



# ANNUAL REPORT 2019/20

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)

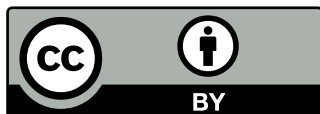
### **Ordered to be published by the Victorian Government Printer [PP 172, Session 2018-20]**

ISSN 2202-7300 (print)  
ISSN 2203-028X (digital)

We used Australian-made, FSC certified paper.

© State of Victoria 2020

(Independent Broad-based Anti-corruption Commission)



You are welcome to re-use this work under a Creative Commons Attribution 4.0 licence, provided you credit the State of Victoria (Independent Broad-based Anti-corruption Commission) as author, indicate if changes were made and comply with the other licence terms. The licence does not apply to any branding, including Government logos.

## ABOUT THIS REPORT

This annual report outlines IBAC's work in the 2019/20 financial year to build a corruption-resistant Victorian public sector. It details our operational and financial performance, achievements, and how we work to prevent and expose public sector corruption and police misconduct.

This report is a key accountability document and one way 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*, the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC Act) and the *Public Interest Disclosures Act 2012*.

We have made changes to this report so that IBAC better meets its reporting obligations under these Acts, including

- a new structure to meet financial reporting directives
- new data in the complaints and notifications chapter to meet public interest reporting requirements.

IBAC is not required to report on the implementation of its annual plan for 2019/20 as this is a new requirement under the IBAC Act and applies from 2020/21.

For legal and operational reasons, we cannot report on some activities publicly. 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.

Wherever possible, when activities are no longer sensitive or constrained by legal and statutory requirements, we inform the public.

## RESPONSIBLE BODY'S DECLARATION

In accordance with the *Financial Management Act 1994*, the *Independent Broad-based Anti-corruption Commission Act 2011* and the *Public Interest Disclosures Act 2012*, I am pleased to present the Independent Broad-based Anti-corruption Commission's annual report for the year ending 30 June 2020.

A handwritten signature in black ink, appearing to read 'R. Redlich', with a stylized, cursive script.

**The Honourable Robert Redlich AM, QC**

Commissioner

Independent Broad-based Anti-corruption Commission

20 October 2020

# CONTENTS

**11**

CHAPTER 1  
ABOUT IBAC

**19**

CHAPTER 2  
YEAR IN SUMMARY

**23**

CHAPTER 3  
OUR CORPORATE  
PLAN

**35**

CHAPTER 4  
COMPLAINTS AND  
NOTIFICATIONS

**47**

CHAPTER 5  
INVESTIGATIONS

**61**

CHAPTER 6  
INDEPENDENT  
OVERSIGHT

**67**

CHAPTER 7  
PREVENTION AND  
EDUCATION

**79**

CHAPTER 8  
WORKFORCE  
DATA AND OTHER  
DISCLOSURES

**89**

FINANCIAL REPORT

**131**

DISCLOSURE INDEX

**133**

LEGISLATION

**134**

GLOSSARY

**135**

INDEX

# IBAC'S YEAR AT A GLANCE

## COMPLAINTS/NOTIFICATIONS, ALLEGATIONS AND PROTECTED DISCLOSURES

**2419** 

complaints/notifications received,  
a 3% increase on 2018/19

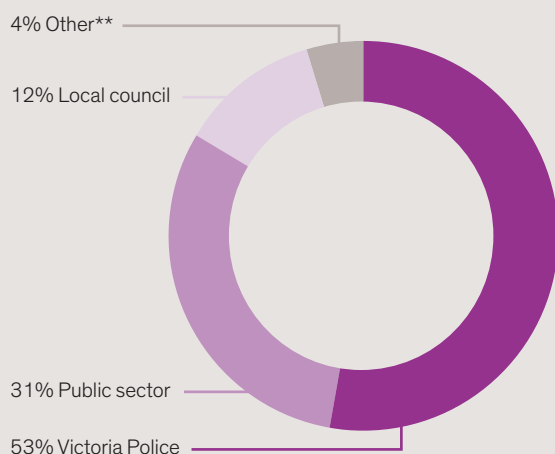
**5955** 

allegations assessed,  
a 2% increase on 2018/19

**1184** 

allegations assessed as public interest  
and protected disclosures,  
a 35% increase on 2018/19\*

## ALLEGATIONS BY SECTOR



## INVESTIGATIONS AND OUTCOMES

**24** 

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

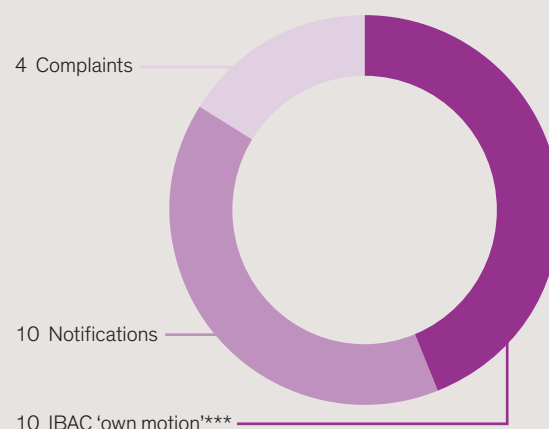
**28** 

investigations and preliminary  
inquiries finalised

**46** 

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

## SOURCE OF IBAC INVESTIGATIONS AND PRELIMINARY INQUIRIES COMMENCED IN 2019/20



## REVIEWS


59 

reviews of police investigations completed,  
a 31% increase on 2018/19

8 

reviews of public sector investigations  
completed, a 37% decrease on 2018/19

## SOCIAL REACH

161,902 

unique visits to IBAC's website, a 58% increase  
on 2018/19

3480 

subscribers to *IBAC Insights*

5981 

Twitter and LinkedIn followers

## PREVENTION INITIATIVES

75 

corruption prevention initiatives delivered

93% 

satisfaction rating with corruption prevention  
initiatives delivered

5 

special and research reports published  
exposing corruption and misconduct,  
and ways it can be prevented

- \* On 1 January 2020, the *Public Interest Disclosures Act 2012* came into effect and the terminology changed. From 1 July until 31 December 2019, disclosures were recorded as protected disclosures. From 1 January until 30 June, disclosures were recorded as public interest disclosures.
- \*\* Other includes the Victorian Parliament, the judiciary and out of jurisdiction.
- \*\*\* IBAC can be advised of corruption and misconduct matters in different ways. If IBAC decides to investigate on its own motion, that is, without a complaint from an individual or a notification from a public sector body, this investigation is referred to as an 'own motion' investigation.

## COMMISSIONER'S FOREWORD



COVID-19 swept across the world in the first half of 2020, leaving a trail of chaos in its wake. Coming so soon after the devastating summer bushfires, the pandemic has changed many aspects of our lives – from the way we work to the way we

socialise. It has also changed the way in which Victorians engage with the government agencies that serve us. Now, more than ever, Victoria needs a strong integrity system.

The risks of corruption and police misconduct are heightened in an environment of crisis and emergency, especially when Victorian Police are enforcing a range of public health directions and the public sector has additional demands placed upon it. During these times, IBAC's work becomes even more critical to ensure decisions are always made with integrity and in the public's best interest.

For the past eight years, IBAC has exposed and worked to prevent corruption and police misconduct in Victoria. This year, we have been resolute in the face of considerable challenges to strengthen corruption resistance within our public sector, including Victoria Police, to ensure that, robust public integrity underpins the operation of our state.

We recognise the considerable pressure our public sector is under. However, we must not avert our gaze when we know it is precisely circumstances like these which increase the risks of corruption and police misconduct. In fact, we must redouble our efforts to maintain integrity in the way decisions are made and services delivered. It is through integrity in our institutions that communities benefit and thrive. We cannot afford corruption in the best of times, and we certainly cannot afford it in the worst when the role of government, our public sector and police becomes more important than ever.

This report provides a summary of the work of IBAC over the past year, and provides an account of how we are meeting our legislated purpose to expose and prevent corruption.

### LEADERSHIP CHANGES

This financial year has seen significant leadership changes at IBAC. In December 2019 we farewelled our founding CEO Alistair Maclean. Under Alistair's leadership, IBAC has developed into an effective anti-corruption agency with significant achievements in building the corruption resistance approach of Victoria's public sector, including Victoria Police. I thank Alistair for his public service to the organisation and commend him on his contribution to helping make Victoria a better place.

In January, we welcomed our new CEO, Marlo Baragwanath, and Deputy Commissioner David Wolf, and the return of our Director Prevention & Communication, Christine Howlett, from a secondment to the Royal Commission into Management of Police Informants.

Ms Baragwanath has strong expertise in public sector governance and administration. She joins IBAC from her role as Victorian Government Solicitor. Ms Baragwanath is a highly regarded leader and will build on the legacy of Mr Maclean.

Deputy Commissioner Wolf has a broad range of skills, and a deep understanding of regulatory and integrity matters, and public sector and council administration. Mr Wolf was formerly Victoria's Chief Municipal Inspector and head of the Local Government Inspectorate.

Ms Baragwanath and Mr Wolf build on the breadth of leadership experience in the IBAC executive team, while also bringing fresh ideas and energy.

***"Now, more than ever, Victoria needs a strong integrity system."***

The Honourable Robert Redlich AM, QC  
IBAC Commissioner

## INCREASED CORRUPTION AND POLICE MISCONDUCT RISKS DURING COVID-19

Like many Victorians, IBAC staff have been working remotely since March. Our independent oversight of Victoria Police and the public sector has continued within the parameters of public health safety precautions. We continue to take complaints and notifications, and investigate allegations of wrongdoing while supporting our public sector and Victoria Police to build their corruption and police misconduct prevention strategies.

The breadth of the COVID-19 restrictions, the speed at which they were introduced, along with ongoing changes to the Chief Health Officer's directions, increases pressure on Victoria Police and the broader public sector. Risks arise when not enough attention is given to how agencies and individuals comply with procedures that support integrity; documenting decision-making, ensuring proper procurement, and declaring and properly managing conflicts of interest, to name a few. Pressures can also increase the risk of rationalising misconduct on the basis that 'the ends justifies the means.'

I have called on all public sector agencies and Victoria Police to review their corruption prevention and detection strategies to ensure they are effective in minimising risks in the current circumstances. I urge all agencies and employees to be aware of corruption risks and to strengthen their systems and practices to mitigate them.

## OUR INDEPENDENT POLICE OVERSIGHT ROLE

One of IBAC's most important and highly visible functions is the independent oversight of Victoria Police. This work includes independently investigating cases of serious or systemic police misconduct and corruption, and supporting Victoria Police to improve systems and practices, reviewing internal investigations conducted by Victoria Police and working with them to build and strengthen their integrity culture.

With the State of Emergency and State of Disaster declarations, Victoria Police and other public sector agencies were required to enforce strict restrictions set by the Chief Health Officer. These directions, designed to protect health, have restricted where Victorians can go, what we can do and who we can associate with.

In this annual report we provide a summary of IBAC's work in independently overseeing Victoria Police during the year. We report on public sector and Victorian Police together and separately, including the number of complaints and notifications (including public interest disclosures), investigations, reviews and prevention actions. In addition, we will publish the Victoria Police information as a separate section on our website so that this information is easy to access for those interested in this aspect of our work.

## INVESTIGATIONS INFORM OUR STRATEGIC INTELLIGENCE AND PREVENTION WORK

IBAC investigations highlight corruption, and police misconduct, vulnerabilities in policies, systems and practices that can enable corrupt conduct. High-impact investigations, appropriately supported by public hearings, also contribute to prevention and education and encourage reporting of suspected corruption, by raising media, public sector and community awareness of the adverse impacts of corruption and misconduct.

Following investigations, IBAC can make recommendations to relevant agencies pursuant to section 159 of the IBAC Act to help them improve policies, systems and practices to prevent corruption and misconduct in the future. Agencies are required to advise us how they have actioned these recommendations.

As part of our corruption prevention function, IBAC publishes information about agencies' responses to formal recommendations on our website. In so doing, we share lessons learned and actions taken to strengthen systems and processes with others.

## COMMISSIONER'S FOREWORD (CONT)

### OPERATION SANDON

Public hearings are an important tool in creating a corruption-resistant public sector. To resist corruption, everybody needs to understand what corruption looks like. Public hearings build community understanding about conduct that is corrupt (or contributes to or conceals corrupt conduct) and, importantly helps identify actions to prevent it.

Examinations for Operation Sardon, an examination of the adequacy of Victoria's systems and controls for safeguarding the integrity of the state's planning processes, continued this year. As part of our prevention focus, the public hearings concentrate on strategic issues and systemic corruption vulnerabilities identified through the investigation. I am pleased that video streaming of these hearings has been well received, with thousands of people accessing the stream and transcripts through our website. We will resume our public hearings as virtual hearings in the near future.

### ANTI-CORRUPTION CONFERENCE

In October last year, IBAC delivered Australia's leading anti-corruption conference, the Australian Public Sector Anti-Corruption Conference, in partnership with state and federal integrity and anti-corruption agencies. Held in Melbourne, the three-day, multi-disciplinary event focused on preventing, exposing and responding to corrupt conduct and corruption risks in public institutions, including all levels of government, elected bodies, the judiciary and statutory bodies.

The conference attracted more than 500 delegates, and provided an opportunity for anti-corruption and other agencies, academia, the private sector and other practitioners to discuss and share their experience and expertise.

I thank our speakers, including The Honourable Anne Ferguson, Chief Justice of the Supreme Court of Victoria, for the opening address and The Honourable Jennifer Coate AO for her keynote, as well as our international keynote speakers Dr Layode Syarif, Commissioner of the Indonesian Corruption Eradication Commission, Professor Robert Klitgaard, and Ms Sarah Chayes.

### RESOURCING IBAC TO DO ITS WORK

Securing budget independence, which came into effect on 1 July this year, was an important step to provide financial independence to IBAC, as it means previous direct financial relationships with any department or minister have been severed.

While budget independence is welcomed, IBAC has not received any increase to its recurring budget since its inception in 2012. I raised this issue in last year's report and it remains a significant concern.

A strong anti-corruption agency must be independent, accountable and adequately resourced. The ability of IBAC to meet the growing demands and expectations of Parliament and the people of Victoria depends upon the resources, as well as powers, at our disposal.

We have had significant growth in our workload since IBAC became fully functional in 2013 and the core budget has not been indexed. Our operations and the requirements on IBAC have continued to grow, but the funding we need to continue this important work has not.

To illustrate, IBAC has assumed a range of new legislative and compliance functions over recent years not originally budgeted for. There are growing expectations from stakeholders and the Victorian community for more extensive oversight of police and more capacity to investigate and prevent corruption across the public sector.

IBAC is committed to deliver what is required for the Victorian community; however, without additional funding, we will not be able to maintain current services. This will significantly impact our capacity to independently and robustly expose and prevent corruption.

### A NOTE OF THANKS

IBAC has concluded another successful and productive year – although it has been a year with challenges unlike any other in living memory. Our performance this year is one we can all be proud of. I thank every one of our employees, IBAC's Deputy Commissioners, the Chief Executive Officer, the Directors, and the broader leadership team for their contributions towards preventing and exposing serious corruption and police misconduct this year.



The Honourable Robert Redlich AM, QC  
Commissioner

## CEO'S FOREWORD



When I joined IBAC as CEO in January this year, I could not have imagined what this year would bring. It was a challenging start as we managed IBAC's transition to working from home while working closely with the executive and other teams to ensure we

could deliver our important work.

Despite this challenge, IBAC has continued its work in exposing corruption and supporting our public sector, including Victoria Police, to build their corruption resistance. We have largely maintained our operations and continue to deliver on a broad range of corruption prevention activities, including stakeholder engagement, communications and new resources.

I have seen what IBAC is capable of, witnessed the dedication and professionalism of individuals and teams, and look forward to seeing what the agency can achieve in a post-COVID world.

### PROTECTING OUR INDEPENDENCE, MAINTAINING ACCOUNTABILITY

It is imperative that IBAC is visibly and practically independent from the government of the day, while being accountable to the Victorian community. IBAC has the powers of a standing Royal Commission. These are significant powers with serious obligations. We are held to account for our actions and are subject to scrutiny by a range of Victorian and federal bodies, including the Victorian Inspectorate and a Parliamentary Committee, the Integrity and Oversight Committee. This annual report is one way that we publicly account for our performance.

Maintaining clear independence from potential government influence, be it from ministers, public officers or others, is crucial to IBAC's effectiveness. Independence safeguards our ability to investigate allegations of corruption and misconduct without fear or favour – from the highest levels of government and the public sector and police, to an office manager or protective services officer on the street. This independence gives the community a level of trust and confidence that corruption in Victoria can be exposed and prevented.

In June 2020, we announced we would join the Victorian Ombudsman to investigate alleged serious misconduct and corruption involving Victorian public officers. This joint investigation along with the conviction of a departmental deputy secretary in July 2020 further demonstrates that no person is protected from investigation of alleged corruption or serious misconduct.

### NEW PUBLIC INTEREST DISCLOSURE LAWS

For Victoria's integrity system to work, people must feel safe to report suspected public sector corruption or police misconduct. Changes to the public interest disclosure legislation, which came into effect on 1 January 2020, make it easier and safer to report wrongdoing. Disclosures, previously referred to as 'protected disclosures', are now known as 'public interest disclosures', which better reflects that disclosures are made by people – often at great personal risk – who want to expose corruption and misconduct in the public interest.

The new laws provide additional safeguards for people who make genuine disclosures, including keeping their identity confidential, and protecting them from reprisals such as bullying, harassment or legal action. IBAC supports Victoria's public sector to understand and manage the changes through updated information, engagement activities, and new tools and resources. Read more about how we engaged and supported the public sector to prepare for changes to this legislation on page 71.

The changed legislation on 1 January led us to rethink the way we present public interest disclosure information in this report. We have changed the presentation of our public interest disclosure data to better reflect the requirements of the Public Interest Disclosures Act. This section starts on page 36 and is further broken down to give information about the public sector and Victoria Police.

***“Maintaining clear independence from potential government influence, be it from ministers, public officers or others, is crucial to IBAC's effectiveness.”***

Marlo Baragwanath, CEO

## CEO'S FOREWORD (CONT)

### USING VIRTUAL COMMUNICATIONS

IBAC stepped into the virtual world this year as we started video-streaming public examinations and prevention events. The enhanced accessibility of our work was complemented by improvements to our online content, including the range of information available in community languages. As we slowly open up again, post COVID-19, we need to remember that effectively reaching people is more than face-to-face meetings or engaging with stakeholders we already deal with. It is also about simplifying messages and improving the way we explain who we are and what we do. We endeavour to improve the way we engage with communities, and our focus has expanded to community members who may be additionally vulnerable when they interact with the public sector, including Victoria Police, and who may wish to file a complaint or otherwise engage with us.

### CORRUPTION PREVENTION STRATEGY

Over the past five years, there have been significant changes in the Victorian public sector, Victoria's integrity system, and in IBAC's operating model (resourcing, capabilities, caseload and data holdings). A stronger evidence base has increased our understanding of emerging corruption and police misconduct risks and there are insights from new approaches to prevention in anti-corruption and other settings we can apply. We are reviewing our prevention strategy in light of these changes. The review will identify how we can strengthen our approach to corruption prevention, reflect contemporary best practice, and fulfil our prevention and education functions given tightening fiscal constraints in coming years.

The Integrity and Oversight Committee is also conducting a review into how integrity agencies deliver their prevention and education responsibilities, and this review will further inform our approach.

### OUR PEOPLE

During 2019/20 we focused on ways to better support our people through developing a new occupational health and safety strategy, supporting mental health and wellbeing, and improving our workplace culture. We commit to enhancing diversity and inclusion and to addressing gender imbalances in our organisation. You can read more about this work on pages 34 and 81.

IBAC's staff are highly skilled and experienced practitioners who share a clear understanding of purpose and what they have to deliver. The energy, dedication and passion of IBAC's people is integral to our success. Looking back on 2019/20, I am proud of what we have achieved – particularly in a year that presented so many challenges. I acknowledge the hard work of all our staff, our executive team, and thank them for their significant contributions.



**Marlo Baragwanath**  
CEO

## CHAPTER 1:

# ABOUT IBAC

## OUR GUIDING PRINCIPLES

### 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 public interest 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 damages 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 some form of 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.

## VICTORIA'S INTEGRITY SYSTEM

Victorian Inspectorate and Victorian Parliament provide oversight of IBAC, Ombudsman and VAGO



**Independent  
Broad-based  
Anti-corruption  
Commission**

Exposes and prevents public sector corruption and police misconduct



**Victorian  
Ombudsman**

Investigates administrative actions of state government departments, local councils and statutory authorities



**Victorian  
Auditor-General's  
Office**

Provides independent assurance to the Parliament and the Victorian community on the financial integrity and performance of the state

Other agencies supporting the integrity system include:  
Local Government Inspectorate, Office of the Victorian Information Commissioner,  
and Commissions for the Victorian Public Sector, Judiciary and Human Rights and Equal Opportunity

## 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 IBAC Act and other legislation; the Integrity and Oversight Committee monitors and reviews our performance, and examines the reports we publish.

We share our work publicly, including on our website and through other media, when it is appropriate to do so, unless prevented by operational and legal constraints.

## HISTORY AND LEGISLATION

The IBAC Act, passed in November 2011, outlines 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 and police misconduct. In assessing complaints and notifications that are made to it, IBAC determines which complaints are 'public interest complaints' under the *Public Interest Disclosures Act 2012* (formerly the *Protected Disclosure Act 2012*). IBAC also ensures Victoria Police has regard to the *Charter of Human Rights and Responsibilities Act 2006*, including through IBAC's reviews of complaint investigations by Victoria Police.

On 1 January 2020, amendments to the Public Interest Disclosures Act came into effect. It changed how improper conduct and corruption in the Victorian public sector could be reported. It also changed the protections available to those who report. The changes, which were passed in February 2019, aim to better protect 'whistleblowers' and encourage disclosures about wrongdoing in public office.

As the lead agency responsible for managing public interest disclosure complaints, IBAC worked with other integrity agencies and public sector departments and agencies to help them prepare for these changes to Victoria's integrity system. There is more information about how we did this on page 71.

Under the Public Interest Disclosures Act, IBAC, the Victorian Ombudsman, the Chief Commissioner of Police, the Victorian Inspectorate, the Racing Integrity Commissioner, the Chief Municipal Inspector, the Judicial Commission of Victoria, and the Information Commissioner can investigate complaints that are public interest complaints.

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 Public Interest Disclosures Act for issuing guidelines on handling disclosures and managing the welfare of people who make public interest disclosures. It is also responsible for providing information and education about the public interest 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 its 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.

And as part of the emergency response to COVID-19, Victoria Police is enforcing the new public health directions made under the *Public Health and Wellbeing Act 2008*. This includes policing certain types of travel, gatherings and self-isolation orders. IBAC is overseeing the policing of these new directions.

## ABOUT IBAC (CONT)

Independent oversight of Victoria Police by IBAC is provided by:

- receiving complaints and 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 serious incidents or selected matters that IBAC has referred to Victoria Police to ensure those matters are handled appropriately and fairly
- conducting 'own motion' investigations into serious police misconduct
- overseeing deaths and serious injuries associated with police contact and identifying matters for review
- conducting private or public hearings 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, including through IBAC's reviews of complaint investigations by Victoria Police
- undertaking research and other strategic initiatives, including auditing how Victoria Police handles complaints
- conducting statutory inspections of Victoria Police under the *Drugs, Poisons and Controlled Substances Act 1981*, *Witness Protection Act 1991*, *Firearms Act 1996*, *Crimes Act 1958* and the *Sex Offenders Registration Act 2004*.
- 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.

## CHANGES TO IBAC

Following the resignation of Special Minister of State Gavin Jennings from Parliament, machinery of government changes came into effect on 23 March 2020. Under these changes, IBAC's responsible Minister is now the Attorney-General supported by the Department of Justice and Community Safety.

## MOVE TO BUDGETARY INDEPENDENCE

The *Integrity and Accountability Legislation Amendment (Public Interest Disclosures, Oversight and Independence) Act 2019* passed both houses of Parliament and received Royal Assent on 5 March 2019. Part 5 of that Act, which commenced on 1 July 2020, makes changes to the operation of IBAC, the Victorian Ombudsman and the Victorian Inspectorate.

Importantly, the allocation of funding under the Parliamentary Appropriation Bill, as opposed to the General Appropriation Bill, means IBAC no longer has a direct relationship with any department or minister.

The Integrity and Accountability Legislation Amendment Act will have the following effect on IBAC:

- Before the beginning of each financial year, IBAC must prepare an annual plan\* describing IBAC's proposed work program for that financial year and submit the plan to the Integrity and Oversight Committee for its consideration in conjunction with its draft budget.
- Like other independent offices of the Parliament, IBAC is no longer funded under the General Appropriation Bill but through the Parliamentary Appropriation Bill.
- An independent performance auditor must conduct a performance audit at least once every four years to determine whether IBAC is achieving its objectives effectively, economically and efficiently, and in compliance with this Act.
- IBAC will be required to bring in-house a number of administrative processes (mainly related to finance) that were previously provided by the responsible department.

\* IBAC is not required to report on the implementation of its annual plan for 2019/20 as this is a new requirement under the IBAC Act and applies from 2020/21.

## DIRECT COSTS ATTRIBUTABLE TO MACHINERY OF GOVERNMENT CHANGES

IBAC incurred no direct costs as a result of a machinery of government change in the 2019/20 financial year.

## IMPACT OF COVID-19

On 16 March 2020, a State of Emergency was declared in Victoria giving the Chief Health Officer extra powers to help contain the spread of coronavirus and keep Victorians safe. The State of Emergency was extended on 31 May until 21 June 2020. Victorians were asked to work from home if they could do so, and gatherings and movement were restricted.

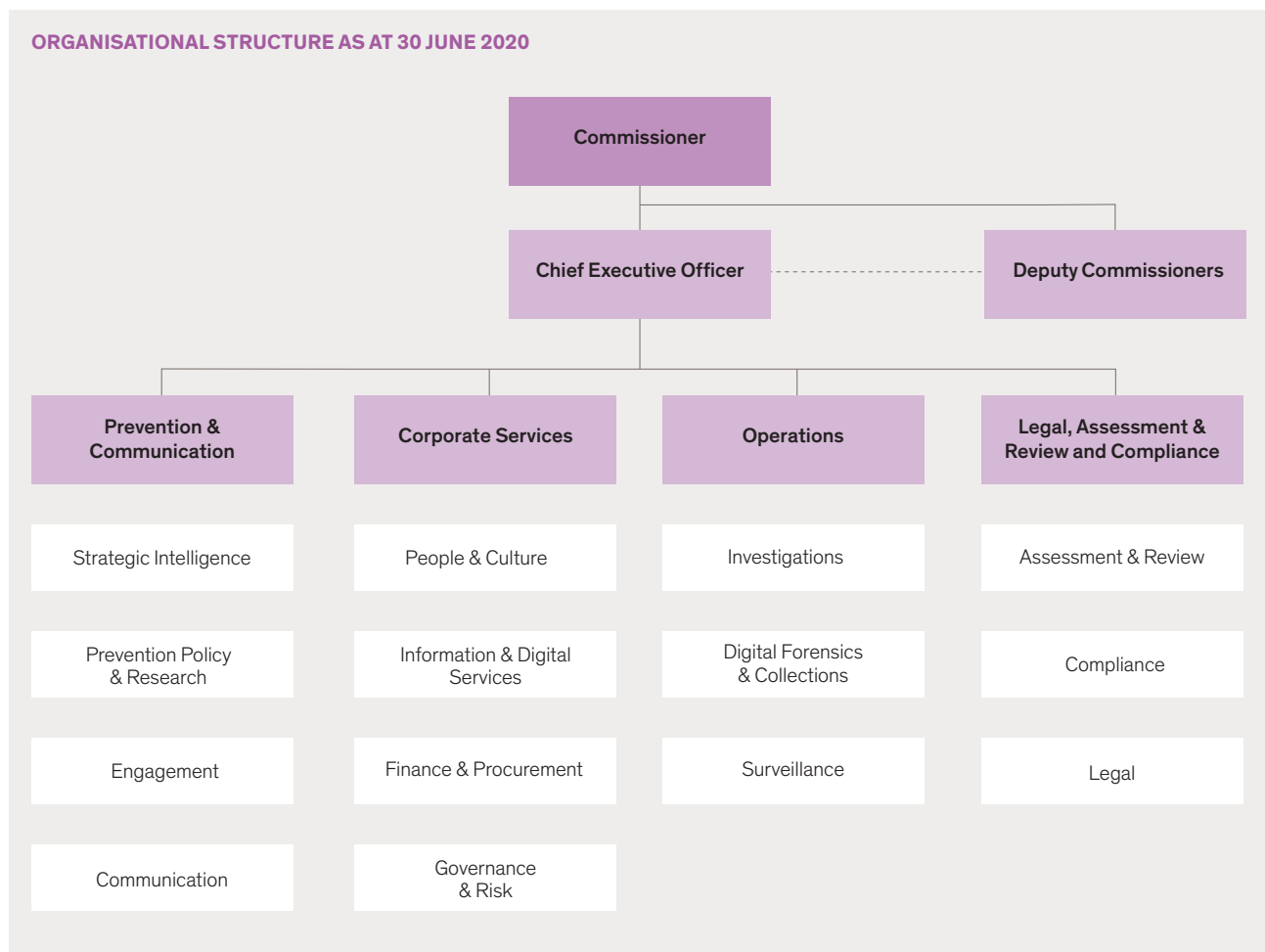
IBAC closed its offices in March and staff were required to predominantly work from home, in line with the Chief Health Officer's directions. The remote working arrangements impacted IBAC's core business activity from mid-March until 30 June 2020. The impact will continue into the next financial year.

The impact of the pandemic and restrictions placed on people and their movements has limited some operational and other activities. For example, we were not able to finalise some investigations as quickly as we would in normal circumstances.

Complaints and notifications were affected by some delays in processing and sending physical mail due to staff working from home. In addition, there were delays in the time it took to receive information from other agencies to inform our assessment decisions. These factors resulted in longer than usual times taken to assess complaints and notifications.

IBAC's engagement activities were also impacted as remote working arrangements and gathering restrictions caused a significant reduction in the number of events IBAC was able to host. Some key face-to-face events were cancelled and those able to be delivered online had a modified format.

## CORPORATE STRUCTURE



## ABOUT IBAC (CONT)

### LEADERSHIP

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 strategic direction to the agency, and ensures we meet our strategic goals and legislative responsibilities in an accountable and responsible way. IBAC's executive team at 30 June 2020 is listed on the following two pages.

#### Commissioner and Deputy Commissioners

IBAC's Commissioner is an independent officer of the Victorian 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 hearings.

#### Commissioner

##### The Honourable Robert Redlich AM, QC

The Honourable Robert Redlich AM, QC started 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 a member of the Victorian Bar for 30 years and served as Chairman of the Victorian Bar Council. Commissioner Redlich brings extensive experience to IBAC, including the investigation of corrupt practices within the public service and the police. He was counsel assisting the Board of Inquiry into electoral fraud and other corrupt practices at Richmond Council. He was appointed the Special Prosecutor to the Commonwealth arising out of the Costigan and Stewart Royal Commissions. His office became the first Commonwealth Director of Public Prosecutions office in 1984. He was appointed to oversee the investigation about senior police and Continental Airlines. He has successfully both defended and prosecuted criminal cases about corrupt practices by police officers. Commissioner Redlich's significant achievement in legal practice was recognised with his appointment as Queen's Counsel in 1984. As senior counsel he had a broad civil and criminal law practice, including the successful prosecution of members of the former Consorting Squad for corrupt practices and the successful prosecution of the contract killer of Donald Mackay, and Douglas and Isabel Wilson. He acted for government departments in lengthy coronial inquests, including the Kew Cottages fires and the Linton fires. He has served as a Director of the Legal Aid Commission and for many years chaired the advisory committee on jury directions in criminal trials.

#### Deputy Commissioner

##### Katie Miller

Ms Miller started 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.

#### Deputy Commissioner

##### David Wolf

Mr Wolf started a three-year term as a Deputy Commissioner on 28 January 2020. Mr Wolf has many years' experience working in the Victorian Public Sector in integrity and regulatory environments. He has an extensive regulatory and communication background with previous management and executive roles in media and corporate communications. Prior to joining IBAC, he was Chief Municipal Inspector for the Local Government Inspectorate, the dedicated integrity agency for all local councils in Victoria. Mr Wolf started his career as a police officer for Victoria Police. He holds tertiary qualifications in leadership and management and is an executive fellow of the Australian and New Zealand School of Government.

### EXECUTIVE TEAM

#### Chief Executive Officer

##### Marlo Baragwanath

The Chief Executive Officer is responsible for the general conduct and the effective, efficient and financial management of IBAC's functions and activities. Ms Baragwanath joined IBAC in January 2020 after three years as the Victorian Government Solicitor leading the Victorian Government Solicitor's Office. Prior to that, she worked in leadership roles at the Victorian Building Authority and WorkSafe Victoria. She also held roles at Ombudsman Victoria, the Department of Justice and in private legal practice. Ms Baragwanath has a Law (Honours)/Arts degree from Monash University and a Masters in Public Administration and Public Policy from London School of Economics.

## Director Prevention & Communication Christine Howlett

The Director of Prevention & Communication leads the delivery of IBAC's corruption prevention mandate, supported by strategic intelligence, research, engagement and communication. Ms Howlett, who joined IBAC in January 2013, has substantial executive experience across state and federal government agencies, primarily in the justice and human services sectors. In 2019, Ms Howlett worked on secondment as Special Adviser to the Royal Commission into the Management of Police Informants. She holds a Master of Arts (Criminology by Research) and Bachelor of Arts (Combined Honours) from the University of Melbourne, as well as a Graduate Certificate of Management from the Australian Graduate School of Management.

## Director Corporate Services Glenn Ockerby

The Director of Corporate Services leads the Finance and Procurement, Information & Digital Services, Governance & Risk (including corporate strategic planning) and Human Resources teams. Mr Ockerby started with IBAC on 15 June 2020. He joined IBAC from the Metropolitan Fire Brigade where he was Executive Director, Corporate Services and Chief Financial Officer. Mr Ockerby has broad experience gained from a variety of public and private sector leadership roles, including the Victorian WorkCover Authority and KPMG Australia. He holds a Bachelor of Business in Accountancy, a Masters in Business Administration and is a Certified Practising Accountant.

## 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 20 years. Prior to joining IBAC in 2019, Ms Fatouros was the Executive Director, Criminal Law Services at Victoria Legal Aid. Before that role, she was the Legal Prosecution Specialist Advocacy 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 (Honours) and a Bachelor of Arts (Honours).

## ABOUT IBAC (CONT)

### AUDIT AND RISK MANAGEMENT COMMITTEE

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

The committee met four times in 2019/20, 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 Financial Management 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 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 \$36,536 (excluding GST) for 2019/20.

### AUDIT AND RISK MANAGEMENT COMMITTEE INDEPENDENT MEMBERS

#### Sara Watts (Chair)

Ms Watts is an experienced non-executive director and audit and risk committee chair. She has worked in a range of sectors including information technology, higher education, arts and disability, bringing skills in financial management, technology deployment and governance. She currently serves on the boards of: Syrah Resources, Vision Australia, BagTrans Group, Literacy Planet, Uniting NSW and ACT, and is a Trustee of the Australian Museum. Ms Watts is a member, or Chair, of the audit and risk committees of each of those entities and previously chaired the audit and risk committee of the Victorian Auditor-General's Office. Ms Watts holds a Bachelor of Science, a Masters in Business Administration, is a Fellow of CPA Australia, and a Fellow of the Australian Institute of Company Directors.

#### 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 five local government committees and membership of two others. Mr Harry is also a member of the audit and risk committees of: The Department of Premier and Cabinet, Agriculture Services Victoria, Orygen Youth Mental Health, Chisholm TAFE, 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.

#### Jennifer Johanson

Ms Johanson is an experienced non-executive director in financial services, education and the not-for-profit sector, with deep capability in governance and risk management, supported by strong communication and negotiation capabilities, and a background in audit, risk and information technology. Ms Johanson is currently: a senior advisor for RSM Australia, an independent member and Deputy Chair of the Audit and Risk Committee for the Chief Minister, Treasury and Economic Development Directorate, ACT Government, an independent member of the Finance and Audit Committee for Trinity College, University of Melbourne and an independent member of the Finance, Risk and Audit Committee for Education Services Australia. Previous roles have included Head of Audit Services and General Manager Audit, Technology for ANZ, Melbourne and Senior Manager, Information Systems and Technology, Risk Management and Assurance for Telstra, Melbourne. Ms Johanson is a Chartered Accountant, holds a Bachelor of Commerce and an AICD Company Directors Diploma and is also a Certified Information Systems Auditor.

## CHAPTER 2

# YEAR IN SUMMARY

### KEY EVENTS AND INITIATIVES

2019

#### JULY 2019

IBAC hosts legal sector roundtable event on preventing corruption and police misconduct

#### AUGUST 2019

IBAC Commissioner gives keynote address at Institute of Public Administration Australia's Public Sector Week

#### SEPTEMBER 2019

*Unauthorised access and disclosure of information held by Victoria Police* research report released

IBAC hosts community of practice event for Public Interest Disclosure Coordinators

*Special report on corruption risks associated with procurement in local government: Operations Dorset, Royston and others* tabled to Parliament

*Corruption risks associated with public sector boards* information sheet released

*Unauthorised access and disclosure of information held by Victoria Police* research report released

#### OCTOBER 2019

*Managing corruption risks associated with conflicts of interest in the Victorian public sector* research report released

IBAC hosts Australian Public Sector Anti-corruption Conference

IBAC annual report 2018/19 tabled to Parliament

*Corruption risks associated with government-funded human services delivered by community organisations* information sheet released

#### NOVEMBER 2019

Operation Sandon public examinations start (November, December, March)

#### DECEMBER 2019

IBAC hosts Corruption Prevention and Integrity Insights forum in Geelong

*Corruption risks in the social housing sector* information sheet released

2020

#### JANUARY 2020

Public Interest Disclosures Act comes into effect

Marlo Baragwanath starts as CEO

David Wolf starts as Deputy Commissioner

#### FEBRUARY 2020

*Unauthorised access and disclosure of information held by the Victoria public sector* research report released

IBAC hosts legal sector roundtable on preventing corruption and police misconduct

#### MARCH 2020

Machinery of government changes (IBAC responsible minister changes)

State of Emergency declared

IBAC closes its office and staff start working remotely

#### MAY 2020

*Operation Betka: An investigation into alleged corrupt conduct by a former contractor of the Department of Education and Training* tabled to Parliament

IBAC executives participate in a panel discussion and podcast as part of the Victorian Law Foundation's Law Week

#### JUNE 2020

Online Public Interest Disclosure Coordinators annual forum

## PERFORMANCE REPORTING – NON-FINANCIAL SECTION MEASURES

IBAC's performance measures are set out in 2019/20 State Budget Paper No. 3 (BP3); Public Sector Integrity and outlined in this table. IBAC's performance has been affected by the closure of IBAC's office and staff working remotely due to the coronavirus pandemic. The resourcing implications of the new public interest disclosure scheme has also had an impact on IBAC's activities in 2019/20.

	Unit of measure	2019/20 target	2019/20 actual	Performance variation	Notes	Result
<b>Quantity</b>						
Corruption prevention initiatives delivered by IBAC	number	90	75	-17%	Due to the impact of COVID-19 across the public sector and emergency restrictions, a number of IBAC prevention and engagement events did not take place as planned. There was also a reduction in invitations and engagement requests from other public sector agencies and external stakeholders due to competing priorities and the forced closures. The emergency measures also impacted on the delivery of other prevention initiatives, such as IBAC reports and other resources, due to delays in external stakeholder consultations to inform the development of content.	■
<b>Quality</b>						
Satisfaction rating with corruption prevention initiatives delivered by IBAC	per cent	95	93	-2%		○
<b>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	79	-7%	The reduction in the proportion of public sector complaints and notifications assessed within 45 days is in part attributed to process and resource impacts arising from the Public Interest Disclosures Act, with new requirements coming into effect from 1 January 2020. It has also been impacted by COVID-19 with: office closures; remote-working arrangements; staff on special leave; delays in receiving information from other agencies; and difficulties in processing incoming and outgoing mail. All of these factors contributed to the increase in time taken to assess complaints and notifications.	■
Complaints or notifications about police personnel conduct and police personnel corrupt conduct assessed by IBAC within 45 days	per cent	90	68	-24%	Police complaints and notifications assessment times were impacted in the same manner as public sector complaints and notifications. The difference between the public sector and police results is largely attributed to the higher volume of police complaints and notifications received, representing about 60 per cent of all complaints and notifications.	■
Proportion of standard IBAC investigations into public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) completed within nine months <sup>(i)</sup>	per cent	60	100	67%	The proportion of standard public sector investigations completed within nine months exceeded the target. This positive result is due to the fact that standard investigations generally require less specialist skills, such as forensic accounting and financial analysis. Standard investigations also represent a small proportion of investigations completed overall, with the majority being complex.	✓ <sup>(i)</sup>

	Unit of measure	2019/20 target	2019/20 actual	Performance variation	Notes	Result
Proportion of complex IBAC investigations into public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) completed within 18 months <sup>(i)</sup>	per cent	60	75	25%	The proportion of complex public sector investigations completed within 18 months exceeded the target.	✓ <sup>(i)</sup>
Proportion of standard IBAC investigations into police personnel conduct and police personnel corrupt conduct completed within nine months <sup>(ii)</sup>	per cent	60	100	67%	The proportion of standard police investigations completed within nine months exceeded the target. This positive result is due to the fact that standard investigations generally require less specialist skills, such as forensic accounting and financial analysis. Standard investigations also represent a small proportion of investigations completed overall, with the majority being complex.	✓ <sup>(ii)</sup>
Proportion of complex IBAC investigations into police personnel conduct and police personnel corrupt conduct completed within 18 months <sup>(iii)</sup>	per cent	60	71	18%	The proportion of complex police investigations completed within 18 months exceeded the target.	✓ <sup>(iii)</sup>

## Notes:

✓ Performance target achieved or exceeded.

■ Performance target not achieved – exceeds five per cent or \$50 million (cost measures only) variance.

○ Performance target not achieved – within five per cent or \$50 million (cost measures only) variance.

(i) This performance measure replaced the 2018/19 performance measure 'Proportion of IBAC investigations into public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) completed within 12 months'. It was replaced to more accurately reflect IBAC's focus on standard and complex investigations.

(ii) This performance measure replaced the 2018/19 performance measure 'Proportion of IBAC investigations into police personnel conduct and police personnel corrupt conduct completed within 12 months'. It was replaced to more accurately reflect IBAC's focus on standard and complex investigations.

## FINANCIAL REPORT SUMMARY

IBAC had sufficient funding in 2019/20 and is expected to have sufficient funding in 2020/21 to deliver on its corruption prevention and expository operations and support services.

However, IBAC has not received any increase to its recurring budget since its inception in 2012 and has, over this period, absorbed all annual Consumer Price Index (CPI) and enterprise agreement related increases. IBAC was able to do this due to underspend in its formative years, which is not unusual for organisations in start-up phase. Since 2018, IBAC has supplemented its recurring budget by utilising finite funding sources (unspent IBAC funds re-phased to future years and in 2020/21 IBAC plans to use an IBAC Trust fund), both of which are expected to be exhausted by 30 June 2021. IBAC requires an increase to its recurrent funding and annual indexation for future years purely to meet current costs. An indexation provision is ordinarily a permanent feature of the annual budget of a Victorian Government agency.

If the additional funding and annual indexation is not provided, IBAC will have to decrease the number of matters it investigates and will need to commence a cost reduction exercise. This will have a significant impact on IBAC's ability to efficiently complete a number of current investigations and curtail the number of new matters IBAC can investigate in future. It will also impact the number of complaints IBAC can access (and the efficiency with which IBAC can conduct those assessments), special and public reports IBAC can publish, and the prevention initiatives it can undertake.

### FINANCIAL PERFORMANCE

IBAC's net financial result for the year was a deficit of \$22,000 compared to a \$99,000 deficit in 2018/19. We aim to break even. These results are due to technical accounting adjustments. A summary of IBAC's performance is outlined below.

### INCOME

IBAC receives its funding from government as a grant. Income or grant funding increased by 6.5 per cent in 2019/20 which was due to a corresponding increase in expenditure. This includes \$567,000 in conference fees which IBAC collected from delivering the Australian Public Sector Anti-corruption Conference which was a once-off event and \$3.3 million funding to cover depreciation expenses. IBAC had access to \$4 million prior year unspent funds that was used to supplement the 2019/20 recurring budget. From 1 July 2020 onwards IBAC will be budget independent and will be funded through a parliamentary appropriation.

### EXPENDITURE

IBAC's expenditure also increased by 6.5 per cent, with 72 per cent of expenditure spent on employees. The main reason for the increase in expenditure is an increase in employment expenditure. As a result of the decision to add an extra Investigations team in 2018, additional employees were hired in 2018/19, with many starting at the end of that year. The full financial effect of this in 2019/20 was the main reason for the increase.

### FINANCIAL POSITION

IBAC's financial position shows total assets of \$44.76 million, liabilities at \$24.57 million and equity of \$20.19 million. Both increased substantially compared to last year but this was due to the introduction of a new accounting standard (AASB 16) which resulted in IBAC needing to recognise the value of the lease on the balance sheet. During 2019/20, \$1.28 million was expended on capital works, mainly asset replacements and a new case management system which is due to be finalised in 2020.

#### FINANCIAL SUMMARY 2019/20 AND PREVIOUS FOUR YEARS

	2019/20 (\$m)	2018/19 (\$m)	2017/16 (\$m)	2016/15 (\$m)	2015/16 (\$m)
<b>Financial performance</b>					
Total income	<b>46.528</b>	43.672	39.695	36.372	32.580
Total expenditure	<b>46.528</b>	43.672	39.695	36.372	31.992
Net result from transactions	-	-	-	-	0.588
Comprehensive result	<b>(0.022)</b>	(0.099)	0.075	0.132	0.554
<b>Financial position</b>					
Total assets	<b>44.763</b>	30.150	28.054	27.418	27.138
Total liabilities	<b>24.569</b>	9.902	7.707	7.092	6.923
Total equity	<b>20.194</b>	20.248	20.347	20.326	20.215
<b>Cash flow</b>					
Net cash flow from operating activities	<b>3.615</b>	1.395	1.701	1.459	1.915

## CHAPTER 3:

# OUR CORPORATE PLAN

In July 2018, IBAC released its *2018–21 Corporate Plan* which 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 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.

This is the second year reporting against IBAC's corporate plan, and our progress to become more effective and efficient. The details of the work IBAC has undertaken and progress towards each focus area is covered in this report.

## IMPLEMENTING OUR CORPORATE PLAN

Year 1  
2018/19

**Build on our  
foundational  
capabilities**

Year 2  
2019/20

**Embed our 'proactive'  
operating model**

Year 3  
2020/21

**Measure and grow  
our impact**

## FOCUS AREA 1: EXPOSING AND PREVENTING CORRUPTION AND MISCONDUCT

### Exposing and preventing corruption and police misconduct

- Adopt a proactive approach across all of IBAC's operations.
- Respond effectively and intelligently to complaints, notifications and reports.
- Inform the public sector and police of corruption risks and prevention strategies.
- Strengthen our use of data, analysis and applied research.
- Increase our investigative and review capacity of police misconduct.
- Encourage the development of the right culture in public sector organisations, including Victoria Police.

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 and help to shape a public sector that actively resists corruption. The decision by IBAC to investigate is informed by:

- complaints
- information reports
- notifications
- public interest disclosures
- 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.

Our investigations inform another core function of IBAC's work which is to prevent corruption and police misconduct. IBAC engages with the community, police and public sector to raise awareness and improve understanding of corruption and its impacts. It also encourages the reporting of corruption and police misconduct. IBAC also alerts organisations to research and intelligence information about corruption risks.

IBAC's operational and oversight work allows it to:

- better understand and identify corruption and misconduct risks
- expose serious and systemic corruption and misconduct
- prevent corruption and misconduct.

## HIGHLIGHTS

### OPERATION SANDON PUBLIC EXAMINATIONS

In 2019/20, IBAC held public examinations (also known as hearings) into allegations of serious corrupt conduct in relation to local government planning and property development decisions. The examinations are part of an IBAC investigation, Operation Sandon, into allegations of corrupt conduct involving councillors and property developers in the City of Casey in Melbourne's south-east.

The first round of the public examinations ran from 18 November to 6 December 2019. Examinations recommenced on 2 March and were adjourned on 17 March 2020 until further notice due to the COVID-19 restrictions. For more information, read the case study about Operation Sandon on page 50.

### SPECIAL REPORTS AND RESEARCH REPORTS

IBAC's investigations inform our work to prevent public sector corruption and police misconduct.

In 2019/20, IBAC released two special reports:

- *Operation Betka: an investigation into alleged corrupt conduct by a former contractor of the Department of Education and Training* (May 2020)
- *Special report on corruption risks associated with procurement in local government* (September 2019)

IBAC released three research reports in 2019/20:

- *Unauthorised access and disclosure of information held by the Victorian public sector* (February 2020)
- *Managing corruption risks associated with conflicts of interest in the Victorian public sector* (October 2019)
- *Unauthorised access and disclosure of information held by Victoria Police* (September 2019)

Read more about our special reports on page 72 and our research reports on pages 73 and 78.

IBAC undertakes strategic research to examine corruption and police misconduct issues and risks, and highlight emerging risks. IBAC also released eight information sheets on a range of topics (see page 75). These publications were supported by communication materials, including videos and media releases, and via stakeholder engagement activities, and can be found on IBAC's website.

### AUSTRALIAN PUBLIC SECTOR ANTI-CORRUPTION CONFERENCE

In October 2019, IBAC hosted Australia's leading anti-corruption conference, in partnership with state and federal integrity and anti-corruption agencies.

The three-day, multi-disciplinary event allowed the public sector and others the opportunity to discuss and share experiences and expertise on corruption prevention. More than 500 delegates from across the country and overseas attended the conference and workshops. There is more detail about the conference on page 70.

### REGIONAL CORRUPTION PREVENTION EVENTS

IBAC delivered a Corruption Prevention and Integrity Insights forum in Geelong on 2 December 2019. More than 50 public sector chief executive officers, managers, and senior staff working in integrity roles attended from Geelong and the surrounding areas.

IBAC also delivered a presentation in Ballarat to procurement officers, coordinators and finance managers through the Barwon South West Regional Procurement Excellence Network. See page 70 for more information.

### VICTORIA POLICE EDUCATION PROGRAM

IBAC continued its Victoria Police education program, expanding on the content delivered in previous years. The program integrates anti-corruption messages in existing Victoria Police education and other activities. The program raises awareness about IBAC, informs police of their obligation to report misconduct and provides information on how to report misconduct to IBAC or Victoria Police. See page 77 for more information.

### AUDIT OF VICTORIA POLICE HANDLING OF COMPLAINTS MADE BY ABORIGINAL PEOPLE

IBAC is conducting an audit of how Victoria Police handles complaints about police corruption and misconduct made by Aboriginal and Torres Strait Islander people. The audit is examining files where the complainant or a person involved in a serious incident following contact with Victoria Police has been identified as an Aboriginal person. Consultation for this project has been delayed due to COVID-19 restrictions. IBAC expects to report publicly on its audit during 2020/21. More detail about the audit is on page 77.

### IBAC REVIEWS OF INVESTIGATIONS CONDUCTED BY OTHER AGENCIES

An important part of IBAC's oversight, education and prevention role involves reviews of investigations conducted by other agencies, including Victoria Police. These reviews also inform IBAC's strategic intelligence, policy and research work. IBAC reviewed 59 Victoria Police investigations during 2019/20, an increase of 31 per cent compared to last year. In total, IBAC conducted 67 reviews of investigations by other agencies, including Victoria Police. This was an increase from 56 last year. There is more information about IBAC's reviews starting on page 61.

## FOCUS AREA 2: A HIGHLY-CAPABLE AND FORWARD-LOOKING ORGANISATION

### A highly-capable and forward-looking organisation

- Improve our efficiency and effectiveness by working smarter and collaboratively.
- Enhance our IT systems, digital capability and information security.
- Strengthen our partnerships across the integrity system.
- Be proactive and responsive to change.

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 large, complex data sets and digital transformation that demand new approaches. To succeed, we need to work collaboratively with our integrity and police oversight partner agencies in Victoria and other jurisdictions, to deliver positive outcomes for all Victorians.

We leverage new technology, research and other innovations so that we can work smarter and continue to effectively adapt 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.

IBAC has been working smarter and more collaboratively—being proactive and responsive to change—and enhancing our information technology, digital capability and information security.

### HIGHLIGHTS

#### PUBLIC INTEREST DISCLOSURE LEGISLATION CHANGES

Significant cross-agency collaboration was undertaken to prepare for changes to Victoria's *Protected Disclosure Act 2012* that came into effect on 1 January 2020. The Act, which was renamed as the *Public Interest Disclosures Act 2012*, introduced a range of enhanced protections for those who disclose in the public interest. The changes required IBAC to review and modify its assessment and other processes. For example, more time is required for additional consultation (a period of at least two weeks) to ensure that disclosers' cases are being appropriately handled in accordance with the new provisions.

IBAC chaired a Public Interest Disclosure Consultative Group, supporting sector-wide implementation of the new legislation. IBAC delivered a number of external engagement activities, tools and resources to Victorian public sector stakeholders to help them prepare for and understand the changes in the Public Interest Disclosures Act. IBAC's work to support the implementation of the legislation by the public sector will continue into the coming years.

We also updated existing resources and web content to ensure we provided clear and current information about public interest disclosures to the public sector and community. There is more information about IBAC's work supporting the Act on pages 39 and 71.

#### LEGISLATIVE REFORM AND POLICY WORK

IBAC worked closely with the Royal Commission into the Management of Police Informants regarding access to a large volume of historical records and information and contributed to the Royal Commission's consultation, including preparing detailed submissions.

#### PERFORMANCE MEASURE REVIEW

During 2019/20, IBAC started a comprehensive review and update of our external performance measures to provide more effective measures for IBAC's performance. The review will support better understanding and measurement of our impact, including our prevention work.

## IMPROVING THE ACCESSIBILITY OF OUR RESOURCES

IBAC continued to improve the accessibility of our resources to allow us to reach more Victorians, including those with additional communication or access needs, to help people identify what public sector corruption and police misconduct is—and know how to report it.

During 2019/20, we improved the accessibility of our web content by adding more than 20 Web Content Accessibility Guidelines (WCAG) AA-compliant online versions of IBAC reports, information sheets and case studies to our website. These versions mean that content is more accessible to people with different or additional needs in accessing mainstream content.

A search-engine advertising campaign to raise awareness of corruption risks, prevention and IBAC's role was run in four languages during June. The campaign made it easier for web visitors to find IBAC content when doing internet searches and allowed IBAC to reach hundreds of thousands of Victorians online, with about 15,000 clicking through to learn more about corruption and how to report it. Together with ongoing work to optimise IBAC web content for discovery via search, this campaign supported an increase in the number of visits to IBAC's website from search engines by more than 80 per cent.

IBAC continued to increase its translated resources. For example, translated navigation options and homepage links improved access to and use of materials already available in a variety of languages. Platform enhancements also significantly reduced average page load-times to further improve users' experience of the website. Unique visits to IBAC's website increased by 58 per cent to 161,902.

## IMPROVING ASSESSMENT PROCESSES

IBAC completed a process improvement project to improve its assessment and review functions. The project looked at:

- efficiency – improving timeliness within existing resources
- education and quality – improving the quality of information, assessment recommendations and proactive identification of critical and strategic matters
- sustainability – improving function and performance, including improved data capture
- governance and transparency – developing reporting that will enhance transparency around assessments, proactive issue identification and emerging trends.

Assessment policies and procedures were also updated and a framework for renewing policies was developed. Key policies and procedures were developed to cover complaints management, reviews and public interest disclosures.

# 161,902



unique visits to IBAC's website,  
a 58% increase on 2018/19

## FOCUS AREA 3: A RESPECTED, TRUSTED INDEPENDENT STATUTORY AGENCY

### A respected, trusted independent statutory agency

- Strengthen awareness of, and confidence in, IBAC.
- Enhance the way we measure and report on the public outcomes and impact of our work.
- Maintain our independence and impartiality as a statutory agency.
- Promote a culture of accountability and transparency.

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. IBAC will continue to demonstrate our value to Victorians by assessing our performance and communicating our work and its outcomes to the people of Victoria.

### 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. However, robust reporting practices and external oversight demonstrates our compliance with the law. The following table outlines the roles that various bodies have in providing oversight of IBAC and its functions.

## BODIES AND THEIR ROLES IN PROVIDING OVERSIGHT OF IBAC

Oversight body	Role	Activity in 2018/19
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 oversight IBAC. The committee supersedes the IBAC Committee, which has previously oversighted IBAC.</p> <p>During 2019/20, IBAC met with the committee and briefed it on IBAC's roles, functions and work priorities. IBAC also hosted the committee for an inspection of IBAC's premises.</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 <i>Public Interest Disclosures Act 2012</i></li> <li>receives and investigates complaints about IBAC</li> </ul>	<p>The Victorian Inspectorate conducted one statutory inspection to ensure IBAC compliance with legislation in relation to telecommunications interception, surveillance devices and controlled operations.</p> <p>A further inspection was scheduled in relation to the above legislation in May 2020. The inspection was postponed due to COVID-19 and will take place during 2020/21.</p> <p>IBAC and the Victorian Inspectorate established a range of more regular meetings and forums across IBAC's operations, including around the Public Interest Disclosures scheme.</p>
Victorian Special Minister of State	Receives IBAC reports on telecommunications and interception warrants	<p>As required by the <i>Telecommunications (Interception) (State Provisions) Act 1988</i>, IBAC submitted reports on use and communication of information obtained by telecommunications interceptions under warrant.</p> <p>These reports are now submitted to the Attorney-General of Victoria following the machinery-of-government changes that took place on 23 March 2020.</p>
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 containing 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><i>Telecommunications (Interception) (State Provisions) Act 1988</i></li> <li><i>Surveillance Devices Act 1999</i>.</li> </ul>
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 <i>Telecommunications (Interception and Access) Act 1979</i> (Cth)	<p>In October 2019, the Commonwealth Ombudsman conducted an inspection to monitor IBAC's compliance with chapter 3 of the <i>Telecommunications (Interception and Access) Act 1979</i> relating to stored communications warrants and preservation notices.</p> <p>In March 2020, the Commonwealth Ombudsman commenced an inspection to monitor IBAC's compliance with chapter 4 of the <i>Telecommunications (Interception and Access) Act 1979</i> relating to telecommunications data. The inspection was paused on 17 March 2020 due to COVID-19 restrictions, and will resume in 2020/21.</p>
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>	<p>Under the <i>Telecommunications (Interception and Access) Act 1979</i> and the <i>Telecommunications (Interception) (State Provisions) Act 1988</i>, IBAC submitted an annual report detailing statistical data, among other information, about telecommunications interception warrants, stored communications and telecommunications data authorisations. IBAC also submitted reports about each telecommunications interception warrant issued.</p>

## FOCUS AREA 3: A RESPECTED, TRUSTED INDEPENDENT STATUTORY AGENCY (CONT)

### HIGHLIGHTS

#### MANAGING RISK

Risk management is an important 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 and 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 comprises 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 done:

- annual review of IBAC's strategic and divisional risk registers and organisational risk appetite statement
- risk assessments for key operational activities (for example, 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
- comprehensive incident reporting process that identifies areas of risk for the organisation and opportunities to strengthen controls.

#### Risk management actions

In 2019/20, IBAC continued its risk management activities through a number of actions including:

- engaging with internal stakeholders to determine effectiveness of existing controls and identifying key controls to ensure appropriate treatments put in place for divisional risks
- enhancing incident management dashboard in the electronic system to provide greater insights on types of incidents
- updating the risk register with eight revised strategic risks and applying associated controls and treatments
- engaging a specialist to assist with updating the critical incident and business continuity plan
- developing a business and budget planning system that integrates planning and risk
- updating the Conflict of Interest and declaration of private interests policy by aligning it with the Victorian Public Sector Conflict of Interest Policy Framework
- updating the Gifts, Benefits and Hospitality policy by aligning it with the Victorian Public Sector gifts, benefits and hospitality policy guide, including the minimum accountabilities for managing them.

IBAC reported to the Audit and Risk Management Committee providing a summary of changes to the strategic risk register. The committee was also presented with the risk profile and insurance coverage. The committee provided expert advice and guidance throughout the year and reviewed IBAC's Risk Management Framework as effective.

#### INDEPENDENT REVIEW OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

An independent review of the Audit and Risk Management Committee was completed in 2019/20 and found that the committee was performing well. The review also identified that there was an opportunity for it to contribute even more value to IBAC by the addition of a fourth independent member with significant investigative experience. This role was created and filled after 30 June. More information about IBAC's Audit and Risk Management Committee is on page 18.

## ASSURANCE PROGRAM

In 2019/20, IBAC continued its integrated assurance program to provide the executive with visibility of the effectiveness of strategic risk controls. Any issues identified during the range of self, peer and third-party activities were reported to the executive and Audit and Risk Management Committee through quarterly risk and assurance reports. These reports also note the remedial action taken.

## 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 and Risk Management Committee on the Internal Audit Plan, including:

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

In 2019/20, IBAC conducted five internal audits which resulted in 15 high-level recommendations, from which 48 management actions arose. All actions were endorsed by the executive and the Audit and Risk Management Committee.

As at the last report tabled at the Audit and Risk Management Committee meeting in May 2020, 36 audit actions were open.

## WITNESS WELFARE POLICY

A new witness welfare policy and interim guidelines were introduced to ensure welfare risks for witnesses are, where reasonably practical, eliminated or reduced. To support the implementation of the policy, operations staff received a briefing on the policy process and a witness welfare risk assessment was built into the 2019/20 Assurance Program.

IBAC went out to market for a revised Employee Assistance Program to include witness support services. In July 2019, we awarded a three-year contract which included an additional level of support if witnesses do not have access to their own counselling support or want to use it in combination with other support services.

## SOCIAL PROCUREMENT FRAMEWORK

In 2018, Victoria's Social Procurement Framework was established as a whole-of-government approach to generate social value, above and beyond the value of the goods, services or construction being procured. It introduces social and sustainable objectives as a means of meeting key Victorian Government initiatives and policy objectives. It is also scalable, depending on the level or value of procurement activity. The framework applies to all Victorian Government entities subject to the Standing Directions of the Assistant Treasurer, and entities must develop a Social Procurement Framework strategy.

IBAC's approach to the Social Procurement Framework has been proactive. IBAC formed a Social Procurement Framework team and held a number of social procurement engagements and meetings with other integrity agencies to discuss the Social Procurement Framework and broader collaborative opportunities.

To formalise the approach, IBAC developed a Social Procurement Framework strategy endorsed by the executive team. The strategy allows for policies, procedures and templates to be changed (where appropriate) to further embed Social Procurement Framework principles and objectives into procurement activities at IBAC.

## FOCUS AREA 4: INVESTING IN OUR PEOPLE

### Investing in our people

- Build our workforce planning and human resources capability.
- Develop our people.
- Promote an inclusive, healthy and safe workplace.

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 requirements is to provide a safe and healthy workplace that fosters a collaborative, positive culture underpinned by our values. Our culture supports us to achieve quality outcomes in a rewarding and stimulating environment.

### HIGHLIGHTS

#### SUPPORTING STAFF THROUGH COVID-19

IBAC was able to swiftly transition our workforce to remote working in response to the COVID-19 pandemic and government's direction to work from home in March 2020. Working remotely, IBAC teams demonstrated agility and adjusted their way of working to continue to deliver IBAC's core functions, while being attentive to the confidential and sensitive nature of much of our work.

We provided alternative systems, tools and support to ensure staff felt connected and engaged and that their mental health was being cared for. We developed an internal communication strategy to provide visibility of leadership, keep staff informed, support their wellbeing and help the agency transition to remote work effectively. Staff were supported through:

- twice-weekly all-staff communication from CEO (email and video)
- monthly all-staff video from the IBAC Commissioner
- detailed intranet information connecting staff to key resources, support and responding to questions and issues
- promotion of staff collaboration tools such as GoToMeeting, Skype for Business and Sharepoint
- connected staff with up-to-date official health and safety advice
- regular promotion of the Employee Assistance Program, a confidential and free counselling service to help staff and family members with personal or work-related issues
- access to additional Employee Assistance Program resources including daily webinars for managers and employees
- regular mental health and wellbeing calls to all employees.

To prepare for a return to the office, IBAC applied the following control measures to minimise the spread of COVID-19:

- conducted an all-staff survey to understand and consider how they felt about returning to the office
- put in place mandatory safe workplace standards
- established a COVID-19 infection control procedure
- made physical changes to the office workplace and access in response to government and Worksafe advice to minimise risk of infection from COVID-19
- provided training to key staff on infection control.

## OCCUPATIONAL HEALTH AND SAFETY REVIEW AND AUDIT

To inform IBAC's Occupational Health and Safety (OHS) strategy for 2020–22, an external provider was engaged in December 2019 to provide a review of our OHS strategic priorities, culture, committee and framework. The review process and methodology was based on a sampling technique that incorporated systems, quantitative and qualitative elements including desktop review and structured diagnostic discussions with key stakeholders including people leaders, OHS Committee members and staff across all business areas.

A number of consistent themes were identified as key drivers to transition from an organisation where our OHS is compliance-focused to one where we are proactive about OHS and it is embedded. These themes were:

- improving leadership direction, engagement and visibility
- establishing a clear strategy and plan that is aligned to organisational risks and needs
- transitioning from a broad OHS focus to a targeted and tailored approach
- improving staff engagement through inclusion, co-design, meaningful communication and fostering a positive experience with OHS
- driving shared accountability for establishing a positive and proactive health and safety culture at all levels of IBAC.

All recommendations were supported by the executive team and work has started to implement the recommendations.

IBAC also delivered a range of health and safety initiatives to staff during 2019/20 and these are detailed on page 79.

## WORKPLACE CULTURE

IBAC listened to and acted on the feedback provided in July 2019 as a result of our participation in the Victorian Public Sector Commission's People Matter Survey. The feedback was confidential and allowed employees to tell the Executive team what it is like to work at IBAC.

The employee feedback from the survey confirmed a range of findings identified in the strategic workforce plan in 2019–21. In response, this year we introduced consistent performance measurement for our people managers to build a common set of leadership expectations, provided leadership training to a cohort of potential leaders and established monthly leadership forums for senior leaders.

To support managers to positively change our workplace culture, IBAC conducted all-staff training, which:

- set expectations of leaders and staff to eliminate inappropriate behaviour
- set new expectations around IBAC culture
- supported appropriate workplace behaviour training
- built leadership capability to lead confidently.

A culture plan aligned to each division's feedback was developed. This focused on the three most significant actions to be taken by each division to improve how we work together and collaborate. The culture plan will be refreshed each year in response to employee feedback from the People Matter Survey. With everyone's support, these actions are designed to ensure IBAC is a great place to work.

## FOCUS AREA 4: INVESTING IN OUR PEOPLE (CONT)

### COMMITMENT TO DIVERSITY AND INCLUSION

During 2019/20, we partnered with the Victorian Equal Opportunity and Human Rights Commission to develop and run five tailored Charter of Human Rights training workshops across all divisions. These workshops helped to heighten our awareness and commitment to diversity and inclusion and reiterated expectations for considering and reporting on potential human rights breaches.

We also engaged Koorie Heritage Trust to deliver cultural-awareness training for investigation staff to develop their awareness, knowledge and respect for Aboriginal and Torres Strait Islander peoples, their cultural traditions and communities.

Creating an inclusive and diverse workforce is central to our commitment to developing and fostering an harmonious workplace. It is an important part of IBAC's commitment to being an employer of choice. IBAC formed a diversity and inclusion working group with membership from across all divisions. This working group will shape our strategy for an inclusive, fair and effective workplace through the delivery of initiatives and action plans to enable and support a diverse workforce and to meet our legislative responsibilities.

### INTERNATIONAL WOMEN'S DAY

In recognition of International Women's Day, IBAC held a panel discussion facilitated by Deputy Commissioner Katie Miller. The panel included Cathy Cato (Executive Director, Legal and Integrity at the Victorian Inspectorate), Joanne Kummrow (Public Access Deputy Commissioner at the Office of the Victorian Information Commissioner) and Christine Howlett (Director, Prevention & Communication at IBAC). The theme for International Women's Day and the discussion was #EachForEqual.

During the week, our Human Resources team also coordinated a clothing drive, collecting more than 50 donated items for Fitted for Work, an organisation that helps women who have experienced hardship to secure sustainable, ongoing employment and achieve financial independence.

### HEALTH AND WELLBEING PROGRAM

Our Health and Wellbeing program aligns to the Mental Health and Wellbeing Charter for the public sector. Initiatives focus on increasing employee awareness by promoting positive physical and mental health. In addition to offering a comprehensive Employee Assistance Program, IBAC offered staff a range of education and training aligned to the Charter, which included:

- R U OK? day
- a steps activity challenge
- guest speakers for Men's Health Week
- transition to retirement
- work-life integration.

### SUPPORTING STAFF AT HOME AND WORK

IBAC offers a range of work options to help staff balance the demands of work and personal commitments. IBAC has taken 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 Flexible Work Arrangements Policy provides a structure for employees to work outside traditional full-time and onsite work arrangements. All IBAC employees may request a flexible work arrangement that suits the needs of both the employer and employee.

Flexible work includes varying an employee's working conditions to change the:

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

## CHAPTER 4:

# COMPLAINTS AND NOTIFICATIONS

One of IBAC's core functions is to receive and assess complaints (from the public) and notifications (from departments and agencies) alleging public sector corruption and police misconduct.

IBAC considers complaints made about corruption and misconduct (including improper conduct under the Public Interest Disclosures 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:

- investigate
- refer
- dismiss
- defer
- return
- take no further action.

IBAC prioritises allegations of serious or systemic corruption and misconduct for investigation. As part of its investigations, IBAC may conduct private or public examinations. As a result of these investigations, IBAC may bring criminal proceedings, refer matters to the Office of Public Prosecutions (OPP) and make recommendations to help prevent corruption and misconduct.

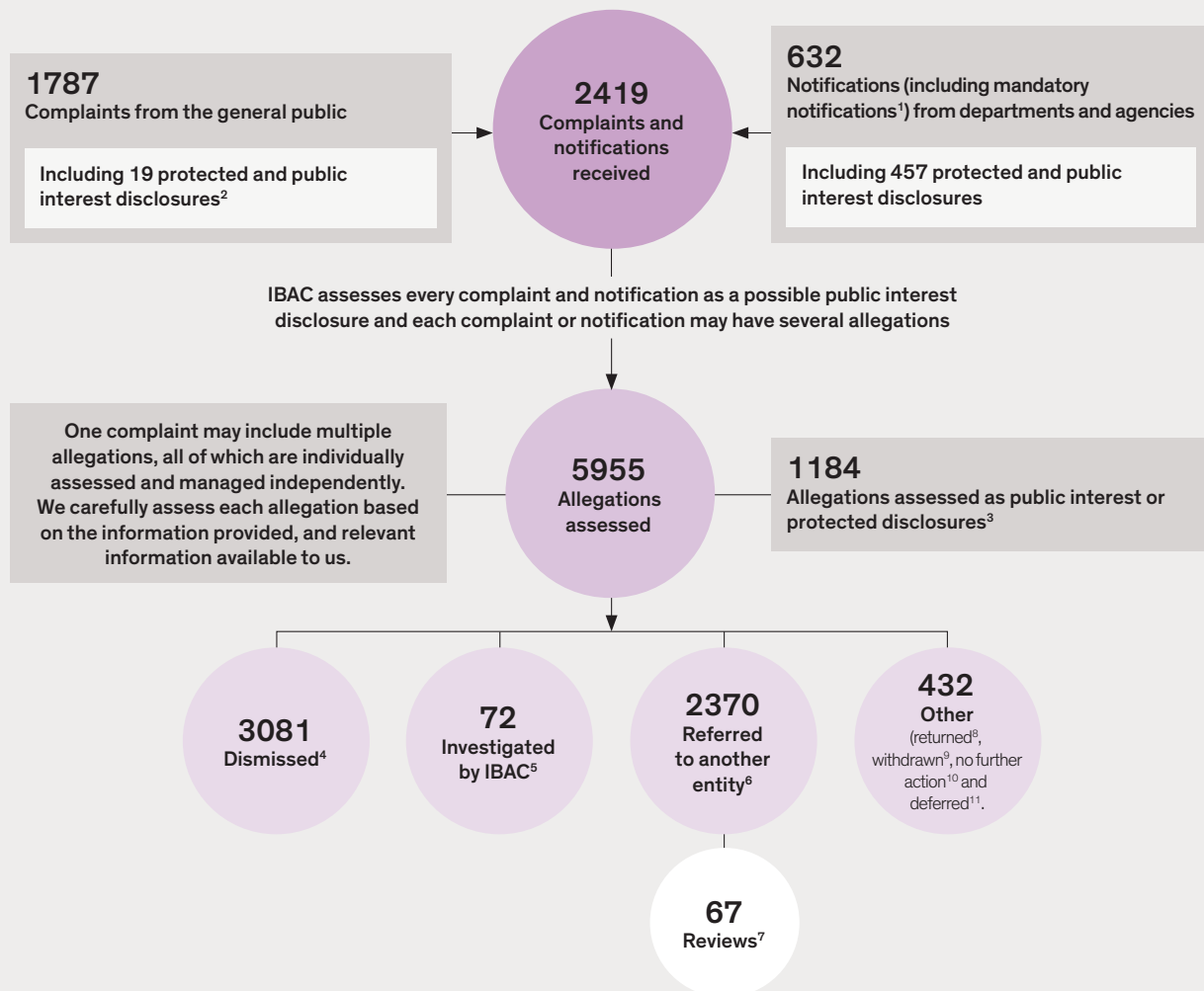
To find out more about how we handle complaints, please refer to our website ([www.ibac.vic.gov.au/reporting-corruption/what-happens-to-your-complaint](http://www.ibac.vic.gov.au/reporting-corruption/what-happens-to-your-complaint)).

The illustration on the next page explains these terms and summarises the outcomes of complaints and notifications assessed by IBAC during 2019/20.

## OVERVIEW OF COMPLAINTS AND NOTIFICATIONS FOR 2019/20

In 2019/20, IBAC received 24 19 complaints and notifications, with 55 per cent related to Victoria Police and 45 per cent related to the public sector. Of the complaints and notifications received, 74 per cent were complaints and 26 per cent were notifications. These complaints and notifications may each involve multiple allegations. Every allegation is assessed under the Public Interest Disclosures Act and the IBAC Act.

### TOTAL COMPLAINTS AND NOTIFICATIONS ASSESSED BY IBAC DURING 2019/20



<sup>1</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>2</sup> The Public Interest Disclosures Act came into effect on 1 January 2020. From 1 July to 31 December 2019, disclosures were recorded as 'protected disclosures'. Disclosures from 1 January to 30 June 2020 were recorded as 'public interest disclosures'. These disclosures provide the complainant with certain legal protections.

<sup>3</sup> The outcomes of protected and public interest disclosures are detailed in a table on page 37.

<sup>4</sup> Matters are dismissed for a range of reasons including insufficient information, alleged incident being too old, matters already investigated, or matters being frivolous or vexatious.

<sup>5</sup> By law, we must prioritise investigations into serious or systemic corruption and misconduct.

<sup>6</sup> While many complaints and notifications are referred by IBAC to the agencies most appropriate to action them, 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>7</sup> IBAC conducts reviews 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>8</sup> Returned outcomes are protected or public interest disclosure notifications from public sector agencies that are determined by IBAC not to be public interest disclosures or 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>9</sup> The complainant has withdrawn their complaint.

<sup>10</sup> Matters that fall outside IBAC's jurisdiction and no further action can be taken.

<sup>11</sup> IBAC may defer making a decision in relation to a complaint or notification if the subject matter is being investigated by another integrity body or a body listed in Section 73(2) of the IBAC Act.

In 2019/20, IBAC received three per cent more complaints and notifications than 2018/19 and there was a two per cent increase in the number of allegations assessed. IBAC also received 21 per cent more enquiries than last year. IBAC anticipated an increase in allegations assessed as public interest disclosures due to the new legislation, and assessments increased by 35 per cent from 875 in 2018/19 to 1184 in 2019/20. However, there was a decrease in the number of allegations investigated compared to the previous year. This was due to the impact of the COVID-19 restrictions.

As IBAC's assessment and investigation systems have matured and become more sophisticated, we have been able to undertake more engagement with relevant sector partners to support appropriate referrals.

In 2019/20, the percentage of IBAC's assessments completed within 45 days again decreased on the previous year (see page 20). This was largely due to the COVID-19 restrictions, which closed offices, required staff to work from home and restricted movement, impacting on mail and the use of centralised intelligence systems. The process and resource implications required to support the changes to the public interest disclosure scheme also had an impact. These factors led to an increase in the time taken to assess complaints and notifications. A breakdown of complaints and notifications for Victoria Police and the public sector are on page 44 and 42 respectively.

#### OUTCOMES OF COMPLAINTS AND NOTIFICATIONS ASSESSED BY IBAC

Classification	2015/16	2016/17	2017/18	2018/19	2019/20
Complaints and notifications received	2041	2098	2315	2347	<b>2419</b>
Allegations assessed	4576	4990	6293	5812	<b>5955</b>
Allegations assessed as public interest or protected disclosures <sup>(i)</sup>	693	579	742	875	<b>1184</b>
Allegations investigated by IBAC	47	45	81	102	<b>72</b>
Allegations referred to another entity	1523	1264	1460	1765	<b>2370</b>
Allegations dismissed <sup>(ii)</sup>	2408	2730	3758	2544	<b>3081</b>
Allegations resulting in other outcomes <sup>(iii)</sup>	n/a	n/a	n/a	1401	<b>432</b>

(i) This was referred to as 'matters assessed for protected disclosure' in previous reports between 2015/16 and 2017/18.

(ii) In 2017/18, 'dismissed' included withdrawn allegations. 'Withdrawn' allegations have been included in 'other' for 2018/19 and 2019/20.

(iii) 'Other' is the sum of no further action, returned and withdrawn. The numbers of returned allegations were not included in reports between 2015/16 and 2017/18.

# 2419



complaints/notifications  
received, a 3% increase  
on 2018/19

# 5955



allegations assessed,  
a 2% increase on  
2018/19

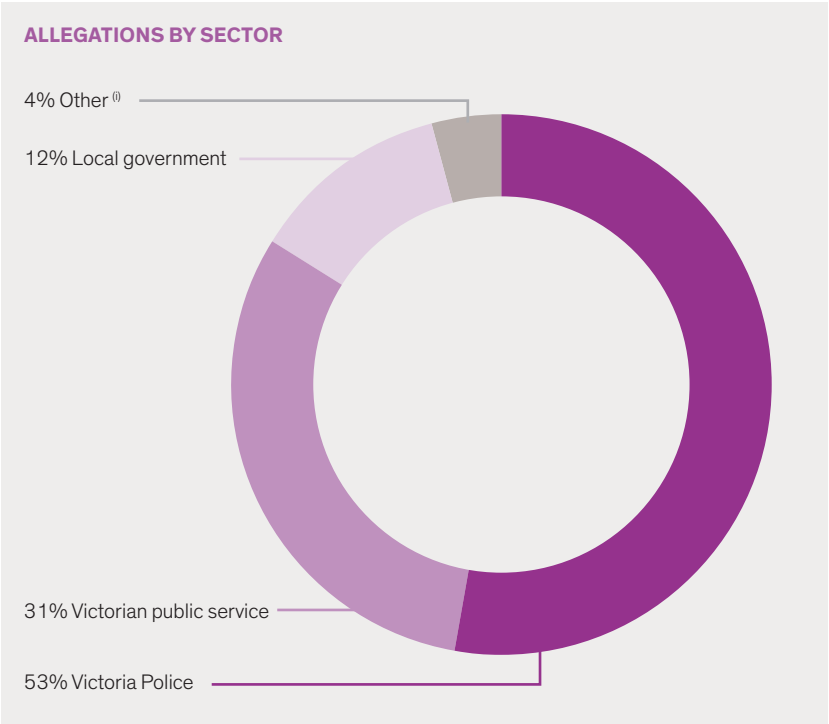
# 1184



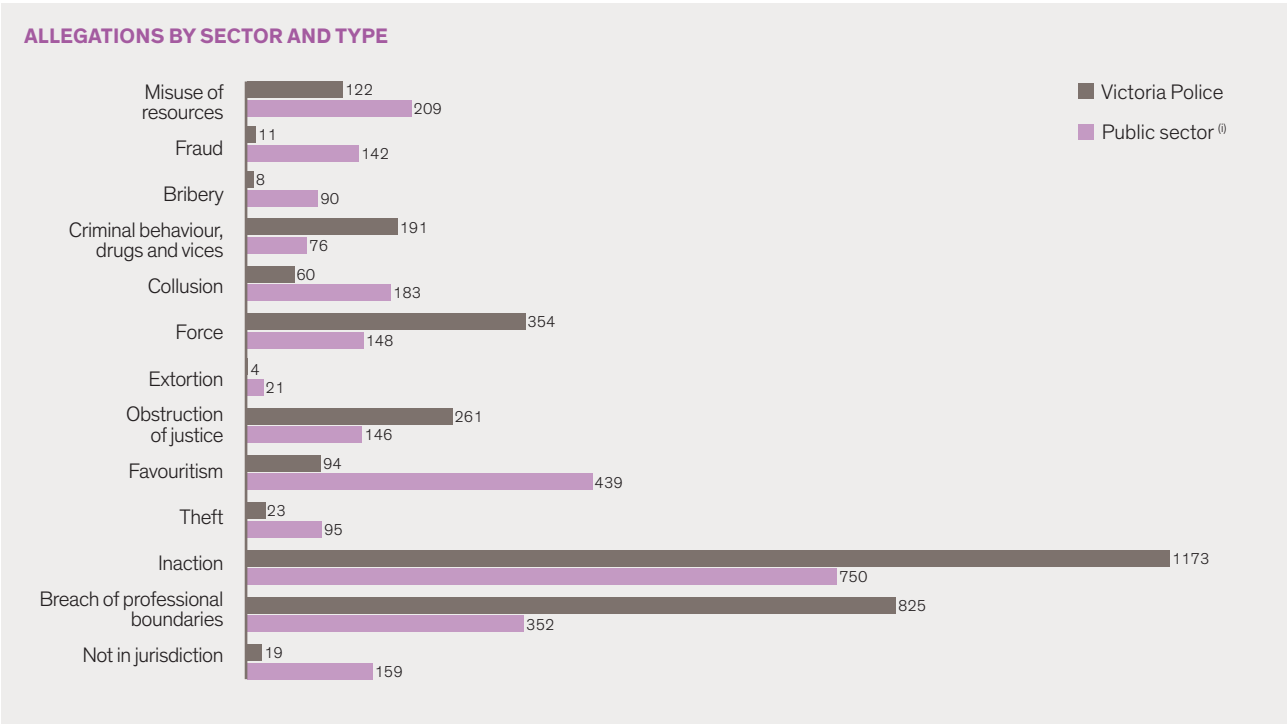
allegations assessed  
as public interest and  
protected disclosures,  
a 35% increase on  
2018/19

OVERVIEW OF COMPLAINTS AND NOTIFICATIONS FOR 2019/20 (CONT)

The following graphs give a breakdown of the sector in which corruption or misconduct is alleged to have occurred and a summary of type of allegations made. The percentage of allegations about Victoria Police dropped from 62 per cent last year. Allegations about local councils rose slightly from 9 per cent last year and the allegations about the Victorian public service rose from 24 per cent last year.



(i) Other includes judiciary, parliament and not in jurisdiction.



(i) Public sector includes local government, judiciary, parliament, not-for-profit bodies and not in jurisdiction.

## PROTECTED AND PUBLIC INTEREST DISCLOSURES

IBAC receives complaints and notifications of corruption and misconduct (including improper conduct under the Public Interest Disclosures Act) from across the Victorian public sector and Victoria Police. As part of its assessment process, IBAC determines whether complaints and notifications meet the requirements of a 'protected disclosure complaint' under the Protected Disclosure Act (which was in effect up to 31 December 2019) or a 'public interest disclosure complaint' under the Public Interest Disclosures Act (effective from 1 January 2020).

Only IBAC, the Victorian Ombudsman, the Chief Commissioner of Victoria Police, the Judicial Commission of Victoria, the Victorian Inspectorate, the Chief Municipal Inspector, the Information Commissioner and the Racing Integrity Commissioner can investigate complaints that are protected disclosures or public interest 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 regarding the handling of public interest disclosures and the welfare and protection of people who have disclosed under the Protected Disclosure Act (or the Public Interest Disclosures Act after 1 January 2020).

IBAC chairs a Public Interest Disclosure Consultative Group (consisting of the organisations listed above, which considers systemic issues relating to the operation of the Protected Disclosure Act and the Public Interest Disclosures Act. The Public Interest Disclosure Consultative Group prepared for legislative changes that commenced on 1 January 2020, which delivers a new definition of improper conduct, increased protections, additional pathways for the receipt of protected disclosures and revised confidentiality arrangements.

In preparation for the 1 January 2020 commencement of legislated reforms to Victoria's public interest disclosures scheme, IBAC delivered communication and engagement activities to raise awareness about the new reforms and help build the capacity for the sector to understand, prepare for and deal with the changes. Information about the change in legislation is on page 13 and information about how IBAC engaged with the public sector to communicate the changes is on page 71.

### PROTECTED AND PUBLIC INTEREST DISCLOSURES AND THEIR OUTCOMES

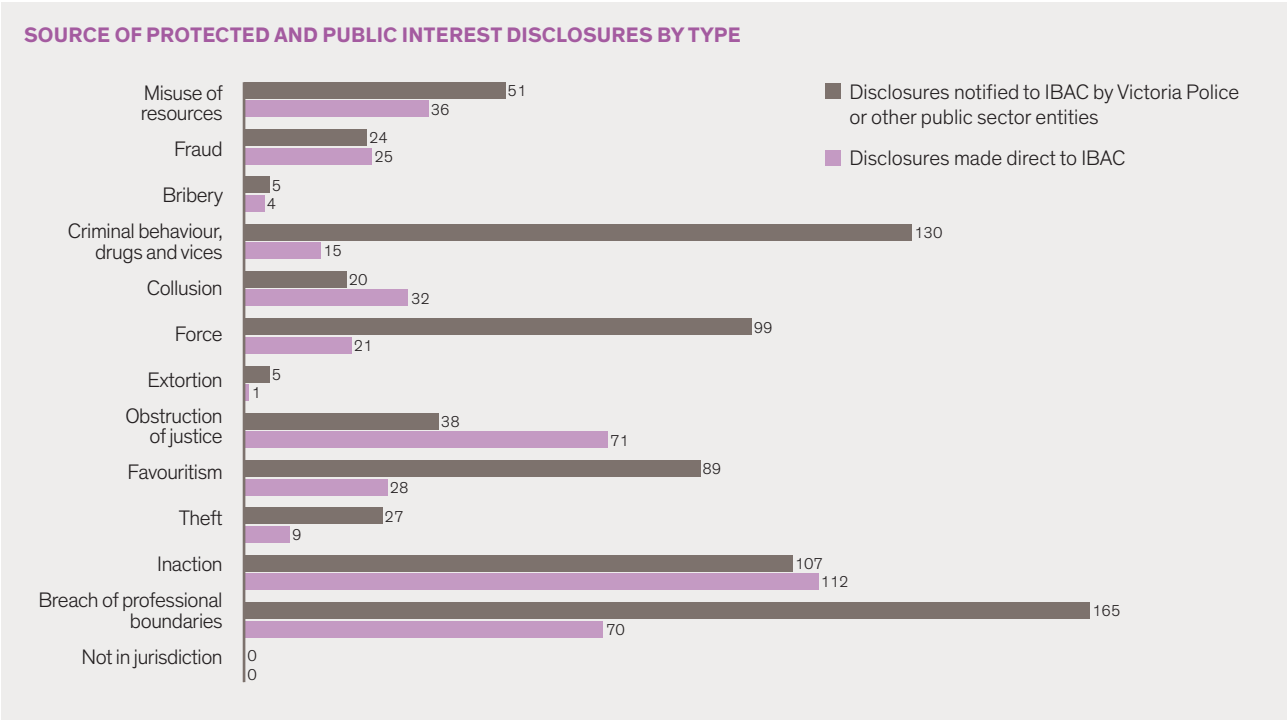
Classification	2015/16	2016/17	2017/18	2018/19	2019/20 <sup>(i)</sup>
Allegations assessed as a protected disclosure or public interest complaint	653	579	742	875	<b>1184</b>
Origin of allegations assessed as a protected disclosure or public interest complaint:					
• made direct to IBAC <sup>(ii)</sup>	n/a	n/a	n/a	333	<b>424</b>
• notified to IBAC by Victoria Police or other public sector entities	n/a	n/a	n/a	542	<b>760</b>
Outcomes of allegations assessed as a protected disclosure or public interest complaint:					
• investigated by IBAC	24	17	24	80	<b>49</b>
• referred to Victorian Ombudsman, Chief Commissioner of Police, Judicial Commission of Victoria, Victorian Inspectorate, Chief Municipal Inspector, the Information Commissioner or the Racing Integrity Commissioner for investigation	597	424	544	726	<b>991</b>
• dismissed	32	138	174	62	<b>119</b>
• unable to investigate or refer to another investigating entity <sup>(iii)</sup>	n/a	n/a	n/a	n/a	<b>144</b>

(i) This level of reporting is not available for previous years.

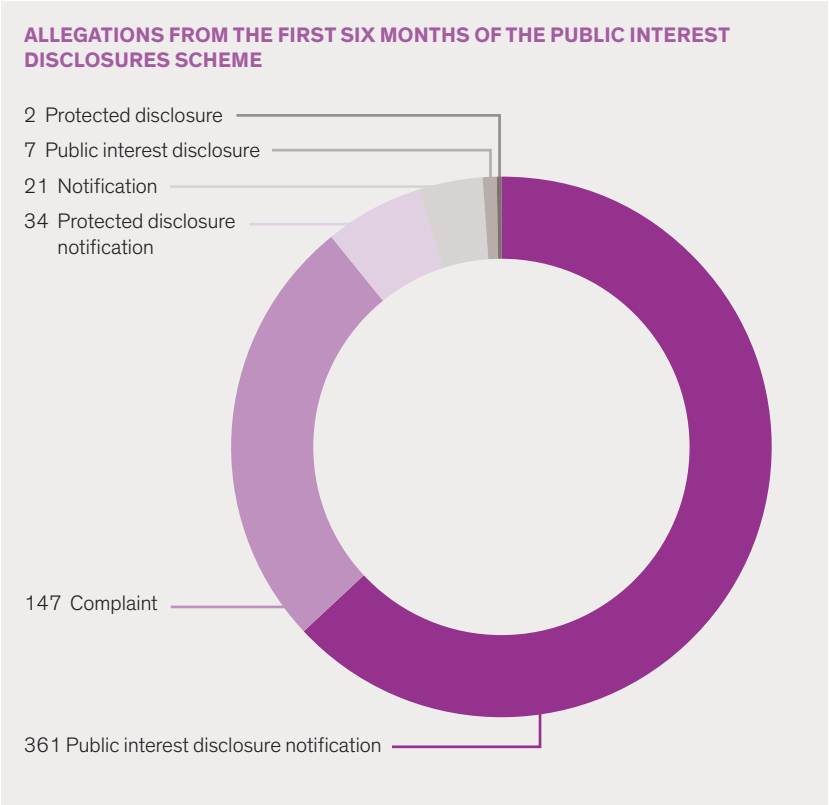
(ii) On 1 January, protected disclosures were replaced by public interest disclosures due to changes with the Public Interest Disclosures Act. For the 2019/20 financial year, disclosures made between 1 July and 31 December 2019 are reported as protected disclosures and disclosures made between 1 January and 30 June 2020 are reported as public interest disclosures. For other years, the numbers relate to protected disclosures only.

(iii) 'Unable to investigate or refer to another investigating entity' includes allegations assessed as protected or public interest complaints that have been dismissed and those that are awaiting an assessment outcome as to whether IBAC will dismiss, refer or investigate. This new category allows IBAC to better report data under the Public Interest Disclosures Act.

PROTECTED AND PUBLIC INTEREST DISCLOSURES (CONT)

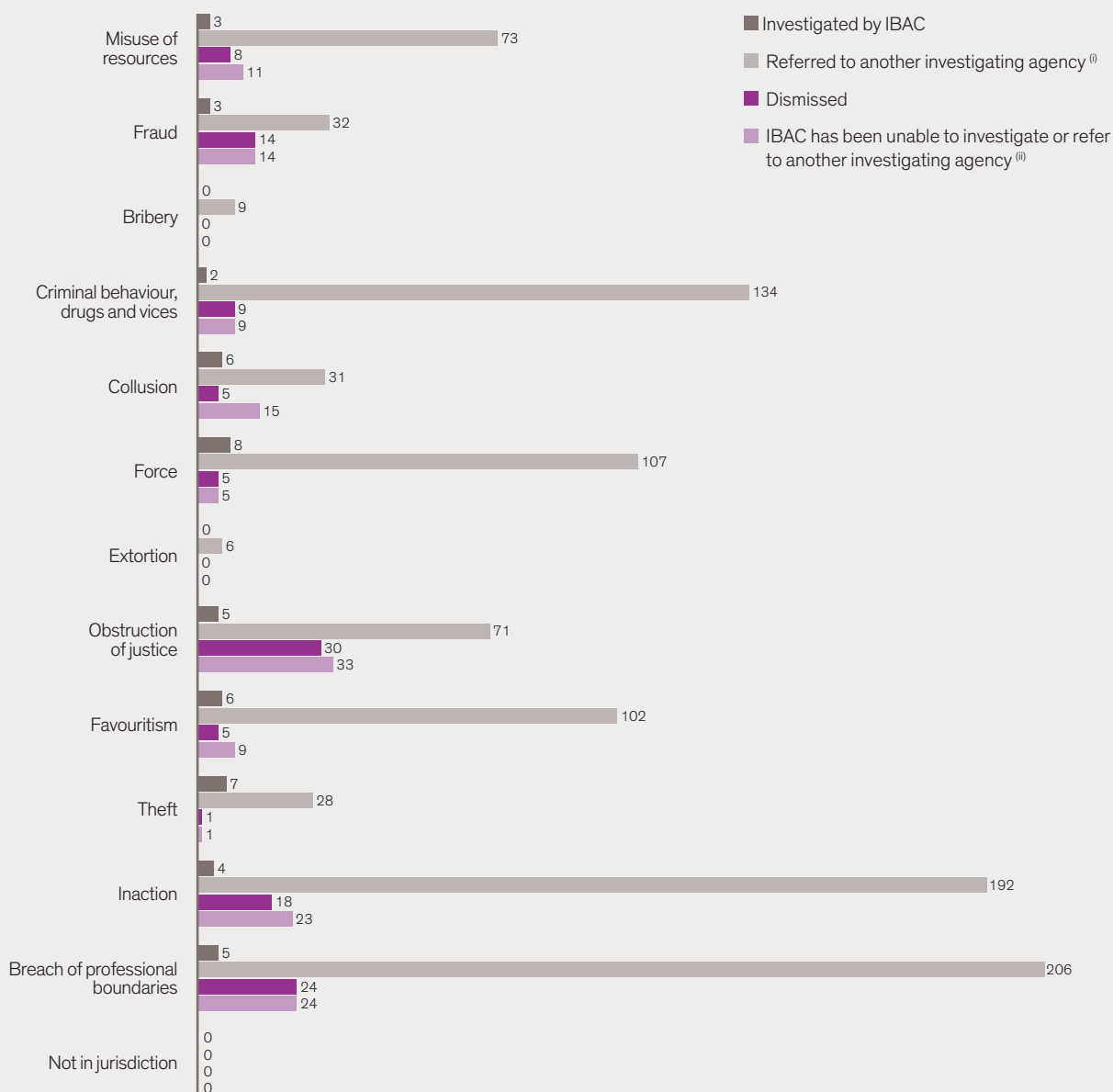


Note: This is a new graph for 2019/20 and has been included to more clearly report data under the Public Interest Disclosures Act.



Note: the Public Interest Disclosures Act came into effect on 1 January 2020 and applies to disclosures made on this date or after. Disclosures made about conduct before this date were assessed against the Protected Disclosure Act.

### OUTCOME OF PROTECTED AND PUBLIC INTEREST DISCLOSURES BY TYPE



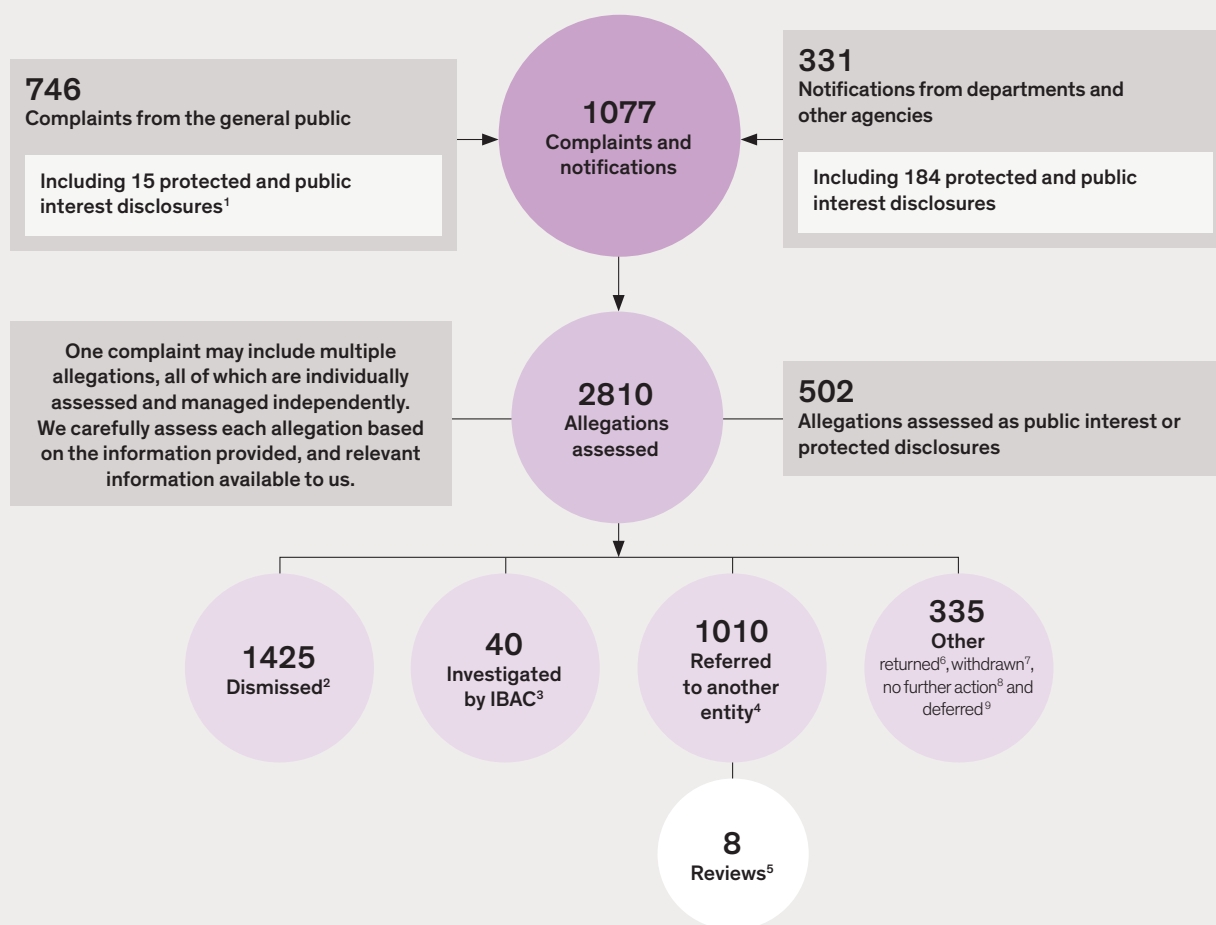
Note: This is a new graph for 2019/20 and has been included to more clearly report data under the Public Interest Disclosures Act.

- (i) IBAC can refer protected and public interest disclosures to the Victorian Ombudsman, Chief Commissioner of Police, Judicial Commission of Victoria, Victorian Inspectorate, Chief Municipal Inspector, the Information Commissioner or the Racing Integrity Commissioner for investigation.
- (ii) 'Unable to investigate or refer to another investigating entity' includes allegations assessed as protected or public interest complaints that have been dismissed and those that are awaiting an assessment outcome as to whether IBAC will dismiss, refer or investigate. This new category allows IBAC to better report data under the Public Interest Disclosures Act.

## COMPLAINTS AND NOTIFICATIONS RELATING TO 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, deferring, or taking no further action. The public sector information below includes allegations from a range of organisations, including local councils, state government entities and the judiciary. It also includes allegations relating to bodies that are not within IBAC's jurisdiction, such as federal and interstate public sector organisations.

### OUTCOMES RELATING TO ALLEGATIONS ABOUT THE VICTORIAN PUBLIC SECTOR DURING 2019/20



<sup>1</sup> On 1 January, protected disclosures were replaced by public interest disclosures due to changes to the Public Interest Disclosures Act. For the 2019/20 financial year, disclosures made between 1 July and 31 December 2019 are reported as protected disclosures and disclosures made between 1 January and 30 June 2020 are reported as public interest disclosures. Both disclosures provide the complainant with certain legal protections.

<sup>2</sup> Matters are dismissed for a range of reasons including insufficient information, alleged incident being too old, matters already investigated, or matters being frivolous or vexatious.

<sup>3</sup> By law, we must prioritise investigations into serious or systemic corruption and misconduct.

<sup>4</sup> While many complaints and notifications are referred by IBAC to the agencies most appropriate to action them, information in all complaints 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>5</sup> IBAC conducts reviews 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>6</sup> Returned outcomes are public interest or protected disclosure notifications from public sector agencies that are determined by IBAC not to be public interest or 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>7</sup> The complainant has withdrawn their complaint.

<sup>8</sup> Matters that fall outside IBAC's jurisdiction and no further action can be taken.

<sup>9</sup> IBAC may defer making a decision in relation to a complaint or notification if the subject matter is being investigated by another integrity body or a body listed in Section 73(2) of the IBAC Act.

**PROTECTED AND PUBLIC INTEREST DISCLOSURES AND THEIR OUTCOMES RELATING TO THE VICTORIAN PUBLIC SECTOR**

Classification	2019/20 <sup>(i)</sup>
Allegations assessed as a protected disclosure or public interest complaint	<b>502</b>
Origin of allegations assessed as a protected disclosure or public interest complaint:	
• made direct to IBAC	<b>180</b>
• notified to IBAC by Victoria Police or other public sector entities	<b>322</b>
Outcomes of allegations assessed as a protected disclosure or public interest complaint:	
• investigated by IBAC	<b>17</b>
• referred to Victorian Ombudsman, Chief Commissioner of Police, Judicial Commission of Victoria, Victorian Inspectorate, Chief Municipal Inspector, the Information Commissioner or the Racing Integrity Commissioner for investigation	<b>431</b>
• dismissed	<b>39</b>
• unable to investigate or refer to another investigating entity <sup>(ii)</sup>	<b>54</b>

(i) On 1 January, protected disclosures were replaced by public interest disclosures due to amendments to the *Public Interest Disclosures Act 2012*. For the 2019/20 financial year, disclosures made between 1 July and 31 December 2019 are reported as protected disclosures and disclosures made between 1 January and 30 June 2020 are reported as public interest disclosures. For all other years, the numbers relate to protected disclosures only.

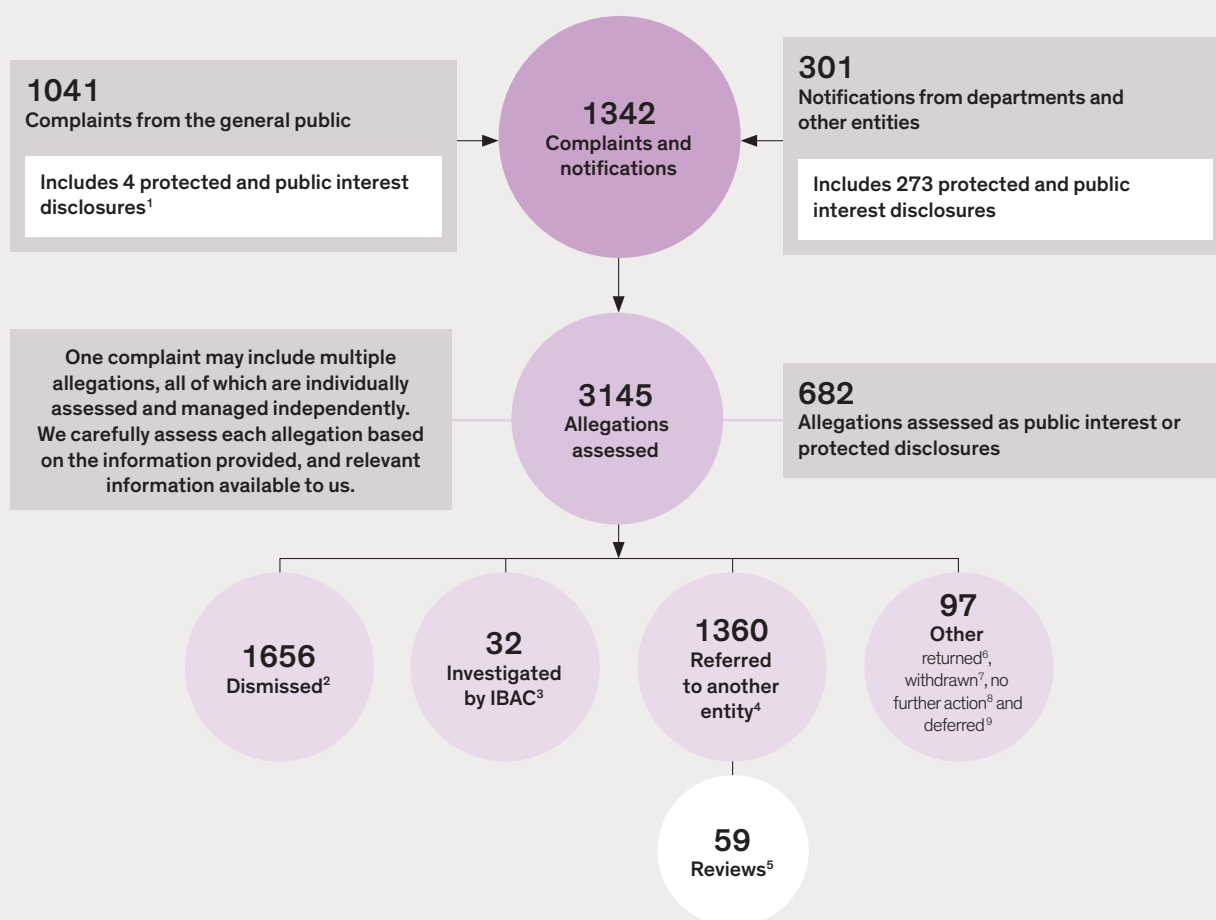
(ii) 'Unable to investigate or refer to another investigating entity' includes allegations assessed as protected or public interest complaints that have been dismissed and those that are awaiting an assessment outcome as to whether IBAC will dismiss, refer or investigate. This new category allows IBAC to better report data under the Public Interest Disclosures Act.

## COMPLAINTS AND NOTIFICATIONS RELATING TO VICTORIA POLICE

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.

As part of its role in assessing complaints and notifications, IBAC determines which matters are public interest disclosures. Following legislative changes in 2015/16, all complaints made by a police officer about another officer are automatically defined as 'public interest disclosures' under section 5 of the Public Interest Disclosures Act. Prior to 1 January 2020, these complaints were automatically defined as 'protected disclosures' under section 5 of the Protected Disclosure Act. IBAC can refer or investigate allegations of police corruption or misconduct; however, we are required to primarily investigate allegations that are serious, systemic and/or sensitive, where we determine we are the most appropriate agency to investigate.

### OUTCOMES RELATING TO ALLEGATIONS ABOUT VICTORIA POLICE DURING 2019/20



<sup>1</sup> On 1 January, protected disclosures were replaced by public interest disclosures due to changes to the Public Interest Disclosures Act. For the 2019/20 financial year, disclosures made between 1 July and 31 December 2019 are reported as protected disclosures and disclosures made between 1 January and 30 June 2020 are reported as public interest disclosures. Both disclosures provide the complainant with certain legal protections.

<sup>2</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>3</sup> By law, we must prioritise investigations into serious or systemic corruption and misconduct.

<sup>4</sup> While many complaints and notifications are referred by IBAC to the agencies most appropriate to action them, information in all complaints 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>5</sup> IBAC conducts reviews 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>6</sup> Returned outcomes are public interest or protected disclosure notifications from public sector agencies that are determined by IBAC not to be public interest or 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>7</sup> The complainant has withdrawn their complaint.

<sup>8</sup> Matters that fall outside IBAC's jurisdiction and no further action can be taken.

<sup>9</sup> IBAC may defer making a decision in relation to a complaint or notification if the subject matter is being investigated by another integrity body or a body listed in Section 73(2) of the IBAC Act.

## PROTECTED AND PUBLIC INTEREST DISCLOSURES AND THEIR OUTCOMES RELATING TO VICTORIA POLICE

Classification	2019/20 <sup>(i)</sup>
Allegations assessed as a protected disclosure or public interest complaint	682
Origin of allegations assessed as a protected disclosure or public interest complaint:	
• made direct to IBAC	244
• notified to IBAC by Victoria Police or other public sector entities	438
Outcomes of allegations assessed as a protected disclosure or public interest complaint:	
• investigated by IBAC	32
• referred to Victorian Ombudsman, Chief Commissioner of Police, Judicial Commission of Victoria, Victorian Inspectorate, Chief Municipal Inspector, the Information Commissioner or the Racing Integrity Commissioner for investigation	560
• dismissed	80
• unable to investigate or refer to another investigating entity. <sup>(ii)</sup>	90

(i) On 1 January, protected disclosures were replaced by public interest disclosures due to amendments to the *Public Interest Disclosures Act 2012*. For the 2019/20 financial year, disclosures made between 1 July and 31 December 2019 are reported as protected disclosures and disclosures made between 1 January and 30 June 2020 are reported as public interest disclosures. For all other years, the numbers relate to protected disclosures only.

(ii) 'Unable to investigate or refer to another investigating entity' includes allegations assessed as protected or public interest complaints that have been dismissed and those that are awaiting an assessment outcome as to whether IBAC will dismiss, refer or investigate. This new category allows IBAC to better report data under the Public Interest Disclosures Act.

## CONSIDERATION OF HUMAN RIGHTS

The *Charter of Human Rights and Responsibilities Act 2006* (the Charter) identifies and outlines the rights, freedoms and responsibilities of all Victorians. IBAC plays an important role in supporting adherence to Victoria's Charter.

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.

We also assess allegations about public sector agencies to determine if human rights are engaged. Each allegation is considered in regard of the Charter and is captured systematically to help inform IBAC's prevention and investigation work.

In 2019/20, 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 required to undertake an e-learning module on the Charter as part of their induction. The Victorian Equal Opportunity and Human Rights Commission and IBAC regularly meet to discuss matters of mutual interest, particularly those concerning police accountability.

## CHAPTER 5:

# INVESTIGATIONS

An important function of IBAC is to identify and investigate complaints of corruption and police misconduct across the Victorian public sector, including Victoria Police. By law, IBAC must prioritise serious or systemic corruption for investigation.

IBAC must be notified of potential public interest disclosures, allegations of police misconduct by Victoria Police and suspected corrupt conduct. These are called mandatory notifications. IBAC also receives complaints directly from the public.

IBAC can investigate without receiving a complaint or mandatory notification. These are called own motion investigations. As part of its investigations, IBAC may conduct private or public examinations.

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.

IBAC investigations are categorised based on their level of complexity (that is, standard or complex), which reflects the time needed to properly complete an investigation. IBAC commenced reporting on this distinction between standard and complex investigations in 2018/19.

The standard or complex category is determined by considering a number of factors, including:

- 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 the majority of these factors will be categorised as 'limited'. Complex investigations will have two or more and the majority of these responses will be categorised as 'extensive'.

## INVESTIGATIONS – TOTAL

### INVESTIGATIONS AND PRELIMINARY INQUIRIES

Classification	2015/16	2016/17	2017/18	2018/19	2019/20
Preliminary inquiries commenced <sup>(i)</sup>	n/a	10	14	11	12
Investigations commenced <sup>(ii)</sup>	19	26	27	27	12
Investigations commenced – standard <sup>(iii)</sup>	n/a	n/a	n/a	11	4
Investigations commenced – complex	n/a	n/a	n/a	16	8
Investigations and preliminary inquiries finalised <sup>(iv)</sup>	7	18	14	45	28
Preliminary inquiries finalised	n/a	n/a	n/a	18	4
Investigations finalised – standard	n/a	n/a	n/a	19	5
Investigations finalised – complex	n/a	n/a	n/a	8	19
Open investigations and preliminary inquiries as at 30 June	27	28	51	31	23

(i) 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 IBAC's website.

(ii) 2018/19 is the first year IBAC reported on 'standard' and 'complex' investigations.

(iii) See definitions of 'standard' and 'complex' investigations on page 47.

(iv) Before 2018/19, 'preliminary inquiries finalised' and 'investigations finalised' was a combined total.

In 2019/20, IBAC commenced 12 new investigations and 12 preliminary inquiries. IBAC's legislative mandate to focus its resources and investigations on serious or systemic corrupt conduct generally results in it undertaking resource-intensive complex corruption investigations.

Given IBAC's resource constraints and the number of ongoing investigations at the commencement of 2019/20, IBAC had to be very selective in undertaking new investigations, even when the allegations in the complaint or notification met the criteria of being serious or systemic. The investigations IBAC could not undertake were referred for investigation to the relevant integrity or other agency.

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. The following table summarises the source of IBAC investigations and preliminary inquiries that commenced during 2019/20.

### SOURCE OF IBAC INVESTIGATIONS AND PRELIMINARY INQUIRIES COMMENCED IN 2019/20

Source	Number
'Own motion'*	10
Complaint	4
Notification	10

\* If IBAC decides to investigate on its 'own motion', that is, without a complaint from an individual or a notification from a public sector body, this investigation is referred to as an 'own motion' investigation.

In 2019/20, almost 45 per cent of the 24 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.

**28** 

investigations and  
preliminary inquiries  
finalised

**24** 

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

## EXAMINATIONS

### EXAMINATIONS UNDERTAKEN AS PART OF IBAC INVESTIGATIONS

Classification	2015/16	2016/17	2017/18	2018/19	2019/20
Private examination days	81	22	57	64	50
Public examination days	23	4	9	16	23
Witnesses called	144	37	91	111	67

As part of an investigation, IBAC may hold private and/or public examinations (also known as hearings) to gather information and support our expository and prevention functions. Examinations are not trials and do not determine guilt or innocence. Rather, their purpose is to establish the facts.

Most IBAC 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, and, subject to legal and operational considerations, to inform the public sector and community about the adverse impacts, and assist prevention of corruption.

Public examinations play an important role in exposing and deterring serious corrupt conduct in the public sector and serious police misconduct. They:

- inform and educate the community and public sector about the impact of corruption and police misconduct and how such behaviour can be prevented
- deter people from engaging in corrupt conduct
- 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.

The table above provides information on examinations conducted in the course of IBAC investigations in the past five years.

## OPERATION SANDON

IBAC held public examinations into allegations of serious corrupt conduct in relation to planning and property development decisions at the City of Casey during 2019/20. The examinations were held from 18 November to 6 December 2019. They resumed on 2 March but were deferred on 17 March 2020 due to the COVID-19 restrictions. The investigation was ongoing on 30 June 2020.

The examinations were part of the Operation Sandon investigation into allegations of corrupt conduct involving councillors and property developers in the City of Casey, a fast-growing municipality in the south-east of Melbourne. The public examinations considered whether public officers involved in planning and property development decisions were improperly influenced through donations, gifts, pro bono services or other hospitality and other forms of payment.

Operation Sandon is examining the transparency and integrity of planning and property development decisions and whether lobbyists or planning consultants have had undue influence over state and local government planning and property decisions. The examinations are presided over by IBAC's Commissioner, The Honourable Robert Redlich AM, QC.

For the first time, IBAC publicly video-streamed these examinations online to make them more accessible to all Victorians, including the media, with streaming commencing during the first week of the second round of the examinations. More than 9000 people tuned in to view the live stream during March. The examinations contributed to a 58 per cent increase in unique visitors to IBAC's website during 2019/20.

The examinations received significant media coverage, including front-page print, drive-time radio and evening TV news bulletins. IBAC's key messages were picked up in most reporting, particularly around the purpose and benefit of the examination. In addition to the live stream, the coverage was supported by timely, same-day release of images and audio exhibits, and response to media queries.

## OUTCOMES OF IBAC INVESTIGATIONS

Prosecutions resulting from IBAC investigations are one way of measuring IBAC's impact in exposing and responding to corrupt conduct in the public sector, as well as ensuring consequences for those engaging in corruption – including findings of guilt, convictions, jail terms, recovery of the proceeds of crime, fines, community work, corrections orders and bonds. IBAC prosecutes summary prosecutions involving corrupt conduct and works with the Office of Public Prosecutions (OPP) in the prosecution of more serious indictable offences, where it acts as the informant providing the brief of evidence for the OPP to prosecute.

The number of charges and convictions an anti-corruption body secures is only one indicator of performance, albeit a highly public one. Given IBAC's role to expose and prevent corruption, IBAC's effectiveness and efficiency is measured across a much broader range of operational functions and assessed against agreed metrics.

The table below shows the outcomes of IBAC investigations during 2019/20, including prosecutions commenced, concluded and not yet concluded by IBAC and the Office of Public Prosecutions (OPP).

### OUTCOMES OF IBAC INVESTIGATIONS<sup>(i)</sup>

		2019/20
Number of investigations resulting in formal recommendations		17
IBAC prosecutions commenced	OPP	1
	IBAC	1
IBAC prosecutions concluded	OPP	11
	IBAC	6
IBAC prosecutions not yet concluded	OPP	15
	IBAC	5
Special Reports of Parliament		2
No further action <sup>(ii)</sup>		1

(i) This is a new table for 2019/20 and replaces a table used in previous years: 'Outcomes in investigations in the past five years'. The new table better reflects IBAC's activity during the year.

(ii) No further action means no criminal prosecution, no recommendations for disciplinary investigation or action and no intelligence disseminated.

## RECOMMENDATIONS UNDER SECTION 159 OF THE IBAC ACT

IBAC investigations consider broader systemic issues and gaps or weaknesses in agencies' controls that may have facilitated the alleged corruption or police misconduct.

During 2019/20, IBAC made 46 formal recommendations under the IBAC Act for public sector agencies to improve their systems, practices and controls. IBAC requires agencies to respond to recommendations within a specified period.

The table below is a summary of recommendations made by IBAC and their outcomes in the past five years.

### IBAC RECOMMENDATIONS UNDER SECTION 159 OF THE IBAC ACT

	2015/16	2016/17	2017/18 <sup>(i)</sup>	2018/19	2019/20
Recommendations made by IBAC <sup>(ii)</sup>	20	47	14	50	46
Recommendations implemented <sup>(iii)</sup>	18	20	33	27	21
Recommendations being monitored <sup>(iv)</sup>	16	38	27	48	68

(i) 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.

(ii) Total new recommendations made by IBAC in that financial year.

(iii) Total recommendations implemented by subject agencies in that reporting year. Includes recommendations made by IBAC in a previous reporting year but implemented by the agency in a subsequent year.

(iv) Total recommendations being monitored by IBAC, including recommendations where the subject agency has yet to report back to IBAC on implementation or where the agency is delivering ongoing implementation activities that IBAC is monitoring. Includes recommendations made by IBAC in previous reporting years where monitoring is ongoing.

## VICTORIAN PUBLIC SECTOR INVESTIGATIONS

The table below shows the investigations and preliminary inquiries into Victorian public sector agencies undertaken by IBAC during 2019/20. Of the 14 investigations completed by IBAC, 12 were complex, with the main categories of misconduct being fraud, bribery and favouritism. For the two standard investigations completed, the misconduct related to favouritism and fraud.

### PUBLIC SECTOR INVESTIGATIONS AND PRELIMINARY INQUIRIES UNDERTAKEN BY IBAC DURING 2019/20

Status of investigation	Number
Preliminary inquiries commenced <sup>(i)</sup>	9
Investigations commenced – standard	2
Investigations commenced – complex	4
Preliminary inquiries finalised	2
Investigations finalised – standard <sup>(ii)</sup>	2
Investigations finalised – complex	12
Open investigations and preliminary inquiries as at 30 June 2020	19

Notes:

- (i) 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 IBAC's website.
- (ii) For the definition of 'standard' and 'complex' see page 47.

## EXAMPLES OF FINALISED PUBLIC SECTOR INVESTIGATIONS

### OPERATION BETKA – FAILING TO MANAGE A CONTRACTOR

On 27 May 2020, a special report on Operation Betka was tabled to Parliament. It revealed a former Department of Education and Training project manager misused his position when he sourced IT contractors from a company he owned for his personal benefit. The investigation found the project manager failed to manage a conflict of interest when his company provided almost \$14 million in contracted staffing resources to the department between 2003 and 2016.

IBAC found the failure of supervisors at the department to properly manage the conflict of interest enabled this project manager to misuse departmental information to improperly influence processes for procuring contracted staffing services.

Operation Betka exposed significant organisational failings in how conflicts of interest were managed by the department. Managers were aware of the project manager's conflict of interest, yet they failed to take meaningful steps to remove that conflict or to effectively manage his conduct.

The department has since taken steps to strengthen how conflicts of interest are identified, recorded and managed.

IBAC made recommendations to the department to address issues, including how it detects and manages conflicts of interest, and strengthens controls around procurement and recruitment processes, and oversight of contractors. IBAC asked the department to report on the implementation of these recommendations by 30 November 2020.

## EXAMPLES OF FINALISED PUBLIC SECTOR INVESTIGATIONS (CONT)

### OPERATION ESK – CONVICTION AFTER A MANDATORY NOTIFICATION

In October 2019, a former member of the Wesley Hill Public Hall Committee of Management in Castlemaine, was found guilty of obtaining property by deception following an IBAC investigation. IBAC's Operation Esk substantiated allegations of mismanagement of funds by the Wesley Hill Public Hall Committee of Management, which is responsible for running the Wesley Hill Public Hall in Castlemaine.

The former Committee of Management member entered a guilty plea in the Melbourne Magistrates' Court to one charge of obtaining property by deception over a 19-month period between 2014 and 2016. The member was sentenced to a 24-month community correction order, ordered to pay \$39,785.42 in compensation and do 100 hours of unpaid community work, along with conditions of supervision, treatment and rehabilitation.

The matter was referred to IBAC by the Department of Environment, Land, Water and Planning. Department heads and council CEOs must notify IBAC when they have reasonable grounds to suspect corruption is occurring or has occurred in their organisation.

### OPERATION MURANO – THREE MORE CONVICTIONS

Three former clients of St Pauls Prevention Rehabilitation were convicted during 2019/20 following an IBAC investigation, Operation Murano. IBAC investigated allegations that an employee of the drug and alcohol rehabilitation charity based in Strathmore deliberately provided false information to the court in bail applications and sentencing hearings. Operation Murano has resulted in 20 people being charged with a range of offences, including attempting to pervert the course of justice, trafficking in a drug of dependence and fraud offences.

On 3 June 2020, Nicholas Georgiou was convicted and sentenced to a two-year community correction order with 150 hours of unpaid work for attempting to pervert the course of justice, and fined \$250 for trafficking a drug of dependence. On 4 June 2020, Abdul Elabed was convicted and sentenced to four-and-a-half months' imprisonment for attempting to pervert the course of justice and convicted and fined \$250 for trafficking a drug of dependence. On 6 February 2020, Steven Sioulas was convicted of trafficking a drug of dependence and attempting to pervert the course of justice. He was sentenced to a two-year community corrections order.

## OPERATION EDEN – COUNCIL INVESTIGATION

IBAC received a number of complaints about a local council between 2016 and 2018. An investigation was started to determine whether any councillors or council officers showed favouritism to developers in return for benefit. It also explored whether any developers had adversely affected the performance of any public officers in the performance of their duties.

Operation Eden did not substantiate any of the initial allegations. However, the investigation uncovered evidence that showed a former senior executive had engaged in conduct that was contrary to the council's policies and procedures. These included the procurement policy, the recruitment and selection procedural guideline and staff code of conduct.

The executive resigned from the council in 2018, and no action was taken against the former executive for not complying with these policies and procedures.

In January 2020, IBAC made two recommendations to the council. IBAC recommended the council review its policies, procedures and practices to address the corruption vulnerabilities identified by IBAC, by ensuring staff understand their obligations; and that it improve the complaints handling systems and support staff to report suspected misconduct and corruption. The council is due to report to IBAC on actions taken by November 2020.

## EXAMPLES OF FINALISED PUBLIC SECTOR INVESTIGATIONS (CONT)

### **OPERATION FRANKLIN – MISCONDUCT AT A UNIVERSITY**

A Victoria University employee in an administrative position was sentenced to prison following an IBAC investigation into the misappropriation of more than half a million dollars of university funds.

The employee, Ms Kamaljeet Kaur Gill, was sentenced on 27 March 2020 at the Melbourne County Court to three years and six months' imprisonment after pleading guilty to the offences of misconduct in public office and obtaining property by deception and theft.

Ms Gill was prosecuted by the Office of Public Prosecutions following IBAC's Operation Franklin investigation.

IBAC's investigation revealed that Ms Gill had fraudulently obtained 198 EFTPOS gift cards to the value of \$614,261.50 using Victoria University funds after submitting falsified invoices via a university procurement system. A further 102 Coles Myer gift cards belonging to Victoria University with a value of \$36,650 were also stolen by Ms Gill.

In response to recommendations made by IBAC, the university has advised that it has undertaken considerable work to strengthen its policies, procedures and practices around procurement, budgeting and finance, corruption awareness training and complaints handling. IBAC has requested an update on actions taken to strengthen corruption resistance by October 2020.

## PUBLIC SECTOR PROSECUTIONS

The table below summarises the outcomes of public sector investigations by IBAC that were finalised in 2019/20 and resulted in criminal prosecution. A number of outcomes relate to charges initiated in previous years.

### OUTCOMES OF PUBLIC SECTOR INVESTIGATIONS FINALISED IN 2019/20

Operation	Date	Who	Outcome
Franklin	27 March 2020	Kamaljeet Gill	Ms Gill pleaded guilty to three offences: misconduct in public office, obtaining property by deception and theft. She was convicted and sentenced to three years and six months' imprisonment.
Nisidia	21 May 2020	Lyndon Turvey	On 19 June 2019, Mr Turvey pleaded guilty to a charge of bribery and misconduct in public office. He was convicted and sentenced to 15 months imprisonment with a non-parole period of seven months. Mr Turvey appealed the sentence and on 21 May 2020, his sentence was reduced by the County Court to a period of 13 months' imprisonment with a non-parole period of five months.
Molara	September 2019	Tracie Badcock	On 26 March 2019, Ms Badcock pleaded guilty to one charge of bribery and one charge of misconduct in public office. She was convicted and sentenced to six months' imprisonment with a 12-month community correction order. Ms Badcock appealed the sentence and in September 2019, her sentence was reduced by the County Court to four months' imprisonment.
Esk	10 October 2019	Sociana Murray	On 10 October 2019, Ms Murray was convicted and sentenced for the offence of obtaining property by deception to a 24-month community corrections order with 100 hours of unpaid community work and ordered to pay \$39,785.42 in compensation.
Naxos	19 December 2019	Angela Scarpaci	Ms Scarpaci pleaded guilty to one count of conspiracy to attempt to pervert the course of justice and one count of perjury. She was sentenced to a two-and-a-half-year community corrections order with 250 hours of unpaid community work.
Naxos	01 May 2020	Jeffrey O'Donnell	Mr O'Donnell pleaded guilty to one count of conspiracy to attempt to pervert the course of justice and one count of making a false or misleading statement to IBAC. He was sentenced to a two-year community corrections order with 150 hours of unpaid community work.
Murano	6 February 2020	Steven Sioulas	Mr Sioulas was convicted of trafficking a drug of dependence and attempting to pervert the course of justice. He was sentenced to a two-year community corrections order.
Murano	3 June 2020	Nicholas Georgiou	Mr Georgiou was convicted of trafficking a drug of dependence and attempting to pervert the course of justice. He was sentenced to a two-year community corrections order and fined \$250.
Murano	4 June 2020	Abdul Elabed	Mr Elabed pleaded guilty and was convicted of trafficking a drug of dependence and attempting to pervert the course of justice. Mr Elabed was sentenced to four-and-a-half-months' imprisonment for attempting to pervert the course of justice and convicted and fined \$250 for trafficking a drug of dependence.

## VICTORIA POLICE INVESTIGATIONS

The table below shows the investigations and preliminary inquiries into Victoria Police undertaken by IBAC during 2019/20. Of the 12 investigations completed by IBAC, seven were complex, three were standard and two were preliminary 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. Investigations also considered whether police had sufficient regard to the Charter of Human Rights and Responsibilities. In addition, several complex investigations involving police personnel involved allegations of misusing their position in various ways, including accessing or disclosing police information, perjury and associating with organised crime entities.

### VICTORIA POLICE INVESTIGATIONS AND PRELIMINARY INQUIRIES UNDERTAKEN BY IBAC DURING 2019/20

Status of investigation	Number
Preliminary inquiries commenced	3
Investigations commenced – standard <sup>(i)</sup>	2
Investigations commenced – complex	4
Preliminary inquiries finalised	2
Investigations finalised – standard	3
Investigations finalised – complex	7
Open investigations and preliminary inquiries as at 30 June 2020	4

(i) For the definition of 'standard' and 'complex' see page 47.

## EXAMPLES OF FINALISED VICTORIA POLICE INVESTIGATIONS

### OPERATION SALINA

A former Victoria Police Inspector, David Manly, was sentenced in the Melbourne Magistrates' Court on 17 December 2019, following an IBAC investigation. IBAC charged Mr Manly and a sergeant with a range of offences in November 2018, including perjury, misconduct in public office, obtaining property by deception and theft.

The charges were the result of IBAC's investigation, Operation Salina, into allegations that a police officer fraudulently took possession of a number of vacant properties. Mr Manly pleaded guilty to perjury and failing to produce a document or other thing, and was convicted and fined \$5000.

### OPERATION ITHACA

On 25 November 2019, a former Victoria Police Sergeant was sentenced to six months' imprisonment after he was found guilty of perjury in the Melbourne Magistrates' Court, following an IBAC investigation.

IBAC charged former Victoria Police Sergeant Robert Beckingham with a number of offences in May 2018. The charges were the result of IBAC's investigation, Operation Ithaca, into allegations of police personnel misconduct.

Any witness in an IBAC examination, whether public or private, must answer all questions truthfully. It is an offence to give false or misleading evidence to IBAC, and there are heavy penalties for proven perjury before IBAC.

On 1 July 2020, Mr Beckingham was convicted and sentenced at the Melbourne Magistrates' Court to a \$7500 fine. He pleaded guilty to a charge of unauthorised access to police information contained on the LEAP database that related to nine different persons.

Mr Beckingham appealed his sentence in relation to the perjury offence and on 14 August 2020, he was resentenced to an 18-month community corrections order.

## VICTORIA POLICE INVESTIGATIONS (CONT)

### VICTORIA POLICE PROSECUTIONS

The table below lists the outcomes of IBAC investigations of Victoria Police members that were finalised in 2019/20. Some outcomes are from charges made in previous years.

#### OUTCOMES OF IBAC INVESTIGATIONS OF VICTORIA POLICE FINALISED DURING 2019/20

Operation	Date	Who	Outcome
Poros	31 January 2020	Dallas Howell	Mr Howell appealed against his conviction and sentence (that was handed down in the Magistrates' Court on 25 March 2019). The County Court found Mr Howell guilty of two charges of unlawful assault. He was convicted and sentenced to a 12-month adjourned undertaking to be of good behaviour.
Light	2 March 2020	Paul Smith	Mr Smith pleaded guilty to two charges of possessing a prohibited weapon without exemption or approval and was fined \$500 without convictions.
Mersey	5 June 2020	Ross Fowler	On 4 March 2020, a jury trial returned a guilty verdict for the offence of recklessly causing serious injury for which Mr Fowler was later sentenced to a fine of \$10,000 without conviction.
Salina	17 December 2019	David Manly	Mr Manly pleaded guilty to a charge of perjury and failing to produce a document or other thing. He was convicted and fined \$5000.

## CHAPTER 6:

# INDEPENDENT OVERSIGHT

## REVIEWS

IBAC conducts retrospective reviews of public sector and Victoria Police investigations into allegations about misconduct and corruption, or serious incidents and deaths associated with police contact. Independent review of such investigations is a critical part of IBAC's work.

The purpose of an IBAC review is to determine the adequacy of an investigation, in particular whether it was thorough and fair, that the findings are evidence-based and outcomes reasonable and in accordance with public expectations. Where applicable, reviews also consider human rights and public interest disclosure laws.

Reviews are an efficient form of oversight and inform IBAC's strategic intelligence, policy and research work. They are also an opportunity for IBAC to identify opportunities to improve established policies and practices of the agency conducting the investigation, including their investigation processes.

IBAC's capacity to conduct reviews is currently restricted by a lack of resources and only a small number of referred investigations can be reviewed. Working within limited resources, IBAC has this year conducted reviews in two ways – via a high-level review or a comprehensive review. Some matters are immediately assessed for comprehensive review if they meet certain criteria, others undergo an initial high-level review, which involves a more limited form of review that looks at the investigation report and list of outcomes, materials and evidence obtained within the investigation file.

This step enables more targeted selection of additional matters that would benefit from a comprehensive review, which involves an in-depth examination of the full investigation file.

In addition to ensuring resources are utilised effectively, conducting high-level reviews enables more matters to be considered and helps to inform trends analysis, engagement and prevention efforts.

IBAC prioritises its reviews by considering:

- the seriousness of the allegations
- the seniority or position of personnel involved
- the established patterns of behaviour or complaint histories
- indications of management practices or organisational and cultural issues that enable misconduct or corruption
- issues that are in the public interest, for example they may involve a vulnerable member of the community, excessive force or a breach of human rights.

## REVIEWS (CONT)

### NUMBER OF IBAC'S COMPREHENSIVE REVIEWS IN THE PAST FIVE YEARS

	2015/16	2016/17	2017/18	2018/19	2019/20
Reviews of police investigations completed	96	73	72	45	59
Reviews of public sector investigations completed	8	8	8	11	8

## VICTORIAN PUBLIC SECTOR REVIEWS

IBAC completed eight reviews of public sector investigations. The following reviews were among those finalised in 2019/20.

### REVIEW OF AMBULANCE VICTORIA INVESTIGATION

IBAC reviewed an Ambulance Victoria investigation into allegations that paramedics were pressuring staff of a contractor to sign forms relating to the disposal of controlled substances. Ambulance Victoria's Professional Conduct Unit conducted the investigation and found that policies and procedures had been followed and no misconduct had occurred.

IBAC's review found the Ambulance Victoria investigation was undertaken independently, in a timely manner and all enquiries were explored and documented. The findings appeared evidence-based.

This was the first time IBAC reviewed an Ambulance Victoria investigation and found that it was well-placed to conduct internal investigations into employee misconduct as it has adequate policies, procedures and guidelines.

Prior to this review, IBAC completed Operation Tone into drug use and corrupt conduct involving Ambulance Victoria paramedics. As a result of Operation Tone, Ambulance Victoria strengthened its policies and procedures and these were in place and found to be effective at the time of this review.

### REVIEW OF MONASH HEALTH INVESTIGATION

IBAC reviewed a Monash Health investigation into an employee who had fraudulently billed private health funds for surgeries they were not involved in. The employee resigned in the course of a disciplinary process and the theft was referred to police. Monash Health also notified the Australian Health Practitioner Regulation Agency.

This was the first time IBAC reviewed an investigation by Monash Health. IBAC found it was conducted expediently, was thorough with all avenues of enquiry explored, and the finding was evidence-based and the outcome fair and reasonable. In addition, IBAC found Monash Health appropriately reviewed its corruption and fraud policies and made necessary changes to its billing practices as a corruption prevention measure.

### REVIEW OF A COUNCIL INVESTIGATION

IBAC received a mandatory notification by a local council after the council became aware of a reasonable suspicion of corrupt conduct. IBAC assessed and referred the notification back to the council for investigation.

The council's investigation found an employee had influenced the council's approval process to benefit their relative (the applicant seeking approval) and as a result, their employment with the council was terminated.

IBAC's review found that the council investigation was thorough, adequately resourced and was done in a timely manner. In addition, the employee was afforded natural justice. The council also undertook a comprehensive policy, governance and system review to strengthen its management of conflicts of interest.

IBAC's review identified one deficiency: the council assigned the investigator (the employee's line manager) as the welfare coordinator. This dual role may have undermined the welfare support role. Ideally, the welfare officer should have been an independent person.

The case highlighted the importance of identifying and managing conflicts of interest in local and state government sectors. In October 2019, IBAC published a research report, *Managing corruption risks associated with conflicts of interest in the Victorian public sector*. The report identifies how agencies can strengthen their policies and systems to detect, prevent and manage conflicts of interest before they escalate into corrupt conduct.

## VICTORIA POLICE REVIEWS

IBAC conducted 59 comprehensive reviews of Victoria Police investigations. These reviews commonly highlighted issues with:

- adherence to processes to manage perceived, possible and actual conflicts of interest
- consideration of the Charter of Human Rights
- timeliness of investigations.

IBAC will continue to work with Victoria Police on improvements in these areas.

In addition, IBAC conducted 99 high-level reviews of investigations and, in 75 of these matters, did not consider it necessary to proceed to comprehensive review.

The following examples were among the comprehensive reviews finalised in 2019/20.

### REVIEW OF INJURY SUSTAINED IN POLICE CUSTODY

IBAC received a serious incident notification from Victoria Police advising of an injury sustained in police custody. The civilian was injured in custody during a full body search and was later taken to hospital. An investigation into the incident was undertaken by Victoria Police and finalised; however, it was reopened to consider additional information provided by the injured party's lawyer.

IBAC found the Victoria Police investigation of the incident was comprehensive, thorough and the findings of Victoria Police were evidence-based. IBAC noted that the case file was well organised and all relevant evidence had been considered and included in the file. In addition, IBAC noted Victoria Police gave appropriate consideration to relevant human rights engaged during the incident.

IBAC's review identified only minor issues with the investigation and these were relayed to Victoria Police for noting and consideration.

### REVIEW OF A POLICE DISCIPLINE INVESTIGATION

IBAC received a notification from Victoria Police about an incident involving improper behaviour by an off-duty police officer, which resulted in an arrest and both criminal and discipline action being considered.

IBAC's review of the Victoria Police investigation found that the criminal and discipline investigations were undertaken appropriately, the findings and outcomes were fair and reasonable, and the investigating officer fully considered human rights.

However, IBAC's review identified two of the officers involved in the investigation should have completed conflict of information forms at the start of the investigation. Although there was no indication of any bias or inadequacies in the investigation, IBAC identified one of the officers had a conflict of interest as they were involved in the initial arrest of the off-duty officer.

IBAC's review noted this had the potential to cast doubt on the integrity of the investigation and reiterated the importance of completing forms prior to an investigation to avoid conflicts like this arising and to provide an opportunity to manage them.



**8** reviews of public sector investigations completed, a 37% decrease on 2018/19



**59** reviews of police investigations completed, a 31% increase on 2018/19

## VICTORIA POLICE REVIEWS (CONT)

### **REVIEW OF POLICE HANDLING OF INVESTIGATION INTO INFLATION NIGHTCLUB SHOOTING**

In July 2017, members of the Victoria Police Critical Incident Response Team attended Inflation Nightclub in response to reports that a patron had a firearm. Police entered the club and fired shots, seriously injuring two patrons. Victoria Police reviewed police conduct after the critical incident but IBAC found that Victoria Police failed to properly review the incident.

IBAC found Victoria Police only investigated the conduct of the patrons involved in this incident, and not the actions and conduct of police officers. Details of IBAC's findings were made public after Victoria Police and the two injured patrons reached a confidential financial settlement in relation to the incident on 13 November 2019.

IBAC looked at the investigation conducted by the Armed Crime Squad and the Professional Standards Command oversight of this investigation, and found that Victoria Police had failed to conduct an Operational Safety Review\* of the conduct of the police.

It was IBAC's expectation that an Operational Safety Review would be undertaken by Victoria Police. Victoria Police justified not conducting the Operational Safety Review as civil litigation was underway. IBAC did not consider this an appropriate reason for not undertaking the necessary review. In November 2019, Victoria Police advised IBAC that it would conduct the Operational Safety Review and share the findings with IBAC upon completion. A draft report on the Operational Safety Review was shared with IBAC in June 2020.

\* Victoria Police can conduct Operational Safety Reviews after serious incidents to assess the strategies and tactics used, and identify and recommend opportunities for improvement in police systems, processes, practices, policy, training, and resources.

## MONITORING VICTORIA POLICE COMPLIANCE WITH LEGISLATION

IBAC oversees Victoria Police's compliance with various Acts. IBAC's Compliance team conducts audits and inspections under the following Acts:

### **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.

### **CRIMES ACT 1958**

IBAC is required to monitor compliance by police officers and members of Victoria Police personnel or any other person who carried out a function or power in respect of:

- the taking of a DNA profile sample
- a senior police officer authorisation
- an authorisation under Section 464ZFAE to a senior police officer authorising the taking of a DNA sample
- any matter on which the Chief Commissioner of Police is required to report to the Attorney-General under Section 464ZFE.

### **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 2019/20, IBAC case-reviewed 35 firearm prohibition orders and made one recommendation that was accepted by the Chief Commissioner of Police.

## MONITORING OF LOW-LEVEL COMPLAINTS FROM VICTORIA POLICE

Complaints received by Victoria Police are triaged by Victoria Police 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 (for example, customer service complaints) should be classified LMR or MIM because these are incidents that are capable of resolution without using the disciplinary process and do not involve police misconduct, as defined in the *Victoria Police Act 2013*. While not required to notify IBAC, Victoria Police does advise IBAC of these matters.

In 2019/20, IBAC received 516 LMR notifications. These complaints related to duty failure (such as failure to take action, assist or investigate; and failure to provide an investigation update or outcome) and behaviour (such as incivility, aggression, rudeness, inappropriate behaviour and harassment). IBAC also received 460 MIM notifications. These complaints related to duty failure (such as failure to take action or investigate; failure to comply with instruction or follow process; and failure to return property) and behaviour (such as incivility, aggression, rudeness and inappropriate behaviour).

In 2018/19 IBAC undertook an audit of 10 per cent of MIMs and LMRs classified by Victoria Police to review the classifications for accuracy. With the restrictions in movement and stay-at-home orders arising from COVID-19, IBAC was not able to conduct this audit in 2019/20 due to the need to use specialist systems in the office to conduct the audit.

## CHAPTER 7:

# PREVENTION AND EDUCATION

## PREVENTING PUBLIC SECTOR CORRUPTION AND POLICE MISCONDUCT

A core organisational function under the IBAC Act is to prevent public sector corruption and police misconduct. This work is critical to improving integrity standards across the public sector and police.

IBAC's expository activities, including investigation outcomes, research and strategic intelligence analysis, are the foundation upon which our prevention work is built. This evidenced-based content, demonstrating the nature and impact of corruption and police misconduct, provides the platform to inform meaningful engagement with stakeholders and broader audiences.

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 are prepared to respond to corruption risks.

In 2019/20, IBAC delivered 75 corruption prevention initiatives and received a 93 per cent satisfaction rating from participants. A number of planned prevention and engagement events were cancelled as a result of the pandemic and the restrictions on movement during lockdown. There was also a reduction in invitations/engagement requests from other public sector agencies and external stakeholders due to competing priorities and the forced closures. The emergency measures also impacted other prevention initiatives, such as IBAC reports and resources, due to delays in external stakeholder consultations which help us develop the content.

## COMMUNICATION AND ENGAGEMENT ACTIVITIES

As part of IBAC's corruption prevention remit, IBAC presented at and participated in several external forums in 2019/20. Presentations were provided to senior leaders and staff working at a practitioner level in integrity-related roles, via various Victorian Government and local government-based integrity networks and procurement and contract management forums. There were also a number of presentations delivered to stakeholders on the corruption risks in the public sector associated with COVID-19.

Examples of presentations delivered include:

- presentations to senior executives participating in the Institute of Public Administration Australia (IPAA) senior leaders' Integrity and Ethical Leadership Program
- presentations to senior leaders via internal Victorian Public Sector integrity committees
- keynote address at IPAA Public Sector Week in August 2019
- presentation to Bendigo Kangan Institute senior management team.

New resources were developed and made available on IBAC's website including information sheets on:

- corruption risks associated with public sector boards
- conflict of interest myths, misconceptions and management
- corruption risks associated with government-funded human services delivered by community organisations
- corruption risks in the social housing sector.

IBAC continued its Victoria Police education program to reinforce the importance of integrity and ethical behaviour through its ongoing involvement in the Victoria Police Foundation Development Program for new recruits. IBAC also presented to Victoria Police Command, the Police Managers' Qualifying Program and Professional Standards Command.

**75** 

**corruption prevention  
initiatives delivered**

**93%** 

**satisfaction rating with  
corruption prevention  
initiatives delivered**

Like many Victorian Government entities, COVID-19 required IBAC to adapt and change our usual means of communicating and engaging with our stakeholders. Our use of digital communication matured during 2019/20, in part, to meet these challenges. Enhancements included:

- public, accessible live-streaming of the Operation Sandon examinations
- public broadcast of online panel discussions on key topics of community interest, such as corruption prevention and police oversight during lockdown
- improved access to IBAC online content, particularly via a popular search engine
- improved website user experience, including initiatives to improve access for people from culturally and linguistically diverse (CALD) communities
- growth in engagement through our social media communications.

In 2019/20 IBAC developed and released a range of new resources and communications to highlight public sector corruption and police misconduct, and help prevent it from occurring. This includes two special reports, three research reports, eight information sheets, six videos, and 38 media releases.

IBAC publishes a quarterly e-newsletter, *IBAC Insights*, which has 3480 subscribers. It provides readers with information about IBAC's work, new developments in corruption prevention including current research, trends, ideas and innovations, case studies, and interviews with industry leaders. We also share our content on social media and have 5981 followers on Twitter and LinkedIn, growing by 62 per cent from 2018/19.

Other communication and engagement activities are detailed on pages 27 and 50.

**3480** 

subscribers to *IBAC  
Insights*

**5981** 

Twitter and LinkedIn followers

## 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 builds community confidence and trust in the Victorian public sector and builds confidence in the Victorian integrity system.

IBAC communication focuses on building community awareness of public sector corruption and police misconduct, encouraging the reporting of suspected corruption, identifying how corruption can be prevented, and supporting the building of corruption prevention capability in our public sector.

We are committed to being as open and transparent as possible in providing information to the community. While IBAC is at times limited in what information can be shared (usually due to legal and operational reasons, such as protecting the integrity of an ongoing investigation), we produce accessible, informative communications that help to build understanding about and resistance to corruption.

### HOSTING THE AUSTRALIAN PUBLIC SECTOR ANTI-CORRUPTION CONFERENCE

IBAC coordinated the delivery of Australia's leading anti-corruption conference, in partnership with state and federal integrity and anti-corruption agencies on 29–31 October 2019. It was the first time the Australian Public Sector Anti-corruption Conference was held in Victoria. The three-day multi-disciplinary event focused on preventing, exposing and responding to corrupt conduct and corruption risks in public institutions, including all levels of government, elected bodies, the judiciary and statutory bodies.

The conference also gave an opportunity for anti-corruption and other agencies, academia, the private sector and other practitioners to discuss and share their experience and expertise. It included plenary sessions, discussion panels and workshops that focused on research, trends, case studies and new methods for preventing, investigating and exposing corruption.

A joint communiqué from Australia's anti-corruption Commissioners was released on the 29 October 2019 and was discussed during the conference. The event also served to raise public awareness of how to report corruption and helped build the profile of IBAC.

More than 500 delegates from across the country and overseas attended the conference. A testament to the success of the conference was that 97 per cent of delegates who provided feedback about the conference said they were either satisfied or very satisfied.

### CORRUPTION PREVENTION REGIONAL FORUM

On 2 December 2019, IBAC delivered a Corruption Prevention and Integrity Insights Forum in Geelong. The forum involved speakers from IBAC, the Victorian Ombudsman, the Victorian Auditor-General's Office, the Local Government Inspectorate and Barwon Health. The forum was part of IBAC's ongoing program to engage with public sector employees in regional areas. The theme of the forum was conflict of interest and this was used in case studies and enhanced interactive elements.

More than 50 public sector CEOs, managers and senior staff working in integrity-related roles in Geelong and surrounding areas attended the forum. Attendees were from local government, Victoria Police, water services, the health sector, Department of Justice and Community Safety and local trusts. Of those who completed the evaluation, 100 per cent reported being either satisfied or very satisfied with the forum. A second regional forum planned for May was cancelled due to COVID-19 restrictions.

## ENGAGING WITH VICTORIA'S LEGAL SECTOR

IBAC's jurisdiction covers the whole of the Victorian public sector, and the legal sector is an important stakeholder. Our jurisdiction 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 2019/20, we strengthened our strategy to more proactively engage with the legal sector in Victoria. Key activities included:

- hosting a legal sector roundtable in July 2019 to re-engage with the sector and broaden the number of stakeholders invited to attend the roundtable
- hosting a legal sector roundtable in February 2020, which included a presentation from Victoria Police on body-worn cameras
- participating in two online webinar events as part of the Victoria Law Foundation 2020 Law Week:
  - panel discussion involving IBAC, the Victorian Equal Opportunity and Human Rights Commission and Victoria Police on 'Overseeing the use of police powers during the COVID-19 pandemic'
  - podcast involving IBAC's Commissioner, CEO and Director Legal: 'IBAC – Exposing and Preventing Corruption in a Time of COVID-19'
- participating in panel discussions at a number of legal sector events, including:
  - continuing professional development session for several private law firms
  - Victorian Women's Lawyers Panel discussion – Ethical intuition: Navigating Ethical Challenges in Government.

## COMMUNICATING PUBLIC INTEREST DISCLOSURE CHANGES

New legislation introduced changes to the Protected Disclosure Act (now known as the Public Interest Disclosures Act) to support people making disclosures in the public interest. From 1 January 2020, these changes replaced the previous 'protected disclosure' arrangements with 'public interest disclosures'. More information about the introduction of the scheme and how it operates is on page 13 and 39 respectively.

IBAC held a number of external forums and meetings, and delivered tools and resources to help them prepare for and understand the changes relating to the amendments to the Public Interest Disclosures Act.

This work is ongoing and continues to present challenges due to the complexity of the legislation and emerging issues, the needs of stakeholders to comply with their legislative obligations, and coordinating arrangements with other Victorian integrity agencies.

A communication and engagement program was delivered to raise awareness about the changes for staff working in the Victorian public sector. This included:

- delivering of information sessions for public sector bodies in late 2019
- hosting events specifically tailored for Public Interest Disclosure (PID) Coordinators, including a community-of-practice event in September 2019 and a PID Annual Forum via webinar in June 2020 which attracted 171 participants
- publishing new resources on IBAC's website, including information sheets, videos and guidelines for handling PIDs and welfare management
- promoting the changes via external communication channels (such as an article in the *Law Institute Journal*).

IBAC will continue to work with stakeholders to further enhance existing public interest disclosures material and develop new information.

## CORRUPTION PREVENTION INITIATIVES FOR THE VICTORIAN PUBLIC SECTOR (CONT)

### SPECIAL REPORTS

#### **SPECIAL REPORT ON CORRUPTION RISKS ASSOCIATED WITH PROCUREMENT IN LOCAL GOVERNMENT: OPERATIONS DORSET, ROYSTON AND OTHERS**

Tabled in September 2019, the special report outlines the findings of IBAC Operations Dorset and Royston, which investigated allegations of corrupt conduct involving procurement in Darebin City Council and City of Ballarat Council respectively.

The report highlighted vulnerabilities in council policies, practices and systems that contributed to the conduct, to encourage all Victorian councils to consider how they can strengthen their own processes and controls.

Based on issues identified in Operations Dorset and Royston, the report highlighted a number of corruption vulnerabilities in procurement. These vulnerabilities included:

- failure to comply with competitive procurement requirements (for example, failing to seek the required number of quotes or to go through an open tender process)
- using variations and amendments to contracts or purchase orders to circumvent competitive procurement requirements
- poor internal controls (for example, failing to sufficiently segregate duties to prevent one employee from being able to initiate, approve and review a procurement activity)
- failure to declare and manage conflicts of interest
- poor record-keeping practices and a lack of transparency around procurement
- insufficient monitoring of expenditure, including cumulative spend against contracts and aggregated payments to specific suppliers
- inadequate supervision and approval processes.

IBAC recommended that Darebin City Council and City of Ballarat Council review and strengthen their procurement policies, systems and practices to address the identified vulnerabilities. Responses from both councils are due by 30 September 2020.

IBAC also recommended Local Government Victoria consider developing a code of conduct for local government suppliers, which would outline the standards expected of suppliers including in relation to reporting suspected misconduct or corrupt conduct by council employees and suppliers. Local Government Victoria has accepted this recommendation and will report on implementation by 30 September 2020.

#### **OPERATION BETKA: AN INVESTIGATION INTO ALLEGED CORRUPT CONDUCT BY A FORMER CONTRACTOR OF THE DEPARTMENT OF EDUCATION AND TRAINING**

Tabled in May 2020, this special report outlines the findings of Operation Betka, an investigation into allegations that a contractor, who worked in the Department of Education and Training as a senior IT project manager, had engaged in corrupt conduct. More information about Operation Betka is in a case study on page 53.

## RESEARCH REPORTS

### MANAGING CORRUPTION RISKS ASSOCIATED WITH CONFLICTS OF INTEREST IN THE VICTORIAN PUBLIC SECTOR

This research report, published in October 2019, highlights how certain organisational functions and activities in the public sector are at heightened risk of conflicts of interest and explains how this key corruption risk can be managed. These risks are illustrated using investigations conducted by IBAC and other integrity agencies. The report shows how conflicts of interest can facilitate corrupt conduct if they are not properly identified, declared and managed.

Key findings outlined in the report are:

- Procurement, recruitment, regulation, governance, custodial management, information management and internal investigations are particularly vulnerable to conflicts of interest.
- Failure to manage conflicts of interest may arise from a poor understanding of what constitutes a conflict and the implications and risks conflicts present for public officers' decision-making. Alternatively, the failure may be deliberate to derive a personal benefit.
- Poor managerial oversight enables conflicts of interest to go undeclared or mismanaged.
- A culture of expediency and 'getting the job done' over proper process can lead to conflicts of interest being ignored.
- Some public bodies may be susceptible to a greater risk of hiring friends and family. This may be linked to location (for example, regionally-based agencies can experience limited recruitment pools), a scarcity of skills and experience, a desire to complete a project as quickly as possible, or a deliberate decision to provide a benefit to friends and family.

IBAC identified that while guidance and resources provided by public bodies in state and local government may be clear, adequate and generally comprehensive, the guidance provided to councils is dated and requires review. IBAC identified there is also a lack of guidance available to public bodies about identifying and managing declarable associations. Agencies need to regularly reinforce messages and provide ongoing training on conflicts of interest to all staff.

## CORRUPTION PREVENTION INITIATIVES FOR THE VICTORIAN PUBLIC SECTOR (CONT)

### UNAUTHORISED ACCESS AND DISCLOSURE OF INFORMATION HELD BY THE VICTORIAN PUBLIC SECTOR

This research report, published in February 2020, is the second of three public reports resulting from an IBAC strategic intelligence project into the unauthorised access and disclosure of information across IBAC's jurisdiction.

The key findings of the report were:

- IBAC intelligence suggests information misuse is under-reported across the entire public sector. This may be due to a lack of detection, an underappreciation for information security and privacy rights of complainants, or a lack of awareness that information misuse and disclosure may constitute an offence in itself.
- IBAC and Victorian public sector agencies often do not detect information misuse until they are investigating other misconduct or corrupt actions. This is partly due to information security systems which have not been fully developed, and a lack of processes to either detect unauthorised information access in isolation or flag that it has occurred.
- Unauthorised disclosure to the media is a risk across public sector agencies. These incidents are difficult to substantiate due to the source of the information leaks often being challenging to identify.
- Sharing information with approved third parties also presents corruption risks. This is partly driven by the confusion created by the complex legislative, administrative and regulatory environment governing information sharing. Although policies may be in place to control information access and disclosure by third parties, the proactive detection and enforcement of information misuse by agencies owning the information is difficult.

- Increased use of personal devices and smartphones in the workplace has made unauthorised disclosure of information much easier. The level of maturity in how public sector agencies deal with this increased risk is extremely varied.
- Unauthorised information access and disclosure is a key risk in procurement. Greater awareness and implementation of best practice, and reporting procurement suspected to be corrupt due to information misuse to IBAC, could mitigate this risk.
- Customised auditing of information access is under-used and its benefits are under-appreciated across the Victorian public sector. A program of proactive, extensive and repeated auditing could be used to identify and deter unauthorised access of information.

The introduction in 2016 of the Victorian Protective Data Security Framework (VPDSF) across the public sector is expected to reduce the incidents of unauthorised information access and disclosure over the longer term. However, it is initially expected that as awareness of information security increases, so will the number of the reports of information security incidents. The influence of the Victorian Protective Data Security Standards (VPDSS) on longer term cultural change will depend on how successfully public sector agencies implement the framework and align their practices.

## INFORMATION SHEETS

### CORRUPTION RISKS IN THE SOCIAL HOUSING SECTOR

This resource, published in December 2019, followed IBAC's 2017 strategic intelligence assessment on the corruption risks associated with social housing. The information sheet and two posters will raise awareness of IBAC and its oversight role in the social housing sector and amongst its employees.

Key issues outlined in the information sheet are:

- A shortfall in social housing supply and a shift towards community housing over public housing may increase corruption risks in the sector. The risk of bribery and poorly managed conflicts of interest are particularly heightened.
- Both public and community housing sector employees and government service providers are well placed to identify corruption during the application and allocation process for housing, during major projects delivering new social housing and during the day-to-day delivery of social housing services.
- The following key corruption risks were identified: bribery; conflict of interest; favouritism in procurement; maintenance fraud; and theft via disposal of assets.

The information sheet outlined how these risks are applicable to both employees and the sector more broadly, and outlined prevention and detection strategies.

### CORRUPTION RISKS ASSOCIATED WITH PUBLIC SECTOR BOARDS

This information sheet, published in September 2019, highlighted corruption vulnerabilities associated with public sector boards in Victoria. It alerted government departments to opportunities to strengthen their systems and practices to address those vulnerabilities. It also outlined measures to aid the detection, reporting and prevention of corruption which can otherwise lead to waste of public money and resources, undermine people's trust in government, and damage the reputation of the public sector.

Corruption risks identified by IBAC in relation to public sector boards included:

- **Conflicts of interest:** To maintain integrity and public trust, it is important that all boards have policies and systems to identify and appropriately manage conflicts of interest. Having a conflict of interest is not in itself corrupt conduct. However, when board members have private interests in the resource or organisation being managed by the board, this could improperly influence, or be seen to influence, their decisions or actions. Integrity issues arise and the potential for corruption exists when there is a failure to properly identify, declare and manage the conflict of interest.
- **Theft and misappropriation of funds:** The most significant risk relevant to small volunteer boards (such as Committees of Management and cemetery trusts) is their vulnerability to theft and misappropriation of funds. IBAC noted many of these small boards have little interaction with, or active oversight by, their responsible government departments. Such boards struggle to fill board positions and the financial management and governance expertise of members may be limited. All these factors can contribute to the risk of theft or misappropriation of funds.

## CORRUPTION PREVENTION INITIATIVES FOR THE VICTORIAN PUBLIC SECTOR (CONT)

- **Bribery and inducements:** Members of public sector boards can be susceptible to offers of gifts, benefits and hospitality or even bribes from businesses in return for lucrative contracts or favourable treatment. Board members often have considerable authority to award contracts or allocate funds. These decisions must be made in the best interests of the community and consistent with public sector values and guidelines, with appropriate management of conflicts of interest.

Boards are entrusted with public money and assets that should be used only in the public interest. Smaller boards whose members have little experience and oversight from their governing departments are vulnerable to adopting inappropriate practices, which may facilitate and mask corruption.

### CORRUPTION RISKS ASSOCIATED WITH GOVERNMENT-FUNDED HUMAN SERVICES DELIVERED BY COMMUNITY ORGANISATIONS

This information sheet, published in October 2019, highlighted the potential risks and drivers of corruption associated with government-funded human services delivered by community service organisations. It raised awareness of these issues so that funding agencies and regulators can assist community service organisations to identify, manage and prevent identified and other corruption risks. Given the risks associated with this sector, IBAC will publish a full report in 2020/21.

Key issues identified in the information sheet are:

- Risks may arise, in part, due to the nature of the not-for-profit sector, complicated regulatory and funding arrangements, and outsourcing processes for service delivery.
- Not all of the risks and drivers identified in the research apply to all community service organisations; however, they merit attention so that community service organisations, regulators and funders are able to make informed assessments of the risks facing the sector and invest in appropriate prevention and detection strategies.
- Risks can relate to fraudulent or inaccurate reporting practices, poor conflict of interest management, nepotism, poor procurement and contract management practices, improper 'double dipping' practices.
- Some of the drivers of corruption relate to the complicated oversight and accountability requirements, limited resources, board and governance structures, lack of awareness about corruption prevention, underreporting of complaints and competition for funding.

## CORRUPTION PREVENTION INITIATIVES FOR VICTORIA POLICE

### AUDIT OF HOW VICTORIA POLICE HANDLES COMPLAINTS MADE BY ABORIGINAL PEOPLE

IBAC is conducting an audit of how Victoria Police handles complaints about police misconduct made by Aboriginal people. This audit was underway in June 2020 but was delayed due to COVID-19.

The audit is examining 55 files completed by Victoria Police during 2018 where the complainant or a person involved in a serious incident following contact with Victoria Police has been identified as an Aboriginal person.

IBAC's audit will identify issues and potential areas where Victoria Police can improve its handling of complaints made by Aboriginal people, and also identify good practice that Victoria Police could apply more broadly. The audit also aims to raise awareness of IBAC's police oversight role among Aboriginal people.

As part of the audit, IBAC was planning community engagement sessions with a number of Aboriginal communities across Victoria. Due to limitations on community gatherings as a result of COVID-19 restrictions, IBAC adapted this engagement to focus on one-on-one phone consultations with Aboriginal people from these communities.

These changes to the planned community consultations have delayed completion of the audit. IBAC expects to report publicly on its audit in 2020/21.

### VICTORIA POLICE RESPONSES TO PREVIOUS COMPLAINT AUDITS

In June 2018, IBAC reported on its audit of complaints handled by Professional Standards Command (PSC), including making five recommendations to Victoria Police on how it could strengthen PSC's complaints handling processes.

In 2019/20, Victoria Police provided its final report to IBAC on implementation of these recommendations. IBAC has noted the changes implemented by Victoria Police, published a summary of Victoria Police's response on IBAC's website and continues to work with Victoria Police to improve the way PSC manages complaints.

Changes made by Victoria Police include:

- automatic detailed notification of C1-O 'work-files' to IBAC
- a new instruction that confirms advice will be sought from the Office of Public Prosecutions as soon as possible where Victoria Police forms a reasonable belief that a reportable offence has been committed.

### VICTORIA POLICE EDUCATION PROGRAM

IBAC continued its Victoria Police education program to reinforce messaging about integrity and ethical behaviour.

The education program uses a range of opportunities to integrate anti-corruption messaging into existing Victoria Police education and other activities, to raise awareness about IBAC, inform police of their obligations to report misconduct, encourage such reporting and provide information on how to report misconduct (to IBAC or Victoria Police).

A key area of focus for our police education program over the past year has been on raising awareness of behaviours which can mask or obscure police misconduct.

Arising out of its many investigations and reviews, IBAC has identified the following behaviours which can mask misconduct or corruption:

- officers directly involved in misconduct who conceal or fail to accurately disclose and report their actions
- police witnesses present during the incident who conceal or fail to accurately disclose and report the misconduct they have observed
- managers/supervisors who fail to rigorously inquire into and report, or actively conceal the misconduct of officers and the failings of those police witnesses who do not disclose or report that conduct
- investigators of a complaint who do not adequately assess the evidence of misconduct, fail to recommend appropriate sanctions, or do not address the actions of other police that resulted in the concealment of that misconduct
- senior leaders who fail to acknowledge, expose or address the misconduct.

## CORRUPTION PREVENTION INITIATIVES FOR VICTORIA POLICE (CONT)

These types of behaviour form a central plank of IBAC's education engagement with Victoria Police. This and other education programs reinforce the importance of integrity and building a strong ethical culture in Victoria Police that actively resists corruption and misconduct.

The program for 2019/20 included:

- fortnightly presentations to recruits participating in the Probationary Constable Foundation Development Program
- several presentations to senior sergeants and inspectors participating in the Police Managers Qualifying Program
- two presentations to staff working in the Professional Standards Command
- a presentation to the Legal Services Senior Management Team
- inclusion of new IBAC content in the Victoria Police Victorian Public Sector induction manual.

- Increased use of personal devices and smartphones in the workplace has made unauthorised disclosure of information much easier. This is particularly the case for those Victoria Police employees who use their personal mobile phones to conduct their work duties, including using cameras to capture evidence or using applications to take notes or recordings.
- Victoria Police and IBAC often do not detect information misuse until they are investigating other misconduct or corrupt actions. This is partly due to information security systems, which have not been fully developed, and a lack of proactive monitoring and auditing processes in place to detect unauthorised information access.
- Customised auditing of information access is under-utilised by Victoria Police and its benefits are under-appreciated. A program of proactive, extensive and repeated auditing could be used to identify and deter unauthorised access of information.

Implementation of the Victorian Protective Data Security Framework (VPDSF) and the Victorian Protective Data Security Standards (VPDSS) across the public sector is expected to reduce unauthorised information access and disclosure.

## RESEARCH REPORT

### UNAUTHORISED ACCESS AND DISCLOSURE OF INFORMATION HELD BY VICTORIA POLICE

This research report published in September 2019 was the first of three public reports resulting from our strategic intelligence project into the unauthorised access and disclosure of information across IBAC's jurisdiction.

The key findings of the report were:

- Unauthorised access and disclosure of information are key enablers of other corrupt behaviour. These corruption risks are often overlooked as risks by agencies. This is evident in the lower than expected number of reports made to IBAC, and in the behaviours uncovered in investigations undertaken by IBAC and other public sector agencies.
- Unauthorised disclosure to the media is a risk across public sector agencies, including Victoria Police which frequently deals with issues of high public interest. These incidents are difficult to substantiate due to the source of the information leaks often being challenging to identify.
- Sharing information with approved third parties also presents many corruption risks. This is especially relevant for Victoria Police, which holds significant personal information about citizens.

5 

**special and research reports published exposing corruption and misconduct, and ways it can be prevented**

## CHAPTER 8:

# WORKFORCE DATA AND OTHER DISCLOSURES

## WORKFORCE AND INCIDENT MANAGEMENT DATA

### OCCUPATIONAL HEALTH AND SAFETY

IBAC is committed to providing and maintaining a healthy, safe working environment for staff, visitors and anyone involved in our work, in accordance with the *Occupational Health and Safety Act 2004* and associated regulations. An extensive occupational health and safety (OHS) review and audit was undertaken in 2019/20 and is detailed on page 33.

In 2019/20, IBAC demonstrated its ongoing commitment to OHS with a number of key achievements. IBAC's OHS Committee is an advisory committee to the executive team that meets quarterly to discuss OHS issues in the workplace. The committee met quarterly in 2019/20 and is made up of management, and health and safety representatives from six designated work groups.

Staff were offered health and wellbeing seminars in 2019/20. The seminars were on creating a safe workplace culture, managing stress and building resilience. St Johns Ambulance Victoria taught first aid to the investigations unit and gave cardiopulmonary resuscitation (CPR) refresher training for seven first aid officers.

In December 2019, IBAC staff were offered 10-minute consultations with a skin specialist. More than half of the 67 staff who had the skin check were advised to follow up with their doctor.

A total of 42 workstation ergonomic assessments were conducted during 2019/20 and 18 sit-stand desks were commissioned to support office-based workers after these assessments. Other ergonomic equipment was also made available to staff.

IBAC supported employee health through annual on-site flu vaccinations. Employees and their immediate household members were given 75 vaccinations through the program.

The mental health and wellbeing of staff continued to be a focus in 2019/20. Staff were encouraged to use IBAC's Employee Assistance Program and the program included additional webinar information sessions to help reduce anxiety and build coping mechanisms in response to COVID-19 remote working arrangements. This was especially important for parents, who juggled work with their children's remote learning, and managers, who were managing and engaging with teams remotely.

A Contact Officer policy and program was implemented for staff who may experience inappropriate workplace behaviour and need support and information. IBAC received a positive response from staff who wanted to receive training to become a Contact Officer. IBAC now has 11 officers who have done the training and are available to provide confidential and impartial support to help colleagues resolve workplace issues such as unlawful discrimination, sexual harassment, bullying or victimisation. This program plays a key role in supporting good equal opportunity practices and helps create a fair, safe and inclusive workplace.

We continue to look at ways of strengthening staff awareness and confidence in identifying and responding to mental health issues. This aligns to the training expectations outlined in the Victorian Government's *Mental health and wellbeing: Education and training framework* and IBAC's witness welfare policy. In June 2020, IBAC commenced a process to engage a provider to develop and deliver a fit-for-purpose psychological first aid training to support officers engaged in the exercise of IBAC's powers and increase their awareness and capacity for identifying and providing access and support to address mental injury and illness.

## COMPLIANCE DATA

### INCIDENT MANAGEMENT

During 2019/20, IBAC recorded 19 OHS incidents, an increase of 58 per cent due to an increase in training which led to an increase in awareness and willingness to report OHS incidents. There were no notifiable incidents.

		2018/19	2019/20
Incidents	Incidents	12	19
Claims	Standard claims <sup>(i)</sup>	6	0
	Lost time claims <sup>(i)</sup>	1	0
	Claims exceeding 13 weeks <sup>(i)</sup>	1	0
Fatalities	Fatality claims	0	0
Claim costs	Average cost per standard claim <sup>(i)</sup>	\$54,403	\$24,770
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans (signed by CEO)	Completed	Completed
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	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
	Compliance with agreed structure on DWGs, HSRs and IRPs	Completed	Completed
Risk management	Percentage of internal audits/inspections conducted as planned	100	100
Percentage of issues identified actioned arising from:			
	Health and safety representative provisional improvement notices	0	0
	WorkSafe notices	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.

### PUBLIC SECTOR VALUES AND EMPLOYMENT PRINCIPLES

The *Public Administration Act 2004* established the Victorian Public Sector Commission to maintain and advocate for public sector professionalism and integrity. IBAC promotes public sector values and integrity to staff at the start of and throughout their employment, and these are complemented by IBAC's values of fairness, professionalism, courage, respect and trust.

### ON-BOARDING AND NEW STAFF TRAINING

Before starting with IBAC, all new employees are given a copy of the *Victorian Public Sector Code of Conduct for special bodies*. All new staff receive a welcome email from the HR manager on their first day, promoting our corporate systems, frameworks and induction. The email states that staff must comply with our ways of working and our values to ensure IBAC is effective, and always conducts its work with integrity to achieve our organisational outcomes. A number of key policies, including Appropriate Workplace Behaviour, Code of Conduct, Conflict of Interest, Risk Management and OHS guidelines, are also included. New staff are expected to read and understand these policies in their first few days.

Until the COVID-19 office shut-down, new employees attended a face-to-face corporate induction program held every two months. The program gives new employees key information about IBAC's role, purpose and values, along with key information about our corporate structure, policies and services. The program received positive participant feedback and allowed new staff to connect with other new employees while also informally introducing new employees to the Commissioner, CEO, Executives, and other key stakeholders across all divisions.

### MANAGER TRAINING

In June and July 2019, Appropriate Workplace Behaviour workshops were held for all employees. In February 2020, further training was given for all people managers to support them to model and lead appropriate behaviour in the workplace. In April 2020, 14 emerging leaders participated in a two-day leadership in a Victorian Public Sector program.

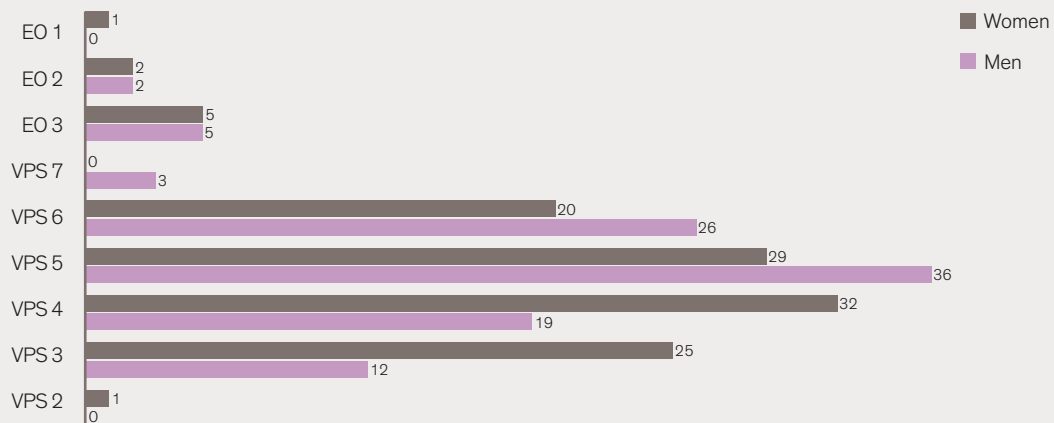
## WORKFORCE INCLUSION POLICY

As part of IBAC's commitment to fairness and natural justice, we are currently finalising our Diversity and Inclusion Statement and three-year roadmap. IBAC's diversity and inclusion working group has membership from across all divisions and executive sponsorship. We are also working to embed a range of initiatives to support improved inclusion, gender equity, talent management and workforce flexibility and planning.

## GENDER BALANCE

In June 2020, IBAC employed more women than men. Eight of 15 senior positions were held by women. Just over half of the entire staff were women; however, women were slightly under-represented in higher grades and executive positions and over-represented in lower grades.

### GENDER BALANCE BY VICTORIAN PUBLIC SERVICE GRADE



## COMPLIANCE DATA (CONT)

### COMPARATIVE WORKFORCE DATA

#### DETAILS OF EMPLOYMENT LEVELS AS AT JUNE 2019 AND JUNE 2020

	June 2019							June 2020						
	All employees		Ongoing			Fixed-term/ casual		All employees		Ongoing			Fixed-term/ casual	
	Number/ head count	FTE	Full-time head count	Part- time head count	FTE	Head count	FTE	Number/ head count	FTE	Full-time head count	Part- time head count	FTE	Head count	FTE

Gender														
Male	96	95.8	83	1	84	12	11.8	96	95.4	89	3	91.4	4	4
Female	99	92.5	66	15	76.6	18	15.9	107	100.7	80	15	91	12	9.7

Age														
Under 25		0			0		0	2	1.4	1	0	1	1	0.4
25-34		58.2			49.2		9	63	61.7	53	3	54.9	7	6.8
35-44		61			48.1		12.9	69	65.2	54	11	62.3	4	2.9
45-54		40.4			36.4		4	44	43.1	39	2	40.5	3	2.6
55-64		19.8			19.0		0.8	25	24.7	22	2	23.7	1	1
Over 64		1			0		1	0	0	0	0	0	0	0

Classification														
VPS 2	2	2	1	0	1	1	1	1	1	1	0	1	0	0
VPS 3	36	34.2	25	5	28.2	6	6	37	34.3	27	7	31.9	3	2.4
VPS 4	52	51.6	46	1	46.6	5	5	51	50.1	44	1	44.7	6	5.4
VPS 5	64	60.6	47	7	52.4	10	8.2	65	63.1	53	8	59.5	4	3.6
VPS 6	39	37.8	28	3	30.3	8	7.5	46	44.6	41	2	42.3	3	2.3
STS	2	2	2	0	2	0	0	3	3	3	0	3	0	0
<b>Total</b>	<b>195</b>	<b>188.2</b>	<b>149</b>	<b>16</b>	<b>160.5</b>	<b>30</b>	<b>27.7</b>	<b>203</b>	<b>196.1</b>	<b>169</b>	<b>18</b>	<b>182.4</b>	<b>16</b>	<b>13.7</b>

#### Notes:

This table was changed in 2019/20 to meet the financial reporting directive from the Department of Treasury and Finance. It now shows two years rather than five but includes more data for those years. Historical data on employment numbers is available in previous annual reports and can be viewed at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

IBAC's payroll provider was not able to provide an age breakdown of workforce data for 2019.

Executive officers and statutory appointments are not included in this table. Senior non-executive staff are listed in this table as well as the executive table.

## EXECUTIVE OFFICER DATA

### ANNUALISED TOTAL SALARY (IN \$200,000 BANDS) FOR EXECUTIVE AND SENIOR NON-EXECUTIVE STAFF

Salary income band (\$)	2018/19			2019/20		
	Executives	Senior technical specialists	Others	Executives	Senior technical specialists	Others
140,000-159,999						
160,000-179,999	8	1		3	1	
180,000-199,999	4	1		7 <sup>^</sup>	1	
200,000-219,999	1 <sup>**</sup>				1	
220,000-239,999	2 <sup>*</sup>					
240,000-259,999				1		
260,000-279,999	2					
280,000-299,999				2		
300,000-319,999				1		
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>18</b>	<b>2</b>		<b>15</b>	<b>3</b>	

Notes:

Statutory appointments are not included in this table as they are not executive officers.

The salaries reported above are for the full financial year, at a 1-FTE rate, and excludes superannuation.

\* Included in this number is an employee who was employed on a part-time basis at a 0.9 FTE rate.

\*\* Included in this number is an employee who was employed on a part-time basis at a 0.93 FTE rate.

<sup>^</sup> Included in this number is an employee who was employed on a part-time basis at a 0.8 FTE rate.

## OTHER DISCLOSURES

### LOCAL JOBS FIRST

IBAC did not commence or complete any projects in 2019/20 in which a Victorian Industry Participation Policy Plan, Local Industry Development Plan or Major Project Skills Guarantee were required.

### GOVERNMENT ADVERTISING EXPENDITURE

IBAC did not run any advertising campaigns with a total media spend of \$100,000 or greater (excluding GST) during 2019/20.

### CONSULTANCY EXPENDITURE

#### CONSULTANCIES (\$>10,000)

IBAC contracted four consultancies at a total expenditure of \$256,275 (excl. GST). Details of individual consultancies can be viewed at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

#### CONSULTANCIES (\$<10,000)

IBAC contracted no other consultancies.

### ICT EXPENDITURE

	\$m
<b>Business as usual (BAU) ICT expenditure</b>	<b>5.32</b>
<b>Total non-BAU ICT expenditure</b>	<b>2.01</b>
Operation non-BAU expenditure	0.73
Capital non-BAU expenditure	1.28

In 2019/20, IBAC's total ICT expenditure was \$7.33 million, a decrease of three per cent compared to 2018/19. This is mainly due to decreased capital expenditure. 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.

### DISCLOSURE OF MAJOR CONTRACTS

IBAC did not award any major contracts greater than \$10 million during 2019/20.

### COMPLIANCE WITH THE 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*.

### COMPLIANCE WITH THE CARERS RECOGNITION ACT

IBAC has taken all practical measures to comply with our obligations under the *Carers Recognition Act 2012*. There is more information about how we comply with the Act on page 34.

### COMPETITIVE NEUTRALITY POLICY

IBAC is compliant with the National Competition Policy, including the requirements of the Department of Treasury and Finance's Competitive Neutrality Policy.

## FREEDOM OF INFORMATION

Under the *Freedom of Information Act 1982*, 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.

	2019/20
Total number of applications	8
Applications granted	3
Applications reviewed	0
Applications appealed	0

Note: This table meets the financial reporting directive from the Department of Treasury and Finance. Historical data on freedom of information applications data is available in previous annual reports and can be viewed at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

## 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 (for example, 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).

## PUBLIC INTEREST DISCLOSURES

IBAC determines which complaints meet the requirements for a public interest complaint under the Public Interest Disclosures Act.

In addition, IBAC is responsible under the Public Interest Disclosures Act for issuing guidelines on handling disclosures, managing the welfare of people who make public interest disclosures and for providing information and education about the public interest disclosure scheme.

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

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

## OTHER DISCLOSURES (CONT)

### DISABILITY ACT COMPLIANCE

The *Disability Act 2006* 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. To progress the Victorian Government's vision for an inclusive Victoria, IBAC commissioned a disability access assessment of its building. The report was delivered in July 2019 and identified barriers for people with disability. It also identified instances of non-compliance with current disability legislation, codes and standards. Building work has started to address some of the physical issues caused by the age of the building IBAC is located in.

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 Hypertext Markup Language (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
  - ensuring all new staff receive the Appropriate Workplace Behaviour Policy at Induction
  - ensuring all people managers attend follow-up training to the Appropriate Workplace Behaviour Policy to support them in leading in an organisation to eliminate inappropriate workplace behaviour.

### ENVIRONMENTAL IMPACTS

Indicator	2018/19	2019/20
<b>Energy</b>		
Total energy usage segmented by primary source (MJ)	1,630,357	2,368,404
Electricity (MJ) – excluding Green Power		2,368,404
Natural gas (MJ)		Not known
Total greenhouse gas emissions from energy consumption (tonnes CO <sub>2</sub> -e)	484.57	682.32
Electricity (tonnes CO <sub>2</sub> -e) – excluding Green Power		682.32
Natural gas (tonnes CO <sub>2</sub> -e)		Not Known
Percentage of electricity purchased as Green Power (%)		0%
Units of office energy used per FTE (MJ/FTE)	9069	11,073
Units of office energy used per office area (MJ/m <sup>2</sup> )		1.72

Indicator	2018/19	2019/20
<b>Water</b>		
Total water consumption (kilolitres)	2712	2472
Units of office water used per FTE (kilolitres/FTE)	15.1	11.5
Units of office water used per office area (kilolitres/m <sup>2</sup> )	1.4	0.4
<b>Waste and recycling</b>		
Total units of waste disposed of by destination (kg/yr)		
Paper and card (kg)	4680	3753
Total units of waste disposed of per FTE by destination (kg/FTE)		
Paper and card (kg/FTE)	26	18
Recycling rate (%)		Not known
Greenhouse gas emissions associated with waste (tonnes CO <sub>2</sub> -e)		Not known
<b>Paper</b>		
Total units of A4 equivalent copy paper used (reams)	1545	913
Units of A4 equivalent copy paper used per FTE (reams/FTE)	8.5	4.2
75-100% recycled content (%)	94	99.3
50-74% recycled content (%)	0	0
0-49% recycled content (%)	6	0.7
<b>Travel and transport</b>		
Total energy consumption by fleet vehicles (MJ)		1,829,984
Diesel	972,234	658,642
Unleaded	1,529,547	1,171,342
Total distance travelled by fleet vehicles (km)		563,569
Diesel		214,079
Unleaded		349,490
Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO <sub>2</sub> -e)		0.2
Total distance travelled by air (km)	355,115	82,252
Percentage using sustainable transport to get to and from work		84%
<b>Greenhouse gas emissions</b>		
Total greenhouse gas emissions associated with energy use (tonnes CO <sub>2</sub> -e)		682.32
<i>Note: This includes office-based data only</i>		
Total greenhouse gas emissions associated with vehicle fleet (tonnes CO <sub>2</sub> -e)		125
Total greenhouse gas emissions associated with air travel (tonnes CO <sub>2</sub> -e)	62.6	22.69
Total greenhouse gas emissions associated with waste disposal (tonnes CO <sub>2</sub> -e)		Not known
Greenhouse gas emissions offsets purchased (tonnes CO <sub>2</sub> -e)		193

Note: The energy data was collected through the energy retailer billing information for the IBAC tenancy.

## OTHER DISCLOSURES (CONT)

### ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

In compliance with the requirements of the Standing Directions 2018 under the Financial Management Act, details in respect of the items listed below have been retained by IBAC and are available on request, subject to the provisions of the Freedom of Information Act.

- a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- c) details of publications produced by the entity about itself, and how these can be obtained;
- d) details of changes in prices, fees, charges, rates and levies charged by the entity;
- e) details of any major external reviews carried out on the entity;
- f) details of major research and development activities undertaken by the entity;
- g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;
- i) details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;
- k) a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- l) details of all consultancies and contractors including:
  - consultants/contractors engaged;
  - services provided; and
  - expenditure committed to for each engagement.

The information is available on request from:

Director, Corporate Services  
Independent Broad-based Anti-corruption Commission  
GPO Box 24234, Melbourne, VIC 3001

### FINANCIAL MANAGEMENT COMPLIANCE ATTESTATION STATEMENT

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



The Honourable Robert Redlich AM, QC  
Commissioner

20 October 2020

# FINANCIAL REPORT

## for the financial year ended 30 June 2020

### 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 2020 and financial position of IBAC at 30 June 2020.

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 2 September 2020.

R Redlich AM, QC  
Commissioner  
IBAC



Melbourne  
2 September 2020

M Baragwanath  
Accountable Officer  
IBAC



Melbourne  
2 September 2020

J Koops  
Chief Financial Officer  
IBAC



Melbourne  
2 September 2020

## INDEPENDENT AUDITOR'S REPORT



### 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 2020</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 2020 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 APES 110 <i>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>

**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  
4 September 2020

  
Andrew Greaves  
Auditor-General

## IBAC FINANCIAL REPORT

### COMPREHENSIVE OPERATING STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
<b>Income from transactions</b>			
Grants	2.1	46,528	43,672
<b>Total income from transactions</b>		<b>46,528</b>	<b>43,672</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1.1	30,453	27,092
Depreciation and amortisation	4.1.1	5,964	3,444
Interest expense	6.1.3, 7.1.1	539	36
Other operating expenses	3.2	9,572	13,100
<b>Total expenses from transactions</b>		<b>46,528</b>	<b>43,672</b>
<b>Net result from transactions (net operating balance)</b>	-	<b>-</b>	<b>-</b>
<b>Other economic flows included in net result</b>			
Other losses from other economic flows	8.2	(22)	(99)
<b>Total other economic flows included in net result</b>		<b>(22)</b>	<b>(99)</b>
<b>Net result</b>		<b>(22)</b>	<b>(99)</b>
<b>Comprehensive result</b>		<b>(22)</b>	<b>(99)</b>

The accompanying notes form part of these financial statements.

## BALANCE SHEET AS AT 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents <sup>(i)</sup>	6.2	49	92
Receivables <sup>(i)</sup>	5.1	23,501	20,283
<b>Total financial assets</b>		<b>23,550</b>	<b>20,375</b>
<b>Non-financial assets</b>			
Non-financial physical assets held for sale	8.8	78	58
Property, plant and equipment	4.1	18,881	7,302
Intangible assets	4.2	1,199	1,001
Other non-financial assets	5.3	1,055	1,414
<b>Total non-financial assets</b>		<b>21,213</b>	<b>9,775</b>
<b>Total assets</b>		<b>44,763</b>	<b>30,150</b>
<b>Liabilities</b>			
Payables	5.2	2,244	2,858
Borrowings	6.1	15,760	1,414
Employee related provisions	3.1.2	6,444	5,464
Other provisions	5.4	121	166
<b>Total liabilities</b>		<b>24,569</b>	<b>9,902</b>
<b>Net assets</b>		<b>20,194</b>	<b>20,248</b>
<b>Equity</b>			
Accumulated surplus		14,747	14,769
Contributed capital		5,447	5,479
<b>Net worth</b>		<b>20,194</b>	<b>20,248</b>

Notes:

(i) Prior year comparatives include a reclassification from Cash and cash equivalents to Receivables.

The accompanying notes form part of these financial statements.

## IBAC FINANCIAL REPORT (CONT)

### STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Accumulated surplus \$'000	Contributed capital \$'000	Total \$'000
<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>
Net result for the year	(22)	-	(22)
Net assets disposed	-	(33)	(33)
<b>Balance at 30 June 2020</b>	<b>14,747</b>	<b>5,447</b>	<b>20,194</b>

The accompanying notes form part of these financial statements.

## CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts and payments</b>			
Receipts from government		43,165	40,405
Payments to suppliers and employees		(39,011)	(38,974)
Interest paid		(539)	(36)
<b>Net cash flows from/(used in) operating activities</b>	<b>6.2.1</b>	<b>3,615</b>	<b>1,395</b>
<b>Cash flows from investing activities</b>			
Purchases of non-financial assets		(1,508)	(1,597)
Proceeds from disposal of leased assets		239	512
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,269)</b>	<b>(1,085)</b>
<b>Cash flows from financing activities</b>			
Repayment of principal portion of lease liabilities (2019: Finance leases) <sup>(i)</sup>		(2,389)	(310)
<b>Net cash flows from/(used in) financing activities</b>		<b>(2,389)</b>	<b>(310)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(43)</b>	<b>-</b>
Cash and cash equivalents at beginning of financial year <sup>(i)</sup>		92	92
<b>Cash and cash equivalents at end of financial year<sup>(i)</sup></b>	<b>6.2</b>	<b>49</b>	<b>92</b>

Notes:

- (i) Prior year comparatives include a reclassification from Cash and cash equivalents to Receivables.
- (ii) IBAC has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments.

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 2020. 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 \$1 000, 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 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 judgements, these are disclosed in the notes
- Estimates and associated assumptions are based on professional judgements 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 judgment or estimates".

The COVID-19 pandemic and the State's emergency response has not materially affected the Financial Statements.

## 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

	2020 \$'000	2019 \$'000
General purpose grants	46,528	43,672
<b>Total income from transactions</b>	<b>46,528</b>	<b>43,672</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 of \$46,528,000 is an annotated income of \$567,000. During 2019/20, IBAC organised the Australian Public Sector Anti-Corruption Conference where conference fees amounting to \$567,000 were collected. IBAC is permitted to have conference fees annotated to the annual grants under section 29 of the *Financial Management Act 1994*. The receipts are first paid into the Consolidated Fund and IBAC received these funds subsequently through our annual grants.

### 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

	2020 \$'000	2019 \$'000
Salaries, wages and long service leave	27,899	24,799
Defined contribution superannuation expense	2,284	2,041
Termination benefits	251	224
Defined benefit superannuation expense	19	28
<b>Total employee expenses</b>	<b>30,453</b>	<b>27,092</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.

	2020 \$'000	2019 \$'000
<b>Current provisions</b>		
<b>Current employee benefits – annual leave</b>		
Unconditional and expected to settle within 12 months	1,534	1,249
Unconditional and expected to settle after 12 months	336	189
<b>Current employee benefits – long service leave</b>		
Unconditional and expected to settle within 12 months	501	431
Unconditional and expected to settle after 12 months	2,646	2,241
<b>Total current employee benefits</b>	<b>5,017</b>	<b>4,110</b>
<b>Current provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	291	241
Unconditional and expected to settle after 12 months	342	276
<b>Total current on-costs</b>	<b>633</b>	<b>517</b>
<b>Total current provisions</b>	<b>5,650</b>	<b>4,627</b>
<b>Non-current provisions</b>		
Employee benefits	716	754
On-costs	78	83
<b>Total non-current provisions</b>	<b>794</b>	<b>837</b>
<b>Total provisions</b>	<b>6,444</b>	<b>5,464</b>

### 3 THE COST OF DELIVERING SERVICES (CONT)

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

	2020 \$'000	2019 \$'000
<b>Opening balance</b>	<b>600</b>	<b>545</b>
Additional provisions recognised	407	352
Increase/(reduction) resulting from re-measurement	7	19
Reductions arising from payments/other sacrifices of future economic benefits	(303)	(316)
<b>Closing balance</b>	<b>711</b>	<b>600</b>
Current	633	517
Non-current	78	83
<b>Total</b>	<b>711</b>	<b>600</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 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Fund</b>				
<b>Defined benefit plan</b>				
State Superannuation Fund – revised and new	19	27	-	1
<b>Defined contribution plans</b>				
VicSuper	1,271	1,262	35	28
Other	947	731	31	19
<b>Total</b>	<b>2,237</b>	<b>2,021</b>	<b>66</b>	<b>48</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 (CONT)

#### 3.2 OTHER OPERATING EXPENSES

	2020 \$'000	2019 \$'000
Contractors and professional services	2,426	3,037
Technology service costs	2,358	2,267
Accommodation and property expense	1,850	1,581
Other	1,026	929
Marketing and promotion	563	1,201
Training	490	790
Communications and office expenses	459	482
Travel and transport	362	530
Auditors' remuneration	38	37
Operating lease rental expenses – minimum lease payments	-	2,246
<b>Total other operating expenses</b>	<b>9,572</b>	<b>13,100</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 up to 30 June 2019 are recognised 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 DTF. In 2019/20 they were provided to IBAC through 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Buildings – Leased assets <sup>(i)</sup>	16,671	-	2,666	-	14,005	-
Leasehold improvements	11,633	11,412	10,131	8,263	1,502	3,149
Assets under construction at cost	57	432	-	-	57	432
Computer and communication equipment at fair value	4,822	4,590	3,226	2,972	1,596	1,618
Plant and equipment at fair value	3,025	2,949	2,404	2,215	621	734
Motor vehicles at fair value	1,637	1,755	537	386	1,100	1,369
<b>Total</b>	<b>37,845</b>	<b>21,138</b>	<b>18,964</b>	<b>13,836</b>	<b>18,881</b>	<b>7,302</b>

Note:

(i) AASB 16 Leases has been applied for the first time from 1 July 2019, that is, some leases are now classified as right-of-use assets.

### 4.1 (A) TOTAL RIGHT-OF-USE ASSETS: BUILDINGS AND VEHICLES

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Buildings – Leased assets	16,671		2,666		14,005	
Motor vehicles at fair value	1,557		457		1,100	
<b>Total depreciation</b>	<b>18,228</b>		<b>3,123</b>		<b>15,105</b>	

	Buildings – Leased assets \$'000	Motor vehicles at fair value \$'000
<b>Opening balance – 1 July 2019<sup>(i)</sup></b>	<b>4,784</b>	<b>1,350</b>
Additions <sup>(ii)</sup>	11,887	328
Disposals	-	(264)
Depreciation	(2,666)	(294)
Transfers to asset held for sale	-	(20)
<b>Closing balance – 30 June 2020</b>	<b>14,005</b>	<b>1,100</b>

Note:

(i) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 along with the transfer from finance lease assets (recognised under AASB 117 at 30 June 2019) to right-of-use assets (recognised under AASB 16 at 1 July 2019).

(ii) The 'additions' represent the extension of the lease of IBAC's office premises.

## 4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONT)

### 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 for non-financial physical assets under a finance lease (under AASB 117 until 30 June 2019) 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.

*Right-of-use asset acquired by lessees (Under AASB 16 Leases from 1 July 2019)*

IBAC recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date less any lease incentive received; plus
- any initial direct costs incurred.

### SUBSEQUENT MEASUREMENT

Property, plant and equipment as well as right-of-use assets under leases 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.

#### Right-of-use asset

IBAC depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

### 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.

### 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.

#### 4.1.1 DEPRECIATION AND IMPAIRMENT

##### Depreciation and Amortisation for the period <sup>(i)</sup>

	2020 \$'000	2019 \$'000
Buildings – Leased assets	2,666	-
Leasehold improvements	1,868	1,997
Computer and communication equipment	562	674
Plant and equipment	314	373
Motor vehicles	314	311
Intangible assets	241	89
<b>Total depreciation and amortisation</b>	<b>5,964</b>	<b>3,444</b>

Note:

(i) The table incorporates depreciation of right-of-use assets as AASB 16 Leases has been applied for the first time from 1 July 2019.

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	Useful life
Buildings – Leased assets	3 to 6 years
Leasehold improvements	3 to 6 years
Computer and communication equipment	3 to 5 years
Plant and equipment	4 to 10 years
Motor vehicles (including leased assets)	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.

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

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

## 4 KEY ASSETS AVAILABLE TO SUPPORT OUTPUT DELIVERY (CONT)

### 4.1.2 RECONCILIATION OF MOVEMENTS IN CARRYING VALUES OF KEY ASSETS

	Buildings – Leased assets		Leasehold improvements		Assets under construction at cost		Computer and communication equipment at fair value		Plant and equipment at fair value		Motor vehicles at fair value		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Opening balance	-	-	3,149	5,146	432	-	1,618	1,669	734	827	1,369	1,392	7,302	9,034
Recognition of right of use asset <sup>(i)</sup>	4,784	-	-	-	-	-	-	-	-	-	-	-	4,784	-
<b>Adjusted balance at 1 July 2019</b>	<b>4,784</b>	<b>-</b>	<b>3,149</b>	<b>5,146</b>	<b>432</b>	<b>-</b>	<b>1,618</b>	<b>1,669</b>	<b>734</b>	<b>827</b>	<b>1,369</b>	<b>1,392</b>	<b>12,086</b>	<b>9,034</b>
Additions <sup>(ii)</sup>	11,887	-	221	-	392	504	540	589	234	242	328	770	13,602	2,105
Disposals	-	-	-	-	-	-	-	-	(33)	-	(205)	(424)	(238)	(424)
Transfer in/ out of assets under construction	-	-	-	-	(767)	(72)	-	34	-	38	-	-	(767)	-
Depreciation	(2,666)	-	(1,868)	(1,997)	-	-	(562)	(674)	(314)	(373)	(314)	(311)	(5,724)	(3,355)
Transfers to asset held for sale	-	-	-	-	-	-	-	-	-	-	(78)	(58)	(78)	(58)
<b>Closing balance</b>	<b>14,005</b>	<b>-</b>	<b>1,502</b>	<b>3,149</b>	<b>57</b>	<b>432</b>	<b>1,596</b>	<b>1,618</b>	<b>621</b>	<b>734</b>	<b>1,100</b>	<b>1,369</b>	<b>18,881</b>	<b>7,302</b>

Note:

- (i) This balance represents the initial recognition of right-of-use assets recorded on the balance sheet on 1 July 2019 relating to operating leases – refer to Note 8.3.
- (ii) The 'additions' represent the extension of the lease of IBAC's office premises.

## 4.2 INTANGIBLE ASSETS

	Intangible Assets		Assets under construction at cost		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Gross carrying amount</b>						
Opening balance	1,070	-	20	461	1,090	461
Additions	-	-	489	629	489	629
Transfer in/out of assets under construction	435	1,070	(483)	(1,070)	(49)	-
Closing balance	1,505	1,070	25	20	1,530	1,090
<b>Accumulated depreciation, amortisation and impairment</b>						
Opening balance	(89)	-	-	-	(89)	-
Amortisation	(241)	(89)	-	-	(241)	(89)
Closing balance	(330)	(89)	-	-	(330)	(89)
Net book value at end of financial year	1,174	981	25	20	1,199	1,001

### 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

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 \$1,700,000. 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

	2020 \$'000	2019 \$'000
<b>Contractual</b>		
Other receivables	60	87
<b>Statutory</b>		
Amount owing from Government <sup>(i)</sup>	23,441	20,196
<b>Total receivables</b>	<b>23,501</b>	<b>20,283</b>
<i>Represented by</i>		
Current receivables <sup>(i)</sup>	22,707	19,446
Non-current receivables	794	837

Note:

- (i) Prior year comparatives include a reclassification to appropriately reflect Amount owing from Government. During the year IBAC reclassified \$7.36 million of Cash and cash equivalents to Receivables as this better reflects the nature of the amount.

**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.

## 5.2 PAYABLES

	2020 \$'000	2019 \$'000
<b>Contractual</b>		
Supplies and services	2,217	2,728
Unearned income	-	118
<b>Statutory</b>		
FBT payable	27	12
<b>Total payables</b>	<b>2,244</b>	<b>2,858</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 2020, the carrying and nominal amount of contractual payables were \$2,217,000, all with maturity dates less than one month. As at 30 June 2019, the carrying and nominal amount of contractual payables were \$2,728,000, all with maturity dates less than one month.

## 5 OTHER ASSETS AND LIABILITIES (CONT)

### 5.3 OTHER NON-FINANCIAL ASSETS

	2020 \$'000	2019 \$'000
<b>Current other assets</b>		
Prepayments	739	964
<b>Total current other assets</b>	<b>739</b>	<b>964</b>
<b>Non-current other assets</b>		
Prepayments	316	450
<b>Total non-current other assets</b>	<b>316</b>	<b>450</b>
<b>Total other non-financial assets</b>	<b>1,055</b>	<b>1,414</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.

### 5.4 OTHER PROVISIONS

Other provisions consists 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 2020, the make-good provisions classified as non-current is \$121,000 (2018/19: \$166,000).

The decrease compared to last year is the result of partial de-recognition of the provision due to changes in the lease.

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

	2020 \$'000	2019 \$'000
<b>Current borrowings</b>		
Lease liabilities (2019: Finance lease)	3,221	542
<b>Total current borrowings</b>	<b>3,221</b>	<b>542</b>
<b>Non-current borrowings</b>		
Lease liabilities (2019: Finance lease)	12,539	872
<b>Total non-current borrowings</b>	<b>12,539</b>	<b>872</b>
<b>Total borrowings <sup>(i)</sup></b>	<b>15,760</b>	<b>1,414</b>

Note:

(i) 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.

IBAC's borrowings consist of leases. Borrowings are classified as financial instruments and interest bearing liabilities are classified at amortised cost.

## 6 HOW WE FINANCED OUR OPERATIONS (CONT)

### 6.1.1 MATURITY ANALYSIS OF BORROWINGS

			Maturity dates			
	Carrying amount \$'000	Nominal amount \$'000	Less than 1 month \$'000	1–3 months \$'000	3 months – 1 year \$'000	1–5 years \$'000
2020						
Lease liabilities	15,760	17,284	438	530	2,641	13,675
Total	15,760	17,284	438	530	2,641	13,675
2019						
Finance lease liabilities	1,414	1,472	116	75	386	895
Total	1,414	1,472	116	75	386	895

### LEASES

Information about leases for which IBAC is a lessee is presented below.

#### IBAC's leasing activities

IBAC leases its office premises and motor vehicles. The lease contracts are typically made for fixed periods of two to five years with an option to renew the lease after that date. Lease payments for properties are renegotiated every five years to reflect market rates.

### 6.1.2 RIGHT-OF-USE ASSETS

Right-of-use assets are presented in note 4.1.

### 6.1.3 AMOUNTS RECOGNISED IN THE COMPREHENSIVE OPERATING STATEMENT

The following amounts are recognised in the Comprehensive Operating Statement relating to leases:

	2020 \$'000
Interest expense on lease liabilities	539
<b>Amount recognised in the statement of comprehensive statement</b>	<b>539</b>

### 6.1.4 AMOUNTS RECOGNISED IN THE STATEMENT OF CASHFLOWS

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2020 relating to leases:

	2020 \$'000
Total cash outflow for leases	2,389

For any new contracts entered into on or after 1 July 2019, IBAC considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition IBAC assesses whether the contract meets three key evaluations:

- whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to IBAC and for which the supplier does not have substantive substitution rights;
- whether IBAC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and IBAC has the right to direct the use of the identified asset throughout the period of use; and
- whether IBAC has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

## SEPARATION OF LEASE AND NON-LEASE COMPONENTS

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

## Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

### *Lease Liability – initial measurement*

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or IBAC's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

### *Lease Liability – subsequent measurement*

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

### *Presentation of right-of-use assets and lease liabilities*

IBAC presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

### *Recognition and measurement of leases (under AASB 117 until 30 June 2019)*

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

IBAC determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where IBAC as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property 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 were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Assets held under other leases were classified as operating leases and were not recognised in IBAC's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

## 6 HOW WE FINANCED OUR OPERATIONS (CONT)

### 6.2 CASH FLOW INFORMATION AND BALANCES

Cash and cash equivalents comprise of cash on hand.

	2020 \$'000	2019 \$'000
Cash <sup>(i)</sup>	49	92
<b>Balance as per cash flow statement</b>	<b>49</b>	<b>92</b>

Note:

- (i) Prior year comparatives include a reclassification to appropriately reflect Cash. During the year IBAC has reclassified \$7.36 million from Cash and cash equivalents to Receivables as this better reflects the nature of the amounts.

#### 6.2.1 RECONCILIATION OF NET RESULTS FOR THE PERIOD TO CASH FLOW FROM OPERATING ACTIVITIES

	2020 \$'000	2019 \$'000
<b>Net result for the period</b>	<b>(22)</b>	<b>(99)</b>
<b>Non-cash movements</b>		
Depreciation of non-current assets	5,964	3,444
Other non-cash movements	(217)	(320)
<b>Movements in assets and liabilities</b>		
Decrease/(Increase) in receivables	(3,218)	(3,453)
Decrease/(Increase) in other non-financial assets	359	224
(Decrease)/Increase in payables	(165)	1,097
(Decrease)/Increase in provisions	914	502
<b>Net cash flows from operating activities</b>	<b>3,615</b>	<b>1,395</b>

## 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 and 5 years \$'000	More than 5 years \$'000	Total \$'000
<b>2020</b>				
<b>Capital expenditure commitments</b>				
Computer system	192	-	-	192
<b>Total capital expenditure commitments</b>	<b>192</b>	<b>-</b>	<b>-</b>	<b>192</b>
<b>Other commitments</b>				
Other contractual	1,033	1,057	-	2,090
<b>Total other commitments</b>	<b>1,033</b>	<b>1,057</b>	<b>-</b>	<b>2,090</b>
<b>Total commitments</b>	<b>1,225</b>	<b>1,057</b>	<b>-</b>	<b>2,282</b>
<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>(i)</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>

Note:

- (i) The lease relates to office accommodation leased by IBAC with lease term of five 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. These have been recorded on the balance sheet as lease liabilities at 30 June 2020.

## 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

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*.

#### CATEGORIES OF FINANCIAL INSTRUMENTS 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, \$49,000 (2018/19: \$92,000)
- receivables (excluding statutory receivables), \$60,000 (2018/19: \$87,000)

##### 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), \$2,217,000 (2018/19: \$2,846,000)
- borrowings (including lease liabilities), \$15,760,000 (2018/19: \$1,414,000)

**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.

### 7.1.1 FINANCIAL INSTRUMENTS: NET HOLDING GAIN/ (LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

	2020 \$'000	2019 \$'000
<b>Contractual financial liabilities</b>		
Financial liabilities at amortised cost	(539)	(36)
<b>Total contractual financial liabilities</b>	<b>(539)</b>	<b>(36)</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 2019/20.

7 RISKS, CONTINGENCIES AND VALUATION JUDGMENTS (CONT)

Impairment of financial assets under AASB 9

IBAC records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment includes 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 following table.

## Interest rate risk

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the following table.

### Interest rate exposure of financial instruments

			Interest rate exposure	
	Weighted average interest rate %	Carrying amount <sup>(i)</sup> \$'000	Fixed interest rate \$'000	Non-interest bearing \$'000
2020				
Financial assets				
Cash and cash equivalents	-	49	-	49
Receivables	-	60	-	60
<b>Total financial assets</b>	<b>-</b>	<b>109</b>	<b>-</b>	<b>109</b>
Financial liabilities				
Payables				
Supplies and services	-	2,217	-	2,217
Borrowings				
Lease liabilities	3.11	15,760	15,760	-
<b>Total financial liabilities</b>	<b>-</b>	<b>17,977</b>	<b>15,760</b>	<b>2,217</b>
2019				
Financial assets				
Cash and cash equivalents <sup>(ii)</sup>	-	92	-	92
Receivables <sup>(ii)</sup>	-	87	-	87
<b>Total financial assets</b>	<b>-</b>	<b>179</b>	<b>-</b>	<b>179</b>
Financial liabilities				
Payables				
Supplies and services	-	2,846	-	2,846
Borrowings				
Finance lease liabilities	3.15	1,414	1,414	-
<b>Total financial liabilities</b>	<b>-</b>	<b>4,260</b>	<b>1,414</b>	<b>2,846</b>

Note:

- (i) The carrying amounts disclosed here exclude statutory amounts.
- (ii) Comparatives have been restated. IBAC trust funds of \$7.36 million previously disclosed under Cash and cash equivalents have been reclassified during the year to Receivables. This is to clearly distinguish the cash balance held on hand and at bank which is disclosed as Cash and cash equivalents and the amounts that are held by the Victorian Government on behalf of IBAC which is disclosed as statutory receivables. Refer to note 5.1 for details.

## 7 RISKS, CONTINGENCIES AND VALUATION JUDGMENTS (CONT)

### 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 2020 (2019: \$0).

#### *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.

There were no contingent liabilities as at 30 June 2020 (2019: \$0).

### 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 (refer Fair value hierarchy) 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, and
- 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.

## 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; and
- 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 for all assets with the exception of leased assets. 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 in 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.

	2020 \$'000	2019 \$'000
<b>Other gains/(losses) from other economic flows</b>		
Net loss arising from revaluation of annual leave and long service liability	(66)	(190)
Net loss arising from revaluation of make good provision	(11)	-
Net gain from disposal of property, plant and equipment	56	90
<b>Total other gains/(losses) from other economic flows</b>	<b>(22)</b>	<b>(99)</b>

## 8.3 CHANGE IN ACCOUNTING POLICIES

### 8.3.1 LEASES

This note explains the impact of the adoption of AASB 16 Leases on IBAC's financial statements.

IBAC has applied AASB 16 with a date of initial application of 1 July 2019.

IBAC has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, IBAC determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 *Determining whether an arrangement contains a Lease*. Under AASB 16, IBAC assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, IBAC has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

#### **Leases classified as operating leases under AASB 117**

As a lessee, IBAC previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to IBAC. Under AASB 16, IBAC recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low-value leases.

On adoption of AASB 16, IBAC recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, discounted using IBAC's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

IBAC has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

#### **Impacts on financial statements**

On transition to AASB 16, IBAC recognised \$4.78 million of right-of-use assets and \$4.78 million of lease liabilities.

When measuring lease liabilities, IBAC discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 3 per cent.

	2020 \$'000
Total operating lease commitments disclosed at 30 June 2019	3,645
Add: Extension of lease based on management's intention to exercise option	1,419
Total operating lease commitments	5,064
Discounted using the incremental borrowing rate at 1 July 2019	4,784
<b>Lease liabilities recognised at 1 July 2019</b>	<b>4,784</b>

## 8 OTHER DISCLOSURES (CONT)

### 8.4 REMUNERATION OF EXECUTIVES AND OTHER PERSONNEL

#### 8.4.1 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.

	2020 \$'000	2019 \$'000
<b>Remuneration</b>		
Short-term employee benefits	3,295	2,845
Post-employment benefits	307	256
Other long-term benefits	82	72
Termination benefits	-	116
<b>Total Remuneration</b>	<b>3,684</b>	<b>3,289</b>
<b>Total number of executives</b>	<b>16</b>	<b>18</b>
<b>Total annualised employee equivalents (AEE) <sup>(i)</sup></b>	<b>16.10</b>	<b>14.34</b>

Note:

(i) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over 52 weeks for a reporting period.

## 8.5 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	The Hon Gavin Jennings MP	1 July 2019 to 23 March 2020
Attorney-General	The Hon Jill Hennessy MP	24 March 2020 to 30 June 2020
Commissioner	The Hon Robert Redlich AM, QC	1 July 2019 to 30 June 2020
Chief Executive Officer <sup>(i)</sup>	Alistair Maclean	1 July 2019 to 10 January 2020
	Marlo Baragwanath	15 January 2020 to 30 June 2020

Note:

- (i) Executive Kerryn Ellis acted in the office of the Chief Executive Officer in the absence of Alistair Maclean for the period 21 December 2019 to 14 January 2020.

### REMUNERATION

	Total remuneration	
	2020 No.	2019 No.
<b>Income band</b>		
\$180,000 – 189,999	1	-
\$190,000 – 199,999	1	1
\$440,000 – 449,999	-	1
\$460,000 – 469,999	1	-
<b>Total number of responsible persons</b>	<b>3</b>	<b>2</b>

## 8 OTHER DISCLOSURES (CONT)

### 8.6 REMUNERATION OF AUDITORS

	Total remuneration	
	2020 \$'000	2019 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	38	37
	<b>38</b>	<b>37</b>

### 8.7 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 are set by the *Parliamentary Salaries and Superannuation Act 1968* and reported within the Department of Parliamentary Services' Financial Report.

	2020 \$'000	2019 \$'000
<b>Compensation of key management personnel</b>		
Short-term employee benefits	592	597
Post-employment benefits	21	20
Other long-term benefits	15	15
Termination benefits	217	-
<b>Total remuneration</b>	<b>845</b>	<b>632</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 (e.g. 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.

## 8.8 NON-FINANCIAL PHYSICAL ASSETS HELD FOR SALE

	2020 \$'000	2019 \$'000
<b>Non-financial physical assets classified as held for sale</b>		
Motor vehicles under finance leases held for sale	78	58
<b>Total non-financial physical assets held for sale</b>	<b>78</b>	<b>58</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.

## 8.9 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

### ISSUED BUT NOT YET EFFECTIVE AUSTRALIAN ACCOUNTING AND REPORTING PRONOUNCEMENTS

IBAC has assessed the impact of all of the standards that became effective for reporting periods after 30 June 2020. IBAC has not included any standards as we believe the financial statements will not be significantly impacted.

## 8 OTHER DISCLOSURES (CONT)

### 8.10 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 lease liabilities.

#### 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.

## 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 41 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 conveyed in a contract, or part of a contract, the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

## 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.

8 OTHER DISCLOSURES (CONT)

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 (e.g. 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

## DISCLOSURE INDEX

### Report of operations

Legislation	Requirement	Page
Standing Directions & Financial Reporting Directions		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	13, 14
FRD 22H	Purpose, functions, powers and duties	11-14
FRD 8D	Objectives, indicators and outputs	20-21
FRD 22H	Key initiatives and projects	23-78
FRD 22H	Nature and range of services provided	11, 35-78
Management and structure		
FRD 22H	Organisational structure	15
Financial and other information		
FRD 8D	Performance against output performance measures	20-21
FRD 10A	Disclosure index	131-132
FRD 12B	Disclosure of major contracts	84
FRD 15E	Executive officer disclosures	83
FRD 22H	Employment and conduct principles	80
FRD 22H	Occupational health and safety policy	79
FRD 22H	Summary of the financial results for the year	22
FRD 22H	Significant changes in financial position during the year	22
FRD 22H	Major changes or factors affecting performance	22
FRD 22H	Subsequent events	122
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	85
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	84
FRD 22H	Statement on National Competition Policy	84
FRD 22H	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	85
FRD 22H	Application and operation of the <i>Carers Recognition Act 2012</i>	84
FRD 22H	Details of consultancies over \$10 000	84
FRD 22H	Details of consultancies under \$10 000	84
FRD 22H	Disclosure of government advertising expenditure	84
FRD 22H	Disclosure of ICT expenditure	84
FRD 22H	Statement of availability of other information	88
FRD 24D	Reporting of office-based environmental impacts	86-87
FRD 25D	Local Jobs First	84
FRD 29C	Workforce Data disclosures	79-83
SD 5.2	Specific requirements under Standing Direction 5.2	1, 89
Compliance attestation and declaration		
SD 5.4.1	Attestation for compliance with Ministerial Standing Direction	88
SD 5.2.3	Declaration in report of operations	1

## DISCLOSURE INDEX (CONT)

### Financial statements

Legislation	Requirement	Page
Standing Directions & Financial Reporting Directions		
Declaration		
SD 5.2.2	Declaration in financial statements	89
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	96
SD 5.2.1(a)	Compliance with Standing Directions	89
Other disclosures as required by FRDs in notes to the financial statements <sup>(a)</sup>		
FRD 21C	Disclosures of Responsible Persons, Executive Officers and other Personnel (Contractors with Significant Management Responsibilities) in the Financial Report	126
FRD 103H	Non-Financial Physical Assets	104-106
FRD 110A	Cash Flow Statements	95
FRD 112D	Defined Benefit Superannuation Obligations	101
FRD 114C	Financial Instruments – general government entities and public non-financial corporations	116-121

Note:

(a) 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

	Page
<i>Audit Act 1994</i>	90-91
<i>Building Act 1993</i>	84
<i>Carers Recognition Act 2012</i>	58, 84
<i>Charter of Human Rights and Responsibilities Act 2006</i>	13, 14, 34, 46
<i>Crimes Act 1958</i>	14, 65
<i>Crimes (Assumed Identities) Act 2004</i>	29
<i>Disability Act 2006</i>	86
<i>Drugs, Poisons and Controlled Substances Act 1981</i>	14, 65
<i>Financial Management Act 1994</i>	1, 18, 88, 89, 90, 96, 97, 125
<i>Firearms Act 1996</i>	14, 65
<i>Freedom of Information Act 1982</i>	85
<i>Independent Broad-based Anti-corruption Commission Act 2011</i>	1, 2, 6, 13, 29, 36, 42, 44, 46, 49, 51, 67, 85, 96
<i>Integrity and Accountability Legislation Amendment (Public Interest Disclosure, Oversight and Independence) Act 2019</i>	14, 29
<i>Local Jobs Act 2003</i>	84
<i>Parliamentary Salaries and Superannuation Act 1968</i>	126
<i>Protected Disclosure Act 2012</i>	13, 26, 39, 40, 44, 71, 85
<i>Public Administration Act 2004</i>	80, 126
<i>Public Interest Disclosures Act 2012</i>	1, 3, 9, 13, 26, 29, 36, 39, 40, 41, 42, 43, 44, 45, 71, 85
<i>Public Health and Wellbeing Act 2008</i>	13
<i>Occupational Health and Safety Act 2004</i>	79
<i>Ombudsman Act 1973</i>	42
<i>Sex Offenders Registration Act 2004</i>	14, 65
<i>Surveillance Devices Act 1999</i>	29
<i>Telecommunications (Interception) (State Provisions) Act 1988</i>	29
<i>Victoria Police Act 2013</i>	66
<i>Witness Protection Act 1991</i>	14, 65

## GLOSSARY

AAS	Australian Accounting Standard
AASB	Australian Accounting Standards Board
ACT	Australian Capital Territory
AICD	Australian Institute of Company Directors
AM	Order of Australia
AS/NZS	Australian standard/ New Zealand standard
BAU	business as usual
BP3	Budget Paper 3
CEO	Chief Executive Officer
CMS	case management system
CO <sub>2</sub> -e	carbon dioxide equivalent
CPA	Certified practising accountant
CPI	Consumer price index
CPR	cardio pulmonary resuscitation
DTF	Department of Treasury and Finance
DPC	Department of Premier and Cabinet
DWG	Designated workgroup
EO	Executive officer
FOI	freedom of information
FTE	Full-time equivalent
GPO	General post office
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>
ICT	information and communication technology
IRP	Issue resolution procedures
ISO	International Standards Organization
LMR	Local Management Resolution
LSL	long service leave
M <sup>2</sup>	square metres
MIM	Management Intervention Model
MJ	megajoule
MP	Member of Parliament
NSW	New South Wales
OHS	Occupational health and safety
OPP	Office of Public Prosecutions
own motion	If IBAC investigates without a complaint from an individual, or a notification
QC	Queen's Counsel
STS	Senior technical specialist
TAFE	Technical and further education
VPDSF	Victorian Protective Data Security Framework
VPDSS	Victorian Protective Data Security Standards
VAGO	Victorian Auditor-General's Office
VPS	Victorian public service

## INDEX

	Page
About IBAC	11
Accessibility	9, 27
Ambulance Victoria	62
Annual Plan	1, 14
Assessment processes	27
Assurance program	31
Attorney-General of Victoria	14, 29, 75, 125
Audit and Risk Management Committee	18
Audit of Victoria Police handling of complaints made by Aboriginal people	25, 77
Australian Public Sector Anti-Corruption Conference	7, 22, 25, 70, 97
Budget Paper No. 3 performance measures	20-21
CEO's foreword	8-10
Commissioner's foreword	5-7
Commonwealth Ombudsman	29
Comparative workforce data	79-83
Complaints and notifications	35-46
Corporate Plan	23-34
Corruption prevention initiatives	67, 78
COVID-19 (coronavirus)	5, 6, 8, 9, 13, 15, 20-21, 25, 29, 32, 37, 50, 66, 68, 69, 70, 71, 79, 80, 96
Department of Education and Training	19, 25, 53, 72
Department of Environment, Land, Water and Planning	54
Department of Premier and Cabinet	97
Department of Treasury and Finance	82, 84, 85, 101
Disability	86
Diversity and inclusion	10, 34, 81
Environmental reporting	86-87
Examinations/hearings	7, 9, 19, 25, 35, 47, 49, 50, 69, 86
External communication	69
External engagement	68
Financial Report	89-130
Financial report summary	22
Flexible work arrangements	34
Freedom of Information	85
Health and wellbeing	32, 34
Human Rights and Equal Opportunity Commission	12, 34, 46, 71
Inflation Nightclub investigation by Victoria Police (Review of)	64
Information sheets	75-76
Corruption risks associated with government-funded human services delivered by community organisations	76
Corruption risks associated with public sector boards	75
Corruption risks in the social housing sector	75
Integrity and Oversight Committee	8, 10, 13, 14, 29
Internal audit program	31
International Women's Day	34

## INDEX (CONT)

	Page
Investigations	47-60
Operation Betka	19, 25, 53
Operation Eden	55
Operation Esk	54, 57
Operation Franklin	56, 57
Operation Ithaca	59
Operation Light	59
Operation Mesey	60
Operation Molara	57
Operation Murano	54, 57
Operation Naxos	57
Operation Nisida	57
Operation Poros	60
Operation Salina	59, 60
Operation Sandon	19, 25, 50, 69
Judiciary Commission	12
Legal sector (Engagement with)	19, 71
Local Government Inspectorate	5, 12, 16, 71
Machinery of government changes	14, 15, 19, 29
Magistrates' Court	29, 54, 59
Minister for Home Affairs	29
Monash Health	62
Occupational health and safety	33, 79, 80
Office of Public Prosecutions (OPP)	35, 47, 51, 56, 77
Operation Sandon examination	19, 25, 50, 69
Organisational structure	15
Oversight	28-29, 61-66
Oversight of IBAC	28-29
Oversight of Victoria Police	6, 11, 26, 63-66, 69
People Matter Survey	33
Procurement	31
Prosecutions	51, 57, 60
Protected disclosures	9, 13, 36-45
Public interest disclosures	9, 13, 36-45, 71, 85
Public Interest Monitor	29
Recommendations	51
Regional corruption prevention events	25, 71
Research reports	73-74, 78
Managing corruption risks associated with conflicts of interest in the Victorian public sector	19, 25, 73
Unauthorised access and disclosure of information held by Victoria Police	19, 25, 78
Unauthorised access and disclosure of information held by the Victorian public sector	19, 25, 74
Reviews	61
Review of Inflation Nightclub investigation by Victoria Police	64
Social procurement framework	31

	Page
Special reports	72
Operation Betka: an investigation into alleged corrupt conduct by a former contractor of the Department of Education and Training	19, 25, 53, 72
Special report on corruption risks associated with procurement in local government	19, 25, 72
St Pauls Prevention Rehabilitation	54
Supporting staff through COVID- 19	32
Supreme Court	7, 16, 29
Victoria Police	
Audit of Victoria Police handling of complaints made by Aboriginal people	25, 77
Complaints and notifications relating to	44-45
Compliance with legislation	65
Corruption prevention initiatives for	77-78
Education program	68, 77, 78
Investigations	58
Monitoring of low level complaints	66
Office of the Victorian Information Commissioner	12, 34
Operation Ithaca	59
Operation Light	60
Operation Poros	60
Operation Mersey	60
Operation Salina	59, 60
Oversight	6, 11, 26, 63-66, 69
Professional Standards Command	64, 66, 68, 77, 78
Reviews	63
Victoria University	58
Victorian Auditor-General's Office	12, 18, 71, 90-90
Victorian Inspectorate	8, 12, 13, 14, 29, 39, 41, 43, 45, 85
Victorian Ombudsman	8, 12, 13, 14, 39, 41, 43, 45, 71
Victorian Public Sector Commission	33, 80, 126
Victorian Special Minister of State	14, 29, 125, 126
Wesley Public Hall Committee of Management	54
Witness welfare policy	31, 79
Workforce data	79-83

For more information about IBAC and corruption prevention, go to [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Follow us for the latest on our investigations, research and events:



Subscribe to *IBAC Insights* on the IBAC website to get quarterly updates, analysis and commentary.



## **Independent Broad-based Anti-corruption Commission**

Level 1, North Tower  
459 Collins Street, Melbourne VIC 3000  
GPO Box 24234, Melbourne VIC 3001

Phone 1300 735 135  
Fax (03) 8635 6444

[www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)