

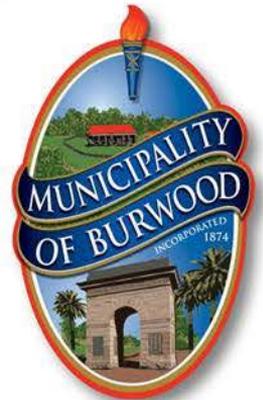
*Factors that impede efforts to address  
corruption in local government and how to  
overcome them*

# *Burwood Council*

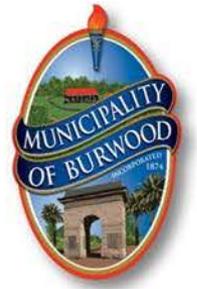
heritage ▪ progress ▪ pride

*Allan Yates*

*Internal Ombudsman*

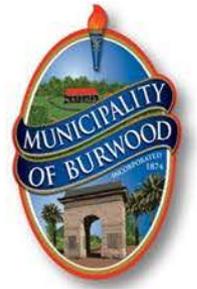


# Two questions:



1. Why is corruption still prevalent within local government?
  2. If corruption is in the 'eye of the beholder', do we need to adjust our *focus*?
- 'Most anti-corruption efforts are bound to fail unless we can find more effective ways of unpacking the problem we are seeking to address' (Heywood, 2017)

# Looking at things differently

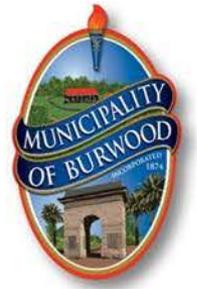


## The Story of Jeha

There is a story told of a man named Jeha who lost a coin. Jeha was looking around frantically and it was apparent to anyone observing him that he was looking for something. A man approached Jeha and asked what he was doing. Jeha responded, "I am looking for my coin." The man replied, "Well where did you lose your coin?" Jeha stood up and pointed across the room and said, "Over there." The man looked puzzled, scratched his head and then asked, "If you lost your coin over there, then why are you looking for it over here?" To which Jeha simply shrugged his shoulders and replied, "More light."

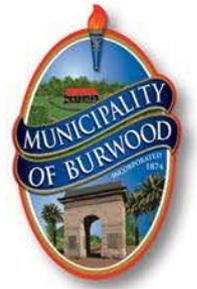


# Setting the scene



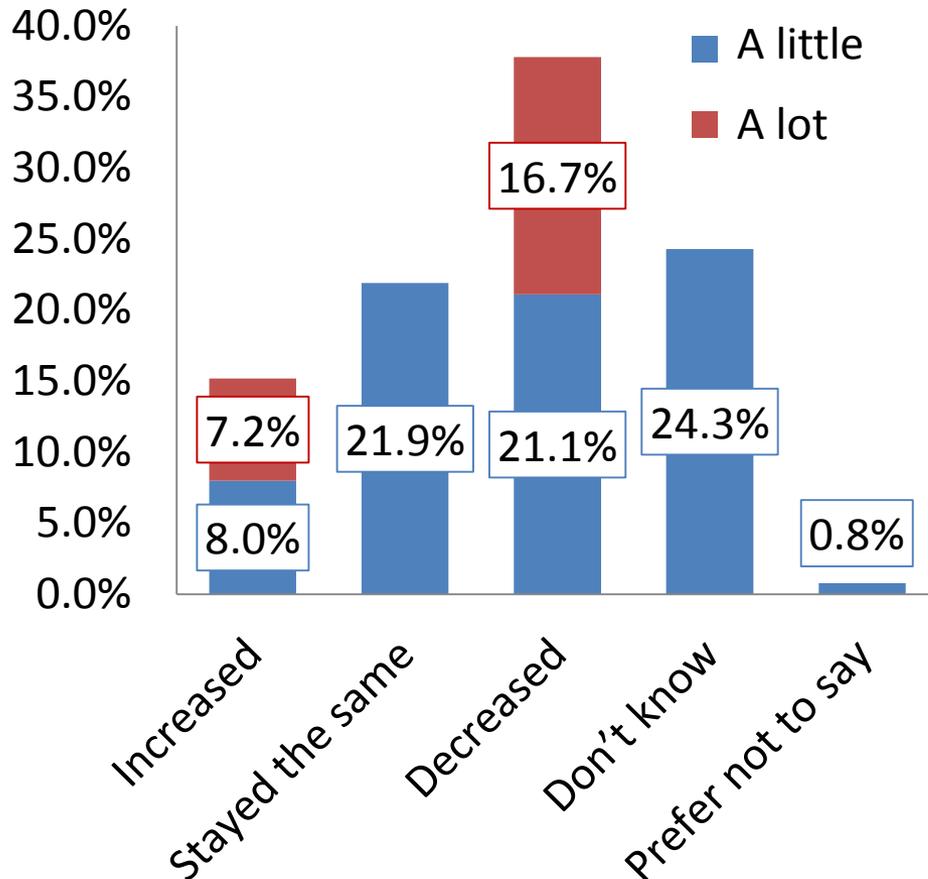
- NSW – one third of Australia’s population 7.7m
- NSW – 152 councils condensed to 128 in 2016 – however, only boundaries diminish, the functions stay the same.
- In 2015-16:
  - 120 reports made by 152 councils (just 20% of all public sector section 11 reports) – therefore, many councils have not reported *any* suspected corruption.
  - 656 complaints from the *public* made to ICAC; of which, 295 (45%) related to local government – three times more than the second largest sector.

# Perceived level of corruption ...



## Local government

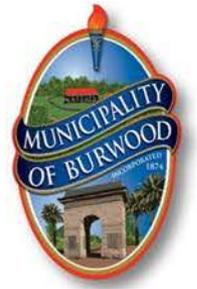
in last 5 years ( $n = 249$ )



## Elsewhere

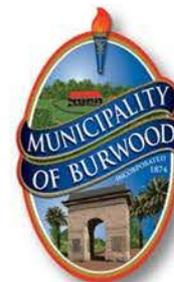
- **Internationally:** drop in four years on the CPI (7 to 13) (Transparency International)
- **Asia-Pacific:** 34% think it has increased in Australia (Global Corruption Barometer)
- **Nationally:** 43% think it has increased in last 3 years (ANU Poll)
- **Victoria:** 44% think it has increased in last 3 years (IBAC/ANU, 2013)

# The side effects



- When the focus is on the Big C -
  - Everyday acts are rationalised, condoned and risk becoming the social norm.
  - Little incentive for other employees not to act corruptly, let alone speak up.
  - Tolerance leads to escalation of corrupt practices, resulting in widespread and/or endemic corruption.
- Intervention at this stage is like *'closing the barn door after the horse has bolted'*.

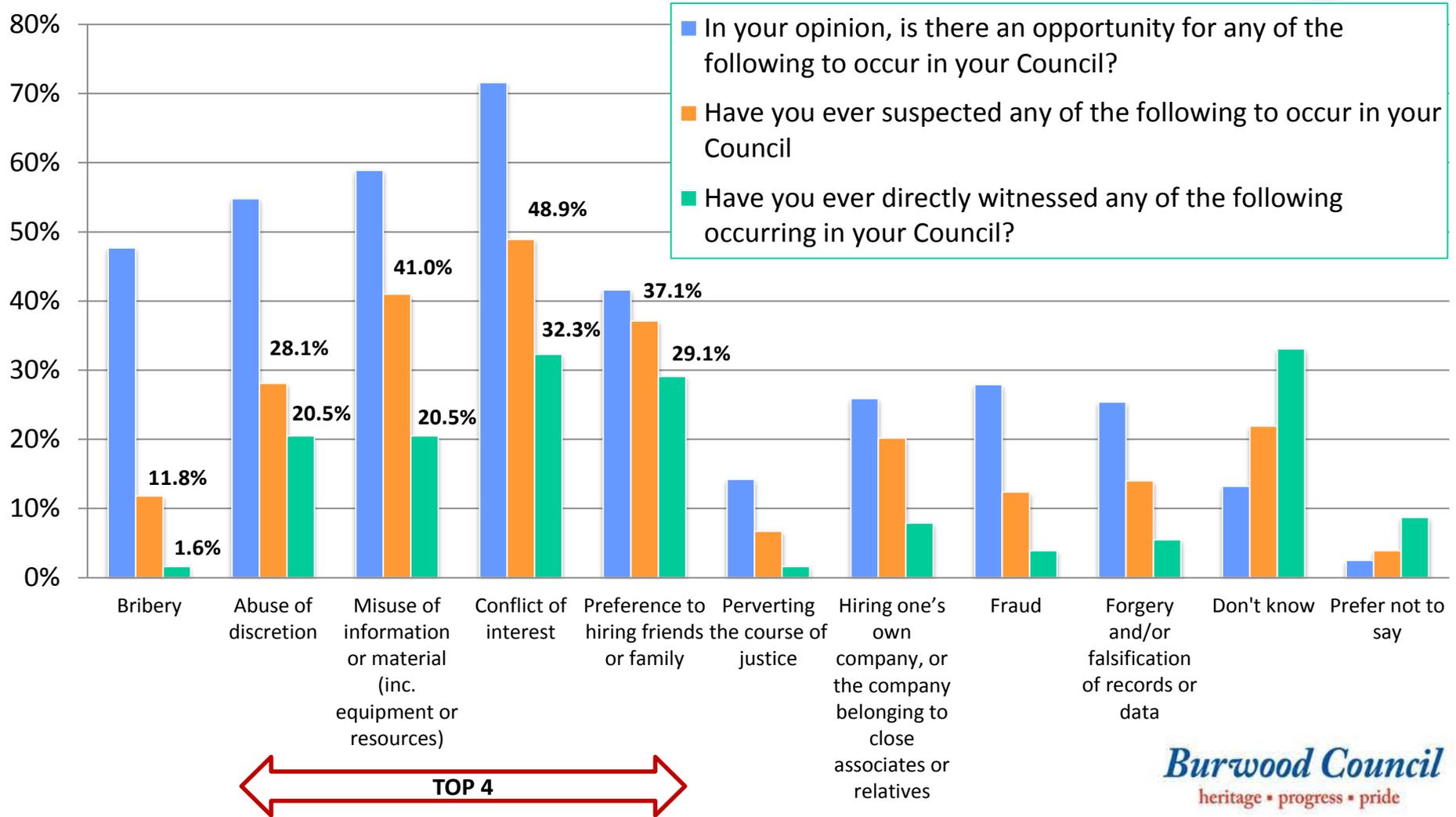
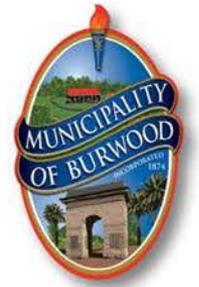
# 'Everyday' corruption: Death by a thousand cuts



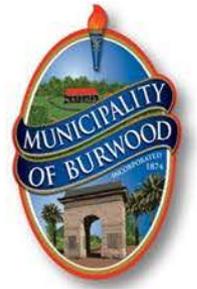
*[...] The media and regulators seem to focus exclusively on the big ticket items e.g. bribes or salacious activity [...]. In reality these two kinds of corruption are a) fairly contained (i.e. involving one or three persons); and, b) not really that huge in terms of actual impact on outcomes.*

*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 [...] resulting in lots of small financial losses. I think the focus on the bigger, more dramatic, one-off stuff 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 [...]**'*

# Employees' perceptions and experiences of corrupt conduct

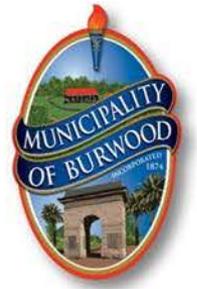


# Observance of corrupt practices



- How many corrupt practices are witnessed?
  - 156 witnessed acts by 127 employees would equate to 2,371 across 152 councils in NSW by 1,930 employees (4% of the 50,000 employees that currently work in local government).
- Employees in the sample generally believe that:
  - Corruption in local government is stable or decreasing
  - Their Council handles the risk of corruption well
  - There is 'little' or 'some' corruption within local government (59%) ; 1 in 5 (21%) believe that there is 'no' corruption within their Council
  - The level of corruption is lower in a respondent's Council than other councils

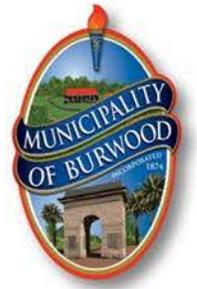
# No corruption to see here



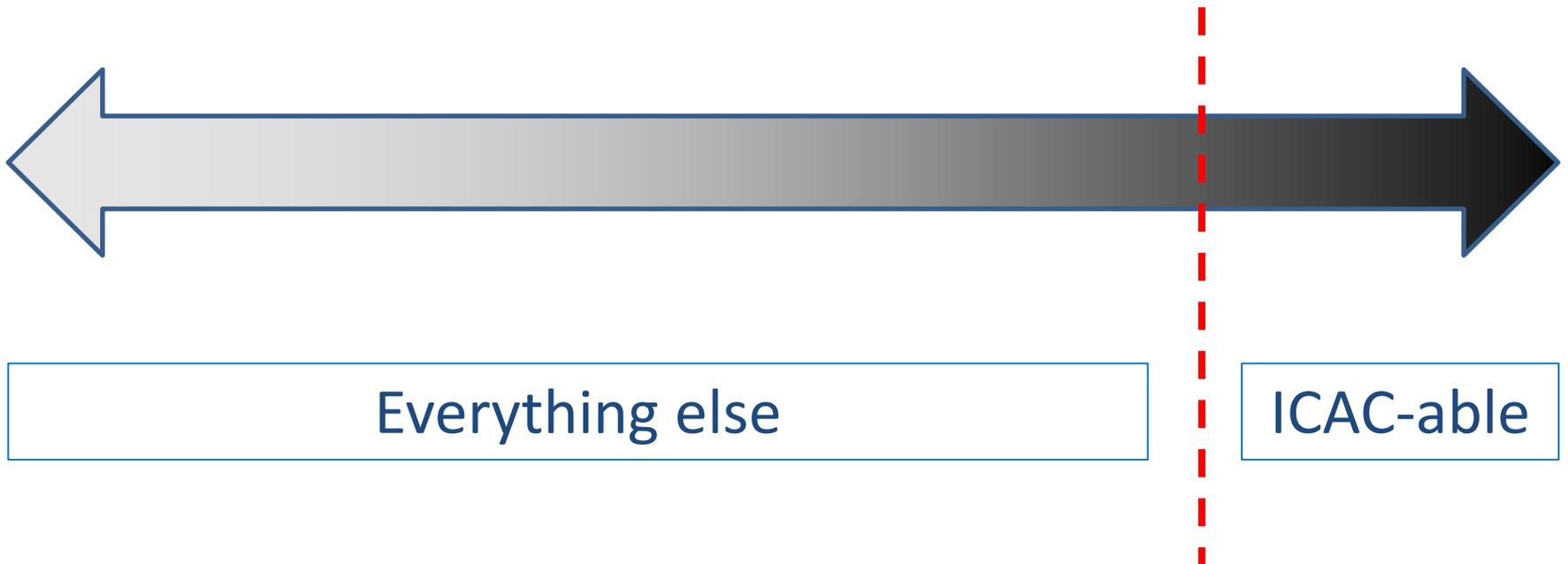
	How many acts have been <b>suspected</b> (1-9)					Total
	0	1	2	3	4	
Extent of corruption = none	29 (69%)	5 (11.9%)	4 (9.5%)	3 (7.1%)	1 (2.4%)	42
Combined:		<b>13 (30.1%)</b>				

	How many acts have been <b>witnessed</b> (1-9)					Total
	0	1	2	3	4	
Extent of corruption = none	26 (83.9%)	4 (12.9%)	1 (3.2%)			31
Combined:		<b>5 (16.1%)</b>				

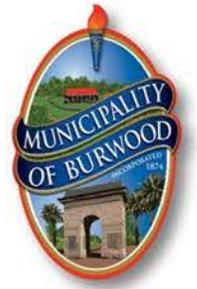
# When does *everyday* corruption become *exceptional* corruption?



- Where is the threshold/point of intervention?
- The grey scale of corruption

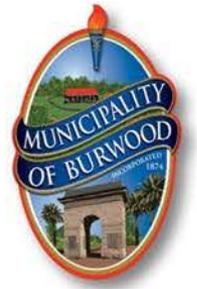


# Rethinking how we address corruption



- Tokenistic approach or genuine appetite to reduce and expose corruption?
- Understanding that corruption is more than just the ‘brown paper bag’.
- Tolerance of corrupt transgressions will lead to a ‘death by a thousand cuts’
- Do councils need more anti-corruption champions – a local integrity network?

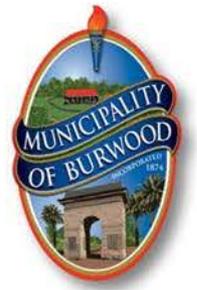
# Thought points



1. Should we challenge the existing anti-corruption regime – is it working?
2. Test understanding of corruption and councils appetite to address it
3. More research needed in this space: the disconnect between perceptions and reality

Upcoming journal article:

- Yates, A & Graycar, A. *Death by a Thousand Cuts: Recognising, Reporting and Responding to Corruption in Local Government*



# Any questions?

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