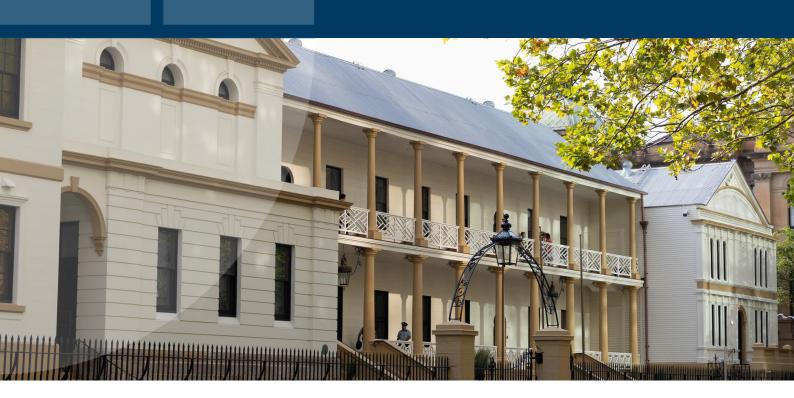
Committee on the Independent Commission Against Corruption



Review of the 2021-2022 and 2022-2023 Annual Reports of the ICAC and the Inspector of the ICAC



Report 1/58 - August 2024

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The motto of the coat of arms for the state of New South Wales is "Orta recens quam pura nites". It is written in Latin and means "newly risen, how brightly you shine".

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Membership

Membership

Chair Mr Jason Yat-Sen Li MP (Member for Strathfield)

Deputy Chair Mr Mark Hodges MP (Member for Castle Hill)

Members The Hon Dr Sarah Kaine MLC

The Hon Tania Mihailuk MLC The Hon Jacqui Munro MLC

Mrs Sally Quinnell MP (Member for Camden) Mr Michael Regan MP (Member for Wakehurst) Dr David Saliba MP (Member for Fairfield) Ms Kobi Shetty MP (Member for Balmain)

Mrs Wendy Tuckerman MP (Member for Goulburn)

Mr Tri Vo MP (Member for Cabramatta)

Contact details Parliament House

6 Macquarie Street SYDNEY NSW 2000

Telephone (02) 9230 2312

E-mail <u>icaccommittee@parliament.nsw.gov.au</u>

Website <u>www.parliament.nsw.gov.au/committees/</u>

Chair's foreword and summary

This report by the Committee on the Independent Commission Against Corruption (ICAC) deals with the Committee's review of the 2021-2022 and 2022-2023 annual reports of the ICAC and the Inspector of the ICAC, and other relevant issues covered during public hearings held on 11 December 2023 and 15 February 2024.

The Committee's report has two chapters. The first chapter addresses issues relating to the work of the ICAC, including the complaints and investigations profile, and recent measures to support the welfare of witnesses and the timeliness of investigations. Recent legislative developments are also explored, in addition to corruption prevention and outreach activities, operational issues such as cyber-readiness and information technology, and funding and staffing changes.

The second chapter addresses key issues relating to work of the Inspector of the ICAC, including the handling of complaints about the ICAC, the Inspector's access to intercepted materials, and recent special reports from the Inspector.

This report is the Committee's first in the 58th Parliament. The inquiry was also the Committee's first opportunity to hear evidence from the current Chief Commissioner and Commissioners of the ICAC and the current Inspector, all of whom began their terms in 2022. The Committee was pleased to hear that the Commissioners and Inspector have developed a strong working relationship.

Complaints and investigations profile

The Committee examined trends in complaints and reports to the ICAC from certain sectors since the previous reporting period, such as complaints in relation to various government departments and agencies. The Chief Commissioner gave evidence that agencies with high reporting rates often had good cultures of reporting and expressed concern regarding agencies with low reporting rates, which may indicate a poor culture of reporting and present a corruption risk. The Committee found that the ICAC is working to improve the culture of reporting amongst agencies with lower reporting rates. The Committee also heard that the Inspector regularly received complaints about the ICAC, and that the majority of these complaints related to decisions by the ICAC not to investigate a matter.

Welfare of witnesses

The Committee inquired into the welfare of ICAC witnesses, particularly witnesses from culturally and linguistically diverse (CALD) communities. The ICAC acknowledged that recent reports from the Committee and Inspector identified witness welfare as an area of concern. The ICAC provided details of various measures they are implementing to mitigate the risk to witness welfare during investigations, particularly witnesses identified as vulnerable in some way. The Committee recommends that the ICAC expedite its work to support people from CALD communities affected by the ICAC's investigations and provide the Committee with an update, within six months, on any new measures that are planned or have been implemented.

Timeliness of investigations

The timeliness of investigations and reports was an issue of concern for this Committee in this and previous inquiries, and has also been considered by the Inspector. The Committee was pleased to hear from the Inspector that the ICAC was responding in a timely manner to her recommendations in this area. The Committee was also pleased that the ICAC has allocated funding to dedicated staff, in order to expedite the delivery of reports. However, the Committee acknowledges that the timeliness of investigations is impacted by various factors, and will continue to monitor the timeliness of the ICAC's investigation reports.

Legislative change

The Committee considered recent legislative changes that afforded new powers to the ICAC. This includes amendments to the *Public Interest Disclosures Act 2022*, the *Law Enforcement (Powers and Responsibilities) Act 2002* and the *Surveillance Devices Amendment (ICAC) Regulation 2023*. Additionally, the Committee notes that a number of recent bills relating to the ICAC are currently under consideration. The Committee will monitor the implementation of these new legislative and regulatory mechanisms in future.

The Committee will also keep abreast of the impact of recent amendments to the *Independent Commission Against Corruption Act 1988* that require the government to respond to recommendations made in ICAC investigation reports, as well as a proposed regulation to strengthen public interest disclosures by members of Parliament.

In addition, the Committee will continue to monitor proposed changes to the Commonwealth *Telecommunications (Interception and Access) Act 1979 (Cth)* relating to the ICAC's and the Inspector's access to intercepted telecommunications material. These changes are currently being considered by the Commonwealth Parliamentary Joint Committee on Intelligence and Security.

Corruption prevention and outreach

The Committee notes that the ICAC expanded its corruption prevention and outreach activities in 2022-2023. The ICAC has also identified sectors where further outreach and education could take place, and situations that present a particular corruption risk. The Committee was pleased to hear that the ICAC's rural and regional outreach activities have recently resumed. The Inspector advised that her office has conducted a small amount of outreach and collaboration activities in 2022-2023.

Cyber-readiness and information technology

The ICAC advised it has commenced examining the impacts and opportunities of artificial intelligence on its investigations and preventative functions. In particular, it is reviewing cyber risk management, cyber-readiness and artificial intelligence as part of its strategic plan. The Committee recommends that the ICAC expedites the development of its strategies in this broad but important area. The Inspector also advised that the ICAC has undertaken systems reform to prevent inadvertent breaches of privacy for people involved with the ICAC.

Funding and staffing changes

The Committee was pleased to hear that the ICAC's improved financial position in 2022-2023 and 2023-2024 has led to a positive impact on staffing and, subsequently, the ICAC's ability to

meet its legislative obligations and strategic direction. The Committee notes the issue of staff burnout but is pleased that the ICAC has taken measures to address this risk. The Committee was also pleased to hear from the Inspector that her office has adequate funding and staffing.

There has previously been interest in a funding and budget approval model to ensure the ICAC's independence. The Committee notes, however, that it is unclear what progress has been made to implement or consult on a new model. The Committee recommends that the NSW Government provide the Committee with an update on any consultation or planning that has taken place in relation to new arrangements to ensure the independence of the ICAC.

I thank the Inspector, the ICAC Commissioners and senior staff from the ICAC for participating in this inquiry. I also thank my fellow Committee members for their diligence and input and finally, I thank the Legislative Assembly Committee staff for their hard work.

Mr Jason Yat-Sen Li, MP Chair

Findings and recommendations

| nding 1 |
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| he ICAC is working to improve the culture of reporting amongst agencies with lower reporting ates. |
| ecommendation 1 |
| hat the ICAC expedite its work supporting people from culturally and linguistically diverse ammunities affected by the ICAC's investigations, and provide the Committee with an update within six months, on any new measures that are planned or have been implemented. |
| nding 2 |
| he ICAC has responded to most of the Inspector's recommendations regarding the timelines fICAC investigations. |
| ecommendation 21 |
| hat the ICAC expedite the development of its cybersecurity and artificial intelligence strategies and provide the Committee with a further update on its cyber-readiness activities within simonths. |
| ecommendation 310 |
| hat the NSW Government provide an update on any consultation or planning that has taken lace in relation to the adoption of new arrangements to support the independence of the ICAC |

Chapter One – The Independent Commission Against Corruption

Introduction

- 1.1 This report is the Committee's first review of the annual reports of the Independent Commission Against Corruption (ICAC) and Inspector of the ICAC conducted during the 58th Parliament. This chapter reports on the Committee's review of the ICAC's 2021-2022 and 2022-2023 annual reports.
- 1.2 The chapter is organised into eight sections, beginning with a discussion on trends in reports of corrupt conduct to the ICAC. It then examines recent ICAC actions on corruption prevention and outreach, the welfare of witnesses and the timeliness of reporting, before moving into discussions of recent legislative changes and other operational and governance matters.
- In addition to reviewing matters arising from the ICAC's two most recent annual reports, this chapter considers the ICAC's progress implementing recommendations made by the Committee during the 57th Parliament. In particular, this chapter includes an update on recommendations made in the following reports of the Committee:
 - Review of the 2020-2021 Annual Reports of the ICAC and Inspector of the ICAC¹
 - Reputational impact on an individual being adversely named in the ICAC's investigations²
 - Review of aspects of the Independent Commission Against Corruption Act 1988.³
- 1.4 This chapter also discusses matters arising from recent special reports of the Inspector of the ICAC. More detailed discussion of issues arising from the annual reports of the Inspector is provided in Chapter Two.

Background to the review

- 1.5 The ICAC investigates, exposes and prevents public sector corruption under the *Independent Commission Against Corruption Act 1988* ('the ICAC Act'). Its principal functions include:
 - investigating complaints of corrupt conduct

¹ Committee on the Independent Commission Against Corruption, *Review of the 2020-2021 Annual Reports of the ICAC and the Inspector of the ICAC*, Report 5/57, Parliament of New South Wales, October 2022.

² Committee on the Independent Commission Against Corruption, *Reputational impact on an individual being adversely named in the ICAC's investigations*, Report 4/57, Parliament of New South Wales, November 2021.

³ Committee on the Independent Commission Against Corruption, <u>Review of aspects of the Independent Commission</u> <u>Against Corruption Act 1988</u>, Report 6/57, Parliament of New South Wales, December 2022.

- examining laws, practices and procedures to detect corrupt conduct and to secure changes in work methods or procedures that may be conducive to corrupt conduct
- advising and instructing public authorities and officials about changes in practices and procedures to reduce the likelihood of corrupt conduct
- educating the public and providing information about the detrimental effects of corrupt conduct and the importance of maintaining integrity in public administration.⁴
- 1.6 Under section 76(1) of the ICAC Act, the ICAC is required to prepare a report of its operations for each year ended 30 June within four months and furnish the report to the Presiding Officer of each House of Parliament.
- 1.7 Under the ICAC Act, this Committee is responsible for overseeing the ICAC and Inspector of the ICAC. The Committee's functions include monitoring and reviewing the exercise of the ICAC's statutory functions, examining each annual and other report of the ICAC, and reporting to Parliament on any matter appearing in or arising out of those reports.⁵

Commencement of new terms

- 1.8 The Committee notes that all three Commissioners and the Inspector commenced new terms in 2022. The Hon. John Hatzistergos AM, Chief Commissioner, commenced his five-year term on 7 August 2022; the Hon. Helen Murrell SC commenced her term as Commissioner on 7 August; and the Hon. Paul Lakatos as Commissioner on 12 September 2022. Ms Gail Furness SC commenced her term as Inspector of the ICAC on 1 July 2022.
- 1.9 The Committee is pleased to observe that the Commissioners and the Inspector have a good working relationship. The Committee is also pleased to be furthering its own productive working relationship with the ICAC and Inspector. We are grateful to the Hon. John Hatzistergos AM, the Hon. Paul Lakatos, and the ICAC's executive team for giving evidence at a hearing on 11 December 2023, and to Ms Gail Furness SC for giving evidence on 15 February 2024.

The profile of complaints and reports to the ICAC

Finding 1

The ICAC is working to improve the culture of reporting amongst agencies with lower reporting rates.

1.10 The Committee was interested in any noticeable trends in complaints or reports made to the ICAC during the 2021-22 and 2022-23 periods. The two annual reports provide data on particular sectors where allegations of corrupt conduct are more frequently made and the Chief Commissioner discussed some of the public sector agencies that have higher rates of reporting than others. The Committee found

⁴ Independent Commission Against Corruption Act 1998 (NSW) ('ICAC Act'), s 13(1).

⁵ ICAC Act, s 64.

that the ICAC is working to improve the culture of reporting in agencies with lower rates of reporting.

Section 10 complaints and public interest disclosures

- 1.11 The Committee notes that general complaints about possible corrupt conduct, under section 10 of the ICAC Act, remained relatively consistent over the reporting period.
- 1.12 In the ICAC's *Annual Report 2022-23*, it was reported that the largest proportion of section 10 complaints related to local government, at 39 per cent of total complaints. This was consistent with the 2021-22 reporting period, where that proportion was 40 percent.⁶
- In 2022-2023, the second-most complained about sector was 'government and financial services'. 14 per cent of complaints related to this sector, which is down from 21 per cent the previous year. Nine per cent of section 10 complaints related to 'health' (third most complained about) followed by 'law and justice' with eight per cent. The ICAC also identified that the most significant change in section 10 reports during the 2022-23 period was that 'custodial services' replaced 'community and human services' as the fifth-most complained about sector.⁷
- 1.14 For public interest disclosures in 2022-23, 'health' replaced 'custodial services' as the most common sector referred to, comprising 24 per cent of public interest disclosure allegations received by the ICAC. In 2022-23, public interest disclosures also commonly came from 'custodial services' (18 per cent), 'education' (except universities; 18 per cent), 'local government' (15 per cent) and 'transport, ports and waterways' (six per cent).⁸

Section 11 reports

- 1.15 The Committee also heard evidence about rates of reporting under section 11 of the ICAC Act. Section 11 of the ICAC Act requires that principal officers of New South Wales public authorities report reasonable suspicions of corrupt conduct to the ICAC.⁹ In evidence, the Committee heard that agencies with high reporting rates under section 11 tended to have good cultures of reporting.¹⁰
- 1.16 In particular, the Chief Commissioner highlighted NSW Health as an 'extremely good reporter' and the custodial services sector as similarly diligent in making section 11 reports to the ICAC. The ICAC also discussed section 11 reporting by local government, where the Chief Commissioner described the standard of reporting as 'variable' across councils.¹¹

⁶ Independent Commission Against Corruption, <u>Annual Report 2022-23</u>, October 2023, p 21; ICAC, <u>Annual Report 2021-22</u>, Annual report, October 2022, p 21.

⁷ Annual Report 2022-23, p 21.

⁸ Annual Report 2022-23, p 23.

⁹ <u>ICAC Act</u>, s 11; ICAC, <u>Section 11 online reporting: the duty to report suspected corrupt conduct</u>, viewed 21 March 2024.

¹⁰ The Hon Mr John Hatzistergos AM, Chief Commissioner, NSW Independent Commission Against Corruption, <u>Transcript of evidence</u>, 11 December 2023, p 6.

¹¹ Mr Hatzistergos, Evidence, p 8.

- 1.17 Reporting rates are an important factor when considering the prevalence of corruption across the public sector. The Chief Commissioner noted that low reporting in an agency or area, and its constituent parts, is considered a potential corruption risk. ¹² Mr Hatzistergos told the Committee that, in the ICAC's view, 'in areas where we don't get reports under section 11, it doesn't necessarily mean that the areas are corruption free'. ¹³ In fact, the ICAC is focusing on agencies with low section 11 reporting rates because it may indicate 'no culture of reporting' in these agencies. ¹⁴
- 1.18 The Chief Commissioner told the Committee that the ICAC is focused on improving the culture of reporting in particular agencies or areas where there are low reporting rates. 15

Complaints and reports relating to local government

- 1.19 The Committee also explored areas where local government may be more susceptible to being the subject of complaints, or reports, of alleged corrupt conduct.
- 1.20 Mr Lewis Rangott, Executive Director, Corruption Prevention, ICAC, described how planning decisions at local councils can often generate a high number of complaints:

A fairly standard complaint that comes to us – which ... may or may not involve corrupt conduct – are situations where a developer owns a parcel of land, there's a government announcement about, for instance, changing zonings to allow more housing or whatever the case might be and, whether you're on one side of the boundary or the other side of the boundary, can create significant windfall gains for the landowner, and those are contested matters and sometimes generate complaints that are directed towards us. ¹⁶

- 1.21 The ICAC also noted there is the potential for corrupt conduct when councillors have significant planning discretion, including voluntary planning agreements and planning proposals.¹⁷
- The ICAC highlighted two cases that involved councillors engaging in corrupt conduct by receiving benefits from foreign nationals. In some instances, the benefits included travel, hospitality and accommodation provided as part of overseas trips. The ICAC said these 'grooming behaviours' were designed to find favour with councillors in relation to particular applications. In these incidents, declarations had not been made by the councillors involved.¹⁸
- 1.23 The Chief Commissioner stated that the issue of foreign interference is not unique to New South Wales, but reflected an issue where public agencies such as councils

¹² Mr Hatzistergos, <u>Evidence</u>, p 6.

¹³ Mr Hatzistergos, Evidence, p 6.

¹⁴ Mr Hatzistergos, Evidence, p 6.

¹⁵ Mr Hatzistergos, Evidence, p 6.

¹⁶ Mr Lewis Rangott, Executive Director, Corruption Prevention, Independent Commission Against Corruption, <u>Transcript of evidence</u>, 11 December 2023, p 7.

¹⁷ Mr Hatzistergos, Evidence, p 7.

¹⁸ Mr Hatzistergos, <u>Evidence</u>, pp 4-5.

may be 'targeted by individuals who may not be entirely familiar with the standards of integrity that the [ICAC] strives to uphold'. He added that the ICAC intends to 'target this risk moving forward'. 19

Corruption prevention and outreach

- 1.24 The Committee examined recent corruption prevention and outreach work of the ICAC, including work that aims to address the issue of agency or sector underreporting. The Committee heard that the ICAC's corruption prevention and outreach activities expanded in 2022-23.
- 1.25 In evidence, the Chief Commissioner stated that the ICAC conducted 215 speaking engagements and workshops in 2022-23, reaching 12,700 people in New South Wales. The ICAC also produced new guidance publications containing practical advice for public officials on reducing corruption risks.²⁰ Other activities included reissuing section 11 reporting guidance to all agencies and having regular catch-up sessions with large public sector agencies.²¹
- 1.26 The ICAC has established outreach programs to have in-person discussions with agencies regarding reporting requirements and planned to hold three outreach events in 2024. This includes outreach activities in the Riverina, Western Sydney and an additional regional location.²²
- 1.27 In particular, the Committee heard that the ICAC has restarted its Rural and Regional Outreach Program, which returns after a four-year hiatus due to the COVID-19 pandemic. The program will involve outreach work in regional New South Wales, where ICAC officers will visit regional areas, have face-to-face conversations with agency staff and discuss reporting obligations.²³
- 1.28 The Chief Commissioner identified other areas of focus for corruption prevention, including:
 - probity aspects of ethics walls
 - managing corruption risks and regulatory work
 - managing conflicts of interest in local Aboriginal land councils
 - corruption risks associated with supply panels
 - corruption control maturity.²⁴
- 1.29 The Chief Commissioner also told the Committee that the ICAC adopts a 'risk-based approach' to its education and outreach work. For example, the ICAC has committed resources to support educational work with members of Parliament

¹⁹ Mr Hatzistergos, Evidence, p 3.

 $^{^{20}}$ Mr Hatzistergos, Evidence, p 3.

²¹ Mr Rangott, Evidence, p 9.

²² Mr Hatzistergos, <u>Evidence</u>, p 9; See also: C Roe, <u>ICAC heading to the Riverina to spread the word about preventing corruption in the regions</u>, news article, RegionRiverina, 10 May 2024, viewed 13 May 2024.

²³ Mr Rangott, Evidence, p 9; Annual Report 2022-23, p 4.

²⁴ Mr Hatzistergos, Evidence, p 3.

because it is an 'area of high risk'. Being a member of Parliament involves 'high expectations, high accountabilities and significant responsibilities that can impact on the public and [members] need to understand what the constraints are.'25

- 1.30 The ICAC has undertaken work with members of Parliament, involving producing publications and conducting educational sessions to reinforce key messages. These initiatives have been supported by the Premier, Leader of the Opposition, Presiding Officers, members of the privileges and ethics committees of both Houses, and members.²⁶
- 1.31 While he acknowledged the diversity in local government, particularly in relation to development and regulatory responsibility, the Chief Commissioner added that the ICAC has analysed corruption risks in local government as well.²⁷ The ICAC recognised there is an opportunity to strengthen the relationship with the Office of Local Government in order to administer training for local councillors. The ICAC, where resources permit, delivers training products to councillors, and tries to coordinate these activities with other integrity agencies.²⁸
- In addition, the Chief Commissioner noted the need to communicate the expectations of the ICAC with foreign nationals. The ICAC is looking at various communication strategies in this area, including social media.²⁹ The ICAC is also conducting educational sessions, producing publications to reinforce key messages, and is looking to increase digital training and social media to acquaint potential foreign investors with the standards of the ICAC.³⁰
- 1.33 The Chief Commissioner acknowledged more needs to be done to communicate lessons in areas of high risk.³¹ The Committee commends the ICAC for its expanded corruption prevention outreach work and looks forward to receiving further updates on its impact in future annual review inquiries.

Supporting the welfare of witnesses

Recommendation 1

That the ICAC expedite its work supporting people from culturally and linguistically diverse communities affected by the ICAC's investigations, and provide the Committee with an update, within six months, on any new measures that are planned or have been implemented.

1.34 The welfare of witnesses and other people affected by ICAC investigations has been of ongoing interest to the Committee. We note that the Inspector conducted an audit on this topic during the reporting period and the Committee examined the issue further during the public hearing.

²⁵ Mr Hatzistergos, Evidence, p 9.

²⁶ Mr Hatzistergos, Evidence, p 3.

²⁷ Mr Hatzistergos, Evidence, p 9.

²⁸ Mr Rangott, Evidence, p 8.

²⁹ Mr Hatzistergos, Evidence, p 5.

³⁰ Mr Hatzistergos, Evidence, pp 5-7, 9.

³¹ Mr Hatzistergos, Evidence, p 3.

- 1.35 The Committee acknowledges the work that the ICAC has completed to better support witnesses during investigations. We also note that the Inspector is satisfied with the progress that the ICAC is making in this area.³²
- 1.36 However, the Committee recommends that the ICAC expedite and develop its initiatives to support people from culturally and linguistically diverse (CALD) communities affected by the ICAC's investigations.
- 1.37 It was put to witnesses that two of the individuals involved in ICAC investigations who tragically took their own lives were members of the Australian Chinese community. The Chief Commissioner noted that the ICAC is 'very conscious of this' and is taking steps to address issues of cultural sensitivity in the welfare of witnesses.³³
- 1.38 The ICAC has indicated that it is undertaking work to understand how people from CALD communities are affected by ICAC investigations. However, both the ICAC and Inspector have noted that more could be done in this area.³⁴
- 1.39 In subsequent correspondence to the Committee, the ICAC advised that several initiatives are underway to better support people from CALD communities. This includes the ICAC commencing discussions with Multicultural NSW and the Ethnic Communities Council of NSW 'to ensure our work is informed by the best possible advice'. 35
- 1.40 The ICAC acknowledged that some of these initiatives are in their early stages and may eventually include:
 - new education initiatives tailored for CALD communities
 - developing and enhancing resources and website material
 - conducting further research into the nature and prevalence of 'grooming practices' noted above.³⁶
- 1.41 The ICAC reports annually on the cultural and linguistic diversity of its staff. Data from the ICAC's *Annual Report 2022-23* notes that people from racial, ethnic and ethno-religious minority groups made up 26 per cent of employees surveyed.³⁷ The Annual Report also details steps taken by the ICAC to further promote its workforce diversity, such as making the ICAC's premises more inclusive and accessible, and developing a diversity and inclusion action plan.³⁸

³² Ms Gail Furness SC, Inspector, Office of the Inspector of the Independent Commission Against Corruption, <u>Transcript of evidence</u>, 15 February 2024, p 1.

 $^{^{33}}$ Mr Hatzistergos, Evidence, p 13.

³⁴ <u>Letter from the Chief Commissioner – Cultural sensitivities of CALD witnesses</u>, Parliament of New South Wales, 24 January 2024, p 1; Ms Furness, <u>Evidence</u>, p 7; Mr Hatzistergos, <u>Evidence</u>, p 13.

³⁵ Letter – Cultural sensitivities of CALD witnesses, p 1.

³⁶ Letter – Cultural sensitivities of CALD witnesses, p 1.

³⁷ Annual Report 2022-23, p 143.

³⁸ <u>Annual Report 2022-23</u>, p 142.

- The Committee recognises the benefits to the ICAC of a diverse workforce as it continues to focus on witness welfare, particularly within culturally and linguistically diverse communities. The Committee will continue to monitor the ICAC's efforts in this space.
- The Committee was also interested in witness welfare measures more broadly. During the 57th Parliament, the Committee conducted an inquiry into the reputational impact on an individual being adversely named in the ICAC's investigations. The Committee's report made several recommendations that aimed to better support the welfare of individuals involved. This included implementing mental health protocols in order to reduce the psychological impacts on people affected by investigations.³⁹
- This issue was also explored by the Inspector in her *Audit on the welfare of witnesses and other people involved in ICAC investigations* (Special Report 2023/01). The Inspector made recommendations to improve the ICAC's processes in relation to witness support, including the establishment of a Wellbeing Management Officer and training for staff who may engage with people who are at risk of self-harm or suicide.⁴⁰
- 1.45 The Commission has agreed with each of the recommendations from the Inspector. 41 The Chief Commissioner referred to Special Report 2023/01 in evidence, stating that this report correctly identified witness welfare as an area of concern. He also noted that the ICAC is subject to legislative obligations to protect the welfare of witnesses and has procedures in place to do so. 42
- 1.46 The Chief Commissioner noted that the ICAC has committed to improving the welfare of witnesses in its *Strategic Plan 2022-2025*.⁴³ The Committee heard the ICAC has undertaken the following actions to improve the welfare of witnesses involved in an inquiry:
 - provided certain at-risk witnesses access to the ICAC's Employee Assistance Program
 - delivered mental health first aid training to a substantial cohort of staff
 - established a witness liaison officer position
 - selected a provider of additional mental health awareness training for staff
 - drafted several amendments to the Operational Manual and case management system.⁴⁴

³⁹ Reputational impact on an individual being adversely named in the ICAC's investigations, p 3.

⁴⁰ Office of the Inspector of the Independent Commission Against Corruption, <u>Special Report 2023/01: Audit on the welfare of witnesses and other people involved in ICAC investigations</u>, February 2023, p 20.

⁴¹ Annual Report 2022-23, p 58.

⁴² Mr Hatzistergos, <u>Evidence</u>, pp 13-14.

⁴³ Annual Report 2022-23, p 58

⁴⁴ Mr Hatzistergos, Evidence, p 13.

- 1.47 The Hon. Paul Lakatos, Commissioner, told the Committee that the ICAC will 'pay very close attention' to the vulnerabilities of witnesses during the course of its investigations. The ICAC does currently consider what a witness's vulnerabilities may be and the steps that could be taken to alleviate them. Commissioner Lakatos added that the ICAC is conscious of the stress that can be experienced by people involved in ICAC investigations.⁴⁵
- 1.48 In terms of anonymous witnesses, the Chief Commissioner stated the ICAC has a number of options to ensure anonymous witnesses are protected. The Chief Commissioner also acknowledged there are criminal penalties for taking action against an employee who has cooperated with the ICAC, and that new public interest disclosures legislation has recently commenced (discussed further below).⁴⁶
- 1.49 The Committee will continue to monitor the work undertaken by the ICAC to support the welfare of witnesses and other people involved in its investigations. In particular, we recommend that the ICAC provide the Committee with an update, within six months, on any new measures that are planned or have been implemented to support people from CALD communities affected by ICAC investigations.

Timeliness of investigations and reports

Finding 2

The ICAC has responded to most of the Inspector's recommendations regarding the timeliness of ICAC investigations.

- 1.50 The timeliness of ICAC investigations has been an area of interest for the Committee in recent years, particularly the time taken between the end of public proceedings and the furnishing of reports.
- 1.51 The timeliness of ICAC reports was also the subject of a Special Report by the Inspector in relation to the ICAC's Operation Keppel investigation.⁴⁷ The Committee found that the ICAC has responded to most of the Inspector's recommendations from this report.

Time taken to furnish reports

- 1.52 This Committee previously made recommendations about the ICAC's reporting timeframes in its *Review of aspects of the Independent Commission Against Corruption Act* 1988.⁴⁸
- 1.53 In response, the NSW Government amended the ICAC Act. The *ICAC and LECC Legislation Amendment Act 2023* (assented to in August 2023) amended the ICAC

⁴⁵ The Hon Paul Lakatos SC, Commissioner, NSW Independent Commission Against Corruption, <u>Transcript of evidence</u>, 11 December 2023, p 20.

⁴⁶ Mr Hatzistergos, <u>Evidence</u>, pp 7, 14.

⁴⁷ Office of the Inspector of the Independent Commission Against Corruption, <u>Special Report 2023/02: Investigation</u> into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament, August 2023.

⁴⁸ Review of aspects of the Independent Commission Against Corruption Act 1988, p v.

Act to require the ICAC to develop and publish time standards for completing section 74 reports and to report on its own performance against these standards.⁴⁹

- 1.54 In the Inspector's Special Report 2023/02: Investigation into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament, the Inspector recommended that the ICAC review its procedures in relation to the preparation of reports following section 74 investigations.⁵⁰
- 1.55 During the public hearing, the Committee heard evidence that the ICAC has addressed all but one of the recommendations issued by the Inspector of the ICAC in *Special Report 2023/02*. In particular, report KPIs have been updated in the ICAC's Operations Manual. The ICAC's aim is now to furnish at least 80 per cent of reports to the Presiding Officers of Parliament within 80 days from the receipt of final submissions where the public inquiry has been five days or less, and within 180 days from the receipt of final submissions for a public inquiry of more than five days.⁵¹
- 1.56 The Chief Commissioner also noted that the following amendments to the Operational Manual have been implemented:
 - Upon completing a public inquiry, the presiding Commissioner can impose a page limit on the length of submissions.
 - The membership of the ICAC's review panel has been streamlined and it is advised to meet no longer than two weeks after receiving a draft report.
 - Detailed efficiency practices for the preparation of reports have been added to the Manual, such as requiring that the report is provided to the panel in as complete a state as possible for editing, and that processes for preparing reports take into account variables that can impact on timeframes (such as the length, complexity and impact of tables and other graphic elements).⁵²
- 1.57 The Committee notes that the ICAC did not implement recommendation 5 of the Inspector's report: 'to consider ... whether the current KPIs are achievable or should be adjusted'. 53
- During the public hearing, the Chief Commissioner stated that due to the relatively recent adoption of the current KPIs, the ICAC did not propose to revisit these at the present time. However, he noted that the ICAC will monitor and adjust these KPIs as required.⁵⁴ This position was acknowledged by the Inspector in her evidence.⁵⁵

⁴⁹ NSW Government, <u>NSW Government Response to the Report – Review of Aspects of the ICAC Act 1988</u>, Parliament of New South Wales, viewed 30 July 2024, p 2.

⁵⁰ Investigation into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament, p 17.

⁵¹ Mr Hatzistergos, <u>Evidence</u>, pp 16-17.

⁵² Mr Hatzistergos, <u>Evidence</u>, pp 16-17.

⁵³ Investigation into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament, p 17.

⁵⁴ Mr Hatzistergos, Evidence, p 17.

⁵⁵ Ms Furness, <u>Evidence</u>, p 2.

- 1.59 The Inspector told the Committee that the timeliness of Operation Hector will be an indicator of the ICAC's progress in improving timeliness. 56
- 1.60 The Committee notes that the Operation Hector report was furnished to Parliament on 30 April 2024.⁵⁷ While the Committee may explore operational issues relating to Operation Hector during the next annual review, we note that the final report was furnished to the Presiding Officers 156 days after the date of receipt of final substantive submissions. This is within the 180 day target for an investigation with a public inquiry longer than 5 days in duration.⁵⁸

Factors shaping the timeliness of investigations

- In its consideration of the timeliness of ICAC investigations, the Committee explored the factors that may influence the timeliness of both standard and complex investigations.
- The Committee heard that the timeliness of complex investigations can be impacted by various factors, including investigations involving: multiple persons of interest; multiple search warrants; a complex financial investigation; telephone intercepts; and regional investigations. The Committee heard that complex investigations can involve large sums of money, such as millions of dollars in procurement, and may require resources across various ICAC divisions.⁵⁹
- 1.63 The Chief Commissioner also told the Committee that the timeliness of investigations could be impacted by the need to provide admissible evidence to the Department of Public Prosecutions, and the fact that not all witnesses are cooperative. 60
- 1.64 The Committee will monitor the ICAC's future work in relation to timeliness of investigations.

Legislative and regulatory change

There have been several legislative and regulatory developments relevant to the operations of the ICAC and the exercise of its powers. This section provides a brief overview of these legislative and regulatory changes. The Committee notes that some of the developments outlined below occurred outside the reporting period, and it may explore the impact of these legislative and regulatory changes further in subsequent annual reviews.

Public Interest Disclosures Act 2022

1.66 The *Public Interest Disclosures Act 2022* ('the PID Act') was assented to in April 2022, and commenced in October 2023.⁶¹ This Act repeals the previous *Public*

⁵⁶ Ms Furness, Evidence, p 4.

⁵⁷ NSW Independent Commission Against Corruption, <u>Investigation in the awarding of Transport for NSW and Inner West Council contracts (Operation Hector)</u>, April 2024.

⁵⁸ Investigation in the awarding of Transport for NSW and Inner West Council contracts (Operation Hector), p 18.

⁵⁹ Ms Bernadette Dubois, Executive Director, Investigation Division, NSW Independent Commission Against Corruption, <u>Transcript of evidence</u>, 11 December 2023, p 16.

⁶⁰ Mr Hatzistergos, Evidence, pp 17-18.

⁶¹ Annual Report 2022-23, p 59; Mr Hatzistergos, Evidence, p 7.

Interest Disclosures Act 1994 and Public Interest Disclosures Regulation 2011, and amends the ICAC Act. ⁶²

- 1.67 Amendments to the ICAC Act include a new part 8A, which aligned protections under the ICAC Act, for witnesses and persons assisting the ICAC, with those of the PID Act. 63 The new part 8A broadened and clarified the scope of behaviour that could be reported as a public interest disclosure, made it easier for people to make these disclosures, and strengthened protections for those who do. It also empowered the ICAC to investigate serious maladministration by the NSW Ombudsman where a voluntary public interest disclosure has been made. 64
- During the 18-month period between the assent and commencement of the PID Act, the ICAC worked to review and revise its policies and procedures that are relevant to public interest disclosures. The Chief Commissioner summarised the purpose of the new PID Act:

It [the Act] broadens the capacity to provide protection and it reduces the threshold for detrimental action. I think it's an improvement on the previous regime, and we're certainly anxious to work within the framework. 66

1.69 The PID Act also established a Public Interest Disclosures Steering Committee, which is chaired by the NSW Ombudsman. The Chief Commissioner of the ICAC, along with the other heads of integrity agencies, is a member of this new Steering Committee.⁶⁷

Amendments to the Law Enforcement (Powers and Responsibilities) Act 2002

- 1.70 The changes introduced in the *Law Enforcement (Powers and Responsibilities)*Amendment (Digital Evidence Access Orders) Act 2023 came into effect in July 2023.⁶⁸
- 1.71 This Act amended the *Law Enforcement (Powers and Responsibilities) Act 2002* to provide the ICAC (among other agencies) with additional evidence-gathering powers. ⁶⁹ The ICAC is now able to seek digital evidence access orders to support search warrants issued under section 40 of the ICAC Act. If a digital evidence access order is issued, ICAC officers are now able direct a person to provide information for accessing data or a digital device (such as a password). ⁷⁰

Surveillance Devices Amendment (ICAC) Regulation 2023

1.72 The Surveillance Devices Amendment (ICAC) Regulation 2023 was introduced on 23 August 2023. This regulation amends the Surveillance Devices Regulation 2022 to allow the ICAC to access unlawfully acquired evidence, specifically recordings of

⁶² Publi<u>c Interest Disclosures Act 2022</u> ('PID Act'), pt 7, s 90.

⁶³ <u>Annual Report 2022-23</u>, p 59; <u>ICAC Act</u>, pt 8A.

⁶⁴ NSW Ombudsman, Overview of the new Public Interest Disclosures Act 2022, viewed 22 May 2024.

⁶⁵ Annual Report 2022-23, p 59.

⁶⁶ Mr Hatzistergos, Evidence, p 7.

⁶⁷ PID Act, pt 6, div 1, s 67.

⁶⁸ Law Enforcement (Powers and Responsibilities) Amendment (Digital Evidence Access Orders) Act 2023.

⁶⁹ Law Enforcement (Powers and Responsibilities) Act 2002, ss 46(1)(d1), 76AA(b)(iiia), 76AB(2)(d), 76AF(1)(d)(ia).

⁷⁰ Annual Report 2022-23, pp 59-60.

private conversations that have been obtained through means prohibited by part 2 of the *Surveillance Devices Act 2007*. These new powers are provided to the ICAC until 31 December 2025. 72

1.73 The Committee notes that the ICAC has published a protocol regarding the management of evidence obtained in contravention of the *Surveillance Devices Act* 2007. The Chief Commissioner informed the Committee that the ICAC will provide statistical information on how the regulation is used in its next annual report. The committee that the ICAC will provide statistical information on how the regulation is used in its next annual report.

Additional regulatory and legislative change since the reporting period

- 1.74 The Committee also notes that the government has introduced additional amendments to the ICAC Act more recently. Amendments to the ICAC Act, made on 3 April 2024, require the government to respond to recommendations made in ICAC investigation reports.⁷⁵
- 1.75 The government has also introduced a draft regulation that will strengthen disclosure requirements for Members of Parliament.⁷⁶
- 1.76 The draft Constitution (Disclosures by Members) Regulation 2024 would implement recommendations 1 and 4 from the ICAC's Operation Witney report. The draft regulation would repeal the Constitution (Disclosures by Members) Regulation 1983 and replace it with a stronger disclosure scheme with additional disclosure requirements, so that members would be required to disclose conflicts of interests, interests in trusts, real property held by discretionary trusts, and interests of immediate family members. The draft regulation 2024 would implement recommendations 1 and 4 from the ICAC's Operation Witney report. The draft regulation would repeal the Constitution (Disclosures by Members) Regulation 2024 would implement recommendations 1 and 4 from the ICAC's Operation Witney report. The draft regulation would repeal the Constitution (Disclosures by Members) Regulation 2024 would implement recommendations 1 and 4 from the ICAC's Operation Witney report. The draft regulation would repeal the Constitution (Disclosures by Members) Regulation 2024 would implement recommendations 1 and 4 from the ICAC's Operation Witney report. The draft regulation would repeal the Constitution (Disclosures by Members) Regulation 2024 would implement recommendations 1 and 4 from the ICAC's Operation Witney report. The draft regulation would repeal the Constitution (Disclosures by Members) Regulation 2024 would repeat the ICAC's Operation Witney report. The draft regulation would repeat the ICAC's Operation Witney report. The draft regulation would repeat the ICAC's Operation Witney report. The draft regulation would repeat the ICAC's Operation Witney report. The ICAC's Operation Witney report. The draft regulation would repeat the ICAC's Operation Witney report. The ICAC's Operation Witney report of the ICAC's Operation Witney report. The ICAC's Operation Witney report of the ICAC's Opera
- 1.77 Under section 14A of the *Constitution Act 1902*, the regulation was referred for inquiry and report to the Legislative Assembly's Standing Committee on Parliamentary Privilege and Ethics and the Legislative Council's Privileges Committee on 8 February 2024. Both committees are due to report on the regulation by 2 September 2024.⁷⁹
- 1.78 A private members' bill, the Independent Commission Against Corruption Amendment (Ministerial Diary Disclosure) Bill 2024, was introduced by Mr Gareth Ward MP on 14 March 2024. The bill seeks to amend the Independent Commission

⁷¹ <u>Surveillance Devices Amendment (ICAC) Regulation 2023</u>, sch 1; <u>Surveillance Devices Act 2007</u>, part 2 Mr Hatzistergos, <u>Evidence</u>, p 19.

^{72 &}lt;u>Surveillance Devices Regulation</u>, sch 1.

⁷³ NSW Independent Commission Against Corruption, <u>Protocol for the management of material believed to be obtained or created in contravention of s 7 of the Surveillance Devices Act 2007</u>, viewed 18 May 2024.

⁷⁴ Mr Hatzistergos, Evidence, p 21.

⁷⁵ Independent Commission Against Corruption Amendment Act 2024, sch 1 [7].

⁷⁶ The Premier, *NSW Government introduces integrity reforms*, NSW Government, 7 February 2024, viewed 18 May 2024.

⁷⁷ NSW Independent Commission Against Corruption, <u>Investigation into the conduct of the local member for Drummoyne</u>, July 2022, p 7; <u>NSW Government introduces integrity reforms</u>, 7 February 2024.

⁷⁸ Investigation into the conduct of the local member for Drummoyne, p 7; NSW Government introduces integrity reforms, 7 February 2024.

⁷⁹ NSW Parliament, Legislative Assembly, <u>Votes and proceedings</u>, 8 February 2024, p 497; NSW Parliament, Legislative Council, <u>Legislative Council Minutes – No. 42</u>, 8 February 2024, p 901.

Against Corruption Regulation 2017 to make provisions for a mandatory disclosure scheme of ministerial diaries on a quarterly basis.⁸⁰ The bill lapsed on 7 August 2024 in accordance with Legislative Assembly standing orders.

- 1.79 The Committee will monitor the implementation of these new legislative and regulatory mechanisms, and looks forward to hearing more from the ICAC as to the impacts these changes may have on their work.
- 1.80 A number of recent private members' bills relating to an independent funding model for the ICAC have also been introduced and are discussed below ('Funding and staffing changes').

Encrypted telecommunications and the ICAC's powers

- During the 57th Parliament, the Committee found that there was a limitation on the ICAC's powers under the *Telecommunications and other Legislation Amendment (Assistance and Access) Act 2018 (Cth).*
- This Act compels communications service providers to provide police and other enforcement bodies with access to encrypted communications, but excludes state-based anti-corruption bodies. The ICAC's ability to perform its functions effectively were therefore limited, particularly as communications are increasingly encrypted.⁸¹
- 1.83 As part of its 2020-21 annual review, the Committee acknowledged that the issue resided in the Commonwealth jurisdiction and recommended that the NSW Government keep the Committee abreast of any representations made to the Commonwealth Government on this issue.⁸²
- In 2023, the government response to the Committee's recommendation noted the recommendation and advised that the issue was now resolved by Clause 264 of Schedule 1 of the *National Anti-Corruption Commission (Consequential and Transitional Provisions) Act 2022 (Cth)*. 83 This new legislation enables the ICAC to access encrypted communications under industry assistance provisions in part 15 of the *Telecommunications Act 1997 (Cth)*. 84

Cyber-readiness and artificial intelligence

Recommendation 2

That the ICAC expedite the development of its cybersecurity and artificial intelligence strategies, and provide the Committee with a further update on its cyber-readiness activities within six months.

⁸⁰ Parliament of New South Wales, <u>Independent Commission Against Corruption Amendment (Ministerial Diary Disclosure) Bill 2024</u>, Current session Bills, 16 May 2024, viewed 18 May 2024.

⁸¹ Annual Report 2022-23, p 60.

^{82 &}lt;u>Annual Report 2021-22</u>, p 8.

⁸³ NSW Government, <u>NSW Government Response to the Review of 2020-21 Annual Reports of the ICAC and Inspector of the ICAC</u>, Parliament of New South Wales, 18 August 2023.

⁸⁴ Annual Report 2022-23, p 60.

- During the public hearing, the Committee asked the ICAC about their IT security and cyber-readiness and the strategies they have in place to address the emergent challenges, risks and opportunities of artificial intelligence.
- 1.86 The Committee heard that the ICAC has a number of cybersecurity plans and projects in various stages of development and implementation. However, we recommend that the ICAC expedite the development of its cybersecurity strategies particularly those that relate to artificial intelligence and provide the Committee with a further update on its cyber-readiness activities within six months.
- 1.87 The ICAC received \$6.05 million in funding for technological upgrades. 85 Ms Michelle Ward, Executive Director, Corporate Services Division, ICAC, told the Committee that the ICAC had recently received funding from the Government's Digital Restart Fund. This funding has aided the ICAC's cybersecurity work through the appointment of a Principal Security Information Officer and Data Analyst. 86
- 1.88 The ICAC told the Committee that they are formulating cybersecurity plans and risk assessments. This includes partaking in 'incidents and playbook exercises across government' and undergoing risk assessments. The ICAC noted it has a cybersecurity policy but that it is in the early design and implementation stages. Ms Ward noted that the ICAC needs to 'cover a whole broad remit' in terms of managing its cybersecurity risks and responsibilities, and that this work is in its 'early stages'. She added that the ICAC reports to Cyber Security NSW, including on the implementation of the Australian Cyber Security Centre's Essential 8 controls. Security Security Centre's Essential 8 controls.
- 1.89 The Commission confirmed the ICAC has an organisation risk matrix and risk appetite and tolerance framework. The Committee heard evidence that the ICAC reports to an audit and risk committee on a quarterly basis.⁸⁹
- 1.90 The ICAC recognises the impact artificial intelligence (AI) may have on every industry and profession, including the ICAC's investigative and preventative functions. 90 While the Chief Commissioner acknowledged that the ICAC 'is not an expert in the use of AI', he stated that, as part of the its strategic plan, the ICAC will work with subject matter experts to avoid threats and embrace opportunities of artificial intelligence. 91
- 1.91 Ms Bernadette Dubois, Executive Director, Investigations Division, ICAC, advised that the ICAC will implement a leadership team to review their artificial intelligence

⁸⁵ Mr Hatzistergos, Evidence, p 2.

⁸⁶ Ms Michelle Ward, Executive Director, Corporate Services Division, NSW Independent Commission Against Corruption, <u>Transcript of evidence</u>, 11 December 2023, p 4.

⁸⁷ Ms Ward, <u>Evidence</u>, p 4.

⁸⁸ Ms Ward, <u>Evidence</u>, p 4; <u>Answers to supplementary questions</u>, NSW Independent Commission Against Corruption, 9 January 2024, p 2.

⁸⁹ Ms Ward, Evidence, p 4.

⁹⁰ Mr Hatzistergos, Evidence, p 3.

⁹¹ Mr Hatzistergos, Evidence, p 4.

strategy, both internally and externally. This team will also assess the ICAC's ability to implement artificial intelligence in its own work. 92

- 1.92 While the Committee acknowledges the cybersecurity work the ICAC is doing, we note that a number of measures 'to improve the Commission's cyber readiness' are forthcoming. 93 The Committee recognises the very significant impacts a cyberattack or data breach could have on the operations of the ICAC. This includes potential outcomes that may affect the integrity of investigations, and the privacy of witnesses and other people involved in ICAC investigations and complaints.
- 1.93 The Committee recommends that the ICAC provides the Committee with a further update on its cybersecurity and artificial intelligence initiatives, and expedites the development and implementation of its strategies in this area.

Funding and staffing changes

New funding model

Recommendation 3

That the NSW Government provide an update on any consultation or planning that has taken place in relation to the adoption of new arrangements to support the independence of the ICAC.

- 1.94 The Committee has previously been interested in a funding and budget approval model that would ensure the ICAC's independence. 94 In the 2020-21 annual review of the ICAC, the Committee agreed to continue to monitor the development and implementation of a new funding model. 95
- 1.95 However, it is unclear how much progress has been made in implementing a new funding model or in consulting with the oversighted agencies on this issue.⁹⁶
- Following the public hearings for the 2020-21 annual review, then Chief Commissioner the Hon. Peter Hall KC provided the Committee with correspondence between the ICAC and the NSW Government regarding proposed funding arrangements for integrity agencies. ⁹⁷ A new model was announced by the Premier in May 2022. In its inquiry report, the Committee found that progress had been made on this funding model, but noted the ICAC's concerns regarding the extent of integrity agencies' independence from the Executive. ⁹⁸

⁹² Ms Dubois, <u>Evidence</u>, p 6.

⁹³ Answers to supplementary questions, 9 January 2024, p 2.

⁹⁴ Committee on the Independent Commission Against Corruption, <u>Review of the 2017-2018 annual reports of the ICAC and the Inspector of the ICAC</u>, Report 1/57, Parliament of New South Wales, November 2019; <u>Review of the 2020-21 annual reports</u>; Special Minister of State, <u>Putting integrity at the heart of the NSW Government</u>, media release, NSW Government, 16 September 2023.

⁹⁵ Review of the 2020-21 annual reports, p vi.

⁹⁶ Mr Hatzistergos, <u>Evidence</u>, p 2; Ms Furness, <u>Evidence</u>, p 7.

⁹⁷ The Hon. Peter Hall QC, Chief Commissioner, NSW Independent Commission Against Corruption, <u>Correspondence</u> <u>between the Premier and Commission</u>, Parliament of New South Wales, 13 May 2022.

⁹⁸ Review of the 2020-21 annual reports, pp 1, 3-5.

- 1.97 In September 2023, the NSW Government announced a new proposed budget management model for the ICAC which would include:
 - removing the ICAC from Department of Premier and Cabinet Office financial management processes
 - · creating a specialist integrity agency unit within NSW Treasury
 - transparent reporting of Cabinet decisions regarding ICAC funding to this Committee.⁹⁹
- 1.98 In its 2022-23 Annual Report, the ICAC commented that it 'continues to pursue an independent funding model ... to ensure it is properly funded by a mechanism that is independent of Executive Government control'. 100 The Report noted that 'the Commission welcomes the next stage of progress towards an independent funding model that will become part of the 2024-25 Budget process'. 101
- 1.99 In evidence, the Chief Commissioner acknowledged the Government's 'commitment to an independent funding model' but told the Committee that the ICAC had not 'been provided with details as to how this will operate.' 102
- 1.100 An independent funding model for the ICAC has also been the subject of a number of private members' bills in the 57th and 58th Parliaments. Most recently, the ICAC and Other Independent Commissions Legislation Amendment (Independent Funding) Bill 2024 was introduced by Mrs Helen Dalton MP in March 2024. March 2024.
- 1.101 The Committee acknowledges that both the current and previous governments have taken steps to improve the independence of the ICAC and other integrity agencies from the Executive, in terms of their funding arrangements. However, it would appear that there is more work to be done in implementing such a model, including providing adequate information and guidance to the ICAC as to its operation.
- 1.102 The Committee therefore recommends that the NSW Government provide it with an update on any consultation or planning that has taken place in relation to the adoption of new independent funding arrangements.

⁹⁹ <u>Putting integrity at the heart of the NSW Government</u>, 16 September 2023.

¹⁰⁰ Annual Report 2022-23, p 72.

¹⁰¹ Annual Report 2022-23, p 72.

¹⁰² Mr Hatzistergos, <u>Evidence</u>, p 2.

¹⁰³ For example: Parliament of New South Wales, <u>ICAC and Other Independent Commissions Legislation Amendment</u> (<u>Independent Funding</u>) <u>Bill 2023</u> (introduced 28 June 2023 and lapsed 29 December 2023); <u>ICAC and Other Independent Commissions Legislation Amendment (Independent Funding</u>) <u>Bill 2022</u> (introduced 7 June 2022 and lapsed 8 December 2022); <u>ICAC and Other Independent Commissions Legislation Amendment (Independent Funding</u>) <u>Bill 2021 (No. 2)</u> (introduced 9 November 2021 and lapsed 19 May 2022); <u>ICAC and Other Independent Commissions Legislation Amendment (Independent Funding) <u>Bill 2020</u> (introduced 20 October 2020 and lapsed 13 May 2021).</u>

¹⁰⁴ Parliament of New South Wales, <u>ICAC and Other Independent Commissions Legislation Amendment (Independent Funding) Bill 2024</u>, Current session Bills, 9 May 2024, viewed 18 May 2024.

The terms of Commissioners and Inspectors

- 1.103 In its Review of the 2020-2021 Annual Reports of the ICAC and Inspector of the ICAC the previous Committee made the following recommendations relating to the governance structure of the Commissioners and the Inspector:
 - that the NSW Government review the existing three-Commissioner model
 - that the NSW Government consider whether the terms of the ICAC Commissioners and the Inspector should be staggered.¹⁰⁵
- 1.104 The NSW Government noted the recommendation regarding a review of the three-Commissioner model and accepted the recommendation to consider the staggering of terms. 106
- 1.105 The Committee acknowledges the Government's response and will continue to monitor whether the governance structure of the ICAC and the Inspector allow each agency to perform its functions effectively.

Recruitment and employee experiences

- 1.106 During the public hearing on 11 December 2023, the Committee heard evidence that the ICAC had improved their financial position in 2022–2023 and again in 2023–2024. 107
- 1.107 The Committee was pleased to hear that the ICAC's improved financial position and its associated impact on staffing have been critical to the ICAC meeting its legislated obligations and strategic direction. The Committee was also pleased that the ICAC had used its recent funding increases to recruit new staff to a number of positions. To positions.
- 1.108 For example, one area of concern previously identified by the ICAC was the timeliness of the provision of briefs to the Director of Public Prosecutions. The ICAC noted this area has been allocated more funding, allowing for two permanent staff to undertake this work. Funding has also been directed to resources for extra training and education. It is a second to the provision of briefs to the Director of Public Prosecutions. The ICAC noted this area has been allocated more funding, allowing for two permanent staff to undertake this work. It is also been directed to resources for extra training and education. It is also been directed to resources for extra training and education.
- 1.109 However, the ICAC's People Matter Employee Survey scores indicate room for improvement. 112
- 1.110 In evidence, the Committee heard that the survey revealed burnout was a significant concern for ICAC staff. Mr Darrin Moy, Chief Executive Officer of the

¹⁰⁵ Review of 2020-21 annual reports, p 8.

¹⁰⁶ Government Response to Review of 2020-21 Annual Reports, p 2.

¹⁰⁷ Mr Hatzistergos, <u>Evidence</u>, p 2.

¹⁰⁸ Mr Hatzistergos, Evidence, p 2.

¹⁰⁹ Mr Hatzistergos, <u>Answer to Questions on Notice – FTE Recruitments</u>, Parliament of New South Wales, 18 December 2023.

¹¹⁰ Mr Hatzistergos, Evidence, pp 2-3.

¹¹¹ Mr Rangott, Evidence, p 9.

¹¹² Mr Hatzistergos, <u>Answers to Questions on Notice – People Matter Employee Survey</u>, Parliament of New South Wales, 18 December 2024, viewed 18 May 2024.

ICAC, recognised that dealing with people affected by ICAC investigations, who are 'under pretty significant stress or have an agenda' can contribute to staff burnout. 113

- 1.111 The ICAC noted they have engaged an organisation called Neural Networks to improve how the ICAC manages staff welfare and the impacts that difficult work can have on staff.¹¹⁴
- 1.112 In addition, the ICAC stated they were rolling out resilience training, in order to offer staff a range of tools and principles to deal with people coming to the ICAC under significant stress. At the time of the public hearing, the Committee heard that resilience training had been delivered to over 50 per cent of the organisation and was ongoing. 115
- 1.113 The Committee will continue to monitor this area and looks forward to hearing more about the impact of funding increases on the timeliness of investigations.

Review of the Independent Commission Against Corruption Act 1988

- 1.114 The NSW Government has historically conducted reviews of the ICAC Act every ten years. 116
- 1.115 The last review of the ICAC Act was completed by an Independent Panel, led by the Hon. Murray Gleeson AC as the Chair and Mr Bruce McClintock SC. The Panel was established by the NSW Government and directed to conduct the review through letters patent by the Governor of NSW. 117
- 1.116 The Panel published its report 'Review of the Jurisdiction of the Independent Commission Against Corruption' on 30 July 2015. 118
- 1.117 The Committee notes that the last review of the ICAC Act was nine years ago. It will consider next steps regarding a potential updating review of the ICAC's jurisdiction and governing legislation, prior to the 2025 sitting year.

¹¹³ Mr Darrin Moy, Chief Executive Officer, NSW Independent Commission Against Corruption, <u>Transcript of evidence</u>, 11 December 2023, pp 18-19.

¹¹⁴ Mr Moy, Evidence, p 19.

¹¹⁵ Mr Moy, Evidence, pp 18-19.

¹¹⁶ Mr Hatzistergos, Evidence, p 20.

¹¹⁷ The Hon. Murray Gleeson AC (Chair) and Mr Bruce McClintock SC, <u>Independent Panel – Review of the Jurisdiction of the Independent Commission Against Corruption</u>, NSW Department of Premier and Cabinet, 30 July 2015.

¹¹⁸ Independent Panel – Review of the Jurisdiction of the Independent Commission Against Corruption.

Chapter Two – Inspector of the ICAC

Introduction

- 2.1 This chapter reports on the Committee's review of the Office of the Inspector of the Independent Commission Against Corruption's (OIICAC) 2021-22 and 2022-23 annual reports.
- The chapter is organised into five sections, beginning with a discussion of the oversight relationship between the Inspector and ICAC, and the Inspector's handling of complaints about the ICAC. The chapter then examines recent special reports of the Inspector, the powers and functions of the Inspector, and concludes by discussing recent operational and resourcing considerations.

Background to the review

- 2.3 The Inspector is an independent officer who monitors and reports on the ICAC. Under the ICAC Act, the principal functions of the Inspector are to:
 - audit the operations of the ICAC for the purpose of monitoring compliance with state law
 - deal with complaints of abuse of power, impropriety or misconduct by the ICAC or its officers (through reports and recommendations)
 - deal with conduct of the ICAC or its officers amounting to maladministration by producing reports and recommendations
 - assess the ICAC's effectiveness and appropriateness of procedures relating to the legality or propriety of its activities.¹¹⁹
- 2.4 This Committee is created by the ICAC Act to oversee the exercise of the Inspector's functions, to examine each annual report and other reports of the Inspector, and to report to Parliament on any matter in or arising from those reports. 120
- 2.5 In preparing this chapter of the report, the Committee held a public hearing on 15 February 2024 to hear evidence from the Inspector. We are grateful to Ms Gail Furness SC, Inspector of the ICAC, for her evidence.

Oversight relationship between Inspector and the ICAC

- 2.6 As noted in the previous chapter, the Committee was pleased to observe that the Commissioners and Ms Furness have recently commenced their terms and appear to have established a good working relationship.
- 2.7 The Committee also notes that, on 26 September 2022, the Chief Commissioner and the Inspector signed a new Memorandum of Understanding (MoU) to guide the Inspector's oversight of the ICAC and arrangements for liaison between the two

¹¹⁹ <u>ICAC Act</u>, s 57B.

¹²⁰ <u>ICAC Act</u>, s 64.

- agencies. 121 This MoU also sets out arrangements for referral of matters and the regular provision of information to the Inspector by the ICAC. 122
- 2.8 In her 2022-23 Annual Report, the Inspector noted that the ICAC has provided the Office of the Inspector with timely and relevant information, and that the ICAC and her office have a cooperative working relationship. 123
- 2.9 During the public hearing held on 11 December 2023, the Chief Commissioner provided evidence that the ICAC is 'proactive' in its communications with the Inspector, to hold themselves accountable and be as transparent as possible. 124
- 2.10 This proactive communication includes forwarding complaints about ICAC officers and staff conduct to the Inspector, as well as minutes of meetings, as laid out in the MoU. 125 The Inspector commented that the ICAC is 'very good in turnaround' when providing information on complaints about the ICAC. 126
- 2.11 Liaison between the two agencies commonly involves quarterly meetings between the Inspector and Commissioners. The Inspector and/or the OIICAC's Principal Legal Advisor also attend quarterly ICAC Audit and Risk Committee meetings. In addition, the Inspector reported receiving a briefing in 2022 on the ICAC's case management system.¹²⁷

Complaints about the ICAC

- 2.12 The Inspector can consider complaints about the ICAC where they relate to abuse of power, impropriety and other forms of misconduct. The Inspector and the ICAC each commented on this function in their annual reports for the 2021–22 and 2022–23 periods. Periods.
- 2.13 The Committee was interested in the volume of complaints the Inspector has received and the number of adverse findings the Inspector has made during the most recent decade.

¹²¹ Office of the Inspector of the Independent Commission Against Corruption, <u>Annual Report 2022-23</u>, October 2023, p 2; <u>Memorandum of Understanding between the Independent Commission Against Corruption and the Inspector of the Independent Commission Against Corruption</u>, NSW Government, 26 September 2022, p 3.

¹²² Memorandum of Understanding, p 1.

¹²³ OIICAC, *Annual Report 2022-23*, p 2.

¹²⁴ The Hon Mr John Hatzistergos AM, Chief Commissioner, NSW Independent Commission Against Corruption, Transcript of evidence, 11 December 2023, p 21.

¹²⁵ Mr Hatzistergos, Evidence, pp 20-21; Memorandum of Understanding, p 4.

¹²⁶ Ms Gail Furness SC, Inspector, Office of the Inspector of the Independent Commission Against Corruption, <u>Transcript of evidence</u>, 15 February 2024, p 1.

¹²⁷ OIICAC, *Annual Report 2022-23*, p11.

¹²⁸ ICAC Act, s 57B (1).

¹²⁹ ICAC, <u>Annual Report 2022-23</u>, p 61; ICAC, <u>Annual Report 2021-22</u>, p 54; OIICAC, <u>Annual Report 2022-23</u>, p 15; Office of the Inspector of the Independent Commission Against Corruption, <u>Annual Report 2021-22</u>, May 2022, p 54.

- 2.14 In answers to questions taken on notice, the Inspector advised that her office had received 334 complaints between 2014 and 2023. During this period, the Inspector's office did not make a finding of misconduct or maladministration against the ICAC. 130
- 2.15 The Committee noted that there had been an increase in complaints about the ICAC to the Inspector, with 29 complaints in the 2021–22 period and 51 complaints in the 2022–23 period.¹³¹
- 2.16 The Inspector explained that where her office has critical comments to make about the ICAC's activities, it generally produces a Special Report or Audit report. Recent examples include the Special Report regarding the time taken by ICAC to furnish its Operation Keppel report to Parliament, and the Special Report concerning the welfare of witnesses involved in ICAC investigations.
- 2.17 The Inspector observed that the majority of complaints received were about a decision by the ICAC to not investigate an issue. She clarified that she cannot conduct merits reviews of ICAC decisions, so unless a decision not to investigate was 'itself tainted in some way by misconduct or maladministration', the Inspector could not follow up on those complaints.¹³⁵
- 2.18 Of the 51 complaints the Inspector received in 2022-23, 17 were received 'by way of notification from the ICAC under the MoU with the Inspector'. Five of these notifications related to seven occasions where ICAC officers accidentally released private information. The inadvertent releases were often emails or other correspondence being sent to the wrong address. 137
- 2.19 The Inspector described these incidents as 'serious privacy breaches'. She emphasised that she has had discussions with the ICAC to ensure that, in each case involving inadvertent disclosures, the ICAC took appropriate follow-up measures, including notifying anyone affected by the breach. The Inspector advised the Committee that she considered the breaches to be genuinely inadvertent, and that she has had ongoing dialogue with the ICAC about improving its performance in this area. ¹³⁸
- 2.20 The Privacy and Personal Information Protection Act 1998 was amended in December 2023 to make notification of data breaches mandatory for public sector agencies. Under the updated legislation, agencies are also required to have a data breach policy and keep a data breach register. 139

¹³⁰ Office of the Inspector of the Independent Commission Against Corruption, <u>Answers to questions on notice</u>, Parliament of New South Wales, 1 March 2024, p 1.

¹³¹ OIICAC, <u>Annual Report 2021-22</u>, p 16; OIICAC, <u>Annual Report 2022-23</u>, p 16.

¹³² OIICAC, Answers to questions on notice, p 1.

¹³³ Office of the Inspector of the Independent Commission Against Corruption, <u>Special Report 2023/02: Investigation</u> into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament, August 2023.

¹³⁴ Office of the Inspector of the Independent Commission Against Corruption, <u>Special Report 2023/01: Audit on the welfare of witnesses and other people involved in ICAC investigations</u>, February 2023, p 20.

¹³⁵ Ms Furness, <u>Evidence</u>, p 1.

¹³⁶ OIICAC, Annual Report 2022-23, p 16.

¹³⁷ OIICAC, <u>Annual Report 2022-23</u>, p 14; Ms Furness, <u>Evidence</u>, p 3.

¹³⁸ Ms Furness, <u>Evidence</u>, p 3.

¹³⁹ Privacy and Personal Information Protection Act 1998, Part 6A.

- 2.21 In its Annual Report 2022-23, the ICAC confirmed it has a privacy management plan, as required under the amended Privacy and Personal Information Protection Act 1998, and that the plan is publicly accessible. ¹⁴⁰ In evidence, the Inspector confirmed she has spoken with ICAC about the new legislation to ensure that relevant breaches are reported under this scheme. ¹⁴¹
- 2.22 The Inspector observed that the ICAC has made several changes to its internal practices and systems to better prevent future breaches, and will continue to monitor the issue. 142
- 2.23 The Committee will also continue to monitor privacy breaches by the ICAC and its ongoing work to minimise them.

The Inspector's audits and special reports

- 2.24 As noted in Chapter One, the Committee discussed the findings and recommendations of the Inspector's special reports with witnesses from the ICAC and with the Inspector.
- 2.25 In addition to annual reports, the Inspector may make reports to Parliament about the ICAC under sections 77A and 57B(1)(a) of the ICAC Act. In the 2021-22 and 2022-23 reporting periods, the Inspector's office tabled the following reports:
 - Special Report by the Inspector of the Independent Commission Against Corruption pursuant to section 77A of the Independent Commission Against Corruption Act 1988 regarding the Decision to Hold a Further Public Inquiry in Operation Keppel¹⁴³
 - Report concerning circumstances surrounding the Independent Commission Against Corruption's use of certain telephone intercept material during Operation Keppel¹⁴⁴
 - Special Report 2023/01: Audit of the welfare of witnesses and other people involved in ICAC Investigations ('Audit on the welfare of witnesses'). 145
- 2.26 Additionally, the Committee notes that the Inspector also tabled the *Investigation into* the time taken by the ICAC to furnish its Operation Keppel Report to Parliament (Special report 2023/2) on 30 August 2023, outside the reporting period.¹⁴⁶

¹⁴⁰ ICAC, *Annual Report 2022-23*, p 62.

¹⁴¹ Ms Furness, <u>Evidence</u>, p 3.

¹⁴² Ms Furness, Evidence, p 3.

¹⁴³ Office of the Inspector of the Independent Commission Against Corruption, <u>Special Report by the Inspector of the Independent Commission Against Corruption pursuant to section 77A of the Independent Commission Against Corruption Act 1988 regarding the Decision to Hold a Further Public Inquiry in Operation Keppel, Special Report 2022/01, August 2021.</u>

¹⁴⁴ Office of the Inspector of the Independent Commission Against Corruption, <u>Report concerning circumstances</u> <u>surrounding the Independent Commission Against Corruption's use of certain telephone intercept material during</u> <u>Operation Keppel</u>, Special Report 2021/03, August 2021.

¹⁴⁵ <u>Audit on the welfare of witnesses and other people involved in ICAC investigations.</u>

¹⁴⁶ Investigation into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament.

- 2.27 The Inspector advised that, in respect of the two reports she had made during her tenure (the Operation Keppel timeliness report and audit on the welfare of witnesses) the ICAC had responded in a timely manner.¹⁴⁷
- 2.28 The Inspector recently made recommendations to the ICAC in her report on the welfare of witnesses, and told the Committee that she was 'grateful' that the Commissioners had put in place, or were close to putting in place, the response to those recommendations. ¹⁴⁸ In terms of the Operation Keppel timeliness report, the ICAC accepted almost all the recommendations, including that it review its procedures for the preparation of reports under section 74, and consider measures such as imposing page limits on submissions. ¹⁴⁹
- 2.29 The ICAC did not accept a recommendation from the Inspector's *Special Report 2023/02: Investigation into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament*. The recommendation related to self-imposed key performance indicators for providing reports to Parliament. ¹⁵⁰ The Inspector had recommended these indicators be reconsidered because they were 'unrealistic'. The ICAC declined to do so as the indicators had been recently implemented and reviewed. ¹⁵¹
- 2.30 In her Audit on the welfare on witnesses, the ICAC has accepted all recommendations. This includes:
 - that the ICAC stay in contact with persons they have assessed as being at risk, and stay in contact for as long as that risk exists
 - that the ICAC develop guidelines for staff who regularly engage with people who may be at risk of self-harm or suicide
 - the ICAC should ensure that witnesses understand that a non-disclosure Direction under section 112 of the ICAC Act does not extend to health practitioners. 152
- 2.31 The Inspector was satisfied with the timeliness of the ICAC's responses to her recommendations. The Committee also notes that the ICAC Act was amended in August 2023 to allow the Inspector to require the Commission to respond to her recommendations within a specified time period. The ICAC Act was amended in August 2023 to allow the Inspector to require the Commission to respond to her recommendations within a specified time period.

¹⁴⁷ Ms Furness, <u>Evidence</u>, p 2.

¹⁴⁸ Ms Furness, Evidence, p 1.

¹⁴⁹ Investigation into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament, p 17.

¹⁵⁰ Investigation into the time taken by the ICAC to furnish its Operation Keppel Report to Parliament, p 17.

¹⁵¹ Ms Furness, <u>Evidence</u>, p 2.

 $^{^{152}}$ <u>Audit on the welfare of witnesses and other people involved in ICAC investigations</u>, p 27.

¹⁵³ Ms Furness, <u>Evidence</u>, p 2.

¹⁵⁴ *ICAC Act*, s57C.

The powers and functions of the Inspector

- 2.32 The Committee was interested in the scope and efficacy of the Inspector's powers, and asked Ms Furness whether she believed her powers were sufficient.
- 2.33 The Inspector described her powers as 'perfectly adequate'.¹⁵⁵ The Committee is pleased to hear that the Inspector does not consider that her ability to fulfill the functions and responsibilities of her Office is constrained by her powers, as provided for under the Act.
- 2.34 The Committee also took an interest in the mechanisms by which the Inspector may declare a conflict of interest. In her response to questions on notice, the Inspector advised that she would 'most likely' declare a conflict of interest to the Premier's Department or to this Committee. 156
- 2.35 The Committee also notes that there have been recent legislative developments that inform the exercise of the Inspectors functions, such as in relation to access to material intercepted by the ICAC and mandatory reporting of public interest disclosures made to the Inspector. While some of these developments occurred outside the reporting period, brief commentary is provided below.

Inspector's access to material intercepted by the ICAC

- 2.36 As part of the Inspector's oversight of the ICAC, the Inspector requires access to ICAC material for the purposes of conducting audits. However, Commonwealth legislation has prevented the Inspector from accessing telecommunications interception material for these audit purposes.¹⁵⁷
- 2.37 The *Telecommunications (Interception and Access) Act 1979 (Cth)* (TIA Act) prohibits interception of, and other access to, telecommunications, except where authorised in special circumstances. Section 63 contains prohibitions on access to intercepted information, specifically prohibiting communicating, making use of, or making a record of intercepted information. Under section 68(eb) of the Act however, the Inspector may access intercepted information and recordings held by the ICAC where the information 'relates, or appears to relate, to a matter that may give rise to an investigation by the Inspector'. 159
- 2.38 The limitation that the Inspector can only access intercepted information where it 'may give rise to an investigation' has the potential to impact the Inspector's audit functions. 160

¹⁵⁵ Ms Furness, <u>Evidence</u>, p 10.

¹⁵⁶ Answers to questions on notice and supplementary questions, Office of the Inspector of the ICAC, 1 March 2024, p 3.

¹⁵⁷ Office of the Inspector of the Independent Commission Against Corruption, <u>Telecommunications (Intercept and Access) Act 1979 (Cth) – Serious Gap in Inspector's Powers</u>, 27 October 2020, p 2.

¹⁵⁸ Telecommunications (Interception and Access) Act 1979 (Cth) (TIA Act), s 63.

¹⁵⁹ TIA Act, s 68.

¹⁶⁰ <u>Telecommunications (Interception and Access) Act 1979 (Cth) – Serious Gap in Inspector's Powers</u>; <u>Submission 1 – NSW Independent Commission Against Corruption</u>, *Review of the Crimes and Other Legislation Amendment (Omnibus No. 1) Bill 2024*, Parliamentary Joint Committee on Intelligence and Security (Cth), p 2.

2.39 This provision was raised as an area of concern by the previous Inspector, Mr Bruce McClintock SC, in his 2020 report *Telecommunications (Interception and Access) Act* 1979 (Cth) – Serious Gap in Inspector's Powers. The Inspector noted that his office did not have the power to audit all intercepted information held by the ICAC to determine whether that information was legally obtained. Mr McClintock commented that the TIA Act:

... restricts the Inspector's access to intercepted material to matters that may give rise to investigation by the Inspector. On its face, it is doubtful that that would permit me to access such material to carry out an audit or to determine whether the material in question had in fact been obtained in accordance with the relevant warrant. ¹⁶²

- 2.40 Mr McClintock also indicated in his report that he had made representations to the Australian Government on this issue. ¹⁶³ In the 57th Parliament, the Committee echoed this concern about the limitation of the TIA Act in its 2019-20 and 2020-21 annual reviews. ¹⁶⁴
- 2.41 The Commonwealth Parliamentary Joint Committee on Intelligence and Security is currently conducting a review of the *Crimes and Other Legislation Amendment* (Omnibus No. 1) Bill 2024. ¹⁶⁵ The bill proposes to amend the TIA Act to include auditing the operations of the ICAC for the purpose of monitoring compliance with New South Wales law, as an 'eligible purpose' for which the ICAC is able to provide the Inspector with information it has intercepted. ¹⁶⁶
- 2.42 Other proposed amendments to the TIA Act would allow the Inspector to access intercepted information for purposes explicitly aligned with the Inspector's principal functions, as provided for under section 57B of the ICAC Act. 167
- 2.43 On 23 April 2024, the ICAC made a submission to the bill inquiry of the Commonwealth Parliamentary Joint Committee supporting the proposed amendments. ¹⁶⁸ The Chief Commissioner described the amendments as 'appropriate to ensure the ICAC Inspector has access to all relevant material when performing the ICAC Inspector's functions under the ICAC Act'. ¹⁶⁹
- 2.44 The Committee notes that submissions have closed for the Parliamentary Joint Committee on Intelligence and Security's inquiry into the bill and anticipates that an outcome may be clear during future reporting periods. The Committee will continue

¹⁶¹ Telecommunications (Interception and Access) Act 1979 (Cth) – Serious Gap in Inspector's Powers, p 2.

¹⁶² Telecommunications (Interception and Access) Act 1979 (Cth) – Serious Gap in Inspector's Powers, p 4.

¹⁶³ <u>Telecommunications (Interception and Access) Act 1979 (Cth) – Serious Gap in Inspector's Powers</u>, p 8.

¹⁶⁴ Committee on the Independent Commission Against Corruption, <u>Review of the 2019-2020 Annual Reports of the ICAC and the Inspector of the ICAC</u>, Report 3/57, Parliament of New South Wales, August 2021; <u>Review of the 2020-2021 annual reports</u>, p 18.

¹⁶⁵ Parliamentary Joint Committee on Intelligence and Security (Cth), <u>Committee to review proposed crime-related laws</u>, Media release, Parliament of Australia, 15 April 2024, viewed 18 June 2024; <u>Crimes and Other Legislation Amendment (Omnibus No. 1) Bill 2024</u> (Cth).

¹⁶⁶ Omnibus No. 1 Bill, sch 5.

¹⁶⁷ Omnibus No. 1 Bill, sch 5; ICAC Act, s 57b.

¹⁶⁸ Submission 1 – NSW Independent Commission Against Corruption, p 3.

¹⁶⁹ Submission 1 – NSW Independent Commission Against Corruption, p 3.

to monitor this issue, noting that addressing limitations of the TIA Act is outside the NSW Government's jurisdiction.

Mandatory reporting by the Inspector

- During the reporting period, the Inspector was required by the *Public Interest Disclosures Act 1994* to provide an annual report on all public interest disclosures made to her office. ¹⁷⁰ The Inspector is also required by the *Government Information (Public Access) Act 2009* to provide an annual report on information access applications made to the Inspector. ¹⁷¹
- 2.46 In her annual reports for 2021-22 and 2022-23, the Inspector recorded no disclosures and no access applications under either Act. 172
- 2.47 The Inspector commented that the lack of access applications for information release may be because she does not hold much information that is not publicly available. Ms Furness noted that a complaint about the ICAC, along with the ICAC's response, would be available to the person making the complaint. 173
- 2.48 The Inspector also noted that the new *Public Interest Disclosures Act 2022* ('PID Act') came into force on 1 October 2023.¹⁷⁴
- 2.49 Section 42 of the new PID Act requires all public agencies in New South Wales to have a public interest disclosures policy. The Inspector's *Public Interest Disclosures Policy* has been published online and provides guidance on how to make public interest disclosures to the Inspector, including disclosures referred to the Inspector that involve serious maladministration by the ICAC and ICAC officers.¹⁷⁵
- 2.50 The Inspector told the Committee that her office would prepare its first report under the new PID Act as part of her next Annual Report. The Inspector also advised that she had recently received one public interest disclosure that will be included in this report. 176

Operational and funding considerations

- 2.51 The Committee was interested in any operational, administrative or budgetary issues that may impact the Inspector's work.
- 2.52 The Office of the Inspector operates with a small staff and subsequently modest budget.¹⁷⁷ The Inspector shares two staff with the Inspector of the Law Enforcement Conduct Commission (LECC): a Principal Legal Advisor and a Business Coordinator.¹⁷⁸

¹⁷⁰ <u>Public Interest Disclosures Act 1994</u>, s 31.

¹⁷¹ Government Information (Public Access) Act 2009 (NSW), s 125.

¹⁷² OIICAC, <u>Annual Report 2021-22</u>, p 7; OIICAC, <u>Annual Report 2022-23</u>, p 6.

¹⁷³ Ms Furness, Evidence, p 3.

¹⁷⁴ Ms Furness, <u>Evidence</u>, p 3; <u>PID Act</u>.

¹⁷⁵ Office of the Inspector of the Independent Commission Against Corruption, <u>Public Interest Disclosures Policy</u>, October 2023, viewed 19 June 2024, p 16.

¹⁷⁶ Ms Furness, <u>Evidence</u>, p 3.

¹⁷⁷ OIICAC, *Annual Report 2021-22*, p 10; OIICAC, *Annual Report 2022-23*, p 9.

¹⁷⁸ OIICAC, <u>Annual Report 2022-23</u>, p 9.

- 2.53 While the Inspector does not have any metrics or performance indicators for the time taken to handle complaints about the ICAC, the Committee is satisfied that these complaints are handled efficiently. In 2022-23, the average time for handling a complaint was 27.5 days and the median time was 13.5 days in 2022-23 (comparable data was not published for the 2021-22 reporting period). 179
- 2.54 In her responses to supplementary questions, the Inspector advised that her current operational, administrative and budgetary provisions were sufficient to manage her office's workload. She indicated that if her workload were to significantly increase, for example due to a larger number of audits or complaints, her operational, administrative and budgetary requirements may change. 180
- 2.55 The Committee was pleased to hear that the Inspector does not currently require any additional operational or administrative support and is satisfied with the resources available to her. The Committee will continue to monitor the Inspector's workload in the future.

Extending the terms of the Inspector

- 2.56 In the 57th Parliament, the Committee recommended that the NSW Government consider amending the ICAC Act so that an Inspector may serve for more than the existing five-year term, up to a maximum of two terms. ¹⁸¹ The Committee was pleased to see that this recommendation was effectively implemented through the ICAC and LECC Legislation Amendment Act 2023.
- 2.57 The Committee noted that, if the Inspector was able to serve a longer period of time than ICAC Commissioners (who have five-year terms), an Inspector may be able to 'facilitate the transition between Commissioners of the ICAC and ensure that issues of ongoing concern are addressed'. 182
- 2.58 The ICAC and LECC Legislation Amendment Act 2023 commenced on 25 August 2023. In addition to the amendments discussed above and in Chapter One, this Act amended schedule 1A(4) of the ICAC Act to allow the Inspector to serve a maximum of ten years. 183

Outreach and collaboration

- 2.59 The Inspector's office conducted a small amount of outreach and collaboration activities over the reporting period.
- 2.60 Outreach activities included maintaining the Inspector's website with information and reports for members of the public and interested parties. To support this public communication, the Inspector's staff received training in June 2022 on creating accessible online content.¹⁸⁴

¹⁷⁹ OIICAC, <u>Annual Report 2022-23</u>, p 16.

¹⁸⁰ Answers to questions on notice and supplementary questions, Office of the Inspector of the ICAC, 1 March 2024, p 3.

¹⁸¹ Review of the 2020-21 annual reports, pp 19-20.

¹⁸² Review of the 2020-21 annual reports, p 20.

¹⁸³ <u>ICAC Act</u>, sch 1A; <u>ICAC and LECC Legislation Amendment Act 2023</u>, sch 1.

¹⁸⁴ OIICAC, <u>Annual Report 2021-22</u>, p 12.

- 2.61 The Inspector also published an article in the Bar News about her role, which she noted was widely read by New South Wales barristers. Further, the Inspector and the Principal Legal Adviser attended a range of oversight and anti-corruption conferences during the reporting period. 186
- 2.62 The Committee was interested in how the role of the Inspector could be promoted to people in New South Wales more broadly. In responses to supplementary questions, the Inspector told the Committee:

It is difficult to identify a group of people who may be targeted to promote my role, in the wider community. I note that the ICAC does refer to my role in its dealings with those affected by the exercise of its functions. I would be pleased to consider any particular group of people the Committee would propose with whom I could engage. 187

2.63 The Committee will continue to monitor the Inspector's outreach and collaboration efforts.

¹⁸⁵ Ms Furness, <u>Evidence</u>, p 4; G Furness SC, <u>The Inspector of the Independent Commission against Corruption</u>, barnews, Summer 2022, viewed 20 June 2024.

¹⁸⁶ OIICAC, <u>Annual Report 2021-22</u>, p 12; OIICAC, <u>Annual Report 2022-23</u>, p 11.

 $^{^{187}}$ Answers to questions on notice and supplementary questions, Office of the Inspector of the ICAC, 1 March 2024, p 3.

Appendix One – Committee's functions

Under section 64 of the *Independent Commission Against Corruption Act 1988*, the function of the Committee is to:

- Monitor and review the exercise by the ICC and the Inspector of the ICAC of their functions
- Report to Parliament, with such comments as it thinks fit, on any matter appertaining
 to the ICAC or the Inspector or connected with the exercise of its functions to which, in
 the Committee's opinion, the attention of Parliament should be directed
- Examine each annual and other report of the ICAC and the Inspector and report to Parliament of any matter appearing in, or arising out of, any such report
- Examine trends and changes in corrupt conduct and practices and methods relating to corrupt conduct, and report to Parliament any change which the Committee thinks desirable to the functions, structures an procedures of the ICAC and the Inspector
- Inquire into any question in connection with its functions which is referred to it by both Houses of Parliament, and report to both Houses on that question.

Nothing in the ICAC Act authorises the Committee to:

- Investigate a matter relating to particular conduct
- Reconsider a decision to investigate, not to investigate or to discontinue investigation of a particular complaint
- Reconsider the findings, recommendations, determinations or other decisions of the ICAC in relation to a particular investigation or complaint.

Appendix Two – Conduct of review

This report fulfils one of the Committee's obligations under its establishing legislation, the *Independent Commission Against Corruption Act 1988* (the ICAC Act). The Committee's functions include examining each annual and other report of the ICAC, and of the Inspector of the ICAC, and reporting to Parliament on any matter appearing in or arising out of those reports. This report is the result of the Committee's review of the ICAC's and the Inspector's 2021-2022 and 2022-2023 Annual Reports.

Under section 76(1) of the ICAC Act, the ICAC is required to prepare, within the period of four months after each 30 June, a report of its operations during the year ended on that 30 June and to furnish the report to the Presiding Officer of each House of Parliament.

Under section 77B of the ICAC Act, the Inspector is required to prepare, within the period of four months after each 30 June, a report of the Inspector's operations during the year ended on that June 30 and to furnish the report to the Presiding Officer of each House of Parliament.

The ICAC investigates, exposes and prevents public sector corruption and educates the community and the public sector about corruption. Its principal functions include investigating complaints of corrupt conduct; examining laws, practices and procedures to detect corrupt conduct and to secure changes in work methods or procedures that may be conducive to corrupt conduct; advising and instructing public authorities and officials about changes in practices and procedures to reduce the likelihood of corrupt conduct; and educating the public and providing information about the detrimental effects of corrupt conduct and the importance of maintaining integrity in public administration. ¹⁸⁸

The Inspector oversights the ICAC's work, and his or her principal functions are:

- auditing the ICAC's operations to monitor compliance with the law of the State
- dealing with (by reports and recommendations) complaints of abuse of power, impropriety and other forms of misconduct by the ICAC or its officers
- dealing with (by reports and recommendations) conduct amounting to maladministration (including, without limitation, delay in the conduct of investigations and unreasonable invasion of privacy) by the ICAC or its officers
- assessing the effectiveness and appropriateness of the ICAC's procedures relating to the legality or propriety of its activities.¹⁸⁹

As part of its review of the ICAC's and the Inspector's 2021-2022 and 2022-2023 Annual Reports, the Committee held public hearings on 11 December 2023 and 15 February 2024. Witnesses from the ICAC and the Inspector appeared before the Committee – see **Appendix Three** for the names and titles of the witnesses. The transcript from the public hearings are available on the Committee's webpage.

¹⁸⁸ <u>ICAC Act</u>, s 13.

¹⁸⁹ ICAC Act, s 57B.

Appendix Three – Witnesses

11 December 2023 Parliament House, Macquarie Room, Sydney, NSW

| Witness | Position and Organisation |
|-------------------------------|--|
| The Hon. John Hatzistergos AM | Chief Commissioner, NSW Independent |
| | Commission Against Corruption |
| The Hon. Paul Lakatos SC | Commissioner, NSW Independent |
| | Commission Against Corruption |
| Mr Darrin Moy | CEO, NSW Independent Commission Against |
| | Corruption |
| Mr Roy Waldon | Executive Director, Legal Division and |
| | Solicitor to the Commission, NSW |
| | Independent Commission Against |
| | Corruption |
| Ms Bernadette Dubois | Executive Director, Investigations Division, |
| | NSW Independent Commission Against |
| | Corruption |
| Mr Lewis Rangott | Executive Director Corruption Prevention, |
| | NSW Independent Commission Against |
| | Corruption |
| Ms Michelle Ward | Executive Director Corporate Services |
| | Division, NSW Independent Commission |
| | Against Corruption |

15 February 2024 Parliament House, Preston Stanley Room, Sydney, NSW

| Witness | Position and Organisation |
|--------------------|--|
| Ms Gail Furness SC | Inspector, Office of the Inspector of the Independent Commission Against |
| | Corruption |

Appendix Four – Extracts from minutes

MINUTES OF MEETING 2

1:31 pm, 24 August 2023 Room 1136, Parliament House

Members present

Mr Li (Chair), Mr Hodges (Deputy Chair), Dr Kaine, Ms Mihailuk, Mrs Quinnell, Mr Regan, Dr Saliba, Ms Shetty, Ms Tuckerman, and Mr Vo.

Apologies

Ms Munro.

Officers present

Sam Griffith, Matt Johnson, Kayaneh Mouradian, Jennifer Gallagher.

- 1 ***
- 2. ***

3. Proposed review of the 2021-2022 and 2022-2023 Annual Reports of the ICAC and the Inspector of the ICAC

Resolved, on the motion of Ms Mihailuk, seconded by Mr Hodges:

- That the Committee conduct an inquiry to examine the ICAC's and the Inspector's 2021-2022 and 2022-2023 Annual Reports, noting that the ICAC's and the Inspector's Annual Reports for 2022-2023 will be tabled at a later date.
- That the review be reported to Parliament and published on the Committee's website.
- That the Committee holds a public hearing or hearings for the review in 2023 on a date
 or dates to be determined, and invites the Chief Commissioner, Commissioners and
 senior staff of the ICAC, and the Inspector of the ICAC, to appear to give evidence.
- 4. ***
- 5. ***
- 6. ***

7. Next Meeting

The meeting adjourned at 1:49 pm until 1:30 pm, 14 September 2023.

MINUTES OF MEETING 3

1:33 pm, 23 November 2023 Room 1254, Parliament House

Members present

Mr Li (Chair), Mr Hodges (Deputy Chair), Ms Munro, Mrs Quinnell, Dr Saliba, Ms Shetty, and Mr Vo.

Apologies

Dr Kaine, Ms Mihailuk, Mr Regan, Mrs Tuckerman.

Officers present

Stephanie Mulvey, Matt Johnson, Kayaneh Mouradian, Charlotte Hock, Abegail Turingan, Yann Pearson.

1. Confirmation of minutes

Resolved, on the motion of Mr Hodges, seconded by Mrs Quinell: That the draft minutes of the meeting held on 24 August 2023 be confirmed.

2. ***

3. Reports from the ICAC and Inspector

Committee noted the below reports that were tabled by the oversighted agencies:

3.1 ***

3.2 Annual reports

- ICAC, Annual Report 2022-23, tabled 30 October 2023
- Office of the Inspector of the ICAC, Annual Report 2022-23, tabled 30 October 2023

4. Annual review hearing

The Committee discussed the upcoming hearing for the review of the 2021-22 and 2022-23 Annual Reports of the ICAC and the Inspector of the ICAC, scheduled to take place on 11 December 2023.

The Committee agreed to meet prior to the public hearing, to discuss its approach to the hearing and questions for witnesses.

5. Next meeting

The Committee adjourned at 1:54 pm until a date to be determined.

MINUTES OF MEETING 4

8:42 am, 11 December 2023 Macquarie Room, Parliament House

Members present

Mr Li (Chair), Mr Hodges (Deputy Chair), Dr Kaine (videoconference), Ms Mihailuk, Mr Regan, Dr Saliba, Ms Shetty, Mrs Tuckerman and Mr Vo.

Apologies

Mrs Quinnell, Ms Munro.

Officers present

Stephanie Mulvey, Matt Johnson, Kayaneh Mouradian, Charlotte Hock, Abegail Turingan, Yann Pearson.

1. ***

2. Confirmation of minutes

Resolved, on the motion of Mr Hodges, seconded by Dr Saliba: That the draft minutes of the meeting held on 23 November 2023 be confirmed.

3. Pre-hearing deliberative meeting

3.1 Procedural resolutions

The Committee considered the notice of hearing and witnesses who have agreed to appear at the public hearing.

Resolved, on the motion of Mrs Tuckerman, seconded by Mr Hodges:

- That the Committee invites the witnesses listed in the notice of the public hearing for Friday, 11 December 2023 to give evidence in relation to the review of the 2021-2022 and 2022-2023 Annual Reports of the ICAC and the Inspector of the ICAC.
- That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 11 December 2023, in accordance with the Legislative Assembly's resolution of 9 May 2023; and the Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.
- That the Committee adopt the following process in relation to supplementary questions:
 - Members to email any proposed supplementary questions for witnesses to the secretariat by 5pm, Friday 15 December 2023;
 - Secretariat to then circulate all proposed supplementary questions to Committee, prior to forwarding to witnesses.
- That witnesses be requested to return answers to questions taken on notice and any supplementary questions by Friday, 19 January 2024.

3.2 Future hearing with the Inspector of the ICAC

The Chair noted that the Inspector was unable to attend the public hearing and that staff would make arrangements for a second public hearing on a date to be determined.

4. Public hearing

Witnesses and the public were admitted. The Chair declared the public hearing open at 9:03 am and made a short opening statement.

Ms Mihailuk joined the meeting at 9:04 am.

The following witnesses from the Independent Commission Against Corruption appeared:

- The Hon. John Hatzistergos AM, Chief Commissioner, was sworn and examined.
- The Hon. Paul Laktos, Commissioner, was affirmed and examined.
- Mr Darrin Moy, CEO, was sworn and examined.
- Mr Roy Waldon, Executive Director, Legal Division and Solicitor to the ICAC, was sworn and examined.
- Ms Bernadette Dubois, Executive Director, Investigations Division, was affirmed and examined.
- Mr Lewis Rangott, Executive Director, Corruption Prevention, was affirmed and examined.
- Ms Michelle Ward, Executive Director, Corporate Services, was sworn and examined.

The Committee questioned the witnesses. Evidence concluded and the witnesses withdrew.

The Chair closed the public hearing at 11:04 am.

5. Procedural resolutions

The Chair resumed the meeting at 11:13 am.

Resolved, on the motion of Dr Saliba, seconded by Ms Mihailuk:

That the corrected transcript of public evidence given today be authorised for publication and uploaded on the Committee's webpage.

6. ***

7. Next meeting

The Committee adjourned at 11:43 am until a date to be determined.

MINUTES OF MEETING 5

2:05 pm, 15 February 2024

Preston Stanley Room and videoconference

Members present

Mr Li (Chair), Mr Hodges (Deputy Chair), Dr Kaine (videoconference), Ms Mihailuk, Ms Munro (videoconference), Mrs Quinnell (videoconference), Mr Regan, Ms Shetty, Mrs Tuckerman (videoconference) and Mr Vo.

Apologies

Dr Saliba.

Officers present

Stephanie Mulvey, Matt Johnson, Charlotte Hock, Mohini Mehta, Yann Pearson.

1. Confirmation of minutes

Resolved, on the motion of Mr Reagan, seconded by Ms Shetty: That the draft minutes of the meeting held on 11 December 2023 be confirmed.

2. Pre-hearing deliberative meeting

2.1 Procedural resolutions

The Committee resolved on the motion of Mr Regan, seconded by Mr Vo:

- That the Committee invite the witness listed in the notice of the public hearing for Thursday, 15 February 2024 to give evidence in relation to the review of the 2021-2022 and 2022-2023 Annual Reports of the ICAC and the Inspector of the ICAC.
- That the Committee authorise the audio-visual recording, photography and broadcasting of the public hearing on 15 February 2024, in accordance with the Legislative Assembly's resolution of 9 May 2023; and the Assembly's guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.
- That the witness be requested to return answers to questions taken on notice and any supplementary questions within 14 days of receipt.

2.2 Committee discussion of public hearing

The Committee discussed its approach to the public hearing.

The Chair adjourned the deliberative at 2:10 pm.

3. Public hearing

Witness was admitted. The Chair declared the public hearing open at 2:12 pm and made a short opening statement.

Ms Gail Furness SC, Inspector, Office of the Inspector of the Independent Commission Against Corruption, was affirmed and examined.

The Committee questioned the witness. Evidence concluded and the witness withdrew.

The Chair closed the public hearing at 3:16 pm.

4. Post-hearing deliberative

4.1 Procedural resolutions

The Chair resumed the meeting at 3:19 pm.

Resolved, on the motion of Ms Mihailuk, seconded by Ms Shetty: That the corrected transcript of public evidence given today be authorised for publication and uploaded on the Committee's webpage.

4.2 Supplementary questions

The Committee resolved on the motion of Ms Mihailuk, seconded by Mr Hodges:

- Members to email any proposed supplementary questions for the witness to the secretariat within three days of receiving the transcripts of the public hearing.
- Secretariat to then circulate all proposed supplementary questions to the Committee, with members making any objections within 24 hours.
- Secretariat to forward supplementary questions to the witness.

4.3 Answers to questions on notice and supplementary questions

The Committee resolved on the motion of Mr Hodges, seconded by Mrs Tuckerman: That the following responses to questions on notice, supplementary questions and further information from the Independent Commission Against Corruption, are published on its website with contact details redacted:

- Letter from the Chief Commissioner, responding to question on notice in relation to recent recruitment following budget increases, received 18 December 2023.
- Letter from the Chief Commissioner, responding to question on notice in relation to the ICAC's 2023 People Matter Survey results, received 18 December 2023.
- Letter from the Chief Commissioner, responding to supplementary questions, received 9 January 2024.
- Letter from the Chief Commissioner, responding to question on notice in relation to council investigations and the disclosure of complaints, received 10 January 2024.
- Letter from the Chief Commission, providing further information on the ICAC's proposed corruption prevention work with culturally and linguistically diverse communities who may be affected by the Commission's work, dated 24 January 2024.

5. ***

6. Next meeting

The Committee adjourned at 3:24 pm until a date to be determined.

MINUTES OF MEETING 6

1:32 pm, 9 May 2024 Room 1043

Members present

Mr Li (Chair), Mr Hodges (Deputy Chair), Dr Kaine, Ms Mihailuk, Ms Munro, Mrs Quinnell, Mr Regan, Dr Saliba, Ms Shetty, and Mr Vo.

Apologies

Mrs Tuckerman.

Officers present

Monica Loftus, Matt Johnson, Charlie King, Yann Pearson.

1. Confirmation of minutes

Resolved, on the motion of Mr Hodges, seconded by Mrs Quinnell: That the draft minutes of the meeting held on 15 February 2024 be confirmed.

Review of the 2021-2022 and 2022-2023 Annual Reports of the ICAC and the Inspector of the ICAC

2.1 Answers to questions taken on notice and supplementary questions

The Committee considered the letter from Ms Gail Furness, Inspector of the Independent Commission Against Corruption (ICAC), dated 1 March 2024, providing answers to questions taken on notice and supplementary questions.

Resolved, on the motion of Ms Mihailuk, seconded by Dr Kaine: That the Committee accept the responses to questions on notice and supplementary questions from the Inspector of the ICAC and publish them on its website with contact details redacted.

2.2 Letter from the Inspector

The Committee noted the letter from Ms Gail Furness, Inspector of the ICAC, dated 22 February 2024, providing transcript corrections and clarification of the evidence given during the public hearing on 15 February 2024.

Resolved, on the motion of Ms Mihailuk, seconded by Ms Shetty: That the Committee publish the correspondence from the Inspector of the ICAC on its website, and provide a footnote linking to the document at the relevant section of the transcript of the hearing on 15 February 2024.

- 3. ***
- 4. ***
- 5. ***

6. Next meeting

The Committee adjourned at 1:39 pm, with the next meeting schedule for 6 June 2024.

UNCONFIRMED MINUTES OF MEETING 7

10:47 am, 16 August 2024 Room 814 and videoconference

Members present

Mr Li (Chair, via Webex), Mr Hodges (Deputy Chair, via Webex), Dr Kaine (via Webex), Ms Mihailuk (via Webex), Ms Munro, Mrs Quinnell (via Webex), Mr Regan (via Webex), Dr Saliba (via Webex) and Ms Shetty (via Webex).

Apologies

Mrs Tuckerman and Mr Vo.

Officers present

Monica Loftus, Matt Johnson, Charlie King and Abegail Turingan.

1. Confirmation of minutes

Resolved, on the motion of Mr Hodges, seconded by Dr Saliba: That the minutes of the meeting of 9 May 2024 be confirmed.

2. Review of the 2021-2022 and 2022-2023 Annual Reports of the ICAC and the Inspector of the ICAC

2.1 Resolution permitting recording of meeting

Resolved, on the motion of Mr Regan, seconded by Mrs Quinnell: That the Committee agrees to record the meeting for the purposes of committee staff preparing the minutes and report amendments, and that the recording be deleted when the report is tabled.

2.2 Consideration of the Chair's draft report

Resolved, on the motion of Ms Mihailuk, seconded by Mr Hodges: That the Committee consider the Chair's draft report chapter-by-chapter.

The Committee considered Chapter 1 of the Chair's draft report.

Discussion ensued.

Resolved, on the motion of Mr Hodges, seconded by Mr Regan: That Chapter 1 stand part of the report.

The Committee considered Chapter 2 of the Chair's draft report.

Resolved, on the motion of Ms Mihailuk, seconded by Mr Hodges: That Chapter 2 stand part of the report.

Resolved, on the motion of Mrs Quinnell, seconded by Mr Regan:

- 1. That the draft report be the report of the Committee and that it be signed by the Chair and presented to the House.
- 2. That the Chair and committee staff be permitted to correct stylistic, typographical and grammatical errors.
- 3. That, once tabled, the report be posted on the Committee's webpage.

Dr Saliba left the meeting.

- 3. ***
- 4. ***
- 5. ***

6. Next meeting

The Committee adjourned at 11:27 am, until a date and time to be determined.