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2012

# Corruption tactics: outrage management in a local government scandal

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## Publication Details

Martin, B. (2012). Corruption tactics: outrage management in a local government scandal. *Resistance Studies Magazine*, (February), 1-40.

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## **Keywords**

management, corruption, local, tactics, government, scandal, outrage

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## **Corruption tactics: outrage management in a local government scandal**

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### **Abstract**

A mobilised citizenry is a threat to corrupt operations. Therefore, those involved in behaviours potentially labelled as corrupt have an interest in minimising public outrage. Five ways of doing this are to hide the activity, denigrate opponents, reinterpret actions as legitimate, use official channels to give an appearance of justice, and intimidate or bribe people involved. A local government scandal in Wollongong, Australia, illustrates all these tactics, with public hearings and media coverage providing volumes of revealing information. The implication of this analysis is that anti-corruption efforts should emphasise ways of increasing public outrage.

## **Introduction**

“Sex and corruption” — it was a top news story. The opening day of the hearings, 18 February 2008, brought out sizzling details about Wollongong City Council, the local government body for the city of Wollongong, south of Sydney. Beth Morgan had worked for the council as a senior development officer with authority to approve development applications. She approved several buildings that grossly violated planning guidelines at the same time as having affairs with three different developers. Morgan planned to leave the council and set up her own business and was establishing a clientele. As well as sex, money played a major role. One of the developers, Frank Vellar, plied Morgan with gifts.

The Independent Commission Against Corruption, a statutory body in the state of New South Wales, had been tipped off about dodgy operations in Wollongong and started an investigation in 2006 that included telephone taps, video surveillance and seizure of computers to obtain e-mails. The opening statement at ICAC’s 2008 hearings used the information gathered to spell out a damning case of a pro-development government body that eased the path for developers with inside access.

There was more. Two men — referred to in the media as “conmen,” as they had been to prison for fraud — posed as ICAC staff or as having influence with ICAC and approached various developers, council staff and politicians soliciting bribes to thwart the investigation. Morgan gave them \$50,000, Vellar gave them at least \$100,000 — the two men obtained a total of half a million dollars.

The core feature of corruption revealed in the Wollongong scandal — developers offering inducements (bribes) to local politicians and government officials to obtain favours — is typical of local government corruption across Australia. Sometimes the bribes take the form of donations to political parties or campaigns. The Wollongong case, unlike others, was documented by an extended covert investigation and received extensive local media coverage following public hearings.

Corruption is most commonly studied from the point of view of economics or politics or both, with a focus on structures. In a market picture, the structures involve either incentives for or deterrents to corruption; in a political-system picture, the structures are laws, policies and systems of government. Researchers also debate definitions, prevalence and consequences of corruption and ways to address it (Jain

2001; Lambsdorff et al. 2005; Rose-Ackerman 1978, 1999). Here, I introduce a different perspective, complementary to the usual structural approach.

One of the common questions by researchers and concerned citizens is why corruption persists. In other words, if most people think corruption is wrong, how do perpetrators get away with it? To tackle this question, I look at the tactics of outrage management.

To call something corrupt is to label it as wrong or inappropriate. When an activity is widely seen as wrong, perpetrators are at risk of being exposed, condemned, shunned and prosecuted. In short, people are outraged. People who are seriously concerned may decide to take action: to speak out, band together, call in supporters, get authorities on side or take direct action. Popular outrage can be a serious threat to perpetrators. To continue with their activity, they need to minimise this sort of reaction. How can they do this?

Studies in a wide range of areas show that perpetrators commonly use five sorts of methods to minimise public outrage (Martin 2007):

- cover up the activity
- devalue the target
- reinterpret the activity, including by lying, minimising consequences, blaming others and reframing
- use official channels to give an appearance of justice
- intimidate and bribe people involved.

These are methods available to powerful perpetrators, for example bosses who bully subordinates, managers who attack whistleblowers, police who beat citizens, militaries that shoot civilian protesters, and governments that license torture. However, sometimes these methods fail and the action backfires on the perpetrator. Examples include the beating of Rodney King in 1991 that backfired on the Los Angeles police (Martin 2005), the massacre of protesters in Dili, East Timor in 1991 that backfired on the Indonesian government (Martin 2007) and the 2003 invasion of Iraq that backfired on the US government (Martin 2004). In each of these cases, the perpetrators used all five methods listed above to inhibit adverse reactions, but — unusually — the methods were not sufficient and massive public outrage ensued.

Using this framework, the Wollongong scandal can be analysed as a case in which corruption backfired. Beth Morgan, for example, instead of gaining clients for her prospective business, lost her job, had her reputation destroyed and may be subject to criminal charges. Local politicians named in the investigation were thrown out of their offices and are likely to be unelectable in the future due to the adverse publicity.

Cases in which injustice backfires are valuable for probing the mechanisms normally used for inhibiting outrage. For example, a close study of the beating of Rodney King reveals several methods that dampened public concern. Some of these methods, notably cover-up and intimidation, are found in many other, lower-profile police beatings; other methods used in the case, such as formal inquiries and court cases, are unusual in police beatings (Martin 2005). In the King beating case, the methods used by the police were insufficient to prevent a major public outcry, but that is not the main point here. Because the case received saturation media coverage, including books written by partisans on each side, there is far more documentation about what happened than in a run-of-the-mill police beating. The same phenomenon can be observed in other major backfires, such as the Dili massacre and the invasion of Iraq.

The Wollongong corruption scandal has the same characteristics as other backfires: it is atypical precisely because corruption was counterproductive for the perpetrators, and the ICAC investigation and massive publicity made available information about the dynamics of corruption that is normally hidden. The events in Wollongong therefore provide a window into methods normally used to inhibit public outrage over corruption.

Corruption can involve many different methods. For example, money laundering, one process in some corrupt operations, involves portraying illegally obtained funds as legal. My intention here is not to document a wide range of practical techniques but rather to focus on dimensions that operate to inhibit public outrage. Most of the techniques of money laundering fit into the category of cover-up; the final destination of laundered money, an apparently legitimate business, might also fit into the category of an official channel that gives only an appearance of honesty. The techniques used in corrupt operations can vary quite a lot from situation

to situation. The aim here is to note commonalities that arise through the goal or outcome of inhibiting public concern.

This framework offers guidance for challenging corruption through increasing public outrage. Each of the five methods of inhibiting outrage can be countered:

- expose the activity
- validate the targets and devalue the perpetrators
- interpret the activity as unfair
- mobilise public support; don't rely on official channels
- resist and expose intimidation and bribery.

These are not the only methods for opposing corruption; there are also many approaches to prevention such as design of financial systems. These five methods are oriented to outrage dynamics.

In this paper, I address each of the five methods of inhibiting outrage over corruption and corresponding methods of increasing outrage: cover-up versus exposure; devaluation versus validation; interpretation struggles; official channels versus public mobilisation; and intimidation and bribery versus resistance. Concerning each method, I offer some general comments and then give examples from the Wollongong corruption scandal, in the process gradually telling more about the Wollongong case. In the conclusion, I summarise the value of focusing on outrage management in studying and dealing with corruption.

In giving examples of tactics, I draw heavily on transcripts of ICAC's public hearings (ICAC 2008a), and newspaper reports of the hearings, especially in Wollongong's daily paper, the *Illawarra Mercury*. The 1000-page hearing transcripts are a rich source of information but at the same time are limited in scope. A more comprehensive investigation involving extensive interviews would undoubtedly uncover far more information and give a more accurate picture of operations in Wollongong, but much of such information could not be published because of Australia's restrictive defamation laws (Pullan 1994).

Before turning to methods of inhibiting outrage, I first give some background information about Wollongong. This is not intended to be a full account of the Wollongong corruption story, much less the wider history of Wollongong politics. Instead, I use the Wollongong example to illustrate tactics of outrage management.

### **Wollongong background**

Wollongong is a city on the Pacific coast 80km south of Sydney. Its population of 280,000 makes it the third largest city in the state of New South Wales.

Australia is divided into local government areas called councils. Wollongong Council is responsible for about two-thirds of the population of Wollongong; the remaining third, in the south, is in the jurisdictions of Shellharbour Council and Kiama Council.

Local governments have various responsibilities, from garbage collection to library services. The key issue here is property development. A homeowner who wants to build a house extension needs council approval. Special favours can be given at this level: knowing the right person might help in gaining prompt approval. Another possibility is that an outspoken resident might be targeted with extra scrutiny and made to take down or rebuild constructions that are trivially in violation of guidelines. In short, the power of approval is a possible avenue for corruption and abuse of power.

In the Wollongong corruption scandal, the focus was on bigger fish: approvals for major developments involving millions or tens of millions of dollars. Getting approval in violation of guidelines can lead to windfall profits. Indeed, getting approval at all can make the difference between a loss — the expenditure of considerable time and money simply making the application — and a normal profit margin.

Development applications — abbreviated DAs — are put to the council, where planners check for compliance with rules and regulations. The planners are paid staff. There is another layer to the approval process: the elected officials, known as councillors. “Wollongong Council” can refer to the body of councillors or to the paid staff, or both. Major DAs need approval by the councillors.

From 2004–8, Wollongong had 13 councillors, seven from the Labor Party and six independents. Wollongong is the largest working-class city in Australia; its major industry is Australia’s only integrated steelworks. The region has a long history of support for the Labor Party and left-wing unionism. However, following the recession

in the early 1980s, when the steelworks nearly closed, there has been a push for tourism and property development to complement the region's industrial base.

In New South Wales, Labor was in power from 1995 to 2011. Until the 2011 election, most state members of parliament from Wollongong were members of the Australian Labor Party, something simply taken for granted because the seats are so strongly Labor. State-level politics is relevant in a couple of ways: Wollongong Council does not have full say over developments because state planning regulations play a restraining role; and Wollongong members of state parliament can become involved in local planning issues. Labor was also in power federally so, for Wollongong residents, all three levels of government were Labor-controlled. For reference purposes, Appendix 1 lists key figures in the scandal and Appendix 2 the main sorts of corrupt or inappropriate conduct alleged to have occurred.

With this background, I now turn to methods by which corrupt operators can minimise public concern about their activities, looking in turn at cover-up, devaluation, reinterpretation, official channels and intimidation. In each section devoted to one of these methods, I first outline some general features of the method and then give illustrations from the Wollongong scandal. In each section I also discuss ways of increasing public concern, namely through exposure, validation, interpretation, civic mobilisation and resistance.

### **Cover-up versus exposure**

Concealment is standard procedure for much crime and corruption. Things defined as criminal are stigmatised, with penalties for transgressors, so it makes sense to avoid detection. House thieves, for example, prefer to operate when no one is home and to leave few clues about their identity. The importance of cover-up can be inferred from the infrequency with which participants in potentially dubious activities are willing to tell all and sundry. This point is obvious but warrants emphasis when it comes to analysing outrage dynamics.

When activities are normalised, then concealment may no longer be necessary. Taxation has sufficient legitimacy to be administered openly whereas illegal tax avoidance is concealed (Levi 1988). A useful test of the legitimacy of practices is how openly they are carried out. In some countries, paying officials to avoid prosecution is

standard practice. If such behaviour is to be labelled corrupt, then it is suitably called institutionalised corruption.

Cover-up is commonly selective: some people know what is going on but activities are concealed from wider audiences. For example, operators of cartels know what they are doing but this is not advertised to consumers. In many cases, members of the public may know in general terms that corruption occurs but seldom have it thrust in their faces. Vivid personal experience is more likely to cause outrage and generate active opposition to criminal activities.

Now consider the role of cover-up in the Wollongong saga. The key corrupt activity was collusion between developers and city officials to give special treatment to the applications by selected developers in exchange for cash or other perquisites. Beth Morgan knew about her own affairs with developers, obviously enough. Some of her co-workers knew or suspected. But few outsiders knew anything.

While information was kept away from wider audiences, insiders obtained extra information. For example, Morgan released confidential council documents to developers.

Many people in Wollongong, especially those concerned about the impacts of local development on environmental and social amenity, believed corruption existed — this is a well-known problem in Australia — but few would have had any detailed information. According to a newspaper story, “One former colleague [of Morgan’s] said ‘everyone’ knew things were bad but the extent of the bribery and corruption claims were a shock, even to them.” (Carty and Trenwith 2008). The result of cover-up was a layered access to knowledge: those directly involved were fully aware of their activities, some close at hand knew there were problems but did not have details, some citizens had generalised concerns and many others were blissfully ignorant. A few individuals obtained specific knowledge via leaks from insiders to the media and community members.

This sort of layered knowledge, and a corresponding layered ignorance, is likely to be found in other forms of corruption. The importance of restricting awareness of corrupt activities is that it limits the possibility of a mobilised opposition. Those who are personally involved are unlikely to speak out; those who are not involved but close at hand, such as Morgan’s co-workers, may be silenced

through other techniques, as discussed later; and those more removed do not have enough information to act upon. The wider public is unlikely to become very concerned, at least not enough to interrupt the corrupt activities.

The ICAC hearings revealed some details about techniques of cover-up.

- When council general manager Rod Oxley met with developers, no file notes were made (43). (Numbers in brackets refer to page numbers in transcripts of the ICAC hearings (ICAC 2008a).)

- Morgan did not disclose any gifts she received from developers, despite a council policy requiring disclosure (52).

- Morgan, handling a major DA by Glen Tabak, managed to get it approved without going through wider scrutiny by councillors that is mandated when a development is a matter of “community interest.” She phoned Tabak about this and said “Glen, it went under the radar in terms of community interest hence was able to be dealt with swiftly and without interference.” This call was recorded by ICAC investigators. ICAC lawyer Noel Hemmings, questioning Morgan, asked “That’s why you handled the application in the way you did, isn’t it?” She answered yes. Hemmings then asked “You wanted it to go under the radar so the community wouldn’t know what was going on?” She replied that there appeared to be little “community interest compared to the size of the application” (53).

- Documents about the Quattro development were missing (107).

- Morgan disguised her role by using a co-worker’s computer to register her approval of a DA (112).

- Morgan emailed Vellar confidential council documents as a blind copy recipient, preventing the named recipients from knowing he received them (220).

- Councillor Val Zanotto sent emails to Vellar under the name “Franco Magnagotti” (220). Whatever the justification, this reduced the possibility of outsiders seeing their connection. Zanotto said to Vellar that he had to be careful in his conversations with him (670–671). Vellar’s name was recorded as Gato.

- Zanotto, in a Council meeting, led the argument in favour of one of Vellar’s developments without revealing his relationship with Vellar (676).

- Vellar requested that Morgan be removed from assessing a DA — the Bathers' Pavillion — to avoid his connection with her being revealed (McInerney 2008, 21 February: 4).

- When manager Joe Scimone left his job at the Council, he signed a confidentiality agreement, which served to keep details out of the public eye (531).

- When Scimone gave \$30,000 to Younan, he left the money on the seat of Younan's car (911). If their meeting was being filmed, this eliminated a more obvious handover of the money.

These examples show that cover-up can occur in many different ways and be oriented to different audiences. Some individuals hid or disguised their activities — meetings with developers or the identity of people they called — to reduce awareness of their personal involvement. In other cases, the main target was the wider community, as in Morgan's successful effort to avoid Tabak's DA having to receive scrutiny as a matter of community interest.

The counter-tactic to cover-up is exposure. So how can corruption be exposed? Usually there are quite a few people who know about it, but the closer they are to the centre of the operations, the less likely they are to challenge it. Occasionally a key player turns informant; such a super-grass can be a powerful tool against corrupt operations. More commonly though, exposure involves a parallel layered process, with a few who are closer to the action revealing some of what's happening to a slightly wider group, some of whom take it more widely still. If enough credible sources are available, media may take up the story, publicising the matter widely. This general process is sometimes short-circuited via a deep exposure from a high-level informant or a probing investigation.

In Wollongong, the process of exposure involved both residents and ICAC. Over the years, residents had made many submissions to ICAC requesting investigations into council activities, so ICAC officials should have known about corrupt conduct in Wollongong. Though the specific trigger is not publicly known, ICAC initiated a covert investigation, including phone taps and, later, seizure of computers to obtain e-mails, collecting a mass of damning information. ICAC then prepared for a series of public hearings at which key figures — especially the so-

called “people of interest,” namely those suspected of serious corruption — were compelled to testify. Some of them started off by lying, attempting to hide their involvement by denying it, but ICAC investigators then brought out damning information exposing these lies, encouraging some of those testifying to admit to some of their activities.

The ICAC hearings were public, making them ideal for media stories. There were headlines and follow-up stories in the main local newspaper, the *Illawarra Mercury*, day after day. Closed hearings and a confidential report would have limited public outrage. ICAC’s open hearings, with transcripts and reports published on the web, maximised public impact.

Several possible methods of exposure were not prominent in the Wollongong case. No high-level insider went public about corruption: there were no whistleblowers who went directly to the media. (The one partial exception was council employee Vicki Curran who complained about sexual harassment from manager Joe Scimone. Her complaints helped lead to creation of the citizens’ group Wollongong Against Corruption, discussed later.)

Normal management processes did not address the problems: in many respects, they were part of the problem. Investigative journalists were not the primary instigators of exposure. The Wollongong case thus does not reveal all possible means of exposure: it simply shows one actual means — an external investigation, public hearings and media coverage — and, more importantly, the importance of exposing corruption to the public as a means of creating outrage and challenging the corrupt processes.

In summary, cover-up is a crucial method used to inhibit outrage about crime and corruption. Cover-up is layered: some people know a lot about operations, whereas large numbers know little or nothing. Successful corruption relies on a disjunction between knowledge, concern and willingness to act. Those closest to the action are typically part of the corruption, compromised or fearful; those furthest from the action typically do not know enough to become concerned or take effective action.

### **Devaluation and validation**

The status of a victim affects how people feel about an action. People think murder is bad in the abstract; in practice, they usually care more about the murder of a respected surgeon than of a serial killer. Devaluing the target therefore is a powerful way of reducing concern about actions taken. Devaluation can occur through prior prejudice such as racism or by active measures including labelling, malicious rumours and frame-ups.

Powerful groups have the greatest capacity to devalue others: governments can label someone a terrorist; police can charge people with crimes; a boss can make demeaning comments about subordinates.

The question then arises: do corrupt operators have the capacity to devalue others? With institutionalised corruption, the answer is yes, because powerful groups are complicit. With petty corruption, the answer is usually no. In intermediate situations, corrupt operators and their allies have a significant but restricted capacity for devaluation, for example limited to particular individuals.

In Wollongong, there were two main types of devaluation. The first was close at hand, within the council: when planners made recommendations against developments but Oxley applied pressure to find a way to approve them, this could be taken as an implicit devaluation of the planners' expertise.

The second form of devaluation arose out of the pro-development ideology promoted by key politicians and council officials. In 2004, a story in the *Illawarra Mercury* began "Wollongong City Council general manager Rod Oxley has blasted the performance of planning staff in dealing with development applications." The article quoted Oxley as saying "It's about time these professional planners acted professionally ... they are not operating as effectively and efficiently as they should be. It's been going on for far too long." (Anon 2004). This was a remarkable public attack by a manager on his subordinates. The context was public criticism of Oxley by a community activist based on memos and emails from Oxley urging approval of a particular development (Field 2004).

Devaluation occurred in the same sort of layered approach as with cover-up. Closest to corrupt operations was where the most serious and effective forms of devaluation could occur, targeted at individuals. Further out, devaluation mainly took

the form of labelling as anti-development those who were critical of specific developments or who expected greater citizen participation in decision-making.

As a general rule, when opponents of corruption are specific targets of overt techniques of devaluation, it is likely that corruption is entrenched. This is opposite to the pattern for cover-up: institutionalised corruption is characterised by less cover-up and more overt devaluation.

The corruption in Wollongong was mostly covert, so opportunities for devaluation of corruption opponents was limited. At the ICAC hearings, there is little evidence of devaluation, probably because those being questioned were under scrutiny: they were hardly in a position to launch attacks on the character of their accusers. One incident in the hearings illustrates how devaluation can operate. Most of those called to testify were represented by lawyers, and the lawyers were given an opportunity to cross-examine witnesses. Oxley's lawyer, in questioning David Broyd — the council planner who tried to resist pressures from Oxley and whose testimony was damaging to Oxley — tried to discredit Broyd by referring to a DA that Broyd had approved, apparently against the guidelines (572ff). If Broyd could be shown to have sanctioned violation of guidelines, even on a minor matter, then his claims against Oxley would lose force — at least that is the process by which devaluation tends to operate.

The counter to devaluation is validating those opposed to corruption. The more that opponents are perceived as honest, interested primarily in the public good, esteemed for their achievements and seen as peers, the more credibility they are likely to have and the harder it will be to devalue them. A whistleblower, for example, will have greater credibility by dressing conservatively, speaking in a calm and dignified fashion and not appearing to seek personal advantage or vengeance.

In Wollongong, it is hard to see how validation processes played out inside council — the evidence is not available. In the public arena, anti-corruption citizen groups gained credibility through having participants from different political parties and occupations, showing that they were not partisan enterprises, as discussed later.

For opponents of corruption, it is important to involve individuals who are well regarded and free of taint, especially as spokespeople. If challengers can be tarred with even minor misdemeanours, it greatly damages their credibility, under the

common but mistaken assumption that only honest people have the right to challenge dishonesty. The reputations of challengers therefore become prime targets for attack, which often occurs via rumours, anonymous letters and emails, and information leaked to the media.

### **Interpretation struggles**

Actions do not come with labels such as “corrupt” or “honest” but instead have to be interpreted. What counts as crime and corruption is subject to interpretation at individual and collective levels.

There are many techniques for explaining behaviour that might be labelled corrupt. Four important techniques for minimising concern and outrage are lying, minimising, blaming and framing.

**Lying** is the most obvious way to change someone’s view of a situation. Lying, as defined by researchers, includes both telling falsehoods and withholding the truth (Ekman 2001). However, many people believe that withholding the truth is not lying, so they are careful to avoid overt falsehoods even as they are quite deceptive by not expressing what they know.

Lying — especially lying by omission — is a means of cover-up. But if someone knows that *something* has happened, lying gives a particular take on *what* happened. For example, when Morgan did not reveal her relationships with developers, this was cover-up; when Morgan’s colleague Ron Zwicker challenged her about having an affair with Vellar, she denied it — she told a falsehood (73).

Developer Glen Tabak paid for plastering work on Morgan’s unit. Morgan wrote him a cheque in payment and he gave her cash, thereby making the gift appear to be a business transaction: “Glen wanted me to write a cheque in case anybody asked to make it look legitimate” (65).

Testimony at ICAC hearings provides a rich lode of material about lying — or suspected lying. In many cases, conclusive proof about events was not available, but patterns and circumstantial evidence made claims by witnesses dubious.

There was an extra dimension at the hearings: perjury. Witnesses had to swear to tell the truth and were compelled to answer questions, though self-incriminating responses under such conditions could not be used in subsequent court cases.

However, lying at the hearings was a crime and, in principle, could be prosecuted. Here are some examples concerning (alleged) lying.

- Oxley denied any involvement in a particular DA. This was false according to Morgan (116).

- Morgan admitted lying to ICAC in questioning prior to the hearings (163-165).

- In one of Vellar's phone conversations intercepted by ICAC, he said Oxley "should be put away." However, he denied he had meant Oxley could go to jail for corruption (263–264).

- Vellar denied asking for approval of his DA via planner John Gilbert. It is worth expanding on this example to show the challenge in pinning down an alleged lie.

In the ICAC hearings, Noel Hemmings asked Vellar "Had you asked Mr Gilbert to have his computer used to record the consent so that Ms Morgan's name would not appear on it?" Vellar answered "No, I did not." Hemmings, to limit Vellar's room to manoeuvre, asked "Did you have a conversation on that line?" Vellar: "No I did not" (206).

At this point a recording was played of a conversation between Gilbert, Morgan and Vellar. Hemmings then asked "I asked you questions as to whether you had made any application to Mr Gilbert or Mr Oxley that the application be signed by him and not Ms Morgan. Do you recall that?" Vellar: "Yes." Hemmings: "And you denied it?" Vellar: "Because I did not recollect what you had asked me." Hemmings: "You didn't recollect?" Vellar: "You had asked me, I believe a question that I did not understand correctly. By playing the tape I have heard now what you were asking me." (207) Vellar has avoided admitting to a lie.

A bit later, Hemmings asked, "Were you concerned about the possible linking of Beth Morgan with the Quattro application?" Vellar: "I was concerned that not the linking [*sic*], but I wanted her superior to look over the application." Hemmings: "You wanted her name not to appear?" Vellar: "No, I wanted her superior to look over the application."

At this point the ICAC Commissioner, Jerrold Cripps, asked "Why did it have to be signed by him, why couldn't she sign it if that's all you were worried about?"

Vellar: “I didn’t — I didn’t want the relationship between Beth and I to interfere with this application.”

Hemmings leaped on this admission: “But you knew it had interfered with this application?” “The relationship?” “Yes?” “I guess so.” Hemmings: “You guess so, you knew so. She was doing favours for you, was she not?” Vellar: “No, she was not doing favours for me” (208). This was all Hemmings needed on this point.

This interchange illustrates how a witness can wriggle out of an open admission of lying. Vellar first denied a conversation, then claimed he hadn’t understood the question, then claimed he asked that Gilbert sign the application because Vellar just wanted him to read it, and finally indirectly admitted that his relationship with Morgan, if known, might hurt the application — but denied Morgan was doing him favours. For Hemmings, Vellar was a moving target, changing his explanations along the way.

The interchange also illustrates the power of evidence — in this case intercepted telephone calls — in challenging lies and forcing witnesses into admissions. Here I’ve quoted only a small portion of the testimony on this point. The interchange illustrates how hard it is to pin witnesses down and hence the enormous effort required by ICAC questioners to gain traction on even a small point on which evidence obtained by ICAC — recordings of telephone conversations — appears conclusive. If it is this difficult to obtain admissions when there is damning evidence and the threat of a perjury charge, the ease of face-saving lies and omissions on other occasions can be imagined.

Sometimes the ICAC questioners directly accused witnesses of lying, but witnesses often persisted in their claims although the evidence of deceit seemed overwhelming. For example, when Tabak said he never discussed DAs at the Table of Knowledge — the colloquial term for an outdoor table at a local kebab shop where developers regularly met, sometimes joined by council staff — Hemmings said this was a lie, but Tabak denied it was (272–273). Gerald Carroll denied extorting money, instead saying that he and Younan were helping Vellar and Morgan with legal referrals and that Younan had manipulated him (932). After an intercepted telephone conversation was played, Carroll said it could be interpreted as bribery, but it wasn’t (935). Hemmings eventually accused Carroll of telling “a pack of lies” and

Commissioner Cripps made equivalent accusations (941, 942; Trenwith 2008: 5 March).

Despite intense questioning, witnesses only rarely admitted to lying. Morgan (165) and Tabak (328) are two who did. The more common approach was to deny allegations, as suggested by advice given by Scimone in an email produced by ICAC: “deny, deny, deny” (Trenwith 2008: 27 February).

Another approach is to deny understanding of what is going on. Developer Glen Tabak appeared to use this approach, though it is impossible to know whether he was lying or simply ignorant. He said that when he was having an affair with Beth Morgan, he didn’t know she was the assessment officer for his DA (291). She said he gave her cash; he denied it (294). He denied knowing the meaning of “community consultation” or what Morgan meant by saying his DA had gone “under the radar” to avoid a community consultation (298–299). He said he didn’t know why Morgan was sending him emails (302). And he said he was unaware of a \$750,000 payment suddenly required in relation to one of his properties (307–308). In the *Illawarra Mercury*, journalist Paul McInerney wrote that “For a man who has poured millions of dollars into building projects in Wollongong, developer Glen Tabak has a lamentably poor grasp of the planning system. And a memory that at times threatened the patience of ICAC commissioner Jerrold Cripps and his senior counsel Noel Hemmings” (McInerney 2008: 22 February).

Vellar, in his first round of testimony, seldom claimed he couldn’t remember things. However, in a later appearance, he said he didn’t remember his affair with Morgan occurring at a particular time even when prompted by presentation of Morgan’s emails at the time (598–599). He received confidential rezoning information but said he couldn’t recall who gave it to him (612). He said he didn’t know why he had said, in an intercepted message, that he had been tipped off — even after being warned about lying (617).

Councillor Val Zanotto also claimed ignorance. In a call to Vellar, Zanotto said he (Zanotto) had to be careful but claimed he didn’t know why he said it (670–671).

*Minimising the consequences* is another method of interpretation. Roy Baumeister (1997) studied ways of thinking by perpetrators of horrific crimes and found that they nearly always considered the impact of their actions on victims was

far less than what the victims themselves felt. So when perpetrators minimise the consequences, they can be sincere.

Scimone said he didn't mention his friendship with developer Tabak because it wasn't "material to the discussion" (896). Councillor Kiril Jonovski initially denied meeting Vellar in October 2006. When evidence of his knowledge of the meeting was presented, he said he didn't recall it because it was a "non-event" (855). It is reasonable to presume that those involved in corruption commonly rationalise their behaviour, to themselves, by perceiving the impacts on others as minimal or deserved (Bandura 1986: 375–389).

**Blaming** others is a useful way to deflect outrage. Powerful perpetrators find it useful when bit players are targeted for opprobrium. Drug syndicates are not seriously damaged by arrest and prosecution of users or local suppliers: the attention is focused away from the main players.

Morgan said "because of the city centre revitalization policy we were told not to use the policy" — and said it was "Managers at Council" who told her that (38). She also said concerning General Manager Rod Oxley that development approvals were not made according to regulations but instead according to "Whatever Rod wanted" (76).

ICAC in its investigation identified a number of "people of interest," namely those suspected of involvement in corruption. In its final report, it recommended prosecution of specific individuals such as Beth Morgan and Frank Vellar. All those named in this way were local politicians, council officials or developers. Yet there were connections to state politics. For example, media stories exposed Noreen Hay, a member of state parliament representing Wollongong. However, ICAC declined to name her as a person of interest. ICAC's approach of singling out local individuals had the effect of blaming them for problems while leaving more powerful politicians at the state level out of the picture.

**Framing** is looking at the world through a lens or perspective. Participants in operations have much to gain by framing their activities as normal rather than corrupt.

Beth Morgan gave a number of reasons why she approved applications that violated Council guidelines, including that unlawful approvals were okay because making similar approvals "had been done before and nothing had ever been said about

it” (58) and that the policies were going to change (75). She said Frank Vellar wanted her as the assessment officer for his applications because he thought she was a good planner (71). It was only under relentless questioning that she retreated from these rationalisations and admitted she shouldn’t have approved the developments.

Those who say it is okay for property developers to have special connections with local government officials — for example by making donations to politicians — have framed the issue in a manner helpful to corrupt dealings.

Interpretation is carried out principally through language, so it is useful to look at words used. The words “gift” and “donation” have favourable connotations; to call the same action a “bribe” implies corruption. Those testifying before ICAC used a variety of words to give a softer, more favourable interpretation of their actions.

Vellar gave Morgan a trip to a ski resort. He said the trip was “recreational,” not a reward for approving his DA (198–199; McInerney 2008, 21 February: 3). He said he gave Morgan cash “because she was destitute” (200). He said a false statement by him was an “error” (258). When Zanotto gave him \$150,000, Vellar called this a “loan” (259; Cox 2008, 21 February). Deceptive framing can be thought of as a method of lying; distinguishing between framing and lying in part depends on an assessment of intention, which may be unknowable.

ICAC’s perspective was that it was improper for developers to exert influence over the assessment of their DAs. This was why Morgan’s relationships with developers were seen as so damning. Vellar had a different perspective: he said he was entitled to express an opinion about who assessed his DAs (212–213). “Expressing an opinion” frames the intervention quite differently from “exerting influence.”

Oxley, presented with a statement he had made to Vellar, interpreted it as meaning something different from the words — namely his intent in using the words (502–503). Oxley said his private meetings with Vellar were about ongoing development in Wollongong, not about Vellar’s Quattro development (514). (For Oxley’s perspective on the corruption scandal, see East (2009).)

Joe Scimone paid Younan \$30,000. He preferred not to call this bribery but rather “stupidity” (910; Trenwith 2008, 4 March).

Opponents of corruption need to counter corruption-friendly interpretations and emphasise their own. That means exposing lies and presenting the truth, explaining the consequences of corruption behaviour, pinpointing those most responsible, and using frameworks and language that highlight problems.

In Wollongong, the ICAC inquiry, media coverage and citizen action led to a change of interpretation, from a development frame to a corruption frame. The development frame looked at local planning issues through the lens of what was good for development, “good” meaning what helped new projects obtain approval. The emphasis was on outcomes — buildings built. The corruption frame looked instead at the process, especially at who was involved in decision-making and whether the process served private rather than the public interest.

I have described four interpretation techniques — lying, minimising, blaming and framing — that can be used to reduce concern about corruption. These techniques affect those who use them by explaining actions in legitimate or justifiable terms. The power of these techniques was revealed by the persistence with which those testifying before ICAC stuck to their own way of seeing the world despite striking evidence showing the inappropriateness of their actions. Interpretation techniques can also affect others: framing actions as acceptable makes it much harder to challenge them. The implication is straightforward: opponents of corruption need to expose lies, show the serious impacts of corrupt behaviour, pin responsibility on those centrally involved, and shift to a frame of honesty versus corruption.

### **Official channels**

Official channels include complaint and grievance procedures, ad hoc inquiries, expert panels, ombudsmen, auditor-generals, anti-corruption commissions, courts — any formal process that promises to address an organisational or social problem. In an ideal world, official channels work, so referring a problem to one or more of them is the best way to deal with it. However, in practice, when perpetrators are powerful, official channels often give only an appearance of justice without the substance.

Whistleblowers commonly make reports to watchdog agencies in the expectation that their matter will be dealt with effectively, but in practice this happens all too infrequently (De Maria 1999; Devine 2004; Martin 2003). Even the most

committed agencies have inadequate resources combined with onerous reporting requirements, which mean they can deal with only a fraction of potential problems. Furthermore, formal processes usually take a long time and remove matters from the public gaze, causing outrage to decline.

When governments are themselves criminal or corrupt, they can use official channels to maximum effect, giving the appearance of concern and action while dampening public reactions. After the Sharpeville massacre in 1960, when white police killed about a hundred black protesters, the South African government set up an inquiry that largely exonerated the police (Frankel 2001). After the Dili massacre in 1991, when hundreds of East Timorese protesters were killed, the Indonesian military and government each set up inquiries that imposed token penalties on a few soldiers (Kohen 1999: 170–172). After the exposure of torture at Abu Ghraib prison in 2004, the US government charged quite a few soldiers with crimes, but no higher officials were indicted, there were no independent inquiries, no war crimes charges and no hearings on television (Gray and Martin 2007).

When criminals do not run the government, they have a more difficult time using official channels to their advantage. Nevertheless, this can still happen when government bodies have little incentive to tackle the problems vigorously, which may be due to criminal influence at higher levels, worries about possible pay-backs or fear of bad publicity. In such circumstances, formal investigations and procedures may give the appearance of official concern while limiting popular mobilisation against corrupt activities. Official processes are usually slow, procedural and complex, discouraging public interest and involvement.

Whether official channels provide a solution to corruption problems or operate to minimise public outrage — or both — is an empirical issue: each case needs to be examined. Generally speaking, the more systematic, organised and entrenched the corruption, the less likely official channels are to be effective. The point here is that official channels should not automatically be assumed to provide the solution.

The Wollongong case illustrates both the strengths and weaknesses of official channels. Conventional processes within council were shown to be inadequate or compromised. For example, complaints about Morgan's relationships with developers were ignored: John Gilbert, Morgan's superior, did nothing about two separate

complaints (474, 475). Morgan herself ran ethics programmes for other staff while Zanutto, a councillor named by ICAC, was chair of the Audit and Governance Committee for the council's code of conduct. When Oxley resigned, one of the conditions he requested and obtained was that council pay for his legal assistance at the ICAC hearings. Meanwhile, the council abolished neighbourhood committees, an avenue for community involvement. It was the failure of regular anti-corruption processes that justified ICAC's intervention.

On the surface, the Wollongong investigation would seem to be a triumph of ICAC, the epitome of an anti-corruption official channel. Indeed it must be seen as one of ICAC's greatest successes, not only exposing corruption in Wollongong but also in raising awareness of local government corruption more widely.

The impact of the ICAC investigation was due to two main factors: ICAC's careful covert collection of data and extensive media coverage, abetted by the salacious facets of the case. ICAC's decision to hold open hearings and to publish transcripts and reports helped transform what might otherwise have been a low-key operation into a popular sensation. The public exposures led people to speak out about other problems and a receptive media to report them, for example about Labor Party branch-stacking in Wollongong (Besser 2008).

Rodney Tiffen (1999), in his study of major investigative inquiries and commissions in Australia, found that those with the greatest reform impact used the media as a form of rolling exposé to amplify the impact of investigatory disclosures. ICAC's Wollongong inquiry fits this model. But only a few inquiries proceed this way; most have little public impact, serving more to dampen than ignite public concern.

The publicity about corruption in Wollongong stimulated the council — in its final days before being dismissed — to reverse previous decisions. It revoked the agreement to pay Oxley's legal fees, dismissed Zanutto as chair of the Audit and Governance Committee and set up a new ethics committee (Cox 2008, 4 March). It also moved to reinstate neighbourhood committees, although this did not happen under the administrators who took over from the elected councillors.

However, ICAC's investigation had limits. Its probe into local government corruption revealed links to actions by state parliamentarians and leading figures in

the Labor Party. Joe Scimone worked at Wollongong Council, eventually on a high salary of \$168,000 as sustainability officer. Complaints were made against him for sexual harassment. Gilbert received complaints about Scimone, which he dealt with by talking to Scimone (486). Despite this, Council manager Rod Oxley gave Scimone a glowing reference for a new job. Scimone obtained a \$200,000 post in the Maritime Authority, overseen by a member of state cabinet, Joe Tripodi, a well-known Labor Party figure commonly called a powerbroker, and a long-time friend of Scimone's. Tripodi claimed he was not involved in the decision to hire Scimone at the Maritime Authority. ICAC decided this was not a matter for investigation. (Scimone was later dismissed from the Maritime Authority.)

The process for prosecuting individuals involved in corrupt conduct was very slow. It was well over a year after the February 2008 hearings before ICAC gave briefs of evidence to the Director of Public Prosecutions (DPP) to consider. A newspaper report stated, "If charges are laid and individuals fight the charges, the court battles could stretch out for years" (Roderick 2009). As of July 2010, only five individuals had been tried, with the DPP still considering whether to lay charges against six others, including Morgan, Vellar and Scimone (Roderick 2010). As of April 2011, Morgan and Scimone were still to be charged (Tonkin 2011, 16 April).

ICAC's targets were at the local government level, in Wollongong. Whenever the links spilled into state-level politics, ICAC seemed to pull back. Its decisions not to investigate individuals were taken as giving the all-clear for those individuals. For example, following revelations that Noreen Hay, member of state parliament for Wollongong, had connections with Vellar, the premier Morris Iemma stood her down from her position as Parliamentary Secretary for Health; after ICAC said she was not a person of interest, the premier reinstated her (Allely 2008; see also Christodoulou 2008, 25 July). Politicians and the media frequently interpreted ICAC saying someone was not a person of interest as meaning ICAC had cleared them (e.g., Cox 2008, 30 July); ICAC's contrary interpretation — saying someone was not an "affected person" in relation to the Wollongong inquiry was *not* equivalent to clearing them — was only occasionally reported (Christodoulou 2008, 31 July).

Others expressed concern about ICAC's fixation on low-level corruption. Quentin Dempster, a journalist for ABC television with a long-term interest in

corruption (Dempster 1997), was quoted as saying about ICAC, “After Wollongong council corruption was exposed, everyone wants to know why it has not been pursuing the evidentiary trail up to Macquarie Street [New South Wales state government] to determine if the slush-funding of the NSW branch of the Labor Party by property developers and other vested interests represents serious and systemic corrupt conduct” (Denholm and Salusinszky 2008). Subsequent media investigations revealed links between developers and the Labor Party going much further than Wollongong (Frew et al. 2008). Many commentators painted the state Labor government as both incompetent and corrupt (Birmingham 2009–10).

Furthermore, even ICAC’s commitment to exposing corruption in Wollongong was questioned. Councillor Andrew Anthony revealed that he had made several complaints to ICAC years before, but had been fobbed off (McInerney 2008, 7 March). Michael Organ, formerly a federal member of parliament for an electorate in Wollongong, wrote, “Many in the community have known about council corruption for years but their concerns have been largely ignored by the council, politicians and authorities such as the NSW Ombudsman’s office and ICAC” (Organ 2008).

The Wollongong exposé led to calls to ban political donations. In March 2008, state premier Morris Iemma promised to reform the system of political donations (Clennell 2008, 22 March). But little of substance came from this and later pronouncements: months later, the state government retreated from Iemma’s promise (Clennell 2008, 7 November; Smith 2008). The promises seemed intended to calm public concern: the problem would seem less urgent if politicians were going to do something about it. This illustrates a typical weakness of official channels: they appear to be responding to problems when actually little happens. In other words, they may be more show than substance.

Elections for local government offices were scheduled for September 2008. In the wake of the revelations about corruption in the Labor Party, with four councillors named by ICAC and extensive media coverage about dubious dealings by other Labor Party figures, it seemed likely Labor would lose the Wollongong elections. ICAC, however, recommended that the entire elected council be dissolved and replaced by administrators — and this is exactly what the state Labor government did. The four Labor councillors who were named by ICAC lost their positions, but so did all other

nine councillors, including those without taint. The official response to exposures of corruption in the Labor Party thus limited the damage to Labor in Wollongong. The administrators were appointed to run council until the next scheduled elections after 2008.

Information about corruption in Wollongong stimulated the creation of two citizens' groups. These groups can be considered alternatives to official channels: they each promoted citizen participation in decision-making, both as a means of limiting corruption and as an end in itself, as a desirable facet of democracy.

Reclaim Our City (ROC) is an action and lobbying group made up of a variety of individuals from trade unions, resident groups, indigenous and other communities. It sees itself as an umbrella organisation, with participants representing diverse constituencies. ROC's first major event was a public meeting on 8 April 2008, not long after the ICAC hearings concluded. The notice for the meeting stated "If you want to have your say and join with other members of the community to demand a new direction for our city, one that respects our natural and cultural heritage, that is free of corruption and acts in the best interests of the residents, come along to this meeting and join the campaign." From this statement, it is clear that ROC has broader aims than just anti-corruption: it is concerned with citizen empowerment as a means to limit corruption but more widely to make citizens players in local decision-making.

ROC has three stated principles: to have an elected local government with anti-corruption processes, to reconstitute neighbourhood committees recognised by local government, and to promote appropriate development for the community, not just developers. The group took up several issues. One was a plan for developing Wollongong Harbour, being promoted by the state government. ROC demanded genuine citizen participation in the decision-making process, challenging the state government over an invitation for tenders and the likelihood of a facade of consultation. ROC's Hands Off the Harbour campaign involved writing letters to politicians, making submissions to Wollongong Council, organising a petition, running a newspaper advertisement, and organising a public meeting. Another issue was Wollongong Town Hall: ROC joined other groups in opposing its demolition.

ROC also put effort into promoting neighbourhood committees, pushing to have the council reconstitute them and provide funding to support them. A key

demand was that neighbourhood committees should see all DAs in their area before approval, as had been the practice in the past.

ROC's initiatives provided a challenge to corruption in a way quite different from ICAC. Rather than rely on formal processes, ROC's approach is to make citizens more aware and involved. This is a challenge to secrecy and insider operations in which corruption flourishes. ROC's Hands Off the Harbour campaign sought to institute citizen scrutiny into a development process that restricted participation to developers and government departments. The harbour is an emotive issue for many people in Wollongong and thus an ideal issue for mobilising popular concern.

The second group was Wollongong Against Corruption (WAC). It was formed prior to the ICAC hearings due to concern about corruption in the development process and, more specifically, the way harassment complaints against a leading Labor figure in Wollongong Council — Joe Scimone — had been dealt with. The hearings led to a surge of involvement in WAC.

WAC's goals are set out in the "Wollongong Charter for Ethics and Good Governance," with five principles: "decentralised decision making; community participation in decision making processes; transparency of process; accountability of officials; effective and accessible appeals processes." The thrust of the charter is to involve residents in local decision-making, including about planning, as an end in itself and as a way of controlling corruption.

WAC's activities have a fair bit in common with ROC's: holding meetings, making submissions, campaigning on particular development issues, and organising demonstrations. WAC, like ROC, is concerned with corruption but has a much wider brief: promoting a more participatory politics in Wollongong, with citizens involved in decision-making in a more direct fashion than just as voters.

Compared to ROC, WAC's style has been somewhat more strident, with its demands articulated prominently in the public domain. On 1 April 2008 — though not as an April Fool's joke — WAC organised a "Freedom Train and People's Delegation," with participants taking the train to Sydney and joining a protest outside NSW state parliament. On 13 September 2008, when local government elections were held across the state, but not in Wollongong, WAC organised a march and rally in downtown Wollongong and a mock ballot with the choices being corruption or

democracy (Apap 2008, 15 September). The theme of democracy denied was prominent in speeches on the day.

Although the Wollongong investigation was one of ICAC's triumphs, by no means everyone was satisfied with the outcome. WAC organised a one-day conference on 16 August 2008 with the theme "Making community democracy work" (Apap 2008, 18 August). Keynote speaker John Hatton, a former member of state parliament — elected as an independent, not affiliated with any political party — and noted anti-corruption campaigner, declaimed against ICAC's shortcomings in not tackling systemic corruption. Hatton facilitated a discussion at the conference at which one person after another complained about ICAC for not initiating investigations despite complaints made to it.

Many WAC members decried both the shortcomings of ICAC in restraining a wider exposure of corruption and the imposition of administrators as preventing an expansion of citizen participation. Believing ICAC's terms of reference were too narrow, a central demand by WAC was for a royal commission into corruption, looking for inspiration to a few crusading commissions such as the Fitzgerald Inquiry in Queensland. In other words, WAC both criticised and challenged one official channel, the ICAC inquiry, and advocated a different potential official channel, a royal commission. As noted earlier, royal commissions and other major government-initiated inquiries usually — but not always — serve government agendas and dampen citizen outrage. In practice, WAC's call for a royal commission seems mainly to have served a rhetorical purpose: the state Labor government was never likely to set up an independent and probing investigation into corruption given the number of key Labor figures likely to be implicated.

Community mobilisation is a powerful challenge to entrenched corruption. In tactical terms, civic coalitions can harness sources of information that expose problems, cutting through methods of cover-up, thereby gaining more support. Through popular participation of a broad cross-section of the community, they validate their own cause and counter techniques of devaluation. They can articulate the demand for honest governance, challenging corruption-tolerant interpretations. They are an alternative to official channels. Finally, through their numbers and prominence, they can help in resisting intimidation.

There are a number of episodes of popular mobilisation linked to challenging corruption on a national scale, for example the 1986 people power movement in the Philippines that ended the corrupt rule of President Ferdinand Marcos, the 1997 campaign in Turkey by the Citizen Initiative for Constant Light, and the Egyptian groups Shayfeen.com, formed in 2005, and its successor Egyptians Against Corruption (Beyerle 2011; Beyerle and Hassan 2009). The activities of ROC and WAC show the possibilities for popular mobilisation to challenge local corruption.

The usual approaches to corruption rely on institutional power, such as market mechanisms and government regulations; ICAC is an example of such institutional anti-corruption power. ROC and WAC, as well as examples from other countries, show that by harnessing popular participation there is the potential for a different source of power against corruption: civic power. Citizens can wield this power directly as well as seeking to activate institutional power.

### **Intimidation and bribery**

Corrupt operators often attempt to reduce opposition through a combination of threats, attacks and reprisals on the one hand and incentives on the other. In ruthless criminal operations, intimidation includes bombings, beatings and killings, including attacks on family members. Lesser forms of intimidation include threats, bullying, damage to property, and petty harassment. Bribery can include payments in cash or various possibilities in kind including watches, cars, travel, scholarships, club memberships, promotions and jobs. After someone is introduced to criminal operations, the possibilities of intimidation increase: someone who has participated in a beating can be set up for arrest.

Intimidation, by causing fear, reduces the potential for popular action, sometimes by discouraging open opposition to corruption and sometimes by helping hide what is going on: intimidation has a close link with cover-up. Bribery encourages those closest to the action to join in or keep quiet in the hope of benefits.

In the Wollongong corruption scandal, there are no reports of murder: intimidation did not take more extreme forms. Instead, it mainly involved pressure to approve DAs, or otherwise do what was expected from higher up, with an accompanying fear of losing one's job. The other main form was bullying.

Beth Morgan testified that General Manager Rod Oxley put pressure on staff to do what he wanted: “Personally I felt that you either had to do what Rod wanted on a DA, and generally that was to approve it. If not, either he would make the decision, which he had done — has done on other occasions when staff had wanted to — when I and other staff had wanted to refuse applications, that you either went along with that, or else your career was effectively over at Wollongong City Council and he did the best he could and got rid of you” (54–55).

Morgan eventually decided to tell the truth to ICAC, even though she felt frightened (162). She had good reason to feel this way: it was dramatically revealed at the hearings that Vellar asked Younan to threaten Morgan, essentially to prevent her speaking out (631–633; McInerney 2008, 28 February): Morgan hadn’t previously known about this action by her former lover Vellar. Morgan also felt threatened by Scimone (166), against whom there were several bullying complaints (485–486; Trenwith 2008, 27 February).

Others besides Morgan had raised concerns about Oxley’s role. Planner Mike Mouritz had written that he resigned because of Oxley’s interference (189). Planner David Broyd left because of interference and a “clash of values” (379, 393; Cox 2008, 23 February). Planner John Gilbert said he felt his job was at risk (406) and that Oxley’s pressure was a source of staff turnover (407): he himself considered leaving, in part because of Oxley (472). (For Oxley’s perspective, see East (2009).)

ICAC interviewed relatively few individuals; it is reasonable to presume that many other council workers could have given similar stories of interference and bullying. In all these examples, pressure was exerted inside council, with job security, promotion prospects and job satisfaction being prime vulnerabilities for those affected.

Perhaps the word “intimidation” is too strong to describe some of the pressures that workers experienced. For some, it might better be described as a choice between going along with the flow and having working life become more difficult — and exceedingly stressful.

It is usually very hard to obtain information about the forms and extent of intimidation, because those targeted often legitimately fear that by speaking out they would become subject to further attacks — as happened to Morgan. In this way also,

intimidation and cover-up are linked. One of the most potent ways to challenge intimidation is to expose it.

According to a news story, councillor Andrew Anthony wrote to ICAC saying “that he had been the subject of repeated threats from Labor councillors and that he feared for his safety” (McInerney 2008, 7 March). (ICAC replied that this should be treated as a disciplinary matter using the council’s code of conduct.) After the ICAC hearings, Anthony went public about the threats.

Some members of WAC received death threats in the post. This worried them, to say the least, but they were not deterred from their efforts. An additional response would have been to put images of the threat letters on the WAC website. Exposing intimidation can serve to generate greater support.

### **Conclusion**

The Wollongong saga reveals tactics used by those implicated in corrupt operations and tactics used by opponents of corruption. To minimise public outrage, perpetrators used cover-up, devaluation, reinterpretation, intimidation and bribery. The other tactic commonly used by powerful perpetrators, official channels, was not at the formal disposal of the corrupt operators. Indeed, the investigation and hearings by an official body, the Independent Commission Against Corruption, broke open the case. Even so, both ICAC and the state government acted to prevent expanding the anti-corruption campaign more widely. Neither took any action to encourage mobilisation of citizen groups against corruption.

Nevertheless, the ICAC exposures combined with extensive media coverage stimulated the formation of one local group, Reclaim Our City, and gave tremendous impetus to the already-formed group Wollongong Against Corruption. The efforts of ICAC, the media and these groups illustrate methods of increasing outrage by opposing the five outrage-minimisation methods, namely by exposure of the problem, validation of targets, interpretation of activities as corrupt, mobilisation of support without reliance on official channels, and resisting intimidation and bribery.

Corrupt operators sometimes have supporters throughout the highest reaches of society, in what can be called institutionalised corruption, and can use all five methods of inhibiting outrage. In smaller-scale local corruption, such as at

Wollongong, operators do not have such easy support from above, which means they cannot so easily use the methods of devaluation and reinterpretation. In such cases, corruption is officially illegal and condemned. Cover-up becomes a prime method, devaluation is mainly restricted to those close to the action, reinterpretation has to occur within codes that are publicly acceptable, official channels become a double-edged sword and intimidation and bribery have to be targeted, otherwise they may be counterproductive. These features are apparent in the Wollongong case: cover-up was crucial to continuation of operations; devaluation was limited in extent; reinterpretation took place within the rhetoric of supporting development; one official channel, ICAC, helped break open the case but also limited its expansion, while another official channel, the state government, tried to limit political damage from the exposures; and intimidation and bribery were narrowly targeted, with the wider public not being directly affected.

When serious corruption occurs, citizen mobilisation is a powerful antidote. Looking at ways to expand this mobilisation provides a recipe for action. This leads directly to the five methods of increasing outrage.

Analysing tactics also provides a way of judging the seriousness of corruption. When operators rely primarily on cover-up and can be brought to account through exposure, the corruption is not entrenched. On the other hand, when anti-corruption campaigners are publicly denigrated and physically attacked and when official agencies go through the motions but do not make serious inroads against corrupt operations, the corruption is more institutionalised.

The normal inclination of governments is to maintain control of anti-corruption efforts, using laws, police and various agencies. Yet, all too often, these efforts are inadequate and become implicated in corruption themselves. A mobilised public is a powerful anti-corruption force. For citizen activists, paying attention to the tactics for increasing outrage can be a useful framework for guiding campaigns.

### **Postscript**

In 2008, the state government dismissed the entire elected Wollongong Council and installed three administrators instead, to run things until the next election. Before

leaving their jobs, the administrators established detailed policies to prevent a recurrence of corruption (Grennan 2011).

Elections were scheduled for 3 September 2011, with a new voting system to elect 13 councillors: four councillors elected from each of three wards, with the lord mayor elected separately by the entire electorate. Each of the three largest national political parties, Liberals, Labor and Greens, put up candidates. There were also numerous independent candidates. A total of 83 candidates ran for the 13 positions, with an optional preferential ballot system.

One candidate for lord mayor was of special significance: Rod Oxley, previously general manager of Wollongong Council. ICAC found that Oxley had allowed corruption to occur but did not recommend that he be charged with any offence. Oxley defended his actions and reputation in a book titled *Named and Shamed* (East, 2009). His run for lord mayor was interpreted by some as a further attempt to overcome the stigma of corruption.

If so, he was spectacularly unsuccessful. Though more widely known than most of the other candidates, he received less than 3% of the primary vote. Indeed, voters seemed to prefer candidates with no connection to the previous council. Two members of the previous elected council, Alice Cartan and Andrew Anthony — who had not been implicated in corruption — received few first-preference votes for lord mayor. The winner was an independent candidate, Gordon Bradbery, a popular minister in the Uniting Church, known for his stands on social justice. However, in the ward elections, voters mainly supported the three major parties, with independents faring poorly. One exception was Vicki Curran, a key figure in Wollongong Against Corruption, who was elected as an independent.

During the election campaign, there was much comment about the corruption scandal, in part stimulated by news concerning its central figures. A month before the election date, the Director of Public Prosecutions announced that planner Beth Morgan would not be charged over 24 of 27 matters recommended by ICAC; three matters remained outstanding (Tonkin 2011, 2 August). Developer Frank Vellar was found guilty of three charges and given a two-year good behaviour bond concerning two of them, with a decision on a fourth charge deferred (Tonkin 2011, 27 August). ICAC (2011) posts on its website the status of its recommendations for prosecution.

Just across the street from Wollongong's Council building, where some of the central events in the corruption scandal occurred, sits the Illawarra Performing Arts Centre (IPAC). Merrigong Theatre Company — which manages IPAC — worked in conjunction with another company, Version 1.0, to produce a play about the events. It was titled “The Table of Knowledge” after the table, outside a kebab shop in Wollongong, where key figures in the drama — including Oxley, Morgan and Vellar — had met.

To avoid being sued for defamation, the play was ingeniously built around text from public documents, including ICAC transcripts and Oxley's book. By coincidence, the play opened a couple of days before the election. It was well received by audiences and reviewers (Shand 2011; Skinner 2011).

At the beginning of the play, an actor says to the audience, repeatedly, “This is a very unique story, the kind of story that could only ever take place in a place like Wollongong.” Each time, another actor cried out “Strathfield” or “Burwood” or the name of some other Australian local government body where corruption had been exposed. The message was clear: this was a story about Wollongong but it could just as well have been about any number of other places. For the same reason, this analysis of corruption tactics is a Wollongong story but has many general lessons for dealing with corruption.

### **Appendix 1: Key figures**

#### *Staff at Wollongong Council*

Beth Morgan, senior planner. She admitted to having affairs with developers Frank

Vellar, Glen Tabak and Michael Kollaras when she was handling their DAs

John Gilbert, planner. Beth Morgan's supervisor

David Broyd, planner. He left Council in 2005. Critical of pressure from Rod Oxley

Joe Scimone, manager. Accused of sexual harassment. Left Council for a job with the

NSW Maritime Authority

Rod Oxley, general manager, in charge of the DA process

*Councillors (elected local government members)*

Val Zanotto, Kiril Jonovski, Zeki Esen and Frank Gigliotti, Labor Party members  
named as persons of interest by ICAC

*State government*

Morris Iemma, premier of NSW

David Campbell, member of state parliament representing the electorate of Keira (in  
Wollongong); Police Minister in the state government; former Wollongong  
councillor and Lord Mayor

Noreen Hay, member of state parliament representing the electorate of Wollongong

*Developers*

Frank Vellar

Glen Tabak

Michael Kollaras

*Independent Commission Against Corruption (ICAC)*

Jerrold Cripps, Commissioner. Presided over the Wollongong Council hearings

Noel Hemmings, lawyer, who did most of the questioning in ICAC hearings

*Others*

Ray Younan and Gerald Carroll, convicted criminals who posed as ICAC personnel

**Appendix 2: The allegations**

Several types of corrupt or inappropriate conduct were alleged to have occurred in  
Wollongong. For ICAC's findings and recommendations see ICAC (2008b).

*Conflict of interest*

The most dramatic instances were Beth Morgan's affairs with developers while she  
was assessing their DAs.

Another example was general manager Rod Oxley meeting with developers —  
notably Frank Vellar — outside of his office, in violation of Council policies. When

Council planners rejected Vellar's DAs, he would go to Oxley who would follow up with managers.

Councillor Val Zanotto made money out of a purchase of land while he was part of the council decision-making process.

*Interference with procedures*

Oxley was alleged to interfere with processes for handling DAs, usually to push through what he thought was a desirable project.

*Violation of procedures*

Morgan approved a DA although it greatly exceeded planning guidelines for height and floor-space ratio.

*Releasing confidential information*

Morgan gave Vellar internal council documents, at his request. After Vellar received confidential rezoning information, he made an unconditional offer on property the same day.

*Bribery*

Vellar gave Morgan — while she was assessing his DA — many gifts.

Vellar claimed that three councillors had solicited a cash bribe in return for supporting his DA.

A number of individuals — among them Vellar, Morgan, Scimone and Zanotto — paid Younan and Carroll a total of half a million dollars to avoid being named in ICAC investigations.

*Favours*

Scimone overruled his staff in giving Tabak, a friend, a \$200,000 reduction in a council fee.

*Donations*

Companies and individuals made donations to politicians. For example, developer Tabak made donations to state politician Noreen Hay, to the Labor Party and to the Liberal Party, among others. Donations are legal but can lead to an expectation or perception that favours may be done in return for them.

### *Caucusing*

The Labor Party uses a caucus system: Labor members of council, meeting separately, decided on a position, after which all members were bound to support the position in the full council meeting. This meant that four Labor councillors could control the council: if they voted as a bloc in the Labor caucus, the other three Labor members would have to support the decision, and the seven-member Labor group then had a majority of the 13 councillors. Noel Hemmings of ICAC argued that caucusing this way was a form of corruption (868; McInerney 2008, 4 March).

### **Acknowledgements**

I thank Shaazka Beyerle, Sharon Callaghan, Rae Campbell, Graham Larcombe, Nicola Marks, Michael Organ, Arthur Rorris and Rodney Tiffin for valuable comments on drafts.

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