

**Division 29: Corruption and Crime Commission, \$27 067 000 —**

Mr I.C. Blayney, Chair.

Mr J.R. Quigley, Attorney General.

Mr R. Warnes, Chief Executive Officer.

Miss L. Markussen, Ministerial Liaison Officer.

Mr D. Emerson, Senior Policy Adviser.

[Witnesses introduced.]

**The CHAIR:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The Attorney General may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the Attorney General to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the Attorney General's cooperation in ensuring that it is delivered to the principal clerk by Friday, 1 June 2018. I caution members that if the Attorney General asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

The member for Hillarys.

**Mr P.A. KATSAMBANIS:** I refer to the significant issues impacting the agency on page 386 of budget paper No 2, which talks about the amendments to the Criminal Property Confiscation Act and the Corruption, Crime and Misconduct Act to grant the commission powers to investigate, initiate and conduct civil confiscation proceedings relating to unexplained wealth. Has any additional funding been provided to the commission to fulfil its duties when these changes come into force?

**Mr J.R. QUIGLEY:** The answer to that is no. When we had initial discussions with Commissioner Hon John McKechnie, QC, he indicated that with the transference of the minor misconduct jurisdiction away from the commission there was initial capacity for the first few years to bring this part of the jurisdiction into the commission without needing extra funding.

**Mr P.A. KATSAMBANIS:** Is it still the case that the commission believes it can do this work without additional funding?

**Mr J.R. QUIGLEY:** Initially, yes. It will take some time to work these up with the transference of the other parts of the act out of the commission—the minor misconduct and educative functions went to the Public Sector Commission.

**Mr P.A. KATSAMBANIS:** Is there any indication of the percentage of the commission's workload, either in time or number of investigators, that will be taken up by this new area?

**Mr J.R. QUIGLEY:** I will refer the question to the director, because that is operative and has not been disclosed to me.

**Mr R. Warnes:** The member will notice that in the budget papers we talk about the number of investigations that we do from time to time. We usually handle around 71 investigations each year, but it could be less than that. The estimate in the budget papers for this year is 75. It could be less than that. If we move into a situation in which we deal with unexplained wealth, the number of investigations will be less because we will be taking on unexplained wealth matters. Those matters will take some time to do, but we will use the same resources; we may just do fewer investigations of the normal nature.

**Mr P.A. KATSAMBANIS:** Someone over there is reading my mind! I was going to ask questions around the number of investigations under the outcomes and key effectiveness indicators on page 387.

**Mr J.R. QUIGLEY:** No-one is reading the member for Hillarys' mind; we are dealing with intelligence here. We hear it before the member thinks it!

**Mr P.A. KATSAMBANIS:** They are listening in! I should stop talking to myself and keep it really secret. Mr Warnes has indicated that in order to balance the workload there will be fewer investigations, but they will be more targeted, particularly in the area of unexplained wealth. What happens to the investigations that the commission would ordinarily have conducted but cannot conduct in the future? I note that there is a one-third

reduction in the number of investigations that has been targeted. Will the subjects of those 20 or 25 investigations that will not be made anymore just go scot-free?

[5.30 pm]

**Mr R. Warnes:** No, that is not the case. The commission is able to prioritise the investigations that it takes on. The commissioner prioritises investigations of significance. What I should say about these numbers is that there are considerable variables about investigations from one period to another. The budget papers may show that we had 75 investigations in a particular year but next year, without the unexplained wealth, we may be able to do only 60 investigations because of the complexity of matters that might be referred to us or that we might initiate ourselves. It is hard to crystal ball it. In the budget papers we are trying to recognise that there will be some reduction in the number of investigations that we do with the current level of resourcing we have as we take on unexplained wealth matters.

**Mr P.A. KATSAMBANIS:** A corollary to that is the significant increase in the number of reports to be published in the forthcoming year. Why is that?

**Mr R. Warnes:** In part, much of that is a different counting rule. Previously we have counted reports that the commissioner tables in Parliament or reports that we provide to ministers. The commissioner does a lot more work that has not been counted in the past such as providing reports to directors general and chief executives on matters that we might be reviewing. They might be matters that an agency is investigating. We would normally review those to make sure that the quality of the investigation was sound and that we are satisfied with the outcome. We are undertaking to provide a report to give confidence to the public that, for example, if the police have investigated an assault, they have done that appropriately. To date we have been silent. We have not written or published reports when we think there may be avenues for misconduct to occur. With the increased number we intend to be more transparent about what we are finding through our investigations.

**Mr P.A. KATSAMBANIS:** In summary there will be fewer but more complex investigations and reports yet the total appropriations for the agency have been reduced by more than \$2 million. How will the agency be able to conduct its important corruption and crime-fighting role given that we have put more onto the agency with fewer resources?

**Mr J.R. QUIGLEY:** I would be pleased if the director could answer this. I know the answer but I think he could give a more detailed answer.

**Mr R. Warnes:** I can assure the member that funding has not been removed from the two service areas in the direct FTEs associated with assessing notifications nor in our investigative capacity. There is no reduction of FTEs in those areas. The savings largely come from our new lease arrangement. That is what has driven the large reduction. We have gone into a new building where we have less rental space. We have 934 square metres less and we are off the terrace where we were up to around \$730 a square metre. In our current lease arrangement we are paying around \$415 a square metre.

**Mr P.A. KATSAMBANIS:** I will take that as a partial explanation but on page 388 the budget clearly indicates under “Investigating Allegations of Serious Misconduct” that the number of FTEs will be reduced from 96 to 93. What is the reason for that reduction and will it impact on the commission’s ability to conduct its work?

**Mr R. Warnes:** No, there will be no reduction in our capacity to do the work. For some time we have had a budgeted number of FTE that is higher than the number of staff we have. For a period we had a budgeted FTE of 154. With the transfer of minor misconduct to the Public Sector Commission that came down to around 130. But we never staffed up to that 130. Our FTE has always been around 126 and that largely has not changed. Now we are about 125.

**Mr P.A. KATSAMBANIS:** I refer again to page 388 and the average time to complete an investigation. It is budgeted to go up from 330 days to 350 days. That is partly because the commission will be undertaking more complex investigations and there is no need to go into great detail about it. However, for people who are being investigated, it is the most important thing in their lives. Are there any moves afoot to reduce the time it takes to complete an average investigation?

**Mr R. Warnes:** The different phases our investigations go through is not reflected in that time. The initial phase information collection may be covert—most likely, it is always covert. A person we might be interested in will not know what we are doing. A person might become aware of that only when we want to engage directly with them in a public or private hearing. If an investigation is at the point of a public hearing, we are not far away from a report being written. If it is a private hearing, we might be collecting evidence from a whole range of people.

**Mr S.A. MILLMAN:** I refer to the outcomes and key effectiveness indicators on page 387. The actual number of allegations received was 4 939. Under the Legal Profession Act, if a practitioner makes an allegation of

unprofessional conduct against another practitioner and does not refer it to the Legal Practice Board, that can be considered in and of itself to be unprofessional conduct. If a referral is alleged to have been made to the CCC but no referral has actually been made, what opprobrium, if any, attaches to that? If I allege, for example, that I have referred the member for Perth to the CCC and he has not in fact been referred, what opprobrium attaches to that?

**Mr J.R. QUIGLEY:** None under the act per se, but it might amount to a defamation of the member for Perth. It would be very serious because it could imply that he is involved in serious misconduct, which he would never be, because serious misconduct is the jurisdiction of the act.

**Mr S.A. MILLMAN:** The CCC receives referrals and might not advise the subject of the referral that it has been received because of the investigation is to be conducted at the start; is that right?

**Mr J.R. QUIGLEY:** Correct.

**Mr S.A. MILLMAN:** This has already been touched upon by the executive director. I refer to page 389 of the budget under “Completed Works”, in particular the line item, “Office Accommodation Fit-out”. The 2017–18 estimated expenditure is lower than the estimated total cost. Can the Attorney General outline what savings were made and how they were made?

[5.40 pm]

**Mr J.R. QUIGLEY:** As the director has already explained to the committee, the big saving was from moving the Corruption and Crime Commission from St Georges Terrace to Northbridge, where it is now located on the top floor of the Australian Taxation Office building on the corner of William and Francis Streets. I have had the opportunity to visit it several times, especially for its opening. It is a very secure premises, because it is on the top floor of a very secure building. As the director has explained, there has been nearly a 50 per cent reduction in the square metreage letting fee. It was a very astute decision by the commission to make this move. It has resulted in considerable savings, for which it is to be amply commended. I ask the executive director to add further detail to my answer.

**Mr R. Warnes:** With regard to the part of the budget papers to which the member referred, that is only part of the cost of our move. Those costs in the budget papers represent the cost of our fit-out, our security arrangements and those kinds of things. We put part of those funds into our fit-out as well; it was more specialist for us. There is another part of the budget in which that appears; it is under Building Management and Works in the budget of the Department of Finance. To give the member the context, the budget last year was \$16.8 million for our fit-out. We do not have all the final costings, but we are at about \$13 million, so there is a saving from the original budget. There will be savings in the budget of the Department of Finance. Part of that cost was a lease incentive of close to \$10 million to move to that location. We put some funds out of our own budget to do the fit-out, but that incentive has paid for a large part of what we have moved into.

**Mr S.A. MILLMAN:** It is cost recovery. That is fantastic. In terms of the rent savings that the CCC is going to accrue, they will carry forward into the future indefinitely.

**Mr J.R. QUIGLEY:** Obviously, yes. The director would like to add to that.

**Mr R. Warnes:** Those funds have already been taken out of the budget lines by Treasury.

**Mr P.A. KATSAMBANIS:** It is good at that!

**Mr Z.R.F. KIRKUP:** I refer to the heading “Relationship to Government Goals” on page 387 of the budget papers. I note that the CCC’s Twitter account has been quite heavily focused more recently on promoting prevention ideas and the like, and there have been some unusual features on people who have reported misconduct. I am keen to understand the CCC’s role in prevention. How much work is being dedicated to that? Of the CCC’s existing budget, how much work goes into the prevention of misconduct?

**Mr J.R. QUIGLEY:** I will hand that to the director.

**Mr R. Warnes:** Essentially, with the changes that were brought into play with the legislation, we lost the prevention and education role. We still have under the act a requirement to build capacity. The member has raised the issue about Twitter. There is a lot more social media. We take that on more to showcase what we are doing and to be more transparent as an organisation—as transparent as we can be as a covert organisation. We also do that to try to solicit people to feel comfortable that they can come to us with allegations and so they know that a body will, if it can, investigate matters.

**Mr Z.R.F. KIRKUP:** I appreciate the response. Effectively, the CCC has a presence and it is, effectively, a brand or an agency that people recognise in the space in which they are consuming their content and that they can go to to report misconduct and the like.

**Mr J.R. QUIGLEY:** Yes; thank you.

**Mr R. Warnes:** It is about having confidence in us as an organisation. Given the history that we have gone through, we wanted to give some confidence. We also want to be more open and accessible. We do use Twitter and we use

a lot of other social media as well. We put out our reports and some of the evidence that we have. We had a You Tube feed associated with a recent report we did, which I think at last count had about 115 000 people looking at it.

**Mr Z.R.F. KIRKUP:** Does the CCC spend any money promoting, sponsoring, advertising or paying for content in that case; and, if so, what is the quantum?

**Mr J.R. QUIGLEY:** The director.

**Mr R. Warnes:** No, we do not sponsor. It is all self-generated with a small resource that I have already in-house.

**Mr Z.R.F. KIRKUP:** So the CCC is not boosting posts or anything like that?

**Mr R. Warnes:** No, not at all.

**Mr J.R. QUIGLEY:** Can we put the division?

**Mr R.S. LOVE:** I would like to make sure that we fill up the time with appropriate questions.

**Mr J.R. QUIGLEY:** We also have the parliamentary inspector waiting.

**Mr R.S. LOVE:** Maybe we do, but I have a question. I refer to the statement of cash flows on page 392 of the budget papers. There are a couple of things that I am curious about and that may have simple explanations. The 2017–18 estimated actual for the line item for receipts paid into the consolidated account under the heading “Cashflows from State Government” is \$6 million. What is that fund? It does not appear in any of the forward estimates. It does not seem to have appeared in the 2016–17 budget. It is just a figure out of nowhere.

**Mr J.R. QUIGLEY:** The director.

**Mr R. Warnes:** I thank the member for the question. The member will also note on page 386 of the budget papers that the cash assets have gone from \$10.7 million in 2016–17 to \$3.7 million in 2017–18 and are reducing in the out years. That is what that number is about. That is a reduction of our cash balance following a review undertaken by the Department of Treasury, which, on its ratio of how much holdings an organisation should have in its cash balance, determined that we needed to have less than we had. That is largely what that \$6.18 million is about.

**Mr R.S. LOVE:** There is a simple accounting matter. I refer to page 391. The 2017–18 budget amount for non-current assets of property, plant and equipment is \$19 million, but in this budget that amount falls to \$8.7 million. Is there a similar simple explanation of that particular movement?

**Mr J.R. QUIGLEY:** I defer to the director.

**Mr R. Warnes:** I would probably have to defer that question to my accountant, but I think it is associated with our move to the new building and the assets that we hold.

**Mr R.S. LOVE:** So where did the assets go?

**Mr R. Warnes:** With the new building, we have essentially quit a lot of assets that we had at the St Georges Terrace building. The equipment that was installed in the new building was part of the fit-out that BMW managed, so it is largely part of the building. We do not own a large part of the equipment. I think the answer is that we have proprietary equipment, which is reflected in these dollars. A lot of the other standard equipment—television monitors and computer equipment—is part of the fit-out. We do not own that; BMW has that as part of the building development.

**Mr R.S. LOVE:** It is reflected in the CCC’s accounts, but it is not actually the CCC’s.

**Mr R. Warnes:** In part. The member is talking about the reduction of dollars that has occurred. To explain why it is a reduction, it is because a large part of it is now part of the new building and part of what is managed in that new instalment of the building—it is not owned by us. What we do own is reflected in the dollars that are still residing here. Some of the more covert type of equipment and servers that we have is reflected here.

**The appropriation was recommended.**