



Crime and Corruption Commission
QUEENSLAND

Culture and corruption risks in local government

Lessons from an investigation into
Ipswich City Council (Operation Windage)

August 2018



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August 2018

The Honourable Curtis Pitt MP
Speaker of the Legislative Assembly
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Speaker

On 8 August 2018, the Parliamentary Crime and Corruption Committee provided the Crime and Corruption Commission with a direction pursuant to section 69(1)(b) of the *Crime and Corruption Action 2001* to give the report to the Speaker of the Legislative Assembly.

Accordingly, the Crime and Corruption Commission hereby furnishes to you its report, *Culture and corruption risks in local government: Lessons from an investigation into Ipswich City Council (Operation Windage)*.

Yours sincerely

A handwritten signature in black ink, appearing to read "A. MacSporran". The signature is written in a cursive style with a long horizontal stroke extending to the right.

A J MacSporran QC
Chairperson, CCC

Foreword

Under the Constitution of Queensland, local governments are charged with the good rule and local government of their area. Under the *Local Government Act 2009*, Ipswich City Council is the elected body responsible for the good rule and government of Ipswich City, and all councillors are accountable to the community for the local government's performance.

This investigation by the Crime and Corruption Commission into allegations of corruption by certain councillors and senior executive employees of the Ipswich City Council found that the ratepayers of that community were not well served by council members they had elected and employees whose salaries they paid. It found evidence of a wide spectrum of governance and integrity failures, from inappropriate workplace interactions and consistent breaches of policy to evidence of serious criminal offences, including official corruption. These latter allegations and charges are now before the courts.

Last year the CCC, as part of Operation Belcarra, identified serious corruption risks related to election campaigns and funding. Operation Windage, the basis of this report, has found other serious corruption risks that local governments can be exposed to. It has shown how an unhealthy culture and unsound practices, once established and never corrected, can derail the efficient operation of a council. In the case of Ipswich, it led to multiple criminal charges, resignations and uncertainty, prolonged negative media coverage and a lack of public confidence in the Council as a whole.

Local governments have an enormous impact on the daily lives of all Queenslanders. Because of that, every council must ensure that they understand their obligations to ensure transparent processes, sustainable management of assets and infrastructure, and decision making in the public interest. Beyond that, councillors and employees must also be prepared to challenge and report any attitudes or behaviours that threaten to undermine those obligations. The example of Ipswich has shown the consequences of failing to do so.

I urge all councillors, council employees and ratepayers to read this report.

AJ MacSporran QC
Chairperson, CCC

Contents

Summary and recommendations	6
Governance framework for councils	6
Culture and corruption risks	6
Recommendations	8
Chapter 1 – Operation Windage	9
Summary of the investigation	9
Decision to issue a public report	9
Chapter 2 – Ipswich City Council	11
Overview of councils in Queensland	11
Ipswich City Council	14
Chapter 3 – Serious corruption risks: influence of culture and environment at the Ipswich City Council	16
The influence of culture	17
Characteristics of the culture at Ipswich City Council	18
Chapter 4 – Lack of oversight and accountability for expenditure and public resources	21
Non-compliance with council policies and procedures	21
Lack of appropriate oversight of assets and expenditure	22
Summary and recommendations	23
Chapter 5 – Lack of transparency: use of private companies and private emails	24
Use of private emails	24
Use of private companies controlled by local government	25
Summary and recommendations	26
Chapter 6 – Inappropriate relationships between council and private sector	28
Personal relationships between public officials and property developers	28
Political donations from property developers	29
Receipt of gifts and benefits	30
Chapter 7 – Improper use of power and influence	32
Chapter 8 – Conclusion	34
Appendix 1. Submissions received	35
Appendix 2. <i>Local Government Act 2009</i>: conduct required of councillors and council employees	70

Summary and recommendations

In October 2016, the CCC commenced a corruption investigation, Operation Windage, in relation to allegations of corrupt conduct involving elected officials and senior executive employees of the Ipswich City Council. To date, 15 people have been charged with 86 criminal offences. Of the 15 people charged, seven are either current or former council employees or councillors. All of the criminal matters are currently before the courts and it is not appropriate to discuss the details publicly.

The investigation also identified significant governance failures and cultural issues that appear to have been occurring over many years and which would not have occurred in an environment in which the values of transparency, accountability and good governance were paramount. The CCC has decided to issue a public report on this matter in order to identify corruption risks that arise when governance, legislative and disclosure obligations pertaining to local government are ignored, and to remind public officials and elected officials of the importance of transparency and accountability.

Governance framework for councils

There are a number of statutory provisions in relation to local government which are intended to guide and promote accountability and transparency in local government. The *Local Government Act 2009* prescribes detailed direction on conduct that is or is not permitted, as well as a set of principles against which councillors' and council employees' conduct can be measured and to which they are to be held accountable. The principles include:

- transparent and effective processes, and decision making in the public interest
- sustainable development and management of assets and infrastructure, and delivery of effective services
- good governance of, and by, local government, and
- ethical and legal behaviour of councillors and local government employees.

In considering councillors' accountability to the community, as set out in the *Local Government Act 2009*, it is also useful to draw comparisons with the duties placed on directors of companies by the *Corporations Act 2001*, including the duty to act with care and diligence, and to act in good faith in the best interests of the company.

Culture and corruption risks

Despite the obligations on councillors to act in accordance with the principles of the *Local Government Act 2009*, Operation Windage identified that the unhealthy culture within the Ipswich City Council was a contributing factor to the alleged corrupt activity it was investigating. . The most serious manifestations of the poor culture were:

- lack of oversight and accountability for expenditure and public resources
- use of mechanisms which allowed avoidance of scrutiny of actions and requests for information under the *Right to Information (RTI) Act 2009*
- inappropriate relationships between the Council and the private sector, in particular property developers and contractors, and
- improper use of power and influence for personal benefit.

It also identified other contributing factors such as the influence of a very dominating senior figure; a small group of people who had worked together for a number of years; weak and ambiguous policies; little regard for the internal audit function; widespread breaches of policy and procedure; an inability or unwillingness to challenge or report inappropriate conduct; and a fear of reprisal that discouraged reporting.

Lack of oversight and accountability for expenditure and public resources

During Operation Windage it was identified that council policies and procedures were either not followed, or were ignored or circumvented, including by councillors and senior executive employees, resulting in the misuse of council funds and assets. The range of activities to which this applied included HR policies and decisions, community donations, travel, vehicle use and asset management. In many cases, the behaviour continued over a significant period of time but went unchallenged and unreported.

Ipswich City Council had no fraud risk register, despite a recommendation to do so from the internal auditor. There appears to have been a disregard for the importance of the internal audit function to proper governance.

Use of mechanisms which allowed avoidance of scrutiny and requests for information under the RTI Act

During Operation Windage, it was identified that councillors and senior executive employees were using private email accounts specifically to avoid RTI requests from journalists as a way of concealing unfavourable decisions or records of information from the public. Councillors and senior executive employees at Ipswich City Council used personal email accounts to send and receive confidential emails relating to council business. It was also identified that senior members of Ipswich City Council attempted to circumvent scrutiny and RTI processes by avoiding the use of other internal communication systems.

Ipswich City Council has established a number of controlled entities to support council activities, including redevelopment projects and community engagement initiatives. Although the directors of these companies have included current serving councillors and senior executive employees of Ipswich City Council, the companies themselves are not subject to council policies, procedures and governance and their operations are not within the jurisdiction of the CCC. Operation Windage identified that although financial reports were submitted for Ipswich City Council controlled entities, these reports did not contain detailed or specific information to justify the level of expenditure. Lack of oversight of expenditure by Ipswich City Council owned companies allowed senior members of the council to circumvent council processes and allegedly use council funds at their own discretion for questionable purposes.

Inappropriate relationships between the Council and the private sector, in particular property developers and contractors

During Operation Windage, it was identified that councillors and council employees formed allegedly corrupt associations with property developers and contractors, and that council employees received gifts and benefits in exchange for facilitating development applications and favourable outcomes in tender processes. Gifts and benefits received by senior employees at Ipswich City Council were allegedly often not recorded in the Council's gifts and benefits register, and there was no enforcement of the register, nor were there any repercussions for it not being maintained.

Improper use of power and influence for personal benefit

Operation Windage identified that a general lack of understanding and training of council employees about what elected officials can and cannot influence may have contributed to the improper use of influence and power by senior members of Ipswich City Council. Several senior members of Ipswich City Council regularly misused their power to allegedly obtain personal benefits, including financial benefits and gifts, or to influence decision-making processes to benefit close associates.

Recommendations

Based on the behaviours and potential corruption risks identified during Operation Windage, the CCC makes the following recommendations.

Recommendation 1

- a. That all councillors across Queensland ensure that they are sufficiently informed of their council's policies and procedures, particularly in relation to financial controls and its compliance with these policies and procedures.
- b. That the Department of Local Government Racing and Multicultural Affairs provide information and/or training to inform councillors of their rights and responsibilities as councillors, including in areas such as governance and financial literacy.

Recommendation 2

- a. That a minimum set of standards for policies and procedures and monitoring compliance be established for areas identified as high risk for councils.
- b. That the Department of Local Government Racing and Multicultural Affairs, the CCC, the Queensland Audit Office and any other relevant stakeholders form a working group to identify areas of high risk and develop a set of model policies and procedures for these risk areas.

Recommendation 3

- a. That the Department of Local Government Racing and Multicultural Affairs:
 - i. Examine the need for councils to continue to utilise controlled entities; and
 - ii. Review the beneficial enterprise provisions in the *Local Government Act 2009* and *City of Brisbane Act 2010* including whether further controls and regulation should be introduced to ensure that controlled entities do not expose the Council to greater risks of corruption.
- b. That councils' controlled entities should be deemed to be units of public administration, bringing these entities within the oversight of the CCC and also subjecting them to the *Right to Information Act 2009*.

Recommendation 4

- a. That the Local Government Advisory Group include a prohibition on the use of private email accounts when conducting official business in the councillors' code of conduct.
- b. That individual councils should also introduce a local law supported by appropriate policy and procedure which applies to councillors and employees to prohibit the use of private email accounts for the purpose of conducting official business.

Chapter 1 – Operation Windage

Summary of the investigation

On 17 October 2016, the CCC commenced a corruption investigation, Operation Windage, in relation to allegations of corrupt conduct involving the Mayor, Chief Executive Officer and the Chief Operating Officer, Works, Parks and Recreation of the Ipswich City Council.

The investigation identified alleged criminal and corrupt activity, including corruption offences, attempting to pervert the course of justice, fraud, breach of bail, extortion and perjury.

Criminal offences

To date, 15 people have been charged with 86 criminal offences. Of the 15 people charged, seven are either current or former council employees or councillors. This includes two Mayors, two CEOs and one of its Chief Operating Officers. All of the criminal matters are currently before the courts and it is not appropriate to discuss the details publicly.

It should also be noted that any references to conduct which is the subject of pending criminal charges should be taken to refer to an allegation only unless and until the allegation is proven, and that other references to conduct by a person charged is similarly to be treated as an allegation only.

Governance failures and cultural issues

The investigation has identified significant governance failures and cultural issues that appear to have been occurring over many years. A number of these failures do not reach the threshold of corrupt conduct or the investigation to date has not identified sufficient evidence to pursue these criminally. However, the investigation has confirmed these governance failures are significant and extremely concerning.

These failures would not have occurred in an environment in which the values of transparency, accountability and good governance were paramount and had been instilled in both councillors and employees across the organisation. Many of the councillors and senior executive employees held or have held positions at the Council for a long time. While the CCC accepts that some individual councillors may not have been directly involved in or aware of the extent of some practices, they were none the less during their time as councillors part of a collective body that was accountable for the good management of the Council, as entrusted to them by the voters and ratepayers of Ipswich.

Decision to issue a public report

The *Crime and Corruption Act 2001* sets out the roles, responsibilities and functions of the Crime and Corruption Commission as follows:

- to continuously improve the integrity of, and to reduce the incidence of corruption in, the public sector: s. 4(1)(b)
- to raise standards of integrity and conduct in units of public administration: s. 33(a), and
- the CCC has an overriding responsibility to promote public confidence in the integrity of units of public administration [emphasis added]: s. 34(d).

The CCC does not publish reports on every matter it assesses or investigates. In this case, the CCC decided to issue a public report on this matter in order to:

- Identify corruption risks that arise when governance, legislative and disclosure obligations pertaining to local government are ignored
- remind public officials and elected officials of the importance of transparency and accountability
- make recommendations to government for reform of legislation or practices that the investigation showed to be problematic or capable of misinterpretation.

This report is published under section 69 of the *Crime and Corruption Act 2001*.

Procedural fairness process

The CCC has a statutory duty to act independently, impartially and fairly, in the public interest, having regard to the purposes of the *Crime and Corruption Act 2001*. Accordingly, for the purpose of procedural fairness, the CCC gave the draft report to people referred to in it where those references may be viewed as adverse, and invited them to make submissions prior to the CCC determining the final form of the report.

Respondents could provide confidential or non-confidential submissions. The CCC indicated to respondents that non-confidential submissions may be annexed to the final report, while confidential submissions would be noted as received but not attached to the final report. Copies of all non-confidential submissions are included in Appendix 1. Some of the submissions have been redacted due to references to personal information or because they could be seen as adverse against those people identified.

Chapter 2 – Ipswich City Council

Overview of councils in Queensland

Each council is an independent group of people who work with, and for, their local community.¹ This group is made up of elected members (one mayor and multiple councillors) and council staff. The Council CEO and staff advise the elected members, and carry out the councillors' decisions.

Councils have four main sources of income: rates, charges, grants and loans. The Council must also keep a record of all its receipts (income) and expenditure (expenses) each year in their annual financial statements. Budgets and financial statements are available to the public.

In Queensland, local government mayors and councillors are paid by councils. The Local Government Remuneration and Discipline Tribunal sets the remuneration schedule that establishes salary ranges for mayors, deputy mayors and councillors in different categories of local governments.

All councillors are required by the legislation to make decisions and act in the overall interest of the whole council community and area.

Governance framework

There are a number of statutory provisions in relation to local government which are intended to guide and promote accountability and transparency in local government. These are summarised here, and are set out in detail in Appendix 2.

Local Government Act 2009

The *Local Government Act 2009* is the predominate source of these requirements. It prescribes not only detailed direction on conduct that is or is not permitted, but also a set of principles against which councillors' and council employees' conduct can be measured and to which they are to be held accountable.

The following paragraphs outline some of the obligations that applied to elected officials and others in local government during the time relevant to the CCC's investigation.

Principles

Section 4 of the Act sets out the following principles.

Local government principles underpin this Act.

(1) To ensure the system of local government is accountable, effective, efficient and sustainable, Parliament requires—

(a) anyone who is performing a responsibility under this Act to do so in accordance with the local government principles; and

(b) any action that is taken under this Act to be taken in a way that—

(i) is consistent with the local government principles; and

(ii) provides results that are consistent with the local government principles, in as far as the results are within the control of the person who is taking the action.

¹ <https://lgaq.asn.au/how-do-councils-operate>; <https://lgaq.asn.au/how-is-your-council-funded>

- (2) The local government principles are—
- (a) **transparent and effective processes, and decision making in the public interest**; and
 - (b) sustainable development and management of assets and infrastructure, and delivery of effective services; and
 - (c) democratic representation, social inclusion and meaningful community engagement; and
 - (d) **good governance of, and by, local government**; and
 - (e) **ethical and legal behaviour of councillors and local government employees**.

Responsibilities of councillors

- A councillor must represent the current and future interests of the residents of the local government area.
- **All councillors have a responsibility to:**
- **comply with all laws that apply to local governments**
- **be accountable to the community for the local government’s performance.**
- The mayor has a responsibility to direct the chief executive officer and senior executive employees, in accordance with the local government’s policies.

Register of interests and conflicts of interest

It is important that the public and the Council be able to see and understand the relationships between elected officials and other persons in the community. Sometimes these relationships create conflicts of interest that need to be managed but, above all, in order to maintain public confidence in the system of government, these relationships must be transparent.

The chief executive officer must maintain a register of interests of the following persons—

- (a) councillors;
- (b) senior executive employees;
- (c) a person who is related to a councillor or senior executive employee.

The mayor must maintain a register of interests of the following persons—

- (a) the chief executive officer;
- (b) a person who is related to the chief executive officer.

A **conflict of interest** is a conflict between—

- (a) a councillor’s personal interests; and
 - (b) the public interest;
- that might lead to a decision that is contrary to the public interest.

A councillor must deal with a real or perceived conflict of interest in a transparent and accountable way.

Giving directions to local government staff

- (1) The mayor may give a direction to the chief executive officer or senior executive employees.
- (2) No councillor, including the mayor, may give a direction to any other local government employee.

The term “direction” includes “requests” framed in such a way that staff interpret them as instructions, or that seem to be an attempt to exert improper influence over a process or a decision.

Integrity framework

Elected officials

The CCC has the responsibility to investigate matters that may involve corrupt conduct by anyone who holds office in a unit of public administration in Queensland. A person holds an appointment in a unit of public administration if they hold any office, place or position in that unit, whether the appointment is by way of election or selection.² Local government councillors are such office holders.

As there is no disciplinary standard prescribed by the *Local Government Act 2009* for the removal of a councillor of local government, a decision about the termination of a councillor's services for a disciplinary breach is entirely a discretionary matter for the Minister and Governor in Council.³ Hence, councillor disciplinary breaches do not fall within the definition of corrupt conduct under the *Crime and Corruption Act 2001*.

Therefore, the jurisdiction of the CCC to investigate suspected corrupt conduct by elected representatives, such as local government councillors, is limited to circumstances where the alleged conduct would, if proved, amount to a criminal offence. The term "criminal offence" includes simple offences such as breaches of the offence provisions of the *Local Government Act 2009*.

Crime and Corruption Act 2001

Under the *Crime and Corruption Act 2001*, corrupt conduct is defined as conduct relating to the performance of a public sector official's duties that:

- adversely affects, or could adversely affect, directly or indirectly, the performance of functions or the exercise of powers of—
 - a unit of public administration; or
 - a person holding an appointment; and
- results, or could result, directly or indirectly, in the performance of functions or the exercise of powers mentioned above in a way that—
 - is not honest or is not impartial; or
 - involves a breach of the trust placed in a person holding an appointment, either knowingly or recklessly; or
 - involves a misuse of information or material acquired in or in connection with the performance of functions or the exercise of powers of a person holding an appointment; and
- is engaged in for the purpose of providing a benefit to the person or another person or causing a detriment to another person; and
- would, if proved, be a criminal offence; or a dismissible disciplinary breach.⁴

Duty to notify the Commission of corrupt conduct

The *Crime and Corruption Act 2001* creates an obligation on public officials to report any information which involves or may involve suspected corrupt conduct to the CCC. In the case of councils, the public official is the Chief Executive Officer.⁵ This obligation applies despite any other requirements to maintain confidentiality.⁶

² Section 21, *Crime and Corruption Act 2001*

³ Section 122, *Local Government Act*

⁴ Section 15

⁵ Section 38

⁶ Section 39

Public Interest Disclosure Act 2010

A public interest disclosure (PID) is a disclosure about wrongdoing in the public sector that serves the public interest. For an allegation to be considered a PID under the *Public Interest Disclosure Act 2010* it must be:

- public interest information about serious wrongdoing or danger
- an appropriate disclosure
- made to a proper authority.

A public sector officer may disclose information about:

- corrupt conduct by another person
- maladministration that adversely affects someone's interests in a substantial and specific way
- a substantial misuse of public resources

Any person, including a public sector officer, may disclose information about reprisal action in relation to a PID.

Ipswich City Council

The following terms will be used to refer to the various arms of the Ipswich City Council:

- Ipswich City Council or "the Council" refers to the local government entity
- "senior executive employees" refers to the holders of senior administrative positions (e.g. Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, and other heads of departments) within the council
- "council employees" or "local government employees" refer to people who have been employed by the council, including senior executive employees.

In this report, the term "councillors" includes mayors. The use of the plural term "councillors", however, should not necessarily be taken to include each and every elected councillor.

Figure 1 shows the organisational structure of the Ipswich City Council as at February 2018.

Policy and procedures of Ipswich City Council

Ipswich City Council, as an independent local government, has the authority and obligation to develop its own policies and procedures. These are intended to ensure that councillors and council employees act in a way that is accountable and in the best interests of the community with respect to specific activities, for example, the application and expenditure of ratepayers' funds. However there is no guidance or mandatory requirements for the content of those policies. The CEO creates binding policies for the employees of the council and also drafts policies which only become binding upon the councillors when they approve them.

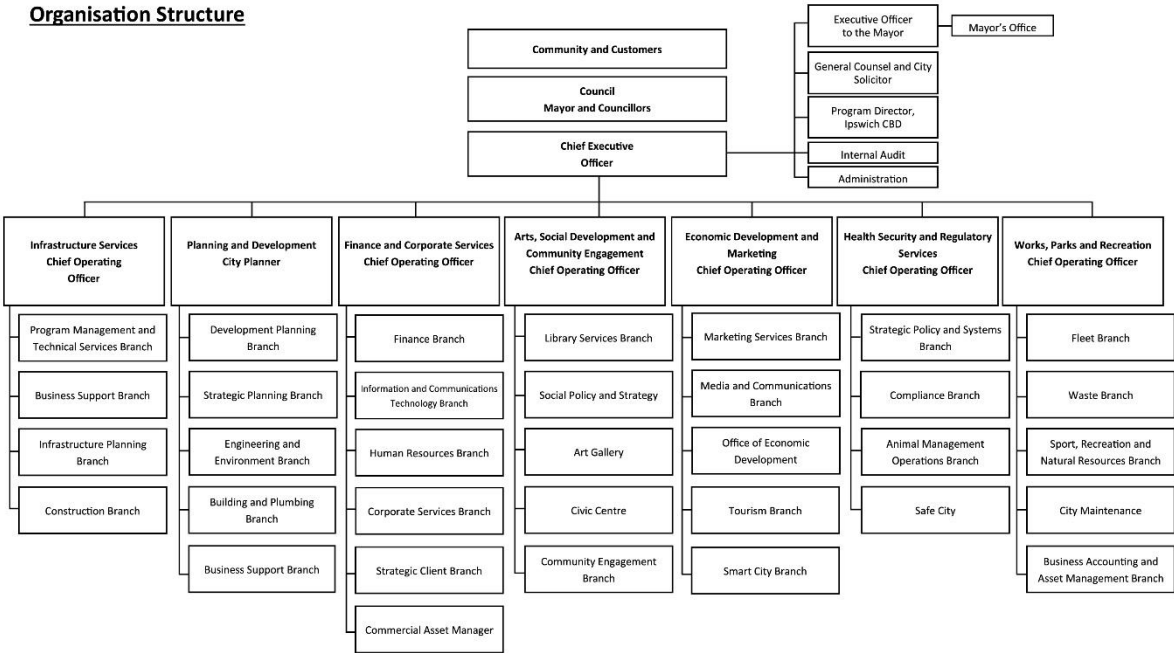
The CCC notes that the Ipswich City Council did have a code of conduct for its councillors until 2012, when the requirement to maintain a councillor code of conduct was removed from the *Local Government Act 2009*, and introduced a code of conduct in March 2018. The Council currently has no fraud risk register in place.

Other entities

The *Auditor-General Act 2009* states that a public sector entity is said to be a controlled entity if it is subject to the control of one or more local governments, or another entity that is subject to the control of one or more local governments. Control over an entity is presumed to exist when one entity has direct or indirect ownership of more than half the voting power of the other entity. However, control can be gained in a variety of ways, including acquiring the assets of another entity or controlling the management of the entity. In Queensland, controlled entities of local governments are audited by the Queensland Audit Office (QAO).

At the time of Operation Windage other entities related to the Ipswich City Council were Ipswich City Properties Pty Ltd, Ipswich City Developments Pty Ltd, Ipswich City Enterprises Pty Ltd, Ipswich City Enterprises Investments Pty Ltd and the Ipswich Motorsports Precinct Pty Ltd.⁷

**Ipswich City Council
Organisation Structure**



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Updated 20 February 2018

⁷ Descriptions of these companies and their purposes can be found in the council’s Annual Reports: https://www.ipswich.qld.gov.au/about_council/corporate_publications/annual_report_financial_statements

Chapter 3 – Serious corruption risks: influence of culture and environment at the Ipswich City Council

At the Ipswich City Council, the last two mayors have been charged with criminal offences, as have the last two CEOs, a Chief Operating Officer and two council employees. Intelligence and investigative enquiries during Operation Windage identified that an unhealthy culture within the Ipswich City Council contributed to the alleged corrupt activity.

The most serious failures of the culture and conduct were:

- lack of oversight and accountability for expenditure and public resources
- use of mechanisms which allowed avoidance of scrutiny of actions and requests for information under the RTI Act.
- inappropriate relationships between the Council and the private sector, in particular property developers and contractors, and
- improper use of power and influence for personal benefit.

Each of these is a serious corruption risk that will be addressed in more detail in chapters 4-7. Some individual instances of conduct of these types reached the threshold for criminal investigation, and are before the courts. For that reason, specific details will not be provided in this report.

Operation Windage also identified that the council's culture was characterised more broadly by other behaviours that create corruption risks:

- the influence of a very dominating senior figure who did not accept challenges to his authority
- many of the councillors and senior executive employees of the council had worked together for a number of years, with family and/or friendship connections going back over years
- minimal internal restraint on activities, that is, weak and ambiguous policies, with little value ascribed to the internal audit function or its reports and recommendations
- failure to put in place a fraud risk register despite a recommendation by the internal auditor to have one
- acceptance of breaches of policy and procedure, including instructions to staff to breach policy and falsify records
- an inability or unwillingness on the part of councillors and council employees to challenge inappropriate or escalating conduct
- failures to report suspicions of corruption, including by successive CEOs who had a statutory obligation to do so
- abusive attitudes of councillors and senior executive employees towards support staff
- fear of reprisal, due to inappropriate exercise of power within the organisation.

The influence of culture

Culture has a significant impact on an organisation's performance and on employee behaviour. Research has identified that an organisation's corporate culture can be either a driver of best practice or of misconduct.⁸ Ethical culture is the shared understanding of what constitutes appropriate behaviour and how situations should be addressed. Ethical conduct can help organisations move beyond minimum standards and "tick a box" compliance practices to best practice standards and compliance practices that protect stakeholders.⁹

Previous CCC investigations have highlighted the importance of senior management setting an example and modelling ethical behaviour to ensure that standards flow "from the top down". Consistent with that, the Australian Securities and Investments Commission (ASIC) cites the key drivers of culture as:

1. tone from the top
2. accountability
3. effective communication and challenge, and
4. recruitment, training and rewards.¹⁰

Elected officials can come from a range of different backgrounds and, occasionally, individuals elected to the Council have no prior experience within local government or the broader public sector. Previous assessments by the CCC have identified that a lack of knowledge about obligations and responsibilities coupled with fear of reprisal for reporting among council employees and elected officials can contribute to the risk of corrupt activity.

As mentioned in Chapter 2, councillors are responsible for being accountable to the community for the local government's performance.¹¹ In considering what, in practical terms, is expected of councillors in this regard, it is useful to consider duties placed on directors of companies. Under the *Corporations Act 2001*, directors of companies have four main duties:

1. to act with the degree of care and diligence expected of a reasonable person¹²
2. to act in good faith in the best interests of the company and for a proper purpose¹³
3. to not improperly use their position to gain an advantage for themselves or someone else, or to the detriment of the company¹⁴
4. to not improperly use the information they gain in the course of their duties to gain an advantage for themselves or someone else, or to the detriment of the company.¹⁵

The duty of care and diligence is important in a number of areas, including the consideration of financial statements. With respect to the approval of a company's financial statements, it has been said, in response to the decision of *ASIC v. Healey*¹⁶:

*There are four simple principles here. Directors need to be sceptical. They must be able to read a set of financial statements, understand the business and understand that delegation does not remove their accountability.*¹⁷

⁸ Australian Securities and Investments Commission (ASIC), *How having a good culture can mitigate against corruption*, Presented at the 'Government Business Roundtable on Anti-Corruption' (Sydney, Australia), 31 March 2017.

<http://download.asic.gov.au/media/4206265/greg-medcraft-speech-to-government-business-roundtable-on-anti-corruption-31-march-2017.pdf>

⁹ *ibid*, page 2.

¹⁰ *ibid*, page 3.

¹¹ Section 12(3)(d), *Local Government Act 2009*.

¹² Section 180.

¹³ Section 181.

¹⁴ Section 182.

¹⁵ Section 183.

¹⁶ (2011) FCA 717 (the Centro case).

¹⁷ Australian Institute of Company Directors, *Q&A with Greg Medcraft, Company Director*, September 2016.

The CCC considers that a similar approach in terms of scepticism, financial literacy and understanding should be adopted by councillors in relation to financial aspects of a local government authority, including controls, policies and procedures.

Characteristics of the culture at Ipswich City Council

As was evidenced during Operation Windage, the culture within Ipswich City Council had created an environment where inappropriate or potentially corrupt conduct was either no longer recognised as such or not reported. With employees discouraged from reporting corrupt activity, the behaviour was able to continue for a significant period of time.

The CCC had previously investigated allegations which were unable to be substantiated or which did not reach the threshold of criminal conduct, as is required in the case of elected officials. The outcome of previous investigations may have discouraged council employees from reporting their concerns.

An inner circle of longstanding colleagues and friends

The councillors and senior executive employees at Ipswich represent considerable length of service in the local government sector and should have had extensive collective familiarity with the principles and obligations of the *Local Government Act 2009*. However, despite length of tenure as elected officials and senior executive employees within the organisation, the evidence uncovered by Operation Windage indicates that the principles of good governance, transparency and accountability, and a robust integrity regime, do not appear to have become well established within Ipswich City Council under their leadership.

Inability or unwillingness to challenge inappropriate conduct

As the case studies in the following chapters demonstrate, Operation Windage identified that:

- Council employees had attempted to bring their concerns about corrupt conduct to the attention of a senior executive employee, however, these were either not addressed or dismissed out of hand.
- A senior executive employee appeared to be selective in deciding which matters to report to the CCC, despite a statutory obligation to report suspected corrupt conduct to the CCC.
- Middle-level management largely overlooked breaches of policies and procedures by senior executive employees and councillors. Council staff were often expected to overlook or cover up breaches of policy and procedure, including by altering records or filling in reports regarding approval for overseas travel.

Fear of reporting, fear of reprisal

During the investigation it was highlighted that council employees were fearful of reporting corrupt behaviour and breaches of policy they had witnessed. Staff were discouraged by the culture within the council — it engendered a general apathy, with staff feeling that there was no point in reporting what they knew or suspected.

Further, it was identified that there was no way for employees to raise their concerns as they feared that these would not be kept confidential. Enquiries uncovered allegations of councillors harassing staff and making threats against them to ruin their career. In particular, several staff were fearful that it would be discovered that they had made a complaint and they would lose their jobs as a result. They knew that challenges to authority would not be tolerated; some employees who raised concerns had their hours reduced so significantly that they ended up leaving the council.

Complaints received about Ipswich City Council

Whilst complaints are able to be made to the CCC anonymously and, accordingly, data held by the CCC may not give an exact picture of complaints made about the Ipswich City Council by councillors and council employees, records indicate that very few complaints were made by councillors and council employees, although there has been some increase over the last couple of years. This is somewhat inconsistent with evidence uncovered by Operation Windage showing that a number of councillors held concerns about corrupt conduct of other councillors and senior executive employees.

The following chapters look at specific cultural and governance issues and associated corruption risks.

DEPUTY RATTLES THE CHAIN OF OFFICE

Pisasale's sidekick: I never knew what boss was up to

EXCLUSIVE
CHARLIE PEEL

PAUL Pisasale's right-hand man inside Ipswich City Council has lifted the lid on a decade-long code of silence that allowed the former mayor the freedom to do whatever he wanted.

Speaking to *The Courier-Mail* yesterday, Ipswich Deputy Mayor Paul Tully said that because of Pisasale's political popularity some of his suspicious behaviour went unchallenged.

Cr Tully said unexplained trips out of town and overseas, and rumours about the former mayor's party lifestyle, were not questioned by council colleagues who wanted to succeed off the back of Pisasale's popularity and to portray a unified public front.

The code of silence was so entrenched in the council, which has not had a councillor voted out in 17 years, that there was an internal saying: No tales past Gallees.

The saying was in reference to the lack of questions asked around the former mayor's frequent travels outside of Ipswich and past the eastern suburb of Gallees, and his lack of disclosure about

what he was doing.

"Paul operated very independently," Cr Tully said.

"He was never particularly close to his colleagues. After council meetings or committee meetings we wouldn't know whether he was in the city or not.

"The fact that people are partying for long periods of time does not make it illegal.

"The old saying 'What goes on tour stays on tour' had an Ipswich connotation: No tales past Gallees."

Cr Tully said he did not regret not drawing more attention to Pisasale's social life beyond Ipswich because "there was nothing to raise".

"We often didn't know if he'd left Ipswich or even Australia," he said.

Sitting behind the desk in his Goodna office, where a "see no evil, hear no evil, speak no evil" monkey figurine covers its face, Cr Tully said councillors were aware Pisasale had a busy social life and work schedule.

But revelations in the media about Pisasale's personal life had been a shock.

Pisasale's popularity and regular requests for the councillors to publicly present a

united front meant he was often unchallenged.

"Paul regularly told his colleagues that voters don't like disunity at any level of government," Cr Tully said.

"We haven't had a councillor defeated at election in Ipswich since the year 2000, and that's because we've talked through issues behind closed doors and presented a united front to the community."

But behind the scenes it was a different story.

"There was a residential development at Augusta Heights where he rang me and we had a torrid, expletive-laden discussion about me asking too many questions about the development," Cr Tully said of a conversation with Pisasale this year.

"I told him to f--- off, that the community wasn't happy about the development and that I had concerns as well.

"I always stood up to him when I felt he wasn't taking the side of the community, that he was siding with developers," he said.

Source: *Courier Mail*, 1 September 2017

Chapter 4 – Lack of oversight and accountability for expenditure and public resources

Local governments control large amounts of public funds and make important decisions about matters that impact their local area. Oversight and transparency of how public funds are disbursed is vital to maintaining public confidence in local government.¹⁸ None the less, the misuse of council funds is a common theme among local government investigations. Previous investigations by the CCC and other integrity agencies throughout Australia have identified weaknesses in local governments' internal oversight and transparency processes. These investigations have consistently found that inadequate or unclear policies and procedures, poor documentation, and a lack of supervision can create corruption risks.¹⁹

Policies are intended to guide the application and expenditure of ratepayers' funds in a way that is accountable and in the best interest of the community. During Operation Windage it was identified that council policies and procedures were either not followed, ignored or circumvented, including by councillors and senior executive employees, resulting in the misuse of council funds and assets. The range of activities to which this applied included HR policies and decisions, community donations, travel, vehicle use and asset management. In many cases, the behaviour continued over a significant period of time but went unchallenged and unreported.

Non-compliance with council policies and procedures

Operation Windage identified that the Ipswich City Council's travel expenditure policy and procedure was regularly breached; the Council's donations policy was repeatedly contravened; HR policies relating to recruitment, the working hours and conditions of staff were ignored; staff were instructed to falsify their timesheets to cover up that they worked excessive hours for which they were not paid; and staff advice about policy was ignored.

- Travel documentation was approved retrospectively, after trips had already been taken, rather than being prepared in line with the prescribed policy.
- One of the councillors rarely provided the required supporting documentation to justify work-related expenses or, in circumstances where they did do so, the information provided was inaccurate and misleading.
- It was identified that a councillor and a senior executive employee were also the delegates to approve each other's travel expenditure. With no other mechanism of oversight, this practice raises questions about the transparency of approvals, allowing for possible collusion regarding each other's claims.
- A council employee raised concerns to a senior executive employee about misuse of the council's donations policy. The employee was told that they "were not paid enough" to worry about such things. Although a number of employees knew of the misuse of the donations policy, nothing was done to stop the conduct.

18 Crime and Corruption Commission, *Operation Belcarra: A blueprint for integrity and addressing corruption risk in local government*, CCC, Queensland, 2017

19 Corruption and Crime Commission, *Report on the review of the capacity of local governments in the Pilbara to prevent, identify and deal with misconduct*, CCC, Western Australia, 2015

- Support staff were often exploited by a councillor and subjected to verbal abuse. Support staff were required to work additional hours without payment of overtime or shift penalties. They were instructed to manipulate their timesheets in order to reflect approved hours rather than actual hours worked. It was reported to the CCC that these staff were often required to work 20-hour days, picking up a councillor and their associates during the late evenings and over weekends from events not related to council duties. Those who complained had their hours reduced until such point that they left the organisation.
- Staff who pointed out that they did not in fact work for a particular councillor but were employees of the council and could not be given instructions by him were told that the councillor was “the boss”.
- Staff were aware of breaches of policy relating to the redundancy and subsequent re-advertising of a personal assistant position in 2017. Although the position had been made redundant, it was subsequently readvertised and two people were appointed to the role. The redundancy breached council policy and procedure, the enterprise bargaining agreement and contravened Australian Tax Office requirements. A councillor was a panel member during the recruitment process, breaching council policy. The individuals appointed to the role included a friend of a council senior executive member and a family member of a councillor. There was no action taken to report this activity until the CCC raised it in May 2018.
- Ipswich City Council sponsored the 2018 Country Music Channel (CMC) Rocks event in Willowbank, Ipswich. As part of their sponsorship deal, the Council was allocated some tickets to give away to the community. A councillor requested a council employee to provide him with some of the tickets so that he could take his wife and children to the event. The employee advised the councillor that it would not be appropriate to take the tickets as they were for the community. The councillor attempted to purchase other tickets for himself, however the event had sold out. Despite the advice he had received about the appropriateness of such conduct, the councillor then took seven tickets for the first day of the event, six tickets for the second day of the event, and two VIP tickets for the final day of the event from the community allocation. Although the councillor recorded that his wife and children were the recipients of the tickets in his register of interests, he did not take the advice of staff about the appropriateness of his conduct.

Lack of appropriate oversight of assets and expenditure

Investigations into Ipswich City Council identified a number of issues relating to the oversight of the use of council assets and funds, principally vehicles and computer assets, without appropriate authorisation or reimbursement to the Council.

- A councillor arranged for council employees to say that they were responsible for incurring traffic infringement notices in council vehicles when in fact the councillor had been driving. In one instance, the councillor allowed a friend (not a council employee) to drive a council car while they were both away interstate. The friend was detected speeding and as a result the council received an infringement notice resulting in a company penalty fine of more than \$2000. The councillor asked a council employee to take responsibility for the infringement, as the friend had minimal points left on their licence. The employee agreed as they were concerned about retaining their employment.
- A councillor gave council iPads away to his associates without proper approval or following appropriate policy and procedures. CCC investigations identified that a former council employee was given a council-owned iPad because she was going through a divorce. One of the council employees was then allegedly asked to ensure that the iPad “disappeared” from the council’s records.
- A councillor gave an iPad previously used by another councillor to the daughter of an associate.
- Continual breaches of the donations policy resulted in the council having little oversight of what assets were being purchased with council funds, and consequently there was no ability to ensure that the property was used for the council or charitable purposes.

Summary and recommendations

The local government sector has been shown to be vulnerable and at risk to the occurrence of fraudulent and corrupt activity. In many cases this has been a result of ineffective oversight mechanisms and the circumvention of policies and procedures (intentional and unintentional).

During Operation Windage, it was identified that council policies and procedures were breached on a regular basis. The conduct appears to have gone unchallenged and unreported due to the seniority of the people involved in the policy breaches and the fear of reprisal of those who witnessed or became involved in the activity.

Ipswich City Council had no fraud risk register, despite a recommendation to do so from the internal auditor. There appears to have been a disregard for the importance of the internal audit function to proper governance. For example, the term “commercial in confidence” was used to refer to private companies controlled by the council (see chapter 5) which prevented internal audit having access to information required to properly conduct audits.

It is worth noting that between 2012 and 2018, while it was mandatory under the *Local Government Act 2009* for a council to have a code of conduct for its employees, there was no obligation for it to have one for councillors. This has now been addressed by recent legislative amendments, and as of March 2018 the Ipswich City Council has introduced a code of conduct for its councillors.

As councillors are individually and collectively responsible for the running of the Council and individually have significant powers to ensure that the Council is operating in an accountable, transparent and financially responsible manner, the CCC makes the following recommendations.

Recommendation 1

- a. That all councillors across Queensland ensure that they are sufficiently informed of their council’s policies and procedures, particularly in relation to financial controls and its compliance with these policies and procedures, including in areas such as governance and financial literacy.
- b. That the Department of Local Government Racing and Multicultural Affairs provide information and/or training to inform councillors of their rights and responsibilities as councillors.

The CCC’s investigation found that a number of the council’s policies and procedures had inadequate controls to satisfactorily protect the Council from corruption and fraud risks. In Queensland, individual councils are responsible for drafting and approving their own policies and procedures. Whilst this allows councils the flexibility to implement policies and procedures suitable for their own needs, it also creates a risk that councils may have inadequate policies and procedures in relation to known corruption risks. The report *Fraud Management in Local Government 2014-15*²⁰ from the Queensland Audit Office also highlights this risk across a number of councils in Queensland in relation to fraud.

Recommendation 2

- a. That a minimum set of standards for policies and procedures and monitoring compliance be established for areas identified as high risk for councils.
- b. That the Department of Local Government Racing and Multicultural Affairs, the CCC, the Queensland Audit Office and any other relevant stakeholders form a working group to identify areas of high risk and develop a set of model policies and procedures for these risk areas.

²⁰ Queensland Audit Office, [Fraud Management in Local Government \(Report 19: 2014-15\)](#), QAO, Brisbane 2015

Chapter 5 – Lack of transparency: use of private companies and private emails

The use of private emails and the creation of private companies meant that some activities of the Ipswich City Council were not subject to Right to Information (RTI) laws and public scrutiny of their decision-making processes.

Use of private emails

The use of private emails has previously been highlighted by the CCC as a security and corruption risk.²¹ Private emails are not subject to the same level of security as those managed and transmitted through secure council-operated platforms. Information security issues can arise when private emails are accessed by multiple people and are vulnerable to hacking activity. The use of personal email accounts can also result in a lack of transparency and accountability in decision-making processes if correspondence sent through personal accounts is not captured or recorded. The use of private emails may constitute an offence under the Public Records Act 2002 if emails that are considered to be a public record are not treated accordingly.

During Operation Windage, it was identified that councillors and senior executive employees were using private email accounts specifically to avoid RTI requests from journalists as a way of concealing unfavourable decisions or records of information from the public.

- Councillors and senior executive employees at Ipswich City Council used personal email accounts to send and receive confidential emails relating to council business. (This does not include a reference to the .gil accounts which have been referred to in recent media reports.)
- Investigations during Operation Windage identified that a councillor had provided his personal email address to journalists and other private organisations to discuss council meetings and receive requests for council funding to keep emails “off the system”.
- A senior executive employee devised a method for ensuring emails sent and received from personal accounts were retained for a period of three months through transferring emails to the Council’s IT back-up system. However, the emails were not searchable for the purposes of responding to RTI requests as RTI laws do not include emails contained within back-up systems. It is believed that private emails were being used to circumvent RTI regulations and conceal conversations and decision-making processes.

During Operation Windage, it was also identified that senior members of Ipswich City Council attempted to circumvent scrutiny and RTI processes by avoiding the use of other internal communication systems.

- Following the Government’s announcement in May 2018 about considering the removal of Ipswich City Council and providing councillors with a “show cause notice”, councillors and a senior executive employee allegedly altered their behaviour. This included ceasing to use internal communication methods, such as council emails and electronic diaries. All meetings were scheduled via an unknown mobile messaging application, meetings were conducted off-site and minutes of these meetings were not recorded. Meetings were also removed from electronic diaries so personal assistants were not aware meetings were happening. It is believed that this was done in an attempt to conceal their activities and correspondence from the CCC.

²¹ Crime and Corruption Commission, Media release: CCC finalises assessment of Minister Bailey’s emails — 19 July 2017, CCC, Brisbane 19 July 2017

Use of private companies controlled by local government

Private companies established by local governments can create corruption risks through a lack of oversight and transparency in expenditure and decision-making. They can contribute to the misuse of power and public funds for the personal benefit of councillors and their close associates.

Local governments undertake a wide range of activities to support the community, including the provision of essential services, creating and maintaining recreational facilities and renewing infrastructure services. In doing so they are required to manage funds obtained from a variety of sources, including ratepayers, and the sale of assets and surplus land. One way in which local governments supplement their regular activities is through the establishment of controlled entities (companies) under the *Corporations Act 1989*.^{22, 23}

Over time, Ipswich City Council has established a number of controlled entities to support council activities, including redevelopment projects and community engagement initiatives. The directors of these companies have included current serving councillors and senior executive employees of Ipswich City Council. It was identified during Operation Windage that these companies could be used to conceal corrupt conduct as they are not subject to council policies, procedures and governance and their operations are not within the jurisdiction of the CCC. The Queensland Audit Office (QAO) has highlighted the importance of local councils having appropriate mechanisms in place to oversee and manage potential conflicts of interest that may arise when elected officials or other senior members of council are appointed to manage these companies.

Auditing and oversight of controlled entities

Controlled entities are required to submit financial reports to the QAO to provide assurance to the public about how funding is managed and disbursed.²⁴ Although financial reports were submitted for Ipswich City Council controlled entities, investigations identified that these reports did not contain detailed or specific information to justify the level of expenditure. Explanations and comments about expenses were often left blank or contained inconsistent information when compared to official Ipswich City Council records. It is believed that detailed information was intentionally not reported to the QAO to avoid public scrutiny of spending by these entities.

Council-owned controlled entities are not classified as units of public administration or government departments and are therefore not subject to RTI requests. Despite controlled entities associated with Ipswich City Council being wholly owned by the Council and directed by councillors and senior executives, the companies were not subject to the same level of governance or oversight as the Council itself. Investigations during Operation Windage identified that senior members of Ipswich City Council appeared to be exploiting their involvement in these companies for their own personal benefit and the benefit of close associates.

Directors of controlled entities can make decisions about the expenditure of funds at their own discretion, although directors are subject to obligations imposed by corporations law.²⁵ These entities are not subject to internal council procedures or oversight mechanisms, such as procurement processes and gifts and benefits registers. During Operation Windage, it was identified that the lack of oversight of expenditure by Ipswich City Council owned companies allowed senior members of the Council to circumvent council processes and allegedly use council funds at their own discretion for questionable purposes.

²² Queensland Audit Office, *Local government entities: 2015-16 results of financial audits (Report 13:2016-17)*, QAO, Brisbane, 2016

²³ A "controlled entity" is defined as an entity, including an unincorporated entity such as a partnership, that is under the control of another entity. For the purposes of this paper, the terms "company" and "controlled entities" are used interchangeably to refer to a council-owned private company.

²⁴ Queensland Audit Office, *Local government entities: 2015-16 results of financial audits (Report 13:2016-17)*, QAO, Brisbane, 2016

²⁵ ASIC, "What are my duties as a director?", <https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-directors/directors-what-are-my-duties-as-a-director/>

Case study: Benefits including membership to exclusive Brisbane club paid for by controlled company

Investigations during Operation Windage found that funds held by an Ipswich City Council owned controlled entity were used to pay for business class flights, meals at expensive restaurants, accommodation and memberships to a private Brisbane-based club. The directors of the controlled entity consisted of councillors and senior executive employees of the Council. The directors claimed the expenditure was for the purposes of planning Ipswich developments; however, it is believed it was for their own personal benefit and not that of Ipswich City Council or the community more generally.

The QAO Financial Management Report for the 2015/16 year noted that there was no formal policy framework for the management of council's controlled entities and that periodic management reports and audited financial statements of the controlled entities were not formally submitted to council meetings for review. It was noted that without a clear policy framework that dictated the governance of the controlled entities, council were opened up to the perception that it was operating improperly using controlled entities.²⁶

Summary and recommendations

Council owned companies are not subject to the same level of transparency, oversight and accountability as council operations and local government employees. Further, as controlled entities are not classified as units of public administration, the CCC does not have the jurisdiction to investigate allegations involving these companies or the conduct of their directors.

As identified during Operation Windage, the apparent lack of oversight and public scrutiny of council-owned companies resulted in a lack of transparency in how council funds were used and allowed senior members of Ipswich City Council to make decisions about the expenditure of council funds to allegedly benefit themselves and their close associates. The consequences from this type of activity occurring can be significant, including impacting the governance of the Council and can lead to the inappropriate expenditure of council funds and affect the provision of services.

The CCC investigation found that the use of controlled entities by the Ipswich City Council gave rise to a number of serious corruption risks and prevented the Council from being fully transparent and accountable.

Recommendation 3

- a. That the Department of Local Government Racing and Multicultural Affairs:
 - i. Examine the need for councils to continue to utilise controlled entities; and
 - ii. Review the beneficial enterprise provisions in the *Local Government Act 2009* and *City of Brisbane Act 2010* including whether further controls and regulation should be introduced to ensure that controlled entities do not expose the council to greater risks of corruption.
- b. That councils' controlled entities should be deemed to be units of public administration, bringing these entities within the oversight of the CCC and also subjecting them to the *Right to Information Act 2009*.

The CCC has previously commented on the undesirability of using private email accounts to conduct official business. It is equally undesirable for any person in the local government including elected officials to use private emails to conduct official business. The CCC's investigation found that the use of private email accounts can give rise to a significant perception that the use of such accounts is for a corrupt purpose.

²⁶ Referred to in Reinforcements Management Consulting, *Report for Ipswich City Council "Governance Review"*, Queensland, 31 July 2017, 36.

Recommendation 4

- a. That the Local Government Advisory Group include a prohibition on the use of private email accounts when conducting official business in the councillors' code of conduct.
- b. That individual councils should also introduce a local law supported by appropriate policy and procedure which applies to councillors and employees to prohibit the use of private email accounts for the purpose of conducting official business.

Chapter 6 – Inappropriate relationships between council and private sector

Local government is a unique area of the public sector involving diverse functions and the engagement of non-government organisations for the delivery of services. The interaction between local government and non-government agencies can give rise to particular corruption risks. Processes involving the awarding of contracts to external companies and approval processes for residential and commercial developments have been identified as being particularly vulnerable to corruption.²⁷ The financial stakes involved in property development can be significant.²⁸ These high financial stakes can create a corruption vulnerability when local government employees favour the development needs of the private sector. Additionally, large development projects can take a number of years to complete, requiring local government employees and property developers to work together for lengthy periods of time, further enhancing the risk that inappropriate relationships may develop.

Previous investigations by the CCC and other agencies have identified that property developers and private contractors may pose particular corruption risks to local government employees. These corruption risks can include corruptly influencing a public officer in the form of offering gifts, bribes and other benefits including political donations, and the formation of personal relationships which result in favouritism.

The personal relationships between public officials at Ipswich City Council and private sector entities created opportunities for corrupt conduct. During Operation Windage it was identified that councillors and council employees formed allegedly corrupt associations with property developers and contractors. Investigations identified that council employees received gifts and benefits in exchange for facilitating development applications and favourable outcomes in tender processes.

Personal relationships between public officials and property developers

Property developers and private contractors have a vested interest in development opportunities and projects within specific local government areas. They require support from local government to make these projects a success and to obtain contracts for stable and gainful work. This can result in property developers corruptly seeking preferential treatment and developing corrupt associations with public officials through the development application processes.

Operation Windage identified a number of inappropriate and allegedly corrupt associations between members of Ipswich City Council and property developers. In many cases, the risk of corruption was heightened by the close working relationship that had developed between council employees and associates employed in the private sector. In some cases these associations spanned multiple decades, with one councillor having a number of longstanding personal associations with several property developers stemming from his more than 20 year tenure with the Council.

²⁷ Corruption and Crime Commission, *Report on the Review of the Capacity of Local Governments in the Pilbara to Prevent, Identify and Deal with Misconduct*, CCC, Western Australia, 2013

²⁸ Corruption and Crime Commission, *Report on the Review of the Capacity of Local Governments in the Pilbara to Prevent, Identify and Deal with Misconduct*, CCC, Western Australia, 2013.

Case study: Cash payments between councillor and property developer

Operation Windage identified that a councillor had developed a personal association with a property developer who had two active residential developments in Ipswich. The developer was a regular guest of the councillor at council functions and they regularly socialised together with mutual associates. They had planned to travel together to China to seek out business opportunities but the trip did not eventuate. The developer regularly allowed the councillor to stay free of charge at inner-city units that he managed. In exchange for this, the councillor allegedly assisted the developer expand his business interests by setting up meetings between the developer and other influential business people. Investigations later uncovered that the developer inappropriately paid the councillor for his assistance setting up meetings with relevant council town planning staff and ensuring that applications relating to his developments in Ipswich were accelerated through council processes. Their close personal relationship enabled the developer to ask the councillor to assist with resolving issues with his development projects, as well as facilitating cash payments between them.

In addition to the corruption risks associated with council employees forming inappropriate associations with property developers, Operation Windage highlighted a nexus between property developers and organised crime. Organised crime groups have been known to infiltrate public sector agencies by cultivating relationships with employees in order to facilitate access to sensitive information and people involved in decision-making processes, and to enable them to obtain high-value property and/or goods.²⁹

Political donations from property developers

Political donations by property developers have long been identified as a significant corruption risk.³⁰ The perception that property developers receive benefits and preferential treatment for donating money to political parties can significantly damage public confidence in the decisions made by public officials. The CCC's public report into Operation Belcarra recommended that political donations from property developers should be banned at the local government level. This was supported by the government.

During Operation Windage, it was identified that a councillor had received political donations from a property developer with whom he had a close personal relationship. The property developer told CCC investigators that he felt he received preferential treatment from Ipswich City Council and the councillor because of his political donation.

As the Operation Belcarra report noted (p.77), most councillors the CCC spoke to denied that donations lead to donors gaining influence in council decision making. They particularly argued that council processes relating to planning and development are such that they themselves are involved in very few decisions relating to donors and have very limited ability to influence outcomes. This lack of insight and appreciation of the corruption risks is obviously concerning.

²⁹ Australian Institute of Criminology, *Organised crime and public sector corruption: A crime script analysis of tactical displacement risks*, AIC, Australian Capital Territory, 2013.

³⁰ Crime and Corruption Commission, *Operation Belcarra: A blueprint for integrity and addressing corruption risk in local government*, CCC, Brisbane, 2017.

Case study: Property developer gave donations in return for preferential treatment

Operation Windage identified that an Ipswich property developer had a close personal association with a councillor which involved regularly socialising together. It was highlighted that the property developer had donated a significant sum of money to the councillor's election campaign to ensure that the property developer would be "looked after" by the councillor and others within the Council. In return for his political donation, the developer claimed that he received favourable treatment from the councillor in various situations, including applications for works being processed as a priority and support from the Council for his developments. In addition to providing significant political donations to the election campaign, the developer's personal association allegedly ensured that he was favoured by the councillor in addressing issues that arose with his development applications.

Receipt of gifts and benefits

The practice of public sector employees receiving gifts and benefits from individuals in the private industry has long been identified as a corruption risk for local government.³¹ Private industry employees are experienced in making public officials feel as though they have developed a real friendship.³² In many cases, the main purpose of developing this relationship and providing gifts and benefits is to create a favourable impression which, in turn, can influence decision making and outcomes, particularly in procurement practices.³³ Further, there may be an expectation of mutual benefit when a gift has been exchanged, thus creating a feeling of obligation on the part of the public official to "repay" the private industry employee.

Operation Windage identified that gifts and benefits received by senior employees at Ipswich City Council were allegedly often not recorded in the Council's gifts and benefits register, that there was no enforcement of the register nor were there any repercussions for it not being maintained.

Case study: Senior executive employee accepting gifts from contractor

During Operation Windage, a senior executive employee was identified regularly attending social events with an associate who was a contractor. The associate gave the senior executive employee tickets to horse racing events such as the Flemington Race Day in Melbourne in October 2016 to the value of \$1450, Doomben Race Day in Brisbane in February 2017 and the Golden Slipper Race meet in Sydney in March 2017 at the cost of \$400. The associate also allegedly arranged for betting credits to the value of \$5000 to be deposited into the senior executive employee's betting account. In exchange for these gifts and benefits, it is alleged that the senior executive employee facilitated meetings between the associate and various town planners to ensure his associate was in a good position to win tender processes in Ipswich. A review of the senior executive employee's gift register identified that he had reported receiving the ticket to Flemington Race Day, however misreported the value of the ticket (\$400 instead of \$1450). The senior executive employee had not reported any of the other gifts or benefits provided by the contractor.

³¹ Corruption and Crime Commission, *Report on the Misconduct Intelligence Assessment of the Western Australian Public Sector*, CCC, Western Australia, 2015.

³² Independent Commission Against Corruption, *Investigation into allegations that staff from a number of local councils and other public authorities accepted secret benefits from suppliers and that staff from two local councils facilitated payment of false invoices from suppliers*, ICAC, NSW, 2012.

³³ Crime and Corruption Commission, *Gifts and benefits*, CCC, Queensland, 2016.

Summary

Property developers and private contractors can make large amounts of money from the delivery of local government projects and services and development approvals. Not surprisingly, property developers and contractors who have a vested interest in the outcome of local government processes and decisions invest in developing relationships with public officials to increase the chances of being successful with tender processes and development applications. This is seen as good business practice.

The consequences of elected officials and local government employees forming personal associations with property developers and contractors can be significant and can include the loss of provision of services, inadequate services as well as unfair tendering processes to obtain public sector contracts and a lack of confidence in local government.

Chapter 7 – Improper use of power and influence

Local governments exercise significant authority and discretion in the use of ratepayer funds and provision of services to the community. Mayors, CEOs and other senior council employees maintain significant power to influence situations and decision making in relation to council governance, processes and operations. Corruption risks can arise when mayors, councillors and council employees use their authority without proper consultation or in the absence of appropriate supervision and oversight.³⁴ A review of CCC corruption allegations data shows that the misuse of authority is the most common allegation received by the CCC relating to local government.³⁵ The misuse of power and influence can occur not only between council employees and external parties, but also internally between senior executives and other staff.

Some of the matters identified by Operation Windage are currently the subject of criminal charges. However, Operation Windage also identified that:

- A general lack of understanding and training of council employees about what elected officials can and cannot influence may have contributed to the improper use of influence and power by senior members of Ipswich City Council.
- Several senior members of Ipswich City Council regularly misused their power to allegedly obtain personal benefits, including financial benefits and gifts, or to influence decision-making processes to benefit close associates.
- A councillor was identified interfering with council processes that were outside the scope of his role. Investigations identified that the interference in these processes was often motivated by the desire to assist close associates. In many cases, the behaviour was either ignored or not reported by council staff due to the seniority of those involved.

Case study: Councillor's interference in payment of invoices

A councillor directly interfered in the Council's processes to ensure that one of his associates, a business owner, was paid for work that had not yet been completed. The business had been awarded a contract with Ipswich City Council but, due to delays receiving fixtures from a supplier, the project was not fully completed. As the project had not been completed to the specifications within the contract terms, the final payment was not made. Investigations identified that the councillor directly contacted the council employee in charge of managing the project and requested that the business owner be paid in full, before the project was completed, which was against council policy and the terms of the contract. When interviewed by the CCC, the council employee stated that he had never been contacted directly by the councillor in his 26-year career with the Council and found it highly unusual, but complied with the councillor's request to make the final payment due to his senior position.

- Drivers, who were employed by the Council and therefore the ratepayers, were not paid for their work outside of business hours and often had their timesheets falsified in order to reflect ordinary business hours rather than hours worked.

³⁴ Corruption and Crime Commission, *Report on the Review of the Capacity of Local Governments in the Pilbara to Prevent, Identify and Deal with Misconduct*, CCC, Western Australia, 2013

³⁵ Crime and Corruption Commission, *Corruption allegations data dashboard: 1 July 2015 to 31 December 2017*, <http://www.ccc.qld.gov.au/data-visualisation>, CCC, Brisbane, 2018

- A councillor breached council travel policy by flying business class, claiming that it was required due to a medical condition. He frequently travelled interstate for attendance at various events, claiming that the travel was for work-related purposes when it was for personal reasons or recreation.

The misuse of power to influence the outcomes of decisions is a common theme among local government investigations. Several previous investigations by the CCC have identified public officials interfering in council processes to influence the outcomes of internal processes.

Chapter 8 – Conclusion

At the time of publishing this report, the Queensland Parliament was set to debate whether it should remove all sitting Ipswich councillors and appoint an administrator. While that is a matter relating to that particular Council, the CCC takes a broader view of the issues identified at Ipswich, as its corruption prevention function applies to all councils across the state.

The CCC has reported on Ipswich to point out the link between culture and corruption risks, and has made recommendations to close some loopholes that proved problematic at Ipswich and may do so again elsewhere. But closing loopholes would not be necessary if councillors see their role as, in ASIC's phrase, moving beyond tick-a box compliance to create an ethical, corruption-resistant culture that genuinely strives to protect their most important stakeholders — the ratepayers and community to whom they are ultimately accountable.


Appendix 1. Submissions received

Submission received on behalf of Paul Pisasale

Supervisor: Glen Cranney

Contact: Glen Cranney
Direct Line: (07) 3361 0240
Direct Fax: (07) 3361 0201
Email: gcranney@gnl.com.au

Our Ref: GMC:170134
Your Ref:



GILSHENAN & LUTON
LEGAL PRACTICE

10 August 2018

Mr A MacSporran QC
Chairperson
Crime and Corruption Commission
GPO Box 3123
BRISBANE QLD 4001

Via post and email: Paxton.Booth@ccc.qld.gov.au

Dear Mr MacSporran QC

**OPERATION WINDAGE – DRAFT PUBLIC REPORT
OUR CLIENT: PAUL PISASALE**


We refer to the above matter and your correspondence of 3 August 2018 inviting comments on the draft public report.

We have considered the contents of the draft public report. Our ultimate submission is that the report should not be made publically available in circumstances where:

- 1) There are 15 people who have been charged with criminal offences as a result of Operation Windage, though to our knowledge no one has yet been convicted of any offence. Many of the alleged offences are required to be determined by a jury;
- 2) You have observed that "*The CCC has a statutory duty to act independently, impartially and fairly*";¹
- 3) Nevertheless, the publication is contemplated in circumstances where you also acknowledge "*it is possible that [counsellors] may be identified by other references in the report and some of those references are likely to be viewed as adverse*";²
- 4) The suggested 'findings' in the report do not amount to a judicial determination – they remain unchallenged and untested allegations. No doubt many (perhaps most) of the allegations in the report are denied.
- 5) The right of every person to a trial free from bias and prejudgement is an integral cornerstone of the law. For example, in the Queensland Court of Appeal decision of *The Queen v O'Neil*, President Fitzgerald observed that "*the principle that an accused*

¹ Your letter of 3 August 2018.

² Ibid.



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Mr A MacSporran QC

* 10 August 2018

*person is entitled to a fair trial according to law is fundamental to the criminal law and is, arguably, the most important of all legal principles"*³

For these reasons, we are concerned that the publication of the report, before all trials following Operation Windage are resolved, contravenes the fundamental rights of fairness and due process. Accordingly, we request you reconsider the proposed publication of the report.

INCLUSION OF COURIER MAIL ARTICLE

The following relates to a specific inclusion in the draft report. We wish it to be considered should a decision be made to publish the draft report, despite our primary submission above.

At page 16 of the draft report is a media article proposed to be included. It is difficult to see what that article adds to the draft report. It purports to include the untested, quite general, opinions of a counsellor; and clearly the article is adverse to Mr Pisasale.⁴

It is difficult to see the purpose for which the CCC have included the article, if it is other than to suggest the contents of the article are true (which is not accepted by Mr Pisasale). As you will no doubt appreciate, no Court would ever admit the article into evidence as truth of the contents, given the very fundamental rule against hearsay evidence.

Whilst this section of our correspondence should not detract from the force of our primary submission above, we consider there is no justification whatsoever for the inclusion of the page 16 media article.

Yours faithfully
GILSHENAN & LUTON LEGAL PRACTICE


Glen Cranney
Managing Director
Accredited Specialist (Crime)

³ *The Queen v O'Neill* [1995] QCA 331, 82 (Fitzgerald P)

⁴ Noting that the article names Mr Pisasale, whereas the balance of the draft report does not identify him.

Submission received from Kylie Stoneman



Cr Kylie Stoneman
Ipswich City Council
Councillor for Division 4



7 August 2018

Crime and Corruption Commission
GPO BOX 3123
Brisbane QLD 4001

BY EMAIL: mailbox@ccc.qld.gov.au

Dear Mr MacSporran QC

Submission on Draft Public Report – Operation Windage

Thank you for the opportunity to make a submission regarding the draft Operation Windage public report.

In the following I will respond to each concern highlighted within the report.

With respect to Ipswich City Council policy, since my election in 2016, I have demonstrated a consistent commitment to improving the governance, transparency and accountability. At no time have I breached Ipswich City Council policy or procedures and nothing in this draft report suggests otherwise.

While I agree that the draft report raises genuine concerns, none of this alleged behaviour occurred in my presence, and is not behaviour I would ever condone.

At no time have I ever treated Ipswich City Council staff with anything less than professional courtesy and respect – as I do with everyone in my life – and nothing in this draft report proves otherwise. I am absolutely certain that any and every Ipswich City Council officer who I have interacted with would confirm the probity and appropriateness of my behaviour.

Operation Windage

Many of the councillors and senior executive employees held or have held positions at the Council for a long time. While the CCC accepts that some individual councillors may not have been directly involved in or aware of the extent of some practices, they were none the less during time part of a collective body that was accountable for the good management of the Council, as entrusted to them by the voters and ratepayers of Ipswich. (Operation Windage public report draft page 6)

I accept that all Councillors are responsible for being accountable to the community for the local government's performance. That is why I am proud to be a Councillor who since being elected in 2016 fully supported the cultural shift that has occurred, by supporting the Governance Review and

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implementing all 19 recommendations, by abiding by policies and procedures, and by showing nothing but respect to all Council employees.

Policy and Procedures of Ipswich City Council

The CCC notes that Ipswich City Council does not have a code of conduct for its councillors and no fraud risk register in place. (Operation Windage public report draft page 11)

The report suggests on page 11 that there is no Councillors Code of Conduct. When the Code of Conduct was presented to Councillors I had no hesitation in supporting it, although in fact I saw the document as common sense and had always carried myself in the same manner since being elected, by exercising good judgment. Further, Councillor Contact with Lobbyists Developers Submitters Policy was implemented in relation to meeting with Developers, and submitters, limiting the involvement expected from Councillors and avoiding the seeking to influence the decision on development applications.

Councillors Acceptable Requests Guidelines for Advice or Information Policy, and Capture and Retention of Public Records Policy was also supported during my time as Councillor. I believe these policies have helped in shifting a culture that once was.

Further, I was more than happy to being part of the implementation of the related party notification process – listing close family members (partner and children) and any other family members who can influence the Key Management Personnel even if there are no transactions with Council.

Other Entities

Since being elected I have been supportive of good governance and supported the review of the corporate entities, their financial position and current status of commercial operations with a view to the objective of winding up those companies where the operations and assets could reasonably be reintegrated to the corporate operations of Ipswich City Council. The Acting CEO, Gary Kellar reported on this review and presented it to Council on 17 April 2018 – a report that is available online for the public to see. I was fully supportive of the recommendations within the report and voted accordingly.

The influence of culture

Culture has a significant impact on an organisations performance and on employee behaviour. Research has identified that an organisations corporate culture can be either a driver of best practice or of misconduct. (Operation Windage public report draft page 13)

Since being elected in 2016 I believe I have been the driver of best practice and have engaged in ethical conduct at all times. I have always acted with the degree of care and diligence expected of a reasonable person, acted in good faith in the best interests of the community and for a proper purpose, not improperly used my position to gain an advantage for myself or someone else or to the detriment of the council, and never improperly use any information gained in the course of my duties.

Characteristics of the culture at Ipswich City Council

The CCC had previously investigated allegations which were unable to be substantiated or which did not reach the threshold of criminal conduct, as is required in the case of elected

officials. The outcome of previous investigations may have discouraged council employees from reporting their concerns. (Operation Windage public report draft page 15)

I believe that this statement is definitely a contributing factor to the culture that once was. I further believe that the last year of the CCC investigations have assisted with employees now being able to speak out and has assisted with the change in culture.

An inner circle of longstanding colleagues and friends

The councillors and senior executive employees at Ipswich represent considerable length of service in the local government sector and should have had extensive collective familiarity with the principles and obligations of the Local Government Act. (Operation Windage public report draft page 15)

I have only been a Councillor since March 2016. Previously I worked in a Federal Electorate Office where I would engage with Council staff more than executives or Councillors in relation to diary or constituents matters albeit rarely. I think the statement doesn't accurately reflect my leadership capabilities.

Inability or unwillingness to challenge inappropriate conduct

Never have I or would I ask Council staff to overlook policies and procedures, or to ever alter records. I have not made any overseas trips.

Fear of reporting, fear of reprisal

Never have I or would I harass staff and make threats against them.

Complaints received about Ipswich City Council

Should I have witnessed or have known of any corrupt conduct, I would not hesitate to report to the CCC.

Lack of oversight and accountability for expenditure and public resources

During Operation Windage it was identified that council policies and procedures were either not followed, ignored or circumvented, including by councillors and senior executive employees, resulting in the misuse of council funds and assets. (Operation Windage public report draft page 17)

Never have I breached or contravened any policy or procedure.

Non-compliance with council policies and procedures

I have never provided inaccurate or misleading information. Never have I been a delegate to approve anyone's travel. Never have I misused the donations policy. Never have I exploited staff or verbally abused any staff. I agree that staff are employees of the council not the councillor.

I am unaware of the breaches relating to the personal assistant position and unaware of the relationships described. I have not been a panel member during employment of any staff working in my office. I was unaware of the CMC example.

Lack of appropriate oversight of assets and expenditure

Councillors complete a log book for a period of 12 weeks to enable an accurate reflection of personal use and business use. The personal use is calculated and a Councillors pay is deducted accordingly. Further, if I have travelled on a personal matter I have paid for the fuel. I have never allowed anyone else to drive my vehicle.

I have never given any council-owned assets away or purchased assets using the donations policy. I was supportive of the recent changes to the donations policy to tighten any potential breaches.

Use of private emails

During Operation Windage, it was identified that councillors and senior executive employees were using private email accounts specifically to avoid Right to Information requests from journalists as a way of concealing unfavourable decisions or records of information from the public. (Operation Windage public report draft page 20)

At no time have I used a personal email account relating to Council business or to keep emails off the system.

I am aware of divisional office staff no longer having access to the Councillors emails from 6 June 2018. This was done due to the leaking of confidential documents such as the show cause notices to the media, and not as an attempt to conceal any activities and correspondence from the CCC.

Auditing and oversight of controlled entities

During Operation Windage, it was identified that the lack of oversight of expenditure by Ipswich City Council owned companies allowed senior members of the council to circumvent council processes and allegedly use council funds at their own discretion for questionable purposes. (Operation Windage public report draft page 21)

As previously mentioned I am fully supportive of these companies being wound up to ensure transparency, and accountability. I am not a director on any of these companies, nor have I benefited personally from any of these entities.

Inappropriate relationships between Council and private sector

During Operation Windage it was identified that councillors and council employees formed allegedly corrupt associations with property developers and contractors. (Operation Windage public report draft page 23)

I have never accepted a political donation from a developer as I personally don't believe it to be ethical. I have only ever received a bottle of wine from a developer once as a Christmas gift and attended a breakfast hosted by the same developer with which I have declared in my register of interest.

I don't have any inappropriate or allegedly corrupt association or personal association with any property developers.

In 2017 during Operation Belcarra, I gave evidence regarding council mechanisms limiting the ability to influence outcomes. In hindsight I see that my ethical values and those that I would expect any leader to possess would limit one's ability to influence outcomes. This has obviously been exploited by reading the example given, which I have played no role in.

As previously stated Council have implemented the Councillor Contact with Lobbyists Developers Submitters Policy which further limits any influence.

Improper use of power and influence

Mayors, CEOs and other senior council employees maintain significant power to influence situations and decision making of council governance, processes and operations. Corruption risks can arise when mayors, councillors and council employees use their authority without proper consultation or in the absence of appropriate supervision and oversight. (Operation Windage public report draft page 27)

Never have I misused my authority, of power or influence inappropriately.

A number of times the report mentions Councillors as a collective – I find this adverse to me as I have never engaged in any of these behaviours. I don't condone any of the suggested behaviours and have not been witness to any of these.

As you would be aware this report will be used as evidence to support the bill to dismiss me as a Councillor.

Procedural Fairness

I understand that this draft report was provided to me in the interest of procedural fairness as I may be identified by the report contents. However as the report contains no allegations against me, the undeniable unfairness is that I will be removed from my position based, in part, on the unidentified actions of others.

In a media release made on 12 July 2018 the CCC stated:

Based on the investigation to date and the practices the CCC has uncovered, I do not have confidence the current council is equipped to change the culture and adequately address the systemic issues and this is what I have communicated to the Local Government Minister.

Further within that media release, it was stated that:

When I was informed of the decision to remove the Council, I told the Minister that I supported removing Ipswich City Council for the reasons explained in this statement.

The CCC is currently preparing a public report to discuss the cultural and systemic issues we have uncovered throughout the investigation and to provide practical recommendations which will prevent further corruption from occurring in the local government sector in Queensland.

At the public hearing on 30 July 2018:

What I am talking about is the current councillors and the admission, if you like, by this individual, as reported in the Courier-Mail—and it is one of a number of reports in like vein—that there was a culture of silence and cover-up rather than confronting the issues and challenging the behaviour. That goes to the heart of the failure of governance, transparency and accountability and, furthermore, the undermining of public confidence which this bill seeks to address.

With above sweeping statements made by the CCC to both Media and to the Economic and Governance Committee before having a chance to respond to this report I question whether procedural fairness has been considered at all.

It must be noted that I was not interviewed by the CCC during Operation Windage and I ask that the CCC name me within this report should any of the behaviours highlighted be attributed to me.

Yours Sincerely



Cr Kylie Stoneman

Submission received from Sean Madigan

Your reference
Our reference AS012953
Contact Officer Sean Madigan
Telephone 3810 6209



Ipswich City Council

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Mr Alan MacSporran QC
Chairperson
Crime and Corruption Commission
GPO Box 3123
BRISBANE QLD 4001

9 August 2018

Dear Mr MacSporran

Re: Ipswich City Council Responses to Operation Windage public report

The Ipswich City Council would respectfully like to clarify a small number of factual matters that have been observed in the report. These factual matters are as follows:

Factual Corrections

Page 11, Paragraph 4: states that Ipswich City Council does not have a code of conduct for its councillors and no fraud risk register in place. Council introduced a Code of Conduct for Councillors on 27 March 2018 prior to the State legislation being introduced. A copy of this Code of Conduct is provided as Attachment 1. Council also adopted a new Councillors' Acceptable Requests Guidelines for Advice or Information Policy; a new Capture and Retention of Public Records – Mayor and Councillors; and a system of transparency in the recording of information in minutes and the publication of reports on Council's website.

Page 18, Paragraph 4: states that Council sponsors the Country Music Channel (CMC) Rocks event in Willowbank at the cost of \$200,000. This is factually incorrect. Council provided sponsorship of the event at a cost of \$100,000 with an incentive payment of \$50,000 if the event delivered 5,000 unique interstate and overseas visitors to Ipswich.

Page 18, Paragraph 7: states that Council vehicles were regularly used for overnight trips away. Under the existing policy, the Councillors pay a certain amount out of their remuneration for private use of the vehicles. The amount each Councillor contributes varies depending on the percentage of private use and the total running costs of their car.

Page 20, Paragraph 5: states that following the government's announcement in May considering the removal of the Ipswich City Councillors, the Councillors and a senior executive altered their behaviour and held meetings off-site to avoid the scrutiny of the CCC. This is factually incorrect.

Councillors and senior officers did alter their behaviour in a minor manner to prevent information leaking to the media, from within the organisation, which could prove prejudicial to the court proceedings or a waiver of Council's Legal Professional Privilege. At no time did Councillors or Senior Officers alter their behaviour for the purposes of avoiding the scrutiny of the CCC.

Chapter 2, Governance Framework

The 'Councillor's conflict of interest at a meeting' extract in Appendix 1 is not the current provision. The relevant sections of the *Local Government Act 2009* (current to 20 July 2018) are contained in section 175D and 175E.

Council's Acting Chief Executive Officer wrote to the CCC on 21 May 2018 seeking assistance from the CCC in the development of the Community Donations Policy.

Chapter 4, Lack of oversight and accountability for expenditure and public resources

Council wish for it to noted that some of the matters here are historical and should be qualified in that context. The lack of particulars make it difficult to respond, when not knowing the evidence relied upon.

General Comments

The Senior Executive Officers who were charged by the CCC in Operation Windage are no longer employed by Ipswich City Council. The Councillors who have been charged by the CCC in Operation Windage have either resigned from their positions or are suspended.

The report often uses the plural terms for Councillors and Senior Executive Employees of Council. Council would like to state that it should be noted that the allegations and charges laid to date relate to specific Councillors and Senior Executive Employees but not all Councillors or Senior Executive Employees of Ipswich City Council.

Council is currently in the process of closing down all of Councils controlled entities with the exception of one that is required to deliver the Central Business District (CBD) redevelopment project. Following delivery of the CBD, Council has committed to closing down this last company. Council has done this to improve the overall transparency and accountability of all aspects of the Council's operations.

Yours respectfully

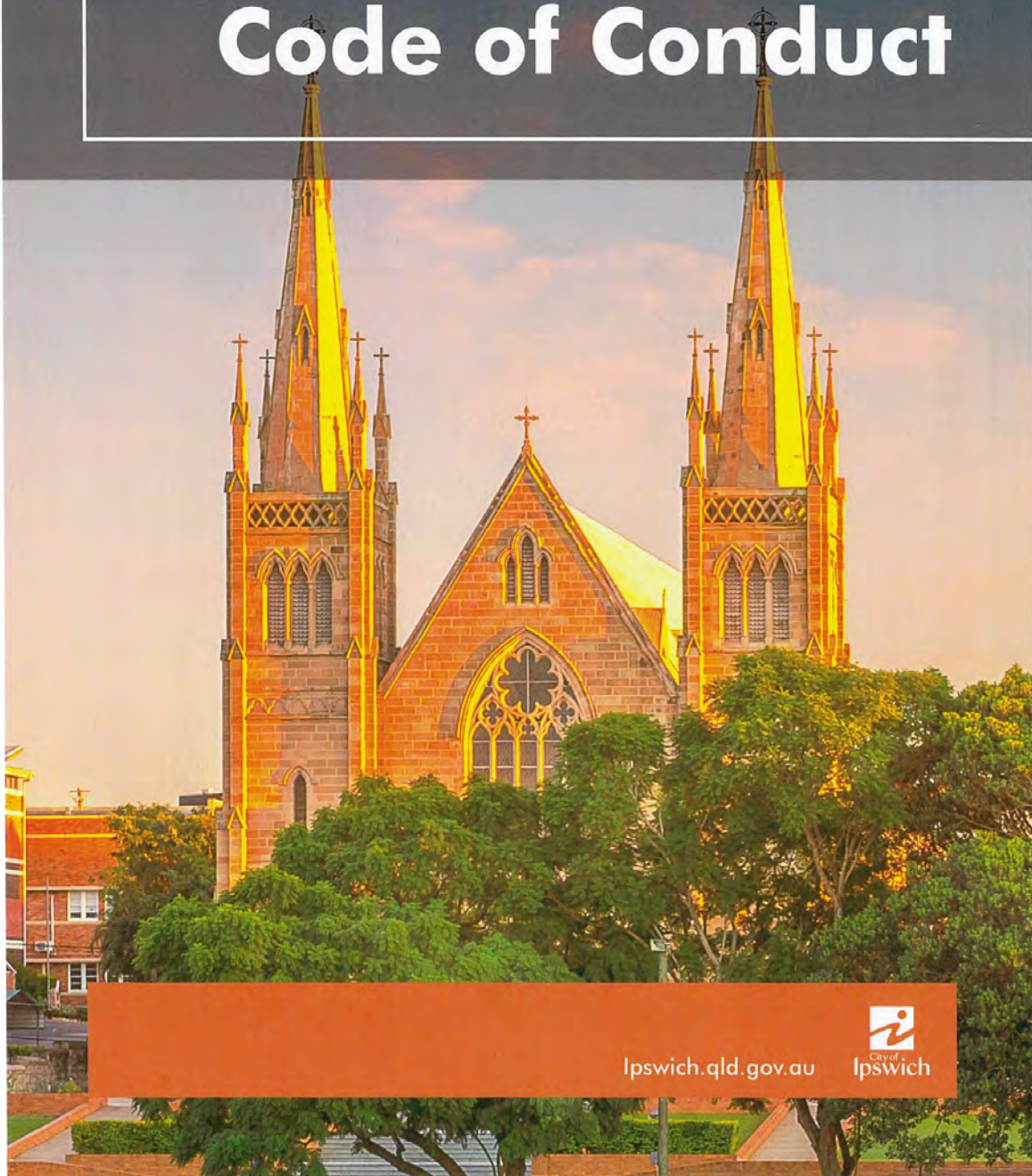


Sean Madigan
CHIEF EXECUTIVE OFFICER

Encl.



Councillor Code of Conduct



ipswich.qld.gov.au



City of
Ipswich

Table of Contents

1. Introduction	1
2. Legislative Principles and Values	1-2
3. Key Ethical and Behavioural Obligations	3
4. Interaction with Staff	4
5. Complaints	4



1. Introduction

The Councillor Code of Conduct provides guiding principles for Ipswich City Councillors about their roles, obligations and behavioural standards and demonstrates the Council's commitment to conducting its business with integrity, honesty and fairness. The requirements of this Code are in addition to:

- (a) the laws of the State and Commonwealth;
- (b) the roles, responsibilities and obligations of Councillors as set out in the Local Government Act 2009 (Qld) and the Local Government Regulation 2012 (Qld); and
- (c) Council's policies, procedures and protocols.

This Code has been adopted by resolution of Council. Council accordingly considers this Code to be a procedure, as used in section 176(4) of the Local Government Act 2009 (Qld).

2. Legislative Principles and Values

The following legislated principles form the basis of this Code. These apply to all Councillors and provide a framework to guide Councillor behaviour, actions and decision-making.

Section 4(2) of the Public Sector Ethics Act 1994 (Qld) identifies four ethics principles:


- (a) integrity and impartiality;
- (b) promoting the public good;
- (c) commitment to the system of government; and
- (d) accountability and transparency.

Section 4(2) of the Local Government Act 2009 (Qld) sets out the following local government principles:

- (a) transparent and effective processes, and decision-making in the public interest; and
- (b) sustainable development and management of assets and infrastructure, and delivery of effective services; and
- (c) democratic representation, social inclusion and meaningful community engagement; and
- (d) good governance of, and by, local government; and
- (e) ethical and legal behaviour of Councillors and local government employees.

Along with these principles, the key responsibilities of Councillors under the Local Government Act 2009 (Qld) are:

- (a) To represent current and future interests of the residents as per section 12(1).
- (b) To ensure performance of responsibilities under the Act as per section 12(3)(a)(i).
- (c) Achieve corporate and community plans as per section 12(3)(a)(ii).
- (d) To comply with all laws, which includes other Acts; and Council's laws, policies, procedures and resolutions, as per section 12(3)(a)(iii).
- (e) To provide high quality leadership to the Council and the community as per section 12(3)(b).
- (f) To participate in Council meetings, policy development and decision making as per section 12(3)(c).
- (g) To be accountable to community for Council's performance as per section 12(3)(d).
- (h) To serve the overall public interest of the whole Council area as per section 12(6).
- (i) Not to use information acquired as Councillor to directly or indirectly gain financial advantage as per section 171 (1)(a).
- (j) Not to use information acquired as a Councillor to cause detriment to the Local Government as per section 171 (1)(b).
- (k) Not to release information the Councillor knows, or should reasonably know, is confidential as per section 171(3).

- 
- (l) To keep register of interests up to date as per sections 289 - 292 of the Local Government Regulation 2012 (Qld).
 - (m) Not to direct Council staff as per section 170 – noting the special provisions in this section relating to the Mayor.
 - (n) To only contact Council staff in accordance with Councillors' Acceptable Requests Guidelines for Advice or Information Policy as per section 170A(4).
 - (o) To disclose Material Personal Interest as per section 172.
 - (p) To declare conflicts or perceived conflicts of interest as per section 173.
 - (q) Not to give false or misleading information, either verbally or in writing as per section 234 (1).
 - (r) To comply with Workplace Health and Safety requirements as per the Workplace Health & Safety Act 2011 (Qld) and section 12(3)(a)(iii).

3. Key Ethical and Behavioural Obligations

It is vital that the public has confidence in Council's ability to ensure the good rule and government of its area. Councillors are to conduct themselves in a way that promotes and maintains the public's trust and confidence in Council. The following ethical and behavioural obligations are not an exhaustive list but represent what Council considers to be the key obligations for its Councillors.

Councillors must:

- (a) ensure their personal conduct does not reflect adversely on the reputation of Council;
- (b) demonstrate respect for fellow Councillors, Council employees, Council contractors and members of the public;
- (c) commit to honest, fair and respectful engagement with the community;
- (d) refrain from harassing, bullying or intimidating fellow Councillors, Council employees, Council contractors and members of the public;
- (e) communicate on behalf of the Council only in accordance with adopted Council policy or resolution or where expressly authorised by the Council to make that communication;

- (f) when communicating with the public or the media, not misrepresent the resolved position of the Council on policy or other matters; and
- (g) when communicating with the public or the media, not purport to present their personal views as the collective view of the Council.

4. Interaction With Staff

Councillors should only seek advice or information in accordance with the relevant legislation and Councillors' Acceptable Requests Guidelines for Advice or Information Policy and the nominated staff that are highlighted in the Organisational Structure. Councillors must also note section 170 of the Local Government Act 2009 (Qld) and the requirement not to direct staff, or attempt to do so as per section 2, part (m) above.

Particular care should be taken by Councillors to frame requests for information or assistance in such a way as to not represent an instruction, or as attempts to exert improper or undue influence over a process or decision, or to frustrate the finalisation of a Council decision or approval process.

This section is in no way intended to restrict informal, cordial interaction and communication between Councillors and employees.

5. Complaints

A complaint about a possible breach of this Code may be submitted to the Chief Executive Officer, who will manage the complaint in accordance with the requirements of the Local Government Act 2009 (Qld).





City of
Ipswich

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Join us online:



Submission received from David Pahlke

From: David Pahlke <DPahlke@ipswich.qld.gov.au>
Sent: Sunday, 12 August 2018 8:08 PM
To: Paxton Booth; Melissa Letondeur; David Pahlke
Subject: HPRM: [WARNING : MESSAGE ENCRYPTED]YOUR DRAFT PUBLIC REPORT ON OPERATION WINDAGE as it refers to myself
Attachments: 10082018172617-0001.pdf; 10082018172627-0001.pdf; 15 - Letter to David Pahlke - Draft Public Report - 3 August 2018.pdf; Operation Windage public report - procedural fairness draft 030818-15-Pa....pdf; Print Coverage_987668997.pdf; Print Coverage_987728260.pdf; Print Coverage_988665329.pdf; 12082018163258-0001.pdf

Record Number: 18/187055

Please confirm successful receipt of my submission:

A J MacSporran QC
Chairperson
GPOBOX 3123
Brisbane Qld 4001

Dear Chairperson,

YOUR DRAFT PUBLIC REPORT ON OPERATION WINDAGE as it refers to myself

It would appear you are hell bent on dismissing all the Councillors - no matter what I or others write. Is this now my 5th submission on the matter? You are quoted in the press and in the TV media as stating Councillors must go. Council as an organisation have already lodged information and submissions detailing various errors in your statements and assumptions and I have indeed submitted those in the past also. You are obviously in close Liaison with Minister Hinchliffe and are both are of the predetermined view to dismiss all Councillors. Your linkages to the Labor party are documented even as far back as the Shepherdson Enquiry. I dare not make an assumptions there. You are denying myself Natural Justice and putting me in the realm of what the Law Fraternity believe is also unfair dismissal and breach of the separation of powers. I have continually requested details from the CCC of where I have acted Corruptly or fraudulently but with no response. After 28 years as a Councillor after 8 Elections, you cannot imagine how I feel about this situation.

I have just returned from personal leave. It was a trip to celebrate my 65th birthday and was planned and booked nearly 12 months ago. I was not able to attend personally at the Committee hearings. Timing was not good but I had no control over the sequence of events.

Let's be honest the whole long term scenario is all about Labor regaining control of its heartland - Ipswich - just as much as the LNP see the Gold Coast as their territory. 2020 - thanks to you, there could be a full blown Labor Party Mayor/Team poised to run in Ipswich. Party Politics have been rejected in Ipswich since 1994. I believe Party Politics should not control grass roots local Government.

POINT ONE

I refer to “ Criminal Code 1899 – Sect 2: Ignorance of the law-bona fide claim of right (2) But a person is not criminally responsible, as for an offence relating to Property, for an act done or omitted to be done by the person with respect to any property in the exercise of an honest claim of right and without intention to defraud” Show me where I have gained a material personal gain in any of my actions that you feel are so serious that it is deserving of the Corruption/Fraud tag.

POINT TWO

Following the 2016 Elections we had the CCC Belcarra Hearings. As with all current Councillors I was interviewed . The CCC at my interview in my office trolled through all my Election Donations and my Election Account, and followed the trail of every withdrawal and cheque written. They tracked all to finality as to where the monies originated and went. I received from the CCC a letter stating I was no longer required. I believe I did everything correctly AND more importantly - honestly as per the then Electoral and various Acts. I did not progress to the Tribunal Hearing stage. The majority of current CCC charges date back to [REDACTED] and as yet are not tested in a court of law. [REDACTED] and the two previous CEOs [REDACTED] are on very serious “alleged” corruption charges. I certainly have previously questioned and challenged some decisions of the former CEO’s and I have kept copies of some of those emails. Time and time again I have requested specifics that I could answer as to myself where I had wronged. You did not provide any evidence instead choosing to tar me with the whole of council “taint”

The Dismissing Ipswich Council factor have been very vocal. I am finding that 33% of the community are making 66% of the noise. The trollers are active on all sites and the names are easily recognisable by me. Many are beaten candidates and have ulterior political and personal motives. I have no doubt the CCC is surfing everyone’s emails, listening to calls, and monitoring our messages. They do have the power to do this. To me it now seems to be becoming a witch hunt somewhat. I resigned from the LNP some 15 years ago, and vowed never to join a party again. I have remained true to that vow. Since those times, I have voted both ALP and LNP – I tend to vote for the person these days – not the party.

After 28 years I face the sack/dismissal for actions of others at the top echelon. I advised Minister Hinchliffe that I value my integrity in my local community. He has now placed a cloud over what was possibly my last/legacy term as a Councillor. There are so many good Councillors in there who have no charges pending against them. Again the support I have received as the Division 10 Councillor has been overwhelming. I am hearing that other Divisional Councillors are receiving similar support from the respective residents. I feel for the 4 new Councillors. One was only elected 8 months ago. I am clearly a Country Councillor in a City Dominated Council. This will always bring with it many challenges. I need to be vocal and strong to represent my Communities of Interest – From Rural to Township with a touch of urban Central Ipswich thrown in for good measure. I make no bones about that often I am often arguing Common Sense against Council Policy for the good of my residents.

POINT THREE

Your accusation of a systematic cultured environment of bullying and staff harassment - Show me the evidence where I personally have been involved. If it involved Senior staff eg CEO or the COOs then I have no control over that unless reported to me. You must remember that under the local Government Act we are not allowed to interfere in operational issues. It is a criminal offence to Direct staff. Show me evidence where I have erred. Name names - who told who to breach what????

SEE THIS below EMAIL TRAIL SENT TO THE CEO RECENTLY and refer to attached document 987668997 and 987728260



David Pahlke | Councillor

IPSWICH CITY COUNCIL T| 07 5464 1088 M| 0419 705 376



Confidential Communication | [Email Disclaimer](#)

From: Sean Madigan
Sent: Friday, 27 July 2018 2:46 PM
To: David Pahlke <DPahlke@ipswich.qld.gov.au>
Subject: RE: Council staff told to breach policy, abused: CCC chair - News Alert from Queensland Times

Short answer No.

Sean Madigan | Chief Executive Officer
[REDACTED]

From: David Pahlke
Sent: Friday, 27 July 2018 2:00 PM
To: Sean Madigan <Sean.Madigan@ipswich.qld.gov.au>; David Pahlke <DPahlke@ipswich.qld.gov.au>
Subject: Fwd: Council staff told to breach policy, abused: CCC chair - News Alert from Queensland Times

Sean
as the new Ceo
have you ever received any bullying
requests to breach Policy concerning me please
Dap



STORY

Council staff told to breach policy, abused: CCC chair

by [Hayden Johnson](#) (27 Jul 2018, 1:16 PM)



In another damning assessment of the culture within the council, details of the CCC's investigation were made public.



POINT FOUR

Use of Private Emails - Refer to attach 988665329

I utilise davidp@gil.com.au

Please read the story in the QLD Times

All emails sent to this address are captured and recorded on the ICC Corporate email system. They are not secretive. I cannot hide them.

I do not personally lodge emails using this address

The Crime and Corruption Commission Chairman, Alan MacSporra...



The Crime and Corruption Commission Chairman, Alan MacSparran, has warned elected officials against using private email accounts after concerns were raised about Ipswich City Council. Labor MP Jo-Ann Miller last week raised allegations over Ipswich councillors using private emails during her questions at the Budget Estimates committee.

POINT FIVE

You continually state that we have the lost the faith, the trust, and the respect of our communities. Please refer to document 10082018172617 and 10082018172627. On my return from my Personal Leave I received a phone call and said to make sure I read the MBNews – paper on Friday 10th August. WOW!!!!!!!!!!!!!! I have continually stated in all my submissions that I believe if an election was held now, I would receive more than the 50% majority to regain my seat.

POINT SIX

The ICC Corporate submission speaks for itself - given all the errors in your statements:

Ipswich City Council Reponses to Operation Windage Public Report

The Ipswich City Council would respectfully like to clarify a small number of factual matters that have been observed in the report. These factual matters are as follows:

Factual Corrections

Page 11, Paragraph 4: states that Ipswich City Council does not have a code of conduct for its councillors and no fraud risk register in place. Council introduced a Code of Conduct for Councillors on the 27th March 2018 prior to the State legislation being introduced. A copy of this Code of Conduct is provided as Attachment 1. Council also adopted a new Councillors' Acceptable Requests Guidelines for Advice or Information Policy; a new Capture and Retention of Public Records – Mayor and Councillors; and a system of transparency in the recording of information in minutes and the publication of reports on Council's website.

Page 18, Paragraph 4: states that Council sponsors the Country Music Channel (CMC) Rocks event in Willowbank at the cost of \$200,000. This is factually incorrect. Council provided sponsorship of the event at a cost of \$100,000 with an incentive payment of \$50,000 if the event delivered 5000 unique interstate and overseas visitors to Ipswich.

Page 18, Paragraph 7: states that Council vehicles were regularly used for overnight trips away. Under the existing policy, the Councillors pay a certain amount out of their remuneration for private use of the vehicles. The amount each Councillor contributes varies depending on the percentage of private use and the total running costs of their car.

Page 20, Paragraph 5: states that following the government's announcement in May considering the removal of the Ipswich City Councillors, the Councillors and a senior executive altered their behaviour and held meetings off-site to avoid the scrutiny of the CCC. This is factually incorrect. Councillors and senior officers did alter their behaviour in a minor manor to prevent information leaking to the media, from within the organisation, which could prove prejudicial to the court proceedings or a waiver of Council's Legal Professional Privilege. At no time did Councillors or Senior Officers alter their behaviour for the purposes of avoiding the scrutiny of the CCC.

Chapter 2, Governance Framework

The 'Councillor's conflict of interest at a meeting' extract in Appendix 1 is not the current provision. The relevant sections of the *Local Government Act 2009* (current to 20 July 2018) are contained in section 175D and 175E.

Council's Acting Chief Executive Officer wrote to the CCC on 21 May 2018 seeking assistance from the CCC in the development of the Community Donations Policy.

Chapter 4, Lack of oversight and accountability for expenditure and public resources

Council wish for it to noted that some of the matters here are historical and should be qualified in that context. The lack of particulars make it difficult to respond, when not knowing the evidence relied upon.

General Comments:

The Senior Executive Officers who were charged by the CCC in Operation Windage are no longer employed by Ipswich City Council. The Councillors who have been charged by the CCC in Operation Windage have either resigned from their positions or are suspended.

The report often uses the plural terms for Councillors and Senior Executive Employees of Council. Council would like to state that it should be noted that the allegations and charges laid to date relate to specific Councillors and Senior Executive Employees but not all Councillors or Senior Executive Employees of Ipswich City Council.

Council is currently in the process of closing down all of Councils controlled entities with the exception of one that is required to deliver the Central Business District (CBD) redevelopment project. Following delivery of the CBD, Council has committed to closing down this last company. Council has done this to improve the overall transparency and accountability of all aspects of the Council's operations.

Yours respectfully,

Sean Madigan
Chief Executive Officer

POINT SEVEN

Relevant Question to self - Did you not know what was going on????

Councillors are not allowed to get involved in operational issues or talk to certain levels of staff – Must deal with Mgrs. We do not make decisions on procurement or employment. Many are made behind the scenes under their delegation. Reports come to Full Council from Senior Officers via Committee. If they appear reasonable, how do you question? But yes we do ask questions.

It is a Criminal Offence to direct Staff, although there are provisions for the Mayor to do so.

Officially, I am only in Council HQ approx 6 times a month and don't deal with the top Echelon as the Mayor would do. I have a Divisional Office where I spent most of my time, and I am out and about in my Division. Yes I have questioned items to the CEO and the Mayor over the years - and have plenty of emails on file to show this. Would you like to see them? Unless you have absolute proof, and have received a reasonable (their view) response from Senior Officers how can you question unless you have evidence. The Current Act allows the Mayor to phone in to Committee Meetings. [REDACTED]

[REDACTED] My suggestion would be to review/change that aspect of the Act. [REDACTED] had a track record of not answering my emails back in 2013/2014 when I "hardcore" questioned him - see document attached 12082018163258. Remember the CCC investigated Pisasale back in 2015 and he was cleared. So you had better be damn sure of your facts and evidence. Actually [REDACTED] referred me to the Tribunal because of my "spotlighting" questions towards him, on an issue which was ultimately thrown out. He was not happy with me I gather.

I did not have the right of inspection of their bank Accounts or the private emails travelled in their social circles. [REDACTED]

When residents say to me everyone knew [REDACTED] was corrupt I say to them. Well how do you know? Did you report it? Did you have any evidence to submit? They respond - Aawwwhhh no - but everyone knew – Unless you have “hardcore” evidence - be careful how you make an accusation.

I personally did not vote to extend [REDACTED] contract as [REDACTED] and also I expressed reservations with [REDACTED] as [REDACTED] when it went to the vote. At the moment, Yes I am finding it difficult to trust High Level Decision making.

90% of the charges relate to [REDACTED]

10 of the current Councillors still do not have any charges against them. So Much for Natural Justice.

POINT EIGHT

The various CCC reports really do show a lack of understanding how Local Government Works and in particular how a Councillor actually operates at the interface level.

Some Examples:

Governance Failures:

Reporting on matters that happened over 12 months ago and in some cases 7 years ago. Since then a vast number of policies have changed and the governance review also covered some items, operationally many items have not been mentioned. The ICC Corporate Report highlighted what we have changed. To say that we are a collective body as Councillors, well Council as a whole is a collective and there is more staff that has been charged than elected members. There is no evidence in this report to show what if any decision that was made in a formal Council meeting was corrupt. On page 8 the first paragraph last sentence, the council CEO and staff advise the elected members and carry out council decisions. Does this not show the process, not one where Councillors do the whole lot and the staff are not responsible? New Act has the Tribunal that has the ability to remove a Council after they have carried out an investigation, The comment about not having the ability - Could that be incorrect.

Policy and Procedures

We do have a code of conduct and did have one up until the Neumann State Government removed it from being required under the Act The staff member referred to as the Driver was only for the [REDACTED] Councillors did not have a driver and any arrangement he made were done between the 2 and Councillors were not part of these discussions. Of interest is that one driver received a redundancy payment from Council where he signed an agreement [REDACTED] Job arrangements in the [REDACTED]s are made between the [REDACTED], those staff members and the CEO. We as Councillors are not involved in these processes. As well as the tickets to the CMC rocks this would have been a private conversation , I would not know and the staff member could have said no or referred them to their manager. Cost of CMNC is \$150k not 200k.

Lack of Oversight

Council cars are part of a councillors and staff members package. Also Councillor pay weekly for private use of the vehicle. [REDACTED] asking others to take their speeding tickets. This should then be followed up as they signed a Statutory Declaration. The give away of iPads, once again I would have no knowledge, so the person responsible should be named. Name them please!!

Gifts and Benefits

This is a senior staff member who has been identified. No Councillor would have been aware of this as the registers for staff are held by the CEO and the CEOs by the mayor. They are not public documents like councillors.

Improper Use

Only person to have a driver is [REDACTED]. Also travel is his matter and we would not be aware of any claims people make or not be correct or on time. The case study included would have only been discuss between a small circle and was not discussed with Councillors. In the end, all Councillors have been implicated ?????? when it is clear that 90% is [REDACTED]. These stories have all been in the media and they have been removed by resigning or 1 being suspended. I cannot see how this report provide the nexus of the so called systemic issues when it was contained to a circle of 4. Councillor are not in the main Council business all of the time. We have our own offices in the community and would on average be in the main building 4 times a month so we would not be aware what happens in the building and also they would not have shared any of the details as they know we would have put in a complaint.

I am happy for my submission to be part of the report
I also request a personal one on one meeting with Alan MacSporran

Cr David Pahlke - 28 Years a Councillor



Moreton Border News - August 10, 2018

9



A Tribute to Cr David Pahlke

An invitation from the
Moreton Border News

to community organisations, businesses and individuals to join us on

Friday, August 24 from 5pm to 7pm

in recognising the long service, commitment and
dedication of Cr Dave Pahlke to the communities
of Ipswich City Council's Division 10.



moreton border
news

RSVP is essential to finalise catering and venue

– Ph Kaye 0419 687 418

or email wattmar@bigpond.com

Remembering the Battle of Lone Pine

MONDAY marked the anniversary of the Battle of Lone Pine, a diversionary attack 103 years ago at Gallipoli and one of the most intense battles in our Anzac history.

Minister for Veterans' Affairs Darren Chester said a major offensive took place at Gallipoli in August 1915 in an attempt to break out of the 'Anzac' area and draw Turkish reserves from Sulva Bay to the north where British troops made a new landing.

"At 5:30pm on August 6, after an hour of artillery bombardment, the Australian infantry charged at the enemy trench line at Lone Pine in hopes of taking it and stopping enemy reinforcements being sent to defend against the main Allied attacks on the Sari Bair Range to the north," Mr Chester said.

"The Australians quickly drove the Turkish forces from the forward trench line, but the fighting continued for days as the Turks mounted several counter-attacks to recapture the position with the last on 9 August."

Seven Victoria Crosses - the highest British Empire bravery decoration - were awarded to Australian soldiers at Lone Pine, a testament to the intensity of the fighting and the courage displayed by our ANZACs.

"To hold on to what they had gained, the Australians fought in bloody and brutal combat using bombs and bayonets, and engaging in hand-to-hand fighting," Mr Chester said.

"The four-day battle resulted in more than 2,000 Australian casualties, and the service and sacrifice of these brave men should never be forgotten."

Each year on Anzac Day a commemorative service is held at the Lone Pine Cemetery and Memorial at Gallipoli to honour the ANZACs who fought and died there.

Recognising service to the community

LOVE or loathe Cr Dave Pahlke, either way there is no disputing his enthusiasm and commitment to Division 10 in the Ipswich City local authority area.

Dave is one of the longest serving councillors.

Announcements by the Minister for Local Government, Stirling Hinchliffe indicate that all councillors will be stood down and an administrator appointed, so we at the *Moreton Border News* thought this an appropriate time to recognise Cr Pahlke's service.

Dave was first elected in 1991 under the old Moreton Shire Council and has continued to hold his Division 10 seat in all elections since the amalgamation, in 1995, with Ipswich City.

He is the second longest serving

Ipswich councillor and represents the largest geographical area of the city.

On Friday, August 24, the *Moreton Border News* will host an evening for the community's businesses, organisations and residents of Division 10, including the old Division 10 regions, to recognise Cr Pahlke's service.

Anyone who would like to attend is invited to contact Kaye Martin on 0419 687 418 or wattmar@bigpond.com to register their attendance as numbers are essential for catering and venue.



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inspirations for every day

Councillor Comments
with Cr Dave Pahlke Division 10

www.division10news@blogspot.com.au
www.twitter.com/crdavid-pahlke
Facebook: Cr David Pahlke



SES and remember they are volunteers Part III

UNDER the auspice of a State Act, the SES is almost fully funded by Local Government.

Monies are raised through rates, and it is funds I think we all would agree, are most worthwhile - raised and spent.

We have over 200 fabulous SES Volunteers who front up at training sessions at our four depots -

Goodna
<https://wire.ipswich.qld.gov.au/Pages/SES-Depot-Goodna.aspx>

Ipswich
<https://wire.ipswich.qld.gov.au/Pages/SES-Depot-Ipswich.aspx>

Marburg
<https://wire.ipswich.qld.gov.au/Pages/SES-Depot-Marburg.aspx>

Rosewood
<https://wire.ipswich.qld.gov.au/Pages/SES-Depot-Rosewood.aspx>

Rosewood and Marburg are proudly in Division 10.

Council works closely with the Queensland Fire and Emergency Service in respect of SES operations.

There is an extensive list of items that Council (your rates) funds - all fuel and maintenance - vessel maintenance and insurance - additional trailers and their registration - maintenance and insurance on trailers - buildings, furniture and fixtures - phones, phone costs and internet - computers, printers and consumables - maintenance and insurance on buildings and all equipment - funding for training courses and some equipment - funding for storm and flood operational response.

SES members work together with a group of like-minded people.

The SES has a role for people with a broad range of talents and expertise. A level of physical fitness is needed especially when involved in rescues, responding to natural disasters and performing other critical roles.

Members can join from the age of 16 years.

Interested to getting involved? Type in those links into Google.



CCC highlights a culture of fear at Ipswich Council

STAFF were unable or unwilling to stand up to former mayor Paul Pisasale, according to a Crime and Corruption Commission investigation into Ipswich City Council.

The CCC said an 18-month probe into the authority exposed "abusive attitudes towards council officers" and an "improper use of power and influence for personal benefit".

In a submission to the Parliamentary committee reviewing the Palaszczuk Government's move to sack the council, CCC chair Alan MacSporran wrote: "In a recent public statement, I indicated that a current CCC investigation had identified significant

and extremely concerning governance failures and cultural issues within the council.

"Many of the practices which have been allowed to occur within the council would not have occurred within an environment where transparency, accountability and good governance was paramount." Mr MacSporran said a full report on the issues uncovered by the CCC would be released to the public when it was finalised. The CCC boss said the investigation revealed failures to report suspicions of corruption and inappropriate relationships between the council and the private sector.

JACK MCKAY

David Pahlke

From:
Sent:
To:
Subject:

Emails seem to indicate that I did not want [REDACTED] as CEO
Back then

DAP

David Pahlke | Councillor
T| 07 5464 1088 M| 0419 705 376

From: David Pahlke
Sent: Thursday, 19 December 2013 7:11 AM
To: Paul Pisasale <PPisasale@ipswich.qld.gov.au>
Cc: David Pahlke <DPahlke@ipswich.qld.gov.au>
Subject: RE: EMAILS NOT RESPONDED TO ADEQUATELY BY FORMER CEO

[REDACTED] was part of it

From: Paul Pisasale
Sent: Wednesday, 18 December 2013 11:21 PM
To: David Pahlke
Cc: David Pahlke
Subject: Re: EMAILS NOT RESPONDED TO ADEQUATELY BY FORMER CEO

He is gone move on and give [REDACTED] a go he has a lot of work to do

On 18 Dec 2013, at 10:20 pm, "David Pahlke" <DPahlke@ipswich.qld.gov.au> wrote:

I think I did [REDACTED]
The former CEO had a track record of not responding
David

From: Paul Pisasale
Sent: Wednesday, 18 December 2013 10:15 PM
To: David Pahlke
Cc: Jim Lindsay; David Pahlke
Subject: Re: EMAILS NOT RESPONDED TO ADEQUATELY BY FORMER CEO

No you made no point ... [REDACTED] I want a meeting with the three of us to discuss all of David's emails..

On 18 Dec 2013, at 9:32 pm, "David Pahlke" <DPahlke@ipswich.qld.gov.au> wrote:

I have only gone back 2 months
I think I have made my point
David P



Staff 'told to breach policy and abused'

CCC delivers a scathing insight into the council

HAYDEN JOHNSON
hayden.johnson@qtr.com.au

AN "IMPROPER use of power and influence" within the Ipswich City Council has fostered a culture of poor governance, the Crime and Corruption Commission believes.

Commission chairman Alan MacSporran has lodged a submission to the Economics and Governance Committee on the Dissolution of Ipswich City Council Bill.

"In a recent public statement, I indicated that a current CCC investigation had identified significant and extremely concerning governance failures and cultural issues within the council," he said.

"Many of the practices which have been allowed to occur within the council would

not have occurred within an environment where transparency, accountability and good governance were paramount."

In another damning assessment of the culture within the council, Mr MacSporran provided a brief insight into what his anti-corruption entity uncovered in its investigation.

He said the CCC investigation had revealed: "An improper use of power and influence for personal benefit; a lack of oversight and accountability for expenditure and public resources and inappropriate relationships between council and the private sector, in particular property developers and contractors.

Mr MacSporran said there was also "an inability or unwillingness of council officers to stand up to inappropriate instructions or behaviour of former mayor Pisasale" and failures to report suspicions of corruption, including by successive chief executive officers.

He said council officers were

instructed "to breach policy and procedures and falsify records" and acknowledged abusive attitudes towards council officers.

Mr MacSporran, who has announced his support for the dismissal of councillors, said all councillors were responsible for being accountable to the community for the local government's performance.



INFLUENCE: Queensland Crime and Corruption Commission chairman Alan MacSporran fronts a budget estimates hearing at Queensland Parliament this week. Photo: DAN PELED



Pahlke caught in 'private email' questions

DAVID Pahlke has moved to clarify his use of what was believed to be a private email address.

The Division 10 councillor has told residents to contact him via email account davidp@gil.com.au.

Some people took umbrage with it, declaring the use of the account should be prohibited.

Cr Pahlke said it was a council-owned account he had access to "for many years".

"It's a council email. I don't own it," Cr Pahlke told the QT. "It has a diversion to the council address and all emails are recorded by the council."

The @gil.com.au domain was registered by Ipswich City Council and used by councillors more than 20 years ago.

Despite the rollout of the DPahlke@Ipswich.qld.gov.au account, Cr Pahlke said he still asked residents to email both addresses.

"I got a number of complaints by people who said they sent me emails and I never got them," he said.

"People were spelling my name wrong.

"Every single councillor had this @gil.com.au address. I just kept it."

The council pays \$55 annually for the account.

The email habits of councillors has been under the spotlight this week, with Paul Tul-

ly's use of the Ipswich@gmail.com and PaulG-Tully@gmail.com questioned.

While the CCC would not comment on specific cases, a spokesman said, "the CCC believes it is undesirable for any person in the public service to use private emails to conduct official business".

Cr Pahlke described his use of DavidP@gil.com.au as "completely innocent".

"It's controlled and all the emails are recorded by council," he said.

The right to information process would apply to that email address to."

A spokesman for the council said it had "low-level oversight". "We can request password changes," he said.

"We do not have direct access to content."

Cr Pahlke said the CCC "never discussed" the account.
- Hayden Johnson



EMAIL: Councillor David Pahlke.

Photo: Cordell Richardson

Submission received from David Martin

Good afternoon Mr Booth,

As per conversation earlier in the week, I was elected in late October 2017, and I am disappointed at the prospect of being sacked on the basis of events that happened before I started in ICC and by people who had left ICC before I started.

Whilst I am struggling to get my head around that concept, the prospect of having my name and reputation sullied by inference has potential ramifications on not just my reputation but my future.

On page 6 of your document, the following statement is made.... "While the CCC accepts that some individual councillors may not have been directly involved in or aware of the extent of some practices, they were none the less during that time part of a collective body that was accountable for the good management of the Council, as entrusted to them by the voters and ratepayers of Ipswich". I was certainly one of the innocent councillors, as these events happened before October 2017. Yet the statement goes on to say that as a collective body I was accountable, how could I be when I was not here?

I urge you to word a separate paragraph or statement that says that Councillor David Martin not only had no knowledge of such events, he was not even in ICC when such events occurred.

I am intending to stand at the next election and a statement linking me to a culture that I was not part of will have ramifications on my chance of re-election. We have some very vocal opposition in this city that have scant regard for facts and they would use that paragraph to say that I had knowledge of the actions.

I believe I have acted with integrity in my 9 month tenure and have reported bullying on 4 occasions to the CEO and acting CEO and Mayor and Acting Mayor. I have passed the 19 recommendations to improve governance and transparency and also was here when a code of conduct was issued. I was also responsible for the independent audit that reviewed the ICP deal to lease our council ofices. I am not involved in any political organisation and never have been and I am totally independent. Even my electoral campaign was self-funded.

The only knowledge of anything in the report I have is the comment on page 20 about secretive meetings and messages to avoid CCC scrutiny. I want to assure you that I have only 1 phone number and my business email is the only form of correspondence I use. We as ICC councillors and the CEO had "closed " meetings to discuss the show cause notices from the government so that nothing was leaked to the press, it was in no way trying to conceal activities from the CCC.

Thank you for your time and I ask that you give this letter consideration and highlight in the report that I was not only not at ICC when the alleged acts occurred, I certainly could not have had any knowledge of such activities.

Regards,

David Martin

Councillor for Division 7

IPSWICH CITY COUNCIL

Level 1, 143 Brisbane Street, Ipswich City Council

P | PO Box 191 Ipswich Qld 4305

T | 3810 6224

F | 3432 5656

E | David.Martin@ipswich.qld.gov.au



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Appendix 2. *Local Government Act 2009*: conduct required of councillors and council employees

There are a number of statutory provisions in relation to local government which are intended to guide and promote accountability and transparency. The *Local Government Act 2009* is the predominate source of these requirements and it prescribes not only detailed direction on conduct that is or is not permitted, but also a set of principles against which the performance of councillors' and council employees' conduct can be measured and to which they are to be held accountable.

The following paragraphs outline some of the obligations that applied to elected officials and others in local government during the time relevant to the CCC's investigation. The CCC notes that some of these provisions were amended in early 2018 by the *Local Government Electoral (Implementing Stage 1 of Belcarra) and Other Legislation Amendment Act 2018*.

- Principles
- Instructions to council employees by councillors
- Register of interest
- Conflicts of interest

Policy and Procedures

- Personal use of council property

Local government principles underpin this Act

- (1) To ensure the system of local government is accountable, effective, efficient and sustainable, Parliament requires—
 - (a) anyone who is performing a responsibility under this Act to do so in accordance with the local government principles; and
 - (b) any action that is taken under this Act to be taken in a way that—
 - (i) is consistent with the local government principles; and
 - (ii) provides results that are consistent with the local government principles, in as far as the results are within the control of the person who is taking the action.
- (2) The local government principles are—
 - (a) transparent and effective processes, and decision making in the public interest; and
 - (b) sustainable development and management of assets and infrastructure, and delivery of effective services; and
 - (c) democratic representation, social inclusion and meaningful community engagement; and
 - (d) good governance of, and by, local government; and
 - (e) ethical and legal behaviour of councillors and local government employees.

In addition to these principles the *Local Government Act 2009* also sets out the responsibilities of both councillors, including the mayor and council officers including the CEO.

Responsibilities of councillors

- (1) A councillor must represent the current and future interests of the residents of the local government area.
- (2) All councillors of a local government have the same responsibilities, but the mayor has some extra responsibilities.
- (3) All councillors have the following responsibilities—
 - (a) ensuring the local government—
 - (i) discharges its responsibilities under this Act; and
 - (ii) achieves its corporate plan; and
 - (iii) complies with all laws that apply to local governments;
 - (b) providing high quality leadership to the local government and the community;
 - (c) participating in council meetings, policy development, and decision-making, for the benefit of the local government area;
 - (d) being accountable to the community for the local government’s performance.
- (4) The mayor has the following extra responsibilities—
 - (a) leading and managing meetings of the local government at which the mayor is the chairperson, including managing the conduct of the participants at the meetings;
 - (b) preparing a budget to present to the local government;
 - (c) leading, managing, and providing strategic direction to, the chief executive officer in order to achieve the high quality administration of the local government;**
 - (d) directing the chief executive officer and senior executive employees, in accordance with the local government’s policies;
 - (e) conducting a performance appraisal of the chief executive officer, at least annually, in the way that is decided by the local government (including as a member of a committee, for example);
 - (f) ensuring that the local government promptly provides the Minister with the information about the local government area, or the local government, that is requested by the Minister;
 - (g) being a member of each standing committee of the local government;
 - (h) representing the local government at ceremonial or civic functions.
- (5) A councillor who is not the mayor may perform the mayor’s extra responsibilities only if the mayor delegates the responsibility to the councillor.
- (6) When performing a responsibility, a councillor must serve the overall public interest of the whole local government area.**

Responsibilities of local government employees

- (1) All employees of a local government have the same responsibilities, but the chief executive officer has some extra responsibilities.
- (2) All employees have the following responsibilities—
 - (a) implementing the policies and priorities of the local government in a way that promotes—
 - (i) the effective, efficient and economical management of public resources; and
 - (ii) excellence in service delivery; and
 - (iii) continual improvement;
 - (b) carrying out their duties in a way that ensures the local government—
 - (i) discharges its responsibilities under this Act; and
 - (ii) complies with all laws that apply to local governments; and
 - (iii) achieves its corporate plan;
 - (c) providing sound and impartial advice to the local government;
 - (d) carrying out their duties impartially and with integrity;**
 - (e) ensuring the employee's personal conduct does not reflect adversely on the reputation of the local government;**
 - (f) improving all aspects of the employee's work performance;
 - (g) observing all laws relating to their employment;
 - (h) observing the ethics principles under the *Public Sector Ethics Act 1994*, section 4 ;
 - (i) complying with a code of conduct under the *Public Sector Ethics Act 1994* .
- (3) The chief executive officer has the following extra responsibilities—
 - (a) managing the local government in a way that promotes—
 - (i) the effective, efficient and economical management of public resources; and
 - (ii) excellence in service delivery; and
 - (iii) continual improvement;
 - (b) managing the other local government employees through management practices that—
 - (i) promote equal employment opportunities; and
 - (ii) are responsive to the local government's policies and priorities;
 - (c) establishing and implementing goals and practices in accordance with the policies and priorities of the local government;
 - (d) establishing and implementing practices about access and equity to ensure that members of the community have access to—
 - (i) local government programs; and
 - (ii) appropriate avenues for reviewing local government decisions;
 - (e) the safe custody of—
 - (i) all records about the proceedings, accounts or transactions of the local government or its committees; and
 - (ii) all documents owned or held by the local government;
 - (f) complying with requests from councillors under section 170A —
 - (i) for advice to assist the councillor carry out his or her role as a councillor; or
 - (ii) for information, that the local government has access to, relating to the local government.

Obligation of councillor to correct register of interests

- (1) This section applies if—
- (a) a councillor has an interest that must be recorded in a register of interests under a regulation in relation to the councillor or a person who is related to the councillor; or
 - (b) there is a change to an interest recorded in a register of interests under a regulation in relation to a councillor or a person who is related to a councillor.

Note—

See the *Local Government Regulation 2012*, chapter 8, part 5 (Register of interests).

- (2) The councillor must, in the approved form, inform the chief executive officer of the particulars of the interest or the change to the interest within 30 days after the interest arises or the change happens.

Maximum penalty—

- (a) if the councillor fails to comply with subsection (2) intentionally—100 penalty units; or
- (b) otherwise—85 penalty units.

Note—

Under section 153 (5), an offence against subsection (2) is an integrity offence if a person is convicted of an offence to which a penalty under maximum penalty, paragraph (a) applies.

- (3) For subsection (1), a person is **related** to a councillor if—
- (a) the person is the councillor's spouse; or
 - (b) the person is totally or substantially dependent on the councillor and—
 - (i) the person is the councillor's child; or
 - (ii) the person's affairs are so closely connected with the affairs of the councillor that a benefit derived by the person, or a substantial part of it, could pass to the councillor.

Who maintains registers of interests

- (1) The chief executive officer must maintain a register of interests of the following persons—
- (a) councillors;
 - (b) senior executive employees;
 - (c) a person who is related to a councillor or senior executive employee.
- (2) The mayor must maintain a register of interests of the following persons—
- (a) the chief executive officer;
 - (b) a person who is related to the chief executive officer.

Councillor's conflict of interest at a meeting (prior to 2018 amendments)

- (1) This section applies if—
 - (a) a matter is to be discussed at a meeting of a local government or any of its committees; and
 - (b) the matter is not an ordinary business matter; and
 - (c) a councillor at the meeting—
 - (i) has a conflict of interest in the matter (the *real conflict of interest*); or
 - (ii) could reasonably be taken to have a conflict of interest in the matter (the *perceived conflict of interest*).
- (2) A *conflict of interest* is a conflict between—
 - (a) a councillor's personal interests; and
 - (b) the public interest;that might lead to a decision that is contrary to the public interest.
- (3) However, a councillor does not have a conflict of interest in a matter—
 - (a) merely because of—
 - (i) an engagement with a community group, sporting club or similar organisation undertaken by the councillor in his or her capacity as a councillor; or
 - (ii) membership of a political party; or
 - (iii) membership of a community group, sporting club or similar organisation if the councillor is not an office holder for the group, club or organisation; or
 - (iv) the councillor's religious beliefs; or
 - (v) the councillor having been a student of a particular school or the councillor's involvement with a school as parent of a student at the school; or
 - (b) if the councillor has no greater personal interest in the matter than that of other persons in the local government area.
- (4) The councillor must deal with the real conflict of interest or perceived conflict of interest in a transparent and accountable way.
- (5) Without limiting subsection (4), the councillor must inform the meeting of—
 - (a) the councillor's personal interests in the matter; and
 - (b) if the councillor participates in the meeting in relation to the matter, how the councillor intends to deal with the real or perceived conflict of interest.
- (6) Subsection (7) applies if a quorum at the meeting can not be formed because the councillor proposes to exclude himself or herself from the meeting to comply with subsection (4).
- (7) The councillor does not contravene subsection (4) by participating (including by voting, for example) in the meeting in relation to the matter if the attendance of the councillor, together with any other required number of councillors, forms a quorum for the meeting.
- (8) The following must be recorded in the minutes of the meeting, and on the local government's website—
 - (a) the name of the councillor who has the real or perceived conflict of interest;
 - (b) the nature of the personal interest, as described by the councillor;
 - (c) how the councillor dealt with the real or perceived conflict of interest;
 - (d) if the councillor voted on the matter—how the councillor voted on the matter;
 - (e) how the majority of persons who were entitled to vote at the meeting voted on the matter.
- (9) For subsection (2), a councillor who is nominated by a local government to be a member of a board of a corporation or other association does not have a personal interest merely because of the nomination or subsequent appointment as the member.
- (10) To remove any doubt, it is declared that nonparticipation in the meeting is not the only way the councillor may appropriately deal with the real or perceived conflict of interest in a transparent and accountable way.



Crime and Corruption Commission

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