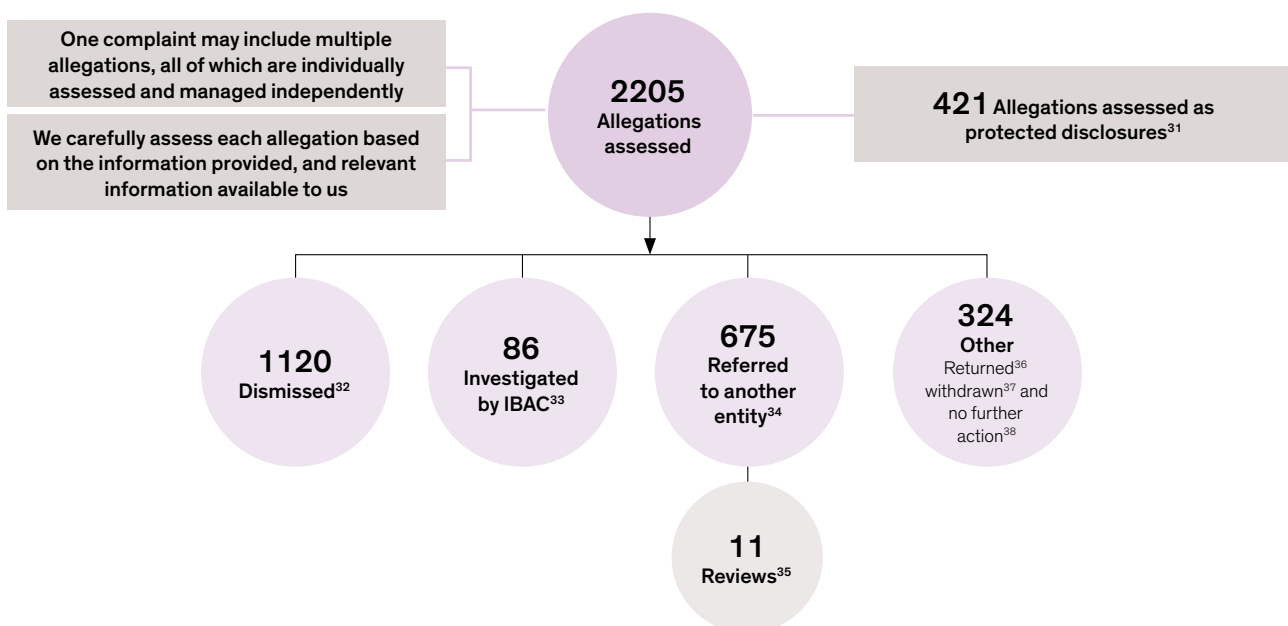


## Victorian public sector

### Complaints and notifications about the Victorian public sector

IBAC considers complaints about corruption in relation to public sector officers. It also receives mandatory notifications from principal officers of public sector departments and agencies as well as other types of notifications, such as those under the *Ombudsman Act 1973* and the *Audit Act 1994*. IBAC assesses the information that is provided to decide an appropriate outcome. Outcomes of our assessment of each allegation include investigating, referring, dismissing, noting, returning or taking no further action.

FIGURE 13: ALLEGATIONS RELATING TO THE VICTORIAN PUBLIC SECTOR DURING 2018/19



<sup>31</sup> Protected disclosures (previously known as 'whistleblower' complaints) provide the complainant with certain legal protections.

<sup>32</sup> Matters are dismissed by IBAC for a range of reasons including insufficient information, alleged incident being too old, matters already investigated, or matters being frivolous or vexatious.

<sup>33</sup> By law, we must prioritise investigations into serious or systemic corruption and misconduct.

<sup>34</sup> While many complaints and notifications are referred by IBAC to agencies who are most appropriate to action, information in all complaints continues to provide IBAC with intelligence that we use to identify trends and patterns in corruption and misconduct. This informs prevention activities, IBAC's strategic priorities, helps to identify serious and systemic issues for possible 'own motion' investigations, and helps to assess future complaints and notifications.

<sup>35</sup> IBAC aims to determine if the matter has been handled fairly and investigated thoroughly by the relevant agency. Where reviews identify deficiencies, we provide feedback to the agency and may recommend specific action be taken to address an issue.

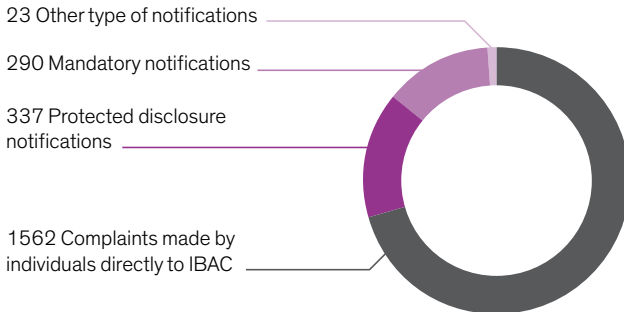
<sup>36</sup> Returned outcomes are protected disclosure notifications from public sector agencies that are determined by IBAC not to be protected disclosures and therefore do not engage the IBAC Act for assessment. These are 'returned' to the relevant agency for their consideration or action.

<sup>37</sup> The complainant has withdrawn their complaint.

<sup>38</sup> Matters that fall outside IBAC's jurisdiction and no further action can be taken.

## Victorian Public Sector (continued)

**FIGURE 14: ALLEGATIONS ABOUT THE VICTORIAN PUBLIC SECTOR RECEIVED THROUGH:**



### Outcomes of complaints

The following examples illustrate IBAC's work in assessing allegations and determining an appropriate outcome.

#### Allegation referred to an external agency

Changes to the IBAC Act from 1 December 2016 require relevant principal officers of public bodies to notify IBAC of conduct they suspect to be corrupt. The following is an example of how IBAC acted on such a notification.

In February 2019, IBAC received a mandatory notification from the Department of Justice and Community Safety (DJCS). The DJCS had received an anonymous report alleging staff members of Corrections Victoria involved in procurement had forced the owner of a cleaning company to reduce its hourly rate for contracted cleaning services in a tender submission, by withholding payment for services already provided. It was further alleged that the staff members knew that withholding payments for the services already provided was putting pressure on the owner, as the company was in a financially vulnerable position.

The Risk, Audit and Integrity Directorate of DJCS undertook its own preliminary investigation, which determined that there was evidence to support the allegations. DJCS then notified IBAC.

Upon reviewing the notification from DJCS, IBAC decided to refer the matter to the DJCS as the most appropriate body to investigate the allegation, given it had already commenced a preliminary investigation. IBAC required DJCS to provide its investigation file for review upon completion, as the allegations related to a thematic area of interest to IBAC. IBAC noted DJCS's notification of the matter to IBAC should have been received earlier when the complaint was initially reported. IBAC requested that this delay also be specifically addressed in DJCS's investigation.

### Complaint dismissed

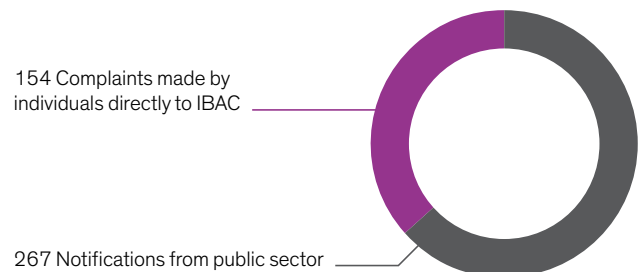
IBAC often receives complaints relating to matters that do not demonstrate corrupt conduct by a public officer. These complaints are dismissed by IBAC. Below is an example.

An employee of the Victorian public service made a complaint that a colleague made a malicious and false allegation against him. He further alleged that although management knew that the allegations were false, they proceeded to investigate him with the aim of terminating his employment. He alleged that he was subjected to the investigation as reprisal for raising concerns and questioning management practices.

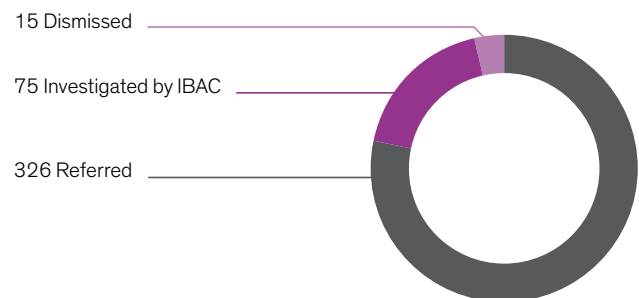
IBAC assessed all the information provided and did not find any indication that management knowingly instigated a disciplinary investigation into the false allegations. IBAC did not consider that the information provided demonstrated corrupt conduct and dismissed the complaint.

### Victorian Public Sector Protected Disclosures

**FIGURE 15: TOTAL PROTECTED DISCLOSURE ALLEGATIONS RECEIVED THAT RELATE TO THE VICTORIAN PUBLIC SECTOR:**



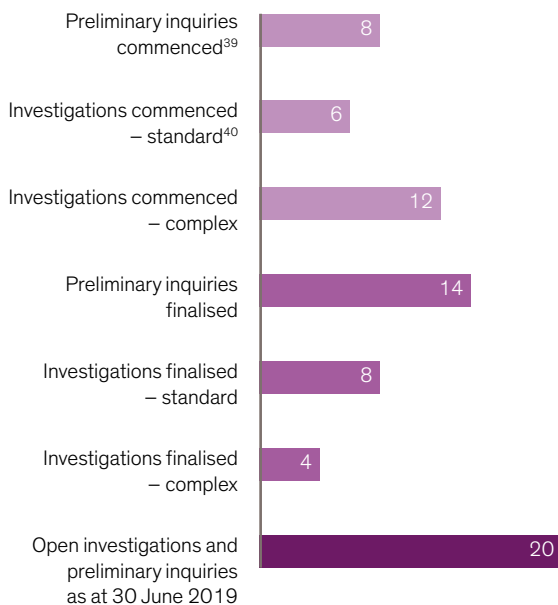
**FIGURE 16: PROTECTED DISCLOSURE OUTCOMES**



## Victorian public sector investigations

Figure 17 shows the investigations and preliminary inquiries into the public sector undertaken by IBAC during 2018/19. Of the 12 investigations completed by IBAC, four were complex, with the main categories of misconduct being fraud, bribery and inducements. Of the eight standard investigations completed, the misconduct related to misuse of resources, favouritism and collusion.

**FIGURE 17: PUBLIC SECTOR INVESTIGATIONS AND PRELIMINARY INQUIRIES UNDERTAKEN BY IBAC DURING 2018/19**



## Examples of finalised public sector investigations

### Operation Nisidia: bribery in Loddon Prison

Operation Nisidia commenced in March 2017 as a result of a notification by Corrections Victoria, relating to allegations that a Corrections Victoria employee, Mr Lyndon Turvey, was engaging in corrupt conduct, including introducing contraband into the Loddon Prison precinct in Castlemaine, central Victoria.

The IBAC investigation identified that Mr Turvey had unlawfully received bribes from family members and associates of inmates at the Loddon Prison precinct to the value of \$27,530 between 24 May 2016 and 28 June 2017, for the purpose of supplying contraband to prisoners.

**Mr Turvey pleaded guilty to a charge of bribery and misconduct in public office, and was sentenced to 15 months in prison with a seven-month non-parole period on 19 June 2019 in the Bendigo Magistrates' Court.**

IBAC notified the DJCS of its findings, in order to assist DJCS in its goal of preventing and detecting the smuggling of contraband by staff.

**26** 

**Public sector preliminary inquiries and investigations finalised**

<sup>39</sup> From 1 July 2016, IBAC was able to conduct preliminary inquiries to help determine whether to dismiss, refer or investigate a complaint or notification. More information on the IBAC website.

<sup>40</sup> See page 32 for the definition of 'standard' and 'complex' investigations.

## Victorian Public Sector (continued)

### Operation Rous: misconduct in Port Phillip Prison

Operation Rous commenced in November 2017 to investigate alleged assaults by prison officers at a prison. The first case was a complaint of an assault on a prisoner by three officers during a strip search; the second case was a complaint of an assault of a handcuffed prisoner by one officer. Two additional alleged assaults of a prisoner were subsequently received and added to the investigation.

IBAC's investigation found that in two of the incidents investigated, prison officers had used excessive force and breached the *Charter of Human Rights and Responsibilities Act 2006* (the Charter). However, IBAC determined that there was insufficient evidence for a reasonable prospect of successful criminal prosecution.

**The officers involved were internally disciplined for their actions and the prison operator was fined \$75,000 for each of these events. No further action was recommended.**

IBAC suggested that Corrections Victoria review the use of force and escort techniques, strip searching, closed-circuit television and body-worn cameras, incident reporting, incident investigation and oversight, and human rights training. IBAC also liaised with Victoria Police in relation to the recording of alleged criminal offences in prisons.

### Operation Icaria: corruption in an urban fire brigade

Operation Icaria commenced in September 2017. This was an investigation of a notification from the Country Fire Authority (CFA) of allegations of corruption, conflicts of interest and financial advantage by deception by members of an urban fire brigade and its contracted fire equipment maintenance provider, which was a private company.

It was alleged the private company incorrectly and fraudulently invoiced the CFA for fire equipment maintenance work that was conducted for the brigade, and that such invoices had been improperly verified by the brigade for payment by the CFA.

The IBAC investigation confirmed a number of false charges had been included on two invoices to the CFA from 2017. Additionally, the investigation established that the business manager of the private company often inflated the invoice. The private company was found to have been poorly managed.

The allegation of undisclosed and improper financial benefit to members of both the brigade and the private company was unsubstantiated.

A review of the evidence found significant evidentiary gaps and mitigating factors but, on consideration of the Office of Public Prosecutions' guidelines on prosecutorial discretion, it was found the criteria for reasonable prospect of conviction and public interest were not met.



**Public sector employees charged under various Victorian and Commonwealth statutes**

## Outcomes of public sector investigations

Prosecutions arising from IBAC investigations are one way of measuring IBAC's impact on corrupt conduct in the public sector, as well as providing consequences for people involved – including jail terms, recoveries of proceeds of crime, fines, community work and corrections orders and bonds. The number of charges and convictions an anti-corruption body secures is only one indicator of performance, albeit a highly public one. IBAC's effectiveness and efficiency is measured across our core operational functions and assessed against agreed metrics.

In 2018/19, four people were charged under various Victorian and Commonwealth statutes. Orders for proceeds of crime were also made against a person involved in an IBAC investigation, resulting in the recovery of a further \$1 10,091. Since 2013, IBAC investigations have resulted in more than \$2,930,676 recovered and returned to the state.

Table 13 below summarises the outcomes of public sector investigations by IBAC that were finalised in 2018/19.

**Note: a number relate to charges made in previous years.**

TABLE 13: OUTCOMES OF IBAC PUBLIC SECTOR INVESTIGATIONS FINALISED IN 2018/19

Investigation	Date of prosecution	Who	Outcome
<b>Operation Murano:</b> an 'own motion' investigation into the conduct of a rehabilitation coordinator who provided misleading information to the court to assist persons appearing before the court	August 2018	Vivien Eden	Ms Eden pleaded guilty to three charges of attempting to pervert the course of justice and one charge of obtaining a drug prescription by false representation. She was convicted, placed on a two-year community correction order and ordered to perform 120 hours of community work and pay a \$400 fine.
	September 2018	Anthony Dieni Jr	Mr Dieni Jr pleaded guilty to one charge of trafficking a drug of dependence (cocaine), and one charge of obtaining a drug prescription by false representation. He was convicted, placed on a 15-month community correction order and ordered to perform 200 hours of community work.
	October 2018	Patricia Martin	Ms Martin pleaded guilty to one charge of perverting the course of justice and five charges of trafficking a drug of dependence (cocaine and methylamphetamine). She was convicted and sentenced to two months and 14 days' imprisonment, to be followed by a two-year community correction order.
	December 2018	Mohammed Nasery	Mr Nasery pleaded guilty to one charge of attempt to pervert the course of justice, two charges of trafficking a drug of dependence (cocaine) and one charge of trafficking a drug of dependence (methylamphetamine). He was sentenced to 10 months' imprisonment to be followed by a two-year community correction order.
	March 2019	Jake Grae	Mr Grae pleaded guilty to one charge of attempting to pervert the course of justice and one charge of trafficking a drug of dependence (methylamphetamine). He was convicted, placed on a two-year community correction order and ordered to perform 150 hours of community work.
<b>Operation Fitzroy:</b> an investigation into alleged serious corruption in the former Department of Transport and Public Transport Victoria	December 2018	Andrew Ooi	Mr Ooi pleaded guilty to one charge of conspiracy to defraud. He was convicted and sentenced to two years' imprisonment, which was wholly suspended for two years.
<b>Operation Molara:</b> an investigation into suspected corrupt conduct at Dhurringile Prison	March 2019	Tracie Badcock	Ms Badcock pleaded guilty to one charge of bribery of a public official and one charge of misconduct in public office. She was convicted and sentenced to six months' imprisonment to be followed by a 12-month community correction order. <sup>41</sup>
<b>Operation Nisidia:</b> an investigation into the conduct of a Corrections Victoria employee at Loddon Prison	June 2019	Lyndon Turvey	Mr Turvey pleaded guilty to a charge of bribery and misconduct in public office and was sentenced to 15 months in prison with a seven-month non-parole period.

<sup>41</sup> Ms Badcock is appealing her sentence.

## Victorian Public Sector (continued)

### IBAC reviews of investigations by other Victorian public sector agencies

As mentioned on page 36, when IBAC refers matters to a public sector agency for action, we select a number of these referred cases for later review. The following reviews were among those finalised in 2018/19.

#### Review of alleged corrupt conduct in a local council

IBAC received a mandatory notification from a council under s 57(1) of the IBAC Act. The allegations related to council depot staff misappropriating profits from the sale of batteries, scrap metal and soft drinks. IBAC referred the matter to the council to investigate and flagged the matter for IBAC review on completion of the council investigation.

IBAC's review found the council's investigation had focused on the misappropriation of funds from a cash box used for the sale of soft drinks. The investigation resulted in disciplinary action, with the investigated staff resigning or being dismissed. IBAC was satisfied with the outcome and did not consider that further action was warranted.

IBAC's review identified some areas for improvement in the manner in which the council conducted and presented its investigation. The feedback provided was accepted by the council, which resulted in improved investigation practices relating to possible corrupt conduct. These improved practices were demonstrated in the handling of a subsequent similar incident, to which the council quickly and appropriately responded.

IBAC commended the council on undertaking further work to establish risk mitigation strategies to reduce the likelihood of similar conduct occurring.

#### Review of alleged misconduct at a public secondary college

IBAC received an anonymous complaint concerning an information officer at a public secondary college. It was alleged the officer had secretly recorded staff members' using covert listening devices and had then provided this information to the principal and business manager of the school. The complainant also alleged that the principal was shielding the officer from any investigation. IBAC referred the matter to the Department of Education and Training (DET) to investigate, with IBAC to review DET's investigation.

IBAC's review identified that DET's Fraud and Corruption Control Unit had been aware of the allegations through an internal complaint and had established an inquiry into the matter. As part of this inquiry, the DET unit initially consulted Victoria Police, who advised it to determine if the allegations were founded. However, the information officer resigned and the inquiry did not continue.

IBAC requested further information on the evidence collected to establish possible collusion between the information officer and the principal, and what action was taken to notify Victoria Police of the outcome of inquiries by DET's Fraud and Corruption Control Unit.

As a result of IBAC's feedback, DET undertook a more thorough investigation, which concluded there had been no improper conduct by the principal. DET advised an employment restriction on the information officer was in place so he could no longer be re-employed by DET. On this basis, IBAC was satisfied with the investigation and considered further action was unwarranted. However, IBAC informed DET of the importance of completing investigations and making reports to Victoria Police.



## Corruption prevention initiatives for the Victorian public sector

Public trust is crucial for effective government and functioning of our public institutions. Preventing and exposing public sector corruption contributes to strengthening of community confidence and trust in the Victorian public sector and builds confidence in the Victorian integrity system.

IBAC communications focus on building community awareness of public sector corruption and police misconduct, encouraging the reporting of suspected serious matters and exploring how corruption can be prevented. We are committed to being as open and transparent as possible in providing information to the community.

While IBAC may at times be limited in what information can be shared (usually due to legal and operational reasons, such as protecting the integrity of an ongoing investigation), we work to produce accessible, informative communications that help to build knowledge and resistance to corruption.

## Raising awareness of corruption

As part of IBAC's work to raise awareness about corruption, this year a community awareness campaign, *Yes, it's corruption. Yes, I can do something about it.*, was undertaken. The campaign called on all Victorians to participate in preventing public sector corruption. It explains the role of IBAC, what public sector corruption is and what people can do if they encounter it. The campaign was founded on research suggesting most people are unsure of what to do when confronted with corruption.

The four-week campaign was launched in early June 2019, and included advertising in metropolitan and regional newspapers, on radio, digital media and other mediums. A series of short videos (available on IBAC's YouTube channel) delivered information about public sector corruption, how to report suspected corruption and the legal protections available.

Advertisements were translated into several different community languages and featured in appropriate media to engage with Victorians from culturally and linguistically diverse backgrounds.

A number of communication resources, such as posters and web tiles, were also developed for government agencies to share through their internal and external communication channels.

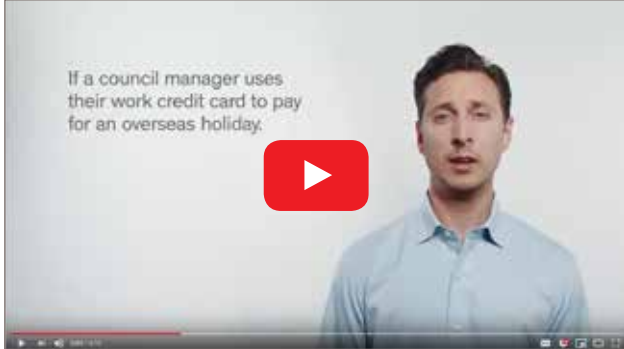
An example of an agency utilising the resources is when DET included these items in its schools and corporate newsletters, encouraging staff to review and share the campaign content with their teams and school communities (see Figure 19 for an example). Together, these newsletters reached 3880 school principals, 1608 school business managers, 27,057 education support and allied health staff and 6931 corporate staff, including executives, Victorian public servants and contractors.

***'An excellent initiative as more people need to know about the existence of IBAC and the important role it plays in Victoria.'***

Professor Colleen Lewis  
Associate Professor in the Criminology Department  
and Co-Director of the Parliamentary Studies Unit  
Monash University

## Victorian Public Sector (continued)

FIGURE 18: VIDEO FROM IBAC'S COMMUNITY AWARENESS CAMPAIGN



Evaluation of this campaign showed an increase in visits to IBAC's website, an increase in the number of complaints received and increased engagement across our social media platforms.

The advertising materials and videos created for the campaign will be used in a range of future prevention and communication programs and engagements.

FIGURE 19: DET PROMOTION OF THE IBAC CAMPAIGN THROUGH ITS COMMUNICATION CHANNELS

Jun 20, 2019 | GET INVOLVED Show this article

### Support a speak up culture in your communities

A new statewide campaign encourages staff to support a speak up culture in their school communities.

The Independent Broad-based Anti-corruption Commission's (IBAC) statewide campaign *'Yes, it's corruption. Yes, I can do something about it'* reminds staff about the importance of speaking up to prevent public sector fraud and corruption. As public sector employees, we have a responsibility to report dishonest activity; however, research by IBAC has found that most Victorians don't know what to do if they encounter such activity.

IBAC CEO Alastair Mackinnon said, "IBAC is reliant on information from the community to help stop corruption. Corruption is by its nature secretive and often difficult to detect, and most of our investigations started as a result of well-informed tip-offs."

Share [campaign information and materials](#) to support a speak up culture in your school communities. You can also remind your colleagues about the channels for raising concerns.

#### Reporting fraud and corruption

You and your staff can make a report:

- confidentially to the Department's Fraud and Corruption Control Unit, by phone on 033 300 001 or email at [corru@edumail.vic.gov.au](mailto:corru@edumail.vic.gov.au)
- directly to your manager or manager's manager (i.e. principal or regional leader)
- by contacting IBAC directly
- by contacting the Department's Speak Up service on 1800 655 462. This externally hosted hotline will prepare your report for the Department to properly assess.

#### Handling reports of fraud and corruption

The Fraud and Corruption Control Unit can give you information about how the Department will handle your report. This includes protections available to whistle-blowers.

You can also access [information on fraud and corruption](#), including factheets to explain more about reporting processes.

The Department supports employees to report dishonest activity and will take appropriate action if staff report fraud or corruption.

## Launch of the Protected Disclosure Community of Practice and annual forum

As part of our work to support Protected Disclosure Coordinators (PDCs) in their important work, IBAC hosts an annual forum to build the capability of the public sector to manage Victoria's protected disclosure regime. PDCs are vital in supporting and protecting potential whistleblowers to speak out about wrongdoing in the public sector. PDCs are employed by public sector agencies and nominated to receive and notify IBAC of potential protected disclosures.

This year's annual forum focused on welfare management, in response to feedback from PDCs who identified a need to know more and share experiences about how to safeguard the welfare of those involved in making protected disclosures.

***'We know the type of wrongdoing is similar across the public and private sectors...and that early intervention and assessment of risk is imperative for reducing repercussions for disclosers.'***

Warren Day  
Executive Director, ASIC

The forum drew an audience of 70 state and local government PDCs from across Victoria and provided attendees with valuable opportunities to hear from a wide variety of practitioners and to share their own ideas and experiences among a professional network of peers. The forum was opened by IBAC's Deputy Commissioner, Katie Miller, with guest speakers including Warren Day (Executive Director, Assessment and Intelligence at Australian Securities and Investments Commission (ASIC) and Victorian Regional Commissioner of ASIC) and high-profile whistleblower Toni Hoffman AM.

Another initiative to support PDCs was the development of a new Protected Disclosure Community of Practice (PD CoP). The PD CoP provides coordinators with tailored opportunities to network, share knowledge and build skills to manage protected disclosure reports. Two events were hosted by IBAC as part of the new PD CoP, featuring case studies and opportunities to exchange experience and information. These events will now form part of IBAC's ongoing program of activities to support PDCs.



Warren Day (Executive Director, Assessment and Intelligence at ASIC speaking at the annual Protected Disclosure Coordinators Forum in June 2019

## Victorian Public Sector (continued)

### Regional corruption prevention and Integrity Insights forums

IBAC hosted two regional Integrity Insights forums on corruption prevention in 2018/19, one in Ballarat in November 2018 and the other in Horsham in May 2019. IBAC presented at these forums alongside representatives from the Victorian Ombudsman, Victorian Auditor-General's Office and the Local Government Inspectorate. Approximately 70 regional public sector employees, including local government councillors, attended each forum, which also featured regional speakers from local councils and public sector agencies.

The forums bring to life – especially through case studies – the roles of Victoria's key integrity agencies and highlight the common themes and issues identified in corruption complaints, investigations and research. Attendees had the opportunity to ask questions of each integrity agency during an interactive Q&A session. The forums help to explain the integrity challenges often faced by staff working in public sector agencies based in regional locations.

Attendees provided positive feedback on the value of the forums and the information shared by integrity agencies. Since its establishment, IBAC has held seven regional public sector forums across Victoria and will continue this engagement approach in 2019/20.

## 2

**Regional Integrity Insights forums hosted on corruption prevention (Ballarat and Horsham)**

### Engagement with Victoria's legal sector

IBAC's jurisdiction covers the whole of the Victorian public sector, which includes judges, magistrates and other judicial officers. It is important that the legal sector understands what IBAC does and how they can support their clients who may wish to report corruption and police misconduct, or who may be involved in an IBAC inquiry.

In June 2019, IBAC's Commissioner delivered a keynote address at the Law Institute of Victoria's Government Lawyers conference. The Commissioner emphasised the key role of government lawyers in building ethical cultures within public sector agencies and the importance of providing honest and fearless advice. IBAC speakers also gave presentations at a range of legal forums including the Law Institute of Victoria Government Lawyers Conference (by the IBAC Commissioner, the Honourable Robert Redlich QC) and seminars coordinated by the Victorian Government Solicitors Office, Corrs Chambers Westgarth, and Lander & Rogers.



Rod Hansen, Executive Director Resources and Planning, Ballarat Health Services, speaking at the Integrity Insights forum in Ballarat in November 2018.

## Australian Public Sector Anti-Corruption Conference (APSACC)

The seventh Australian Public Sector Anti-Corruption Conference (APSACC) will be held in Melbourne from 29 to 31 October 2019, with IBAC hosting the event for the first time. APSACC is the leading anti-corruption conference in Australia, providing the public sector and others an opportunity to discuss corruption prevention, and share experiences, ideas and expertise.

In partnership with state and federal anti-corruption and integrity agencies, IBAC has been coordinating preparations for this conference, which is expected to attract approximately 500 delegates.

FIGURE 20: APSACC WEBSITE



## Communication resources

IBAC delivers tailored engagement and communication to support its special and research reports, as well as other initiatives.

For the launch of reports, a range of resource materials are developed. These materials, including fact sheets and website information, are disseminated to key public sector and other stakeholders to help strengthen policies, procedures and systems to enhance the public sector's resilience to corruption risks identified in reports.

Regional forums were continued with strong attendance by local public sector employees and local government councillors, both in Ballarat and Horsham (page 50). Other engagement activities included the community awareness campaign: *Yes, it's corruption. Yes, I can do something about it.* (page 47), and an annual forum for PDCs (page 49).

In 2018/19 we produced a video in collaboration with the Victorian Ombudsman and Victorian Auditor-General's Office, explaining how Victoria's integrity system works. To coincide with International Anti-corruption Day in December 2018, IBAC's Commissioner issued a joint statement with his integrity agency counterparts across Australia calling on public sector leaders, including police, to do more to strengthen cultures of integrity that resist corruption.

IBAC is committed to providing information and services in a non-discriminatory and accessible way. In 2018/19, we made a number of enhancements to improve the accessibility of online resources, including:

- improving navigation options on the IBAC website for users who rely on assistive technology
- converting 12 of the most popular publications into accessible HTML format, including translating materials on how to make complaints in relation to local councils
- adding closed captions and transcripts to 30 videos, including those from an awareness-raising campaign (page 47)
- translating a video explaining IBAC's role into 20 community languages.

## Victorian Public Sector (continued)

### Outlook for future prevention initiatives

#### Implementing audit recommendations to develop an IBAC-wide stakeholder framework

IBAC is enhancing internal coordination and management of stakeholder contacts and information. As part of this work, IBAC is undertaking a stakeholder mapping exercise and determining a new stakeholder engagement strategy. The project will be implemented in 2019/20.

#### Preparing for legislative change

On 5 March 2019, the Victorian Parliament passed new legislation<sup>42</sup> that changed Victoria's integrity system. The legislation established the Integrity and Oversight Committee, which consolidates the oversight and performance review functions of a number of Victorian integrity agencies, including IBAC, into one committee. The legislation also introduced changes to the *Protected Disclosure Act 2012* to support people making disclosures that are in the public interest.

On 1 January 2020, the changes to the PD Act come into effect and will replace the existing 'protected disclosure' arrangements with 'public interest disclosures'.

IBAC is working with its stakeholders, PDCs and public sector agencies to support the Victorian public sector to update their policies, processes and systems ahead of the 1 January 2020 changes.

### Research reports

Four key IBAC research reports were released in 2018/19:

- *Corruption risks associated with public regulatory authorities* (July 2018)
- *Corruption and misconduct risks associated with employment practices in the Victorian public sector* (August 2018)
- *Local government integrity frameworks review* (March 2019)
- *State government integrity frameworks review* (June 2019).

### Corruption risks associated with public regulatory authorities

The findings of this research were published in July 2018. The research analysed data from 1 January 2011 to 31 December 2017 related to IBAC intelligence, data on complaints and notifications, and information from police and integrity bodies. Other sources included a review of the academic literature and reports by interstate, federal and international bodies.

In addition, IBAC consulted with a range of integrity bodies and completed a review of the following six regulatory authorities:

- Consumer Affairs Victoria and the Business Licensing Authority
- Energy Safe Victoria
- Environment Protection Authority
- Victorian Building Authority
- Victorian Commission for Gambling and Liquor Regulation
- Victoria Police Licensing and Regulation Division.

<sup>42</sup> Integrity and Accountability Legislation Amendment (Public Interest Disclosures, Oversight and Independence) Bill 2018

IBAC also consulted with each of these regulators to inform the report.

The research identified the following key corruption risks:

- Victorian public sector regulatory authorities face particular corruption risks due to the nature of their work. Responsibilities for inspections and licensing, combined with high degrees of discretion and access to sensitive information, provide opportunities for corrupt behaviour.
- The mismanagement of actual, potential and perceived conflicts of interest heightens corruption risks by regulatory authorities, particularly when regulatory officers work collaboratively with the industries they regulate, and among regulatory bodies who receive revenue from the industries they regulate. Complaints and notifications received by IBAC in relation to regulators have highlighted mismanagement of conflicts of interest as a key corruption risk for regulators.
- The boards of regulatory authorities face risks of actual, potential or perceived conflicts of interest, with board members often having close links to the regulated industries. While such links or relations may be desirable from an operating perspective, potential and actual conflicts need to be carefully considered and properly managed.
- As inspectors have high levels of discretion and autonomy, they are at increased risk of employee misconduct and corruption, especially when they conduct inspections unaccompanied.
- Many employees of regulatory authorities have high levels of access to sensitive personal and business information, sometimes with relatively low levels of accountability. The inappropriate access and use of sensitive information is a significant corruption risk that has been frequently detected in IBAC's investigations across the public sector.
- Regulatory authorities' employees based in regional locations may face heightened corruption risks in relation to identifying and managing conflicts of interest. Conflicts of interest are more likely to arise in smaller communities because of the greater likelihood that regulators know the individuals or organisations being regulated. IBAC also found that corrupt conduct in regional offices may be more difficult to detect and report because regulatory officers may be geographically remote from management oversight.
- Reporting of regulatory outcomes varied across regulators. There was particular variation in the breadth of information being reported back to the regulated entities. Evidence suggests that a lack of transparency by regulators can enable misconduct and corruption, which are hidden when they occur.

**FIGURE 21: IBAC RESEARCH REPORT:  
CORRUPTION RISKS ASSOCIATED WITH PUBLIC  
REGULATORY AUTHORITIES (JULY 2018)**



## Victorian Public Sector (continued)

### Corruption and misconduct risks associated with employment practices in the Victorian public sector

The findings of research examining corruption and misconduct risks associated with public sector employment practices during key stages of the employment life cycle (including recruitment and after an employee leaves a public sector agency) was published in August 2018. The research was based on:

- consultations with more than 20 Victorian public sector agencies, including the Victorian Ombudsman, the Victorian Public Sector Commission and the Victorian Auditor-General's Office
- IBAC research, investigations and other data holdings
- open-source materials including research reports, academic literature and other materials.

***'As IBAC's investigations have shown, the unwitting recruitment of a person with a discipline or criminal history that should preclude them from employment in the public sector can place agencies at heightened risk of fraud and corruption.'***

The Honourable Robert Redlich QC  
IBAC Commissioner

The research found that:

- Employment practices in the public sector are vulnerable to corruption at different stages of the employment life cycle, from recruitment through to exit from the sector. Public sector agencies need to be aware of these risks and consider how their systems and practices can be strengthened to address these vulnerabilities.
- Inadequate pre-employment screening (such as failing to require applicants to provide information about qualifications, work history, disciplinary and criminal histories, and conflicts of interest) can place a public sector agency at greater risk of corruption. In some instances, pre-employment processes are in place but not consistently implemented.
- Recruitment is vulnerable to compromise by nepotism, favouritism and conflicts of interest. Selection processes can be corrupted in the earliest stages of recruitment (such as during the development of position descriptions) and by the failure of recruitment panel members to declare or manage conflicts of interest.
- There may be corruption risks associated with the use of recruitment agencies, ranging from the circumvention of merit-based selection and probity processes through to complex schemes such as 'double dipping' (where public sector employees or contractors establish a company and then use a recruitment agency to source contractors through that company).
- 'Recycling' of employees with problematic discipline or criminal histories throughout the public sector is a significant corruption risk.
- Where complaints have been made about public sector employees and action has been taken, ongoing oversight and follow-up does not always occur, which risks misconduct or corrupt conduct continuing.
- Conflicts of interest can arise when an employee leaves the public sector and takes up a position in the private sector that directly leverages the knowledge and relationships acquired in the public sector. Certain positions, particularly those involving interaction with the private sector, present greater risk in relation to such conflicts.



## Review of local government integrity frameworks

In March 2019, IBAC published a review of integrity frameworks in six councils. The review built on a previous review published by IBAC in 2015 which examined the integrity frameworks of a sample of six different councils. This review was undertaken to inform all Victorian councils of what a good integrity framework can look like, and to provide examples of good practice in integrity frameworks including: risk management; fraud and corruption control; controls around various specific corruption risks; ethical culture; and detection and reporting of suspected corruption.

The review was based on a survey that asked the participating councils to describe their integrity frameworks, a review of the councils' policies and procedures and council staff responses to a questionnaire.

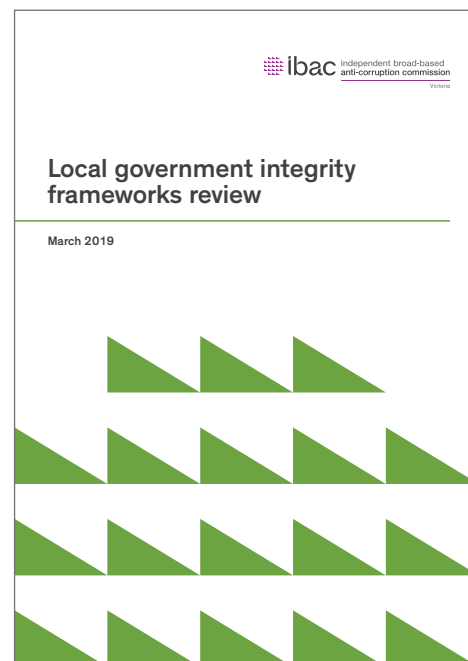
It found while participating councils had solid integrity frameworks, there were opportunities for improvement. Four of the six councils were found to have conducted specific risk assessments in relation to potential corruption and fraud risks. Four councils had also developed, or were in the process of developing, fraud and corruption control plans – this was an improvement on the 2015 review, where there was a lower level of awareness of the importance of fraud and corruption prevention in local government.

The review identified councils can do more in the following key areas:

- develop and communicate a clear policy on conflicts of interest that outlines what conflicts of interest are and how employees should declare and manage them
- proactively address misconduct and corruption risks associated with employment practices to mitigate potential risks, including recycling of employees with problematic discipline and criminal histories
- ensure suppliers understand the standards expected of them and council employees (eg through some form of code of conduct for suppliers)
- encourage their employees to report suspected corrupt conduct, by communicating clearly that employees will be protected (including through the protected disclosure regime) and that reports of suspected corrupt conduct will be taken seriously.

IBAC is discussing the findings of this research with the Victorian local government sector so all councils can strengthen their integrity frameworks.

**FIGURE 22: IBAC RESEARCH REPORT:  
LOCAL GOVERNMENT INTEGRITY FRAMEWORKS  
REVIEW (MARCH 2019)**



## Victorian Public Sector (continued)

### Review of state government integrity frameworks

In June 2019, IBAC published a review of integrity frameworks in a sample of 38 state government agencies. The review built on IBAC's review in 2014, which examined integrity frameworks in a sample of different state government agencies.

A key objective of the review was to help all state government agencies review and strengthen their own integrity frameworks and improve their capacity to prevent corrupt conduct. To help achieve this objective, the report highlighted good practice for consideration by other state government agencies.

The review was undertaken in three stages, comprising an organisational survey to learn more about the participating agencies' integrity frameworks, a review of agencies' policies and procedures, and in-depth consultations with 10 of the agencies.

The review of integrity frameworks in state government agencies identified a number of initiatives the broader public sector could consider to strengthen their own integrity frameworks. These actions included applying more robust due diligence processes around suppliers, developing more interactive approaches to increasing awareness of corruption prevention and considering integrity-related performance measures (such as including integrity criteria in position descriptions and performance plans).

Other key findings of the review:

- most agencies provided evidence of a fraud and corruption control plan, and indicated they understood the importance of developing these plans and considering them as a key part of corruption risk management
- agencies appear to be considering a broader range of corruption risks compared to the relatively narrow focus on fraud and financial risks that was identified in the 2014 review
- a majority of agencies indicated they had a dedicated team or committee of employees with responsibility for corruption prevention measures, including oversight of their agency's integrity framework and benchmarking of ethical standards
- provision of staff education and training to promote corruption awareness and prevention appears to have increased in frequency and scope since 2014
- the most common ways of identifying suspected corrupt conduct in agencies were through reports by colleagues and supervisors/managers, although some agencies were also using data analytics and data mining as part of their fraud and corruption detection programs.

IBAC is highlighting the findings of this report in its engagements with Victorian state government agencies to help them identify how they can strengthen their corruption resistance.

***‘Developing cultures of integrity and frameworks to prevent corruption must be a continuing focus for every state government agency. This review found some agencies have adopted innovative approaches using data analytics to detect potential corruption. That’s an area other agencies may be able to learn from.’***

Alistair Maclean  
IBAC CEO

## Strategic Assessment 2020

IBAC began planning to conduct a Strategic Assessment in 2020. The assessment uses quantitative and qualitative research to:

- provide an overview of the public sector environment internationally, nationally and within Victoria to identify the nature and extent of significant corruption and serious misconduct issues, and emerging trends
- identify key existing and emerging Victorian public sector corruption and misconduct risks
- identify key drivers of corruption at the individual, organisational, environmental and operational levels
- identify the financial and economic costs and risks of corruption
- highlight any proposed expenditure (for example, state infrastructure projects) in state and local government that may affect such risks
- examine the corruption risks associated with new and emerging methods to allocate funding
- identify opportunities for future research and intelligence projects to be conducted by IBAC.

In 2014, 2015 and 2017, IBAC delivered internal strategic assessments of the Victorian public sector, local government and Victoria Police.

Unlike previous assessments, the current assessment will relate only to the Victorian public sector and local government. This focus is due to other ongoing work into Victoria Police corruption and misconduct. An external provider has been engaged to complete this assessment in conjunction with IBAC.

**Independent, external oversight is critical to help ensure police act fairly, impartially and in accordance with the law. IBAC's oversight is vital to support community confidence in police integrity and accountability.**



# Victoria Police

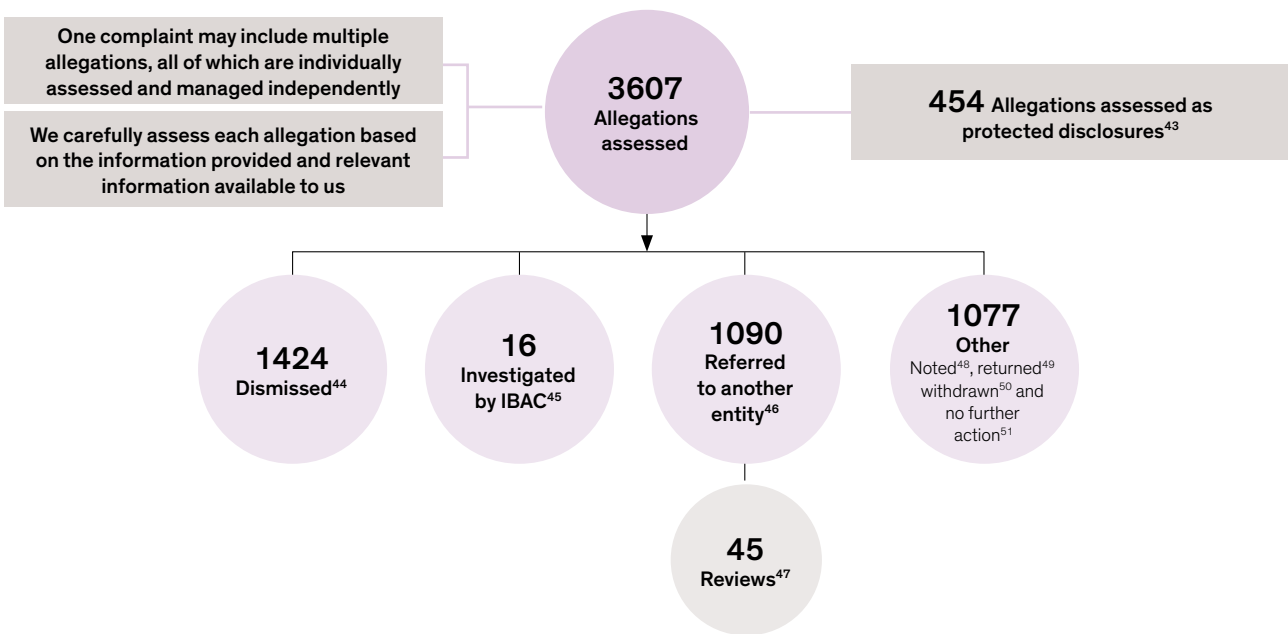
## Victoria Police complaints and notifications

IBAC receives complaints and notifications about corrupt conduct and/or misconduct by police personnel. All complaints received by Victoria Police about police misconduct must be notified to IBAC (see page 26 for an explanation of how IBAC deals with these notifications).

As part of its role in assessing complaints and notifications, IBAC determines which matters are protected disclosures. Following legislative changes in 2015/16, all complaints made by a police officer about another officer are automatically defined as 'protected disclosures' under section 5 of the PD Act.

As explained on page 32-33, IBAC can refer or investigate allegations of police corruption or misconduct; however, we primarily investigate allegations that are serious, systemic and/or sensitive, where we determine we are the most appropriate agency to investigate.

FIGURE 23: OUTCOME OF ALLEGATIONS RELATING TO VICTORIA POLICE DURING 2018/19



<sup>43</sup> Protected disclosures (previously known as 'whistleblower' complaints) provide the complainant with certain legal protections.

<sup>44</sup> Matters are dismissed by IBAC for a range of reasons including insufficient information, alleged incident being too old, matters already investigated, or matters being frivolous or vexatious.

<sup>45</sup> By law, we must prioritise investigations into serious or systemic corruption and misconduct.

<sup>46</sup> While many complaints and notifications are referred by IBAC to agencies who are most appropriate to action, information in all complaints continues to provide IBAC with intelligence that we use to identify trends and patterns in corruption and misconduct. This informs prevention activities, IBAC's strategic priorities, helps to identify serious and systemic issues for possible 'own motion' investigations, and helps to assess future complaints and notifications.

<sup>47</sup> IBAC aims to determine if the matter has been handled fairly and investigated thoroughly by the relevant agency. Where reviews identify deficiencies, we provide feedback to the agency and may recommend specific action be taken to address and issue.

<sup>48</sup> Noted outcomes are mandatory notifications under s169 of the Victoria Police Act, about a complaint against a police officer, that IBAC 'notes' and monitors.

<sup>49</sup> Returned outcomes are protected disclosure notifications from public sector agencies that are determined by IBAC not to be protected disclosures and therefore do not engage the IBAC Act for assessment. These are 'returned' to the relevant agency for their consideration or action.

<sup>50</sup> The complainant has withdrawn their complaint.

<sup>51</sup> Matters that fall outside IBAC's jurisdiction and no further action can be taken.

## Victoria Police (continued)

TABLE 14: ALLEGATIONS ABOUT VICTORIA POLICE

Total number of allegations received through:	2014/15	2015/16	2016/17	2017/18	2018/19
Complaints made by individuals directly to IBAC	1635	1697	2005	2520	2231
Notifications and protected disclosure notifications from Victoria Police	1083	1093	1083	1154	1343
Notifications from other sources (eg Victorian Ombudsman, Victorian Auditor-General's Office)	261	168	76	35	45

In 2018/19, the number of complaints concerning Victoria Police by individuals directly to IBAC fell by 11 per cent compared to the previous year. The number of notifications and protected disclosure notifications from Victoria Police increased by 16 per cent.

The number of notifications relating to Victoria Police from other sources increased slightly in 2018/19. However, the trend of notifications from other sources is one of decline since 2014/15. This trend may reflect fewer complaints reported to the Victorian Ombudsman regarding police, as a result of greater awareness of IBAC's police oversight role, as well as steps taken by the Victorian Ombudsman to encourage complaints about police personnel to be made directly to IBAC.

Figure 24 summarises the number of inquiries and investigations of Victoria Police that were undertaken and finalised by IBAC during 2018/19.

**1343** 

**Notifications and protected disclosure notifications from Victoria Police, an increase of 16 per cent compared to 2017/18.**

FIGURE 24: IBAC INQUIRIES AND INVESTIGATIONS INTO VICTORIA POLICE DURING 2018/19



<sup>52</sup> See page 32 for the definition of 'standard' and 'complex' investigations.

## Victoria Police Protected Disclosures

TABLE 15: PROTECTED DISCLOSURE ALLEGATIONS THAT RELATE TO VICTORIA POLICE

Total number of allegations received through:	2014/15	2015/16	2016/17	2017/18	2018/19
Complaints made by individuals directly to IBAC	n/a	121	172	206	179
Notifications from Victoria Police	n/a	231	202	244	275
<b>Protected disclosure outcomes</b>					
Investigated by IBAC	n/a	0	0	4	5
Referred	n/a	325	265	291	400
Dismissed	n/a	27	109	155	47

### Consideration of human rights

IBAC plays an important role in supporting adherence to Victoria's Charter of Human Rights. We assess allegations about the public sector and Victoria Police to determine if human rights are engaged. The *Charter of Human Rights and Responsibilities Act 2006* (the Charter) identifies and outlines the rights, freedoms and responsibilities of all Victorians.

IBAC has two main obligations in relation to the Charter:

- as a Victorian public authority, IBAC must act in a way that is consistent with the Charter and give proper consideration to the rights outlined in the Charter when making decisions
- IBAC is required, under the IBAC Act, to ensure that Victoria Police officers have regard to the human rights set out in the Charter.

In relation to ensuring that Victoria Police officers have regard to human rights outlined in the Charter, IBAC:

- assesses whether allegations engage the Charter
- considers whether police officers have had sufficient regard to the rights in the Charter, when conducting investigations, reviewing selected investigations by Victoria Police and auditing complaints handled by Victoria Police.

IBAC has conducted a number of investigations into the conduct of Victoria Police officers that highlight breaches of human rights. During 2018/19, IBAC identified potential breaches of human rights when investigating allegations of excessive use of force, including in Operation Angas (page 62) and Operation Poros, and brought these to the attention of Victoria Police. IBAC suggested that Victoria Police further review its training to ensure officer understanding, awareness and compliance with the Charter.

When assessing complaints relating to public sector agencies, or investigating allegations of corrupt conduct in public sector agencies, IBAC also considers human rights issues to inform its prevention, engagement and investigation work. In 2018/19, IBAC finalised an investigation, Operation Rous (page 44), into allegations that corrections officers had assaulted prisoners. IBAC's investigation identified potential breaches of human rights and suggested that Corrections Victoria and the DJCS review their systems, policies and procedures to ensure consistency with the Charter.

In 2018/19, the Victorian Equal Opportunity and Human Rights Commission delivered onsite training to IBAC officers to help ensure they understand their obligations and rights under the Charter. All IBAC officers are also required to undertake an e-learning module on the Charter as part of their induction.

In 2018/19, IBAC conducted a review of how it applies its coercive powers to assess how those powers are used and whether they are applied appropriately and proportionately. The issue of human rights continues to be a consideration when coercive powers are employed. Refer to page 74 for further details of our review.

## Victoria Police (continued)

### Examples of finalised Victoria Police investigations

A large proportion of IBAC investigations concern allegations of unlawful assault and/or excessive use of force by police officers, particularly in relation to vulnerable people. As discussed on the previous page, investigations also considered whether police had sufficient regard to rights under the Charter.

#### Operation Angas: excessive use of force

In May 2018, IBAC commenced Operation Angas to investigate the conduct of police officers involved in arrests following the pursuit of a vehicle observed to be driving dangerously. After the vehicle was stopped, the driver got out and resisted arrest. The eventual arrest was captured on mobile phone footage by witnesses and shared on social and mainstream media.

Operation Angas focused on the conduct of a senior constable who allegedly used excessive force after the driver was brought to ground and restrained by three other police officers.

**IBAC's investigation raised concerns with the use of excessive force, but found insufficient evidence to commence a criminal prosecution. The investigation found no concerns about the conduct of other police officers involved in the incident.**

IBAC suggested Victoria Police consider disciplinary action against the senior constable.

#### Operation Barwon: unauthorised secondary employment

In December 2017, IBAC commenced Operation Barwon after a notification from Victoria Police alleging that a VPS employee of the Victoria Police was engaging in unauthorised secondary employment and had unauthorised outside interest in a massage business.

The VPS employee was required to have a national security clearance at the level of Negative Vetting Level 2. The security clearance was obtained in October 2015 and the employee declared there was no false or misleading information in the application. It was subject to a six-month review and the employee had an ongoing requirement to disclose personal information that included involvement in any businesses, declarable associations, financial income, secondary employment, addresses and family details.

In June 2017, the Victoria Police Sex Industry Coordination Unit identified the VPS employee was involved in the management of a massage business that was alleged to be providing sexual services. As a result, the Victoria Police's Professional Standards Command commenced initial inquiries; however, it concluded that criminality could not be established. The employee's file was forwarded to the Human Resources Department, Workplace Relations Division for consideration of employee misconduct by unapproved (or unauthorised) secondary employment.

**IBAC could not substantiate the allegation of perjury for a false statement in the security clearance application due to insufficient evidence. The original application pre-dated the establishment of the massage business, and subsequent 'change of circumstances' notifications were not made in the form of a statutory declaration.**

However, the allegation of engaging in unauthorised secondary employment was substantiated. IBAC also found evidence to suggest the VPS employee had failed to declare their association with a registered sex offender. In July 2018, the VPS employee resigned from Victoria Police with their employment record reflecting that they 'resigned under investigation'.

The investigation identified opportunities for Victoria Police to strengthen its systems and procedures relating to vetting of employees for security clearances, particularly in regard to management of conflicts of interest (including declarable associations). IBAC also identified an opportunity for Victoria Police to strengthen its processes for notifying IBAC of suspected corrupt conduct by VPS employees.



## **OPERATION TURON: CONDUCT OF A FORMER VICTORIA POLICE ASSISTANT COMMISSIONER**

IBAC's investigation, Operation Turon, into allegations about the conduct of former Assistant Commissioner of Victoria Police Professional Standards Command, Brett Guerin, concluded on 30 July 2019.

As part of Operation Turon, IBAC examined the outcomes of complaints made to Professional Standards Command that may have been adversely affected by bias on the part of Mr Guerin, and considered the adequacy of relevant Victoria Police policies relating to internet and social media use by Victoria Police employees.

IBAC's investigation found no evidence of actual bias. Regardless of this, this behaviour risked damaging the integrity of, and confidence in, Victoria Police investigations.

IBAC informed Victoria Police of the findings of this investigation, and identified opportunities for improvements in Victoria Police policies and practices.

No charges were laid against Mr Guerin; while his conduct was generally offensive, it did not meet the standard of 'offensive' currently required to file charges under the Criminal Code.

IBAC is preparing a special report for the Victorian Parliament that will focus on leadership failures within Victoria Police, noting the important role senior leaders play in modelling the organisation's values. The special report will draw on issues highlighted in this and other recent IBAC investigations that involve allegations of police misconduct and corruption by senior leaders within Victoria Police.

The report is expected to be finalised in 2020.

## Victoria Police (continued)

### Outcomes of Victoria Police investigations

In 2018/19, 12 Victoria Police officers were charged with offences under various state and federal statutes. Table 16 below lists the outcomes of IBAC investigations of Victoria Police that were finalised in 2018/19, noting that some outcomes are from charges made in previous years.

TABLE 16: OUTCOMES OF IBAC INVESTIGATIONS OF VICTORIA POLICE FINALISED DURING 2018/19

Investigation	Date of prosecution	Who	Outcome
<b>Operation Genoa:</b> an investigation into allegations of inappropriate relationships of a sworn member of Victoria Police	September 2018	Detective Senior Constable Ross Waring	Mr Waring pleaded guilty to two charges of unauthorised access to police information, one charge of unauthorised use of police information and one charge of unauthorised disclosure of police information. He was fined \$3000 without conviction. Mr Waring resigned from Victoria Police.
<b>Operation Ross:</b> an investigation into allegations of excessive use of force by certain officers at Ballarat Police Station	February 2019	Senior Constable Steven Repac	Mr Repac was found guilty of one charge of common law assault. Without a conviction, he was released on an adjourned undertaking to be of good behaviour for a period of 12 months.
<b>Operation Poros:</b> an 'own motion' investigation into an incident at Moe Police Station	March 2019	Senior Constable Dallas Howell	Two charges of unlawful assault were found proven against Mr Howell. With conviction, he was released on an undertaking to be of good behaviour for 12 months. <sup>53</sup>
<b>Operation Tia:</b> an 'own motion' investigation into the unauthorised release of information from Victoria Police	June 2019	Detective Senior Sergeant Robert Wells	Mr Wells pleaded guilty to one count of making a false or misleading statement to IBAC regarding the location of his mobile phone during a search of Frankston Police Station. He was fined \$5000 without conviction and retired from Victoria Police.

<sup>53</sup> Mr Howell is appealing his conviction (the appeal is listed for 20 January 2020).

## Reviews of investigations conducted by Victoria Police

Reviews are an opportunity for IBAC to identify and influence opportunities to improve established policies and practices of Victoria Police.<sup>54</sup> The following examples were among the reviews finalised during 2018/19.

### Review of alleged predatory behaviour by Victoria Police

IBAC received a protected disclosure notification relating to an allegation of drink spiking and sexual harassment involving a senior sergeant at a work-related social event several years ago. The matter was referred to Victoria Police to investigate, with IBAC noting the matter for review.

After assessing the adequacy of Victoria Police's investigation, IBAC considered the investigation finding of 'unfounded' and the outcome of 'no further action' to be satisfactory.

As part of the review, IBAC engaged with Victoria Police to help clarify and confirm its guidelines and procedures in relation to the PD Act. Victoria Police stated that the guidelines would be revised again following commencement of the new public interest disclosure legislation, which will provide further opportunity to educate officers about the importance of confidentiality.

### Reviews of two serious incident notifications from Victoria Police

These reviews raised complexities in relation to the safe transportation of detainees in divisional vans.

IBAC received a serious incident notification from Victoria Police in relation to injuries a citizen possibly sustained while handcuffed in the rear of a police divisional van without a fastened seatbelt.

A further serious incident notification was received from Victoria Police in relation to another individual who attempted to harm himself using a seatbelt, while handcuffed and placed in the rear of a divisional van without a fastened seatbelt.

IBAC's reviews found that Victoria Police's investigation in each instance was generally sound; however, both cases raised the question of the circumstances under which seatbelts are required while transporting people in the rear of divisional vans. The cases also called into question the risk assessment practices that were used to determine whether a seatbelt was required.

The reviews also indicated that Victoria Police had taken steps to examine its policies and practices regarding transport and use of seatbelts, which resulted in a decision by Victoria Police to remove seatbelts from the rear sections of divisional vans because they presented a risk of self-harm. Victoria Police had also decided to modify the rear pods in the divisional vans, reducing their size, to minimise risk to detainees.

Another issue identified in the second case related to 'warning flags' about individuals known to police or emergency services. Although warning flags were available on one database used by Victoria Police, they were not visible on the mobile data terminal network available to police. IBAC noted that integration of the two databases would help on-duty police officers in their day-to-day operations, and suggested integration of these systems was an opportunity that Victoria Police could explore.

<sup>54</sup> Reviews are explained in further detail on page 36.

## Victoria Police (continued)

### REVIEW OF FALSIFICATION OF PRELIMINARY BREATH TESTS WITHIN VICTORIA POLICE

IBAC oversaw the establishment and oversight of Victoria Police's investigation into allegations that some police officers were falsifying preliminary breath test (PBT) results to meet quotas. These allegations were reported to Victoria Police by the Transport Accident Commission in September 2017, and to IBAC in February 2018 following initial data analysis conducted by Victoria Police's Professional Standards Command.

IBAC identified 16 matters that required investigation by Victoria Police. Regular reports were provided to IBAC during the investigation by former Chief Commissioner of Police Neil Comrie, AO. With IBAC's encouragement, Victoria Police published Mr Comrie's report of the investigation, *Taskforce Deliver 2018: Investigation into the falsification of preliminary breath tests within Victoria Police* (Taskforce Deliver 2018 report), on the Victoria Police website.

The report highlighted that the practice of falsification of PBTs by some officers was widespread and had occurred over a prolonged period. The conduct was a clear failure to act with integrity.

IBAC considered two key issues of concern identified in the Taskforce Deliver 2018 report:

**1. The practice of falsifying PBT results was primarily driven by the need to meet targets.**

Victoria Police was required to report against two performance measures in the Service Delivery Budget Paper (commonly referred to as Budget Paper 3 or BP3). In 2018/19, the targets were for police to conduct 3.5 million alcohol screening tests, and for 99.5 per cent of drivers tested to comply with prescribed alcohol limits.

In April 2017, the then Assistant Commissioner of Road Policing Command proposed that the number of PBTs conducted on drivers be increased to 4.5 million, which equated to one test per registered Victorian driver. This new target was recognised as challenging, but the State Tasking and Coordination Committee, chaired by the Deputy Commissioner of Regional Operations, agreed to it.

In practice, rather than supporting the objective of enhancing road safety, these targets created the 'perverse outcome' of some officers falsifying PBT results to meet quotas (eg by testing themselves) and conducting PBTs in locations and at times that minimised the risk of positive alcohol test results (as positive tests would adversely affect the 99.5 per cent BP3 target). Officers consulted during the investigation said that although they wanted to test in places and at times that were more likely to detect drink drivers, they were required to test at locations where the number of PBTs could be maximised and positive test results minimised.

Victoria Police has advised that although the 99.5 per cent target for 2019/20 remains in BP3, it is no longer applied. Victoria Police will need to work internally and with external stakeholders to ensure that retention of the 99.5 per cent target as a BP3 measure does not recreate the perverse consequences identified in Mr Comrie's report.

IBAC is also concerned that the quantitative measure has been retained with one minor amendment: the number of alcohol screening tests during 2019/20 is to be 3 million rather than 3.5 million. The risk of falsification of tests remains. This risk in turn affects public confidence in Victoria Police's road safety program.

During 2018/19, significantly more people died on Victorian roads than in the previous year. IBAC understands that Victoria Police has released a new road safety strategy. It is timely and necessary to closely examine the alcohol and drug targets that are applied by Victoria Police when testing drivers, to ensure these targets support rather than hinder road safety.

**2. Although officers who falsified PBTs did not appear to have done so for personal benefit, the conduct constituted misconduct under the IBAC Act.** As Victoria Police has acknowledged, the conduct has brought the organisation into disrepute and risked loss of community confidence in Victoria Police.

Mr Comrie's report referred to the occurrence of 'ethical fading': officers engaging in conduct contrary to their own and Victoria Police's values and ethical standards.

Of concern to IBAC is that officers consulted as part of the PBT investigation indicated they felt unable to raise concerns or speak up about the pressure they experienced to meet the targets and/or the practice of falsification.

The findings of the Taskforce Deliver 2018 report clearly have implications beyond the falsification of PBT results, and must be addressed by Victoria Police. Regular and meaningful reinforcement of the requirements of, and expectations around, ethical standards, and the obligation to report misconduct, is essential. In April 2019, IBAC issued a public statement highlighting that Victoria Police needs to consider Mr Comrie's findings that ethical failings, including failures of leadership and behaviour in relation to PBT falsification, are likely to indicate ethical failings in other areas.

Mr Comrie's investigation focused on identifying systemic issues associated with the falsification of PBT results. IBAC considers that 13 of the 16 matters that it identified as requiring investigation were acquitted through Mr Comrie's investigation. Two of the remaining matters relate to the conduct of individual officers under aggravating circumstances (eg where supervisors directed the officer under their command to falsify the test results). A number of investigations into such aggravating circumstances are being conducted by Victoria Police, and will be reviewed by IBAC when they are completed to ensure they have been conducted thoroughly and appropriately.

The remaining matter identified by IBAC as requiring investigation relates to IBAC's ongoing work with Victoria Police on behaviours that obscure misconduct, and the need for cultural change to encourage reporting and exposing of misconduct and other ethical issues.

## Audits of complaints handled by Victoria Police

As part of its compliance function, IBAC has specific regulatory requirements it must monitor in ensuring it complies with both State and Commonwealth legislation around its significant coercive powers. Additionally, IBAC oversees Victoria Police's compliance with various Acts, a role which has expanded without funding year on year. IBAC's Compliance team conducts audits and inspections around the following:

### Audit of complaints handled by Victoria Police involving Aboriginal people

IBAC commenced an audit of how Victoria Police handles complaints involving Aboriginal people. The audit covers matters closed by Victoria Police during 2018 where the complainant (or the person involved in a serious incident) was identified as Aboriginal.

IBAC's audit aims to help Victoria Police build its capacity to prevent corrupt conduct and misconduct among its officers, by identifying issues and potential areas of improvement in the handling of complaints made by Aboriginal people. The audit will also seek to identify good practice that can be considered more broadly by Victoria Police and raise awareness of IBAC's police oversight role among Aboriginal people and the broader Victorian community.

To inform and identify the audit scope, IBAC consulted stakeholders including representatives from a range of Aboriginal community organisations. IBAC will undertake further engagement with these and other stakeholders to explore issues identified by the audit, including why Aboriginal people may be reluctant to make complaints to Victoria Police.

The results of the audit are scheduled to be published in 2020.

### Victoria Police responses to previous complaint audits

In 2018/19, Victoria Police provided final reports to IBAC on its implementation of recommendations in two previous IBAC audits. The first audit, in 2016, was of Victoria Police's complaints handling systems at the regional level. In that audit IBAC made nine recommendations to strengthen the complaints systems. The second audit, finalised in March 2018, was of Victoria Police's oversight of serious incidents<sup>55</sup>. In that audit IBAC made eight recommendations to strengthen the way in which oversight of serious incidents is conducted.

<sup>55</sup> For the purposes of our audit, the term 'serious incident' was used to collectively refer to incidents that are overseen through Victoria Police's C1-8 file process. This included what Victoria Police refers to as 'death or serious injury incidents' – which some other police organisations refer to as 'critical incidents' – as well as other incidents requiring C1-8 oversight, such as escapes from custody.

## Victoria Police (continued)

IBAC has noted the changes implemented by Victoria Police and continues to work with Victoria Police to ensure these changes help improve the way complaints and serious incidents are managed.

### Audit of low level notifications from Victoria Police

Complaints received by Victoria Police are triaged centrally by Professional Standards Command and assigned a classification that determines how each matter is handled. The lowest classifications are Local Management Resolution (LMR) and Management Intervention Model (MIM) matters. Only minor complaint and conduct matters (eg customer service complaints) should be classified LMR or MIM because the focus is on developmental rather than punitive action for the officer who is the subject of the complaint. Victoria Police does not consider LMR or MIM matters to be complaints about misconduct as defined in the *Victoria Police Act 2013* (Victoria Police Act); therefore, it is not required to notify these matters to IBAC. Nevertheless, Victoria Police does advise IBAC of these matters. In the 2018/19 period, there were 633 LMR and 451 MIM notifications received from Victoria Police.

From 1 July 2018 to 30 April 2019, IBAC undertook an audit of 10 per cent of MIMs and LMRs classified by Victoria Police. IBAC monitored the content of each notification to determine whether any of these matters constituted 'misconduct' and therefore, should have been notified to IBAC under the Victoria Police Act. IBAC's audit found that that 13 per cent involved potential misconduct and therefore, in IBAC's view, should have been formally notified to IBAC to enable an independent assessment to determine what, if any, action would be taken.

It is noted that the percentage of LMRs and MIMs notifications that IBAC identified as involving potential misconduct increased, compared to the previous year. However, it is also acknowledged that the assessment was based on very limited information, which is a challenge in this type of audit.

IBAC will continue to be advised of LMR and MIM matters by Victoria Police. It will provide Victoria Police with feedback to improve its accuracy of reporting.

### Monitoring Victoria Police compliance with legislation

As part of its compliance function, IBAC has specific regulatory requirements it must monitor in ensuring it complies with both State and Commonwealth legislation around its significant coercive powers. Additionally, IBAC oversees Victoria Police's compliance with various Acts, a role which has expanded without funding year on year. IBAC's Compliance team conducts audits and inspections around the following:

#### *Sex Offenders Registration Act 2004*

IBAC monitors Victoria Police's Register of Sex Offenders for compliance with parts three and four of the *Sex Offenders Registration Act 2004*. IBAC inspection reports are provided to the Minister for Police for tabling in each House of Parliament.

#### *Witness Protection Act 1991*

IBAC monitors Victoria Police's compliance with its record keeping requirements under the *Witness Protection Act 1991*. IBAC inspection reports are provided to the Minister for Police.

#### *Drugs, Poisons and Controlled Substances Act 1981*

IBAC inspects Victoria Police certificates of health and safety destruction or disposal of specified material found on public land or private land (where permission has been given). IBAC inspection reports are provided to the Minister for Police.<sup>56</sup>

#### *Firearms Act 1996*

Legislation commencing on 9 May 2018 conferred on IBAC three additional oversight functions in relation to the firearms prohibition order scheme: a quarterly case review, a standing power to monitor and provision of biennial reports to the minister. IBAC ministerial reports are tabled in each House of Parliament. In 2018/19, IBAC case-reviewed 30 firearm prohibition orders and made no recommendations for action.

<sup>56</sup> Due to necessary legal restrictions, the content of inspection reports related to the *Witness Protection Act 1991* and the *Drugs, Poisons and Controlled Substances Act 1981* cannot be detailed.

## Corruption prevention initiatives for Victoria Police

### Victoria Police education program

In collaboration with Victoria Police, IBAC launched an education program for Victoria Police members and public sector staff. The program utilised a range of opportunities to integrate anti-corruption messaging in existing Victoria Police education and other activities, to raise awareness about IBAC, inform police of their obligations to report misconduct and provide information on how to report misconduct (to IBAC or Victoria Police). The program also sought to reinforce the importance of integrity and to build a strong ethical culture in Victoria Police that actively resists corruption and misconduct.

Resources have been developed and presentations delivered to Victoria Police members and public sector staff across many work areas, including recruitment and training, officers in leadership positions from sergeant to senior command, and Professional Standards Command. A focus for IBAC has been to discuss a range of behaviours that can cover up or obscure police misconduct (see Figure 25). Although obscuring behaviours undermine police integrity and decrease community trust and confidence in Victoria Police, they are not unique to Victoria Police and are seen in other areas of the public service. IBAC will continue to collaborate with Victoria Police to deliver this education program in 2019/20 and incorporate it into the information provided to staff about ethics and integrity.

FIGURE 25: AN IBAC INFORMATION GRAPHIC ON OBSCURING BEHAVIOURS BY POLICE

## Obscuring ('cover up') behaviours of police that mask misconduct

Here are some of the different ways police can conceal misconduct, which impacts the ability to investigate and stop it.



**1.**

Officers directly involved in misconduct conceal or fail to accurately disclose and report their actions.



**2.**

Police witnesses conceal or fail to accurately disclose and report the misconduct.



**3.**

Managers/supervisors fail to rigorously inquire into and report, or actively conceal the misconduct of officers and police witnesses.



**4.**

Investigators fail to adequately assess the evidence of misconduct, recommend appropriate sanctions, or consider actions that may have concealed misconduct.



**5.**

Senior leaders fail to acknowledge, expose or address the misconduct.

*What would you do if you saw or found out about any of this conduct?  
What will you do now to address these behaviours?*

## Victoria Police (continued)

### Supporting engagement strategies

IBAC engaged with the Commissioner for Gender and Sexuality, Ro Allen, regarding IBAC's Operation Lynd. This was an investigation into an incident in May 2019 near the Hares & Hyenas bookshop in Fitzroy, and was an incident of interest and concern for the LGBTIQ community. The engagement with the Commissioner was to support community understanding of IBAC's obligations regarding independent oversight of Victoria Police and our processes. In addition, IBAC publicly called for witnesses to assist in the investigation.

IBAC continues to support engagement with the legal sector to build understanding of IBAC's police oversight and remit, and facilitate the exchange of information and perspectives. This work will include hosting roundtable discussions with key legal sector stakeholders, supporting continuing professional development events, submitting articles to key legal publications, participating in speaking events and developing online resources.



# Chapter 5 Focus Area 2: A highly-capable and forward-looking organisation

Victoria's integrity system, public perceptions of corruption, and the nature of corruption and police misconduct are constantly evolving. We must understand and adapt to increasingly complex patterns of corruption, expanding big data and digital transformation that demand new approaches. To succeed, we need to work collaboratively with our integrity system partners in Victoria, interstate and federally, as well as police oversight agencies, to deliver positive outcomes for all Victorians.

We leverage new technology, research and other innovations so that we can work smarter and continue to adapt effectively as an organisation. We are proactive in anticipating and managing legislative, regulatory and policy changes, and in addressing changing community needs and expectations. We continuously review and improve our processes, systems, resources and tools and find new and more sophisticated ways of dealing with changing and complex patterns of corruption and police misconduct.

This chapter explains how IBAC has been working smarter and more collaboratively – being proactive and responsive to change – and enhancing our IT, digital capability and information security. We are also enhancing engagement with our counterparts in other jurisdictions, as well as with the community, to build awareness and understanding of systemic corruption risks and vulnerabilities, and how these may be addressed.

## Challenges and opportunities

As an organisation, IBAC's challenge is to continue managing its workload while implementing a new case management system. Further improvements in functionality will be rolled out in future iterations of the system.

## Highlights

Activities that enhanced organisational capability included:

- enhancement of the IBAC procurement framework, which is now fully aligned with that of the Victorian Government Purchasing Board (VGPB)
- introduction of a risk and complexity tool which has led to improved allocation of complaints and notifications
- increased data analytics capability which has led to improved analysis of large complex datasets for IBAC's strategic intelligence work.

## A highly-capable and forward-looking organisation (continued)

### Improving efficiency and effectiveness by working smarter and more collaboratively

#### Developing a risk and complexity tool

A risk and complexity tool was developed and implemented this year to assist with the effective allocation and management of complaints and notifications.

#### Procurement probity

IBAC continued to enhance its procurement framework in 2018/19, which resulted in full alignment with the VGPB's procurement framework as at 30 June 2019. This is a major milestone for IBAC, as the framework covers the whole procurement life cycle. The framework is underpinned by high levels of probity, accountability and flexibility, with an emphasis on value for money, more interactive engagement with the market and increased productivity.

In 2018/19, IBAC built a dedicated site on its intranet, consolidating all of its procurement information, including policies, procurement and contract manual, contracts, other templates and resources. The site enables staff to more confidently manage procurement requirements.

IBAC also supported the Victorian Social Procurement Framework (SPF) by forming a project team. This framework enables buyers and suppliers to use the government's buying power to deliver outcomes that benefit the Victorian community, economy and environment. A dedicated SPF intranet site has been created that includes resources for staff, such as contact details for social catering enterprises and responsible cafes. An organisational SPF is being developed to enhance IBAC's commitment to the Victorian SPF and broaden considerations of value for money that encompass social and sustainable outcomes, wherever possible.

### New enterprise resource planning (ERP) system

In 2018/19, IBAC outsourced its ERP system to the Department of Treasury and Finance (DTF). DTF is replacing its Oracle system with a whole-of-government system, which will be a cloud-based application.

In mid-2018, IBAC was invited to join the DTF steering committee. The replacement project encountered some delays, but the new system went live on 1 July 2019. The new system does not include a budget module for IBAC, and this will be a priority in 2019/20. The module is required to utilise the full functionality of the system, including its reporting capabilities, and allow for more comprehensive budget management.

### Improvements in workflow, systems, processes and policies

Several improvements have been identified to streamline processes for the management of complaints and reviews. These improvements cover a range of areas, including policy development and procedure documentation, monitoring and reporting of cases and reviews, training opportunities and peer support for staff.

## Enhancing IT systems, digital capability and information security

### Implementing a new case management system

In August 2018, IBAC implemented the first module of its new case management system, Condor, which manages workflow across the organisation. The benefits of Condor include streamlined assessment and approval processes for complaints, paperless case management, improved efficiency in information management and more effective sharing of information across the organisation. Further improvements in functionality have been identified, and these will be rolled out in future iterations.

Now that implementation of Condor has commenced, a detailed scoping exercise is underway to determine how existing systems across the organisation can best utilise the information in Condor. Improved integration of all systems will provide more coordinated assessment and investigation processes.

### Improved information sharing

The Information & Digital Services Applications team continues to implement internal SharePoint sites to enable better sharing of information for projects and team planning. Other sites leveraged SharePoint automation and workflow processes to digitise paper-based processes for our Legal and Facilities teams. The process for reporting security incidents was changed from a manual recording to a mobile application process.

### Information Management Strategy

A new Information Management Strategy for IBAC was developed in 2018/19, incorporating the advice of an external expert. The strategy will guide IBAC's information management in a digital environment and into the future.

## IT security

Revised IT standards and policies were implemented to improve the security of IBAC's information and systems, and in alignment with the Victorian Protective Data Security Framework. Such improvement and alignment ensures IBAC continues to manage its sensitive information holdings responsibly on behalf of the community. Technical improvements to security were delivered, with the implementation of internal and external intrusion detection devices. The addition of a dedicated role of IT security administrator enabled improved monitoring and remediation of IT security incidents and security detections.

## Data analytics capability

IBAC continues to develop its data analytics capability with a view to increasing organisational experience and analysis of large, complex datasets for its strategic intelligence work. Such capability will allow its Strategic Intelligence team to further enhance and inform IBAC's prevention and operational objectives.

## A highly-capable and forward-looking organisation (continued)

### Strengthening our partnerships across the integrity system

#### Video on Victoria's integrity system

In 2018/19, IBAC produced a video with the Victorian Ombudsman and Victorian Auditor-General's Office, explaining how Victoria's integrity system works. The video helps to build awareness of the integrity system and instil public confidence in the state's public sector. It details the functions and responsibilities of the three key agencies, as well as how a complaint can be made with each of these agencies.

#### Working with our counterparts

IBAC's Commissioner issued a joint communiqué with his counterparts across Australia on International Anti-Corruption Day, calling on public sector leaders, including the police, to build strong cultures of workplace integrity that resist corruption.

**FIGURE 26: VIDEO: UNDERSTANDING VICTORIA'S INTEGRITY SYSTEM**



### Being proactive and responsive to change

#### Internal review of exercise of IBAC's coercive powers

IBAC is conferred with considerable powers – including coercive powers – under its legislation. Such coercive powers enable IBAC to compel people to appear as witnesses, or compel organisations to provide documents as evidence. IBAC is committed to exercising its powers appropriately and in full compliance with the law.

Having operated for six years, it was considered timely to initiate an internal review of IBAC's exercise of its coercive powers. Many procedures developed to support the implementation and use of IBAC's powers were written during its start-up phase.

The review considered and clarified the exercise of coercive powers, including IBAC officers' interactions and dealings with witnesses and others. The review assessed IBAC policies, procedures and practice, including their alignment with IBAC values. The review also considered best practice in similar agencies to identify gaps that require new or amended practice and documentation, and how IBAC's approach may be strengthened. Expert independent legal and medical advisors were engaged to inform the review.

The review found that while some procedures required modification, there has been an improvement in IBAC practices, for example, in relation to witness welfare management, with recommendations to improve documentation to support a consistent approach.

Most of the review's recommendations were implemented in 2018/19, including the development of a new policy and procedure on the management of witness welfare. Additional recommendations, including updating existing procedures and providing additional staff training, will be completed in 2019/20.

## Budget independence

In February 2019, the Integrity and Accountability Legislation Amendment (Public Interest Disclosures, Oversight and Independence) Bill 2018 was passed in the Victorian Parliament, giving IBAC full budgetary independence as of 1 July 2020. This is a positive development, given IBAC's independent status.

IBAC currently receives its funding through the Department of Premier and Cabinet (DPC) and is aligned with DPC. From 1 July 2020, IBAC's budget will be determined in consultation with the Parliamentary Integrity and Oversight Committee and will no longer be dependent on any department. There will be a number of new or additional requirements that IBAC will have to adhere to.

IBAC is preparing for these changes and has assessed its readiness for budget independence. It has a fully operational and independent corporate services division that is capable of managing the additional responsibilities and requirements associated with budget independence. Some additional requirements in relation to financial management, including increased reporting requirements, need to be undertaken by the Corporate Services Division team, which will be further assessed during 2019/20.

## Improving operational data management

IBAC has commenced a project intended to utilise the potential of our operational information/intelligence holdings. The project will deliver systems and processes to enhance our strategic and pre-emptive abilities, with the view to significantly reduce time spent by staff searching, collating and assessing intelligence holdings. These benefits will likely see a reduction in completion times for investigations, with a corresponding increase in operational capacity, improved target and threat assessments and better informed strategic reporting.

## Ensuring our operating model is sustainable

In 2018/19, following an external review, two new and separate business units were created from the previous Strategic Intelligence & Research Unit: Strategic Intelligence; and Prevention Policy & Research. These units enhance IBAC's capacity to expose and prevent corruption and police misconduct through the delivery of strategic intelligence to internal and external stakeholders, and the delivery of detailed research, audits and other reports.

The Strategic Intelligence team delivers projects to inform IBAC's understanding of issues and risks relating to serious and/or systemic corruption and police misconduct, and recommends ways in which the public sector can strengthen its corruption prevention systems and practices. The resources produced by the team include strategic intelligence alerts, briefs, assessments and corruption prevention resources for the public. During 2018/19, the Strategic Intelligence team produced reports (page 52) that explored the corruption risks and vulnerabilities associated with regulators and employment practices.

Strategic Intelligence is focused on enhancing IBAC's data analysis capability to better support our intelligence and prevention functions. Several projects, commenced in 2018/19, will strengthen our understanding of the applications, strengths and limitations of data for our intelligence holdings.

The Prevention Policy & Research team undertakes analysis and research on issues and risks related to corruption and police misconduct, and recommends ways in which the public sector can strengthen its corruption prevention policies, systems and practices. This team's major projects include strategic research, complaint audit projects and preparing reports for publication that share the outcomes of IBAC's investigations and other work.

During 2018/19, the Prevention Policy & Research team published reviews of the integrity frameworks used in state and local governments (page 55) and identified ways in which these agencies can strengthen their integrity frameworks to prevent corrupt conduct.

### BUILDING ACT

IBAC does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

TABLE 17: IBAC'S ENVIRONMENTAL PERFORMANCE IN 2018/19

Indicator	2018/19
<b>Energy use</b>	
Total energy usage (MJ)	1,630,357
Total greenhouse gas emissions from energy consumption (tonnes CO <sub>2</sub> e)	484.57
Units of energy used per FTE (MJ/FTE)	9069
<b>Water use</b>	
Total water consumption (kilolitres)	2712
Units of office water used per FTE (kilolitres/FTE)	15.1
Units of office water used per office area (kilolitres/m <sup>2</sup> )	1.4
<b>Waste and recycling</b>	
Paper (kg)	4680
Paper per FTE (kg)	26
<b>Paper use</b>	
Total units of A4 equivalent copy paper used (reams)	1545
Units of A4 equivalent copy paper used per FTE (reams/FTE)	8.5
75-100% recycled content (%)	94
50-74% recycled content (%)	0
0-49% recycled content (%)	6
<b>Travel and transport</b>	
Energy consumption by fleet vehicles (MJ):	
Diesel	972,234
Unleaded	1,529,547
Total distance travelled by air (km)	355,115
Total greenhouse gas emissions associated with air travel (tonnes CO <sub>2</sub> e)	62.6

TABLE 18: INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE IN 2018/19

	\$m
Business as usual (BAU) ICT expenditure	\$4.63
Non-BAU ICT expenditure (total operational expenditure and capital expenditure)	\$2.87
Operation expenditure	\$0.93
Capital expenditure	\$1.95

In 2018/19, IBAC's total ICT expenditure was \$7.5 million, an increase of six per cent compared to 2017/18. This is mainly due to increased depreciation expenditure related to new IT systems purchased in the previous year.

ICT expenditure refers to IBAC's costs in providing business-enabling ICT services. It comprises business as

usual (BAU) ICT expenditure and non-business as usual (non-BAU) ICT expenditure.

Non-BAU ICT expenditure relates to extending or enhancing IBAC's ICT capabilities. BAU ICT expenditure is all other ICT expenditure and primarily relates to ongoing activities to operate and maintain ICT capability.

## Chapter 6 Focus Area 3: A respected, trusted independent statutory agency

Public trust is crucial for effective government and the efficient functioning of our public institutions. It is an indicator of successful performance. A trusted, respected and well-functioning anti-corruption agency is an essential cornerstone of Victoria's integrity system. IBAC strives to hold itself accountable to the highest standards of integrity and to maintain its independence and impartiality. As IBAC staff, we will continue to demonstrate our value to Victorians by assessing our performance and communicating our work and its outcomes to the people of Victoria.

### Challenges and opportunities

Our capability and flexibility to continue responding to government legislative initiatives.

### Highlights

Accountability and governance initiatives included:

- a heightened focus on IBAC's governance and risk management processes, including a strengthened integrated assurance program
- completion of comprehensive audits on compliance with financial management, stakeholder engagement management, and digital forensics and collections property and exhibits management.

## A respected, trusted independent statutory agency (continued)

### Oversight of IBAC

While IBAC is committed to transparency wherever possible, for legal and operational reasons it is unable to publicly report on some activities, such as when matters will appear before the courts or when public comments may compromise investigations or other operations. Consequently, it is essential for IBAC to have robust reporting practices and external oversight to demonstrate compliance with the law. Table 19 outlines the roles that various bodies have in providing oversight of IBAC and its functions.

TABLE 19: BODIES AND THEIR ROLES IN PROVIDING OVERSIGHT OF IBAC

Oversight body	Role	Activity in 2018/19
Parliamentary IBAC Committee	<ul style="list-style-type: none"> <li>monitors and reviews IBAC performance and functions</li> <li>examines published IBAC reports</li> </ul>	<p>In September 2018, the IBAC Committee tabled its report on its inquiry into external oversight of police corruption and misconduct in Victoria. The committee made 69 recommendations, including in relation to the handling of police-related complaints, referrals and investigations. One recommendation was that IBAC be required – unless exceptional circumstances exist – to investigate allegations of serious police misconduct. The committee also recommended that the IBAC Act be amended to equip IBAC with additional powers, particularly in relation to conducting searches and obtaining information.</p> <p>IBAC provided detailed information and evidence to the committee to assist its inquiry, and welcomed the committee's consideration of how police oversight can be enhanced.</p> <p>Pending a formal government response to the inquiry, IBAC is considering how to give effect to some of the committee's findings.</p>
Parliamentary Integrity and Oversight Committee	<ul style="list-style-type: none"> <li>monitors and reviews the performance of IBAC</li> <li>examines published IBAC reports</li> </ul>	<p>The <i>Integrity and Accountability Legislation Amendment (Public Interest Disclosure, Oversight and Independence) Act 2019</i> established the Integrity and Oversight Committee, a new parliamentary committee to oversee IBAC. The Committee supersedes the former IBAC Committee, which has previously provided oversight of IBAC.</p> <p>During 2018/19, IBAC met with the committee and briefed it on IBAC's roles, functions and work priorities.</p> <p>IBAC has also updated the committee on IBAC's work in response to the IBAC Committee's <i>Inquiry into the external oversight of police corruption and misconduct in Victoria</i>, including consideration of a suitable definition of 'serious police misconduct', conflicts of interest in Victoria Police complaint investigations, and improving IBAC's practices in areas identified by the committee.</p>
Victorian Inspectorate	<ul style="list-style-type: none"> <li>monitors IBAC compliance with the IBAC Act and other laws</li> <li>oversees IBAC's performance under the PD Act</li> <li>receives and investigates complaints about IBAC</li> </ul>	<p>The Victorian Inspectorate (VI) conducted two statutory inspections to ensure IBAC compliance with legislation in relation to telecommunications interception, surveillance devices and controlled operations. The inspectorate continues to report that IBAC has met its statutory obligations under the relevant legislation in relation to these operations.</p> <p>Further to the inspections, the VI reviewed IBAC's assessments and determinations of complaints about police personnel misconduct. The review found that IBAC had met its statutory obligations. Opportunities to enhance policies and procedures were identified.</p> <p>The VI conducted phase two of a review of IBAC's performance of its functions under s 55(1) of the PD Act, which found that IBAC had met its statutory obligations and adhered to its policies and procedures. Some opportunities to enhance policies and procedures were also identified.</p> <p>In reference to the VI Special Report published in October 2018 on <i>Welfare of witnesses in IBAC investigations</i>, IBAC has communicated serious concerns to the VI around this report and the VI investigation which led to the recommendations contained therein. IBAC has implemented its own comprehensive continuous improvement program around witness welfare based on industry best practice.</p>
Victorian Special Minister of State	Receives IBAC reports on telecommunications and interception warrants	As required by the <i>Telecommunications (Interception) (State Provisions) Act 1988</i> (TIA Act), IBAC submitted reports on use and communication of information obtained by telecommunications interceptions under warrant.
Attorney-General of Victoria	Receives IBAC reports on: <ul style="list-style-type: none"> <li>telecommunications interception warrants</li> <li>surveillance device warrants</li> <li>assumed identities</li> </ul>	<p>IBAC provided annual reports that detail statistical data on telecommunications interception warrants, surveillance device warrants and assumed identities. These reports discharge IBAC's obligations under the:</p> <ul style="list-style-type: none"> <li><i>Crimes (Assumed Identities) Act 2004</i></li> <li>TIA Act</li> <li><i>Surveillance Devices Act 1999</i>.</li> </ul>



Oversight body	Role	Activity in 2018/19
Public Interest Monitor	Reviews IBAC applications for surveillance device and telecommunications interception warrants	The Public Interest Monitor appeared at all hearings for IBAC applications for surveillance device warrants and telecommunications interception warrants to test the content and sufficiency of the information relied on and the circumstances of the applications.
Supreme Court, Magistrates' Court	Receive IBAC reports on surveillance device warrants.	The issuing judge or magistrate for all IBAC surveillance device warrants received IBAC reports setting out details relating to each warrant.
Commonwealth Ombudsman	Monitors IBAC compliance with chapters 3 and 4 of the TIA Act	In June 2018, the Commonwealth Ombudsman indicated that it considers IBAC to be a low-risk agency in relation to its statutory compliance with chapters 3 and 4 of the TIA Act and accordingly did not conduct any onsite inspections during 2018/19.
Minister for Home Affairs (formerly the Commonwealth Attorney-General)	Receives IBAC reports on: <ul style="list-style-type: none"> <li>telecommunications interception warrants</li> <li>telecommunications data authorisations</li> <li>stored communications warrants</li> </ul>	Under the TIA Act, IBAC submitted an annual report detailing statistical data, among other information, in relation to telecommunications interception warrants, stored communications and telecommunications data authorisations. IBAC also submitted reports of the required details in relation to each telecommunications interception warrant.

## Compliance with other legislation

### Freedom of Information

Under the *Freedom of Information Act 1982* (Freedom of Information Act), the public has a right of access to documents held by IBAC. Access to a large portion of our documents and other information is limited under the IBAC Act, and some information about complaints or investigations is covered by exemptions and cannot be accessed under Freedom of Information legislation.

Table 20 summarises the number of Freedom of Information applications made to IBAC in the past five years.

**TABLE 20: APPLICATIONS UNDER FREEDOM OF INFORMATION**

	2014/15	2015/16	2016/17	2017/18	2018/19
Total number of applications	6	6	7	7	2
Applications granted	1	1	2	1	0
Applications reviewed	0	1	0	0	0
Applications appealed	0	1	0	0	0

### Making a Freedom of Information request

Access may be requested in writing to IBAC's Freedom of Information officer. Such requests should:

- be in writing
- identify as clearly as possible which documents are being requested
- be accompanied by the appropriate application fee (which can be waived in certain circumstances).

Requests for documents should be addressed to:

Freedom of Information Officer  
Independent Broad-based Anti-corruption Commission  
GPO Box 24234, Melbourne, VIC 3001

Charges may also apply after documents have been processed and a decision has been made about an access request (eg photocopying, search and retrieval charges). Further information regarding Freedom of Information can be found at [www.ovic.vic.gov.au](http://www.ovic.vic.gov.au).

## A respected, trusted independent statutory agency (continued)

### Protected disclosures

IBAC determines which complaints meet the requirements for a protected disclosure complaint under the PD Act (page 30).

In addition, IBAC is responsible under the PD Act for issuing guidelines on handling disclosures, managing the welfare of people who make protected disclosures and for providing information and education about the protected disclosure scheme (page 31).

Disclosures of improper conduct or detrimental action by IBAC or any of our employees and/or officers may be made to:

Victorian Inspectorate  
PO Box 617, Collins Street  
West Melbourne, VIC 8007  
Tel: (03) 8614 3232  
info@vicinspectorate.vic.gov.au  
www.vicinspectorate.vic.gov.au

Information about reporting disclosures of improper conduct or detrimental action to IBAC can be found at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

Information about assessable disclosures made to the Victorian Inspectorate can be found on its website and in the Victorian Inspectorate annual report.

### Corporate Governance

IBAC has robust governance processes to ensure compliance with reporting and legislative obligations, and that it meets stakeholder expectations.

In 2018/19, IBAC implemented a secure online portal for the electronic distribution of papers, which achieved administration efficiencies, greater collaboration through shared annotations and a significant reduction in paper use. It also employed a governance, risk and compliance system, which has led to improvements in the management, monitoring and reporting of IBAC's risks, incidents and compliance obligations.

### Governance of business decisions

The IBAC Commissioner, CEO and executive team provide the organisation's strategic direction, which is articulated through its corporate and annual business plans. The following two key decision-making committees, comprising executive officers, oversee and drive improvements to our business and processes:

The **Executive Committee** meets fortnightly to monitor organisational performance, capacity and capability. It considers issues relating to:

- governance, risk management and business continuity
- planning, budgeting, forecasting and expenditure
- people management, internal communication and staff engagement
- information and communications technology, information management and security.

The **Operations & Prevention Committee** meets fortnightly to manage operational matters, including complaint outcomes and prevention and engagement activities. The committee considers issues relating to:

- complaints and notifications (by exception)
- investigations
- prevention, research and engagement
- legal affairs.

IBAC has a collaborative business planning process that is supported by a formal budget bid process and involves assessing strategic and divisional risks and holding team workshops to identify key priorities. This process results in a sound business plan that guides work actions for the coming financial year as well as providing a snapshot of our budget. It ensures that IBAC meets the objectives and outcomes set out in its corporate plan and the requirements under legislation.

## Managing risk

Risk management is an integral part of IBAC's decision-making, planning and service delivery. Risk is managed through our internal Risk Management Framework and associated processes, with additional oversight by the Audit & Risk Management Committee. Our Risk Management Framework is aligned to that of the AS/NZ International Standard (ISO) 31000:2018 (Risk Management) and the Victorian Government Risk Management Framework.

Our Risk Management Framework consists of a risk management policy, procedure and plan, risk appetite statement and strategic and divisional risk registers. It also covers business continuity and critical incident management with linkages to relevant plans.

Identifying, managing and treating organisational risk is built into IBAC processes and systems. With risks that span safety, financial, reputational, legal and functional considerations, the following checks are undertaken:

- annual review of IBAC's strategic and divisional risk registers and organisational risk appetite statement
- risk assessments for key operational activities (eg executing a search warrant)
- high-level security vetting of all new staff, with requirements for employees to declare changes in circumstance, conflicts of interest and declarable associations
- internal corruption prevention measures, including a fraud and corruption prevention policy, and a gifts, benefits and hospitality register
- an extensive annual Internal Audit Plan, which is part of a rolling three-year Strategic Audit Plan, that focuses on testing the effectiveness of controls in high-risk areas
- a comprehensive incident reporting process that identifies areas of risk for the organisation and opportunities to strengthen controls.

## Risk management actions

In 2018/19, several key risk management actions were undertaken, including:

- launching a new electronic system, Protecht.ERM, to improve management of governance, risks and compliance; the system required building risk, control and user libraries, migrating risk and incident registers and establishing new processes for incident management
- revising and updating the strategic and divisional risk registers, risk appetite statement, risk management policy, risk management plan and risk management procedure
- creating a new risk appetite guideline and providing information sessions on the revised risk appetite to managers and team leaders
- developing a comprehensive quarterly risk and assurance report that incorporates key risk and control indicators, incidents and assurance activities
- updating the strategic risk profile and identifying new strategic risks.

IBAC reported to the Audit & Risk Management Committee, providing updated strategic risk registers, an updated risk management policy, procedure and plan and activity reports. The committee provided expert guidance and advice throughout the year, including help with strengthening IBAC's risk profile assessment. The committee assessed IBAC's Risk Management Framework as effective.

## A respected, trusted independent statutory agency (continued)

### Audit & Risk Management Committee

IBAC's Audit & Risk Management Committee works to a charter that reflects requirements of Standing Directions 2018 under the *Financial Management Act 1994* (FM Act).

The committee met four times in 2018/19, and provided independent advice to the IBAC Commissioner and CEO on:

- the effectiveness of IBAC's systems and controls for financial and organisational risk management
- IBAC's annual financial statements
- IBAC's internal audit function
- recommendations made by internal and external auditors and actions in response to the audits
- effectiveness of IBAC's compliance management processes and remedial actions to address compliance deficiencies
- compliance with the FM Act's Standing Directions and Instructions.

The committee comprises one internal member who is a senior IBAC officer and three external independent members. The role of the internal member is primarily with a 12-month development opportunity to gain exposure to the breadth of IBAC's operations and contribute to its good governance practices. The role of the three external members is to provide independent assurance and assistance on the effectiveness of IBAC's internal controls, financial and risk management and compliance framework. Remuneration of the external members totalled \$37,301 (excluding GST) for 2018/19.

### Audit & Risk Management Committee members

#### Mr Don Challen AM (Chair)

Mr Challen has extensive financial and risk management, insurance and audit experience with a range of public sector institutions and companies. Mr Challen is Chair of the Tasmanian Motor Accidents Insurance Board and Deputy Chair of the Tasmanian Symphony Orchestra. He is a former Secretary of the Tasmanian Department of Treasury and Finance. He was previously Chair of the Tasmanian Public Finance Corporation, Transend Networks and the Tasmanian Gaming Commission, President of the Retirement Benefits Fund, a board member of TasNetworks, Hydro Tasmania and Trust Bank and a member of the Financial Reporting Council. Mr Challen holds a Bachelor of Economics (Honours) and a Master of Economics (University of Tasmania). He is a Fellow of the Institute of Chartered Accountants Australia and New Zealand, CPA Australia, the Australian Institute of Company Directors and the Institute of Public Administration Australia.

#### Mr Geoff Harry

Mr Harry retired from full-time executive roles in 2014 and has strong skills in financial reporting, assurance, governance, risk management and control frameworks. He has extensive audit and risk committee experience, including chairmanship of four local government committees and membership of three others. Mr Harry is also a member of the audit and risk committees of Agriculture Services Victoria, Orygen Youth Mental Health and Regional Kitchens Group. Mr Harry's previous positions include General Manager of Risk at Fortescue Metals Group, General Manager of Risk and Assurance at Jemena and partner at PricewaterhouseCoopers. Mr Harry holds a Bachelor of Commerce (Monash University), is a fellow of the Institute of Chartered Accountants in Australia and New Zealand and a graduate member of the Australian Institute of Company Directors.

#### Ms Sara Watts

Ms Watts is an experienced non-executive director and audit and risk committee chair. Her key strengths are in financial management, technology deployment and governance. Ms Watts is a trustee of the Australian Museum, independent director of Vision Australia Limited and the Vision Australia Foundation, and a non-executive director of BagTrans Group, LiteracyPlanet and Syrah Resources. She was previously Chair of the audit and risk committee of the Victorian Auditor-General's Office. Ms Watts' previous executive positions include Vice-Principal Operations at the University of Sydney and Chief Financial Officer of IBM A/NZ Holdings. Ms Watts is a fellow of CPA Australia and the Australian Institute of Company Directors.

## Assurance program

In 2018/19, IBAC implemented an integrated assurance program which strengthened our management of strategic risks. The program primarily used a range of self, peer and third-party audits to monitor the effectiveness of strategic risk controls. The executive monitored the implementation of the program, any exceptions identified and remedial action taken via quarterly risk and assurance reports.

## Internal audit program

IBAC's three-year strategic and annual internal audit plans, and internal audit charter set out how the internal auditor reviews governance, risk management and internal controls across the organisation.

IBAC and the internal auditor report four times a year to the Audit & Risk Management Committee on the Internal Audit Plan, including:

- reports of audit(s) completed within the previous period, which include the key findings and agreed management actions to address the findings
- scope for upcoming audit(s)
- a report on the status of audit management actions (the committee reviews completed management actions before removing them from future reports).

In 2018/19, IBAC undertook comprehensive internal audits on financial management compliance, stakeholder engagement management, contract management, digital forensics and collections property and exhibits management. A follow-up review of internal audit recommendations was also undertaken. The five completed audits resulted in 18 recommended actions. The follow-up review identified a further 11 existing actions that required further action. All actions were endorsed by the executive and the Audit & Risk Management Committee.

As at the last report tabled at the Audit & Risk Management Committee meeting in May 2019, the following audit actions were outstanding:

- financial management compliance (2)
- human resources planning and capability (3)
- stakeholder engagement management (4)
- contract management (5)
- follow-up review of internal audit recommendations (13).

### FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION

I, Robert Redlich QC, certify that the Independent Broad-based Anti-corruption Commission has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.



**The Honourable Robert Redlich QC**

Commissioner

5 September 2019

**Our skilled and talented workforce is integral to achieving the organisation's priorities. Our work is underpinned by our values and culture, which supports a strong approach to ensuring integrity in all we do.**

# Chapter 7 Focus Area 4: Investing in our people

Having a highly skilled and motivated workforce is integral to achieving our strategic goals. Through effective workforce planning, IBAC searches for ways to enhance the organisation's human resource capabilities and gain efficiencies by attracting and retaining a highly skilled workforce. One of our fundamental aims is to provide a safe and healthy workplace that fosters a collaborative, positive culture underpinned by our values. This culture supports us to achieve quality outcomes in a rewarding and stimulating environment. This chapter focuses on our workforce, workplace training and organisational health and development.

## Challenges and opportunities

IBAC has developed a workforce plan to recruit, retain and develop people with the skills and experience necessary for IBAC's work and legislative responsibilities. IBAC has also introduced a new human resource system that supports capability building which will also help address this challenge.

## Highlights

Organisational developments included:

- development of a new strategic workforce plan to guide IBAC's workforce needs now and into the future
- roll-out of a new human resources system that supports capability building
- the provision of a range of occupational health and safety (OH&S) initiatives to staff.

## Investing in our people

TABLE 21: FULL-TIME EQUIVALENT (FTE) STAFF

	2015	2016	2017	2018	2019
FTE	140.6	133.9	168.77	179.44	199.34

TABLE 22: EMPLOYMENT LEVELS AS AT JUNE EACH YEAR

	Ongoing				Fixed term/casual
	Employees (head count)	Full-time (head count)	Part-time (head count)	FTE	FTE
June 2015	110	100	10	106.43	34.2
June 2016	106	96	10	102.5	31.4
June 2017	150	131	19	145.94	22.83
June 2018	162	143	19	156.61	22.83
June 2019	157	141	16	152.79	27.72

## Workforce profile

### Comparative workforce data as at 30 June 2019

Table 21 presents IBAC's staffing levels on a full-time equivalent basis in the past five years. Table 22 presents the number of employed staff at IBAC (including Victorian public servants and senior technical specialists) as at June for the past five years (for executive officer data, see pages 11 and 88). Table 23 presents the June employment levels at IBAC, broken down by gender, age and classification.

Tables 21 to 23 reflect employment levels at IBAC during the last full pay period in June of each year. The figures in these tables exclude those on leave without pay or absent on secondment, external contractors/consultants, temporary staff employed by employment agencies and a small number of people who are not employees but appointees to a statutory office, as defined in the *Public Administration Act 2004*. In Table 23, ongoing employees include people engaged on an open-ended employment contract and executives engaged on a standard executive contract.

# 199.34



Full-time equivalent staff, an 11 per cent increase compared to last year.



TABLE 23: EMPLOYMENT LEVELS AS AT JUNE, BY GENDER, AGE AND CLASSIFICATION<sup>57</sup>

	June 2015			June 2016			June 2017			June 2018			June 2019		
	Ongoing		Fixed term/casual	Ongoing		Fixed term/casual	Ongoing		Fixed term/casual	Ongoing		Fixed term/casual	Ongoing		Fixed term/casual
	Head count	FTE	FTE	Head count	FTE	FTE	Head count	FTE	FTE	Head count	FTE	FTE	Head count	FTE	FTE
<b>Gender</b>															
Male	52	51.6	17.6	54	53.6	20.0	78	77.2	3.0	85	84.3	4.6	80	79.9	11.8
Female	58	54.8	16.6	52	48.9	11.4	72	68.7	6.0	77	72.2	6.4	77	72.8	15.9
<b>Age</b>															
Under 25	0	0.0	1.0	0	0.0	1.0	0	0.0	0.0	1	1.0	1.0	0	0.0	0.0
25–34	33	32.4	14.6	32	30.8	12.0	48	46.8	4.0	50	48.6	4.6	50	49.2	9.0
35–44	35	32.9	10.6	34	32.0	9.4	49	46.4	1.0	50	46.7	1.6	51	48.1	12.9
45–54	37	36.1	6.0	33	32.7	6.0	41	40.7	2.0	43	42.4	2.2	37	36.4	4.0
55–64	4	4.0	2.0	7	7.0	3.0	12	12.0	2.0	18	17.8	1.6	19	19.0	0.8
Over 64	1	1.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0.0	1.0
<b>Classification</b>															
VPS2	0	0.0	1.6	0	0.0	1.0	0	0.0	0.0	1	1.0	0.0	0	0.0	1.0
VPS3	27	25.5	2.0	26	23.9	2.0	31	29.0	2.0	32	29.9	2.6	28	26.2	6.0
VPS4	25	24.6	9.8	30	29.6	5.0	34	33.6	3.0	39	37.8	3.6	43	42.6	5.0
VPS5	37	35.8	11.8	31	30.2	15.6	60	59.0	3.0	60	57.9	3.8	53	51.6	8.2
VPS6	17	16.5	9.0	15	14.8	7.8	22	21.3	1.0	27	26.8	1.0	31	30.3	7.5
STS	4	4.0	0.0	4	4.0	0.0	3	3.0	0.0	3	3.0	0.0	2	2.0	0.0
<b>Total</b>	<b>110</b>	<b>106.4</b>	<b>34.2</b>	<b>106</b>	<b>102.5</b>	<b>31.4</b>	<b>150</b>	<b>145.9</b>	<b>9.0</b>	<b>162</b>	<b>156.6</b>	<b>11.0</b>	<b>157</b>	<b>152.7</b>	<b>27.7</b>

Corrections:

<sup>57</sup> A review of IBAC's data identified some discrepancies in the employment levels reported in the 2017/18 annual report. As at June 2016, there were two fixed term/casual Victorian public servant (VPS3 FTE), not five as stated in the 2017/18 annual report. As at June 2017, there were:

- three fixed term/casual male FTE, not 11 as stated in the 2017/18 annual report
- six fixed term/casual female FTE, not 11.83 as stated in the 2017/18 annual report
- one fixed term/casual FTE aged 35–44, not three as stated in the 2017/18 annual report
- two fixed term/casual FTE aged 45–54, not 9.93 as stated in the 2017/18 annual report
- two fixed term/casual FTE aged 55–64, not 5.90 as stated in the 2017/18 annual report.

## Investing in our people (continued)

Table 24 summarises the annualised salary levels of senior staff at IBAC, excluding the Commissioner and Deputy Commissioners.

**TABLE 24: ANNUALISED TOTAL SALARY (IN \$20,000 BANDS) FOR EXECUTIVE AND SENIOR NON-EXECUTIVE STAFF**

Salary income band (\$)	2017/18			2018/19		
	Executives	Senior Technical Specialists	Others	Executives	Senior Technical Specialists	Others
140,000–159,999						
160,000–179,999	5**	2	1	9	1	
180,000–199,999	3***	1	1	4***	1	
200,000–219,999				1**		
220,000–239,999				3		
240,000–259,999						
260,000–279,999	2			1		
280,000–299,999	1			1		
300,000–319,999						
320,000–339,999						
340,000–359,999						
360,000–379,999						
380,000–399,999						
400,000–419,999	1			1		
<b>Total</b>	<b>12</b>	<b>3</b>	<b>2</b>	<b>20</b>	<b>2</b>	

Note: Included in these figures is an employee on a 12 month secondment to the Royal Commission into the Management of Police Informants.

\* Salaries are for the full financial year, at one FTE rate and exclude superannuation.

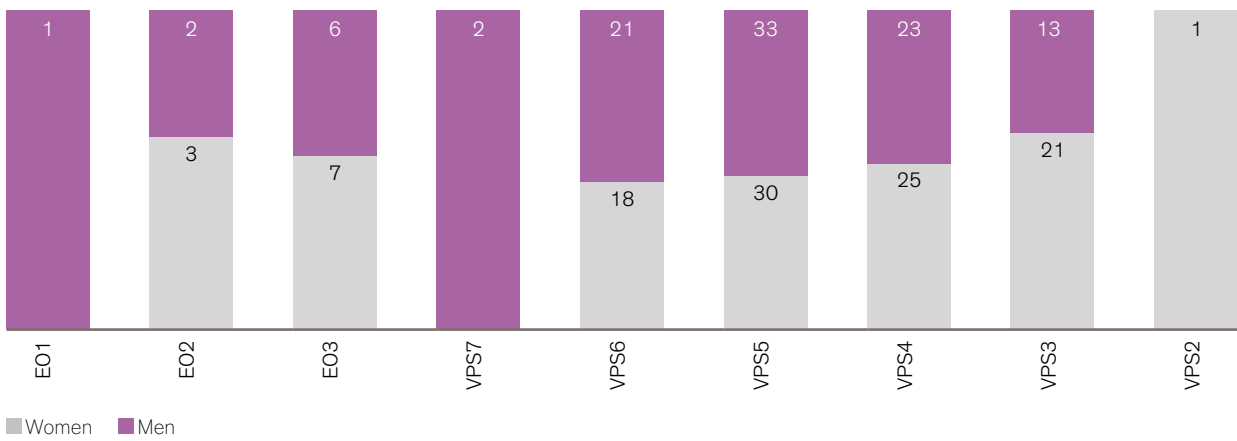
\*\* This number includes an employee who was employed on a part-time basis at a 0.9 FTE rate.

\*\*\* This number includes an employee who was employed on a part-time basis at a 0.93 FTE rate.

### Ongoing staff

As at 30 June 2019, IBAC had 157 ongoing staff, a decrease of three per cent compared to the same time last year. Of our ongoing workforce, 49 per cent are female, and the largest proportion of staff are within the 35–44 age bracket (comprising 33 per cent of IBAC's total workforce). The largest change in the workforce was within the classification VPS4, whose representation in IBAC increased from 24 per cent in 2017/18 to 28 per cent in 2018/19.

FIGURE 27: IBAC'S GENDER BALANCE BY VICTORIAN PUBLIC SERVICE GRADE



### Gender balance

As at 30 June 2019, IBAC staff continue to reflect an appropriate gender balance. Female representation at senior levels continues to be positive, with 60 per cent of EO2 and 54 per cent of EO3 positions held by women.

53%

Senior leadership positions held by women

## Investing in our people (continued)

### Supporting staff at work and home

IBAC offers a range of work options to help our staff balance the demands of work and personal commitments. We have taken all practical measures to comply with our obligations under the *Carers Recognition Act 2012*, including offering a range of leave options and considering the carer relationships principles in the Act when setting policies and providing flexibility. Our continued commitment to supporting our employees is demonstrated through the implementation of an updated Flexible Work Arrangements Policy. By providing a structure for employees to work outside traditional full-time and onsite work arrangements, IBAC enables increased flexibility for employees. All IBAC employees may request a flexible work arrangement that suits the needs of both the employer and employee.

'Flexible work' may include, but is not limited to, varying an employee's working conditions to change the:

- hours of work (eg alternative start/finish times, flexitime)
- pattern of work (eg purchased leave, part time and transition to retirement)
- duration and time of breaks
- days of work (eg approved days off, compressed/expanded work weeks)
- how work is performed (eg job sharing)
- where work is performed (eg mobile working, working from home, working at alternative locations).

We continue to offer staff and their families access to an Employee Assistance Program, a confidential and free counselling service to help staff with personal or work-related issues.

### Connecting and engaging staff

IBAC communicates and engages with staff in a range of ways, including:

- manager-delivered team meetings on key organisational matters
- quarterly all-staff meetings with addresses from the CEO and Commissioner, or other executive team members
- regular updates to all staff through a CEO update
- leadership forum for managers and leaders
- updates posted on the IBAC intranet (*The Source*) to provide staff with key information and opportunities to participate in workplace activities
- 'in case you missed it' weekly summary email of the latest IBAC news (internal and external)
- regular team meetings.

In 2018/19, IBAC's People & Culture team put in place subject matter champions across the organisation. These key staff provided assistance with new initiatives, created a vital link into teams and built greater connectivity for sharing information. Opportunities for staff to voice their views and concerns are available through regular 'Listen & Learn' sessions, which help us to collaborate more effectively.

IBAC participated in the 2019 People Matter Employee Survey in May, conducted annually by the Victorian Public Sector Commission. The survey provides staff with an opportunity to express their views on how public sector values and employment principles are demonstrated within their organisation by colleagues, managers and senior leaders. The survey also measures staff perceptions of access to equal opportunity and attitudes towards disability and discrimination. As well as providing IBAC with valuable insights into staff engagement, the survey results will also be used to determine changes the organisation may adopt to improve workplace culture.

In 2018/19, IBAC undertook a review and redesigned its induction process to ensure new staff are well equipped to succeed in their roles. The new program launched in April 2019 and received excellent feedback.

IBAC continues to offer a social club run by staff that promotes staff interaction through regular social events. IBAC staff events are self-funded and organised by the social club, using proceeds from social events, voluntary payroll deductions and the sale of snacks.

IBAC actively embraces government-sponsored workplace initiatives, and its many Health & Wellbeing at Work initiatives demonstrate its commitment to staff.

## Growth in organisational capability

In 2018/19, IBAC continued our focus on providing a workplace that fosters a collaborative and positive culture, underpinned by our values. To support this, all divisions undertook formal training on a variety of IBAC systems, processes and IT applications to increase staff capability and knowledge, and build business efficiency.

In addition to training opportunities, a number of workshops (such as 'Appropriate workplace behaviour') and seminars (such as the 'Ethics speaker series') were held to refresh and remind staff of the importance of ethical and respectful workplaces.

## Workforce plan

Consistent with and building on the strategic corporate plan, IBAC designed and delivered a new strategic workforce plan for 2019–21 to build organisational sustainability. This project, which took six months to develop, involved interviewing all senior leaders and managers and utilised comprehensive data analysis and competitive market comparisons. This project provided IBAC with insights and recommendations.

The strategic workforce plan project provided the opportunity to reflect on IBAC's current ways of working and to identify what will be needed from our staff and processes to deliver on the corporate plan over the next three years. The opportunities that were identified point to a need to focus on building leadership and technical capability while improving the ability to attract and retain talent.



Margaret Gillespie, Executive Director and Chief Legal Counsel at Parks Victoria, speaking to IBAC staff as part of our 'Ethics speaker series'.

## Recruitment practices to support capability building

A new human resources system, i-people, introduced in 2018/19, provides staff with a smart e-system to manage people processes including recruitment, performance and on-boarding. The system supports smarter workflow management and paperless work practices.

IBAC managers have been supported by the People & Culture team to attract and recruit talent aligned to our values as well as our capabilities. This supports the building of organisational capability to achieve the needs and realise the purposes of IBAC.

***'Ethics is everyone's job but it is especially important for leaders to have a high degree of self awareness when making decisions and modelling behaviour.'***

Margaret Gillespie  
Executive Director and Chief Legal Counsel, Parks Victoria

## Investing in our people (continued)

### Occupational health and safety

IBAC is committed to providing and maintaining a healthy, safe working environment for staff and visitors in accordance with the *Occupational Health and Safety Act 2004* and associated regulations.

### Focus on health and wellbeing

As part of our ongoing efforts to support staff, and to promote a healthy workplace at IBAC, the People & Culture team developed an organisational health and wellbeing program for 2019 as part of the OH&S Strategy 2018/19. The program is branded 'think, feel, do' and all staff are encouraged to participate in the activities scheduled.

Key themes include:

- physical health
- managing work and life
- mental health
- families.

### OH&S Committee

Our OH&S Committee is an advisory committee to the executive team that meets quarterly to discuss the health, safety and wellbeing of staff and visitors in the workplace. The Director Corporate Services is the committee's executive sponsor. The committee consists of management and health and safety representatives from six designated work groups. Representatives attended the relevant training to underpin the effectiveness of the committee.

FIGURE 28: POSTER FROM AN INTERNAL IBAC STEPS CHALLENGE.



## Comparative OH&S data as at 30 June 2019

TABLE 25: OH&S INFORMATION

		2014/15	2015/16	2016/17	2017/18	2018/19
Incidents	Incidents	3	16	11	10	12
Claims	Standard claims (i)	0	1	3	2	6
	Lost time claims (i)	0	0	0	1	1
	Claims exceeding 13 weeks (i)	1	1	3	2	1
Fatalities	Fatality claims	0	0	0	0	0
Claim costs	Average cost per standard claim (i)	\$68,545	\$60,828	\$49,946	\$79,948	\$54,403
Management commitment	Evidence of OH&S policy statement, OH&S objectives, regular reporting to senior management of OH&S, and OH&S plans (signed by CEO)	Completed	Completed	Completed	Completed	Completed
	Evidence of OH&S criteria in purchasing guidelines (including goods, services and personnel)	Completed	Completed	Completed	Completed	Completed
Consultation and participation	Evidence of agreed structure of designated workgroups (DWGs), health and safety representatives (HSRs) and issue resolution procedures (IRPs)	Completed	Completed	Completed	Completed	Completed
	Compliance with agreed structure on DWGs, HSRs and IRPs	Completed	Completed	Completed	Completed	Completed
Risk management	Percentage of internal audits/inspections conducted as planned	100	100	100	100	100
<b>Percentage of issues identified actioned arising from:</b>						
	Health and safety representative provisional improvement notices	0	0	0	0	0
	WorkSafe notices	0	0	0	0	0

(i) Data sourced from IBAC's WorkSafe agent. Data for standard claims, time lost claims and fatality claims is at 30 June for the year shown. Standard claims are those that have exceeded the employer excess (for medical and like expenses) threshold and/or liability of 10 working days of time lost. The average cost per claim is reported based on actual costs and excludes estimated future costs that contribute to IBAC's premium.

## Investing in our people (continued)

### Welfare protection

IBAC is responsible for investigating serious and systemic corruption in Victoria's public sector, including in Victoria Police. Our investigations have exposed cases of serious corruption at senior levels in some of Victoria's major public sector agencies, as well as misconduct in Victoria Police.

Protecting the welfare of people involved in investigations is an ongoing obligation for all law enforcement and integrity agencies. We understand that people being investigated by IBAC may be under stress, especially when they face investigation for alleged serious corruption or misconduct. Supporting the people involved in our work – complainants, witnesses, those under investigation and our staff – is a responsibility IBAC takes very seriously.

Any agency with significant powers, particularly coercive powers, has an obligation to use them responsibly.

As part of our ongoing process to review our policies and procedures, IBAC recently reviewed how its coercive powers have been applied. This review was undertaken to ensure the organisation and staff continue to be aligned with industry best practice and community expectations, and to ensure that IBAC's powers are used appropriately in its work. As a result, IBAC has increased its capacity to manage witness issues, particularly relating to those witnesses who have been directed to provide information under the coercive powers of the IBAC Act.

### Compliance with the Disability Act 2006

The *Disability Act 2006* (Disability Act) reaffirms and strengthens the rights of people with a disability and recognises that such rights require support across the government sector and within the community.

IBAC aims to remove barriers that prevent people with a disability from participating in our activities, accessing our services and gaining and maintaining employment with us. As an organisation, we also consider how changing practices may result in discrimination and what we can do to remove barriers resulting from discrimination. IBAC complies with the Disability Act in the following ways:

- reducing barriers to people with a disability accessing goods, services and facilities by:
  - enabling people to make corruption complaints through the National Relay Service
  - providing audio devices at public examinations for people with hearing impairments, while private examination facilities have audio amplification for hearing-impaired staff
  - publishing reports in accessible HTML format on our website and (on request) in large print or audio format
- reducing barriers to people with a disability obtaining and maintaining employment by:
  - establishing a fair and equitable recruitment process
- promoting inclusion and participation of people with a disability by:
  - establishing frameworks, policies and guidelines based on our core values of fairness, professionalism, courage, respect and trust
- achieving tangible changes in attitudes and practices that discriminate against people with a disability by:
  - ensuring that all staff complete compulsory training
  - reviewing and relaunching appropriate Workplace Behaviour Policy in June 2019
  - ensuring that all staff attend 'Appropriate workplace behaviour' workshops.



# Financial report

## Commissioner's, Accountable Officer's and Chief Financial Officer's declaration

The attached financial statements for the Independent Broad-based Anti-corruption Commission (IBAC) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2019 and financial position of IBAC at 30 June 2019.

At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial report to be misleading or inaccurate.

We authorise the attached financial statements for issue on 5 September 2019.

**R Redlich QC**  
Commissioner  
IBAC



Melbourne  
5 September 2019

**A Maclean**  
Accountable Officer  
IBAC



Melbourne  
5 September 2019

**J Koops**  
Chief Financial Officer  
IBAC



Melbourne  
5 September 2019

## Financial report (continued)



### Independent Auditor's Report

#### To the Commissioner of the Independent Broad-based Anti-corruption Commission

<b>Opinion</b>	<p>I have audited the financial report of the Independent Broad-based Anti-corruption Commission (the commission) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2019</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• Commissioner's, Accountable officer's and Chief Financial Officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the commission as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the commission in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Commissioner's responsibilities for the financial report</b>	<p>The Commissioner of the commission is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Commissioner determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Commissioner 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 it is inappropriate to do so.</p>

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**Auditor's  
responsibilities  
for the audit  
of the financial  
report**

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is 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 this financial report.

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 report, 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 Commissioner
- conclude on the appropriateness of the Commissioner'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 report or, if such disclosures are inadequate, to modify my opinion. My conclusions are 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 report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commissioner 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.

MELBOURNE  
6 September 2019



Andrew Greaves  
Auditor-General

## Financial report (continued)

### Comprehensive operating statement for the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Income from transactions</b>			
Grants	2.1	43,672	39,695
<b>Total income from transactions</b>		<b>43,672</b>	<b>39,695</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1.1	27,092	24,539
Depreciation and amortisation	4.1.1	3,444	3,225
Interest expense	6.1.2, 7.1.1	36	18
Other operating expenses	3.2	13,100	11,913
<b>Total expenses from transactions</b>		<b>43,672</b>	<b>39,695</b>
<b>Net result from transactions (net operating balance)</b>		<b>-</b>	<b>-</b>
<b>Other economic flows included in net result</b>			
Other gains/(losses) from other economic flows	8.2	(99)	75
<b>Total other economic flows included in net result</b>		<b>(99)</b>	<b>75</b>
<b>Net result</b>		<b>(99)</b>	<b>75</b>
<b>Comprehensive result</b>		<b>(99)</b>	<b>75</b>

The accompanying notes form part of these financial statements.

## Balance sheet as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6.2	7,456	7,456
Receivables	5.1	12,919	9,465
<b>Total financial assets</b>		<b>20,375</b>	<b>16,921</b>
<b>Non-financial assets</b>			
Non-financial physical assets held for sale	8.7	58	-
Property, plant and equipment <sup>(i)</sup>	4.1	7,302	9,034
Intangible assets <sup>(i)</sup>	4.2	1,001	461
Other non-financial assets	5.3	1,414	1,638
<b>Total non-financial assets</b>		<b>9,775</b>	<b>11,133</b>
<b>Total assets</b>		<b>30,150</b>	<b>28,054</b>
<b>Liabilities</b>			
Payables	5.2	2,858	1,395
Borrowings	6.1	1,414	1,375
Employee related provisions	3.1.2	5,464	4,774
Other provisions	5.4.1	166	163
<b>Total liabilities</b>		<b>9,902</b>	<b>7,707</b>
<b>Net assets</b>		<b>20,248</b>	<b>20,347</b>
<b>Equity</b>			
Accumulated surplus		14,769	14,868
Contributed capital		5,479	5,479
<b>Net worth</b>		<b>20,248</b>	<b>20,347</b>

Note:

<sup>(i)</sup> Prior year comparatives have been adjusted to appropriately reflect property, plant and equipment and intangible assets. The accompanying notes form part of these financial statements.

## IBAC financial report (continued)

### Statement of changes in equity for the financial year ended 30 June 2019

	Accumulated surplus \$'000	Contributed capital \$'000	Total \$'000
<b>Balance at 30 June 2017</b>	<b>14,793</b>	<b>5,533</b>	<b>20,326</b>
Net result for the year	75	-	75
Net assets disposed	-	(54)	(54)
<b>Balance at 30 June 2018</b>	<b>14,868</b>	<b>5,479</b>	<b>20,347</b>
Net result for the year	(99)	-	(99)
<b>Balance at 30 June 2019</b>	<b>14,769</b>	<b>5,479</b>	<b>20,248</b>

The accompanying notes form part of these financial statements.

## Cash flow statement for the financial year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts and payments</b>			
Receipts from government		40,405	38,931
Payments to suppliers and employees		(38,974)	(37,212)
Interest paid		(36)	(18)
<b>Net cash flows from/(used in) operating activities</b>	<b>6.2.2</b>	<b>1,395</b>	<b>1,701</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(1,597)	(1,748)
Proceeds from disposal of leased assets		512	338
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,085)</b>	<b>(1,410)</b>
<b>Cash flows from financing activities</b>			
Repayment of finance leases		(310)	(294)
<b>Net cash flows from/(used in) financing activities</b>		<b>(310)</b>	<b>(294)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>-</b>	<b>(3)</b>
Cash and cash equivalents at beginning of financial year		7,456	7,459
<b>Cash and cash equivalents at end of financial year</b>	<b>6.2</b>	<b>7,456</b>	<b>7,456</b>

The accompanying notes form part of these financial statements.

## 1 About this report

This annual financial report represents the audited general purpose financial report for the Independent Broad-based Anti-corruption Commission (IBAC) for the year ended 30 June 2019. The purpose of this report is to provide users with information about IBAC's stewardship of resources entrusted to it.

The financial report covers the controlled operations of IBAC as a reporting entity.

IBAC is constituted by the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC Act). Our principal address is Level 1, North Tower, 459 Collins Street, Melbourne VIC 3000.

A description of the nature of IBAC's operations and its principal activities is included in the report of operations, which does not form part of this financial report.

### Basis of preparation

This financial report:

- is presented in Australian dollars
- is rounded to the nearest \$1000, unless otherwise stated
- is prepared in accordance with the historical cost convention unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis
- applies an accrual basis of accounting whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of Australian Accounting Standards Board (AASB) 1004 *Contributions*:

- contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and therefore, do not form part of the income and expenses of IBAC
- additions to net assets which have been designated as contributions by owners are recognised as contributed capital
- other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

Judgments, estimates and assumptions are made about financial information being presented:

- where amounts are affected by significant judgments, these are disclosed in the notes
- estimates and associated assumptions are based on professional judgments derived from historical experience and various other factors that are believed to be reasonable under the circumstances; actual results may differ from these estimates
- revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision
- judgments and assumptions made by management in the application of Australian Accounting Standards (AASs) that have significant effects on the financial report and estimates, are disclosed in the notes under the heading "Significant judgement or estimates".

### Compliance information

This general purpose financial report has been prepared in accordance with the *Financial Management Act 1994* and applicable AASs which include Interpretations, issued by the AASB. In particular, it is presented in a manner consistent with the requirements of the AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied. Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.



## 2 Funding delivery of our services

### Introduction

The primary purpose of IBAC is to strengthen the integrity of the Victorian public sector, and to enhance community confidence in public sector accountability. It does this by receiving grants from the Department of Premier and Cabinet (DPC).

### 2.1 Grants

	2019 \$'000	2018 \$'000
General purpose grants	43,672	39,695
<b>Total income from transactions</b>	<b>43,672</b>	<b>39,695</b>

Income from grants is recognised to the extent that it is probable that the economic benefits will flow to the entity and that it can be reliably measured.

Included in the income from grants for 2017/18 of \$39,695K is an annotated income (conference fees) of \$325K for the Corruption Prevention and Integrity Conference organised by IBAC.

## 3 The cost of delivering services

### Introduction

This section provides an account of the expenses incurred by IBAC in delivering services and outputs. In section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

### 3.1 Expenses incurred in the delivery of services

#### 3.1.1 Employee benefits in the comprehensive operating statement

	2019 \$'000	2018 \$'000
Salaries, wages and long service leave	24,799	22,445
Defined contribution superannuation expense	2,041	1,813
Termination benefits	224	255
Defined benefit superannuation expense	28	26
<b>Total employee expenses</b>	<b>27,092</b>	<b>24,539</b>

Employee expenses include all costs related to employment including wages and salaries, superannuation, fringe benefits and payroll tax, leave entitlements, termination payments and WorkCover premiums.

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when IBAC is either demonstrably committed to terminating the employment of current employees according to a detailed formal plan which has no possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

### 3.1.2 Employee benefits in the balance sheet

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered. Assumptions for employee benefit provisions are made based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates.

	2019 \$'000	2018 \$'000
<b>Current provisions</b>		
<b>Current employee benefits – annual leave</b>		
Unconditional and expected to settle within 12 months	1,249	1,209
Unconditional and expected to settle after 12 months	189	173
<b>Current employee benefits – long service leave</b>		
Unconditional and expected to settle within 12 months	431	384
Unconditional and expected to settle after 12 months	2,241	1,872
<b>Total current employee benefits</b>	<b>4,110</b>	<b>3,638</b>
<b>Current provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	241	236
Unconditional and expected to settle after 12 months	276	241
<b>Total current on-costs</b>	<b>517</b>	<b>477</b>
<b>Total current provisions</b>	<b>4,627</b>	<b>4,115</b>
<b>Non-current provisions</b>		
Employee benefits	754	591
On-costs	83	68
<b>Total non-current provisions</b>	<b>837</b>	<b>659</b>
<b>Total provisions</b>	<b>5,464</b>	<b>4,774</b>

### 3 The cost of delivering services (continued)

#### Reconciliation of movement in on-cost provision

	2019 \$'000	2018 \$'000
<b>Opening balance</b>	<b>545</b>	<b>483</b>
Additional provisions recognised	352	332
Increase/(reduction) resulting from re-measurement	19	-
Reductions arising from payments/other sacrifices of future economic benefits	(316)	(270)
<b>Closing balance</b>	<b>600</b>	<b>545</b>
Current	517	477
Non-current	83	68
<b>Total</b>	<b>600</b>	<b>545</b>

#### Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries (including non-monetary benefits, and annual leave and on-costs) are recognised as part of employee benefit provision as current liabilities and measured at undiscounted rates, because IBAC does not have an unconditional right to defer settlements of these liabilities.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the comprehensive statement as it is taken.

Employment on-costs such as payroll tax, workers' compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

#### Long service leave

Unconditional long service leave (LSL) is disclosed as a current liability, even where IBAC does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value – if IBAC expects to wholly settle within 12 months
- present value – if IBAC does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow in the net result.

### 3.1.3 Superannuation contributions

IBAC contributes to both defined benefit and defined contribution plans for its employees. The defined benefit plan provides benefits based on years of service and final average salary while the defined contribution plan is contribution by IBAC based on a fixed percentage of the employees' salaries.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of IBAC.

The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by IBAC are as follows:

	Paid contribution for the year		Contributions outstanding as at year end	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Fund</b>				
<b>Defined benefit plan</b>				
State Superannuation Fund – revised and new	27	26	1	-
<b>Defined contribution plans</b>				
VicSuper	1,262	1,207	28	28
Other	731	566	19	12
<b>Total</b>	<b>2,021</b>	<b>1,799</b>	<b>48</b>	<b>40</b>

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. IBAC does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, Department of Treasury and Finance (DTF) discloses in its annual financial report the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

### 3 The cost of delivering services (continued)

#### 3.2 Other operating expenses

	2019 \$'000	2018 \$'000
Contractors and professional services	3,037	2,463
Operating lease rental expenses - minimum lease payments	2,567	2,453
Technology service costs	2,267	2,194
Accommodation and property expense	1,260	1,316
Marketing and promotion	1,201	598
Other	929	1,054
Training	790	761
Travel and transport	530	457
Communications and office expenses	482	581
Auditors' remuneration	37	36
<b>Total other operating expenses</b>	<b>13,100</b>	<b>11,913</b>

Other operating expenses, which generally represent the day-to-day running costs incurred in normal operations, are recognised as an expense in the reporting period in which they are incurred.

Operating lease payments (including any contingent rentals) are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

IBAC uses the financial systems and services provided by DPC. The cost of these services have been recognised in IBAC's financial report.

## 4 Key assets available to support output delivery

### Introduction

IBAC controls assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to IBAC to be utilised for the delivery of those outputs.

### 4.1 Total key assets

All key assets are classified by purpose group as 'Public safety and environment'.

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Leasehold improvements	11,412	11,412	8,263	6,266	3,149	5,146
Assets under construction at cost <sup>(i)</sup>	432	-	-	-	432	-
Computer and communication equipment at fair value	4,590	3,967	2,972	2,298	1,618	1,669
Plant and equipment at fair value	2,949	2,698	2,215	1,871	734	827
Motor vehicles at fair value	80	80	61	60	19	20
Motor vehicles under finance lease	1,675	1,818	325	446	1,350	1,372
<b>Total</b>	<b>21,138</b>	<b>19,975</b>	<b>13,836</b>	<b>10,941</b>	<b>7,302</b>	<b>9,034</b>

Note:

<sup>(i)</sup> Prior year comparatives have been adjusted to appropriately reflect property, plant and equipment and intangible assets.

## 4 Key assets available to support output delivery (continued)

### Initial recognition

Items of property, plant and equipment, are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project, and an appropriate proportion of variable and fixed overheads.

The initial cost of non-financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

### Subsequent measurement

Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the assets highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised in the following paragraphs by asset category. Additional information is disclosed in section 7.3 in connection with how those fair values were determined.

### Leasehold improvements

Leasehold improvements are valued using the depreciated replacement cost method, which is a reasonable approximation of fair value as the asset is depreciated over the term of the lease, reflecting the consumption of economic resources over the period of the agreement.

### Computer, communication equipment, and plant and equipment

Computer, communication equipment, and plant and equipment are held at fair value. As these assets are specialised in use, such that the items are rarely sold other than as part of a going concern, fair value is determined using the depreciated replacement cost method.

### Motor vehicles

Motor vehicles are valued using the depreciated replacement cost method. IBAC acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by experienced fleet managers who set the relevant depreciation rates to reflect the utilisation of the vehicles.



## 4.1.1 Depreciation and impairment

### Depreciation and amortisation

	2019 \$'000	2018 \$'000
Leasehold improvements	1,997	1,997
Computer and communication equipment	674	557
Plant and equipment	373	365
Motor vehicles under finance lease	310	292
Motor vehicles	1	14
Intangible assets	89	-
<b>Total depreciation</b>	<b>3,444</b>	<b>3,225</b>

All property, plant and equipment, and other non-financial physical assets that have finite useful lives are depreciated. The exceptions to this rule include items under operating leases and assets held for sale.

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. The following are typical estimated useful lives for the different asset classes for current and prior years.

Asset	
Leasehold improvements	7 years
Computer and communication equipment	3 to 5 years
Plant and equipment	4 to 10 years
Motor vehicles (including those under finance leases)	2 to 5 years
Intangible assets	3 to 7 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

### Impairment

Non-financial physical assets, including items of property, plant and equipment are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as other economic flow, except to the extent that the write down can be debited to an asset revaluation surplus amount applicable to that class of asset.

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

## 4 Key assets available to support output delivery (continued)

### 4.1.2 Reconciliation of movements in carrying values of key assets

	Leasehold improvements		Assets under construction at cost <sup>(i)</sup>		Computer and communication equipment at fair value		Plant and equipment at fair value		Motor vehicles at fair value		Motor vehicles under finance lease		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Opening balance	<b>5,146</b>	7,143	-	310	<b>1,669</b>	664	<b>827</b>	1,095	<b>20</b>	59	<b>1,372</b>	1,105	<b>9,034</b>	10,376
Additions	-	-	<b>504</b>	1,163	<b>589</b>	116	<b>242</b>	99	-	-	<b>770</b>	792	<b>2,105</b>	2,170
Disposals	-	-	-	-	-	(27)	-	(2)	-	(25)	<b>(424)</b>	(233)	<b>(424)</b>	(287)
Transfer in/out of assets under construction	-	-	<b>(72)</b>	(1,473)	<b>34</b>	1,473	<b>38</b>	-	-	-	-	-	-	-
Depreciation	<b>(1,997)</b>	(1,997)	-	-	<b>(674)</b>	(557)	<b>(373)</b>	(365)	<b>(1)</b>	(14)	<b>(310)</b>	(292)	<b>(3,355)</b>	(3,225)
Transfers to asset held for sale	-	-	-	-	-	-	-	-	-	-	<b>(58)</b>	-	<b>(58)</b>	-
<b>Closing balance</b>	<b>3,149</b>	<b>5,146</b>	<b>432</b>	-	<b>1,618</b>	<b>1,669</b>	<b>734</b>	<b>827</b>	<b>19</b>	<b>20</b>	<b>1,350</b>	<b>1,372</b>	<b>7,302</b>	<b>9,034</b>

Note:

<sup>(i)</sup> Prior year comparatives have been adjusted to appropriately reflect property, plant and equipment and intangible assets.

## 4.2 Intangible assets

	Intangible Assets		Assets under construction at cost		Total	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Gross carrying amount</b>						
<b>Opening balance</b>	-	-	<b>461</b>	-	<b>461</b>	-
Additions	-	-	<b>629</b>	461	<b>629</b>	461
Transfer in/out of assets under construction	<b>1,070</b>	-	<b>(1,070)</b>	-	-	-
<b>Closing balance</b>	<b>1,070</b>	-	<b>20</b>	<b>461</b>	<b>1,090</b>	<b>461</b>
<b>Accumulated depreciation, amortisation and impairment</b>						
<b>Opening balance</b>	-	-	-	-	-	-
Amortisation	<b>(89)</b>	-	-	-	<b>(89)</b>	-
<b>Closing balance</b>	<b>(89)</b>	-	-	-	<b>(89)</b>	-
<b>Net book value at end of financial year</b>	<b>981</b>	-	<b>20</b>	<b>461</b>	<b>1,001</b>	<b>461</b>

## 4 Key assets available to support output delivery (continued)

### Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- technical feasibility of completing the intangible asset so that it will be available for use or sale;
- intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset;
- intangible asset will generate probable future economic benefits;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- ability to measure reliably the expenditure attributable to the intangible asset during its development.

### Subsequent measurement

Intangible produced assets with finite useful lives, are amortised as an 'expense from transactions' on a straight line basis over their useful lives. Produced intangible assets have useful lives of between three to seven years.

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a straight line basis over their useful lives. The amortisation period is three to seven years.

### Impairment of intangible assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified.

### Significant intangible assets

IBAC has capitalised software development expenditure for the development of its Case Management System (CMS). The carrying amount of CMS is \$0.98 million. Each phase of CMS has a useful life of approximately five years, with the last phase expected to be capitalised within the next financial year, meaning it will be fully amortised by 2025.

## 5 Other assets and liabilities

### Introduction

This section sets out those assets and liabilities that arose from IBAC's controlled operations.

### 5.1 Receivables

	2019 \$'000	2018 \$'000
<b>Contractual</b>		
Other receivables	87	19
<b>Statutory</b>		
Amount owing from Government	12,832	9,446
<b>Total receivables</b>	<b>12,919</b>	<b>9,465</b>
<i>Represented by</i>		
Current receivables	12,082	8,806
Non-current receivables	837	659

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement they are measured at amortised cost using the effective interest method, less any impairment.

**Statutory receivables** do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. IBAC applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

## 5 Other assets and liabilities (continued)

### 5.2 Payables

	2019 \$'000	2018 \$'000
<b>Contractual</b>		
Supplies and services	2,728	1,383
Unearned income	118	-
<b>Statutory</b>		
FBT payable	12	12
<b>Total payables</b>	<b>2,858</b>	<b>1,395</b>

All payables are current.

**Contractual payables** are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to IBAC prior to the end of the financial year that are unpaid.

**Statutory payables** are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contract.

Payables for supplies and services have an average credit period of 30 days.

The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

#### 5.2.1 Maturity analysis of contractual payables

As at 30 June 2019, the carrying and nominal amount of contractual payables were \$2,728K, all with maturity dates less than one month. As at 30 June 2018, the carrying and nominal amount of contractual payables were \$1,383K, all with maturity dates less than one month.

### 5.3 Other non-financial assets

	2019 \$'000	2018 \$'000
<b>Current other assets</b>		
Prepayments	964	970
<b>Total current other assets</b>	<b>964</b>	<b>970</b>
<b>Non-current other assets</b>		
Prepayments	450	668
<b>Total non-current other assets</b>	<b>450</b>	<b>668</b>
<b>Total other non-financial assets</b>	<b>1,414</b>	<b>1,638</b>

Other non-financial assets include rental, hardware and software maintenance and licences prepayments. Prepayments represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

## 5 Other assets and liabilities (continued)

### 5.4 Other provisions

Other provisions is made up of make good provisions relating to lease of IBAC's office premises. The make good provision reflects a requirement in terms of the lease of IBAC's premises to restore the property at the end of the lease term. As at 30 June 2019, the make-good provisions classified as non-current is \$166K (2017/18: \$163K).

The increase compared to last year is the result of a re-measurement.

Other provisions are recognised when IBAC has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using discount rates that reflect the time value of money and risks specific to the provision.



## 6 How we financed our operations

### Introduction

This section provides information on the sources of finance utilised by IBAC during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of IBAC.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### 6.1 Borrowings

#### Finance lease liabilities (IBAC as lessee)

	Minimum future lease payments		Present value of minimum future lease payments	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Finance lease liabilities payable <sup>(i)</sup></b>				
Not longer than one year	577	758	542	727
Longer than one year but not longer than five years	895	675	872	648
<b>Minimum future lease payments</b>	<b>1,472</b>	<b>1,433</b>	<b>1,414</b>	<b>1,375</b>
Less future finance charges	(58)	(58)	-	-
<b>Present value of minimum lease payments</b>	<b>1,414</b>	<b>1,375</b>	<b>1,414</b>	<b>1,375</b>
<b>Included in the financial statements as</b>				
Current borrowings	542	727	542	727
Non-current borrowings	872	648	872	648
<b>Total</b>	<b>1,414</b>	<b>1,375</b>	<b>1,414</b>	<b>1,375</b>

Note:

<sup>(i)</sup> Secured by assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

## 6 How we financed our operations (continued)

IBAC's borrowings consist of finance leases which relate to motor vehicles with lease terms of two to five years. Generally, IBAC has no options to purchase the motor vehicles at the conclusion of the lease agreements.

At the commencement of the lease term, finance leases are initially recognised as assets and liabilities at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease.

Minimum finance lease payments are apportioned between reduction of the outstanding lease liability and periodic finance expense which is calculated using the interest rate implicit in the lease and charged directly to the comprehensive operating statement.

### 6.1.1 Maturity analysis of borrowings

	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000
<b>2019</b>						
Finance lease liabilities	1,414	1,472	116	75	386	895
<b>Total</b>	<b>1,414</b>	<b>1,472</b>	<b>116</b>	<b>75</b>	<b>386</b>	<b>895</b>
<b>2018</b>						
Finance lease liabilities	1,375	1,433	127	146	485	675
<b>Total</b>	<b>1,375</b>	<b>1,433</b>	<b>127</b>	<b>146</b>	<b>485</b>	<b>675</b>

### 6.1.2 Interest expense

Interest expense relates to the interest component of finance lease repayments on leased motor vehicles. Interest expenses are recognised in the period in which they are incurred.

## 6.2 Cash flow information and balances

Cash and cash equivalents comprise of cash on hand and funds held in trust.

	2019 \$'000	2018 \$'000
Cash	92	92
Funds held in trust <sup>(i)</sup>	7,364	7,364
<b>Balance as per cash flow statement</b>	<b>7,456</b>	<b>7,456</b>

Note:

<sup>(i)</sup> These funds represent the balance in IBAC trust funds at the end of each reporting period.

### 6.2.1 Trust account balances

IBAC trust fund was created with the purpose being the establishment of IBAC. There were no movements in the trust fund during the year. As at 30 June 2019, the balance in the trust fund was \$7,364K (2017/18: \$7,364K).

### 6.2.2 Reconciliation of net results for the period to cash flow from operating activities

	2019 \$'000	2018 \$'000
<b>Net result for the period</b>	<b>(99)</b>	<b>75</b>
<b>Non-cash movements</b>		
Depreciation of non-current assets	3,444	3,225
Other non-cash movements	(320)	(344)
<b>Movements in assets and liabilities</b>		
Decrease/(Increase) in receivables	(3,453)	(766)
Decrease/(Increase) in other non-financial assets	224	(791)
(Decrease)/Increase in payables	1,097	(302)
(Decrease)/Increase in provisions	502	604
<b>Net cash flows from operating activities</b>	<b>1,395</b>	<b>1,701</b>

## 6 How we financed our operations (continued)

### 6.3 Commitments for expenditure

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and exclusive of the GST payable. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet.

#### 6.3.1 Total commitments payables

	Less than 1 year \$'000	Between 1-5 years \$'000	More than 5 years \$'000	Total \$'000
<b>2019</b>				
<b>Capital expenditure commitments</b>				
Computer system	512	-	-	512
<b>Total capital expenditure commitments</b>	<b>512</b>	<b>-</b>	<b>-</b>	<b>512</b>
<b>Operating lease commitments</b>				
Office lease <sup>①</sup>	2,332	1,313	-	3,645
<b>Total operating lease commitments</b>	<b>2,332</b>	<b>1,313</b>	<b>-</b>	<b>3,645</b>
<b>Other commitments</b>				
Other contractual	1,412	1,310	-	2,722
<b>Total other commitments</b>	<b>1,412</b>	<b>1,310</b>	<b>-</b>	<b>2,722</b>
<b>Total commitments</b>	<b>4,256</b>	<b>2,623</b>	<b>-</b>	<b>6,879</b>

Notes:

<sup>①</sup> The lease relates to office accommodation leased by IBAC with lease term of seven years, with options to extend. The operating lease contract contains market review clauses in the event that IBAC exercises its option to renew. IBAC does not have an option to purchase the property at the expiry of the lease period.

	Less than 1 year \$'000	Between 1-5 years \$'000	More than 5 years \$'000	Total \$'000
<b>2018</b>				
<b>Capital expenditure commitments</b>				
Computer system	838	-	-	838
<b>Total capital expenditure commitments</b>	<b>838</b>	<b>-</b>	<b>-</b>	<b>838</b>
<b>Operating lease commitments</b>				
Office lease <sup>①</sup>	2,235	3,645	-	5,880
<b>Total operating lease commitments</b>	<b>2,235</b>	<b>3,645</b>	<b>-</b>	<b>5,880</b>
<b>Other commitments</b>				
Other contractual	915	1,766	-	2,681
<b>Total other commitments</b>	<b>915</b>	<b>1,766</b>	<b>-</b>	<b>2,681</b>
<b>Total commitments</b>	<b>3,988</b>	<b>5,411</b>	<b>-</b>	<b>9,399</b>

Notes:

<sup>①</sup> The lease relates to office accommodation leased by IBAC with lease term of seven years, with options to extend. The operating lease contract contains market review clauses in the event that IBAC exercises its option to renew. IBAC does not have an option to purchase the property at the expiry of the lease period.

## 7 Risks, contingencies and valuation judgments

### Introduction

IBAC is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgments and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information (including exposures to financial risks), as well as those items that are contingent in nature or require a higher level of judgment to be applied, which for IBAC related mainly to fair value determination.

### 7.1 Financial instruments specific disclosures

#### Introduction

From 1 July 2018, IBAC applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of IBAC's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

From 1 July 2018, IBAC applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the assets contractual terms.

#### Categories of financial assets under AASB 9

##### Financial assets at amortised cost

Financial assets at amortised cost are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by IBAC to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

IBAC recognises the following assets in this category:

- cash and cash equivalents, \$7,456K (2017/18: \$7,456K)
- receivables (excluding statutory receivables), \$87K (2017/18: \$19K).

## Categories of financial assets previously under AASB 139

**Receivables and cash** are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment). IBAC recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables).

## Categories of financial liabilities under AASB 9 and previously under AASB 139

### Financial liabilities at amortised costs

Financial liabilities at amortised costs are initially recognised on the date they originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest method. IBAC recognises the following liabilities in this category:

- payables (excluding statutory payables), \$2,846K (2017/18: \$1,383K)
- borrowings (including finance lease liabilities), \$1,414K (2017/18: \$1,375K).

**Derecognition of financial assets:** A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired, or
- IBAC has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset, or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where IBAC has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of IBAC's continuing involvement in the asset.

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

## 7 Risks, contingencies and valuation judgments (continued)

### 7.1.1 Financial instruments: Net holding gain/(loss) on financial instruments by category

	2019 \$'000	2018 \$'000
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost	(36)	(18)
<b>Total contractual financial liabilities</b>	<b>(36)</b>	<b>(18)</b>

The net holding gains or losses disclosed above are determined as follows:

- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

### 7.1.2 Financial risk management objectives and policies

As a whole, IBAC's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.3.

The main purpose in holding financial instruments is to prudentially manage IBAC's financial risks within the government policy parameters.

IBAC's main financial risks include credit risk, liquidity risk and interest rate risk. IBAC manages these financial risks in accordance with its financial risk management policy.

IBAC uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Chief Financial Officer.

### Financial instruments: Credit risk

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. IBAC's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to IBAC. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with IBAC's contractual financial assets is minimal because the main debtor is the Victorian Government.

In addition, IBAC does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, IBAC's policy is to only deal with banks with high credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

There has been no material change to IBAC's credit risk profile in 2018/19.



### **Impairment of financial assets under AASB 9 – applicable from 1 July 2018**

From 1 July 2018, IBAC has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include IBAC's contractual receivables, statutory receivables and its investment in debt instruments.

### **Contractual receivables at amortised cost**

IBAC applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates.

### **Financial instruments: Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due. IBAC operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

IBAC is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. IBAC's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

### **Financial instruments: Interest rate risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. IBAC does not hold any interest bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk. IBAC manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles.

The carrying amounts of financial assets and financial liabilities are exposed to interest rates are set out in the table on the following page.

## 7 Risks, contingencies and valuation judgments (continued)

### Interest rate exposure of financial instruments

	Weighted average interest rate %	Carrying amount <sup>(i)</sup>	Interest rate exposure	
			Fixed interest rate \$'000	Non-interest bearing \$'000
<b>2019</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	7,456	-	7,456
Receivables	-	87	-	87
<b>Total financial assets</b>		<b>7,543</b>	<b>-</b>	<b>7,543</b>
<b>Financial liabilities</b>				
<b>Payables</b>				
Supplies and services	-	2,846	-	2,846
<b>Borrowings</b>				
Finance lease liabilities	3.15	1,414	1,414	-
<b>Total financial liabilities</b>		<b>4,260</b>	<b>1,414</b>	<b>2,846</b>
<b>2018</b>				
<b>Financial assets</b>				
Cash and cash equivalents	-	7,456	-	7,456
Receivables	-	19	-	19
<b>Total financial assets</b>		<b>7,475</b>	<b>-</b>	<b>7,475</b>
<b>Financial liabilities</b>				
<b>Payables</b>				
Supplies and services	-	1,383	-	1,383
<b>Borrowings</b>				
Finance lease liabilities	3.27	1,375	1,375	-
<b>Total financial liabilities</b>		<b>2,758</b>	<b>1,375</b>	<b>1,383</b>

Note:

<sup>(i)</sup> The carrying amounts disclosed here exclude statutory amounts.

## 7.2 Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of a note and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented exclusive of GST receivable or payable respectively.

### Contingent assets

Contingent assets are possible assets that arise from past events, 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.

There were no contingent assets as at 30 June 2019 and 30 June 2018.

### Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, 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
- present obligations that arise from past events but are not recognised because:
  - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations; or
  - the amount of the obligations cannot be measured with sufficient reliability.

Due to a proceeding against IBAC, a contingent liability was reported as at 30 June 2018. At that time, as hearings had not commenced, it was too early to determine the extent of damages, if any. The likelihood of this matter resulting in damages has now been assessed as remote. As such, no contingent liability is reported as at 30 June 2019.

## 7.3 Fair value determination

### How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to 7.3.1) and non-financial physical assets (refer to 7.3.2).

### Significant judgment: Fair value measurement of assets and liabilities

Fair value determination requires judgment and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of IBAC.

This section sets out information on how IBAC determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through profit and loss
- property, plant and equipment.

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

IBAC determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

## 7 Risks, contingencies and valuation judgments (continued)

### Fair value hierarchy

In determining fair values a number of inputs are used.

The levels are as follows:

- Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

IBAC only uses Level 3 unobservable inputs. Significant unobservable inputs have remained unchanged since June 2017.

### 7.3.1 Fair value determination: Financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recognised at the balance sheet, which consist of cash and cash equivalents (see note 6.2), receivables (see note 5.1), payables (see note 6.2) and borrowings (see note 6.1), are a reasonable approximation of fair value, either due to their short-term nature or with the expectation that they will be paid in full.

### 7.3.2 Fair value determination: Non-financial physical assets

The fair value of non-financial physical assets (plant, equipment and vehicles) are normally determined by reference to the asset's depreciated replacement cost. Existing depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

IBAC applies only Level 3 valuation techniques, using significant unobservable inputs, such as useful life, depreciation method and cost, to determine the fair values of its non-financial physical assets. There have been no transfers between levels and no changes in significant unobservable inputs during the period.

## 8 Other disclosures

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### 8.1 Subsequent events

IBAC had no events occur between the end of the reporting period and the date when the financial statements are authorised for issue that would require adjustment to, or disclosure of in our financial statements.

### 8.2 Other economic flows included in net result

Other economic flows are changes in volume or value of assets or liabilities that do not result from transactions. Other gains or losses from other economic flows include gains or losses from:

- the revaluation of the present value of long service leave liability due to changes in discount rates (bond interest rates)
- make good provision due to changes in bond interest rates
- disposal of property, plant and equipment.

	2019 \$'000	2018 \$'000
<b>Other gains from other economic flows</b>		
Net gain/(loss) arising from revaluation of annual leave and long service liability	(190)	4
Net gain arising from revaluation of make good provision	-	1
Net gain from disposal of property, plant and equipment	90	70
<b>Total other gains/(losses) from other economic flows</b>	<b>(99)</b>	<b>75</b>

## 8 Other disclosures (continued)

### 8.3 Remuneration of executives and other personnel

#### 8.3.1 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officer, and their total remuneration during the reporting period are shown in the table following. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Remuneration is determined on an accruals basis, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as, non-monetary benefits such as allowances and free or subsidised goods or services.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other long-term benefits** include long service leave, other long-service benefit or deferred compensation.

**Termination benefits** include termination of employment payments, such as severance packages.

	2019 \$'000	2018 <sup>(a)</sup> \$'000
<b>Remuneration</b>		
Short-term employee benefits	2,845	2,470
Post-employment benefits	256	220
Other long-term benefits	72	59
Termination benefits	116	193
<b>Total Remuneration</b>	<b>3,289</b>	<b>2,942</b>
<b>Total number of executives</b>	<b>18</b>	<b>13</b>
<b>Total annualised employee equivalents (AEE) <sup>(a)</sup></b>	<b>14.34</b>	<b>11.66</b>

Note:

<sup>(a)</sup> Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over 52 weeks for a reporting period.

<sup>(a)</sup> Due to an oversight in applying the changes in FRD 21C, figures have been restated in 2017/18.

## 8.4 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

### Names

The persons who held the positions of Minister, responsible person and accountable officer in IBAC are as follows:

Special Minister of State <sup>(i)</sup>	The Hon Gavin Jennings MLC	1 July 2018 to 30 June 2019
Commissioner	The Hon Robert Redlich QC	1 July 2018 to 30 June 2019
Chief Executive Officer <sup>(ii)</sup>	Alistair Maclean	1 July 2018 to 30 June 2019

Note:

<sup>(i)</sup> The Hon James Merlino MP and The Hon Lily D'Ambrosio MP acted in the office of the Special Minister of State in the absence of The Hon Gavin Jennings MLC.

<sup>(ii)</sup> Executives Christine Howlett and Kerry Ellis acted in the office of the Chief Executive Officer in the absence of Alistair Maclean.

### Remuneration

	Total remuneration	
	2019 No.	2018 No.
<b>Income band</b>		
\$80,000 – 89,999	-	1
\$190,000 – 199,999	1	-
\$290,000 – 299,999	-	1
\$440,000 – 449,999	1	-
\$470,000 – 479,999	-	1
<b>Total number of responsible persons</b>	<b>2</b>	<b>3</b>

## 8 Other disclosures (continued)

### 8.5 Remuneration of auditors

	Total remuneration	
	2019 \$'000	2018 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	37	36
	<b>37</b>	<b>36</b>

### 8.6 Related parties

IBAC is a wholly owned and controlled entity of the State of Victoria. Related parties of IBAC include all:

- key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over)
- cabinet ministers and their close family members
- departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Key management personnel of IBAC includes the Special Minister of State, the Commissioner and the Chief Executive Officer. The compensation detailed in the following table excludes the salaries and benefits the Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the Department of Parliamentary Services' Financial Report.

	2019 \$'000	2018 \$'000
<b>Compensation of key management personnel</b>		
Short-term employee benefits	597	818
Post-employment benefits	20	20
Other long-term benefits	15	18
<b>Total remuneration</b>	<b>632</b>	<b>856</b>

### Transactions with key management personnel and other related parties

Given the breadth and depth of state government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public (eg, by paying stamp duty and other government fees and charges). Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission.

Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with IBAC, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.



## 8.7 Non-financial assets held for sale

	2019 \$'000	2018 \$'000
<b>Non-financial physical assets classified as held for sale</b>		
Motor vehicles under finance leases held for sale	58	-
<b>Total non-financial physical assets held for sale</b>	<b>58</b>	<b>-</b>

Non-financial physical assets are treated as current and classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when:

- the asset is available for immediate use in current condition
- the sale is highly probable and the asset's sale is expected to be completed in 12 months from the date of classification.

These non-financial physical assets, related liabilities and financial assets are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

## 8 Other disclosures (continued)

### 8.8 Australian Accounting Standards issued that are not yet effective

The following AASs become effective for reporting periods commencing after 1 July 2019:

- AASB 16 Leases.

#### Leases

AASB 16 Leases replaces AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases on the balance sheet by recording a Right-Of-Use (RoU) asset and a lease liability except for leases that are shorter than 12 months and leases where the underlying asset is of low value (deemed to be below \$10,000).

AASB 16 also requires the lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset, and remeasure the lease liability upon the occurrence of certain events (eg, a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability will generally be recognised as an adjustment to the RoU asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The effective date is for annual reporting periods beginning on or after 1 January 2019. IBAC intends to adopt AASB 16 in 2019/20 financial year when it becomes effective.

IBAC will apply the standard using a modified retrospective approach with the cumulative effect of initial application recognised as an adjustment to the opening balance of accumulated surplus at 1 July 2019, with no restatement of comparative information.

Various practical expedients are available on adoption to account for leases previously classified by a lessee as operating leases under AASB 117. IBAC will elect to use the exemptions for all short-term leases (lease term less than 12 months) and low value leases (deemed to be below \$10,000).

In addition, AASB 2018-8 – Amendments to Australian Accounting Standards – Right-of-Use Assets (RoU) of Not-for-Profit Entities allows a temporary option for not-for-profit entities to not measure RoU assets at initial recognition at fair value in respect of leases that have significantly below-market terms, since further guidance is expected to be developed to assist not-for-profit entities in measuring RoU assets at fair value. The Standard requires an entity that elects to apply the option (ie, measures a class or classes of such RoU assets at cost rather than fair value) to include additional disclosures. IBAC intends to choose the temporary relief to value the RoU asset at the present value of the payments required (at cost).

IBAC has performed a detailed impact assessment of AASB 16 and the potential impact in the initial year of application has been estimated as follows:

- increase in RoU (\$4.78m)
- increase in related depreciation (\$2.31m)
- increase in lease liability (\$4.78m)
- increase in related interest (\$0.14m) calculated using effective interest method
- decrease in rental expense (\$0.13m).

## 8.9 Glossary of technical terms

### Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and
- b) the effects of changes in actuarial assumptions.

### Borrowings

Borrowings refer to interest-bearing liabilities raised from finance leases of motor vehicles.

### Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

### Comprehensive result

The comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

### Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

### Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense is classified as a 'transaction' and so reduces the 'net result from transaction'.

### Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

### Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits and payroll tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

### Financial asset

A financial asset is any asset that is:

- a) cash or
- b) a contractual or statutory right:
  - i) to receive cash or another financial asset from another entity or
  - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

### Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial liability

A financial liability is any liability that is:

- a) a contractual obligation:
  - i) to deliver cash or another financial asset to another entity or
  - ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity or
- b) a contract that will or may be settled in the entity's own equity instruments and is:
  - i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments or
  - ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

## 8 Other disclosures (continued)

### Financial report

A complete set of financial report comprises:

- a) a balance sheet as at the end of the period
- b) a comprehensive operating statement for the period
- c) a statement of changes in equity for the period
- d) a cash flow statement for the period
- e) notes, comprising a summary of significant accounting policies and other explanatory information
- f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 *Presentation of Financial Statements*
- g) a balance sheet as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial report, or when it reclassifies items in its financial report in accordance with paragraph 4-1 of AASB 101.

### General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

### Grants

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

### Interest expense

Costs incurred in connection with the borrowings. It includes interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

### Leases

Leases are rights to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership. Leases of infrastructure, property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of the ownership from the lessor to the lessee. All other leases are classified as operating leases.

### Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other economic flows – other comprehensive income'.

### Net worth

Net worth is assets less liabilities, which is an economic measure of wealth.

### Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes prepayments, rental security deposits, leasehold improvement, motor vehicles, computer and communication equipment, plant and equipment, and intangible assets.

### Other economic flows included in net result

Other economic flows included in net result are changes in the volume or value of an asset or liability that do not result from transactions. It includes:

- a) gains and losses from disposals, revaluations and impairments of non-financial physical and intangible assets
- b) fair value changes of financial instruments.

### Payables

Payables include short- and long-term trade debt and accounts payable, grants, taxes and interest payable.

## Disclosure index

### Receivables

Receivables include amounts owing from government through appropriation receivable, short and long-term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

### Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of IBAC.

### Transactions

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (eg, assets provided/given free of charge or for nominal consideration) or where the final consideration is cash. In simple terms, transactions arise from the policy decisions of the government.

### Style conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

- zero, or rounded to zero
- (xxx.x) negative numbers
- 200× year/period
- 200×/0× year/period

IBAC's annual report is prepared in accordance with all relevant Victorian legislation and pronouncements. This index on the following pages helps to identify IBAC's compliance with statutory disclosure requirements:

## Ministerial directions and financial reporting directions

Report of Operations		
Legislation Requirement	Requirement	Pages
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment	7
FRD 22H	Purpose, functions, powers and duties	5-7
FRD 8D	Objectives, indicators and outputs	23
FRD 22H	Key initiatives and projects	25-39
FRD 22H	Nature and range of services provided	5-7
<b>Management and structure</b>		
FRD 22H	Organisational structure	8
<b>Financial and other information</b>		
FRD 8D	Performance against output performance measures	23
FRD 8D	Budget portfolio outcomes	N/A
FRD 10A	Disclosure index	140
FRD 12B	Disclosure of major contracts	22
FRD 15E	Executive officer disclosures	11
FRD 22H	Employment and conduct principles	86-89
FRD 22H	Occupational health and safety policy	92-93
FRD 22H	Summary of the financial results for the year	21
FRD 22H	Significant changes in financial position during the year	21
FRD 22H	Major changes or factors affecting performance	21
FRD 22H	Subsequent events	131
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	79
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	75
FRD 22H	Statement on National Competition Policy	22
FRD 22H	Application and operation of the <i>Protected Disclosure Act 2012</i>	31
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	90
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FRD 22H	Details of consultancies under \$10,000	22
FRD 22H	Disclosure of government advertising expenditure	22
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FRD 24D	Reporting of office-based environmental impacts	76
FRD 25D	Local Jobs First disclosures	22
FRD 29C	Workforce Data disclosures	86-87
SD 5.2	Specific requirements under Standing Direction 5.2	96
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	96
SD 5.2.3	Declaration in report of operations	Inside front cover

## Financial report

Legislation	Requirement	Pages
<b>Declaration</b>		
SD 5.2.2	Declaration in financial report	95
<b>Other requirements under Standing Direction 5.2</b>		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	102
SD 5.2.1 (a)	Compliance with other Ministerial Directions	95
SD 5.2.1 (b)	Compliance with Model Financial Report	95-139
<b>Other disclosures are required by FRDs in notes to the financial statements<sup>(i)</sup></b>		
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	132-134
FRD 103G	Non-Financial Physical Assets	109-112
FRD 110A	Cash Flow Statements	101
FRD 112D	Defined Benefit Superannuation Obligations	107

Note:

(i) References to FRDs have been removed from the disclosure index if the specific FRDs do not contain requirements that are of the nature of disclosure

## Legislation

	Pages
<i>Audit Act 1994</i>	41
<i>Building Act 1993</i>	75
<i>Carers Recognition Act 2012</i>	90
<i>Charter of Human Rights and Responsibilities Act 2006</i>	7, 15, 44, 61, 62
<i>Constitution Act 1975</i>	96
<i>Crimes (Assumed Identities) Act 2004</i>	78
<i>Disability Act 2006</i>	94
<i>Drugs, Poisons and Controlled Substances Act 1981</i>	68
<i>Financial Management Act 1994</i>	1, 82, 83, 95, 102, 133
<i>Firearms Act 1996</i>	68
<i>Freedom of Information Act 1982</i>	79
<i>Independent Broad-based Anti-corruption Commission Act 2011</i>	1, 7, 16, 18, 27, 33, 35-37, 41, 42, 46, 59, 61, 66, 78, 79, 94, 102
<i>Integrity and Accountability Legislation Amendment (Public Interest Disclosure, Oversight and Independence) Act 2019</i>	78
<i>Local Jobs First Act 2003</i>	22
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<i>Parliamentary Salaries and Superannuation Act 1968</i>	134
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<i>Public Administration Act 2004</i>	86
<i>Sex Offenders Registration Act 2004</i>	68
<i>Surveillance Devices Act 1999</i>	78
<i>Telecommunications (Interception) (State Provisions) Act 1988</i>	78
<i>Victoria Police Act 2013</i>	27, 59, 68
<i>Whistleblowers Protection Act 2001</i>	11
<i>Witness Protection Act 1991</i>	62, 78



## Definitions

Acronym/term	Explanation
AEE	Annualised employee equivalents
APSACC	Australian Public Sector Anti-Corruption Conference
BP3	State Budget Paper No. 3
CEO	Chief Executive Officer
CFA	Country Fire Authority
Charter	<i>Charter of Human Rights and Responsibilities Act 2006</i>
CMS	Case management system
DET	Department of Education and Training
DFT	Department of Treasury and Finance
DJCS	Department of Justice and Community Safety
DPC	Department of Premier and Cabinet
DWG	Designated workgroup
ERP	Enterprise resource planning
FTE	Full-time equivalent
FM Act	<i>Financial Management Act 1994</i>
GST	Goods and services tax
HSR	Health and safety representatives
HTML	Hypertext Markup Language
IBAC	Independent Broad-based Anti-corruption Commission
IBAC Act	<i>Independent Broad-based Anti-corruption Commission Act 2011</i>
IRP	Issue resolution procedures
LGPro	Local Government Professionals
LMR	Local Management Resolution
MIM	Management Intervention Model
OH&S	Occupational health and safety
OPP	Office of Public Prosecutions
PBT	Preliminary breath test
PD Act	<i>Protected Disclosure Act 2012</i>
PDC	Protected Disclosure Coordinator
PD CoP	Protected Disclosure Community of Practice
RoU	Right-of-Use Assets
SPF	Victorian Social Procurement Framework
TIA Act	<i>Telecommunications (Interception) (State Provisions) Act 1988</i>
VAGO	Victorian Auditor-General's Office
VGPB	Victorian Government Purchasing Board
VPS	Victorian public servant

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