

**From the Office of the Commissioner**

Our ref: CD/17/10173

21 March 2017

Ms Sophie Dunstone  
Committee Secretary  
Senate Select Committee on a National Integrity Commission  
Parliament House  
Canberra ACT 2600

Dear Ms Dunstone

**Senate Select Committee on a National Integrity Commission**

Thank you for your correspondence dated 15 February 2017 inviting the Independent Broad-based Anti-corruption Commission (IBAC) to make a submission to the Senate Select Committee regarding the establishment of a national integrity commission.

As you would be aware, IBAC provided a response to the Committee in April 2016. IBAC takes this opportunity to update the Committee on key operational activities and legislative changes which have come into effect in our jurisdiction since last year's submission.

In May 2016, the Victorian Parliament passed the *Integrity and Accountability Legislation Amendment (A Stronger System) Act 2016*. This Act introduced important changes to our investigative powers. Changes which took effect from 1 July 2016 include:

- the ability to investigate allegations of 'misconduct in public office'
- a broader definition of corruption and lower threshold to investigate corrupt conduct
- introduction of preliminary inquiries: IBAC now has formal power to conduct a preliminary inquiry to determine whether to dismiss, refer or investigate a complaint.

Further, since 1 December 2016, heads of public sector bodies in Victoria are obliged to mandatorily notify IBAC if they suspect corrupt conduct is occurring or has occurred.

These changes mean IBAC can now investigate a broader range of corruption allegations. More information on IBAC's recent activities to expose and prevent corruption in the Victorian public sector is provided in the attachment. I trust this information is of assistance.

Yours sincerely

**Stephen O'Bryan QC**  
Commissioner

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## Information for the Senate Select Committee on a National Integrity Commission: Preventing and exposing corruption in the Victorian public sector

### Preventing

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Under sections 15(5) and (6) of the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC Act), IBAC has a range of corruption prevention and education functions. In light of the size and complexity of the Victorian public sector, which comprises approximately 3,500 entities and more than 300,000 employees, IBAC has developed a corruption prevention strategy which focuses on three priority action areas:

- engaging with the community and the public sector to improve understanding of corruption and its detrimental effects
- improving reporting of corruption and helping to build the public sector's capacity to address reports
- alerting organisations to the latest information and intelligence regarding corruption risks to assist them strengthen their resistance to corruption.

IBAC's corruption prevention efforts are informed by research and consultation with key stakeholders. These efforts are directed towards sharing information and providing guidance on corruption risks and issues revealed through our expository activities including our investigations, strategic intelligence analysis, research and reviews. These works allow public sector bodies to consider corruption risks and tailor interventions to suit their own circumstances.

IBAC's approach to corruption prevention is founded on the principle that public sector bodies must retain primary responsibility for ensuring their own integrity and corruption resistance. Public sector leaders have a thorough understanding of their own organisations' systems, resources, operating environments and risks, and are therefore best placed to develop and implement appropriate integrity and corruption prevention frameworks.

Given the breadth of IBAC's jurisdiction and operating environment, strategic communication particularly targeting our public sector stakeholders is important. It includes utilisation of traditional media, online and social media channels, as well as targeted engagement with the public sector and Victoria Police. IBAC utilises Twitter, LinkedIn and also produces *IBAC Insights*, a quarterly e-newsletter.

In 2016, IBAC commenced our first community education campaign, involving paid government advertising. This campaign, which will run until late April 2017, aims to raise awareness in Victoria about the impacts of corruption in state and local government agencies, and to encourage reporting. The campaign video and further campaign information is available on the IBAC website at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

## **Exposing and investigating**

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Since becoming fully operational in 2013, IBAC has exposed serious and systemic corruption in a number of state government agencies and local councils, as well as police misconduct, using a range of investigative and coercive powers. Some of IBAC's most recent and significant investigations are outlined below.

### **Operations Ord and Dunham**

IBAC has conducted two major investigations into the Victorian Department of Education and Training.

#### *Operation Ord*

In Operation Ord, IBAC found that senior departmental officers misappropriated funds from the Department's budget (including funds allocated to state schools) through false and inflated invoicing, as well as by arranging payment of inappropriate expenses such as excessive hospitality, travel and personal items. The investigation found that between 2007 and 2014 at least \$1.9 million in profits went to relatives and associates of a former senior departmental executive, with a further \$1.1 million in suspicious transactions and \$3.3 million in tainted or suspicious contracts awarded.

IBAC held public hearings in April and June 2015, and tabled a special report to Parliament in April 2016 (a copy of this report is enclosed).

IBAC recommended the Department implement reforms to address the issues identified in Operation Ord and to strengthen integrity and corruption prevention. The Department accepted the recommendations.

Charges have subsequently been laid and the matter is now before the courts.

#### *Operation Dunham*

Operation Dunham investigated the conduct of senior departmental officers, in relation to the Ultranet project, an online learning management system. Public examinations were conducted in February and March 2016.

IBAC found evidence of process corruption, improper diversion of funds, conflict of interest and mismanagement at senior levels of the Department.

A special report was tabled to Parliament in January 2017 (a copy of this report is enclosed). IBAC recommended that the Department ensure its reform program address the issues identified in Operation Dunham, including a review of current arrangements governing how schools and other work areas pursue and respond to commercial opportunities, and strengthening internal procurement and governance arrangements for major projects.

IBAC is seeking advice from the Office of Public Prosecutions in this matter.

IBAC's exposure of serious corrupt conduct through Operations Ord and Dunham has prompted the Department and the broader Victorian public sector to take coordinated action to strengthen systems and practices to improve corruption prevention and integrity. In March 2016, the Victorian Secretaries Board advised it would oversee action including measures to support ethical leadership, improved probity in public procurement, and stronger policy around management of conflicts of interest, and gifts, benefits and hospitality. Copies of reports from the Department of Education and Training and the Department of Premier and Cabinet in response to Operation Ord are available on our website.

### **Operation Ross**

In November 2016, IBAC tabled a report to Parliament on its findings and recommendations following Operation Ross, an investigation into incidents involving alleged excessive use of force by Victoria Police officers against vulnerable people at the Ballarat police station.

IBAC made an interim recommendation that Victoria Police consider whether charges should be brought for common assault in relation to the initial incident investigated pursuant to Operation Ross. Further recommendations were made that Victoria Police review and strengthen its policies and practices in relation to promotions, interventions when an officer has multiple complaints, and compliance with the strip search policy and the Victorian Charter of Human Rights. A copy of the special report is enclosed.

Charges have subsequently been laid and the matter is before the courts.

### **Operations Apsley, Hotham and Yarrowitch**

IBAC has conducted three investigations into illicit drug use by Victoria Police officers. A special report on these investigations (Operations Apsley, Hotham and Yarrowitch) was tabled in December 2016. A copy of the special report is enclosed.

In addition to evidence of serious illicit drug use by Victoria Police officers, the investigations highlighted broader systemic weaknesses in Victoria Police's current approach to preventing and detecting illicit drug use by its officers.

IBAC recommended the Chief Commissioner of Police undertake a comprehensive review of the use of illicit drugs by Victoria Police officers, as well as associated policies, systems and practices to reduce the likelihood of police officers engaging in illicit drug activity. Victoria Police has accepted the recommendations.