

From: [REDACTED]
To: [PAEC](#)
Subject: Re: Parliamentary Inquiry into Fraud and Corruption Control in Local Government - Additional Questions
Date: Sunday, 24 August 2025 4:28:40 PM
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Dear PAEC,

Thank you for this question: *'NSW has stronger sanctions than Victoria for corrupt conduct under its legislation. a. Have more punitive sanctions been found to be an effective deterrent for fraud and corruption in local government? b. What would a best practice enforcement landscape look like?'*

Please see my response below:

1. I am not aware of any evidence which might suggest that stronger sanctions are an effective deterrent for fraud and corruption in local government. Personally, and based on my experience and interest in this space, I am not convinced that punitive sanctions alone are an effective deterrent.

By way of example in this regard, former MP Eddie Obeid once stated that he faced only a one percent chance of being prosecuted over corrupt dealings uncovered by the NSW ICAC, even though he was later charged for offences pertaining to corruption: (see: <https://www.smh.com.au/national/nsw/charges-against-eddie-obeid-and-ian-macdonald-a-muchneeded-win-for-the-icac-20141120-11qc0c.html>. Mr Obeid was released from prison on parole this month, and recent articles highlight that the corruptly obtained proceeds are not likely to be retrieved: <https://www.abc.net.au/news/2025-04-24/eddie-obeid-to-keep-30m-from-corrupt-coal-licence-deal/105210594>).

2. In terms of a 'best practice enforcement landscape', the approach towards anti-fraud and anti-corruption needs to be multifaceted with a suite of measures that deter, prevent, detect, and then adequately respond to corrupt conduct. In the journal article (<https://www.tandfonline.com/doi/full/10.1080/10999922.2018.1534924>) that I coauthored, we highlighted that the NSW ICAC investigated around 0.5 per cent of matters referred to them. This is not a reflection on the efficacy of ICAC, but its remit, mandate, and capacity. Moreover, this 'tip of the iceberg' does not cover the multitude of fraudulent or corrupt practices that may be taking place but have not been 1) recognised as corrupt; 2) reported to any person or agency as potential corruption; and/or 3) adequately and appropriately responded to, by way of investigation. To extend the metaphor, the bulk of potential

corruption remains hidden from public view.

A best practice enforcement landscape must have the *capability* and the *capacity* to adequately prevent, detect, and respond to corruption across the sector-entirely; a legislative or regulatory model which requires each council to have a resource that is independent to the council and with a mandate for prevention, detection, and response (that might include fraud and corruption risk and control assessments, training, culture reviews, and investigations). The effectiveness of this model could be measured through the reporting of statistics and metrics to an oversight body that has a quality assurance function. This would enable the comparison of best practice across the sector (in each regard - prevention, detection, and response) while also allowing the oversight body to assess organisational red flags and blindspots across the local government landscape. Operational teams and corruption prevention specialists at the oversight level are then well informed, through consistent and comparable data driven metrics, to intervene as necessary (e.g., sample audits or deep dive exploration into high-risk/ susceptible business areas).

Thank you once again for the opportunity to provide a response to this question.

Kind regards,

Dr Allan Yates

Managing Director

