

# ANNUAL REPORT 2017/18

## SUMMARY

This is the summary of IBAC's 2017/18 annual report.  
The full report is available at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

## WHO WE ARE

### About us

IBAC is Victoria's independent anti-corruption agency. We expose, investigate and prevent public sector corruption and police misconduct.

Public sector corruption is the misuse of public power or position (for example, taking or offering bribes or misusing information acquired at work). Police misconduct includes Victoria Police personnel (including Protective Services Officers, sworn and unsworn employees) failing or refusing to perform their duties, and behaving disgracefully or improperly (on or off duty).

### What we do

Our work covers the whole Victorian public sector including Victoria Police, state government departments and agencies, local councils, the judiciary and Parliament.

It involves:

- receiving complaints from the public, notifications (from agencies) and protected disclosures (previously known as 'whistleblower complaints') and assessing these matters for allegations of corruption or misconduct
- referring matters to other appropriate agencies (such as public sector bodies and integrity agencies) for action
- investigating serious or systemic public sector corruption and police misconduct
- informing the public sector and wider community about corruption and police misconduct and ways it can be prevented.

### Corporate Plan 2015-18 snapshot

#### OUR VISION

A Victorian public sector that actively resists corruption

#### OUR PURPOSE

To prevent and expose public sector corruption and police misconduct

#### OUR STRATEGIC GOALS

1. Investigating and exposing corrupt conduct and police misconduct
2. Preventing and informing corrupt conduct and police misconduct
3. Building our organisation
4. Ensuring accountability and independence

## WHO WE ARE (CONT)

IBAC is one of three core, independent agencies in the Victorian integrity system. The system aims to protect the integrity of the Victorian public sector and Victoria Police. We work closely with the other integrity agencies, especially the Victorian Ombudsman and the Victorian Auditor-General's Office.

### Victoria's integrity system

Victorian Inspectorate and parliamentary committee  
oversight of IBAC, Ombudsman and VAGO

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

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

Exposes and prevents  
public sector corruption and  
police misconduct

 **VICTORIAN  
ombudsman**

**Victorian  
Ombudsman**

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

 **VAGO**  
Victorian Auditor-General's Office

**Victorian  
Auditor-General's  
Office**

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

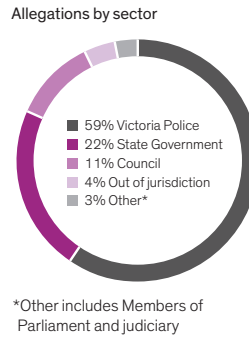
Other agencies supporting a sound integrity system include:  
Local Government Inspectorate, Office of the Victorian Information Commissioner,  
and Commissions for the Victorian Public Sector, Judiciary and  
Equal Opportunity and Human Rights.

# PERFORMANCE AT A GLANCE

## Complaints/notifications, allegations and protected disclosures

**2315**  
complaints/notifications received

**6293**  
allegations assessed (26 per cent increase compared with 2016/17)

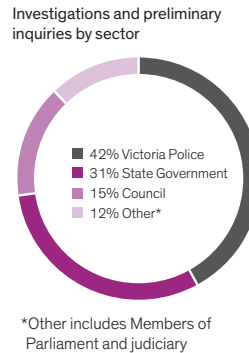


**4514**  
allegations directly received for assessment as potential protected disclosures

## Investigations/preliminary inquiries and outcomes

**65**  
active investigations (including preliminary inquiries) into alleged serious public sector corruption and police misconduct

**18**  
formal recommendations made (under the IBAC Act) for public sector agencies to improve their systems, practices and controls



**11**  
investigations progressed to prosecutions, with 35 people charged with a total of 384 offences under various State and Commonwealth statutes

**14**  
preliminary inquiries and investigations finalised, with two special reports tabled before Parliament

**\$369,575**  
recovered following IBAC investigations (\$2.76 million since 2013)

## Reviews

**72**  
reviews completed of matters investigated by **Victoria Police**

**8**  
reviews completed of matters investigated by **public sector agencies**

## Prevention initiatives

**11**  
public reports published exposing corruption and misconduct risks

**92** corruption prevention initiatives delivered, including a community education campaign: *When something's not right. Report it.* and IBAC's first Corruption Prevention and Integrity Conference

## Social reach

**91,886**  
unique visits to the website (nine per cent increase compared with 2016/17)



**2307**  
Twitter followers



**2761**  
IBAC Insights subscribers

Note: percentages may not add to 100 due to rounding

# BUDGET PAPER NO.3 PERFORMANCE MEASURES

IBAC's performance measures are set out in 2017/18 State Budget Paper No. 3 (BP3) Service Delivery and outlined below. Brief notes on variances are included.

## BP3 performance measures

	Unit of measure	2017/18 target	2017/18 actual	Notes
<b>(a) Quality</b>				
Corruption prevention initiatives delivered by IBAC	Number	90	92	Slightly exceeded our target by delivering a range of corruption prevention initiatives, including two regional forums in Warrnambool and Traralgon, the extension of our community education campaign: <i>When something's not right. Report it</i> , and our Corruption Prevention and Integrity Conference in Melbourne.
<b>(b) Quality</b>				
Satisfaction rating with corruption prevention initiatives delivered by IBAC	per cent	90	99	Exceeded target, reflecting continued improvements to corruption prevention initiatives including the regional outreach program, annual Protected Disclosure forum and tools supporting Protected Disclosure Coordinators.
<b>(c) Timeliness</b>				
Complaints or notifications about public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) assessed by IBAC within 45 days	per cent	80	92	Continued to refine and consolidate processes, resulting in most assessments being completed within 45 days and exceeding the minimum target of 80 per cent.
Complaints or notifications about police personnel conduct and police personnel corrupt conduct assessed by IBAC within 45 days	per cent	90	95	Continued to refine and consolidate processes, resulting in most assessments being completed within 45 days and exceeding the minimum target of 90 per cent.
Proportion of IBAC investigations into public sector corrupt conduct (excluding police personnel conduct and police personnel corrupt conduct) completed within 12 months	per cent	75	60	Some investigations into public sector matters (or corruption allegations), due to their more complex nature, took longer than the target timeframe to complete.
Proportion of IBAC investigations into police personnel conduct and police personnel corrupt conduct completed within 12 months	per cent	75	100	All investigations into police personnel misconduct were completed within 12 months.

**92**

corruption prevention initiatives delivered

**99%**

satisfaction rating with corruption prevention initiatives delivered

**95%**

complaints and notifications about police personnel conduct and police personnel corrupt conduct assessed within 45 days

**100%**

investigations into police personnel conduct and police personnel corrupt conduct completed within 12 months

## INVESTIGATING AND EXPOSING

Investigations are an important tool, for exposing public sector corruption and police misconduct in Victoria, and for deterring and preventing it. IBAC investigations are informed by complaints, information reports, notifications and protected disclosures, as well as our own intelligence. By analysing trends, unravelling complex networks and following financial trails, we work to uncover the evidence necessary to expose serious corruption and misconduct.

In 2017/18, IBAC:

- **assessed 6293 allegations**, with 94 per cent assessed within 45 days. Of these, 742 matters were assessed as protected disclosures
- **undertook 65 investigations** (including preliminary inquiries) into serious public sector corruption and police misconduct, 19 more than the previous year
- **held public examinations into allegations of serious corruption** involving the Victorian vocational education and training, and transport sectors
- **finalised 14 preliminary inquiries and investigations**, and tabled two special reports before Parliament. **Eleven investigations progressed to prosecutions**, with 35 people charged with a total of 384 offences under various State and Commonwealth statutes
- **strengthened our operational capacity** by establishing another multi-disciplinary investigation team.

## PREVENTING AND INFORMING

Preventing corrupt conduct and police misconduct is at the centre of IBAC's work. When conducting investigations, reviewing matters referred to Victoria Police and other agencies for action, and undertaking research, we always consider how the findings could promote awareness of corruption, and help public sector agencies identify their own vulnerabilities and risks.

In 2017/18, IBAC:

- **delivered 92 corruption prevention initiatives**, including IBAC's first Corruption Prevention and Integrity Conference
- **released two strategic intelligence reports** analysing the major corruption issues associated with the public health and the corrections sectors, respectively
- **released four research reports on the perceptions of corruption** of state government employees, local government employees, Victoria Police employees and the Victorian community, providing insights into their awareness of corruption, and attitudes to corruption prevention and reporting
- as a result of investigations, **made 18 formal recommendations** to public sector agencies aimed at preventing corruption and police misconduct
- **held corruption prevention and integrity insight forums in Warrnambool and Traralgon** as part of focused engagement in regional Victoria
- **engaged with the Victorian legal and business sectors** to improve understanding of our role, raise awareness about corruption, its impact and how to encourage reporting of suspected public sector corruption and police misconduct.

# PROVIDING INDEPENDENT OVERSIGHT OF VICTORIA POLICE

The community places great trust in police and Victorians want to be assured there is thorough and effective, independent oversight of Victoria Police. IBAC performs a crucial role in ensuring Victoria Police officers act fairly, impartially and in accordance with the law by providing robust and independent oversight of police. Because of the significant powers exercised by police officers, including powers to detain, search and arrest, use force, enter premises and seize property, this oversight is important for community safety and wellbeing.

Independent oversight of Victoria Police is currently provided by:

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

## PROVIDING INDEPENDENT OVERSIGHT OF VICTORIA POLICE (CONT)

During 2017/18, IBAC further strengthened its police oversight function. We have increased the number of investigations of police matters, and will investigate a larger number of police matters in the future.

IBAC completed 72 reviews of complaints investigated by Victoria Police, to check that police handled the matters appropriately and investigated them thoroughly. IBAC will conduct more of these reviews, and is boosting our capacity in this area in 2018/19.

IBAC also announced it would appoint a second Deputy Commissioner, with a focus on police oversight. This will further build IBAC's capacity to ensure Victoria Police discharges its functions with integrity and in accordance with the law. The appointment process was in progress as at 30 June.

IBAC also conducted two independent audits of how Victoria Police handles complaints. Both audits recommended a number of improvements to strengthen Victoria Police practice. Victoria Police accepted all these recommendations and will report to IBAC on its implementation of these recommendations.

IBAC released a report into police perceptions of corruption and misconduct, which highlighted an opportunity for police to do more to raise awareness about misconduct and how to report it.

### PARLIAMENTARY INQUIRY

In June 2017, the IBAC Committee, which provides Parliamentary oversight of IBAC, commenced an inquiry into the external oversight of police corruption and misconduct in Victoria. The terms of reference for the inquiry include:

- examine the current system for the oversight of police corruption and misconduct in Victoria, in particular the role of IBAC and the Victorian Inspectorate
- identify and assess best practice models for the oversight of police
- identify and review the main challenges to the effective oversight of complaints and disclosures about police in Victoria
- consider best practice strategies to improve the oversight and investigation of police corruption and misconduct and how they may be implemented in Victoria.

As part of this inquiry, the IBAC Commissioner appeared before the Committee in 2018.

The Committee was scheduled to report to Parliament in September 2018.

**3709**

allegations related to Victoria Police received through complaints from individuals, and notifications and protected disclosure notifications from government agencies

**26%**

increase in the number of allegations concerning Victoria Police made by individuals directly to IBAC

**27**

active investigations and preliminary inquiries into alleged misconduct or corrupt conduct by police officers

**72**

reviews completed of matters investigated by Victoria Police<sup>1</sup>

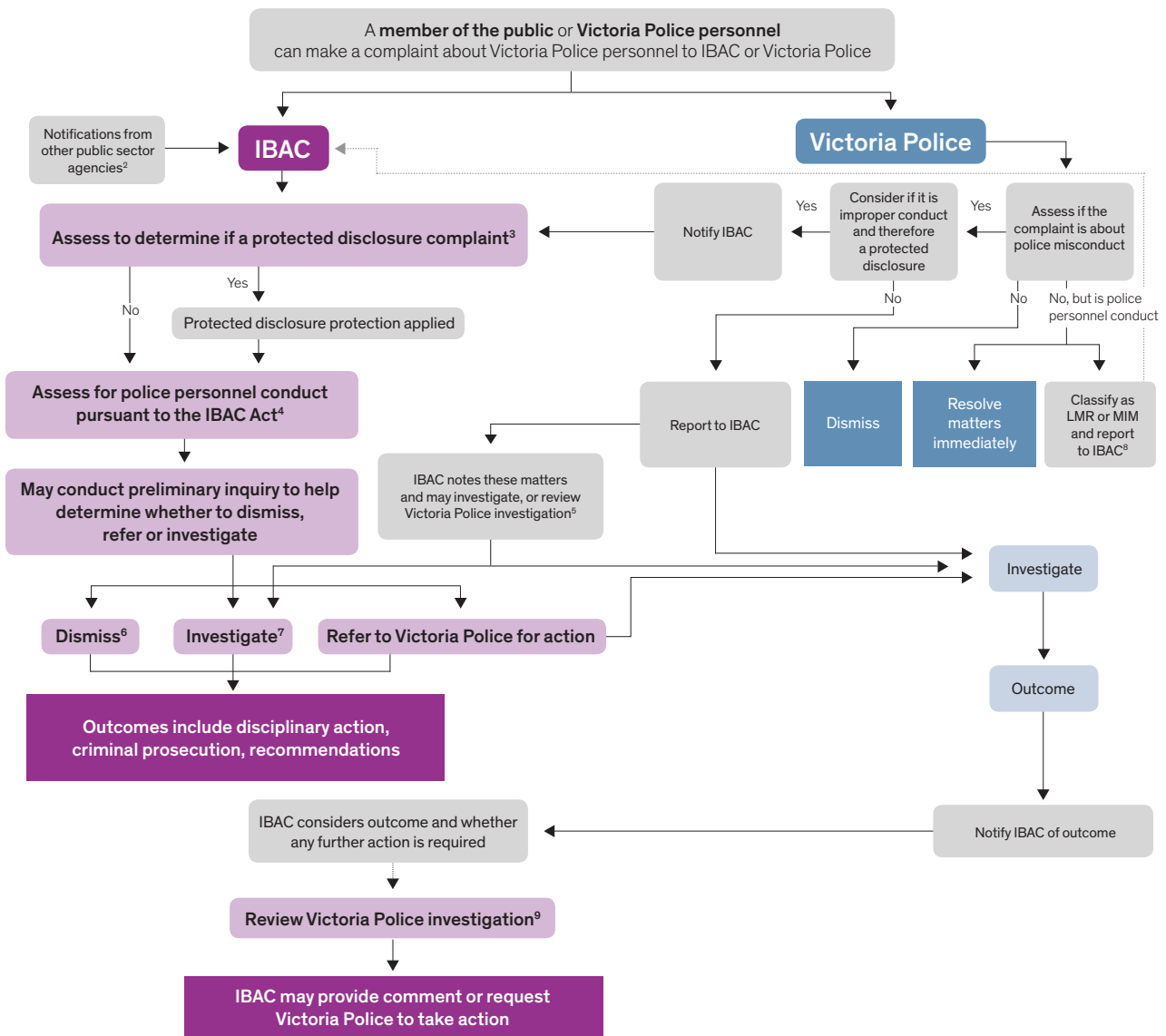
<sup>1</sup>In addition to these 72 reviews, IBAC scrutinised the outcomes of 36 Victoria Police complaint files and examined more than 200 Victoria Police complaint files as part of Operation Turon.



# HANDLING POLICE COMPLAINTS AND NOTIFICATIONS

IBAC receives complaints and notifications about corrupt conduct and police personnel conduct. All complaints received by Victoria Police about police misconduct are mandatorily notified to IBAC. IBAC assesses these complaints and notifications to determine which matters will be referred to Victoria Police for action, which will be dismissed, and which we will investigate.

## Complaints handling process concerning Victoria Police



<sup>2</sup> Notifications from other public sector agencies include notifications from the Victorian Ombudsman concerning police corruption and misconduct, and from the Victorian Auditor-General's Office concerning suspected corrupt conduct.

<sup>3</sup> All complaints made by a Victoria Police officer about another Victoria Police officer are deemed to be protected disclosures.

<sup>4</sup> IBAC's assessment process includes consideration of whether Victoria Police officers have had regard to the rights set out in the *Charter of Human Rights and Responsibilities Act 2006*.

<sup>5</sup> When IBAC determines not to investigate a particular report and determines that it would be appropriate for Victoria Police to continue its investigation, IBAC may monitor the progress of the investigation and otherwise will await an outcome report at the completion of action taken by Victoria Police. IBAC may determine to review Victoria Police's investigation at any time including following completion of the investigation.

<sup>6</sup> Reasons for dismissed complaints include matters that: are withdrawn; have insufficient information; are too old; have already been investigated; or are frivolous or vexatious. If the complaint is dismissed, the information can help IBAC develop a greater understanding of potential risks of police misconduct, and inform prevention and education activities.

<sup>7</sup> IBAC primarily investigates police matters that involve serious, systemic and/or sensitive allegations, and which we have the capacity and capability to best handle. IBAC must refer complaints to specified persons or bodies where it considers it would be more appropriate for that person or body to investigate. IBAC can also conduct 'own motion' investigations into serious or systemic corrupt conduct or misconduct at any time.

<sup>8</sup> Since January 2018, IBAC has been advised of local management resolution (LMR) and management intervention model (MIM) matters.

<sup>9</sup> Of the complaints referred to Victoria Police, IBAC reviews certain matters to ensure they have been investigated thoroughly and fairly.

# PROSECUTION OUTCOMES FROM IBAC INVESTIGATIONS

Prosecutions arising from IBAC investigations are one way of exposing the impact of corrupt conduct in the public sector, as well as the consequences for people involved – including jail terms, recoveries of proceeds of crime, fines, community work and corrections orders and bonds. The number of charges and convictions an anti-corruption body secures is only one indicator of performance, albeit

a highly public one. IBAC's performance is measured across our core operational functions and is explained in this annual report, and assesses the effectiveness and efficiency of our operations against agreed metrics.

## Prosecution outcomes

Investigation	Date	Who	Outcome
<b>Operation Yarrowitch:</b> investigation into alleged use of illicit drugs by Victoria Police members	July 2017	First Constable Jacqueline Rogash	Ms Rogash pleaded guilty to one charge of perjury. She was convicted, placed on an 18-month community corrections order and ordered to perform 200 hours of community work. Ms Rogash appealed that sentence and her appeal was dismissed.
<b>Operation Ord:</b> investigation into the conduct of officers of the Department of Education and Training in connection with the use of 'banker schools'	August 2017	Michael Giulieri	Mr Giulieri pleaded guilty to charges of conspiracy to attempt to pervert the course of justice, and wilfully making a false or misleading statement to IBAC. He was convicted and placed on a two-year good behaviour bond.
<b>Operation Tone:</b> investigation into allegations that Ambulance Victoria paramedics engaged in serious corrupt conduct	August 2017	Clare Barrand	Ms Barrand pleaded guilty to a breach of confidentiality order, and making a false or misleading statement with intention to mislead IBAC. She was found guilty, without conviction, and fined \$5000.
<b>Operation Ord:</b> investigation into the conduct of officers of the Department of Education and Training in connection with the use of 'banker schools'	September 2017	Daniel Calleja	Mr Calleja pleaded guilty to the charges of obtaining property by deception, knowingly dealing with the proceeds of crime and attempting to pervert the course of public justice contrary to common law. He was convicted and placed on a two-year community correction order and ordered to perform 250 hours of community work.
<b>Operation Oxley:</b> 'own motion' investigation into allegations a Victoria Police senior constable had purposely omitted information related to their security clearance application to ensure it was approved	October 2017	Senior Constable Matthew Bettiol	Mr Bettiol pleaded guilty to one charge of perjury. He was fined \$8000 (without conviction).
<b>Operation Apsley:</b> investigation into alleged drug trafficking involving Victoria Police officers	October 2017	Senior Constable Sherree Cocks	Ms Cocks pleaded guilty to one charge of inciting another to mislead IBAC. She was convicted and fined \$5000. Ms Cocks appealed her sentence but withdrew her appeal after the court gave her a formal warning that a more severe sentence may be imposed.
<b>Operation Fitzroy:</b> investigation into alleged serious corruption in the former Department of Transport and Public Transport Victoria	November 2017	Darrell Salter	Mr Salter pleaded guilty to one charge of conspiracy to defraud and two charges of giving a secret commission. He was convicted and sentenced to four years and five months imprisonment with a non-parole period of three years.
<b>Operation Royston:</b> investigation into allegations of serious corrupt conduct involving a former manager at the City of Ballarat Council	February 2018	Lukas Carey	Mr Carey pleaded guilty to obtaining financial advantage by deception, attempting to commit an indictable offence and soliciting secret commission. He was sentenced to three years' jail and ordered to repay \$31,200.
<b>Operation Royston:</b> investigation into allegations of serious corrupt conduct involving a former manager at the City of Ballarat Council	March 2018	Jasmine Finnigan	Ms Finnigan pleaded guilty to obtaining a financial advantage by deception and attempting to commit an indictable offence. She was convicted and fined \$3000 and ordered to repay \$20,500.
<b>Operation Barron:</b> investigation into allegations that a VicRoads employee had improperly and corruptly used their position	March 2018	Peter Kassinidis	Mr Kassinidis pleaded guilty to four charges of misconduct in public office. He was convicted and placed on a two-year community correction order and ordered to perform 200 hours of community work.

## PROSECUTION OUTCOMES FROM IBAC INVESTIGATIONS (CONT)

Investigation	Date	Who	Outcome
<b>Operation Murano:</b> investigation centred on the conduct of a rehabilitation coordinator providing misleading information to the court to assist persons before court	March 2018	Glenn Farrugia	Mr Farrugia pleaded guilty to possession of a drug of dependence, namely methylamphetamine. He was ordered to be of good behaviour for a period of 12 months and make a \$1000 donation to beyondblue.
<b>Operation Fitzroy:</b> investigation into alleged serious corruption in the former Department of Transport and Public Transport Victoria	March 2018	Barry Wells	Mr Wells pleaded guilty to one charge of conspiracy to defraud and three charges of receiving a secret commission. He was convicted and sentenced to eight years and nine months imprisonment with a non-parole period of six years and three months. Mr Wells appealed that sentence and his appeal was dismissed.
<b>Operation Fitzroy:</b> investigation into alleged serious corruption in the former Department of Transport and Public Transport Victoria	March 2018	Albert Ooi	Mr Ooi pleaded guilty to charges of conspiracy to defraud and receiving a secret commission. He was convicted and sentenced to eight years imprisonment with a non-parole period of six years. Mr Ooi appealed that sentence and his appeal was dismissed.
<b>Operation Murano:</b> investigation centred on the conduct of a rehabilitation coordinator providing misleading information to the court to assist persons before court	April 2018	Pria Fiddler	Ms Fiddler pleaded guilty to charges of obtaining a drug prescription by false representation, trafficking a drug of dependence, namely methylamphetamine, and possession of diazepam (along with a consolidation of Victoria Police charges). She was convicted and placed on an 18-month community correction order and ordered to perform 180 hours of community work.
<b>Operation Murano:</b> investigation centred on the conduct of a rehabilitation coordinator providing misleading information to the court to assist persons before court	May 2018	Amerigo Masci	Mr Masci pleaded guilty to three charges of trafficking a drug of dependence, namely cannabis, methylamphetamine and cocaine. He was convicted and placed on a two-year community correction order and ordered to perform 175 hours of community work.
<b>Operation Murano:</b> investigation centred on the conduct of a rehabilitation coordinator providing misleading information to the court to assist persons before court	June 2018	George Khoury	Mr Khoury pleaded guilty to trafficking a drug of dependence, namely cocaine. He was convicted and placed on a 12-month community correction order and ordered to perform 150 hours of community work.

# FINANCIAL REPORT SUMMARY

IBAC's financial position remains strong. Revenue, expenditure and equity are up and IBAC is well placed to respond to financial challenges. IBAC is still growing as an organisation and revenue and expenditure are forecast to further increase in 2018/19 in particular now that the fourth investigation team has been established.

## Financial performance

IBAC's net financial result for the year was a surplus of \$74,599 compared with a surplus of \$132,006 in 2016/17. These surpluses are due to technical accounting adjustments.

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

## Financial summary 2013/14 – 2017/18

	2013/14 \$m	2014/15 \$m	2015/16 \$m	2016/17 \$m	2017/18 \$m
<b>Financial performance</b>					
Total income	27.682	31.547	32.580	36.372	<b>39.695</b>
Total expenditure	27.335	31.285	31.992	36.372	<b>39.695</b>
Net result from transactions	0.347	0.262	0.588	-	-
Comprehensive result	0.367	0.241	0.554	0.132	<b>0.075</b>
<b>Financial position</b>					
Total assets	21.727	25.558	27.138	27.418	<b>28.054</b>
Total liabilities	4.714	5.827	6.923	7.092	<b>7.707</b>
Total equity	17.013	19.731	20.215	20.326	<b>20.347</b>
<b>Cash flow</b>					
Net cash flow from operating activities	1.073	1.606	1.915	1.459	<b>1.701</b>

## Income

IBAC is funded through parliamentary appropriations.

Income or grant funding increased by 9.1 per cent in 2017/18 which was due to a corresponding increase in expenditure as a result of the addition of the fourth investigation team and associated expenditure.

## Expenditure

IBAC's expenditure increased by 9.1 per cent in 2017/18, with 62 per cent spent on employees (the same as 2016/17). Employee expenditure is expected to increase in 2018/19 as the recruitment of the fourth investigation team and auxiliary staff continues. Information technology expenses and depreciation increased as a result of increased investment in IT infrastructure and capabilities.

## Financial position

IBAC's financial position remains strong with total assets of \$28.1 million, liabilities of \$7.7 million and equity of \$20.3 million. During 2017/18, IBAC spent \$1.84 million on capital works, mainly consisting of asset replacements and a new case management system, which is expected to be fully implemented and operational by the end of 2018/19.