Conditions that should apply to a person making a disclosure

Introduction

5.1 Once formal processes are engaged, the making of a public interest disclosure can have serious consequences for the person who has made the disclosure, the person or persons who are the subject of an allegation, and the public interest matter to be addressed.

5.2 It is important that legislative provisions encourage the types of disclosures that are aligned with the objectives of the Act and promote behaviour that does not put at risk the interests of whistleblowers, other participants and investigations.

5.3 This chapter deals with the conditions that should apply to a person making a disclosure and the need for incentives and sanctions to encourage compliance with procedures and minimise the making of knowingly false or reckless allegations.

Threshold of seriousness

5.4 Views expressed to the Committee generally favoured the imposition of a threshold of seriousness for disclosures to receive protection. The Public Service Commissioner considered that there is a need to limit public interest disclosure legislation only to the most serious of public interest breaches including fraud, corruption, illegal activity and serious
administrative failure.\textsuperscript{1} A similar view was advanced by the Law Institute of Victoria (LIV):

The LIV prefers a narrower definition of types of disclosures as the preferred model. We propose that it should be disclosures of serious wrongdoing that, if proved, would constitute grounds for criminal prosecution or at least summary dismissal for serious misconduct that should be caught by the proposed whistleblower legislation.\textsuperscript{2}

5.5 The Ombudsman noted that while a qualifier such as 'serious' or 'significant' could apply to some of the categories of wrongdoing to recognise that the scheme does not capture trivial or academic concerns, some categories of wrongdoing are, in themselves, contrary to the public interest and to qualify those by degrees of seriousness is not appropriate.\textsuperscript{3}

5.6 Similarly, the Community and Public Sector Union noted the threshold of seriousness applied in some state legislation where matters must be of a criminal nature or justify the termination of employment to qualify. Their submission argued that such thresholds were too high because some matters may not be illegal or affect employment but are still improper and important enough to warrant protection.\textsuperscript{4}

5.7 One witness explained to the Committee the tendency of, apparently, less serious issues to grow into significant matters if not taken in hand at an early enough point:

I worked for a while each summer in a meatworks in the smallgoods section, and it was common practice for people to steal a few kidneys or some sweetbreads; a liver or two would go, and these people would go out with these little bulging bags under their clothes ... So it gets worse and worse, and more serious matters occur, and the same culture of secrecy then extends. The same pressure that is placed upon people not to talk about these things is readily extended to more serious matters. So the fostering of a culture in which even trivial matters are properly reported is important for the protection of the public and for the protection of the public purse.\textsuperscript{5}

\textsuperscript{1} Australian Public Service Commission, \textit{Submission no. 44}, p 1, 2.
\textsuperscript{2} Law Institute of Victoria, \textit{Submission no. 35}, p. 6.
\textsuperscript{3} Commonwealth Ombudsman, \textit{Submission no. 31}, p 7.
\textsuperscript{4} Community and Public Sector Union, \textit{Submission no. 8a}, p. 4.
\textsuperscript{5} Dr Bibby, \textit{Transcript of Evidence}, 27 October 2008, p. 2.
5.8 Rather than setting a standard of seriousness, another possible approach could be to describe a graded series of conduct that would then guide how the disclosure is treated.\(^6\)

5.9 Some contributors to the inquiry considered that there should be no threshold of seriousness applied to disclosures in order to qualify for protection.\(^7\) Dr Bowden argued that qualifications of seriousness should not apply because of the difficulty in determining appropriate thresholds.\(^8\)

**Other qualifications for protection**

5.10 Most submissions and witnesses to the inquiry agreed that a basic qualification for making a protected public interest disclosure is that the person making the disclosure should have an honest and reasonable belief that the allegation concerns the kind of reportable conduct referred to in Chapter 4.

5.11 The requirement for an honest and reasonable belief in making a public interest disclosure is a subjective test in that it depends on the view of the whistleblower. This can be contrasted with an objective test requiring that the disclosure ‘shows or tends to show’ wrongdoing. The subjective test is the most common test in state and territory legislation.\(^9\)

5.12 The Community and Public Sector Union submitted that a person should be entitled to protection if:

- the person when making a disclosure honestly believes, on reasonable grounds, that there has been misconduct or wrongdoing; or
- the person makes a disclosure not knowing it discloses misconduct or wrongdoing.\(^10\)

5.13 In elaborating on this criteria, the Union explained that reasonable grounds referred to the information available to the person at the time of the disclosure, that protection should continue even if an investigation demonstrated that there was no substance to the allegation, and that whistleblowers would still be protected if they provided information in ignorance of its significance.\(^11\)

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8  Dr Bowden, *Submission no. 18*, p. 4.
10 Community and Public Sector Union, *Submission no. 8a*, p. 3.
11 Community and Public Sector Union, *Submission no. 8a*, p. 3.
5.14 Other witnesses supported the subjective assessment for the initial receipt of disclosures. Miss Jessica Casben, of Australian Lawyers for Human Rights told the Committee:

The favoured position would be looking at a bona fide reasonable belief, which would be what the person believed at the time themselves. That would then be balanced by the more objective test of whether or not there are grounds as well.\footnote{Miss Casben, Transcript of Evidence, 16 October 2008, p. 12.}

5.15 The Deputy Commissioner of the NSW Independent Commission Against Corruption, Ms Theresa Hamilton, observed that the requirement that a disclosure ‘shows or tends to show’ for example, corrupt conduct, under the \textit{Protected Disclosures Act 1994}, has been interpreted narrowly and does not provide protection where a person believes that they had witnessed corrupt conduct. In such circumstances protection would not apply if it is later established that corrupt conduct did not occur or that maladministration had actually taken place.\footnote{Ms Hamilton, Transcript of Evidence, 27 October 2008, p. 78.}

5.16 The NSW legislation was notable for its inflexibility because it prescribes the types of matters that must be disclosed to certain agencies and if a matter is disclosed to the wrong agency, even if the matter and the agency are covered under different provisions, the person would not be afforded protection.\footnote{Ms Hamilton, Transcript of Evidence, 27 October 2008, p. 83.}

\textbf{Frivolous and vexatious disclosures}

5.17 Most jurisdictions permit administrative tribunals and oversight agencies to dismiss matters that are frivolous or vexatious or otherwise misconceived or lacking in substance. The circumstances would be that the information discloses no conduct relevant to the legislation or is groundless. A decision-maker might deem a matter to be frivolous, vexatious or otherwise misconceived or lacking in substance if it is so obviously untenable that it cannot possibly succeed, or if useless expense would be involved in allowing the matter to stand.\footnote{Mr Metcalfe, Transcript of Evidence, 27 November 2008, p. 8.}

5.18 Section 6 of \textit{the Ombudsman Act 1976 (Cth)} provides discretion not to investigate certain complaints:

(1) Where a complaint has been made to the Ombudsman with respect to action taken by a Department or by a prescribed
authority, the Ombudsman may, in his or her discretion, decide not to investigate the action or, if he or she has commenced to investigate the action, decide not to investigate the action further:

(a) if the Ombudsman is satisfied that the complainant became aware of the action more than 12 months before the complaint was made to the Ombudsman; or

(b) if, in the opinion of the Ombudsman:

(i) the complaint is frivolous or vexatious or was not made in good faith;

(ii) the complainant does not have a sufficient interest in the subject matter of the complaint; or

(iii) an investigation, or further investigation, of the action is not warranted having regard to all the circumstances.

5.19 The Commonwealth Ombudsman’s Work Practice Manual provides the following guidance on what may be considered frivolous and vexatious:

**Frivolous** — of little weight, trivial, not worthy of serious notice, trifling. For example, complaints about a spelling mistake which in no way affects the meaning conveyed in a letter from an agency, or the colour of a person’s shirt, could reasonably be considered “frivolous”.

**Vexatious** — instituted without sufficient grounds or for the purpose of causing trouble or annoyance to the other party. The Courts have described a vexatious claim as one that is ‘productive of serious and unjustified trouble and harassment’ or a claim that is manifestly hopeless ...

**Good faith** — an action is taken in good faith if it is done honestly, even if it is done negligently or ignorantly. Thus a person who makes a false or misleading complaint, but does so with an honest belief in its truth, even if ‘honestly blundering and careless’, will be acting in good faith. Conversely, an act made with knowledge of the deception and with intent to defraud/deceive or to achieve a collateral outcome is not made in good faith.16

5.20 In practice however, the discretion to decline an investigation on frivolous or vexatious grounds is rarely used as it ‘implies an element of personal criticism’. An alternative to using the label of frivolous or vexatious is to

citing s. 6 (1)(b)(iii) of the Ombudsman Act 1976, that investigation is not warranted in all the circumstances. 17

5.21 The NSW Council for Civil Liberties expressed concern that the NSW Protected Disclosures Act 1994 enables an investigating authority to decline or discontinue an investigation if it is considered that a disclosure is frivolous or vexatious, and was concerned that legitimate public interest disclosures could be easily dismissed by recourse to that description. 18

5.22 Other submissions referred to the need to exclude frivolous and vexatious allegations to ensure that the public interest disclosure system uses its resources most effectively by focusing on matters that are clearly in the public interest. 19

5.23 In a submission to the Law Reform Committee of the Victorian Parliament, the Victorian Bar proposed that an applicant may request that a person’s conduct be declared vexatious in circumstances where habitual and persistent conduct, without any reasonable ground, adversely affects the interests of the applicant. 20 Such a provision would be a relevant consideration in protecting the interests of persons adversely affected by a purported public interest disclosure.

Penalties and sanctions

5.24 The Committee was asked to consider whether penalties and sanctions should apply to whistleblowers who, in the course of making a public interest disclosure, materially fail to comply with procedures under which disclosures are to be made, or knowingly or recklessly make false allegations.

5.25 The former Australian Public Service Commissioner, Mr Andrew Podger, suggested that, rather than penalties or sanctions, the existing APS code of conduct disciplinary mechanisms and civil liability would be sufficient to deal with whistleblowers who do not follow procedure or make false allegations:

The APS Code of Conduct could be used to discipline a current APS employee who does not obey a reasonable and lawful direction or does not uphold the APS Values and I assume there

18 Dr Bibby, Transcript of Evidence, 27 October 2008, p 5.
19 Attorney-General’s Department, Submission no. 14, p. 2.
20 Submission of the Victorian Bar in response to a letter from Mr Johan Scheffer MLC, Chair of the Parliament of Victoria Law Reform Committee, 13 June 2008.
would be civil law penalties available where any other whistleblower does not meet the requirement of having an honest and reasonable belief that the allegation is correct, and has acted recklessly or with malice.\textsuperscript{21}

5.26 On the general issue of penalties and sanctions, the Commonwealth Ombudsman concurred with the former APS Commissioner and argued that such disincentives for making a disclosure would run counter to the purpose of new legislation, that is to facilitate genuine disclosures, rather than creating ‘a new weapon available to the state to penalise dissent’.\textsuperscript{22}

5.27 Provisions on procedures for making a protected disclosure are discussed in Chapter 7. In practice, non-compliance with procedures can have a range of consequences depending on what procedure is breached, the nature of the disclosure and who is affected.

5.28 The Queensland Council of Unions told the Committee that procedures adopted for making protected disclosure should be simple, clear and informal. The union noted that there are significant barriers which prevent persons from making disclosures and the process adopted by the whistleblower protection legislation should not present an additional barrier.\textsuperscript{23}

5.29 The undesirability of formalising exactly what steps must be taken for a disclosure to attract protection was explained in evidence from the NSW Independent Commission Against Corruption, which cautioned that, should legislation contain specific reporting procedures, a person who, for example, mistakenly approached the wrong agency would lack protection from legal liability.\textsuperscript{24}

5.30 Whistleblowers Australia suggested that the nature of the consequence of any failure to comply with prescribed procedure should be considered in determining whether penalties or sanctions are appropriate. For example, a serious offence could be committed where a breach of procedure results in harm to the public interest. However, no penalties or sanctions should apply where a disclosure is found to serve the public interest.\textsuperscript{25}

5.31 The Australian Public Service Commission submitted that whistleblowers who do not comply with public interest disclosure procedures should face

\begin{itemize}
\item \textsuperscript{21} Mr Podger, \textit{Submission no. 55}, p. 4.
\item \textsuperscript{22} Commonwealth Ombudsman, \textit{Submission no. 31}, p. 8.
\item \textsuperscript{23} Ms Ralston, \textit{Transcript of Evidence}, 28 October 2008, p. 21.
\item \textsuperscript{24} Deputy Commissioner Hamilton, \textit{Transcript of Evidence}, 27 October 2008, p. 78.
\item \textsuperscript{25} Whistleblowers Australia, \textit{Submission no. 26}, pp. 26-27.
\end{itemize}
some consequences similar to the sanctions outlined in s. 15(1) of the *Public Service Act 1999*, ranging from reprimand to termination of employment. However, different sanctions would be required for former employees and other categories of whistleblowers who cannot be demoted or have their employment terminated.\textsuperscript{26}

5.32 The APS Merit Protection Commissioner suggested to the Committee that sanctions could apply to the agency responsible for investigating a public interest disclosure if it is found that it has not complied with prescribed procedure in handling a disclosure.\textsuperscript{27}

5.33 In its submission to the inquiry, the Attorney-General’s Department noted that penalties for those who do not comply with procedures could assist in improving the effectiveness of a public interest disclosure scheme. The Department considered that penalties for non-compliance were particularly important where disclosures related to classified and security sensitive information due to the potential harm that may be caused:

AGD would support the inclusion of penalties for failure to comply with any requirements for the protection of classified and security sensitive information due to the seriousness consequences that inappropriate disclosure could have to matters such as national security, law enforcement, intelligence or defence operations, and Australia’s international relations.\textsuperscript{28}

5.34 It was put to the Committee that legislative provisions should include some flexibility to be able to receive reports of disclosable conduct even where the disclosure is not initially made in accordance with prescribed procedure.

5.35 According to Deputy Commissioner Hamilton of the NSW Independent Commission Against Corruption, protection should be afforded to whistleblowers once a good faith intention to make a disclosure is demonstrated:

At the moment under the Protected Disclosures Act in New South Wales, if you do not go to the right agency you do not get the protection ... I do not think it is helpful to make people have to be lawyers, in effect, and know exactly what the definition of corrupt conduct is and exactly what is serious maladministration. As long

\textsuperscript{26}  Australian Public Service Commission, *Submission no. 44*, p. 11.
\textsuperscript{28}  Attorney-General’s Department, *Submission no. 14*, p. 3.
as they have a genuine go at going to the right organisation, I think they should be protected.  

5.36 The Commonwealth Ombudsman and the National President of the Australian Institute of Professional Investigators expressed a similar view, arguing that provisions should be designed to encourage people to come forward with their concerns and that disclosures need not strictly comply with procedures where they are presented in good faith.  

False allegations

5.37 A number of contributors to the inquiry considered that people who knowingly or recklessly make false allegations should not be afforded protection. Other contributors went further to argue that such disclosures should be subject to sanction.

5.38 If sanctions for people who knowingly or recklessly make false allegations should apply, the basis of those sanctions could be from within the new public interest disclosure legislation or through the application of other relevant legislation such as the Crimes Act 1914 or the Criminal Code.

5.39 As discussed in Chapter 4, disclosures should not be disqualified from protection on account of the motive of the person making the disclosure. However, it was suggested that penalties should apply where a disclosure is found to be a false allegation and motivated by malice:

… if someone motivated by malice made a complaint about a professional and it turned out to be an unjustified complaint, then I think there ought to be sanctions against the person who exhibited the malice, because they knew perfectly well it was unjustified.  

Sections 70 and 79 of the Crimes Act 1914

5.40 At the head of Australian secrecy legislation is the Crimes Act 1914. Section 70 deals with the unauthorised disclosure of information by Commonwealth officers and s. 79 deals with the disclosure of ‘official 

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30 Mr Newlan, Transcript of Evidence, 21 August 2008, p. 2; Commonwealth Ombudsman, Submission no. 31, p. 8.
31 For example, Community and Public Sector Union, Submission no. 8a, p. 3.
secrets’. The net result is that ss. 70 and 79 make the unauthorised disclosure of any government information a criminal offence.33

5.41 There was general agreement that a person should not be sanctioned under the confidentiality provisions of the Crimes Act 1914 for making a disclosure in a manner that conforms to the public interest legislation. It was noted that there was need to clarify the law in this area. Mr Christopher Warren of the Media Entertainment and Arts Alliance told the Committee that there is too much uncertainty with how suspected breaches of s. 70 are treated:

One of the things that causes great uncertainty within the public sector at the moment if you make an unauthorised disclosure of information, whether it is a leak or whatever, is that there is no certainty about what will happen to you. It may be that you will be prosecuted under the Crimes Act or that absolutely nothing will happen. So I think the practice can also provide some uncertainty.34

5.42 Some submitters to the inquiry argued that s. 70 should be amended so that it applies only to the most serious breaches rather than being a general provision against disclosure.35 Mr Roger Wilkins AO cautioned against allowing people who become dissatisfied with the process to publicise their disclosure and cautioned about changes to s. 70 of the Crimes Act 1914. The appropriateness of protecting disclosures to the media is discussed further in Chapter 7.

5.43 The Committee was advised that, from 1 July 2005 to 30 June 2008, there had been 45 referrals to the Australian Federal Police (AFP) in relation to unauthorised disclosures under s. 70 of the Crimes Act 1914. Of those investigated by the AFP, four were referred to the Commonwealth Director of Public Prosecutions.36

Rewards

5.44 Personal ethics and values are an important driving factor for people who speak out about suspected wrongdoing in the workplace. No Australian jurisdiction currently has a financial reward or other type of intangible

35 For example, see Mr Ellis, Submission no. 33, p. 3.
recognition system specifically in place for whistleblowers who contribute to the public good. According to Whistleblowers Australia:

... surviving a public interest disclosure is a good reward, surviving with restitution or compensation for harm suffered is better and surviving without harm is best.\textsuperscript{37}

5.45 Some contributors to the inquiry argued in favour of adopting ‘qui tam’ provisions to reward whistleblowers, such as that used in the False Claims Act in the United States.\textsuperscript{38} Qui tam provisions enable individuals to collect a share of money recovered if they provide information that forms the basis of a successful prosecution for fraud against the government. As Associate Professor Faunce explained:

Qui tam is a truncated version of the Latin phrase ‘qui tam pro domino rege quam pro se ipso’, which translates to English as, ‘Who sues on behalf of the King, as well as for himself’. Since the medieval period, qui tam provisions have allowed citizens to act as "private attorneys general" in bringing civil actions against those who violate the law. Under such provisions government’s pay a reward or bounty to individuals to provide an incentives for them to provide information.\textsuperscript{39}

5.46 Dr Sawyer supported the qui tam provisions of the False Claims Act arguing that it provided strong protection for whistleblowers, recovered over $20 billion in fraud since 1986, was open to anyone to bring forward a claim about any fraud against the government and that successful actions had a ripple effect in reducing fraud across other firms within a sector.\textsuperscript{40}

5.47 Associate Professor Faunce argued that while altruistic motives should be encouraged, qui tam rewards would offer practical compensation for the hardship that whistleblowers may face:

I think you have to be realistic how much we can expect these people to carry on doing this if it leads to the destruction of their lives and loss of employment. I do not see why, if someone believes that the government is being defrauded, they should not

\textsuperscript{37} Whistleblowers Australia, Submission no. 26, p. 12.
\textsuperscript{38} False Claims Act 31 USC 3729-3733; See Dr Bowden, Transcript of Evidence, 27 October 2007, p. 25, Associate Professor Faunce, Submission no. 4, p. 3; Dr Sawyer, Submission no. 57, p. 11; Ms Kardell, Submission no. 65, p. 15.
\textsuperscript{39} Associate Professor Faunce, Submission no. 4, p. 14.
\textsuperscript{40} Dr Sawyer, Submission no. 57, p. 11-12.
be entitled to receive recompense, just as any other form of public service is recompensed.\textsuperscript{41}

5.48 Others contributors were more circumspect on the issue of rewarding whistleblowers. Professor Francis considered that while rewards can send an important message about the kind of behaviour that is valued in an organisation it may provide an incentive for people to report false or semi-frivolous allegations.\textsuperscript{42}

5.49 The Director of Transparency International Australia, Mr Grahame Leonard AM, expressed doubts about the value of financial rewards for whistleblowers and the signals that such a scheme could send:

\begin{quote}
… we would not want to have financial incentives for people to seek out—you do not want bounty hunters, so to speak—areas where they could get personal financial gain.\textsuperscript{43}
\end{quote}

5.50 The issue of qui tam–style rewards for whistleblowers was considered by this Committee in 1989 as part of a review of the adequacy of existing legislation on insider trading in financial markets. That Committee heard concerns about the credibility of evidence that was induced by rewards and formed the view that such rewards were not suitable in Australia’s context:

\begin{quote}
The Committee rejects any suggestion that a system of rewards or bounties be introduced in Australia. Such a system is incompatible with current attitudes in relation to the credibility of evidence. It is also incompatible with accepted principles and practice within Australian society.\textsuperscript{44}
\end{quote}

5.51 Qui tam provisions such as those contained in the US False Claims Act are a mechanism to eliminate fraudulent claims against the government that any individual may initiate. While those provisions continue to have an important role in combating fraud in the US, the main focus of the Committee is in recognising and supporting those who make public interest disclosures within the Australian Government public sector concerning the conduct of public officials.

5.52 Other types of possible rewards for whistleblowers suggested to the Committee include additional financial increments to salary, tax

\textsuperscript{41} Associate Professor Faunce, \textit{Transcript of Evidence}, 18 September 2008, p. 7.
\textsuperscript{42} Professor Francis, \textit{Transcript of Evidence}, 21 August 2008, p. 43.
\textsuperscript{43} Mr Leonard AM, \textit{Transcript of Evidence}, 21 August 2008, p 63.
\textsuperscript{44} House of Representatives Legal and Constitutional Affairs Committee October 1989, \textit{Fair shares for all: insider trading in Australia}, p. 45.
deductions, superannuation contributions and recommendations for Australia day honours. Mr Chadwick of the Australian Broadcasting Corporation noted that bestowing honours to whistleblowers recognising their contribution as an act of bravery sends a message about cultural change in the workplace.

View of the Committee

5.53 Qualifications for affording protections to persons making disclosures should include a reasonable belief, on the basis of the information available, that the allegation is of disclosable conduct described in the legislation. An objective test, that a disclosure ‘shows or tends to show’ wrongdoing is an excessive requirement, would discourage disclosures and should not form part of the scheme.

5.54 In order to encourage the making of a public interest disclosure, disclosures should be protected until it is established that the substance of the issue revealed is frivolous, vexatious, knowingly false, misconceived, lacking in substance or that the matter should not be investigated in view of all the circumstances.

Recommendation 10

5.55 The Committee recommends that the Public Interest Disclosure Bill provide, as the primary requirement for protection, that a person making a disclosure has an honest and reasonable belief on the basis of the information available to them that the matter concerns disclosable conduct under the legislation.

Recommendation 11

5.56 The Committee recommends that the Public Interest Disclosure Bill provide authorised decision makers with the discretion, in consideration of the circumstances, to determine to discontinue the investigation of a disclosure.

45 Associate Professor Faunce, Transcript of Evidence, 18 September 2008, p. 7.
46 Mr Chadwick, Transcript of Evidence, 9 September, 2008, p. 28.
Recommendation 12

5.57 The Committee recommends that protection under the Public Interest Disclosure Bill not apply, or be removed, where a disclosure is found to be knowingly false. However, an authorised decision maker may consider granting protection in circumstances where an investigation nonetheless reveals other disclosable conduct and the person who made the initial disclosure is at risk of detrimental action as a result of the disclosure.

5.58 In order to promote a culture of disclosure, penalties should generally not apply to whistleblowers who do not comply with procedures. However, in cases where serious consequences arise from a person who knowingly makes a false allegation, or leaks official information, then the person should be liable for penalties under the Criminal Code Act 1995 and the Crimes Act 1914.

5.59 The Committee considers that the new public interest disclosure system should focus on the removal of disincentives to making a disclosure. This is consistent with the goal of fostering open communication within agencies and a pro-disclosure culture where public officials can feel comfortable about raising concerns as part of normal business practice.

5.60 Australia’s honours system should continue to recognise and celebrate those who have made a difference in their fields. The Committee considers that recognising whistleblowers where they have made a contribution to the integrity of public administration sends an important message about the value of an open pro-disclosure culture. Agency heads should actively consider recognising whistleblowers within their organisation through their own existing rewards and recognition programs.