

National Anti-Corruption Commission CEO, Mr Philip Reed opening address to the Legal and Constitutional Affairs Committee Budget Estimates 2024-25 hearing – Friday 31 May 2024

Thank you Chair and Senators for the opportunity to make an opening statement.

Tomorrow, the Commission will have been in operation for 11 months. It is rapidly maturing as an independent Commonwealth entity with the mission to enhance integrity in the Commonwealth public sector by deterring, detecting and preventing corrupt conduct involving Commonwealth public officials through education, monitoring, investigation, reporting and referral.

The Commission has received 2955 referrals up to 19 May, including 105 mandatory referrals from Commonwealth agencies. The Commission has closed 2312 referrals at the triage stage because they did not involve a Commonwealth public official or did not raise a corruption issue. In addition, the Commission decided to take no action on a further 247 referrals at the assessment stage. Reasons for the decision to take no further action were guided by the following considerations:

- The referral did not involve a corruption issue, or
- There were insufficient prospects of finding corrupt conduct, or
- The matter had already been adequately investigated, or was under adequate investigation, by another agency, or
- a corruption investigation would not add value in the public interest.

The remainder of referrals are currently at the triage or assessment phase, apart from those that have advanced to investigation. To date, the Commission has met its service charter target to complete the triage of referrals within 90 days.

The Commission has opened 22 preliminary investigations, as part of the assessment process, and 21 corruption investigations, including 6 joint investigations. In one of these investigations, charges have already been laid and an arrest made. The Commission is also overseeing 3 corruption investigations it has referred to other agencies.

In addition, the Commission inherited 22 investigations from the former Australian Commission for Law Enforcement Integrity (ACLEI) in various stages of progress. There are still 7 active investigations, 5 of which have been transitioned to the NACC. One of these is already before the Courts and has resulted in a conviction; another has just been referred to the CDPP, and 3 remain active investigations. The other 2 of the 7 remain under active investigation under the *Law Enforcement Integrity Commissioner Act 2006*. The Commission is also monitoring 17 investigations that ACLEI previously referred to 5 other Commonwealth agencies for investigation.

Another 4 ACLEI initiated matters are or have been before the Courts: two have resulted in convictions, and one in a committal for trial. A further 2 matters are under consideration by the CDPP. In another matter inherited from ACLEI, we have completed a section 54 report, with no corruption finding; I anticipate that a public version of that report will soon be released. There are yet another 7 matters in which there has been no prosecution and 9 section 54 reports are in course of preparation; this involves in some cases a procedural fairness process.

The Commission has executed 25 search warrants, made application for 8 telephone intercept warrants, and for 8 surveillance device warrants. We have granted one controlled operation authority. We have issued 9 directions to agency heads to produce documents or information under section 57, and 81 notices to produce under section 58. In addition, we have issued 25 confidentiality notices. We have also undertaken private hearings in 2 investigations involving a total of 12 witnesses. As part of this latter work, we have put in place interim witness welfare services and are currently running a recruitment process for a witness liaison officer and are in the market to procure a service provider to provide witness support services.

The Commission does not generally disclose information about the subject matter, status or progress of referrals or investigations, as to do so may prejudice operational activities, or unfairly damage reputations. As a result, I will not be in a position to answer questions on whether the Commission has received referrals about particular matters, except where this is already on the public record, nor comment on ongoing investigations. This will mean that I will generally neither confirm nor deny the existence of a referral to the Commission or of an investigation by the Commission about any particular matter.

Through our intake, triage, assessment and investigation work we have already been able to identify two dominant domains in which we are seeing both perception and actuality of corrupt conduct. These are procurement; and recruitment and promotion. Concerns in both those areas relate to the preferring of family, friends and associates; and the misuse of official information to gain an advantage.

Our education and prevention work continues. To date we have delivered 108 presentations to stakeholders across the Commonwealth public sector: starting with parliamentarians, agency heads and senior public servants, and extending to other stakeholders, including relevant civil society organisations and professional associations. We are focussing on three thematic areas for prevention, rolled out consecutively over this calendar year: conflicts of interest; ethical decision making; and corruption risks and vulnerabilities associated with elections. Recently, we have issued additional guidance for mandatory referrers on their obligations, and on what is serious or systemic corrupt conduct via our Mandatory referrals webpage. This guidance has also been circulated to Agency heads and Members of Parliament.

The Commission is also conducting a Corruption Survey of all staff of agencies within its jurisdiction. The survey will provide information about perceptions and experiences of corruption and potential risk areas in agencies. The survey will also support longitudinal collection of information to measure trends in perceptions and experiences of corruption and risk factors, and to inform anti-corruption strategies. The survey is planned for quarter three of 2024. The data will be used to inform internal Commission risk assessments, corruption education and prevention programs and to support agencies' integrity frameworks. We will publish an Australian Government public sector report and each agency will receive a de-identified report concerning their agency.

The Commission continues to build its staff capacity and capability. As at 30 April 2024, there were 216 staff; our FTE was 209.93 (including the 5 Statutory Office holders) against an ASL in 2023/24 of 239. The Commission is still actively recruiting new staff and our advertisements have been attracting a very high level of interest and applications.

The Commission is now operating a standalone ICT environment, and since 31 December 2023 has ceased using AGD services and all outstanding data migration activities have been completed. The Commission has completed the establishment of its national presence with offices now operating in Perth, Brisbane, Melbourne, Sydney and its new headquarters in Canberra. Work is in its final stages on one level of the Canberra office to commission its hearing room for private and public hearings as well as the public reception area to enable members of the public access to the Commission in person. All other office locations will remain undisclosed.

Although we started 2023-24 budgeting for a break even result on its \$57.7 M appropriation, I expect there will be a significant underspend. The primary drivers for this have been delays in the planned recruitment of staff and supplier expense underspends relating to work and projects that have taken longer than expected to deliver. The Commission did not seek any additional funding in the 2024-25 budget and is budgeting for a break-even result against its 2024-25 appropriation of \$65.6m. Our ASL increases from 239 to 266 as part of this budget increase. Thank you.