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Making Corruption Disappear in Local Government

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Abstract

Local government corruption is a phenomenon right across the world. This paper draws upon survey work in Victoria, Australia, to show that citizens believe that corruption exists in local government, that citizens experience corruption in local government, but that they rarely report it to an anti-corruption agency or elsewhere. Even when reported, tracing the outcome from state level authorities to the local government becomes and exercise in futility as the corrupt acts are dealt with in policy frameworks which makes it effectively disappear. As a result, corruption perceived or experienced in the everyday life of citizens is different to that defined by law and dealt with by public bodies – life and law seem to be two separate spheres. The paper suggests that survey data, particularly of experience of corruption, provide an important complement to official statistics on reported corruption. While the data here are Australian, the lessons and principles can be applied in many other countries.

Keywords: Local government; corruption; integrity; bribery; perceptions; Australia

Making Corruption Disappear in Local Government

> *Bribery is a well-known English word. Most people know what it means. Only the law has difficulty with it.* (Roden, 1990: 615)

Local government in one form or another exists throughout the world. It is the point of contact between citizens and those chosen from among them to administer public goods on their behalf. The day-to-day activities of local government provide services ranging from waste management to urban planning; child-care to cemetery management; road building to public art; and much more—all these activities should be delivered equitably in accordance with the applicable social standards.

This paper draws on Australian polling data on a specific type of corruption—bribery—at the level of local government and compares it to reporting and investigative data from anti-corruption agencies and courts. Survey data indicates that 8.2% of respondents 'or their close friends and family had come across a public official who hinted they wanted, or asked for, a bribe or a favour in return for a service in Australia' and of these, 18.4% recalled the public official worked for local government. This makes the Australian position enviable with 98.5% of people *not* experiencing bribery-like corruption at local government level. However, 1.5% still represents more than 50,000 observations of local government corruption annually. This number should be treated with caution as sampling error alone could cause wide fluctuations. Furthermore, a single case of bribery, such as the one described in Box 2 below would generate multiple observations. Although it is inadvisable to base public policy on these observations alone, 50,000 potential observations of bribery at the local government level should not be ignored.

Our work focuses on Australia—a rich country with low-levels of corruption overall. Australia has a well-developed integrity system at both the national and sub-

national levels (For an assessment of the national integrity system see Brown et al., 2005). With such systems established, it is reasonable to expect attempts to elicit a bribe would be reported more often than not, however our research shows this not to be the case at the level of local government. Furthermore, despite a reasonable high levels of transparency, we find that determining the outcome of those reports actually made is nearly impossible. In effect, corruption seems to disappear.

Background

Corruption in local government is not a new phenomenon. The infamous Tammany Hall system in New York was essentially local (i.e. city) government corruption (see Gill Hearn, 2008: 56-57) and despite the best efforts in the richest nation on earth, local government corruption in New York persists to this day (Anechiarico, 2005; Anechiarico & Jacobs, 1996; Graycar & Villa, 2011). Nor is corruption in local government simply enrichment by the most powerful actors at this tier. Even in wealthy countries, local government employees will 'sell' inequitable services for as little as a packet of cigarettes (see Box 2 below). Gardiner and Lyman (1978) found corruption in local government led to inadequate planning for schools, roads, water and recreation facilities; the construction of shoddy housing with high fire and safety risks, inflated prices for home buyers and other failures in the delivery of good governance to the local community.

What is important is that corruption of this tier of government is often more likely to be experienced the citizenry than corruption at the more remote levels of regional or national government. Despite this, the focus of researchers, practitioners and the media is often on the more serious forms of corruption at the higher levels of government. For example, it is feared that new anti-corruption laws in Brazil will have little effect on local government corruption. The new law places responsibility to

investigate and prosecute corruption at the highest level of government concerned. At the local level, resources to conduct prolonged and complex investigations are much more limited than at regional and national level. Consequently, serious local government corruption may go unprosecuted (Jordan, 2014). Such experiences logically undermine overall faith and trust in democratic processes.

In a recent poll, the number of people who though local government was not corrupt was 2 ½ more than those who thought it corrupt. The same poll showed local government being perceived as corrupt by nearly one fifth of citizens – a figure albeit lower than that of either the federal government (32%) or the state government (25%) (McAllister, Pietsch, & Graycar, 2012: 13). Comparing perceptions of corruption at different levels of government, the local variety comes out best, but the poll still indicates that more than four million Australians think their local government is corrupt. . These perceptions may be affected by both the level of media scrutiny and exposure and the extent to which 'corruption' is perceived to encompass distaste/disrespect/lack of trust in politicians.

Perceptions of corruption differ from citizens' experiences of corruption. Recent research has recognized the gap between perceptions of corruption and experiences of corruption (Bean, 2008; Clausen, Kraay, & Nyiri, 2011; McAllister, 2014). Despite gaps between levels of perceptions and actual experiences—for example 86% of Russians believe public authorities are corrupt, yet only 23% of survey respondents say their household paid a bribe (Rose & Mishler, 2007: 1)—relatively little work has been done to examine the gap between corruption experiences and action by the public to counter corruption. This second gap is important in the context of countries with well-developed integrity systems. While we do not expect any country to eliminate corruption completely, it is curious that

reporting to integrity agencies is at a significantly lower level than either perceptions or reporting to researchers.

The absence of a national level anti-corruption agency with jurisdiction over all federal agencies makes it difficult to compare the gap between perception and reporting between the federal and state levels. It is much easier to measure the gap in jurisdictions like New South Wales (NSW) where a well-established anti-corruption agency exists. Yet even a cautious approach to the figure of 50,000 potential observations of bribery indicates the numbers simply do not add up—reports of bribery experiences far outnumber the reports made to state-level anti-corruption agencies and other authorities, let alone those cases actually prosecuted in court. What we find is that while corruption in the legal sense may only be the tip of the iceberg in the overall picture of unethical behaviour, there may be more above the waterline than originally thought. To complete the analogy, much of this corruption above the waterline melts away before it can be properly scrutinized.

Recent research by us in Victoria, one of the latest states to introduce an independent anti-corruption agency, indicates a disparity remains between public claims to have witnessed corrupt conduct, and what is reported to anti-corruption bodies. Data from other states supports this. Based on the figure above of 1.5% of survey respondents ‘com[ing] across a [local government] official who hinted they wanted, or asked for, a bribe…’ we could expect up to 13,000 reports for bribery in Victoria (adult population=4.33 million). Similar calculations for NSW (adult population=5.55 million) would yield 16,600 reports annually. However, in NSW, only 33% of matters reported by the public related to local government (ICAC 2013). In raw terms, this is less than 1,000 reports, leaving a gap between observation and

report of more than 15,000. Thus a considerable gap exists between observing and reporting of corruption.

In this paper, we focus on corruption reports related to local government in Victoria and NSW – states with the newest and oldest anti-corruption agencies. By describing how these matters are handled from the State level down to the local council, we hope to further the understanding of why perceptions of corruption in the third tier of government persist at higher levels than reports of experiences, which in turn is substantially higher than the number of active steps taken to report bribery to authorities.

Anti-corruption research

The anti-corruption movement both inside and outside the academy has been steadily growing over the past three decades. Controlling corruption has been a core element of the global governance movement since its inception in the early 1990s (Commission on Global Governance, 1995; Finkelstein, 1995; Pope, 1995). Normative research, such as Transparency International national integrity system (NIS) and its metaphor of a Greek temple (Figure 1) is now used as an analytical framework to assess the institutional strength of anti-corruption systems of nations (Pope, 2000). Over 125 such national integrity system assessments (NISA) have been conducted since 2001(TI, 2012, 2014) in wealthy countries (e.g. Brown et al., 2005) and developing nations (e.g. TI, 2009). In the field of international development, anti-corruption is used by the international finance institutions such as the World Bank and International Monetary Fund as an indicator of good governance (Gray & Kaufmann, 1998; Kaufmann, Kraay, & Mastruzzi, 2007, 2009; Kaufmann, Kraay, & Zoido-Lobatón, 1999a, 1999b). This attention and the assessments have a (hopefully)

positive impact on the daily lives of citizens in the countries subjected to this type of scrutiny.

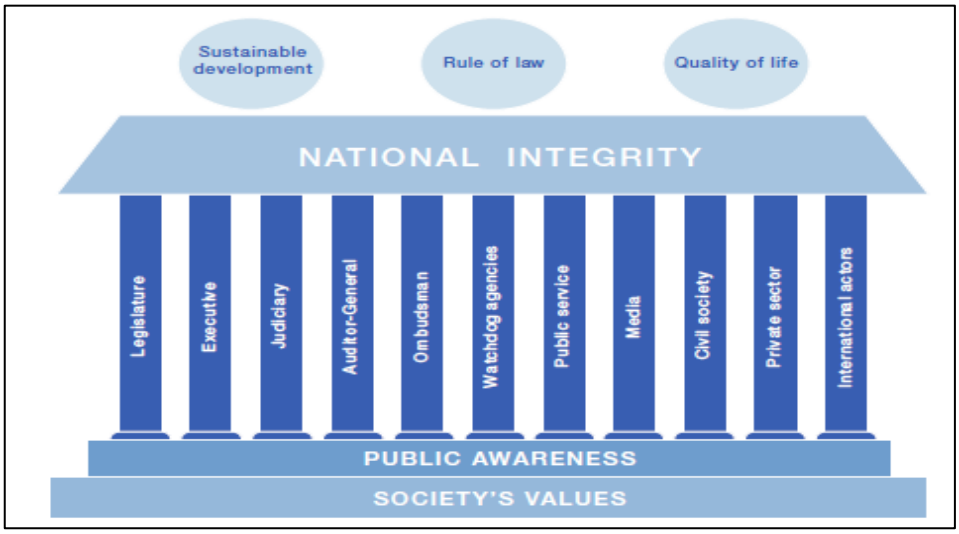


Figure 1:
National Integrity System
(Pope 2000, p.35)

Local government is an important place to research corruption – it functions as part of the legislative, executive and public service integrity pillars. The simple fact is in nations where government is multi-tiered, local government often has the greatest impact on the day-to-day lives of citizens and may therefore be to them, the most visible aspect of any system of governance. In Australia many functions of local government are located at the state level – police, schools and hospitals are all provided and administered by the states. In the rich countries of the developed world, corruption in local government has become the subject of a growing literature which often applies the NIS model (Pope, 2000) to local government (Huberts, Anechiarico, & Six, 2008; Huberts & Six, 2012), or foreshadows corruption as a growing problem in some countries such as Israel (Beeri & Navot, 2013) and Sweden (Erlingsson, Bergh, & Sjolin, 2008) even where the problem of corruption is considered generally to be under control. In the United Kingdom, ethical standards for local councils under the *Local Government Act* 2000 were introduced following a series of corruption

scandals over the preceding decades (Lawton & Macaulay, 2014: 77). A decade later, the UK reforms were rolled back following the return of a national Conservative government wanting to remove bureaucratic and centralized control over local councils (Cowell, Downe, & Morgan, 2014; Lawton & Macaulay, 2014). The interest in corruption at the local level has only received marginal attention in Australia.

Local government in Australia

Australia is a federal parliamentary democracy with three tiers of government. The national level federal government; six state and two territory governments and local government with about 675 local councils (Warburton & Baker, 2005: 62). In 2005, a NISA reviewed all three tiers of government (Brown et al., 2005). Contributors to the NISA examined the federal, state (NSW) and local government (Queensland and NSW) integrity systems (Roberts, 2005; Smith, 2005; Warburton & Baker, 2005). State level integrity systems have been further scrutinized in other work (Brown & Head, 2005), particularly in relation to NSW (Cripps, 2008; Smith, 2008), which led the way since the establishment of the Independent Commission Against Corruption (ICAC) a quarter of a century ago. Similarly, Queensland with a rich history of political and police corruption has been carefully scrutinized over the years (Prenzler, 2009, 2011; Whitrod, 2001; Williams, 1991), while Victoria has been he subject of more recent research (Graycar, 2014).

Although Warburton and Baker reviewed local government in two States, the NISA did not centrally locate this tier of government. The NISA classified local government as a 'distributed' integrity institution, as opposed to a 'core' integrity institution – regulated as opposed to being regulators (Brown et al., 2005: 12; Sampford, Smith, & Brown, 2005). Furthermore, Brown et al. (2005: 12)also classified government departments as distributed integrity institutions, though state-

level departments responsible for local government such as the NSW Division of Local Government (DLG - formerly the Department of Local Government, now subsumed into the Department of Premier and Cabinet) and the Local Government Investigations and Compliance Inspectorate (LGICI) in Victoria provide a watchdog role for local government in Australia. Thus the delineation between 'distributed' and 'core' integrity institutions is blurred.

This blurring is further compounded elsewhere. A former ICAC Commissioner dismissed local council as having an 'absence of real power' other than 'a few relatively insignificant bylaws' (Cripps, 2008: 20). This view is unsurprising as the ICAC is tasked with investigating 'serious' corruption. However, dismissing local government neglects the fact it is at this level many citizens interact most often with government. Council officers are some of the 'street level bureaucrats' described by Lipsky (1980)[1], who can have immediate a serious impact on the daily lives of citizens. For example, a council ranger in NSW has broad discretionary powers over a person's behavior (e.g. littering, vehicle parking, noise emission (e.g. parties and worksites), and use of firearms); their property (e.g. fire hazard clearance and property fencing); and even pets (animal control) (NSW Government, 1993, §.124). As a result, these officers have the ability to severely impact on a citizen/clients life, and are susceptible to consideration for favourable treatment.

Despite the powers of local government are limited in the scheme of things, they are exercised in areas deemed to be of high risk to corruption. Gorta (2006: 209-210) identified 15 high risk areas. Table 1 outlines Gorta's high risk areas and their relevance to local government.

[1] Many street level bureaucrats in Australia are employed at state level – police, teachers, court officials, nurses etc. There is no clean division as even the Federal government employs street level bureaucrats (e.g. Medicare), however the accessibility of council employees and elected council officials to the public place them all in this categorization for the purposes of this paper.

Table 1:
Corruption risk with local government

Risk Area	Local govt activity
1. inspecting, regulating or monitoring the standards of premises, businesses, equipment or products	Yes
2. providing a service to new immigrants	Yes
3. issuing qualifications or licences to indicate their proficiency or enable them to undertake certain types of activities	Yes
4. providing a service to the community where demand frequently exceeds supply	Yes
5. allocating grants of public funds	Yes
6. issuing, or reviewing the issue of, fines or other sanctions	Yes
7. receiving cash payments	Yes
8. providing assistance or care to the vulnerable or disabled	Yes
9. providing subsidies, financial assistance, concessions or other relief to those in need	Yes
10. making determinations/handing down judgements about individuals or disputes	Yes
11. testing blood, urine or other bodily samples from people or animals	No
12. having discretion concerning land re-zoning or development applications	Yes
13. selling tickets	Yes
14; undertaking construction	Yes
15. having regular dealings with the private sector other than for the routine purchasing of goods and services	Yes

Australian local government operates in all categories bar biological sampling. It is therefore clear this tier of government poses a high corruption risk. Having identified local government as an important arena for corruption research, we now turn to the available data for analysis.

Estimating levels of local government corruption

The problem often cited with using perceptions of corruption as a measure is a fundamental variance between what different people perceive as corruption. Perceptions of corruption can be broadly divided into two groups – illegal corruption and behaviour that while legal, generates distrust in the community (Pierce, 2014). An example of the former would be straight out bribery, whereas hidden political

donations may fall into the latter group. This research overcomes this problem in perceptions by focussing on bribery-type behaviour. The survey question—*In the last five years, how often have you or a member of your immediate family come across a public official who hinted they wanted, or asked for, a bribe or a favour in return for a service in Australia?*—removes any ambiguity between respondents' perceptions of corruption and their experiences. This question has been fielded in 2007 (Phillips, Tranter, Mitchell, Clark, & Reed, 2007: B22) and 2012 (McAllister et al., 2012: 28). The latter survey followed up asking respondents whether they …*remember[ed] what institution or organization the public official worked for?* thus giving us a firmer number of experiences of bribery-like corruption.

One of the fundamental problems of corruption research is definitional – what one person perceives as corrupt behaviour, another may interpret as ordinary politics or business. In the political sphere alone, Hindess (2003: 3-6) summarized the work of Philp (1997) within the Australian context in Box 1.

Box 1: Five definitions of Corruption

The conduct of public officials is said to be corrupt when:

- It damages the public interest
- Public opinion regards it as corrupt
- It flouts legal norms
- It deviates from the formal duties of office
- Officials abuse their authority in order to maximise their income

Source: (Hindess, 2003: 6)

All these definitions are equally applicable to the three tiers of government. However, two of the definitions have particular significance for this research—public opinion regards the conduct of officials as corrupt and officials abuse their authority to maximise their income. The significance reflects the source of our data—public opinion—and the type of corrupt conduct observed—bribery.

Using recent poll data, we estimate the prevalence of bribery in the context of local government in Australia. We then compare this with official data from the agencies tasked with controlling corruption in local government in NSW and Victoria, Australia's two most populated states. The official data is broken down into types of corrupt behaviour, the activities corrupted, the sector affected and places where it occurred. Graycar and Sidebottom (2012) developed this method, referred to as TASP, as a tool to formulate context specific corruption control options. Table 2 presents the four dispositions of the TASP model.

Table 2
Corruption typology: Corrupt behaviours in four dispositions

Classification	Description
Type	Bribery, Extortion, Misappropriation, Self-dealing, Conflict of interest, Abuse of discretion, Patronage, Nepotism, Cronyism, Trading in influence, Pay to play, etc.
Activity	Appointing personnel, Buying things (procurement), Delivery of programmes or services, Making things (construction / manufacturing), Controlling activities (licencing / regulation / issuing of permits), Administering (e.g. justice), etc.
Sector	Local government, Construction, Health, Tax administration, Environment and water, Forestry, Customs and immigration, Welfare systems, Agriculture, Urban Planning, Legal systems, etc.
Place	Countries, Regions, Localities, Cities / Towns, Organisations, Workplaces, etc.

Source: Graycar and Sidebottom (2012: 386); Graycar and Prenzler (2013: 11)

Of all the types of corruption listed above, bribery is the least ambiguous. The receipt by public officials of cash, goods, services or favours beyond their official salary in exchange for preferential treatment—treatment that is either lawfully required or breaches the law—is clearly corrupt behaviour under any of the definitions offered by Hindess above.

Corruption reported in local government

Within Australia there are a number of anti-corruption agencies at state and federal level. However a brief look at their annual reports reveals far lower levels of

corruption as opposed to a relatively high level of matters that fail to meet public expectations, yet do not meet the legal definition of corruption.

Table 3
Integrity violations and NSW ICAC matters

Violation	Description	NSW ICAC Descriptors (% of total referrals)[a]
Corruption: bribery	Misuse of public powers for private gain; asking, offering or accepting bribes	Bribery, secret commissions and gifts (8%)
Corruption: nepotism, cronyism, patronage	Misuse of public authority to favour friends, family, party	Other corrupt conduct (6%)
Fraud and theft	Improper private gain acquired from organization (no involvement of external actors)	Improper use or acquisition of funds or resources (12%)
Conflict of (private and public) interest	Personal interests (through assets, jobs, gifts etc.) interfere (or might interfere) with public interest	Personal interest (13%)
Improper use of authority (for noble causes)	Using illegal/improper methods to achieve organizational goals	Corrupt conduct related to investigations or proceedings (6%)
Misuse and manipulation of information	Lying, cheating, manipulating information, breaching confidentiality of information	Improper use of records (19%)
Discrimination and Sexual Harassment	Misbehavior toward colleagues, citizens or clients	Partiality (19%) / intimidating or violent conduct (6%)
Waste and abuse of resources	Failure to comply with organizational standards, improper performance, incorrect or dysfunctional internal behavior	Failure to perform required actions (10%)/ improper use or acquisition of funds or resources (12%)
Private-time misconduct	Conduct in one's private time that violates moral norms, harms public trust	Category not mapped to ICAC data

(Huberts & Six, 2012, p.160; ICAC, 2013: 87)

[a.] Total percentages exceed 100% because the same matter can address multiple forms of conduct.

For example, in NSW, the Independent Commission Against Corruption (ICAC) received some 2,930 matters from the public or government agencies in 2012/13, from these 71 preliminary investigations commenced and only 22 moved on to full investigations; during the year, only 19 prosecutions eventuated from these and previous investigations (ICAC, 2013: 9, 16, 25). These figures represent a bare fraction of 370,000 state and local government employees in NSW (DLG, 2010; ICAC, 2011, p.9; NSW Government, 2011). Two things are clear from this data.

Firstly, there is a large gap between what is reported as corruption and what is treated as corruption. Secondly, there is a broad range of ethically or morally deficient behaviors that do not meet the integrity standards of those members of the public reporting matters to the ICAC. Similar disparities between corrupt activities and other misbehavior can be found with the NSW Ombudsman (2011), and research by Huberts (2012, pp.4-5) also showed a low level of strictly corrupt behavior in the context of the Netherlands police, local government and US companies. Huberts' integrity violations categories compared to NSW ICAC classification and data can be seen in Table 3 above.

Table 4:
ICAC investigations of serious local government corruption in NSW 1989-2013 (n=34)[a, b]

Type		Activity		Sector		Corrupt people	
Bribery (incl. 5 attempts)	25	Permits	18	Urban planning	19	Elected officials	21
Nepotism, cronyism, favouritism, patronage	11	Procurement	8	Waste management	2	Public employees	45
Conflict of Interest	6	Licencing	3	Sex industry	2	Private individual	88
Misappropriation	5	Making things	2	Politics	2		
Trading in influence	3	Appointing personnel	2	Construction	2		
Abuse of discretion	2	Elections	2	Forestry	1		
Info/material misuse	2	Service delivery	2	Local government	8		
Discrimination	1			Places[c]		Main actors	
Pervert course of Justice	1			Sydney metro	21	Developers	14
Blackmail	1			Other metro	3	Council officials	8
				Rural	12	Council workers	2
				Public authorities	1	Business owners	2
				Parliament	1	private individual	1
						Nil corruption	7

Source: Developed by authors from ICAC website data on past investigations (ICAC, 2014).

[a.] Numbers of type, activity, sector and people exceed 34 as multiples can occur in any given case

[b.] No corruption findings were made in seven of these investigations.

[c.] Operation Jarek investigated only 15 of 110 public authorities (88 councils) – see Box 2 below.

The ICAC has completed 34 investigations into serious corruption involving local government since 1989. Of these cases, 25 involved some form of bribery or attempted bribery. Due to the ICAC focus on serious corruption, these cases usually

involved property developers who stood to make significant financial gains from the right type of approval, as reflected by the number of developers under the main actors' category and the issue of permits as the activity being corrupted. Of those people found to be corrupt by the ICAC, 88 are private individuals, outnumbering public officials (66) by precisely a third. The relatively low numbers in the above table are not always indicative of the extent of bribery in local councils. Box 2 below provides a case study illustrating how widespread a single case of bribery-like corruption can be.

Box 2: Case Study NSW ICAC Operation Jarek

The ICAC investigated allegations that staff from 14 local councils and another public authority engaged in corrupt conduct by accepting gift vouchers and other gifts from suppliers as an inducement to continue placing orders with their companies or as a reward for placing orders with the companies.

Evidence from the suppliers indicated this practice occurred in 88 local councils and 22 other public authorities. Given the finite resources of the ICAC, investigations were only conducted in selected councils.

The Commission found that 22 employees or former employees of 14 local councils and another public authority engaged in corrupt conduct by accepting gifts from suppliers as an inducement to continue placing orders with their companies or as a reward for placing orders with the companies. Fifteen staff from four supplier companies were also found to have engaged in corrupt conduct through their involvement in offering these gifts.

The ICAC also found that two former council storepeople, and three suppliers engaged in corrupt conduct in relation to false invoices issued to two councils in return for cash kickbacks in excess of $323,000.

Source: (ICAC, 2012)

At the time of writing, the Victorian Independent Broad-based Anti-corruption Commission (IBAC) has only been fully operational for a year and there is insufficient data to tabulate serious local government corruption in the State at this point. However, two cases of alleged local government corruption have been investigated and another into cemetery administration—technically not local government, but a very local activity. Bribery allegations featured in two of these investigations, with one case being found and before the courts and the other unsubstantiated.

Other corruption reported in local government

Resource issues keep the ICAC and IBAC focussed on serious corruption. However, as the case of Operation Jarek demonstrated, corruption in local government is often at a level of seriousness that is insufficient to trigger a major investigation. These cases are dealt with in NSW by the Division of Local Government (DLG) and by the Local Government Investigations and Compliance Inspectorate (LGICI) in Victoria. Although data specific to bribery is not readily accessible from these authorities, the overall profile of complaints to action by the agency matches those of the ICAC and IBAC. In 2012-13, The DLG resolved 1051 complaints about NSW local government. Of these, 592 were resolved through the provision of advice or an alternate recourse to the complainant, in 162 cases the DLG had no utility, 78 cases were deemed trivial or outdated, 58 matters were noted for future monitoring and 49 were determined to be resolved. Of the remaining 102 complaints, 85 were referred to either the relevant local government Council or another agency for investigation. The DLG only investigated 11 matters and the DLG Chief Executive determined misbehaviour had occurred in 6 instances. Of these final 15, only four matters went before a tribunal (DLG, 2013). In Victoria, the LGICI lists all its prosecutions since 2009 (n=32), however not one was related to bribery, despite this being the authority to which such allegations should be made (LGICI, 2014).

Hidden numbers – council's dealing with bribery

An alternative to reporting bribery to dedicated anti-corruption agencies is to report it directly to the council itself, especially if the bribe is being solicited by a lower level council employee. Dependent on the seriousness of the matter, these corrupt events can be dealt with administratively by council. The problem for researchers is that such administrative action can become hidden even when reported in the minutes and

reports of (hundreds of) local councils. Furthermore, such records may reflect terms such as misconduct or maladministration rather than the more serious expressions of bribery and corruption.

Box 3: Case study: Extra services rendered

According to a member of the public, an employee of a local council was providing extra waste collection services to a small business in the area in exchange for cigarettes, food and drinks. The Commission was also informed that the council employee had been using the council truck to collect garbage from the business, despite the business not paying the council for the additional service. On one occasion, the council officer allegedly abused a staff member of the small business after having been given a smaller packet of cigarettes rather than the larger packet he usually received.

Under s 53 and s 54 of the ICAC Act, the Commission referred the allegations to the local council and directed it to report its findings to the Commission. The council concluded that there was information to indicate that some improper behaviour had occurred, but there was no information to indicate that the issue was systemic or that it involved high-value items or monetary amounts. The council decided not to terminate the employee's employment, but to implement preventative measures. The employee was also removed from the council's waste collection area and his performance was monitored.

Source: ICAC Annual Report 2012-13: 24.

Box 3 presents a case study from the ICAC annual report (2013: 24). This single case was observed by multiple people—the business owner, the staff member, ICAC and council staff, the reporting member of the public and quite possibly other customers—yet only one reported the matter. In official statistics of the ICAC and presumably council[2] this matter is recorded. However, if it had been reported directly to the council, or a private contracting firm working for council, the disciplinary action may still have occurred, but then remains hidden in council minutes, personnel files or the records of the firm. For example, Blacktown Council was recorded by the DLG as having 3 instances of public interest disclosures about being made in 2012-13. No details of what occurred is available from either the DLG or the Council, both simply report statistical data (Blacktown City Council, 2013; DLG, 2013). It is also plausible that language used in the disciplinary proceedings is not that of corruption scholars, lawyers and anti-corruption agencies. Dismissal of an employee, termination of a contract or other proceedings can be attributed as a failure to

[2] The council is unnamed.

perform, rather than act corruptly. Evidence of councillors being removed from office in the United Kingdom ‘without full investigation and adjudication’ for fraud and flouting planning regulations has been presented by Cowell et al. (2014: 33). Under such circumstances, local government corruption can remains hidden.

Court proceedings

The firmest data available on bribery is the number of persons charged and the charges preferred in court for bribery offences. Official crime statistics from Victoria and NSW indicate that between 2000 and 2012, 275 bribery offences were recorded by the Victoria Police (VicPol, 2012), and in NSW 501 bribery offences were charged against 272 people resulting in 105 convictions (BOCSAR, 2012). These figures fall well short of the expected observations noted above. Hence observations make an acceptable alternative to legal data, which is not necessarily created, maintained or kept accessible with the researcher in mind. Research that makes the assumption that the measures such as the Corruption Perceptions Index can be substituted for hard data is valid—simply because even countries with the best integrity systems cannot prosecute every instance of corruption, even when the law is clear cut as in the case of bribery. We would not assume a survey respondent in India would lie about being asked for a bribe, so why would we make such an assumption in a high-income country? Quite simply put, prosecutions are not indicative of the prevalence of corruption.

Discussion

So the question remains, why are the reported levels of corrupt behaviour in discord with the number of observations reflected in survey data? The answer is multi-fold. To begin with, many people simply do not want to get involved. As Gorta and Forell

(1995) demonstrated, government employees need to make a series of decisions in the affirmative before they would report a corrupt act; this from the group entrusted by society to administer public goods. Our survey of Victorian public servants (n=839) indicated over half (56%) would only report corruption on the basis of hard evidence. The projected observations calculated above would, at best only constitute hearsay evidence of corruption.

Focus group research conducted by the authors in 2012 reflected similar concerns that strong evidence is required before reporting corruption:

> *If I suspected it and I had nothing to prove… they'd hang up and just go 'oh yeah, we've got another prank caller' (Group 3 young adults)*

Other concerns raised by the focus groups regarding any decision to report corruption included: the danger of repercussions; the likelihood of outcomes; the severity of the case; need for anonymity; and understanding the situation and one's rights.

Once a decision to report corruption is made, uncertainty about where to report it follows. The focus groups discussed reporting matters to the media, police, local government, Ombudsman or the public authority in which the corruption had occurred. However, it was apparent across the groups that the primary concern relating to reporting corruption was the lack of certainty and knowledge regarding actions that could be taken by an individual. There was a general sense that people did not know where they could turn to report corruption in the public service:

> *That's the thing – you'd like to be able to know who to turn to. (Group 2 Families)*

> *I wouldn't know where to go. (Group 3 Young Adults)*

> *If you're willing to take it up with someone, I mean sure, you can spend half an hour looking it up on the computer and then go from there. (Group 3 Young Adults)*

> *I think it boils down to the fact of, you know, who would you report it to and who would believe you? You know, probably nothing is going to happen in the end anyway, so why bother? (Group 5 Families Outer Metropolitan)*

or who they could trust in doing so:

> *The problem there is that you don't know whether the next level that you've got to complain to is also in on it. I think that is a problem and then if there's likely something going to happen to you that is unfavourable. (Group 1 Retirees)*

> *Once we wouldn't have even thought of it, you'd just go straight to the police… you've got to stop now and think, that are they to be trusted? (Group 2 Families)*

> *My biggest concern is my lack of faith in it… And whether my anonymity if that's required will be held… Or whether the person that I'm reporting to isn't a mate of the guy, or the person that I'm reporting about. You know, there's those sorts of faith that – losing faith. And that would be the biggest thing in my mind. (Group 6 Regional)*

> *Who watches the watchers? (Group 6 Regional).*

Consequently, the notion that people needed to be informed about the best ways to report instances of corruption was expressed.

The above factors coalesce to diminish the number of bribery type activities actually reported. Furthermore, resource limitations noted in the ICAC and with

police and judicial services further erode the number of cases actually prosecuted. Finally, the element of collusion between briber and bribed further camouflages the observations noted above.

Conclusion

In this paper we show how data on corruption goes through a series of reductive processes – from perception to observation; observation to reporting; from high level agency to local agency; and finally from the hard language of allegation to the often softer approach to administrative action following investigation – which for the researcher and public at large make many acts of corruption apparently disappear. Thus it is plausible local government corruption is closer to the levels reported in survey data than those revealed in the official reports of anti-corruption bodies. While this paper does not argue all observations translate into individual corruption events, it does argue perceptions may be a useful gauge for policy makers.

We cannot write a rule for everything, nor can we enforce every rule to the n^{th} degree—even when it is expected by those who are governed. Administratively treating every integrity violation as corrupt conduct in the manner it is perceived by the public may be the equivalent to using a sledgehammer to crack a walnut. The competing values of effectiveness and efficiency in public administration may temper the enforcement of the values of incorruptibility. This results in what Grindle (2004) described as 'good enough' governance in the developing world, a description that Evans (2012) found applicable in the Australian governance context.

Adding an extra level of reporting for local government would go some way to satisfying the need for better data on corruption. However, the current status quo would seem to reflect that instances of corruption are being appropriately handled

once a relevant authority (local government, police or anti-corruption agency) is informed. Better data reporting would simply add a layer of confusion and bureaucracy to the local integrity system without any tangible gains. To illustrate, if the case outlined in box 1 above had been only reported to the Council, who one could expect to deal with it as they did, be handled any better if time was taken by council officials to analyse whether it is, or is not, corruption in a legalistic or academic sense and then report it up? Furthermore, the instances of observed but unreported corruption at the local level would continue to go uncaptured by any such additional reporting measure. In this case, we think the warning of Anechiarico and Jacobs (1996) not to over bureaucratize in the pursuit of absolute integrity applies.

As a final observation, the data reviewed here are calculated on a specific question about bribery-like corrupt activity. There remains plenty of other amoral activities in the corruption spectrum—nepotism, cronyism, conflict of interest, extortion, self-dealing, misappropriation, abuse of discretion and trading in influence—just to name a few. However, bribery gives some solidity to the nature of corruption in that it is a criminalized activity with universal recognition.

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