Title: Death by a Thousand Cuts: Recognising, Reporting and Responding to Corruption in Local Government

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Abstract:

Corruption is perceived to exist in local government in Australia. This paper explores the disparity between reports of corruption by the public and reports by councils. It notes that corruption in local government is not always recognised by local government officials; when it is, it is often not reported, or if it is reported, it does not receive an adequate response. Research undertaken with 251 employees in 10 Australian councils raises issues of whether the corruption is systemic, or a set of isolated transgressions. If transgressions are not addressed, they risk becoming normalised, resulting in systemic corruption, and an ethical demise; a death by a thousand cuts.

Introduction

A Council employee in New South Wales, Australia, responded in a survey as follows:

The media and regulators seem to focus exclusively on the big ticket items e.g. bribes or salacious activity [...]. In reality these two kinds of corruption are a) fairly contained i.e. involving one or three persons and b) not really that huge in terms of actual impact on outcomes. What is IGNORED in the corruption focus is the "death by a thousand paper cuts" stuff - the nepotism that may result in an informal network of people who subtly control the place, the leadership culture that may subtly punish compliance with norms/power, lack of systems or skills resulting in lots of small financial losses etc. In my mind [...] I think the focus on the bigger, more dramatic, one-off stuff actually works against you in terms of helping organisations understand that corruption can actually be an aggregate of seemingly minor things and this cluster can be FAR more damaging to an organisation over time [...]. This is my biggest frustration in general as someone who has worked in public sector systems for 20 years. [...] ' (ID-126, Council 10)

This paper explores corruption in a sample of local government authorities in Australia and asks questions about the nature of corruption, to what extent it exists within local government, and why it is rarely reported. If corruption exists but is not reported, the foundations of ethical local administration are eroded as corruption becomes normalised and entrenched. The research question is: how do local government employees understand and interpret the risk and reality of corruption, and subsequently, to what extent are concerns about corruption reported on?

A first step to answering this research question is to describe the situation, and this is done by analysing responses to a questionnaire completed by local

government employees at the frontlines. The descriptive material takes up much of the paper.

Corruption distorts public policy and plays out in many different forms. It occurs on a spectrum of behaviour. It is a broad political phenomenon where the state is unable or unwilling to pursue those that manipulate the state and use it to their own advantage. It is also a set of transgressions in everyday life where people trade their entrusted authority for personal benefit.

In this study, Australian data is used to examine the observation and notification of corruption in several local government councils in New South Wales (NSW). The focus is on transgressions rather than the broad political framework. It highlights how ‘everyday’ corrupt practices are perceived and experienced by employees at the frontline of local government, unpacking its intangible and amorphous nature, into something that can be examined systematically. The findings highlight a number of issues associated with recognition, reporting and responding, which cannot be adequately attended to under the current anti-corruption focus. More needs to be done to address these through proactive intervention. The findings have general relevance for the examination of corruption in other countries or jurisdictions.

Issues in Corruption

It is not the role of this paper to come up with a definition of corruption. Academic experts who study corruption generally concur that having an international definition which is agreed upon is not only problematic (Heidenheimer & Johnston, 2002; Johnston, 2005; Klitgaard, 1988) but that it has been the subject of debate for many years (Johnston, 2005, p. 11) and appears still to be unresolved today. Perusal of the literature yields many

definitions of corruption, with the core debates about definition summarised by Philip (2015) and Kurer (2015). In particular, Paul Heywood's analysis teases out the arguments between those who see corruption as a structural, principal-agent problem and those who see a political system, democratisation problem (Heywood, 2017, pp. 22-25). This paper focuses on administrative corruption, a principal-agent matter. For convenience, we use Transparency International's widely influential definition of corruption, the 'misuse of entrusted power for private gain' (Transparency International, 2018).

What counts as corruption changes over time and place (Wedel, 2012, p. 454). Since the late eighteenth century, the language of corruption has changed with some scholars contending that the recent discourse on corruption is too narrow or technocratic; that corruption is not individual failure but a societal phenomenon or a decay of the body politic (Buchan, 2012, p. 73; Hindess, 2012, p. 11). Social perceptions of corruption rarely accord with formal definitions (Gorta, 2001, p. 13), and it would be prudent to ensure that the two are not conflated.

This article focuses on transgressions and the tolerance of corrupt transgressions, which risk becoming normalised if allowed to continue. While broad theory focuses on the body politic we suggest that to ignore transgressions encourages and therefore has the potential to result in systemic corruption – the slow demise by a thousand cuts. Should systemic corruption of this kind be evident within a local council, anti-corruption measures would be futile (Klitgaard, 2000, p. 5); it is argued that that earlier intervention is necessary on the basis that much corruption is witnessed and observed, but either not reported, or if reported, unattended to.

Citizens cannot ever know how much corruption there is in government. The activities usually take place in secret, without witnesses and between complicit

parties (Larmour & Wolanin, 2001, p. xii); hence its very nature is invariably clandestine and concealed. We only know what is detected or reported, but not all that is reported is substantiated, and not all is acted upon. As such there is very little in the way of a robust typology that captures, categorises and seeks to measure the extent or pervasiveness of corrupt conduct in local government. Essentially, any efforts would be limited in their effectiveness if they were to be implemented, as much corruption might not come to the fore. This would especially be the case if everyday corruption is normalised and ingrained within the occupational culture by corrupt actors, and therefore not seen to be sufficiently serious or even designated as ‘corrupt’ either by corrupt actors or lay observers (Ashforth & Anand, 2003, p. 15; Granovetter, 2004, p. 3; Johnston, 2005, p. 11). The term ‘corruption’ conjures up extensively negative connotations (Hindess, 2012, pp. 2-3; Mulgan, 2012, p. 25; Philp, 2015, p. 19), and often everyday transgressions are simply not considered to be in the same league as more overt or grander forms of corruption. Media attention has the potential to distort perceptions about corruption (Masters & Graycar, 2015, p. 173; OECD, 2005, p. 26); this being the main source of corruption perception rather than first-hand experience (McAllister et al., 2012, p. 12).

In the state of NSW, Australia, an Independent Commission Against Corruption (ICAC) has jurisdiction over the public sector. This includes local government whose general managers and their delegates have a statutory obligation to notify ICAC about any suspected instances of corrupt conduct within their Council. The *Independent Commission Against Corruption Act 1988* (ICAC Act) defines corruption as ‘[...] any conduct of any person (whether or not a public official) that adversely affects, or that could adversely affect, either directly or indirectly, the honest or impartial exercise of official functions by any public official’ (section 8 (1)(a)). These include acts such as bribery, fraud, forgery, and theft, each of which is a criminal violation, but also ‘official misconduct (including

breach of trust, misfeasance [...]’ which would not amount to a criminal violation. Despite this, corruption is often subject to interpretation and in the ‘eye of the beholder’ (Anechiarico & Jacobs, 1996, p. 3; Holmes, 2015, p. 2; Olsen, 2014, p. 187). Its interpretation might be ambiguous, and on the grey scale between black corruption, such that might be obviously corrupt, and white corruption, which would be tolerable by the vast majority (Heidenheimer, 2009, p. 152).

In local government there are many opportunities for misconduct, maladministration and corruption, and ICAC notes that local government is the sector most complained about (ICAC NSW, 2016, p. 17) with higher risks of corruption than its state-level counterparts (ICAC NSW, 2010, p. 8). In spite of this, the majority of complaints about alleged corruption to the ICAC stem from members of the public, not from councils themselves. Local government provides opportunities for corruption in that it engages in activities that affect citizens and sometimes these can be hugely beneficial. For example planning and zoning decisions can enrich people, and they can also enhance or diminish people’s lives. Local government manages huge assets that provide or facilitate environmental services, transport, libraries, sporting and recreational activities, entertainment and much more. Councils are not required to employ anti-corruption officers and hence reliance is placed on the ICAC to investigate suspected corruption.

To underpin this study, ICAC research showed that local council staff often failed to recognise the extent to which any misconduct type constituted a major problem, and that council staff ‘almost never reported a misconduct type as being a major problem in their council’ (ICAC NSW, 2010, p. 14). A study in Victoria, Australia found that corruption was not ‘on the radar’ of public sector agencies (IBAC VIC, 2014, p. 1; Van der Wal et al., 2016, p. 3). The latter

study was oriented to the state government rather than local government, but following procurement scandals investigated by the Victorian Independent Broad-based Anti-corruption Commission (IBAC) (IBAC VIC, 2017a, 2017b), public sector leaders have raised corruption awareness as a matter of concern (The Mandarin, 2016).

For corruption to occur, there need to be three components: a motivated offender, a target and the absence of a capable guardian (Felson, 2002, cited by Graycar & Prenzler, 2013, p. 133). Guardianship is defined as ‘the physical or symbolic presence of an individual (or group of individuals) that acts (either intentionally or unintentionally) to deter a potential criminal event’ (Hollis-Peel et al., 2011, p. 54). As such, the capable guardian might take the form of the ICAC, and/or in-house personnel that have a remit to focus on ethical behaviour. When there are suspected breaches a test of effective guardianship is whether the breaches are reported or acted upon.

This paper is based on an empirical study in NSW, Australia, but the lessons would equally be applicable to other countries. Survey work exploring these issues in local government in NSW is presented as a means of offering some insights into this space with data acquired from respondents employed at ten councils in NSW. Australia is a country that is reportedly low in terms of its perceived levels of corruption (Transparency International, 2015), with an anti-corruption agency (ACA) in each of its states, albeit each with a different remit and approach, and an ICAC recently established in the Northern Territory (Northern Territory Government, 2018). Notwithstanding, this paper shows that corrupt practices take place within the local government sector of NSW, supporting the view that the presence of an ACA is not the panacea (de Sousa, 2010, p. 19) but that a paradigmatic rethink on anti-corruption within local government should be considered.

Local government, corruption and the NSW ICAC

This study was conducted in NSW, Australia's most populous state. NSW has a population of 7.7 million people, about a third of Australia's population, and in 2013 (when this project started) there were 152 general-purpose councils. In 2016 this was reduced by amalgamations to 128 (NSW Government, 2017).

Concerns about suspected corruption should be reported to ICAC. In the 2015-16 reporting year, 2,436 matters were received by ICAC (ICAC NSW, 2016, p. 15). Of these, 656 were classified as complaints by members of the public, 605 reports were made directly by public sector agencies and a further 220 was classified as public interest disclosures; the remaining 955 matters fell into a different category, based on ICAC's mode of categorisation – with the main ones being: enquiry, outside jurisdiction, information or feedback (ICAC NSW, 2016, p. 15). Of the 656 complaints from the public, 492 were attributed to one of five government sectors, with nearly half of these (295) being in relation to the local government sector (ICAC NSW, 2016, p. 17).

Like all public sector authorities in NSW, councils have a statutory obligation to notify the ICAC of any suspicion that, on reasonable grounds, concerns or may concern corrupt conduct. Such referrals must be made by the head of a public authority or its chief executive, who is the *principal officer*, and this is well communicated by ICAC to the array of public authorities in NSW (ICAC NSW, n.d.). In the 2015-16 reporting year a total of 120 reports were made by the 152 councils to the ICAC (ICAC NSW, 2016, p. 20) which is relatively consistent with previous years. This indicates that many councils have not notified ICAC about any suspicions of corruption at all.

Out of 2,436 matters received by ICAC in 2015-16, 41 were subject to preliminary investigation, and full investigations were commenced in just 10 of those matters (ICAC NSW, 2016, p. 9). 1,926 of these matters were subject to determination by the ICAC assessment panel (ICAC NSW, 2016, p. 23) as illustrated by Figure 1.

FIGURE 1 ABOUT HERE

As shown by Figure 1, the majority of matters are closed without action or referral, or referred back to the public authority for investigation. ICAC's remit is to focus on 'serious corrupt conduct and systemic corrupt conduct' and it states that 'a large number of complaints that the Commission receives are speculative in nature and lacking specific information tending to disclose a likelihood that corrupt conduct has occurred. These matters are usually closed' (ICAC NSW, 2016, p. 20).

There is no doubt that local government is a sector that requires further scrutiny. Masters and Graycar (2016, pp. 46-47) contend that 'the interest in corruption at the local level has only received marginal attention in Australia [and that] dismissing local government neglects the fact that it is at this level most citizens interact with government'. In the absence of sufficient scrutiny or accountability within local government, corruption may flourish (Vanstone, 2015), yet such a view is not a new one with arguments that 'local government has long been fertile ground for the discovery of fraud, waste and abuse in the public sector' (Anechiarico, 2009, p. 80). In terms of its composition, Klitgaard (2000, p. 5) asserts that local governments are susceptible to systemic

corruption, where municipal administrative systems are weaker than in national governments, lower pay fails to attract high calibre personnel, and as such, opportunities for corruption will be taken advantage of. Similarly, Rodden and Rose-Ackerman (1997, cited by Dollery et al., 2003, p. 224) refer to features such as ‘smallness’ and ‘intimacy’ as reasons why municipal governments are particularly susceptible to corruption.

Between 2000 and 2014, ICAC publicly reported on 106 investigations, of which nearly a quarter (23) involved local government (ICAC NSW, 2014). 19 of these 23 investigations resulted in findings of corrupt conduct and 21 of these involved metropolitan Sydney (or nearby) councils. Nearly three quarters (17) of these investigations related to the appointed officials or administrative side of local government as opposed to the elected representatives. Four of the 23 related to elected officials, while the remaining two related to both. Noting these numbers, the study focuses only on the prospect of corruption at the operational level of local government.

Methodology of research project

This paper starts with a methodological note of caution. Researchers never know how much corruption there is and can rarely get respondents to describe their own corrupt behaviours. Sampling councils for this study was fraught and few were willing to participate. It is what it is. Waiting for methodological perfection would mean that nothing much in this arena would ever be studied. This paper reports on responses from employees at ten councils and tells a story of those councils and 251 respondents.

The first stage of a broader, mixed method research design, comprised quantitative data gathering. This took the form of an online questionnaire sent to a sample of councils in NSW for onward dissemination to their appointed

officials – the employees. Respondents were not identified in the questionnaire. The primary intention of the questionnaire was to acquire an overview using a sample base of diverse and disparate councils. It was framed to gauge employees' attitudinal perceptions and personal experiences of how corruption is understood, interpreted and addressed in local government. It asked whether there are risks and opportunities for corruption to occur within local government and whether appropriate mechanisms exist to address the risk and reality of corruption. The questionnaire design sought to identify which 'type' of council responses came from, whilst being mindful of the need to ensure individual participants could not be identified.

Initially, 35 councils were invited to engage in the study. They were chosen to reflect a variety of demographics including factors such as proximity, size, population and geographical disposition as well as the range of financial sustainability (TCorp, 2013). However, only 10 councils agreed to participate and their characteristics are detailed with Appendix 1. As each council is operationally reliant on its General Manager, as the chief executive, any decision to participate was at their behest and this low response indicated a degree of apprehensiveness on the part of the invited councils. Some councils responses such as:

- 'Our organisation is going through a transformation program, hence our management feels that this is not the right time to participate in the study'
- 'I am unable to get this done due to other commitments'
- 'We are unable to participate at this time'

Although a larger sample would have been preferable, the composition of councils was considered satisfactory by the lead researcher; six of the 10 councils were metropolitan councils, which was a reasonable sample owing to

the fact that 64% of the State's population resides in the Greater Sydney area (TCorp, 2013, p. 27).

251 respondents undertook the survey. This contained a good cross representation of employees based on their gender, age group, length of service and core business area. No two councils were identical in terms of the characteristics. By having a sample of councils which operate independently and autonomously of each other, the potential for bias or compromise was limited, as responses came from employees at councils that had no affiliation with the others, and participants were not aware of which other councils were involved in this study.

Research Finding 1: Recognising

When asked how much corruption there was within their council, three fifths (58.9%) of the respondent base said there was "little or some". One fifth (20.8%) said there was "none" and one fifth (18.8%) did not know (Figure 2). A similar study in Victoria, (though with state government respondents) reported almost identical results in that 61% replied little or some, 22% said none and 16% did not know (see Graycar, 2014, p. 275).

FIGURE 2 ABOUT HERE

Later in the survey, respondents were asked whether they thought there was an opportunity within their council for that act of corrupt conduct to take place and whether they had suspected or directly witnessed that type of corrupt act.

Table 1 presents the results with the four most frequently *witnessed* acts of corruption: conflict of interest; preference to hiring friends or family for council jobs (cronyism/nepotism); misuse of information or material; and, abuse of discretion. These were also the four most common acts that were *suspected*, albeit not with the same corresponding weighting. Again these matched the four most frequently observed acts in the Victorian study (Graycar, 2014).

TABLE 1 ABOUT HERE

Table 1 reinforces views that perceptions of corruption do not align with direct experience and measurable realities (Masters & Graycar, 2015, p. 173). As such perceptions are not the best indicator of corrupt conduct, and it would be prudent to exercise caution if they are solely relied upon to inform policy or a strategic response. Table 1 shows that other forms of corrupt conduct are suspected and witnessed much more frequently than bribery which Masters and Graycar (2016, p. 48) consider to be the ‘least ambiguous’ form of corruption while Johnston (2005, p. 6) contends that ‘too often corruption is reduced to a synonym for bribery’. Bribery ‘creates a specific obligation on the part of the officeholder [while] other kinds of corrupt political exchange are based on obligations that are more vague and create less specific quantities’ (Heidenheimer, 2009, p. 141). Bribery is rarely a feature in rich country corruption (Graycar, 2016; Graycar & Monaghan, 2015).

The most frequently witnessed and suspected act, conflict of interest, is distinctly different to bribery. It is also worth noting that each of the four most frequently witnessed and suspected acts of corrupt conduct are not criminal offences, but more so ethical violations, and as such may be considered permissible by some, as long as they are not legally forbidden (Gorta & Forell, 1995, pp. 316-317; Zimring & Johnson, 2005, p. 797). Corruption is richly nuanced and comprises different types and activities and occurs differently in various sectors and places. An analysis of types, activities, sectors and places (TASP) has been used to examine local government corruption in New York City (Graycar, 2015).

Corruption tends to be more visible at the lower levels (Gupta, 1995, p. 384), and this observation poses a risk for those trying to measure or describe corruption (Blundo, 2008, p. 34). Table 1 shows that conflict of interest had been directly witnessed by nearly one third (32.3%) of respondents in the survey and suspected by nearly half (49.7%). Abuse of discretion and/or misuse of information or material have each been witnessed by one in five respondents (20.5%).

Such distinctions have the potential to conflate understanding about what is corrupt. If they do, they lead to the normalisation of corruption wherein ‘corrupt individuals tend not to view themselves as corrupt’ (Ashforth & Anand, 2003, p. 15). It may be that those who witnessed these infractions do not necessarily see them as corrupt and hence did not report them.

While based on a relatively small sample of local government employees in ten councils in NSW, Table 1 shows that 156 acts of corrupt conduct have been ‘directly witnessed’ by 127 local government employees. If this sum of 156 witnessed acts of corrupt conduct from employees at ten councils was used to gauge or predict its prevalence across all 152 councils in NSW, then this figure

would come to 2,371 witnessed acts of corrupt conduct. If the ‘suspected’ category were to be used as an indicator – which is the basis on which referrals to ICAC should be made – then the figure would be much higher still.

ICAC however was only notified of 120 suspicions of corruption in the last financial year by *all* 152 councils in NSW (ICAC NSW, 2016, p. 20). This data indicates that a great many concerns about corrupt conduct are not being referred to ICAC, but on the basis of this data alone, it is not clear why.

Despite a third of employees suspecting at least one corrupt act within their council, as shown in Table 1, over a third (38.2%) of local government employees think that corruption has decreased in local government during the past 5 years while 15.2% think it has increased, and 22.1% think it has stayed the same (Figure 3).

FIGURE 3 ABOUT HERE

Thus the majority of local government employees feel that corruption is on the decline or is stable. However, one quarter (24.5%) do not know if it has increased or declined.

Research Finding 2: Reporting

Almost twice as many respondents (53.8%) felt that their Council did enough to promote the reporting of corruption as did those who felt that their Council did not do enough (28.9%) (Figure 4).

FIGURE 4 ABOUT HERE

While about half feel that there is support or encouragement in the council to report, many are hesitant. Three quarters of the respondents (146) claimed never to have thought about reporting corruption. However, as seen in Table 2, one in five, 39 respondents out the 201 (19.4%), had declined to report corruption that they had either suspected or witnessed. 16 respondents (8%) preferred not to say.

TABLE 2 ABOUT HERE

As shown by Table 2, apart from Council 4, the proportion of respondents who have declined to report is relatively consistent, though Councils 5 and 10 also stand out. At Council 4, a small, metropolitan council in a high socio-economic area, no respondents claim to have declined to report. At Council 5, a medium sized metropolitan council, in an above average socio-economic area, nearly two thirds of respondents (60%) have either declined to report, or preferred not to say.

Respondents who stated that they declined to report corruption after suspecting or witnessing it were asked what the reasons were. Five reasons stood out, as

illustrated by Figure 5 (note, respondents were invited to check more than one box).

FIGURE 5 ABOUT HERE

As observed, a variety of reasons featured heavily, with more than half (52.6%) of all respondents who declined to report corruption believing that they would be branded a trouble maker. Over two-fifths (42.1%) of all respondents stated that they declined to report their concerns because they did not feel that they had enough evidence to support their suspicion. Out of the top five reasons, this particular one is the only one that does not have a nexus with other people, indicating that cultural reasons heavily influence a person's decision to report.

The survey further asked if respondents thought their Council did well in handling risks of corruption (Figure 6) (note, this is the handling of risk rather than the handling the reporting).

FIGURE 6 ABOUT HERE

132 or two thirds of respondents (65.3%) thought that their Council handles the risk of corruption well, while 29 (14.4%) disagreed that their Council handles

the risk of corruption well, and 41 (20.3%) neither agreed nor disagreed (Figure 6). Despite the high proportion of respondents who had declined to report suspected or witnessed corruption, this figure seemed positive. However, when this finding was cross-tabulated with respondents' answers as to whether they had ever declined to report corruption, a clear division became obvious. The majority of respondents who had never thought about reporting corrupt behaviour or activity in their Council considered that their Council handles the risk of corruption well, which is a logical deduction. As identified within Table 3, of the 39 respondents who declined to report corrupt behaviour or activity in their Council, 28 (71.8%) do not agree that their Council handles the risk of corruption well.

TABLE 3 ABOUT HERE

Of the 122 who thought that their Council handles the risk of corruption well, 11 (9%) had declined to report corruption that they had suspected or witnessed. In contrast, the majority of those who had declined to report thought that their Council either did not handle the risk of corruption well (13) or neither agreed nor disagreed (15) (see Table 3).

One might expect that if witnessed, corruption would be reported and acted upon. But what we have is a situation that is not clear cut, with one tenth of those who thought their Council dealt well with corruption risk, declining to report, and of those declining to report, the majority believing that their Council did not deal well with corruption risk, or having a neutral view.

This indicates that there may be constraints, fears, or lack of trust, as supported by some of the cultural reasons identified under Figure 5. There may well be varying interpretations of the seriousness or significance of the corrupt behaviour, and as indicated by Table 2, this might differ by council. It highlights that in this field there are rarely unequivocal paths to managing difficult situations of this kind.

Research finding 3: Responding

Because of its clandestine nature we never know how much corruption actually exists. What we do know however is that reporting fraud and corruption is a most effective detection method (ACFE, 2014, p. 19; 2016b, p. 11) and that the majority of these tips are made by employees (ACFE, 2016a, p. 9). Lewis, Brown and Moberly (2014, p. 5) assert that it is the ‘insiders who often possess the most crucial information [but] due to their position within and dependency on the institution concerned, are seen as requiring assistance, incentives ... and who may face the worst kinds of reprisals and consequences’. If such reports do not come forward, ‘corruption becomes the social norm within an occupational network [and] it will be less probable that whistleblowers will expose corrupt behaviour’ (Dormaels, 2015, p. 606). Reprisal action looms over potential reporters and one study showed that 46% of Victorian public servants stated that they ‘would not feel confident they would be protected from victimisation should they report corruption’ (Graycar, 2014, p. 279).

While survey respondents generally believe that their Council handles the risk of corruption well, they might still be reluctant to report corruption that they suspect or observe. ‘Traditional concepts of loyalty to an organisation have meant that whistleblowing has often been perceived as a negative behaviour by organisations’ (Zipparo, 1999, p. 273).

To minimise the tension, when an employee is willing to come forward, councils should have a sufficient mechanism for them to report such conduct with a degree of encouragement and a level of assurance that their concerns will be addressed effectively. Australia's largest whistleblowing study reports that 89% of respondent organisations had formal, written whistleblowing procedures or policies, and that 90% of organisations had processes for ensuring appropriate investigations or management actions in response to whistleblowing concerns (Brown et al., 2016, p. 1).

Of the 202 respondents, one in six (34, or 16.8%) claimed to have personally reported behaviour or activity, which they suspected to be corrupt (Table 4).

TABLE 4 ABOUT HERE

The 34 respondents were subsequently asked whether their report was made internally or externally, and also whether, in their view, they felt that their report was dealt with effectively. Of the 34 reports, 30 (88%) were made internally and 4 (12%) externally. A bit over one third of the internal reports were deemed to have been dealt with effectively, and noting the very small number, most of the external reports were deemed to have been dealt with effectively (Table 4).

Given that two thirds of the internal reporters were not satisfied, or received no feedback, there would arguably be little encouragement or incentive for them to report further concerns or suspicions about corruption. This compounds an already difficult situation, as there are rarely witnesses to corruption. 'The

corruptor and the corrupted will try to hide their behaviour where possible' write Huberts, Lasthuizen and Peeters (2006, p. 290). Most often there are willing partners on both sides, so there is secret collusion rather than extortion (Graycar & Prenzler, 2013, pp. 28-31). This puts a potential reporter in a difficult situation. Not only might their report not be acted upon, but also they may feel they do not have enough evidence of the malfeasance.

The survey asked respondents whether they would report on suspicion or on the basis of evidence. Of the 188 who responded to this question three quarters would report only on the basis of evidence, while one quarter would report on a suspicion (Table 5).

TABLE 5 ABOUT HERE

This finding confirms the Victorian results with state public servants, the majority of whom would report only on evidence and not on suspicion (Graycar, 2014, p. 279). It further suggests that a great deal of suspected corrupt conduct or behaviour may not be coming to light.

Conclusion

While corruption can be theorised as a macro political problem there is the reality of corruption on the ground in local government that is noted, but not always reported, or adequately addressed. It is this degree of administrative corruption that has the potential to manifest and metastasize if allowed to continue. As the opening quote in this article claims, "death by a thousand cuts" is a terrible consequence for any council, but a likely one if *everyday* corrupt

transgressions are tolerated or fail to result in any form of intervention. If ICAC intervention is forthcoming, it would be like closing the barn door after the horse has bolted. Intervention needs to be sooner.

This study of 251 local government officials in 10 different councils identified that a majority thought that there was little or some corruption in their Council. Of the corrupt acts they did suspect or witness, four types predominate: conflict of interest; nepotism/ cronyism; misuse of information or material; and, abuse of discretion. In general, however there was a disparity between the general view of corruption within local government and the extent to which corruption is recognised, reported and responded to. Through examination of corrupt practices, we can see that employees at some councils observe and experience more corruption than in others. The collective number of these corrupt 'transgressions' suggests that often they are being perpetrated without remedy.

The ICAC requires councils to report suspected corruption within their Council. Most respondents thought that their Council dealt well with corruption risk, so it could be inferred that reporting would be a routine or standard activity. One in six respondents have reported corruption, mostly internally. However, two thirds of those were either not satisfied with the way it was dealt with or had received no feedback about their complaint. Furthermore, council employees are not very likely to report if they have only suspicions rather than actual evidence.

Many acts of corruption are concealed and suspicions are more likely than observations, even though surveyed respondents have witnessed many corrupt acts and behaviours. Uncertainty prevails as to whether anything will be done, and the perception of potential whistleblowers is that ostracism is likely. Thus, the environment for reporting in local government is not promising. If reports

about corruption are not materialising, this is unlikely to deter potential corrupt participants and the corrupt act continues.

Some councils have more corruption than others and some deal with it better than others. Across the sample of councils, 28% of respondents have declined to report suspected corruption (or preferred not to say whether they have reported) (Table 3) while in one council this was 60% (Council 5, Table 2).

A more comprehensive local government integrity framework is appropriate, rather than the setting up another agency to address serious or systemic corruption in local government, such as a Local Government Inspectorate. Any intervention needs to ensure that corruption does not reach the level of serious or systemic. The layered complexities associated with recognising, reporting and responding to corruption need to be unpacked and addressed so that councils know what it is they are seeking to address.

This paper has explored the disparity between what local government officials think, see, and believe to be corrupt, with what is reported and brought to the attention of the ICAC. Far more local government employees have suspected or witnessed corrupt transgressions than have reported them, and of those reported many are deemed to have not been addressed adequately. This does not indicate anything more systemic, but transgressions might transition into serious and/ or systemic corruption. If the current anti-corruption focus is not reassessed, the normality of corruption may result in the demise of a Council and its *death by a thousand cuts*.

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Death by a thousand cuts: recognising, reporting and responding to corruption in local government (Tables and Figures)

Figure 1 - ICAC assessment decisions 2015-16 (n = 1,926)

Appendix 1 - Composition of participating councils

Council	Council Type classificationⁱ	Number of full-time equivalent (FTE) staff	Size of population serviced by Council	Geographical size (sq.km)	SEIFAⁱⁱ Ranking
Council 1	Metropolitan	Over 1000	Over 200k	51 to 500	Below average
Council 2	Metropolitan	Under 200	Under 50k	Under 50	High
Council 3	Metropolitan Fringe	200 to 500	50k to 100k	51 to 500	High
Council 4	Metropolitan	Under 200	Under 50k	Under 50	High
Council 5	Metropolitan	200 to 500	50k to 100k	Under 50	Above average
Council 6	Regional Town/City	200 to 500	50k to 100k	501 to 2000	Average
Council 7	Metropolitan	200 to 500	100k to 200k	Under 50	Above average
Council 8	Metropolitan	500 to 1000	100k to 200k	Under 50	High
Council 9	Rural	Under 200	Under 50k	Over 2000	Below average
Council 10	Regional Town/City	500 to 1000	Over 200k	501 to 2000	Above average

Figure 2 - Perceived level of corruption within a respondent's council (n = 202)

Table 1 - Comparison between opportunity for, suspected and witnessed corruption within each respondent's Council

Type of corrupt act	Opportunity (n = 194)		Suspected (n = 175)		Witnessed (n = 127)	
Conflict of interest	141	72.7%	87	49.7%	41	32.3%
Preference given to hiring friends or family for Council jobs (nepotism/cronyism)	82	42.3%	66	37.7%	37	29.1%
Misuse of information or material	116	59.8%	73	41.7%	26	20.5%
Abuse of discretion	108	55.7%	50	28.6%	26	20.5%
Hiring one's own company, or the company belonging to close associates or relates to provide public services	51	26.3%	36	20.6%	10	7.9%
Forgery and/or falsification of records or data	50	25.8%	25	14.3%	7	5.5%
Fraud	55	28.4%	22	12.6%	5	3.9%
Bribery	94	48.5%	21	12.0%	2	1.6%
Perverting the course of justice	28	14.4%	12	6.9%	2	1.6%
Don't know	26	13.4%	39	22.3%	42	33.1%
Prefer not to say	5	2.6%	7	4.0%	11	8.7%

Note: not all respondents answered all questions

Figure 3 - Perceived change in level of corruption in local government in New South Wales in the past 5 years (n = 249)

Figure 4 - Respondents' views on whether their Council does enough to encourage employees to speak up against corruption (n = 197)

Table 2 - Respondents who declined to report corruption after suspecting or witnessing it plus those who preferred not to say (n = 55)

Respondent's Council	Declined to report corruption after suspecting or observing it	Preferred not to say	Total number of respondents from Council
Council 1	2	2	20
Council 2	2	0	10
Council 3	1	0	5
Council 4	0	0	6
Council 5	9	3	20
Council 6	2	1	11
Council 7	7	4	39
Council 8	8	4	63
Council 9	1	0	4
Council 10	7	2	23
Total	39	16	201

Figure 5 - Top 5 reasons given by respondents who declined to report corruption after suspecting or witnessing it (n = 38)

Figure 6 - Respondents' views on whether their Council handles the risk of corruption well (n = 202)

Table 3 – Cross-tabulation between employees who considered that their Council handles the risk of corruption well with those who had thought about reporting corruption but decided not to (n = 186)

		Declined to report suspected or observed corruption			Total
		Yes	No	Prefer not to say	
Please indicate whether you agree or disagree that your Council handles the risk of corruption well	Agree	11	108	3	122
	Neither agree or disagree	15	13	9	37
	Disagree	13	13	1	27
Total		39	134	13	186

Table 4 - Breakdown of reports made about suspected corruption (n = 34)

		Whether report about suspected corruption was dealt with effectively			Total
		Yes	No	I wasn't given sufficient information or feedback to be able to answer this question	
Where report about corruption was made	Internally	11	11	8	30
	Externally	3	1	0	4
Total		14	12	8	34

Table 5 - The basis on which reports of corruption might be made (n = 188)

If you thought that corruption was present within your Council, on what basis would you report this?		
	Frequency	Percent
On a suspicion of corruption	47	25%
With actual evidence of corruption	141	75%
Total	188	100%

ⁱ Council type classification (DLG NSW, 2013, pp. 350-351).

ⁱⁱ (Low = 1-30; Below average = 31-60; Average = 61-90; Above average = 91-120; High = 121-152) Socio-Economic Indexes for Area (SEIFA) 'uses a broad definition of relative socio-economic disadvantage in terms people's access to material and social resources, and their ability to participate in society' (DLG NSW, 2013, p. 344).