

# **T R A N S C R I P T**

## **I N T E G R I T Y   A N D   O V E R S I G H T   C O M M I T T E E**

### **Inquiry into the Adequacy of the Legislative Framework for the Independent Broad-based Anti-corruption Commission**

Melbourne – Monday 25 August 2025

#### **M E M B E R S**

Dr Tim Read – Chair

Hon Kim Wells – Deputy Chair

Ryan Batchelor

Jade Benham

Eden Foster

Paul Mercurio

Rachel Payne

Belinda Wilson

**WITNESS** (*via videoconference*)

Dr Adam Masters, Executive Director, Transnational Research Institute on Corruption, Australian National University.

**The CHAIR:** We are resuming the Integrity Oversight Committee's hearing into the legislative framework for the IBAC. We are introducing our final witness for the day, Dr Adam Masters, the Executive Director of the Transnational Research Institute on Corruption at the Australian National University. Thanks for joining us from the other side of the world, Dr Masters.

Before I start, I have just got to go through some formalities and just read you this caution. Evidence taken by this Committee is generally protected by parliamentary privilege. You are protected against any action for what you say here today, but if you repeat the same things anywhere else, including on social media, those comments will not be protected by this privilege. Any deliberately false evidence or misleading of the Committee may be considered a contempt of Parliament.

All evidence given today is being recorded by Hansard. You will be provided with a proof version of the transcript to check once available. Verified transcripts will be placed on the Committee's website. Broadcasting or recording of this hearing by anyone other than Hansard is not permitted.

Thanks for joining us, Dr Masters. Do you have any introductory remarks you would like to make before we start with some questions?

**Adam MASTERS:** Yes, please. I would like to just very quickly thank the Oversight Committee for the opportunity to provide submission and some further evidence as well. I have previously conducted research on behalf of IBAC under a contract led by Professor Adam Graycar, so I think that disclosure is necessary. I received the invitation to make a submission shortly before I commenced this trip to Europe, so I have not had access to some of the material that I normally would have in preparing the submission or for this evidence.

Just quickly going over the points I outlined in my submission, public understanding of corruption always differs significantly from any legal definition, so the amendments being considered are important. Every anti-corruption agency and integrity agency in Australia receives far more referrals than they have the capacity to investigate, as you would know, most of which are not corrupt conduct within the meaning of any relevant Act, so amending the definition of 'corrupt conduct' does need some careful consideration to avoid unintended consequences. One of these could be creating bureaucratic systems that create a greater economic burden than the corruption they are designed to foil.

This is not to say that integrity is a zero-sum game. We should not tolerate corruption for economic expediency. I am not advocating that corruption is necessary to grease the wheels of business but that caution in any changes being made is necessary. This said, when the state functions are outsourced and financial controls of taxpayer dollars are outsourced and removed from government control, the potential for corruption to also be outsourced exists, and I have written on this previously.

In my response regarding the threshold for IBAC investigations, I posed two questions: would the changes make a substantive difference, and would there be increased funding? On both these questions, I am not in a position to answer them directly, but I think these are questions that need consideration. One of the points that the OECD made a number of years ago is that political will is the key to effectiveness of an anti-corruption agency. We have seen the winding back of political will in jurisdictions. The South Australian ICAC, for example, is a clear demonstration of what can occur when political appetite for integrity wanes.

I do believe the criteria for public hearings should be amended. The world has not fallen apart in the jurisdictions where there is a greater default towards public hearings. Due care needs to be given for whistleblowers, who are all too often thrown under the bus. However, the defence of privacy has come at the expense of accountability. This was seen with the outcomes of the robodebt royal commission, for example, where many of the people found by the Commission to have failed in their duties and the information about what actually went on was kept out of the public domain. Transparency is a very good cleaner of these problems.

One thing that I did raise were the concerns about information security. I made reference to the developments in quantum computing. This sounds a little science fiction, but having worked in a range of security environments – defence, the tax office, Federal Police – and from discussions with a colleague, Dr Kim Moloney, whose work I referenced in my submission, there are some real problems coming with quantum computing and AI in terms of information security processes, systems and practices. Air gapping is probably something we are all going to have to start thinking about, about keeping information, particularly from investigative systems, safe and secure. They are the comments I would like to make at this stage. I am happy to answer to the best of my ability any questions the Committee may have.

**The CHAIR:** Thank you. Why don't we start with Paul Mercurio. Paul, feel free to ask anything you would like.

**Paul MERCURIO:** They were excellent opening remarks. You answered all the questions I had pretty well, thank you. Today we have had people that think that the definition of 'corrupt conduct' should be broadened and people who think it is perfect as is. You touched on it and you talked about some of the impacts, but do you want to just talk a little bit more about whether or not the definition should be broader and what would the impacts be, especially the resourcing impacts, if it were made broader.

**Adam MASTERS:** One of the difficulties that we have is the public understanding of corruption is so broad already, and everybody who reports corruption seems to think whatever they have seen is corrupt conduct within the meaning of the IBAC Act, which has some very specific matters outlined. I think broadening the definition will instantly come with a raising of public expectations. My PhD is political science, just by the way. There will be an expectation that things will happen and things will get done. Most recently we saw that with the creation of the National Anti-Corruption Commission. That sort of public support waned quite quickly and quite dramatically, particularly with the way things like the robodebt Royal Commission referrals were dealt with. Widening the definition to include something like unions – and there have been a lot of problems with particularly the reporting around the 'Building Bad' saga in construction in Victoria, Queensland and other places – if you drag that in, there is a real danger that you will end up with one type of offence being covered by multiple jurisdictions. You would have industrial relations commissions covering union corruption. You would have the IBAC covering union corruption. There are criminal offences that are going on at the same time, so there is police involved. When organised crime is involved you get the Australian Criminal Intelligence Commission and the Australian Federal Police. This is my law enforcement background talking here. What you can then have is a bit of duckshoving, I suppose, where everybody says, 'No, it's somebody else's jurisdiction,' and what happens in the end is nothing actually gets investigated.

We saw this with human trafficking. I think I made reference to a paper that I wrote with Adam Graycar about when Victoria changed the laws around sex work, human trafficking remained criminalised. But the Victorian Police believed that sex work was now dealt with at the local council level; the local council believed the criminality was dealt with by the Victorian Police. The Federal Police were not looking at the human trafficking elements. Everything fell into a sort of legislative black hole. Any change of definition will need inter-agency cooperation and some clear delineations from the Parliament, particularly about what the expectations will be of the IBAC with that new definition. I hope that answers your question.

**Paul MERCURIO:** It certainly does. It raises many more. Just really quickly, do you think IBAC is working as intended?

**Adam MASTERS:** As intended, yes. As it could – everybody can do more. This again becomes that resourcing issue that I flagged several times in my submission. I helped provide advice when they set up Sport Integrity Australia, and one of the main things I talked about was having to be able to triage the references, because everybody will come at you with the references, saying, 'This is corruption, this is corruption, this is sport corruption' and the like. It becomes problematic if you do not have the sort of resourcing, if you do not have the systems in place to manage what is going on. IBAC seems to be managing quite well. There will be stuff; it is the way the world works. I have worked in this sort of role, of triage and referrals coming into the Australian Federal Police. You do not always get it right, and we have to be able to allow agencies to get it wrong, so long as they fix their mistakes quickly and fix the systems that have led to a mistake occurring. Quite often it is a systemic error or an individual error rather than a failing of legislation or the governance frameworks involved.

**Paul MERCURIO:** Okay. Thank you.

**The CHAIR:** Thank you. Let us go to Belinda Wilson.

**Belinda WILSON:** Thanks, Chair. Does the IBAC Act need to be changed to address gaps in corruption prevention and accountability due to outsourcing by government agencies to private operators?

**Adam MASTERS:** Prevention is one of my favourite spaces. I prefer to see corruption prevented; it is far cheaper. There are a lot of things that can be done. One of the favourite sayings that my mentor Adam Graycar has is 'You don't fight corruption by fighting corruption'. If, for example, a large infrastructure project is outsourced, perhaps the contract should include that all records are made available to the government and made available under something like an archives Act to allow future research or to allow public scrutiny of some of the stuff that goes on, particularly things like subcontracting and allowing – basically outsourcing, looking at the situation and what is going on. This has proven successful in other parts of the world. It has proven successful in Australia – the introduction of open government legislation like archives Acts, freedom of information Acts, rights to information. We need to shift our thinking along things like commercial-in-confidence. There are certainly elements that are commercial-in-confidence, but the more information that is out there, the easier it is for somebody to pick up when something is going wrong. There are organisations involved in integrity – Transparency International, for example – and researchers at universities who can pick this stuff up and make referrals and discuss stuff with organisations like the IBAC. So stretching out to cover where the taxpayer dollars go can be done in more ways than just broadening the scope of what the IBAC actually does.

**Belinda WILSON:** Yes. Also, are there any risks in IBAC having extended investigation powers with respect to private sector activities?

**Adam MASTERS:** There are always risks when you extend powers. I mean, in the research I did when the IBAC was very first set up, ironically I was doing a media analysis of what corruption looked like in Victoria – this was 2012, 2013, I believe – and one of the things that was reported on was a couple of the contractors from the IBAC in their IT section had actually set up a private company and then were outsourcing contracts from the new IBAC to themselves, so they were self-dealing essentially. So there are always going to be risks involved. In a separate email I can point to the media reports on that if you are interested. It was one of those sorts of ironies that we found, and it is not the only integrity agency that has had problems with integrity in itself. There is no other sort of real risk that I see. I think if companies are bidding for public money, they should be open to public scrutiny.

**Belinda WILSON:** Thank you.

**The CHAIR:** Great. Let us go to Ryan Batchelor.

**Ryan BATCHELOR:** Thanks very much. Adam, just in response to a question from Mr Mercurio you talked about some work you had done with setting up a sports integrity agency and that an important thing to do was triaging the references.

**Adam MASTERS:** Yes.

**Ryan BATCHELOR:** I am interested that obviously here in Victoria IBAC receives significant complaints, particularly in its police oversight jurisdiction. What does the research tell us about best practice in doing that sort of triage? And are there agencies or systems that you can point to that you think are doing it well that we could have a look at?

**Adam MASTERS:** Look, setting up these triage systems is complicated. You need experienced people on board and you need people who are around for a while. Like I said, I did this sort of work myself for nearly a decade with the Federal Police, and there were mistakes that I made. I worked in a workspace where mistakes were okay if you just did not repeat them, fixed them and made sure of things – you do not deliberately make mistakes, obviously. But the systems have to recognise what is getting reported. Now, IBAC have already got all that information – they have got over a decade of referrals – so they know the types of things that are coming to them. If the definition of 'corruption' gets expanded, they are probably in quite a good position to go

back over their records and look at how much information they have received along the lines of what now falls within their jurisdiction.

For example, if there was a change to say that the police no longer have internal investigations – and this is just speculative – the IBAC would be able to tell from their own records how many referrals they have had regarding police, so they would be in a good position to set up the triage systems and look at what sorts of referrals are coming in – are the majority of them about assaults by police or are the majority about misuse of information by police? They would be able to tell where things are going to happen and how things are going to change. Researchers can come up with 50 different things that they think may possibly come through the front door. The interesting thing with sport corruption is that every time I think I have seen everything that can possibly happen in the sporting sphere, somebody comes up with a new type of wrongdoing where I just go, ‘Oh, yeah, that’s a problem as well.’

**Ryan BATCHELOR:** Innovation is everywhere, it seems.

**Adam MASTERS:** Yes. Things change, behaviours change and people’s consideration of what behaviour is and is not acceptable changes, and that changes what is being reported. So any triage system needs to be flexible as well and needs to be sensitive to other legislative changes, social trends, economic trends and the like.

**Ryan BATCHELOR:** Thanks, Chair.

**The CHAIR:** In your submission you talked about the risk of data breaches. Could you just explore a little the likely impact or risks if IBAC experiences a data breach?

**Adam MASTERS:** If IBAC experiences a data breach, I think the people probably with the most to worry about are not the ones being accused of corruption but the people who have done the reporting. I mentioned before that whistleblowers tend to get bullied, harassed, threatened, driven out of work and the like. So if somebody internally has reported something to the IBAC about their managers or senior management processes they have seen and the like, they are at greater danger than the people actually doing the wrong thing. The people doing the wrong thing are doing the wrong thing, so a bit of exposure is not a terrible thing, philosophically speaking. But legally speaking, it would become an absolute nightmare as well. If you get the information handling wrong, the consequences are massive. I just think of the Lawyer X saga in Victoria and what has gone on with that because information was not handled or was not obtained properly in the first place. A data breach could lead to something as calamitous as that.

**The CHAIR:** Thank you. Let us go to Eden Foster.

**Eden FOSTER:** Thank you, Chair. Thank you, Adam. This is probably a question that my colleague Paul Mercurio would like to ask. You brought up, in your opening statement, quantum computing. I am just wondering – what challenges do artificial intelligence and quantum computing pose to IBAC’s information security?

**Adam MASTERS:** It depends on what they have got connected to the internet, essentially. I started my working life using a closed system in the Department of Defence. Ten years later I was working with the Federal Police and dealing with some of the security agencies who had zero connectivity to the internet because of the threats to security. I have worked with security systems that are hardwired and not accessible externally. They are the sorts of things people need to think about.

AI is proving massively problematic in the cybercrime sphere. Talking with my colleague Dr Gabriel Wong, we have discussed things like how AI is being used. Two years ago somebody would breach security and they would just sit there and they would watch what was going on and then work out how people communicate with each other. As a Committee you would know how you communicate with each other. AI can summarise that and mimic that in a matter of hours now, if not faster, so Paul might receive an email from Dr Read – or think it is from Dr Read – with a slight change in the email, and it has got all the tone so it just looks like a continuation of the conversation that you have already been having. That is the sort of threat AI is already posing. That means people will do things like, ‘Oh, you forgot your password,’ or something like that. It is the human element that always brings things undone. That is AI today.

From my discussions with [Dr] Kim [Moloney], when quantum computing becomes commercially available, most encryption technology that is available today becomes pretty worthless if quantum computing lives up to the hype. I am not sure it will live up to the hype. I am not a computer scientist; I do not know enough about it, but I do know enough about that idea of air-gapping, having sealed systems, having systems that are offline. You can have your online presence – here is the forward-facing IBAC referral system – but then it needs to leap across an air gap once it goes to the investigative system. You can triage in a public kind of way, but the investigative system probably needs to be air gapped if it is not done already. I have not spoken to anybody in IBAC for a while, and I have never discussed this type of thing with them directly. But this is the sort of thing that cybersecurity experts are concerned about, and public administrators need to start thinking about it now because quantum computing is coming fast; AI is accelerating the way this stuff is happening. Australia rates quite well. [Dr] Kim [Moloney] did some work researching this. In the Asia-Pacific area we are leaders in some metrics. The papers have not been published yet, so I am not in a position to share them. But just because we are doing quite well does not mean that we cannot slip behind quite rapidly, and yes, any organisation that has got information they need to keep confidential needs to be concerned about this.

**Eden FOSTER:** Thank you.

**The CHAIR:** Thanks. Let us go to Rachel Payne.

**Rachel PAYNE:** Thank you, Chair. And thank you, Dr Masters, for appearing before us today. Based on your anti-corruption expertise and experience, is there anything else you would like to raise about the legislative framework?

**Adam MASTERS:** Not really. I have covered most of the key points. Fixing the IBAC framework or changing the IBAC framework needs to have resourcing considerations made – and I have stressed that point quite a bit – and maintaining the political will. Anti-corruption agencies tread on political toes, but that is what they are meant to do. It is up to the Parliament and the government and political parties to back the IBAC when they are treading on political toes rather than to throw them under the bus and say, ‘No, it’s not our problem. They’re investigating the wrong thing.’ We have just had a former minister in New South Wales sentenced to prison because of the corruption he was involved with, with the former Premier. That is the sort of toe treading that occurs, but the realities of politics mean that it is not always well received.

**The CHAIR:** If there are no further questions from the team, it remains for me to thank you very much, Dr Masters, for appearing from the other side of the world and answering all of our questions.

**Committee adjourned.**