

## Operation Sandon

**Operation Sandon is an investigation by the Independent Broad-based Anti-corruption Commission (IBAC) into allegations of corrupt conduct involving councillors and property developers in the City of Casey (Casey Council) in Melbourne’s south-east. It also examined the effectiveness of Victoria’s systems and controls for safeguarding the integrity of the state’s planning processes.**

The demand for housing in Victoria is high, with the state’s population projected to grow to eight million by 2050. There is particularly high demand for housing in Melbourne’s outer suburbs, including in the Casey Council area in Melbourne’s south-east. Victorians rely heavily on the private sector to supply housing for the community’s needs, and property developers play an essential role in the growth of our cities and regions, including the supply of housing through the development of greenfield (undeveloped land in urban or rural areas) sites. Profits associated with property development can be significant.

### The scope of the investigation

In November 2017, IBAC authorised a preliminary inquiry into allegations of serious corrupt conduct concerning Mr Sameh Aziz, a Casey councillor.

IBAC expanded the investigation in October 2018 to consider the conduct of developer Mr John Woodman, and another Casey councillor, Mr Geoff Ablett, and whether the Casey councillors accepted undeclared payments, gifts, or other benefits - including political donations - in exchange for favourable council outcomes.

IBAC’s investigation was primarily concerned with four planning matters involving Mr John Woodman and his associates. Each matter involved the Casey Council as decision-maker, and two required the Minister for Planning to make a determination.

IBAC’s investigation examined the conduct of public officers – elected or not – at both state and local government levels.

### Investigation statistics

Operation Sandon was the biggest investigation in IBAC’s history, involving:



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# Key investigation findings

## Nature of IBAC's findings

IBAC can publish a special report relating to the performance of its duties and functions at any time. This includes a special report about an investigation into suspected 'corrupt conduct'.

Corrupt conduct is defined in section 4 of the *Independent Broad-based Anti-corruption Commission Act 2011* (IBAC Act). It includes conduct that involves a breach of public trust, such as the misuse of a public power or position and can include misuse of information gained by a public officer. The misuse can be for the private gain of that or another person.

However, IBAC is not a court. It is prohibited from including in its reports any finding or opinion that a person is guilty of or has committed a criminal or disciplinary offence, or that a person should be prosecuted for any such offence. Unlike a court, IBAC is not bound by the rules of evidence and, in producing a special report, it is not required to apply the criminal standard of proof (proof beyond reasonable doubt).

IBAC can make findings of fact and express comments or opinions about a person's conduct in a special report. In doing this, IBAC applies the civil standard of proof (proof on the balance of probabilities), in accordance with the 'Briginshaw principle', which considers the:

- seriousness of the finding
- inherent likelihood or unlikelihood of the fact in question
- gravity of the consequences that may flow from the finding.

The findings are based on the evidence gathered during an investigation, which reflect the evidence available to IBAC at that point in time.

# Planning

Below is an outline of the four planning matters considered as part of this investigation.

## Amendment C219

'Amendment C219' concerned a proposal by landowners to rezone land in Cranbourne West as residential to increase its value. Mr John Woodman was paid to represent the landowners. The support of both the Casey Council and the approval of the Minister for Planning were required to rezone the land.

Mr John Woodman and his associates cultivated relationships and directly paid Crs Aziz and Ablett for their support of the proposal. They also donated to their election campaigns. Between 2014 and 2019, the Casey Council progressed this matter in various ways, and voted in its favour on several occasions.

Mr John Woodman and his associates also lobbied, cultivated, or financially supported state political candidates, political staff, Members of Parliament (MPs), and ministers who they believed could advance the proposal. These activities included helping to fund a residents' action group. Some of these activities were legitimate, while others were improper.

Government processes were insufficient to prevent improper influence and ensure conflicts of interest were managed appropriately. The amendment was rejected by the Planning Minister in 2020.

## H3 intersection

In 2018, the Casey Council considered the construction of an interim T intersection, known as the H3 intersection, to allow traffic between two housing estates. Mr John Woodman's son was a director and shareholder of one of the two companies holding permits to build along the relevant road. IBAC does not suggest that Mr John Woodman's son acted improperly.

The respective planning permits set out conditions for the companies that would fund the construction of the intersection. Mr John Woodman and his associates worked to ensure that the other company would receive most of the construction costs. They supported a residents' action group to promote the intersection's speedy construction, paid Crs Aziz and Ablett in exchange for their support, and Mr John Woodman cultivated his relationship with Cr A to influence Cr A's decisions.

These efforts were successful, and the other company received most of the construction costs.

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## Pavilion Estate

In 2017, shortly after approving a development permit for the Pavilion Estate, the landowner asked the Casey Council to amend the permit and reduce open-space requirements and road-reserve widths and charge council for the cost of constructing a road.

Mr John Woodman's son was a director and shareholder of the company managing the development of the estate. The changes requested would decrease its costs and provide it with more land to develop and sell on behalf of the landowners.

Mr John Woodman and his associates worked with Cr Aziz to draft and move motions in favour of the amendment. Cr Aziz was paid for his support on council. In 2018, the council approved the amendment without debate, despite the council's planning officers advising that the proposal would be rejected.

## Brompton Lodge

In 2007, the owners of 108 acres of rural land in Cranbourne South, now known as the Brompton Lodge Estate, sought to have their land included within the urban growth boundary (UGB) and rezoned for residential development.

Through various arrangements, Mr John Woodman, his son, and two political lobbyists were engaged to progress these changes with the Casey Council and state government decision-makers. The strategy was successful. The land was included in the UGB in 2012 and rezoned in 2016.

In 2018, the land was sold to a company associated with a company co-owned by Mr John Woodman's son. That company has since commenced development of approximately 1,500 dwellings.

IBAC did not find any improper conduct in relation to this matter.

# Individuals and entities

## Mr John Woodman

IBAC found Mr John Woodman sought to achieve planning outcomes that were favourable to his and his clients' interests at state and local government levels. This was done by:

- providing inducements to Casey councillors Aziz and Ablett in exchange for promoting his and his clients' interests
- providing funds and in-kind support to additional councillors to influence them
- lobbying and engaging registered lobbyists to assist in buying access to, and influence with, state and local government politicians, executives, political staff, and political candidates
- donating to fundraising entities to cultivate influence, including through donations, membership fees, and tickets to attend fundraising events
- directly and indirectly funding the election campaigns of local and state government candidates, including seven of the members elected in the 2016 council elections
- secretly funding and helping to form and direct the activities of a residents' action group.

## Councillors Sameh Aziz and Geoff Ablett

IBAC found that Crs Aziz and Ablett promoted Mr John Woodman's and his clients' interests on council in exchange for payment and in-kind support. Both councillors failed to declare conflicts of interest in relation to their involvement with Mr John Woodman or his companies on many occasions.

Between 2017 and 2019, Cr Aziz received around \$600,000 from Mr John Woodman and entities controlled by him in the form of investment returns, consultancy fees, and cash. In return, Cr Aziz promoted Mr John Woodman's business interests in relation to Amendment C219 by identifying and coordinating the campaigns of a group of candidates for the 2016 Casey Council elections (secretly financed by Mr John Woodman) who were supportive of Amendment C219.

Cr Ablett received financial support from Mr John Woodman in exchange for promoting his interests on council. Cr Ablett received more than \$550,000 in payments and other financial benefits from Mr John Woodman between 2010 and 2019.

Mr John Woodman also made donations to Cr Ablett's state and local election campaigns, including a \$40,000 donation received via the Liberal Party, which was the subject of a 2015 Victorian Ombudsman investigation.

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## Other councillors

IBAC did not find that other councillors received a direct benefit in exchange for promoting Mr John Woodman's or his clients' interests on council. However, Mr John Woodman improperly influenced each of these councillors in the following ways:

- donated funds to several candidates' local and state election campaigns
- hosted fundraising events
- donated prizes for fundraising
- donated to causes important to councillors
- funded councillors' travel and participation in events.

These councillors improperly influenced council processes and failed to:

- declare and manage their conflicts of interests appropriately
- meet their obligations as public officials, including in some instances as mayor of Casey Council
- meet their reporting obligations when running for office.

## Lobbyists and residents' groups

Mr John Woodman worked with and contracted lobbyists to assist him in promoting his and his clients' interests. The lobbyists' knowledge of and involvement in Mr John Woodman's improper conduct varied. Mr John Woodman engaged one lobbyist who ferried cash payments to Cr Aziz on his behalf, while others had more limited roles.

Mr John Woodman and his associates also helped create and fund a residents' action group, which lobbied in support of the C219 Amendment (and later also the H3 matter).

The group mostly consisted of residents and claimed to represent the interests of those residents impacted by the C219 amendment. Mr John Woodman's associates established and later funded the group for the purpose of promoting his and his clients' interests. The group's leadership did not disclose its funding or the involvement of landowners and developers in submissions and representations made as part of decision-making processes. This was part of Mr John Woodman's strategy for promoting his and his clients' interests in ways that enabled him to appear removed from the process.

The residents' action group undermined the integrity of these processes.

## Mr John Woodman's associates

Mr John Woodman worked with several associates to promote his and his clients' interests. They included:

- planning consultants
- development managers
- business owners
- former councillors.

Their knowledge of and involvement in Mr John Woodman's conduct varied. Mr John Woodman's associates engaged in activities that included:

- working with Mr John Woodman to develop and implement strategies to influence council and state government decision-making processes
- drafting motions for some councillors
- coaching some councillors on motions
- preparing parliamentary petitions for a state government MP to table in the Parliament of Victoria
- lobbying state political candidates, political staff, and parliamentarians
- providing support to groups of candidates in the Casey Council elections
- using other businesses to move funds to selected candidates.

## Other elected public officials, officers and entities

Mr John Woodman attempted to influence several Victorian Government MPs, ministers, and political staff.

Mr John Woodman succeeded in two instances, where he donated to the election campaigns of two MPs and successfully lobbied them to advocate for his interests in relation to Amendment C219.

Mr John Woodman also sought access to state government decision-makers by donating to the fundraising entities of both major parties. Between 2010 and 2019, Mr John Woodman's donations totalled over \$470,000. The fundraising entities of both major parties agreed to accept membership payments in separate portions from different accounts or entities so that Mr John Woodman would not have to declare the contributions at the federal level.

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# Corruption risks

## Planning

IBAC found that the proposal to change the permissible land use of an area from commercial to residential (which can result in windfall gains) in Amendment C219, lacked strategic justification by council and departmental planning officers.

Despite this, the proposal progressed against the advice of council planning officers and the department, often without reasons recorded, until it was rejected at the final stage by the minister.

Operation Sandon also highlighted corruption vulnerabilities in planning and council decisions. These vulnerabilities include circumstances where conflicted councillors with limited expertise in planning permits and amendments were the key decision-makers.

## Donations

Operation Sandon showed how significant political donations can be used to gain access to decision-makers by elevating a donor's profile and it illustrated how seeking donations can compromise an elected MP.

The investigation also showed how candidates and political parties actively seek donations through their associated entities (Progressive Business for the Labor Party and Enterprise Victoria for the Liberal Party) and through fundraising events for specific candidates.

In Operation Sandon, donors and candidates made efforts to conceal donations by:

- splitting payments to avoid disclosure requirements at the federal level
- donating undeclared goods and services
- donating to a political party with a request to direct funds to a particular candidate to hide the link between donor and recipient
- using third-party campaigners at the local government level to reduce the chance of a candidate having to later declare a conflict.

## Lobbying

Operation Sandon highlighted how Mr John Woodman could use registered lobbyists and engage in unregulated lobbying to influence planning decisions and progress his interests.

Mr John Woodman cultivated relationships with elected officials and those he thought had influence through lobbying and donations.

The integrity risks related to lobbying were highlighted in IBAC's Operation Daintree, Operation Clara, and the *Donations and Lobbying* special report. These investigations demonstrate how the current system of lobbying regulation in Victoria is too narrow in its scope, lacks transparency, and has weak lobbying controls and enforcement mechanisms.

Although Mr John Woodman and his associates primarily focused their lobbying efforts on ministers, MPs, and councillors, they also targeted ministerial advisors and electorate officers.

Operation Sandon showed how limited transparency and oversight arrangements governing political staff in Victoria increased the risk of risk of misconduct.

IBAC identified that an electorate officer was a target for lobbying activity when the relevant MP was absent for an extended period due to ill health and the officer was not subject to formal supervision.

## Council Governance

IBAC found that several councillors repeatedly failed to declare conflicts of interest in relation to matters involving Mr John Woodman's interests. When several councillors did declare a conflict of interest, they sought to influence how other councillors would vote in relation to those matters.

Conflict of interest provisions must be strong enough to deter councillors from attempting to influence other councillors and administrative support must exist so that councillors can make clear and accurate declarations. This would help to safeguard against councillors claiming they were unaware of their conflict of interest obligations.

Operation Sandon also identified that local government CEOs lack the authority to act on identified integrity issues involving councillors and that the mechanisms to address poor councillor conduct are slow and lack transparency.

The investigation found that councillor codes of conduct vary unnecessarily between councils, and do not make clear what mechanisms are available to council officers and the public to raise concerns about councillor conduct.

# Recommendations



Extensive reforms are necessary to minimise the risk of this behaviour occurring again and promote integrity in decision-making processes.

IBAC recommends the following reforms to address the corruption risks identified in operation Sandon and that will:

- promote transparency in planning decisions
- enhance donation and lobbying regulation
- improve the accountability of ministerial advisors and electorate officers
- strengthen council governance.

## **IBAC recommends the establishment of an Implementation Inter-departmental Taskforce (IIDT), to be chaired by the Department of Premier and Cabinet.**

This taskforce will coordinate the implementation of IBAC's recommendations.

IBAC recommends the taskforce consider:

- measures to address the corruption risks associated with windfall gains that result from changes in permissible land use
- amendments to the *Planning and Environment Act 1987* (Vic) to:
  - ensure that the number of possible outcomes that could be considered 'correct' decisions in response to a given proposal at the adoption and approval stages of a planning scheme amendment is narrowed by specifying criteria that must be addressed to the satisfaction of the planning authority to adopt an amendment and the Minister for Planning to approve an amendment
  - deter submitters from attempting to improperly influence a council, the Minister for Planning or Planning Panels Victoria in their role in the planning scheme amendment process
- develop a model structure for independent determinative planning panels for statutory planning matters that addresses the integrity risks identified in Operation Sandon
- the operation of Part 4AA of the *Planning and Environment Act 1987* (Vic) and recommend whether further amendments are required to give full effect to independent panels as the decision-makers for all statutory planning matters
- whether the regulatory regime governing donations in Victoria would be strengthened by identifying and prohibiting high-risk groups (such as property developers) from making political donations to political entities and state and local government candidates
- the independent panel review of the 2018 electoral reforms to ensure its report appropriately addresses the corruption risks of political donations highlighted in Operation Sandon
- the most appropriate mechanism to support a council CEO in making a mandatory notification about serious misconduct.

## **IBAC recommends that the Minister for Local Government:**

- develop and maintain a Model Councillor Code of Conduct that includes better practice provisions to apply to all councils
- an amendment to the *Local Government Act 2020* (Local Government Act) to specify that councils must adopt this Model Councillor Code of Conduct.

IBAC also recommends that the Minister for Local Government, amend the Local Government Act, or relevant regulations, to promote greater consistency and independent oversight of recruitment and employment of council CEOs.

The corruption risks highlighted by Operation Sandon do not only apply to Casey Council. Planning decisions and other matters that require decisions of elected public officers or public officials are vulnerable to improper influence.

IBAC's proposed reforms are aimed at local and state government to minimise the significant risks of the conduct identified in Operation Sandon.

IBAC is committed to working with local and state government and other bodies in Victoria's integrity framework to implement these reforms.

IBAC highlighted several of the risks found in this investigation in its 2022 special report, *Corruption risks*

*associated with donations and lobbying.* Together with the 34 recommendations in this special report, these recommendations are designed to ensure the Victorian public can have confidence that planning decisions are made in the interests of the community.

For a detailed list of the recommendations and to read the special report visit the IBAC website at [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au).

## Conclusion

### **IBAC's Operation Sandon exposed improper conduct, which exposed corruption risks in planning, political donations, lobbying, and council governance.**

The reforms recommended in Operation Sandon aim to raise the standard of anti-corruption controls in Victoria.

IBAC has recommended that the Premier report publicly on the action taken in response to the relevant recommendations by 27 January 2025. IBAC has also requested the Minister for Local Government, the Minister for Planning and the relevant departments report to IBAC on the implementation of their relevant recommendations within 12 months.

IBAC is committed to working with local and state government and other bodies in Victoria's integrity framework to implement these reforms, safeguard Victoria's planning process, and restore community trust that elected officials make decisions in the public interest.

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IBAC is Victoria's anti-corruption agency responsible for preventing and exposing public sector corruption and police misconduct. We do this by:

- investigating serious corruption and police misconduct
- informing the public sector, police and the community about the risks and impacts of corruption and police misconduct, and ways in which it can be prevented.

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