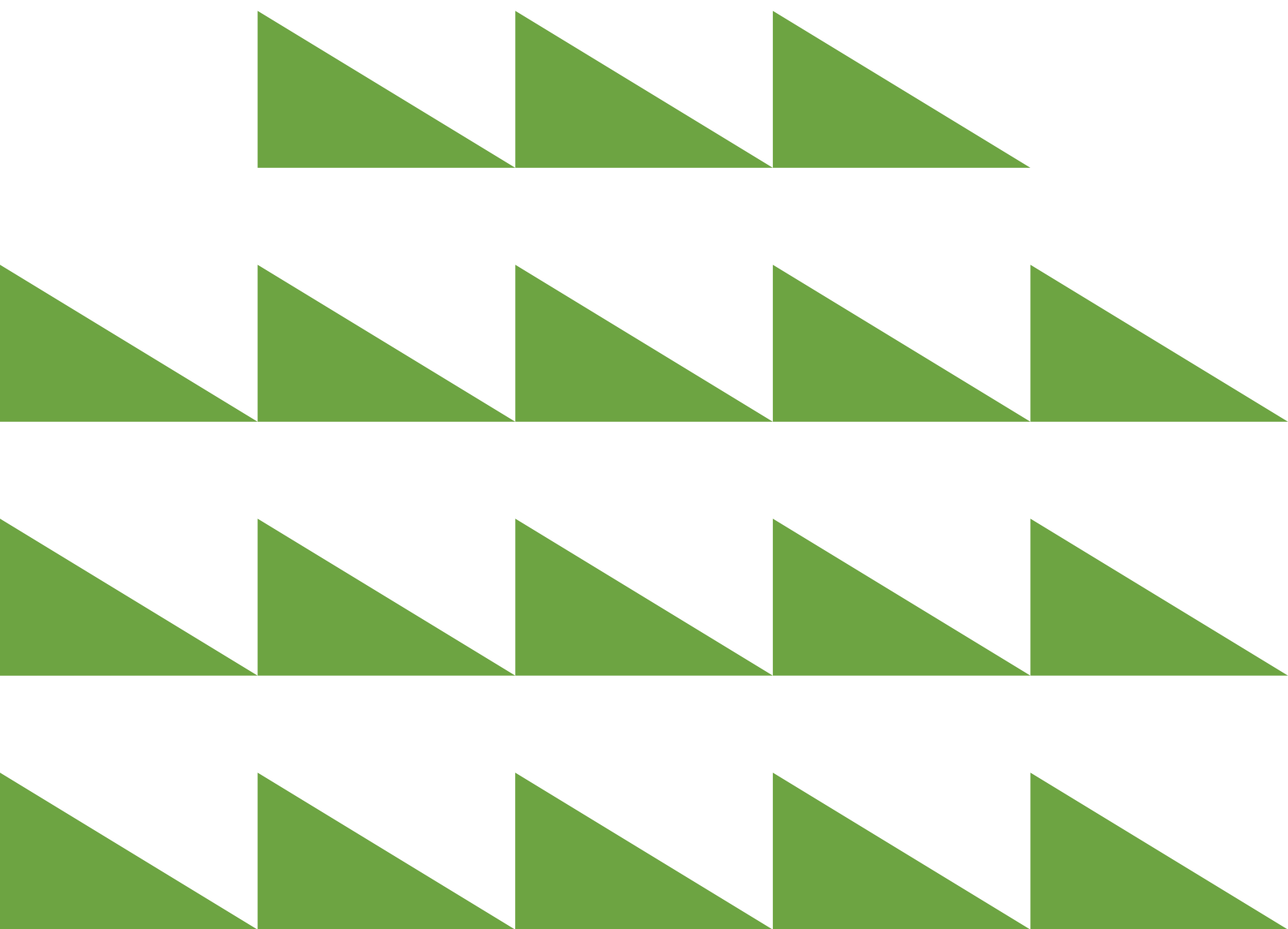


# Perceptions of corruption

Survey of Victorian local government employees

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September 2017



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# 1 Overview

Local government is important in the lives of Victorians. It is the tier of government that people are most likely to encounter in their day-to-day lives, providing arts, cultural and sporting activities, supporting the community with services and programs, and looking after spaces that are important to residents, such as libraries and parks.

Accordingly, people place high levels of trust in local government and expect that services will be delivered professionally and with integrity. Corruption in any council has a detrimental effect on this trust, as well as jeopardising the delivery of programs and potentially diverting valuable funds.

This report outlines the responses of local government employees following research into their understanding of corruption, their perceptions of corruption and misconduct, attitudes to reporting corruption and misconduct, and attitudes towards preventing corruption.

In 2016, IBAC engaged research company Urbis to conduct research on perceptions of corruption. Employees from state and local government were surveyed, as were Victoria Police officers and employees, and members of the Victorian community. A separate report is available on state government employee perceptions of corruption.

## Methodology

An online questionnaire was sent to a representative sample of council CEOs for distribution to their employees in late 2016. The sample included twelve metropolitan, ten regional and ten rural councils.

Responses were received from 1019 local government employees, most of whom worked in office-based roles. This should be considered when applying the findings to the broader local government sector.

Substantial differences between the results from state and local government employees are noted where relevant.

The results are also compared where relevant with the findings of a survey of community members, conducted by IBAC in 2015. Please note the methodology and scope of these research projects varied.<sup>1</sup>

<sup>1</sup> In 2015, IBAC engaged Empirica to survey community members in relation to their awareness of IBAC and perceptions of corruption.

## 1 Overview

### 1.1 Key findings

The research focused on four areas:

- understanding corruption
- perceptions of corruption and misconduct
- attitudes towards reporting corruption and misconduct
- perceptions and attitudes towards integrity and preventing corruption.

The results suggest local government employees have a sound understanding of what corruption is and can distinguish between corruption and misconduct behaviours.

The majority of local government respondents were confident they understood what *constitutes corrupt behaviour* (84 per cent). As with state government employees, corruption was more likely to be seen as something that *happens in Victoria* (56 per cent) than as a *problem in my workplace* (12 per cent) by local government respondents.

Four behaviours – *conflict of interest, misuse of information or material, hiring of friends and family and abuse of discretion* – were identified as the areas of highest corruption risk by local government respondents. Those behaviours were considered to be the most likely to occur, most likely to have been suspected of occurring, and most likely to be observed.

Local government and state government responses were generally consistent in the areas of understanding corruption and perceptions of corruption. However, local government employees were more likely to state that they know how to report corruption, who to report it to and to have greater confidence that their council promotes a culture of honesty and integrity, than state government employees.

Reporting corruption is important to help expose corruption in the public sector. Councils have an important role in educating employees about how to report suspected wrongdoing and the protections available to them under Victoria's protected disclosure regime.<sup>2</sup>

Three-quarters of local government respondents said they would report corruption if they observed it (75 per cent), while two in five strongly agreed that they knew how to report corruption (41 per cent). While confidence in the levels of protection provided to reporters of corruption was moderate, 28 per cent of respondents felt they *would experience personal repercussions* while 20 per cent stated *I could lose my job* if they reported corruption.

The majority of local government respondents said they support the corruption prevention activities in their council (85 per cent) and agreed that their organisation *has strong corruption prevention policies* in place (52 per cent).

<sup>2</sup> Protected Disclosure Act 2012.

## 2 Understanding corruption

Local government employees were asked about their understanding of corruption and misconduct, and their views about behaving honestly and with integrity.

### 2.1 Where does corruption happen?

While more than half of the respondents to this survey agreed that *corruption happens in Victoria* (56 per cent), only a small proportion (12 per cent) felt that corruption was a problem in their own workplace. Only six per cent of respondents believed that there was no corruption in Victoria. These results are presented in Table 1 below.

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'My view is a general one. I am not aware [of corruption] in my organisation or the immediate ones I deal with. But I think if there is a problem elsewhere, it would be a problem here. Risk and temptation are the same here ... my community is not immune.'

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**TABLE 1: LOCAL GOVERNMENT UNDERSTANDING OF CORRUPTION**

	Disagree (%)	Neither disagree nor agree (%)	Agree (%)
Corruption is a problem in my workplace	55	33	12
Corruption is a problem in Victoria	12	54	34
Corruption happens in Victoria	6	37	56

Base: Total sample, n = 1019. Percentages may not add to 100 due to rounding.

These results are interesting to compare with the findings of IBAC's 2015 research, in which 16 per cent of community members stated that *corruption would be completely widespread* in Victorian local councils, and a further 25 per cent felt there would be a *large amount of corruption* in Victorian local councils.

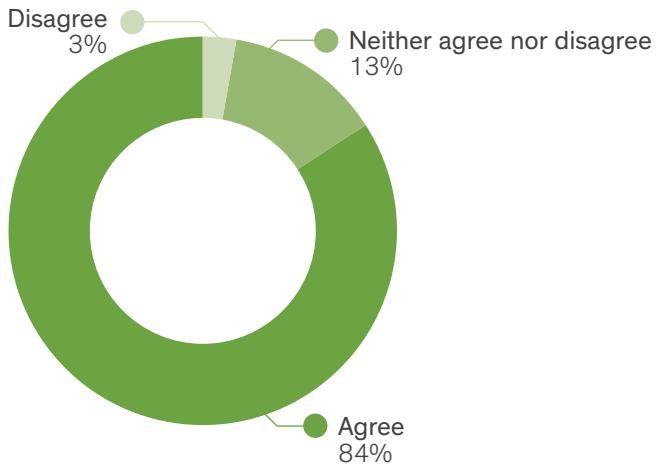
### 2.2 Identifying corrupt behaviour

Local government employees were asked about their attitudes to honesty and integrity, and what constitutes corrupt behaviour. Local government respondents overwhelmingly agreed that *behaving with honesty and integrity is important*, with only two per cent of respondents disagreeing with this statement.

Under the *Local Government Act 1989*, councils are required to develop and implement a code of conduct for their employees. These codes outline the behaviours and standards that employees are expected to uphold. The survey suggests that respondents understand their obligations under their codes of conduct in relation to behaving with honesty and integrity.

**FIGURE 1: IDENTIFYING CORRUPT BEHAVIOUR**

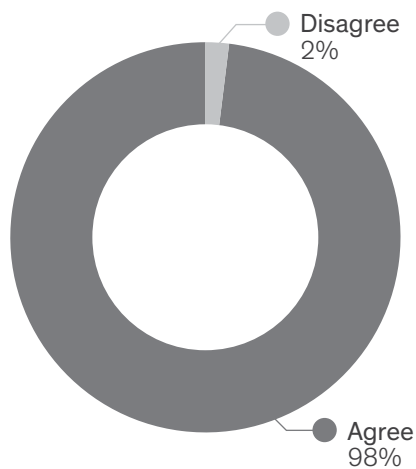
**I know what constitutes corrupt behaviour**



Eighty-four per cent of respondents believe they understand what constitutes corrupt behaviour. Local government employees' answers indicated a high level of understanding of the difference between corruption and misconduct. This is discussed in the next section.

The responses from local government employees were comparable to those of state government employees in relation to the questions about respondents' understanding of corruption.

**Behaving with honesty and integrity is important**



Base: Total sample, n = 1019.



## 3 Perceptions of corruption and misconduct

Behaviours and scenarios were presented to local government employees to gauge perceptions of corruption and whether these behaviours had or could occur in their workplace. Respondents were also asked to rate scenarios as involving corruption, misconduct or neither.

### 3.1 Corruption and misconduct opportunities

When presented with a list of potentially corrupt behaviours, a substantial proportion of local government respondents identified there was an opportunity for *misuse of information or material* (61 per cent), to *hire friends or family for public service jobs* (52 per cent) and *abuse of discretion* (52 per cent) to occur in their local council. A smaller proportion of respondents said that they suspected these behaviours had occurred in their local council or had witnessed such conduct.

Local government respondents identified *conflict of interest* as the behaviour that had the greatest opportunity to occur in their workplace (67 per cent). Thirty-seven per cent of respondents suspected *conflict of interest* had occurred in their council and 20 per cent said they had observed conflicts. Failure to declare or properly manage conflicts of interest is not, of itself, corrupt but can represent misconduct or be an element in corrupt conduct. Conflicts of interest routinely occur in the public sector but many conflicts of interest present no issue if they are declared and managed transparently.

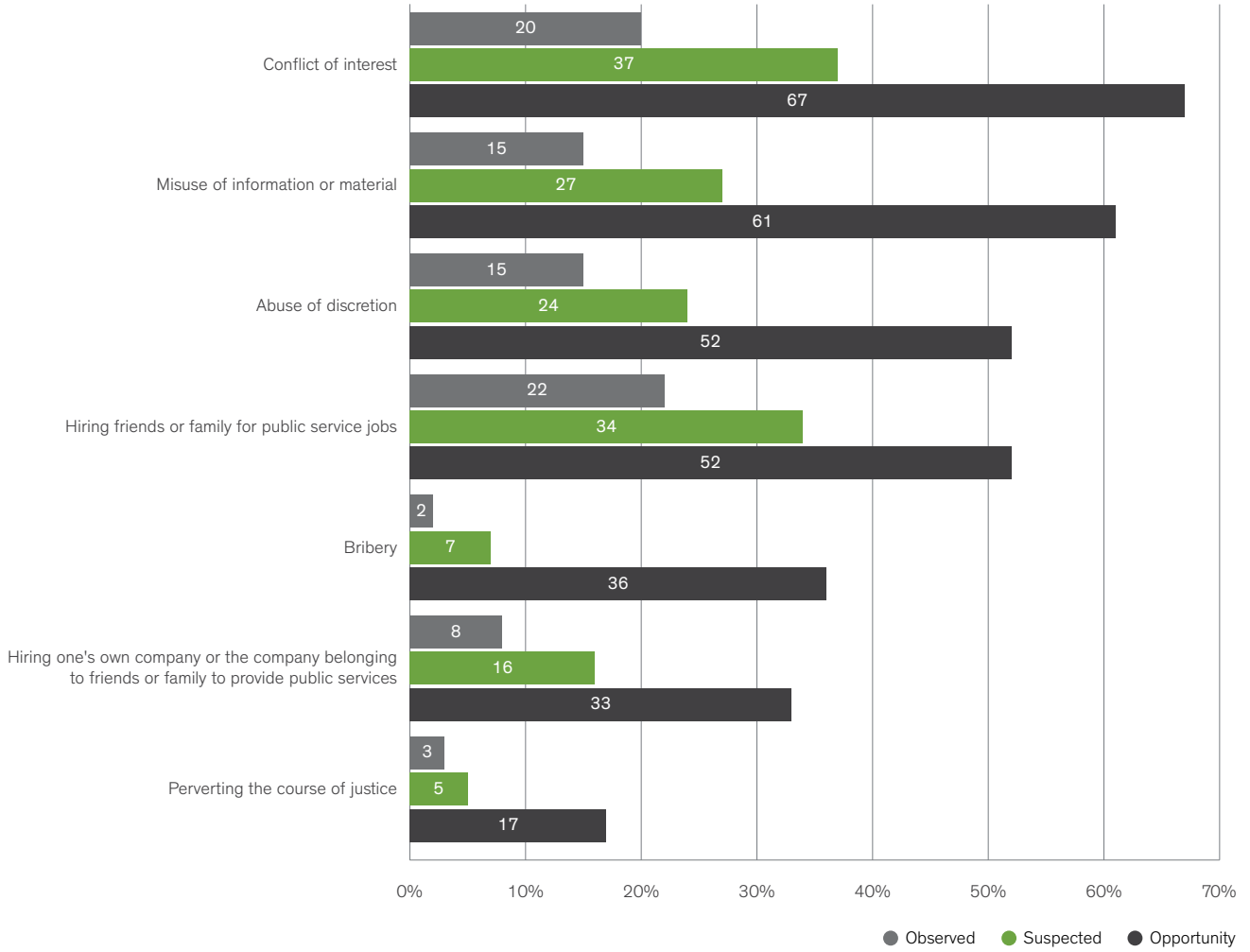
As shown in Figure 2, four behaviours stood out as the most commonly observed, suspected and potential areas of corruption in the respondent's workplace. The task of *hiring friends or family for public service jobs* was the most commonly observed (22 per cent) and second most suspected (34 per cent) corrupt behaviour, closely followed by *conflicts of interest*. Around a quarter of respondents also identified *abuse of discretion* (24 per cent) and *misuse of information or material* (27 per cent) as areas of suspected corruption in their workplace.

Almost half (45 per cent) of the local government respondents had not observed any of the listed corruption or misconduct behaviours in their workplace, while almost one in ten (8 per cent) did not believe there was an opportunity for any of the behaviours to occur in their workplace.

These results are similar to those reported by state government employees, with the same four behaviours identified and a similar range of results from opportunity through to observation.

### 3 Perceptions of corruption and misconduct

**FIGURE 2: SUSPECTED AND OBSERVED CORRUPTION IN LOCAL GOVERNMENT**



Base: Total sample, n = 1019.

### 3.2 Corruption or misconduct?

Financial rewards and bribes were clearly identified as corrupt conduct by local government respondents:

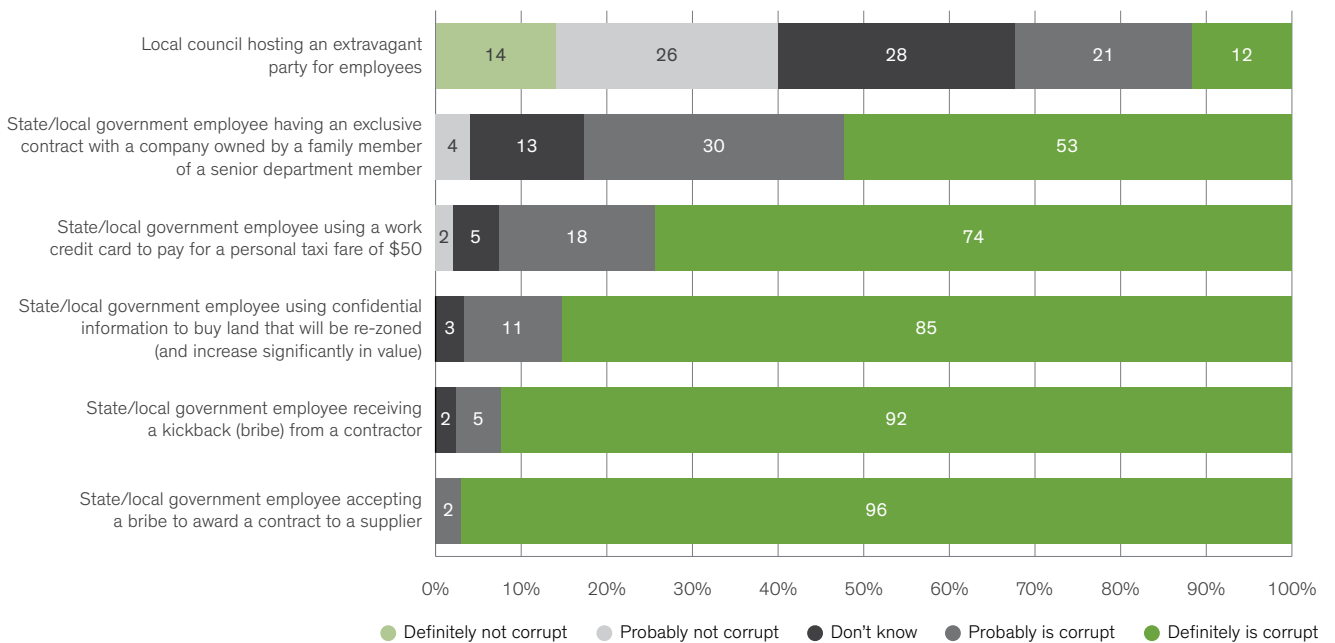
- 96 per cent identified a *state/local government employee accepting a bribe to award a contract to a supplier* as a corrupt behaviour
- 92 per cent identified a *state/local government employee receiving a kickback (bribe) from a contractor* as a corrupt behaviour.

The use of information to gain financial advantage was also seen as corrupt conduct by the majority of respondents (85 per cent), in the context of a *state/local government employee using confidential information to buy land that will be re-zoned (and increase significantly in value)*.

Only one scenario prompted a spread of responses as to whether it represented corrupt conduct. Only a third of respondents felt that a *local council hosting an extravagant party for employees*, was corrupt (33 per cent). This scenario was presented to respondents to test their ability to distinguish corruption from misconduct. The result for this question suggests that local government respondents generally understand the difference between corruption and misconduct.

The state and local government employees provided similar responses in relation to their perceptions of corruption.<sup>3</sup>

**FIGURE 3: PERCEPTIONS OF CORRUPTION BEHAVIOURS**



Base: Total sample, n = 1019. Percentages may not add to 100 due to rounding.

<sup>3</sup> Of the state government respondents: 96 per cent identified a *state/local government employee accepting a bribe to award a contract to a supplier* as a corrupt behaviour; 93 per cent identified a *state/local government employee receiving a kickback (bribe) from a contractor* as a corrupt behaviour; while 46 per cent felt that a *local council hosting an extravagant party for employees* was corrupt.

## 4 Attitudes to reporting corruption and misconduct

Understanding attitudes towards reporting corruption and whether people know how to report helps to identify and overcome any barriers – real or perceived – to reporting.

Local government employees were asked about their attitudes to reporting, whether they knew how to report corruption and how confident they felt about the protections offered if they were to report corruption.

### 4.1 Drivers for reporting corruption

Local government employees indicated they would tend to report corruption for social or moral reasons. Eighty-four per cent agreed that *reporting corruption is the right thing to do* and 78 per cent agreed that they would report corruption *because it impacts the Victorian community*. Seventy-five per cent of respondents said they would report corruption if they personally observed it. This is comparable with IBAC's 2015 survey of community members, in which 79 per cent of respondents agreed they would report if they witnessed a local government employee acting corruptly.

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'Honestly, I believe there are bullies and there are people who stand back – it's the same with something illegal: people who stand back are just as bad [as those who are doing something illegal]. If you let people get away with it, they don't stop.'

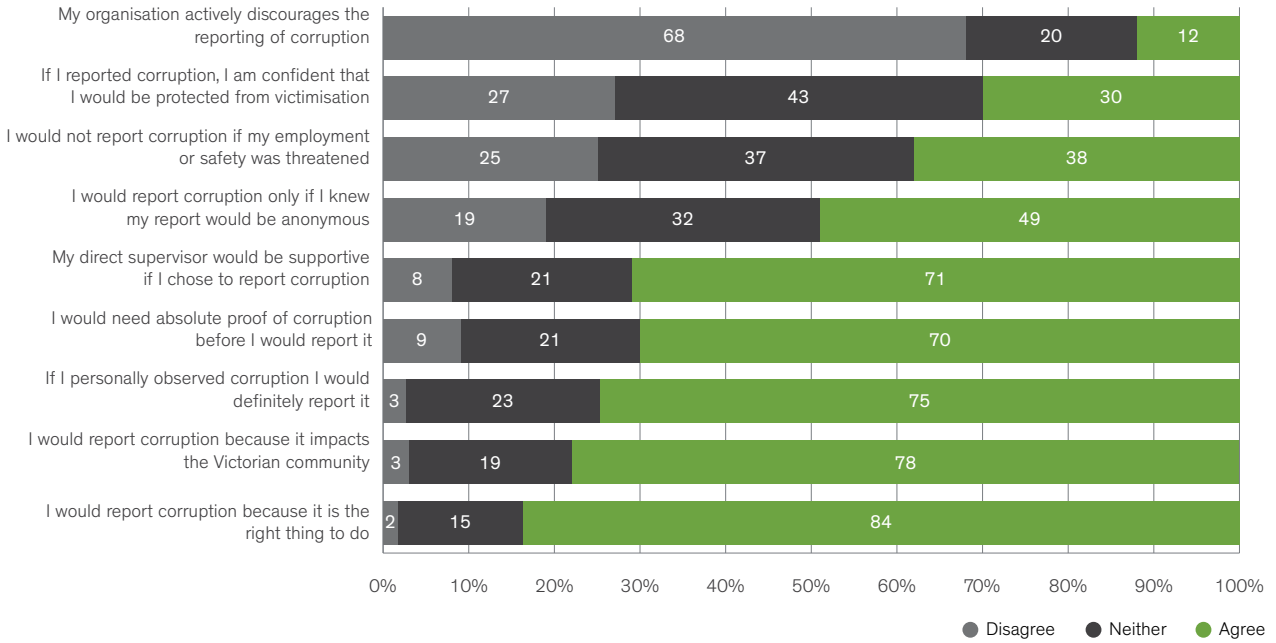
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It is of concern that a substantial proportion of local government employees did not agree with these statements about the need to report corruption. For example, more than a quarter of respondents did not agree with the statement: *if I personally observed corruption I would definitely report it* and almost one in five respondents did not agree with the statement: *I would report corruption because it is the right thing to do*.

Local government employees who stated they would not report corruption if they observed it were more likely to say they were not confident of protection than those who said they would definitely report (64 per cent compared with 20 per cent). Respondents who said they would not report corruption if they observed it were also more likely to say that:

- their direct supervisor would not be supportive if they chose to report (40 per cent compared with 4 per cent of respondents who said they would definitely report)
- their organisation discouraged reporting (20 per cent compared with 11 per cent)
- they would report only if anonymous (64 per cent compared with 45 per cent).

**FIGURE 4: DRIVERS FOR REPORTING CORRUPTION**



Base: Total sample, n = 1019. Percentages may not add to 100 due to rounding.

While there are strong indications that local government respondents would report corruption for social or moral reasons, only 30 per cent of respondents felt they would be *protected from victimisation* if they reported corruption and 12 per cent felt their council *actively discourages the reporting of corruption*.

These results, together with the indication from just under half the respondents that they *would report corruption only if I knew my report would be anonymous* (49 per cent), suggest that respondents may be less willing to report if they have doubts about their council's openness to reports of corruption, as well as anonymity and protection from victimisation. IBAC's 2015 research highlighted similar concerns regarding protection for people reporting corruption, with 59 per cent of community members stating they would be *victimised or harassed by people associated with the organisation that I reported*.

Most local government employees agreed their *direct supervisor would be supportive if I chose to report corruption* (71 per cent). A similar proportion disagreed with the statement *my organisation actively discourages the reporting of corruption* (68 per cent). These results suggest that respondents generally perceived their councils as supportive of reporting, which is important to ensure employees feel confident to report.

Compared with state government employees, a larger proportion of local government employees believed they would be *protected from victimisation* if they reported corruption (30 per cent compared with 21 per cent) and agreed that their *direct supervisor would be supportive if I chose to report corruption* (71 per cent compared with 62 per cent).

## 4 Attitudes to reporting corruption and misconduct

### 4.2 Reporting corruption

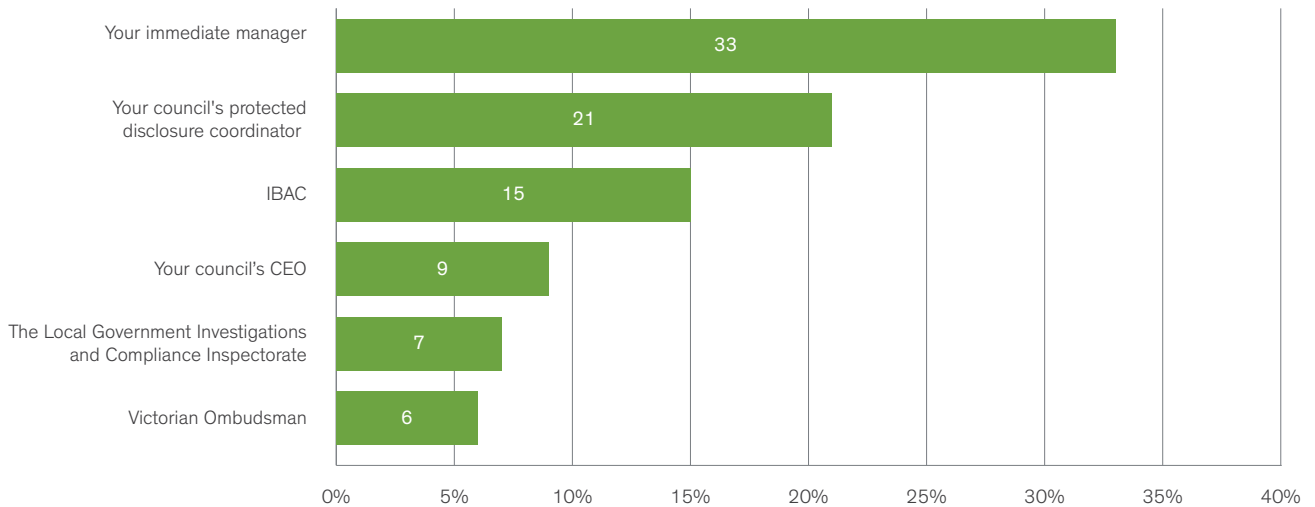
The willingness of local government employees to report suspected corruption is affected by their understanding of the reporting process and their level of comfort in reporting corruption to someone in their own organisation or externally.

Knowledge of how to report corruption was moderate among local government employees. Two in five local government respondents agreed that they confidently *knew how to report corrupt activities* (41 per cent). This is higher than state government employees (33 per cent of whom were confident they knew how to report corruption) but still suggests a substantial proportion of local government employees are not confident about how to report.

Local government respondents were most likely to report serious corruption to their immediate manager (33 per cent), followed by their council's protected disclosure coordinator, namely the person appointed by the council to receive disclosures about the conduct of council staff (21 per cent), and IBAC (15 per cent). Only one per cent of respondents said they *would not report corruption*.

In comparison, state government employees indicated they would be most likely to report corruption to IBAC (28 per cent), followed by their immediate manager (26 per cent) or their organisation's protected disclosure coordinator (15 per cent).

**FIGURE 5: WHO WOULD YOU REPORT SERIOUS CORRUPTION TO?**



Base: Total sample, n = 1019.

Local government employees who said they would report to another person or organisation were asked to indicate who this would be. A number of comments indicated that respondents would decide who to report to depending on the situation and the seniority of the people involved.

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‘It depends on the scale of the issue and how systemic it was. If it was small you might [report] it internally as a potential to improve and strengthen procedures so that there is a clear system in place to ensure everyone knew what was expected of them. If it was big, you would have to go external.’

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‘For me, this would depend on what or whom I had observed. If I observed corruption within my own work unit, I would report it to my immediate manager, whom I trust completely. If it was from another area of council, I would be more inclined to go to someone else in council such as a protected disclosure coordinator. Or if the matter was very, very serious and from someone at a high level in the organisation, I’d be more inclined to approach an external ombudsman, or the police.’

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‘Would depend who I was reporting – if I thought HR staff – we are very small organisation – I’d be confident to go to the CEO. If the CEO was embezzling, I wouldn’t know where to go.’

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Respondents who said they would not report corruption were asked why, and the most common reason was *I’d need to have evidence to back up the allegation* (26 per cent). Others raised concerns that *making a report could affect my career* (10 per cent).

Other reasons provided by local government respondents for not reporting corruption included perceptions about the impact on their professional and personal lives, concern that senior management would not do anything and apprehension about future job security.

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‘I feel I would not be supported or my safety would be at risk.’

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‘I believe that status and employment would be affected. I have felt that this would be a barrier to reporting corruption as it may hinder future employment in or outside the government sector.’

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‘Concerns for the effect on my family – loss of income and security.’

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These findings are similar to IBAC’s 2015 research, where community members cited fear of personal consequences, a concern that nothing would be done or simply that they would not be believed, as reasons for not reporting corruption.

## 4 Attitudes to reporting corruption and misconduct

### 4.3 Protecting those who report

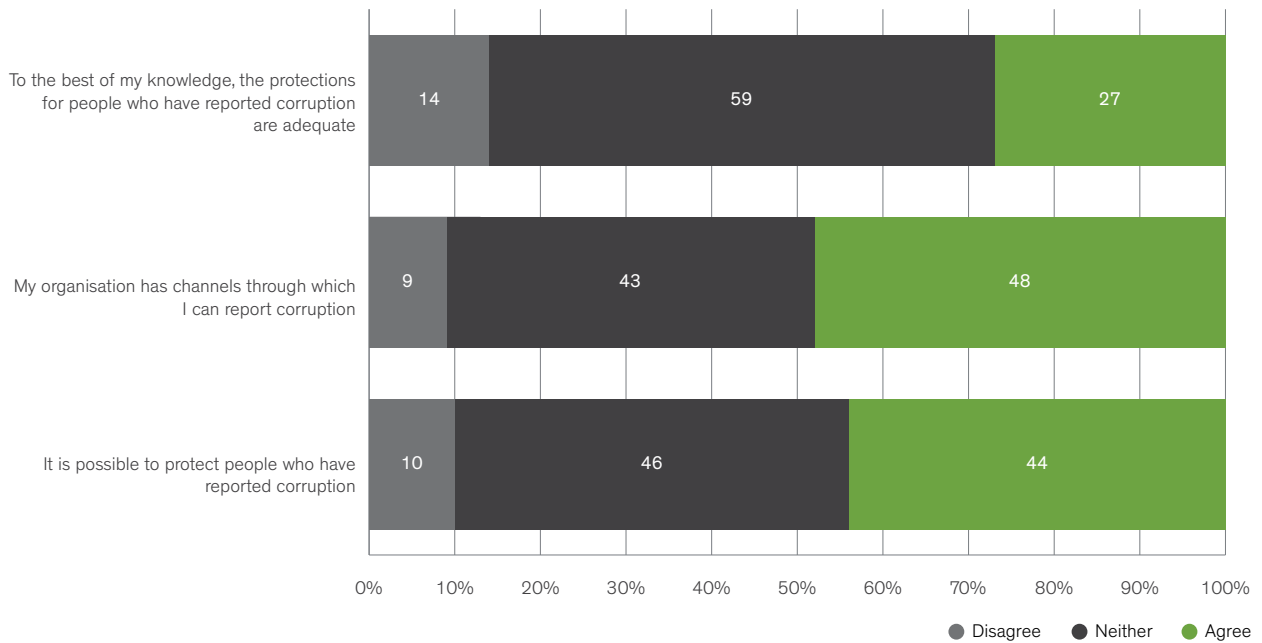
Uncertainty about the level of protection available to people reporting corruption, as well as perceptions of the potential repercussions of reporting, were concerns for some local government respondents. These issues can create barriers to reporting.

Twenty-seven per cent of local government respondents agreed with the statement *to the best of my knowledge, the protections for people who have reported corruption are adequate*. However more than half of the respondents could neither agree nor disagree with this statement (59 per cent).

Almost half of respondents agreed that their *organisation has channels through which I can report corruption* (48 per cent) and that it is *possible to protect people who have reported corruption* (44 per cent).

Overall, local government employees expressed greater confidence that people who report corruption will be protected, than state government employees (27 per cent compared with 16 per cent) and in the channels available in their organisation to report corruption (48 per cent compared with 36 per cent). However, one in ten respondents did not agree with these statements, which suggests there is still potential to improve understanding and awareness of the protections and reporting channels that are available to report suspected corruption in local government.

FIGURE 6: PROTECTING THOSE WHO REPORT



Base: Total sample, n = 1019. Percentages may not add to 100 due to rounding.



## 4.4 Perceptions of the impacts of reporting

Concern around the potential personal costs of reporting corruption may be a barrier to reporting in local government. Twenty per cent of respondents agreed with the statement: *if I reported corruption, I could lose my job* while 28 per cent agreed with the statement: *if I reported corruption, I would experience personal repercussions (other than losing my job)*.

Compared with state government respondents, local government respondents were more likely to express confidence that *meaningful action would be taken* if corruption was reported (40 per cent compared with 29 per cent). However, comments made by respondents indicate councils still need to demonstrate to staff that they value reports and will take appropriate action.

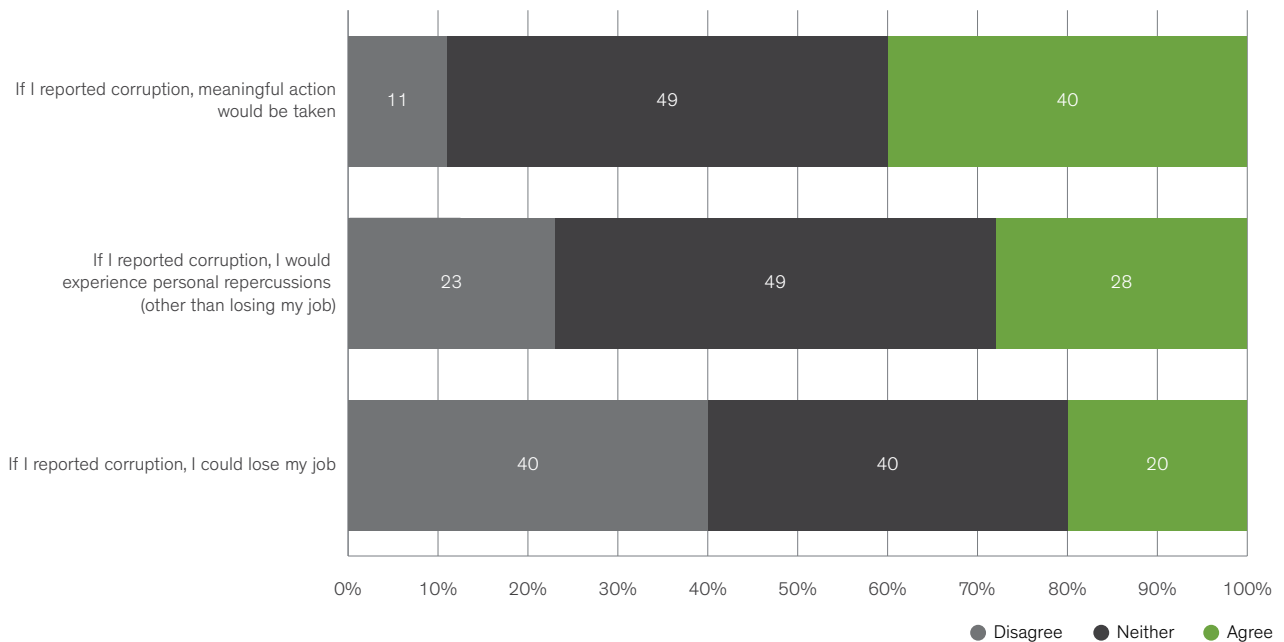
'Nothing gets done about corruption if it is exposed. Just a slap on the wrist, no penalty for offenders.'

'Management will not act on any corruption reported.'

'Local government still has a culture of "this is the way we have always done things", a "guys' club" in operational environments. Council needs commitment to support good behaviour, and consistent and firm policy on bad behaviour which would support preventing corruption.'

The large number of local government respondents in the *neither agree or disagree* range for all three questions in Figure 7 below suggests a high level of uncertainty around these issues, which is likely to influence the decision to report.

FIGURE 7: THE COST OF REPORTING



Base: Total sample, n = 1019.

## 5 Perceptions of integrity and preventing corruption

The research looked at the role organisational culture, personal integrity and organisational practices play in preventing corruption.

### 5.1 Organisational support for corruption prevention

Local government respondents generally agreed with the statement *I support corruption prevention activities in my organisation* (85 per cent), while just over half agreed that their *organisation has strong corruption prevention policies in place* (52 per cent).

Local government employees were also asked about the extent to which their organisations communicated about reporting corruption and their organisation's support for anti-corruption activities. Interestingly, local government respondents were less likely to agree that their council *regularly communicates about reporting corruption* (27 per cent) compared with state government respondents (37 per cent), but were more likely to say they knew *how to report corrupt activities* (41 per cent) compared with state government respondents (33 per cent). Local government respondents were also more likely to agree that their council supports anti-corruption activities (60 per cent) than their state government counterparts (31 per cent). This suggests that confidence in and awareness of reporting channels in local government may be influenced by factors additional to dedicated communication strategies about reporting corruption.

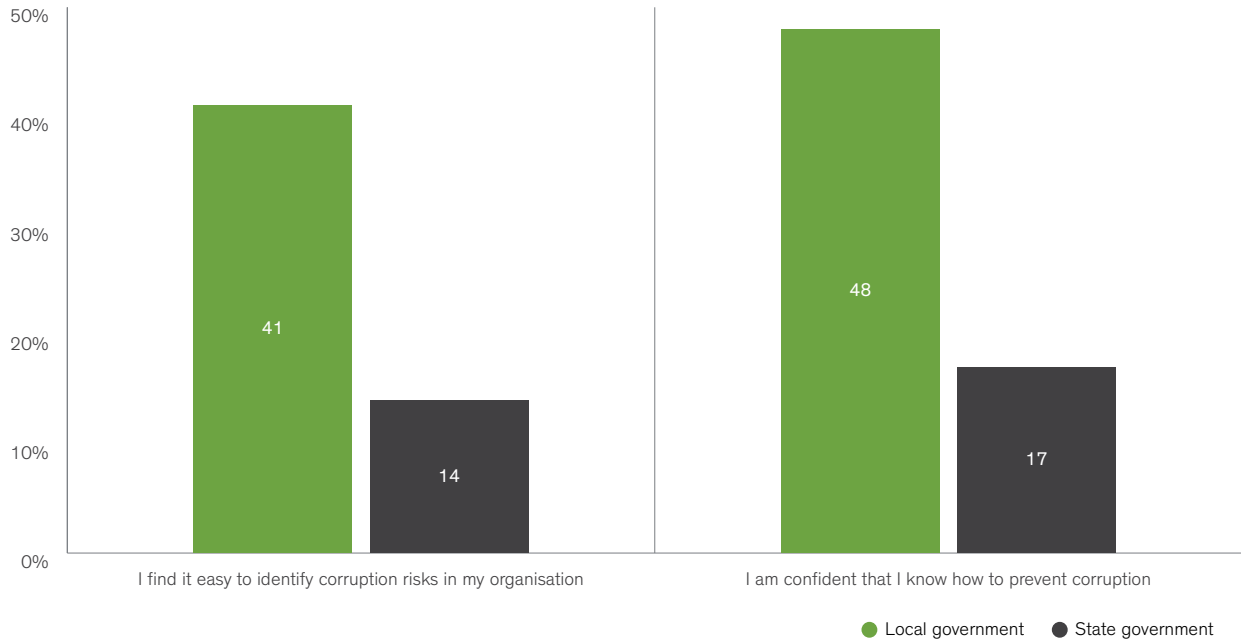
### 5.2 Identifying corruption risks

As shown in Figure 8, two in five local government respondents agreed that they *find it easy to identify corruption risks in my organisation* (41 per cent) while almost half agreed that they were *confident they knew how to prevent corruption* (48 per cent).

In comparison, a lower proportion of state government respondents expressed confidence in preventing corruption and identifying corruption risks in their organisations. Only 17 per cent of state government respondents agreed they were confident they knew how to prevent corruption, while 14 per cent agreed that they found it easy to identify corruption risks in their organisation.

## 5 Perceptions of integrity and preventing corruption

**FIGURE 8: STATE AND LOCAL GOVERNMENT ATTITUDES TOWARDS PREVENTING CORRUPTION**



Base: Total sample, n = 1019 (local government), n = 4542 (state government).

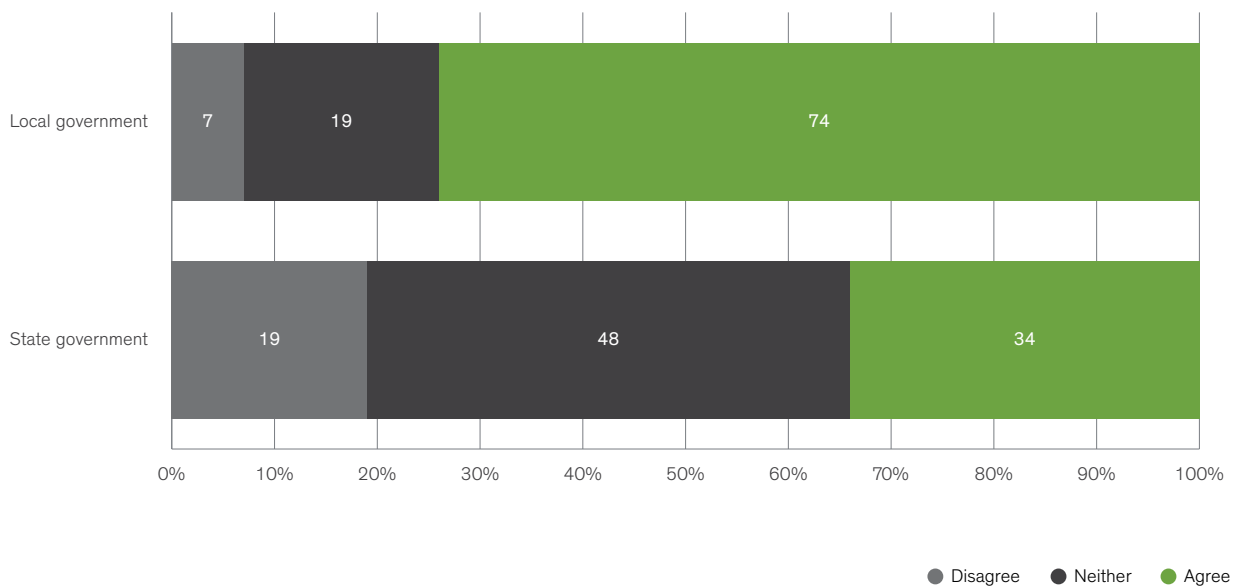
### 5.3 Organisational culture

Almost three in four local government respondents agreed with the statement *the culture at my organisation encourages people to act with honesty and with integrity* (74 per cent) while less than one in ten disagreed (7 per cent). In comparison, a substantially lower proportion of state government

respondents agreed that their agencies encouraged people to act with honesty and integrity (34 per cent). The greater degree of certainty and agreement with this statement from local government respondents suggests that councils may be more effective at promoting organisational cultures in which employees believe they are encouraged to act with honesty and integrity, compared with state government.

**FIGURE 9: STATE AND LOCAL GOVERNMENT PERCEPTION OF ORGANISATIONAL CULTURE**

**The culture at my organisation encourages people to act with honesty and with integrity**



Base: Total sample, n = 1019 (local government), n = 4542 (state government).

## 6 Conclusion

This research shows that direct managers and protected disclosure coordinators play an important role in supporting local government employees to report corruption. It also demonstrates that while respondents were generally of the view that their council promotes a culture of honesty and integrity, more could be done to reassure local government employees that they will be taken seriously and protected if they report suspected corruption.

The research provides valuable insights into the awareness of corruption, attitudes and behaviours of the Victorian local government sector towards corruption prevention and reporting.

### 6.1 Commitment to integrity

A large majority of local government respondents agreed that behaving with integrity and honesty is important. This demonstrates a high level of commitment to codes of conduct and an understanding of their obligations under those codes.

While this commitment is strong, it is concerning that more than a quarter of respondents did not agree they would report corruption even if they observed it. This presents an opportunity for Victorian councils to undertake targeted communication and education activities to address these concerns.

### 6.2 Risk of corruption and misconduct

A substantial proportion of local government respondents said they believed there were opportunities in their councils for misuse of information, abuse of discretion, and the hiring of friends or family for public service jobs. Respondents were generally more likely to agree that there were opportunities for these behaviours to occur, than to agree that they had ever suspected or witnessed such conduct in their workplace.

The most commonly identified corruption or misconduct risk was undeclared or unmanaged conflicts of interest. About one in five respondents said they had observed conflicts of interest in their workplaces. A fifth of respondents said they had observed the hiring of friends or family for public service jobs.

Victorian councils need to remain alert to all corruption and misconduct risks, and may need to consider focused actions to address the four most common risks identified by local government employees through this survey. This research also suggests further work is needed across the local government sector to strengthen employees' understanding of how to report suspected corruption, and confidence levels to do so.

### 6.3 Opportunities to reduce barriers

Barriers to reporting, caused by a lack of awareness of the process or concern about potential personal costs, can have a direct impact on the willingness of people to report corruption.

While there was a moderate level of reporting literacy among local government respondents, the cost of reporting was perceived to be high for some respondents, with a fifth believing they could lose their job if they reported corruption, and only a quarter believing protections for those who report corruption are adequate. Respondents also want to know that the potential risks they face in reporting corruption will be worth it. Less than half of respondents felt that their council would take meaningful action if they reported corruption. This presents a challenge for councils to demonstrate that appropriate action will be taken and that those who report will be protected.

### 6.4 Organisational culture and values

Local government respondents were generally more likely to agree than state government respondents that their organisation provided a culture where people were encouraged to act with honesty and integrity. Local government respondents were also more likely to know how to identify and report corruption and to agree that their council supports anti-corruption activities, than their state government counterparts.

Local government respondents were more likely to say they knew how to report corrupt activities, despite being less likely to agree that their council regularly communicates about reporting corruption, compared with state government respondents.

IBAC has an important role to inform the Victorian public sector and community about the detrimental effects of corruption and the ways in which it can be prevented. The findings from this research will inform the development of IBAC's prevention and engagement activities.

