

Operation Clara

Operation Clara was an investigation by the Independent Broad-based Anti-corruption Commission (IBAC) into the alleged corrupt conduct of Mr Theo Theophanous in his role on the board of the Victorian Planning Authority (VPA).

In January 2020, IBAC commenced Operation Clara to determine if former Victorian Government Minister, Mr Theo Theophanous, misused his public position on the board of the VPA to favour the Australian Education City (AEC) consortium in their East Werribee project proposal, or attempted to improperly influence public officers involved in the East Werribee project.

IBAC's investigation found Mr Theophanous improperly lobbied in favour of the AEC by failing to declare a conflict of interest or register the AEC as a client on the Victorian Register of Lobbyists. Mr Theophanous tried to advance his private lobbying business by telling clients he had access to staff and information within the VPA, sought payments from the AEC, and in lieu of direct payment for his lobbying activities, obtained other benefits from the AEC and a special adviser to the AEC, namely donations to his daughter's 2018 campaign for the State electorate of Northcote.

Lobbyists who hold an appointment to a public entity board must comply with the integrity provisions of the *Public Administration Act 2004* (PA Act), and the Victorian Government Professional Lobbyist Code of Conduct (Lobbyist Code of Conduct).

These obligations include requirements that directors:

- not use their position to seek an advantage for themselves or another person;
- not use information obtained during their board duties to obtain an advantage for themselves or another person;
- act with honesty and integrity; and
- comply with the board's policy on managing conflicts of interest and duty.

Compliance with these requirements is designed to ensure that contact between lobbyists and government representatives is conducted in line with public expectations of transparency, integrity, and honesty.

In October 2022, IBAC published a [special report on corruption risks associated with donations and lobbying](#). That report noted that Victoria has fallen behind many other jurisdictions

in the regulation of lobbying and donations. It made a series of recommendations for reform.

Operation Clara highlights the pressing need for those reforms and makes four additional recommendations to ensure Victorian lobbying regulations are in step with other states and territories. This is a summary of IBAC's special report on Operation Clara. The full report is available on [IBAC's website](#).



Investigation findings

IBAC's investigation found Mr Theophanous:

- engaged in lobbying activity in favour of AEC's proposed East Werribee project
- failed to declare a conflict of interest in relation to these activities at VPA board meetings
- failed to register AEC as a client on the lobbyists register and sought to advance his private lobbying business by indicating to clients he had access to staff and information within the VPA that would assist with their matters
- sought payments from the AEC or associated entities
- in lieu of direct payment for his lobbying activities, obtained other benefits from the AEC and a special adviser to the AEC, namely donations (including in-kind support) to his daughter's 2018 campaign for the State electorate of Northcote.

The special report highlights systemic corruption vulnerabilities and regulatory weaknesses in relation to lobbying in Victoria, including for managing conflicts of interest and a lack of transparency about the lobbying activities of Directors of public entity boards.



Recommendations

As a result of Operation Clara, IBAC makes the following recommendations (summarised):

Recommendation 1

That the Department of Premier and Cabinet amend the [Appointment and Remuneration Guidelines](#) to specify:

- (a) a lobbyist is ineligible for appointment to a public entity board that has functions relevant to the director's lobbying activities, within a specified period
- (b) the declaration of private interests template requires that the declarant indicate if they are on the lobbyists register and, if so, provide details of the clients and industries in which they have operated in the 12 months prior to nomination.

Registered lobbying activities should be considered on appointment. This will help to identify individuals whose private interests may give rise to a heightened risk of a conflict of interest.

IBAC considers that for the duration of their appointment, public entity board directors should not engage in lobbying activities – paid or unpaid – in relation to any matter that relates to the functions of the public entity, and that this requirement should be reiterated in the codes of conduct for both lobbyists and public entity board directors.

Recommendation 2

That the Department of Premier and Cabinet revise the [Lobbyist Code of Conduct](#) to:

- (a) prohibit public entity board directors from engaging in lobbying activities on any matter that relates to the functions of the public entity
- (b) require that public entity board directors comply with integrity requirements, including conflict of interest provisions in relation to representations they have made prior to their appointment.

Recommendation 3

That the Victorian Public Sector Commission revise the [Code of Conduct for Directors](#) to:

- (a) prohibit public entity board directors from engaging in lobbying activities on any matter that relates to the functions of the public entity
- (b) require that public entity board directors comply with integrity requirements, including conflict of interest provisions in relation to representations they have made prior to their appointment.

Recommendation 4

That the Minister for Planning amend the VPA Act to specify that proceedings for a summary offence may be commenced within the period of three years after the alleged offence.

Useful resources

[IBAC Special report – Corruption risks associated with donation and lobbying](#)

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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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