

INQUIRY UNDER SECTION 438U OF THE LOCAL GOVERNMENT ACT

CENTRAL COAST CITY COUNCIL

Public Hearing

Conducted via Zoom videoconference

On Tuesday, 19 October 2021 at 10am  
(Day 12)

Before Ms Roslyn McCulloch, Commissioner

1 THE COMMISSIONER: Good morning. We will recommence the  
2 public hearings into Central Coast Council.

3  
4 I see that Professor Sansom is in the meeting.  
5 Professor Sansom, could you please come on camera and off  
6 mute.

7  
8 PROFESSOR SANSOM: Can you hear me now?

9  
10 THE COMMISSIONER: I can hear you. I can't see you.

11  
12 PROFESSOR SANSOM: You can hear me but you still can't see  
13 me?

14  
15 THE COMMISSIONER: There we are. I have both audio and  
16 visual now. I will just ask Ms Annis-Brown to swear you in  
17 as a witness.

18  
19 <GRAHAM SANSOM, affirmed: [10.00am]

20  
21 <EXAMINATION BY THE COMMISSIONER:

22  
23 THE COMMISSIONER: Q. Thank you. Professor, could you  
24 give me your professional background and your  
25 qualifications?

26 A. Yes. My original qualification was an honours degree  
27 in geography followed up by a masters of town and country  
28 planning. You will probably gather from the name that  
29 that was awarded a long, long time ago. Back in those days  
30 that was the phrase that Sydney University used. Nearly  
31 50 years ago, I shudder to say.

32  
33 Since then I've - so, look, I've had close on 50 years  
34 of work experience. Probably about a bit over two-thirds,  
35 70 per cent of that, as a practitioner and the other  
36 30 per cent or so as an "academic".

37  
38 As a practitioner, I've worked for local councils,  
39 I've worked for State Government agencies, and I've been  
40 a consultant and I think, as you know, I also did a stint  
41 as chief executive of the Australian Local Government  
42 Association.

43  
44 As an "academic" I had a little bit of time teaching  
45 planning many years ago over in Western Australia, and then  
46 more recently, of course, at UTS running the Centre for  
47 Local Government and later the Australian Centre of

1 Excellence For Local Government.

2  
3 I would make the point that although I was in an  
4 academic environment and called a professor, I was still  
5 spending a lot of time as a practitioner. So we were  
6 a very practice-focused set-up. Our students were mostly  
7 mid career local government people doing all sorts of  
8 things in local government, and I had a lot of involvement  
9 working on inquiries for state governments, working  
10 internationally for various organisations concerned with  
11 local government development around the world, and all that  
12 in the end came together when I was asked by then minister,  
13 Don Page, to chair The Independent Local Government Review  
14 in New South Wales in 2012 and 2013.

15  
16 I left the university at around that time and since  
17 then I've been back doing consulting, trying to be  
18 semi-retired, constantly being badgered by my family as to  
19 why I'm not more semi-retired.

20  
21 Q. So what brought you to write a research paper on the  
22 Central Coast Council?

23 A. What a very good question. Look, first and foremost,  
24 I guess, because I have some sense of obligation around  
25 this since our independent review panel raised the  
26 possibility of a merger of Gosford and Wyong.

27  
28 While I was at UTS one of the sort of bits of practice  
29 that I did get involved with was we were approached by  
30 people from Gosford and Wyong to talk about then the joint  
31 water operation that they had been considering for some  
32 time, so I had a bit of background there.

33  
34 Then, of course, we did the review, and we said there  
35 were two options. That part of the review, I should say,  
36 was conducted by Jude Munro, the former CEO of Brisbane  
37 City Council, who was one of my fellow panellists. And  
38 Jude had a lot of conversations on the Central Coast and  
39 came back to Glenn Inglis, the other panellist, and myself.

40  
41 We felt that there simply wasn't enough information at  
42 that time to make a firm recommendation to government. So  
43 we just said, "Look, there's obviously a case here in terms  
44 of building the capacity of local government in this very  
45 complex and demanding subregion. We could go with  
46 a merger, we could go with a strongly framed joint  
47 organisation where the two councils work together on

1 a whole range of the bigger strategic big-picture issues",  
2 and we left it at that. We didn't have the information to  
3 go any further.  
4

5 But of course not only for Central Coast but for all  
6 the instances where we thought there was a case for  
7 structural reform, we did say to the minister that he  
8 needed to give serious consideration to significant changes  
9 to the New South Wales process for formulating,  
10 consideration and determining amalgamation processes. We  
11 made our views very clear in our final reports that we  
12 thought the current process - which is still the process -  
13 really wasn't up to scratch when it came to looking  
14 especially at the more complex proposals, and as you'll  
15 have well and truly gathered by now, Central Coast was  
16 right up there at the top of the tree when it came to the  
17 more complex processes.  
18

19 Q. So that's the background.

20 A. Oh, sorry to interrupt you. I diverted. Function of  
21 age. Apologies.  
22

23 When events started to unfold in October last year and  
24 newspaper reports started to emerge, I realised that  
25 I actually personally knew a number of the key people  
26 involved through my professional work over the years and  
27 I made a few phone calls and I came to the conclusion that  
28 things didn't quite add up. So that, coupled with this  
29 sort of vague sense of obligation, that's what led me,  
30 then, to start spending a bit of time on this.  
31

32 Q. Because you have spent a lot of time on it,  
33 apparently?

34 A. I have spent a lot of time. It was meant to be, you  
35 know, a fairly quick little bit of private research linked  
36 to my adjunct role at UTS and it turned into something much  
37 more than that. But, you know, I've got no more regrets  
38 about that.  
39

40 Q. No, and I'm very grateful for the assistance that it's  
41 giving me. Now, I am going to give you an opportunity to  
42 respond to Mr Persson's comments about you. I don't know  
43 if you have followed them. But I won't do that now.  
44 I want to ask you some specific questions about the terms  
45 of reference, or the specific responses to the terms of  
46 reference.  
47

A. Oh, okay.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

Q. If you have that attachment to your submission handy --

A. So this is my so-called overview submission you want to look at, is it?

Q. Yes, yes.

A. Fine. Yes, okay, I have that here.

Q. So in the first box you refer to the situation with staff:

A three-year ban on forced redundancies, coupled with the levelling up of pay conditions, prevented major reductions in employee costs.

But what I have heard is that there were in fact significant increases in both employee numbers and costs.

A. Yes, Look, I've heard and read some of the evidence you have received on that. I think we can probably agree that it's pretty murky territory. No-one seems to be able to say precisely what the EFT numbers were immediately before the merger. There are a lot of viewpoints to the effect that those numbers were artificially low at the time of the merger because of the previous councils, to fix themselves up financially, had left vacancies - an unusually large number of vacancies.

I also know that some changes were made in terms of the way people were classified as employees or as apprentices with an outsourced training program, and so on, down the track as well. So, look, it's undeniable, I think, that the number of EFTs has climbed significantly since the merger. Whether that is justified, you know, fully justified or not and whether it's the cause for great concern that some people see it to be, I couldn't come to a firm conclusion. The information, frankly, just doesn't seem to be there in a clear enough form.

What is clear, as you pointed out also, though, is that because of the industrial situation and the need to harmonise pay scales and position descriptions and all that stuff, a fairly big chunk, I think a figure of around 20 million has been quoted per annum of additional costs, even had employee numbers stayed the same.

1 Q. Now, in the second box you are talking about the  
2 treatment of the water and sewerage funds as unrestricted,  
3 that change in accounting procedure that occurred.

4 A. Yes.

5

6 Q. From what I have heard in evidence, while there was  
7 a change in accounting procedure, there was no change in  
8 practice behind the accounts. So the council staff  
9 continued to treat those moneys as restricted.

10 A. Yes, this is murky, too, isn't it? I think - look,  
11 again, I'm not going to gainsay what professional  
12 accountants have said, but I think, as I understand it, the  
13 situation is that yes, within those funds they maintained  
14 the normal definition of restrictions but in the  
15 consolidated accounts, some of the money came through as  
16 unrestricted.

17

18 Q. That's right. Yes.

19 A. I might just, if you don't mind, just while we're  
20 talking about this, though, can I just make two points  
21 which I don't think have come through very clearly in  
22 evidence, from what I have seen, and I haven't seen all the  
23 evidence.

24

25 One is that this is an accounting matter; this is not  
26 a matter of the underlying financial management of the  
27 council. A colleague of mine from South Australia, who is  
28 considered an expert in this field and who has advised  
29 IPART and the auditor-general in this state and state  
30 governments around the country, he calls it "shoe-box  
31 accounting". He's making the point that when you set up  
32 a large council like Central Coast, one of your objectives  
33 is to enable it to bring all its resources together to  
34 achieve the objectives that have been set for the area in  
35 which it is located, and of course the Central Coast  
36 Council was established quite clearly to manage a highly  
37 complex region in a more holistic and strategic way than  
38 had been possible with the two separate councils.

39

40 A number of people in local government accounting have  
41 argued - and the Treasury Corporation in its advice to the  
42 government way back in 2013 argued - that there was a need  
43 to rethink this whole idea of restrictions. I think  
44 Mr Hart has said much the same thing as well.

45

46 The second point to make there is of course the Local  
47 Government Act very specifically provides a mechanism for

1 internal loans. So what the council did at Central Coast,  
2 without passing the necessary resolutions and so on, is in  
3 fact envisaged specifically in the Local Government Act as  
4 a means of bringing resources together by formally lending  
5 money from one fund to another fund. So, look, I have  
6 followed the technical discussion about restricted funds  
7 and you have received a tonne of evidence on it, but  
8 I think there has been a tendency to just overlook that  
9 fundamental point that the Act itself does not expect those  
10 restricted funds to be in absolutely watertight, lead-lined  
11 boxes, which is how some people tend to see it.  
12

13 Q. You say in the third box - you're talking about  
14 arguably the council was slow to respond to the red flags  
15 that emerged in late 2019. Actually, they emerged before  
16 that, and probably the biggest one that year was the IPART  
17 decision for water and sewer, and that came down in May,  
18 although they knew it was coming. Do you think the council  
19 did respond sufficiently to that decision?

20 A. With the benefit of hindsight and depending on what  
21 view you take about restricted funds, evidently not.  
22 However, it came down, yes, in May. The council budget  
23 process at that stage was well advanced. The accounts,  
24 because of part of the water and sewer money not being  
25 classed as restricted, as at the end of financial year  
26 2018/19, were still showing that the council had plenty of  
27 cash. So yes, with hindsight, you can ping the council for  
28 being slow, and I think even being generous, certainly by  
29 late 2019, early 2020, you could definitely say they were  
30 being slow to respond, although I think Mr Murphy was  
31 making every effort by then to get to the bottom of the  
32 situation.  
33

34 Whether there was enough evidence for the council to  
35 make a firm decision in June, July, August 2019 - look, I'm  
36 not sure.  
37

38 Q. Leaving aside the councillors, the staff would have  
39 known - some staff would have known - that the council had  
40 slipped into using its unrestricted cash, wouldn't they?

41 A. Well, I don't know. I wasn't there and, you know, the  
42 evidence has cut both ways on that one. Look, again, with  
43 great respect, I would just make the point that I think  
44 there's perhaps been too much emphasis on this. I made the  
45 point a few minutes ago. But the other element of this of  
46 course is that councils are free - they didn't in Central  
47 Coast and that was an error - to resolve to use their

1 internally restricted funds for purposes other than those  
2 that they were originally reserved for.

3  
4 Most, as I understand it - and I don't think there has  
5 ever been any published detailed figures on this, but as  
6 I understand it, most - of the restricted funds that were  
7 used were the internal ones initially. Of course, the  
8 council was working on the assumption, which the solicitor  
9 general confirmed later, but their auditors, PwC, had come  
10 up with at the time of the merger, that they did have  
11 genuinely unrestricted money.

12  
13 So, look, the question - obviously it's the question  
14 you have to ask yourself, you know: was this the hanging  
15 offence? Even if they should have known, could have known,  
16 staff did know, at the end of the day was this the hanging  
17 offence for a council that still had plenty of money in the  
18 bank?

19  
20 Q. In the second section of the boxes you're dealing  
21 with - you say that:

22  
23 Evidence shows the council acted  
24 consistently in accordance with financial  
25 information and advice it received.

26  
27 Do you think the councillors were sufficiently trained to  
28 understand that information that they were receiving, on  
29 what to look for?

30 A. No. No. And very, very few councillors around the  
31 country, you know, are au fait with the higher order  
32 complexities of financial management. As indeed are not  
33 very many senior officials in local government, I might  
34 add. So no, and, look, I think - didn't Mr Persson make  
35 this observation in one of his reports, that you couldn't  
36 have expected the councillors to know exactly what was  
37 going on with the restricted funds?

38  
39 So the question is, and this is where I have tried to  
40 form a judgment, were the councillors given enough  
41 information in a suitable format for essentially  
42 a layperson to say to themselves, "We've got a problem here  
43 and we really should be asking more questions"?

44  
45 Now, as I've said, I think there was a point - well,  
46 clearly there was a point by March, April, May, June 2020  
47 when information was coming to light, and that's why I say



1 in my comments that I think there is a case that the  
2 councillors were slow to act at that point.

3  
4 I haven't seen anything - maybe you have - that tells  
5 me that up until, you know, autumn, early winter of 2020  
6 that you really would have expected a group of councillors,  
7 especially in such a large and complex council, to have got  
8 their heads around the detail of what was happening with  
9 funds management.

10  
11 Q. Did you hear the evidence of Mr Farmer, the current  
12 general manager of the council? He suggested, and he had  
13 had prior experience of this, taking his councillors  
14 through the board of company directors course?

15 A. Mmm.

16  
17 Q. I know that you don't subscribe to the view that  
18 a council is a board of directors, and I understand that,  
19 but do you think that level of training might be useful for  
20 councillors?

21 A. Oh, look, unquestionably. I have spent, you know,  
22 a lot of time over my more recent career running a variety  
23 of training programs and workshops and so on for  
24 councillors. In fact, Mayor Smith, the inaugural mayor at  
25 Central Coast, came to a weekend session for mayors that  
26 I and others ran at Local Government NSW. So I'm a great  
27 believer in, as I say, both professional staff and  
28 councillors taking every opportunity they can to up their  
29 skills because, you know, big local governments, which is  
30 what we are now confronting, and that's something we might  
31 talk about - big local government is big business and it's  
32 complicated. It requires people - you know, I don't think  
33 we should be saying only people with MBAs can become  
34 councillors, but it does require people who take on the  
35 role of councillor, and especially the role of mayor, to  
36 take the time and trouble to learn as much as they possibly  
37 can.

38  
39 So yes, and, look, I've known David for many years and  
40 I think something like the company directors course is  
41 useful, with the proviso that you have already foreshadowed  
42 that so long as they don't then think that they are a board  
43 and not a bunch of elected people.

44  
45 Q. You want to make a comment on big local government as  
46 opposed to regular sized local government?

47 A. Yes.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

Q. What's that?

A. Well, look, as I've said somewhere in my writings, I think one of the things about the whole Central Coast situation is that it is the second or third biggest council in New South Wales by any measure, and it is in the top half dozen in Australia.

What we're seeing now in New South Wales is we're seeing the emergence. By either amalgamation or population growth. Of this sort of new breed, if you like, of very large - very large - councils. I mean, when we start talking budgets of 700, 800 million a year - and we can see the billion dollar threshold being broken very soon by a few of them, and up in Queensland, of course, there are already councils in the billion dollar category - we're talking something different.

I think what we're trying to do at the moment is we're trying to run these councils by the same rules as your average council. And I don't want to in any way say anything pejorative about, you know, most councils. But Central Coast is not Dubbo or Wagga or whatever; it's something quite different. There is a quote in my paper from Centium, the management consultants, making this very point: they're not just bigger, they're different, and they will have to do things in different ways. They need to be treated by the state agencies in a different way as well.

That's one aspect of it. The other aspect of it, which I think has come through very strongly in the whole Central Coast story, is that the numbers are going to be big; the financial numbers are going to be big and, to be quite frank, you know, it's very easy to sensationalise numbers like the 89 million deficit that was the outcome of 2019/20. You can say, "Oh, shock horror". But it's not shock horror, and I think Mr Millington and Mr Gordon both said this to you - it's not shock horror when the budget is 700, 800 million; it's perfectly manageable.

Similarly, you know, the council at the end of 2019/20 had external debts of around \$240 million, nearly all of which was in the water and sewer operation, that's not shock horror. And even as Mr Persson did, if you have to go out and borrow another 150 million for various reasons, one of which I don't think was valid, that's still not

1 shock horror, not when your annual - imagine if everybody's  
2 mortgage was only half of their annual income. I mean,  
3 gosh, wouldn't we all be happy.  
4

5 So I just think we're going to have to get used, in  
6 New South Wales, all of us - the state agencies, those of  
7 us who consider ourselves, you know, that we know something  
8 about local government, councillors, senior officers -  
9 we're going to have to get used to this new scale and that  
10 necessitates thinking differently and doing things  
11 differently.  
12

13 Q. Just going back a little in history, in the second  
14 page of your table you point out that when the councillors  
15 were elected, most of them were inexperienced?

16 A. Yes.  
17

18 Q. Very few had come from the other councils. Do you  
19 think the period of the initial administration was  
20 sufficient to establish the merged council?

21 A. Oh, gosh.  
22

23 Q. Because I know you're an advocate of democracy.

24 A. Absolutely.  
25

26 Q. But there's a balance to be achieved?

27 A. Can I answer the question indirectly. When Queensland  
28 amalgamated its councils, reduced the number from 140-odd  
29 to 70-odd in 2007, 2008, elected councillors were in  
30 position for the whole time. They don't have a period of  
31 administration.  
32

33 When I was working a couple of years ago on the review  
34 of the Western Australian Local Government Act this issue  
35 came up, and the Western Australians have a system with  
36 a very tightly defined period of administration after  
37 a merger, I think it is either three months or six months.  
38

39 So New South Wales is already - well, there was, of  
40 course, Mr Kennett in Victoria in the 1990s, and he had  
41 very extended periods of administration after his  
42 amalgamations. Notably with three commissioners for every  
43 council, not just one. I think that's an important factor  
44 when you are talking the length of administration. I got  
45 the impression that Mr Reynolds and Mr Noble were both  
46 thoroughly exhausted by the end of 16 months, you know, as  
47 one-man bands.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

So do I think it - look, you wind up with a "How long is a piece of string?" If you are going to say we're not going to go back to councillors until everything is nailed down or everything is tied up with a pretty bow, we will all be sitting around waiting for years. You have had evidence - and this was the Queensland experience - to really properly settle down a big merger like Central Coast, you are looking at five to 10 years. Surely we're not going to contemplate administration that long. There has to be a cut-off point somewhere, doesn't there?

So, look, I think 16 months should have been enough. The problem was the instability immediately after - in my view, and I have spoken to Mr Noble about this. You know, the problem was the instability after the 16 months.

Mr Reynolds and Mr Noble, as I think they said to you, envisaged that Mr Bell would come in and probably be there for a year and continue the settling down process for that length of time and then appoint the permanent person. That went wrong for no fault of Mr Bell's. Then there was this revolving door situation that developed. Similarly, there were issues in the financial management area that you've been made aware of and then we had more revolving doors there.

So I think the problem wasn't so much the length of the administration but more the disruption and turnover of senior staff that followed it, which in a sense I suspect set the whole cause back probably from - had Mr Reynolds, who is clearly also a democrat, by the way - you know, he made the decision not to make a permanent appointment, which I think a lot of people would say was a very ethical decision for him to make, that that should have been the prerogative of the elected incoming council. So he said "No, I'm not going to make a permanent appointment". A number of administrators did make permanent appointments. I think maybe had he made a permanent appointment the course of events might have been very different.

Q. You also mention ARIC there and the need for them to play a stronger role. What stronger role do you see them playing?

A. Again, I have read the transcripts of your discussions with all the ARIC members about this. I mean, first of all, can I say that, you know, I think the ARIC members

1 were obviously highly - the external members were obviously  
2 highly competent people and very ethical and absolutely  
3 trying to do the right thing. I have absolutely no  
4 criticism of them at all on those - well, on any ground.  
5

6 What I think perhaps wasn't given enough consideration  
7 was that the Central Coast ARIC operated on very similar  
8 lines to a whole lot of other ARICs around New South Wales.  
9 And incidentally, I and my colleagues on the panel came up  
10 with the term ARIC and urged the New South Wales Government  
11 to go down that path.  
12

13 So they operated the way a lot of audit committees,  
14 which then morphed into ARICs, were. But again, Central  
15 Coast was different. It was more complex than a lot of the  
16 other councils where ARICs - so, you know, they met four  
17 times a year for a few hours; they had a special meeting on  
18 the external audit. That was about it. They did what they  
19 could within those sorts of time frames. I think for the  
20 Central Coast, the ARIC needed to be given the opportunity  
21 to put in more time and to take a more proactive role.  
22

23 As I say, in the circumstances, I understand  
24 completely why that didn't happen, but again I think the  
25 problem there is that when the Central Coast was merged,  
26 no-one really sat down and asked themselves the question,  
27 you know, "Is this something a bit different and a bit  
28 special and do we have to come up with some new ways of  
29 operating to get the best out of this new beast?" I think  
30 the role of the ARIC would have been part of those  
31 considerations, if anybody had sat down and thought that  
32 through.  
33

34 Q. Was that not also the role of the first administrator?

35 A. Oh, look, as I say, I mean - poor Mr Reynolds. Taking  
36 this on on his own, I wouldn't for one minute presume to  
37 say that he should have done even more than he obviously  
38 had to do. He set the ARIC up. He set it up on the same  
39 model that was being used elsewhere. I think that's fair  
40 enough. I mean, otherwise, we're asking people to be just,  
41 you know, supermen.  
42

43 Q. So you're really suggesting external support?

44 A. Yes. Yes, and I think, you know, you've had some  
45 evidence on this that - and this was something we said in  
46 our review report in 2013. One of our specific  
47 recommendations was that there was a need for the key state

1 agencies who were overseeing councils to work more  
2 closely together and to themselves be more proactive in  
3 offering advice and guidance. So Office of Local  
4 Government, auditor-general, IPART, Treasury Corporation -  
5 a stack of expertise there that I think could be used much  
6 more productively in a support and guidance role rather  
7 than purely in a policeman role.

8  
9 Q. I was going to comment that the relationship seems to  
10 me more regulatory than assisting.

11 A. Yes. I'm not sure that we ever got past our colonial  
12 origins in New South Wales. We always tend to the  
13 regulatory, and, yes - well, we made that point.

14  
15 Something else, by the way, that is very relevant to  
16 the restricted funds issue, which is related to what we are  
17 talking about, the Treasury Corporation undertook  
18 a sustainability audit of every council in New South Wales  
19 in parallel with our review, and we had lots of really,  
20 really useful discussions with Treasury Corp people.

21  
22 One of the things that they were keen to do at that  
23 time, which again sadly has never come to pass, was to  
24 provide what is termed treasury management advice. You  
25 know, in local government accounting you've got the sort of  
26 bean-counter role - if I can use that term; I have to be  
27 careful not to be pejorative here - which is, you know,  
28 a highly important professional role in itself. But then  
29 you've also got that strategic financial management role,  
30 you know, "We've got 300 million there and 200 million  
31 there. How do we juggle those funds around? Where do we  
32 invest? Do we borrow internally? Do we borrow  
33 externally?" And so on and so forth.

34  
35 The Treasury Corporation felt that, as part of taking  
36 on the role of being a lender to local government - I think  
37 the figure we worked out with them was if they just put  
38 one - I always get confused with the way people talk.  
39 Let's put it the way I can say it. If they just put 0.1 of  
40 a per cent on to what would have been a significantly lower  
41 interest rate, then with the money raised from that 0.1 of  
42 a per cent, they could have provided a free Treasury funds  
43 management advisory service.

44  
45 Now, that is the sort of thinking that was needed, in  
46 my view. But it didn't happen.

1 Q. You refer to the cultural differences between the two  
2 former councils. Do you think that's going to continue?  
3 A. Well, I think you have received evidence that it might  
4 well continue for a decade - well, hopefully not another  
5 decade, within the next five years or so.

6  
7 Look, they clearly were very different and that's -  
8 you know, one of the reasons that we didn't form a firm  
9 conclusion about what best to do on the Central Coast, that  
10 was one of the factors that we had picked up.

11  
12 My colleague Glenn Inglis, who was on the panel -  
13 Glenn, who was responsible for merging five councils into  
14 one in the Tamworth region - he's offered advice to  
15 a number of merged councils about all of this, and he talks  
16 about the kind of steps you have to take right from the  
17 very beginning.

18  
19 I spoke as part of doing the paper to the general  
20 manager of the Northern Beaches, the merged Northern  
21 Beaches Council, and one of the things - I mean, he said  
22 a lot of very interesting things, but one of them was that  
23 they put a lot of effort from day one of the new council  
24 into talking to the community, in bringing people together  
25 at the community level, not just council staff and  
26 councillors but, you know, really, really interlocking the  
27 communities as much as possible.

28  
29 You know, there are people out there who have done  
30 this and been successful at doing it and again, that's the  
31 sort of advice and experience that we need to find ways of  
32 sharing. Clearly, Central Coast, I think in all of this,  
33 was pretty much left to its own devices. After that first  
34 year when there was the unit in the Department of Premier  
35 and Cabinet that oversaw the merged councils, as best I can  
36 understand, after that first year it was, "Well, good luck.  
37 Get on with it." Clearly, Central Coast didn't have the  
38 resources, skills, experience, et cetera, to just get on  
39 with it on its own.

40  
41 Q. You mention that there is some evidence of a level of  
42 bickering in the council. Have you watched any council  
43 meetings or attended any?

44 A. Not of Central Coast, but I've, you know - as a senior  
45 officer, I've been in the shooting gallery at a couple of  
46 councils myself and, look - I won't go on about it. The  
47 one point I would make is clearly you've received evidence

1 that there was a high level of bickering and so on.  
2 However, I note that that never led the minister to see fit  
3 to issue a performance improvement order around behaviour,  
4 which, as you well know, has been done elsewhere. So for  
5 whatever reason, whether it was because no-one was watching  
6 or because that level of bickering was seen as high but  
7 within the sort of normal acceptable range, that never  
8 happened.

9  
10 The other comment I would make is that when you look  
11 at the evidence of the council's decision making, and  
12 particularly during 2020 when the going really got tough,  
13 the council did demonstrate that it was still able to make  
14 some hard decisions. Now, it didn't like making them.

15  
16 Q. No.

17 A. And they argued amongst themselves before they made  
18 them. But look at Canberra today. But they made them.  
19 They did make them. So yes, bickering, not great, and, as  
20 I say, I have seen a lot of it over the years, but I don't  
21 think it was the crucial consideration.

22  
23 Q. You conclude by saying the State Government's  
24 framework of policies and guidance needs overhauling. Is  
25 there anything you want to add to what you have already  
26 said about that?

27 A. No, look, we could go on for hours about that. What  
28 did I write here? Look, what I would add is this: it was  
29 a combination of - in terms of the State Government's role  
30 in all of this, it was a combination of three factors.  
31 One, they pressed ahead with the merger even though they  
32 had received evidence from the Treasury Corp, from Office  
33 of Local Government's infrastructure audit and from the  
34 report of Mr Rayner, the delegate who did the inquiry into  
35 the merger - all of them had pointed to structural  
36 weaknesses of one sort or another.

37  
38 The one that I think hasn't - I know it has been  
39 mentioned to you but I don't think it has received  
40 sufficient attention is that from day one, Central Coast  
41 Council was collecting at least - at least - \$30 million  
42 a year less in rates than a comparable neighbour. So over  
43 the period to date, that's \$150 million. You know, what  
44 different might that have made?

45  
46 It wasn't in good shape when the merger was pushed  
47 through. Then, notwithstanding that, the merger process,



1 as I say in my paper, raised great but unrealistic  
2 expectations. So with what was a very modest calculation  
3 of savings, I think 6 million a year over 20 years - 6 or  
4 7 million a year over 20 years - Central Coast Council was  
5 supposed to deal with infrastructure backlogs, keep the  
6 rates down and improve services. I mean, frankly, just  
7 nonsense. So there was that.

8  
9 Then there were the restrictive policies, the  
10 three-year moratorium on redundancies, which I support,  
11 I think that's entirely reasonable in terms of the way you  
12 deal with staff and people who have been loyal to you over  
13 a long period, but then to compound that with the rate path  
14 freeze, as you've heard - and I know this is an area that  
15 you are familiar with - the complexity of the developer  
16 contributions system which tends to lock up very large sums  
17 of money, although belatedly, now, the government is moving  
18 to free that up, Minister Stokes has made some important  
19 moves in that regard, and other things.

20  
21 So it was those three things. It was pressing ahead  
22 when there were obvious signs of weakness; raising  
23 expectations which fed through into what Mr Reynolds,  
24 I think, felt his brief was and what the councillors felt  
25 their brief was when they took over; and then the  
26 restrictions.

27  
28 The big difference from last October to today is that  
29 the two administrators have been able to take advantage of  
30 the lifting of restrictions. So, yes, the council could  
31 have started sacking people from the middle of 2019, to get  
32 back to one of your earlier points, if it had felt the  
33 urgency was there. That redundancy preclusion had finished  
34 by then. But it couldn't put the rates up. It couldn't  
35 fiddle around with the developer contributions, they were  
36 all in 50 different boxes and making it very difficult to  
37 use. And there hadn't been - even though the government  
38 had received IPART's advice on the review of rating, it  
39 hadn't taken any action, so the recent announcement by the  
40 minister that the rate pegging limit will be adjusted for  
41 population growth and so on, that hadn't come into play  
42 either. And, of course, the ability to apply for a special  
43 variation.

44  
45 So all those things have come into play, except for  
46 the redundancy one, since the councillors were suspended.  
47 Which begs the question, had the councillors had the

1 opportunity to deal with the matter themselves, perhaps  
2 with the advice of a financial controller, could they have  
3 done what the administrators have done?  
4

5 Q. Well, thank you, Professor Sansom. I don't have any  
6 further questions but I did offer you the opportunity to  
7 respond to Mr Persson, if you want to.

8 A. No, no. Look, I'll just make one point. I've  
9 explained the fact that academics don't just sit there  
10 writing papers. You know, I spent a huge - look, well over  
11 half of my time was out there in the real world. And even  
12 inside it was the real world because our students all came  
13 from councils and wanted to talk to us about what was  
14 happening and so on.

15  
16 No, look, I'm not going to go beyond that. People -  
17 you know, sticks and stones, not a drama.  
18

19 Q. Is there anything you wanted to add, then?

20 A. Well, look, you know, you've, I think, picked up on  
21 most of my themes and thank you for doing that. I'll just  
22 cast my eye down here. We've talked about state things.  
23 I've talked about the big numbers. I do think that's worth  
24 more emphasis than it has had. I mean, Mr Millington and  
25 Mr Gordon I think made the point very clearly, a council of  
26 this size, up until 2020, the debt and deficit situation  
27 was certainly getting to the point - I think Mr Gordon said  
28 this - where you needed to sit up and pay attention. But  
29 I think people could be excused for having not seen it as  
30 desperately urgent.  
31

32 For example, it was drawn to my attention the other  
33 day, if you look at places like Melbourne City Council and  
34 Adelaide City Council as a consequence of COVID, they've  
35 been running deficits and they've been increasing their  
36 borrowings and so on. This was a pattern that was going on  
37 all over the country in response to COVID. So there was  
38 that aspect.  
39

40 I would just again emphasise, because I really don't  
41 think it has had enough attention, my point that this was  
42 an accounting issue not a strategic financial management  
43 issue. Of course the two are related. But there are  
44 plenty of people around who would say that, you know, as  
45 I said, shoe-box accounting is not a good way of doing  
46 business if you want to achieve bigger strategic objectives  
47 and that if there's a good long-term financial plan, if

1 there's good tracking of income and expenditure to make  
2 sure your cash flow is okay at any given point in time, and  
3 if there's an effective audit system, we shouldn't be  
4 having to put money into a whole bunch of shoe boxes and  
5 saying, "Don't touch that". It's not the way we run our  
6 households - well, we don't run ours that way.

7  
8 And the democracy point - I do think that there should  
9 be a presumption in favour of democracy. I understand why  
10 she said it but, you know, the minister's comment at one  
11 point that the public interest trumps democracy, well,  
12 I don't understand it, because I would have thought in a  
13 democracy, the public interest is democracy.

14  
15 But putting that point to one side, I think we are  
16 a bit - in New South Wales we are a bit cavalier. In  
17 Victoria, for example, a council cannot be suspended until  
18 after a report by what they call a municipal monitor. The  
19 suspension order has to sit on the table in parliament like  
20 a regulation, and can be disallowed. That's just to  
21 suspend.

22  
23 To do what is contemplated after your inquiry -  
24 contemplated by some, I'm not putting words into your  
25 mouth - and dismiss, declare civic positions vacant, in  
26 Victoria requires a special Act of parliament. So there is  
27 an example of a state that is putting a high premium on  
28 maintaining democracy to the maximum possible extent.

29  
30 I was involved in a conference call with the current  
31 Minister for Local Government in Victoria, who made the  
32 point, when he was appointed as minister, that to him  
33 a badge of success would be if he didn't dismiss any  
34 councils during his term as minister.

35  
36 I would like to think that we would start to see the  
37 world a bit more like that here, if only because - and  
38 I would urge you to contemplate this, and I'm sure you  
39 will - if we're going to wander around New South Wales  
40 using the suspension and dismissal powers whenever we find  
41 a serious problem or concern, we suspend, we dismiss, we  
42 send in an administrator, an administrator fixes things up  
43 in a way, and then the councillors come back, and we're  
44 sort of back to square one. You know, the question in my  
45 mind is what have we learnt? Have we really moved things  
46 on or have we just had an interlude in which matters have  
47 been tidied up to the satisfaction of the government?

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

So I think there's a real question there. If there was any possibility - and I think there was - of the Central Coast situation being sorted out by keeping the councillors there, appointing a financial controller, insisting on a new long-term financial plan, et cetera, et cetera, if there was any possibility of that working, we should have taken it. Which then begs the question, you know, why did the minister on 6 October propose to take that course of action but by 22 October was saying the councillors were hopeless and that she felt she had no alternative but to move towards suspension? What happened, what new information came to light? What happened in those couple of weeks I think is another important question.

Anyway, sorry. I've rabbited on enough.

THE COMMISSIONER: If you just wait one moment, Professor Sansom, I will just ask if Ms Annis-Brown has any questions for you.

MS ANNIS-BROWN: Thank you, Commissioner. No questions.

THE COMMISSIONER: And Ms Bulut, you are back today. Do you have any application to make?

MS BULUT: No application, thank you, Commissioner.

THE COMMISSIONER: Thank you very much, Professor Sansom, that has been elucidating and entertaining.

We will just take a short adjournment. We are waiting for a witness and I have to contact my staff, but if you would leave the meeting, that would be great. We will adjourn for a short period.

<THE WITNESS WITHDREW

SHORT ADJOURNMENT

THE COMMISSIONER: Thank you, the hearing into Central Coast Council will now continue and I have Ms Hassan.

MS HASSAN: Good morning, Commissioner.

THE COMMISSIONER: Could you just wait there and Ms Annis-Brown will swear you in as a witness.

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

<RAZIA HASSAN, affirmed: [10.55am]

<EXAMINATION BY THE COMMISSIONER:

THE COMMISSIONER: Q. Thank you, Ms Hassan, you were a former employee of the council?

A. I was, from December 2015 to January 2021.

Q. Was that with Gosford initially?

A. Gosford, with Gosford.

Q. What was your role at the council?

A. I was working at an environmental health officer initially and then I changed a year or so later - I changed to development compliance officer at Gosford.

Q. And you have made a submission to the inquiry about your treatment at the council following a dog attack?

A. That's right. I did, yes.

Q. Can you tell me what you saw of the culture of the council? I'm particularly concerned, interested in the Central Coast Council.

A. That's right, yes. I was - shall I continue with the dog attack incident?

Q. Certainly, if that's where you want to start, yes.

A. I will just briefly run through my previous working at Gosford. I started work as an environmental health officer and I changed to - I also was interested in working as a building surveyor because I had the qualification. That was my main interest for moving back to New South Wales, to work as a building surveyor, because very few women have the opportunity to join that role.

So I started working as an environmental health officer and the day I started, I noticed a big backlog of inspections that hadn't been done, so within six months I had cleared all the backlog of food premises inspections and complaints. Then I went on leave for a while to get some rest. So when I came back, I asked the manager if I could also do some other duties, just doing food inspections is pretty mundane. So he said, "If something comes up, we'll let you know."

So nothing came up and then a few months later a role

1 came up with the Wyong City Council to work on a secondment  
2 position for an environment officer, just doing water,  
3 beach water quality testing. So I did that for six months  
4 and I found the Wyong to be a very nice place to work. It  
5 was tidy and everything. So I finished my secondment and  
6 moved back to Gosford. I was working two days at Wyong and  
7 three days at Gosford. So I completed that and I moved  
8 back to Gosford.

9  
10 Then I asked if I could do other roles and they didn't  
11 give me an opportunity to do other tasks as well. So then  
12 an opportunity came up to work as a development compliance  
13 officer, which I took. So I was doing that for about -  
14 until my accident.

15  
16 So I was inspecting a private property, there was  
17 a nuisance call about parking issues and things like that,  
18 a complaint. So I don't do parking issues. I said "I'll  
19 check it out anyway and complete the task," since it was on  
20 my task list for so long.

21  
22 So I went there, you know, before, I checked the  
23 premises on our property information. And then I went to  
24 the property and I called out as I entered the property and  
25 nobody was on the property, and it was very quiet, I didn't  
26 hear anything. So I started to walk up to the front door  
27 and I was halfway up the driveway when I saw a dog, a big  
28 dog. A big dog. Ran down, broke out of the door and leapt  
29 on me and attacked me. It bit my legs, two legs, my chest,  
30 my hand, and I kept screaming, "Is somebody home? Is  
31 somebody there? Help." And after a while two ladies came  
32 and the dog was still attacking me. They wouldn't take the  
33 dog off me. So I said, "Can you please take the dog off,  
34 you know, it is hurting me", so they did.

35  
36 So I asked them to call the ambulance and call the  
37 police, which they did. The ambulance came a long time  
38 later, but the police came. Then I was taken to Gosford  
39 hospital. I was there --

40  
41 Q. I don't want to interrupt you, but I am concerned to  
42 understand how that relates to this inquiry.

43 A. Yes.

44  
45 Q. So I'm looking at the council.

46 A. Yes, that's right. It was --  
47

1 Q. Rather than the particular event.  
2 A. It was the lack of health and safety practices. Which  
3 was non-existent. There was no workplace health and safety  
4 management system as required by law to have in the  
5 workplace - that was non-existent. No risk assessment had  
6 been done. I do not know if it's done today. There was no  
7 inquiry into my dog attack. Nobody came and said to me,  
8 "Give me a statement. What happened? How can we help you?  
9 How can we help you fill out the forms?" There was no  
10 support. Absolutely no support.  
11

12 So I was in hospital for about 15 days. I came back.  
13 The wound got infected and I went back in again. I was  
14 there for 14 days. Still then nobody from the management  
15 team came and supported me.  
16

17 Q. And what date was the dog attack?

18 A. It was in April 2019.  
19

20 Q. So you are within Central Coast Council now?

21 A. Within Central Coast Council area. Nobody came to my  
22 support. Nobody offered support. The union didn't come.  
23 I notified the union. I notified the workplace health - my  
24 manager. They didn't come. They didn't do inquiries,  
25 "What happened?" or "We must investigate and improve the  
26 health and safety of our staff" - that didn't happen.  
27 There was no management --  
28

29 Q. Did you make a complaint to the council?

30 A. I did. I wrote to council and then I wrote to Safe  
31 Work also. Whilst still injured I was able to do that. If  
32 you're injured at work, I don't have to make complaint to  
33 council. You know, staff is injured. Look after your  
34 staff. And that wasn't done. And the return to work  
35 coordinator came to see me. I was off work for six months,  
36 recovering. Still nobody came to inquire what happened.  
37

38 After some weeks I said to the nurse at council, you  
39 know, "I haven't given my statement to council yet. When  
40 is somebody going to take my statement?" So some weeks  
41 later the rangers came and took my statement. I never  
42 heard back from them.  
43

44 So six months later I went back to work. When  
45 I went - first of all, I called Safe Work if the place was  
46 safe to return to work. They said they don't want to get  
47 involved but they "will go and check if every provision in

1 the workplace is safe for you to return." And they said to  
2 me, "Everything is fine. When you return to work,  
3 everything will be sorted out."  
4

5 So when I returned to work, it was all same. I did  
6 the same duties as I did previously. Same duties. I went  
7 out on my work. No improvements were made. I didn't talk  
8 to any of the workplace health and safety spheres or the  
9 return to work coordinator. So I carried on like that,  
10 fearful of being attacked again if I went. So I took  
11 safety for myself and I carried on the work as I did.  
12 Until today, it's still outstanding. Nobody has contacted  
13 me to find out what happened.  
14

15 Q. So did you resign from the council?

16 A. I was so fearful, because the people with the dog  
17 owners sent me two messages asking me if I was still alive  
18 because the dog - where I lived wasn't far from the  
19 incident place. So I lived in fear and then I accepted  
20 a redundancy and I moved to Queensland. I wanted as much  
21 distance between Gosford and myself, so I moved away.  
22

23 Q. When did you accept the redundancy?

24 A. In end of January 2021.  
25

26 Q. 2021. I see.

27 A. Yes. So I moved on, yes. I couldn't work there any  
28 more. It was just my mental and my wellbeing was  
29 suffering, I couldn't carry on.  
30

31 So even though on top of that I carried my work  
32 diligently, I had no complaints that I was not doing my  
33 tasks.  
34

35 THE COMMISSIONER: Thank you for your evidence,  
36 Ms Hassan. I don't know how much I can assimilate that  
37 into the inquiry purposes, but thank you for giving  
38 evidence. I will just check whether Ms Annis-Brown has any  
39 questions.  
40

41 MS ANNIS-BROWN: No questions, thank you, Commissioner.  
42

43 THE COMMISSIONER: Thank you. And Ms Bulut, any  
44 application?  
45

46 MS BULUT: No application, thank you, Commissioner.  
47



1 THE COMMISSIONER: Thank you very much, Ms Hassan, for  
2 giving evidence. If you could just leave the meeting now  
3 and I will take a short adjournment until next witness  
4 comes on.

5  
6 THE WITNESS: Thank you.

7  
8 <THE WITNESS WITHDREW

9  
10 SHORT ADJOURNMENT

11  
12 THE COMMISSIONER: Thank you, the hearing will now resume.  
13 I see Mr Chestnut is in the meeting. If you could come on  
14 camera and off mute, please, Mr Chestnut. Thank you.

15  
16 MR CHESTNUT: Good morning.

17  
18 THE COMMISSIONER: Good morning. I will just have  
19 Ms Annis-Brown swear you in as a witness.

20  
21 <GARY CHESTNUT, sworn: [11.06am]

22  
23 <EXAMINATION BY THE COMMISSIONER:

24  
25 THE COMMISSIONER: Q. Now, Mr Chestnut, you are a man  
26 with many hats.

27 A. Thank you.

28  
29 Q. I have three submissions authored by you, one as  
30 a representativity of the Community Environment Network;  
31 one as a representative of the Community Better Planning  
32 Group; and one as yourself?

33 A. That is correct, yes.

34  
35 Q. Could we start first with your professional background  
36 and qualifications?

37 A. Okay, my professional background. I actually have  
38 four degrees. I have a bachelor of natural resources from  
39 the University of new England; a master of science from  
40 Colorado State University; a bachelor of legal studies from  
41 Macquarie University; and a masters of business  
42 administration from both La Trobe and Deakin University.  
43 That's my academic qualifications.

44  
45 For career-wise I worked with the former Gosford City  
46 Council for a period of 25 years. I commenced as a town  
47 planner, worked my way up to multiple positions and I took

1 on the role of director of environmental planning for  
2 a period of 20 months. So I think I have a little bit of  
3 an understanding of the former Gosford City Council's  
4 operations.

5  
6 Q. When did you finish with Gosford?

7 A. Oh, for full transparency, I was actually sacked from  
8 Gosford City Council in June 2014. I should explain,  
9 I took the matter to the New South Wales Industrial  
10 Relations Commission. Commissioner Newell found that I was  
11 unfairly dismissed. He asked me what I wanted to do.  
12 I said I wanted to go back to work. Mr Newell said, "Well,  
13 it's completely your choice; however the people who have  
14 put you here aren't very honourable and I think if you went  
15 back to council they would make your life a bit of hell".  
16 That was his words. I then resolved not to go back to  
17 council and I took the monetary pay out, which was six  
18 months pay.

19  
20 Q. What did you do at that point when you left Gosford  
21 City Council?

22 A. Oh, okay. When I left, my father-in-law was actually  
23 in a nursing home, so I took him out of the nursing home  
24 and looked after him for four and a half years. That  
25 really put my feet back on the ground and I found that  
26 a really life-changing experience and then unfortunately -  
27 well, he then passed away in his own home after me looking  
28 after him for four and a half years. Then I started  
29 a small consultancy, as a local government consultant on  
30 the Central Coast, and I joined the Community Environment  
31 Network.

32  
33 Q. You have given me a very comprehensive description of  
34 the Community Environment Network and that is very useful.  
35 That group has made a very comprehensive submission. Can  
36 you just tell me what was the process for getting that  
37 submission approved within the organisation?

38 A. Okay. The document itself was actually prepared by  
39 myself and another fellow officer - another member of the  
40 Community Environment Network. It was then given to the  
41 Community Environment Network's executive and the executive  
42 were asked for comments and input. So like with all  
43 community organisations, there have been comments that come  
44 from various sources.

45  
46 Likewise, too, that late letter that was presented to  
47 you, that was also presented to the CEN executive and

1 different members put different viewpoints. So you will  
2 see if you read the document, both documents are actually a  
3 little bit disjointed because you have different viewpoints  
4 from different people being expressed.

5  
6 Q. Thank you. So they are not entirely your view; it is  
7 a collegiate view?

8 A. Correct.

9  
10 Q. What about with the Community Better Planning Group -  
11 who are the people who are in that group?

12 A. Okay. How that came about is the Community  
13 Environment Network sent out a survey to interested members  
14 of the community. As you saw in that document section, it  
15 gives a background of CEN. CEN not only has a membership  
16 of people who are actually registered but people who are  
17 interested in the environment, and so therefore that  
18 circular was then sent to a wide - as you said, there are  
19 tens - sorry, I don't want to say the exact numbers of  
20 membership but there was a large mailing list went out.

21  
22 That then got interested members of the community and  
23 there was at least - we've got two representatives from  
24 each ward within our local government area and we meet -  
25 sorry, you're on mute, I didn't hear what you said.

26  
27 Q. Sorry, I have a lawn mower going off in the  
28 background. They are not councillors?

29 A. No.

30  
31 Q. They're just community members?

32 A. They're community members. There's two or three  
33 community members from each ward. We meet via Zoom  
34 meetings. And, yes, that submission was also put back to  
35 the group and again collectively there were different  
36 viewpoints expressed and so again it's a collegiate  
37 viewpoint, in other words coming from the community.

38  
39 Q. They are not necessarily planners, they are community  
40 members interested in planning?

41 A. No, there's a quite a diverse range of viewpoints on  
42 that group. There is a former officer who was a planner -  
43 sorry, there was a former officer of planning of Gosford  
44 and there was a former officer of the Department of  
45 Planning. So there is actually quite a strong knowledge  
46 base on planning issues. But there is also - and I don't  
47 mean this derogatively - just mums and dads who are

1 interested in their local environment and what's happening  
2 in their local area. They have no formal training in  
3 council operations but they are passionate about what's  
4 happening in their local area.  
5

6 Q. Now, all of the groups and yourself were concerned  
7 about the narrowness of the terms of reference.

8 A. Yes. The reason why that occurred is one of the  
9 members of the Community Environment Network contacted the  
10 CEN and said they had contacted your organisation and they  
11 said - they were led to believe that the terms of reference  
12 were very narrow and there was a concern that - and  
13 I understand that you explored resources and - but to  
14 understand what the council has done, you need to  
15 understand what has happened before, and that is  
16 particularly into Mr Noble and also to Mr Reynolds, and so  
17 you have a better understanding that the councillors,  
18 actually from the community's point of view, inherited what  
19 was put in place by the State Government through the  
20 amalgamation. And so for you to actually have a full  
21 appreciation of how the councillors responded, we believe  
22 you needed to have a full appreciation of how it got there  
23 in the first place.  
24

25 Q. I think I agree with you. One of the - you don't  
26 think the - sorry. I will ask it as a question. What  
27 impact do you think the merger had and whether there was  
28 any ability to make savings or achieve efficiencies?

29 A. Well, you have just seen I've taken a deep breath on  
30 that one. The reason for that is, as I have learned and  
31 also attending council meetings, that I think the  
32 amalgamation actually was hamstrung and that is by the  
33 State Government.  
34

35 I fully appreciate that people employed in both  
36 government areas wanted assurance of employment, but they  
37 were hamstrung in the sense that they weren't allowed to  
38 look at the scale of the operations and look at numbers of  
39 what people were doing and so therefore you had, you know,  
40 a core number of people and you had to employ them.  
41

42 I also understand too why it was hamstrung is that  
43 there were different financial arrangements for each of our  
44 local councils, they had to become equitable, and so that  
45 therefore introduced additional cost.  
46

47 I'm also aware, too, that looking at the data that

1 I've come across, for whatever reasons, both former Gosford  
2 council and the former Wyong council seemed to cook the  
3 books, reducing their staffing numbers to make them fit for  
4 the future. And then, of course, when the councils  
5 amalgamated, you had a very large number of staff that, you  
6 know, full-time positions that you weren't - that the State  
7 Government was saying had to be filled. And so having the  
8 combination of that, you ballooned out, you know, the  
9 operational running costs of the council, which the  
10 councils themselves didn't have any information to make an  
11 informed decision on what was happening. So I think that  
12 was hamstrung.

13  
14 Likewise, too, also from Professor Sansom's point of  
15 view this morning, that issue of, you know, rate pegging  
16 and things of that nature and comparison to other local  
17 government areas, the council was - the amalgamation of the  
18 council was restricted by the State Government in all sorts  
19 of ways.

20  
21 Also, too, looking at the amalgamation costs, I think  
22 from memory that the State Government only gave about  
23 \$10 million per council, but in reality, the IT system was  
24 like \$70 million. So the costs of the State Government  
25 supporting the amalgamation were just not realistic. So  
26 I believe that the amalgamation was, you know, going to  
27 face problems, and those problems have come to light.

28  
29 Q. You also mention in the submissions insufficient or  
30 even absent financial information given to the councillors.  
31 What's your concern there?

32 A. Well, my concern there is - okay, I worked my way up  
33 to be in the position in a role of director of  
34 environmental planning for 20 months in Gosford and the  
35 council's accounting process is complex. That complexity -  
36 and looking at the 15 councillors who came together, and  
37 it's right that the community elects 15 community  
38 representatives, they have all sorts of different  
39 backgrounds, but even the fact that there were certain  
40 councillors, like, that went from previous councils to the  
41 current merged council, the financial structure of a merger  
42 of that size, I don't think any of the councillors were  
43 fully informed or had enough knowledge on actually how to  
44 read financial reports.

45  
46 I know myself in doing my masters of business  
47 administration - that's, you know, a degree course - you

1 know, it takes a lot of time to get an understanding of  
2 what you're looking at and it's really important to  
3 understand trends, you know, just not one figure. So  
4 therefore those councillors had to rely upon what staff  
5 were presenting to them, and from what I can view from in  
6 the public record, the councillors weren't given enough -  
7 or, sorry, they were given documents but they weren't given  
8 enough support or training on actually how to interpret and  
9 what trends do you look for?

10  
11 Q. Yes, that's a common theme, actually. Mr Chestnut,  
12 I don't have any further questions because the submissions  
13 were very comprehensive. Did you want to make any further  
14 statement before I invite questions from Ms Annis-Brown?

15 A. Okay. Well, I think what I'll bring forward is most  
16 probably in the submission that was actually put by the  
17 Community Environment Network, and I understand that, you  
18 know, we put something like 19 recommendations to you.

19  
20 The last recommendation is that CEN urges you to  
21 recommend the reinstatement of our councillors and the  
22 appointment of an expert mentor so the elected councillors  
23 can learn from the experience of the past four years and  
24 can then steer the community towards, you know, a financial  
25 recovery. I would really like to emphasise that particular  
26 point.

27  
28 THE COMMISSIONER: Thank you. I will just see if  
29 Ms Annis-Brown has questions.

30  
31 MS ANNIS-BROWN: No questions, thank you, Commissioner.

32  
33 THE COMMISSIONER: Thank you. Ms Bulut, any application?

34  
35 MS BULUT: No application, thank you, Commissioner.

36  
37 THE COMMISSIONER: Thank you. Well, thank you very much,  
38 Mr Chestnut, for your several submissions. You can take  
39 your hats off now. If you wouldn't mind leaving the  
40 meeting and I'm not sure whether we have another witness  
41 but we will take a short adjournment and I will find out.  
42 Thank you.

43  
44 THE WITNESS: Thank you. Bye then.

45  
46 <THE WITNESS WITHDREW  
47

1 SHORT ADJOURNMENT

2

3 THE COMMISSIONER: Thank you, the hearing will resume and  
4 Mr Colosimo, could you - you are there. Thank you.

5

6 MR COLOSIMO: Good morning, Commissioner.

7

8 THE COMMISSIONER: Thank you. Could you just wait  
9 a moment and Ms Annis-Brown will swear you in as a witness.

10

11 <TOM COLOSIMO, affirmed: [11.18am]

12

13 <EXAMINATION BY THE COMMISSIONER:

14

15 THE COMMISSIONER: Q. Mr Colosimo, can you just tell me  
16 about yourself, a little?

17 A. Yes. I'm a working carpenter. I have a builder's  
18 licence. I have built units on the Central Coast, I've  
19 built houses down the South Coast, in the Shoalhaven area,  
20 and in Sydney.

21

22 Q. And you live on the Central Coast now?

23 A. I have been coming to the Central Coast since about  
24 1980. I've owned property on the Central Coast since about  
25 that time. I reside at two addresses, one in Sydney and  
26 one on the Central Coast. I have registered my address on  
27 the Central Coast previously, and currently with this COVID  
28 I have had to come back to Sydney to just take care of my  
29 children and my elderly mother.

30

31 Q. Okay. Now, you have had a dispute with your neighbour  
32 over a number of years, and you have sent me a lot of  
33 information which I have read through.

34 A. Correct.

35

36 Q. I'm just curious as to how that relates to this public  
37 inquiry - how you think it relates to it.

38 A. Well, it relates to, I believe, the wrongdoing of the  
39 council, of how the council has handled the application of  
40 my neighbour's building. I'm looking at how I've submitted  
41 information and DAs in the past with this council, the  
42 amount of certification that was required by council, and  
43 when we look at my neighbour's application - as you can see  
44 in the background, I have a lot of information here just to  
45 remind me of files, of this person not requesting, not  
46 being requested to have this certification by council.  
47 I have never, ever, in 40-something years in building, seen

1 any submission approved in this manner, Commissioner.  
2

3 The people that approved all this DA, most of those  
4 people are still working at council. I'm not an isolated  
5 case by any means in this matter. I have had maybe three  
6 people approaching me with similar cases about Central  
7 Coast Council and the former Gosford council. People are  
8 scared to approach the council of retribution by council.  
9

10 Now, I've had retribution by council on two occasions.  
11 It's just like a pay-back. I'm not sure if I can mention  
12 names here, Commissioner, if I'm privileged, if I slip with  
13 names or addresses.  
14

15 Q. Mr Colosimo, what I'm concerned about is this was  
16 a building built back in 2012, I think?

17 A. Yes.  
18

19 Q. So we're nine years down the track, and I have seen  
20 what is I think the most recent response from Mr Hart to  
21 your series of complaints?

22 A. Correct.  
23

24 Q. I'm not sure what you think this inquiry can add to  
25 that, because I'm not a building regulator. I'm really  
26 looking at structural issues about the council.

27 A. Okay. There was a lot of false information submitted  
28 to council. There was a false licence submitted to  
29 council - builder's licence. It was actually - it's  
30 non-existent, Commissioner.  
31

32 Q. I understand, Mr Colosimo, but that's not the council  
33 doing that, that's somebody outside the council. What I'm  
34 concerned about is if you can tell me anything that might  
35 assist me in hearing the terms of reference about the  
36 council?

37 A. Certainly. Well, when council accepts and records -  
38 I just want to make this very clear, please, Commissioner -  
39 when they record false information on council records, when  
40 they have been asked - because you don't just call the  
41 council and say, "This is my licence number", they request  
42 a form from the Office of Fair Trading where your licence,  
43 the issue of the licence number, has been issued.  
44

45 We find that this false licence has also been printed  
46 on the plans prior to any submission to council. We find  
47 this false licence appears on the front fence, on the



1 building sign, on the property. We find that this licence  
2 does not exist, Commissioner. We find that on a search on  
3 fair trading, this licence actually made components of the  
4 first six ABN numbers of a builder in Kenthurst. I've been  
5 in touch with this builder. He has nothing to do with this  
6 project, and it refers just to the ABN number of his  
7 identification. It doesn't revolve - it does not search -  
8 it hasn't identified him by his builder's number. His  
9 builder's number is a totally different number.

10  
11 I'm sorry if I'm just a little bit nervous. I have  
12 never appeared in front of a commission before. I never  
13 thought I would, and I appreciate - I want to thank you for  
14 accepting my appearance to appear on this public hearing.

15  
16 I understand what Mr Hart has said in his email.  
17 I think I just sent that to you last night or this morning.  
18 I don't agree with what Mr Hart has said because if we were  
19 to do a test - I will come to the health issues in a  
20 moment, Commissioner. If we were to do a test in  
21 submitting an application in the way that my neighbour at  
22 Umina had done so, that test would fail. It would fail in  
23 2012; it would fail in 2021.

24  
25 I myself had submitted DAs with this council in 2007.  
26 They knocked it on the head. I had to further supply more  
27 information, 2009, another DA for the same property, and  
28 that failed and they made me submit a third DA because it  
29 wasn't in order. I paid a substantial amount of money to  
30 make this approval go through.

31  
32 I find that this person has not only not paid the  
33 right amount of money, he's got here \$60,000 for knocking  
34 down - well, he's put in applications for a rear extension  
35 and a garage, which I find, I discover - once I scrutinised  
36 council I discovered that it actually consists of  
37 a knock-down rebuild.

38  
39 He submitted false plans, he made the house look as  
40 what the extension was to --

41  
42 Q. Mr Colosimo, I understand the grievances that you  
43 have, but the building is built, the council has responded  
44 to your complaints and I don't think this inquiry can take  
45 it any further.

46 A. Commissioner, please, what has changed in the council  
47 procedures from the time I made applications to now? If

1 I'm explaining to you that this was falsely accepted by  
2 council, a lot of false information was accepted and  
3 recorded by council.  
4

5 Q. I understand, Mr Colosimo, but things like this do  
6 happen. People build buildings without approval, without  
7 any approval, and sometimes they are allowed to stay there.  
8 What I'm saying is I don't think it is within the ambit of  
9 this commission of inquiry to deal with your grievances.

10 A. We have an asbestos matter. It's something that has  
11 been with me now for two and a half years. I'm concerned,  
12 I have heads of council saying to me that removal of  
13 asbestos - I mean, this person has moved 20 times more  
14 asbestos than what is legally bound by any DIY builder. It  
15 is 20 times more. My concern is every day I think of this.  
16 They say it can take 20 to 30 years. But the real effects  
17 of the stress, that's real and that's now.  
18

19 Q. I can see them and I do feel for you --

20 A. I'm concerned about my children. I know what you are  
21 saying, but I disagree with the council's response, only  
22 that if we were to do that test, I guarantee you, it will  
23 fail. If we were to make submissions in the same way, it  
24 would fail. False information was supplied. The council  
25 staff that accepted this information are still there.  
26 I appreciate what you are saying, that illegal buildings  
27 are built and they can't be pulled down, and I'm not asking  
28 for the building to be pulled down, Commissioner; I'm  
29 asking that the council - they need to be called to  
30 account. It was authorised by council, this project. It  
31 was approved by council.  
32

33 Q. Mr Colosimo, is there somebody with you?

34 A. Yes, I have my GP with me. I made Ms Annis-Brown  
35 aware that I was going to have a witness with me.  
36

37 Q. No, I can hear the person suggesting the points --

38 A. It is not so much suggesting. Like I said, excuse me  
39 if I'm just - I am a little - I'm very nervous with this.  
40

41 Q. I understand, Mr Colosimo, but I don't think we can  
42 assist you in this inquiry. I'm not going to ask you any  
43 further questions. I'm going to see if Ms Annis-Brown has  
44 any questions.  
45

46 MS ANNIS-BROWN: Thank you, Commissioner. No questions.  
47

1 THE COMMISSIONER: Thank you. Ms Bulut, any application?

2

3 MS BULUT: No application, thank you, Commissioner.

4

5 THE COMMISSIONER: Thank you.

6

7 I'm sorry, Mr Colosimo, I have your evidence. I don't  
8 need to hear from you any further. We will conclude the  
9 hearing now and if you would please leave the meeting,  
10 I would be grateful.

11

12 THE WITNESS: Thank you, Commissioner.

13

14 <THE WITNESS WITHDREW

15

16 THE COMMISSIONER: Now, that concludes the public hearings  
17 for the public inquiry. Those people who have made written  
18 submissions or who have given oral evidence may, if they  
19 wish, provide the inquiry with a written submission in  
20 reply. I do stress that any such submission should be in  
21 reply and it should not be a fresh submission, and we must  
22 receive it by 3 November 2020. I will put this information  
23 up on the website.

24

25 From here, the inquiry will obtain further documentary  
26 information which has arisen from the evidence we have  
27 received during the public hearings, and once that  
28 documentation and the submissions in reply are received,  
29 a report will be prepared and provided to the Minister for  
30 Local Government to be considered.

31

32 It is not possible at this stage to say when that will  
33 occur but suffice to say that although there is a lot of  
34 information to assimilate and consider, I am very cognisant  
35 of the need to report to the minister as soon as  
36 practicable to enable her to consider any recommendations  
37 which I might make.

38

39 Could I thank my assisting officer, Ms Annis-Brown,  
40 our administrative assistant, Ms Millar, and for the expert  
41 YouTube wrangling that she has done, and the staff of Epiq  
42 who have prepared the daily transcript, and also those  
43 behind-the-scenes officers of the Office of Local  
44 Government and the Department of Planning, who have  
45 assisted us with the technology.

46

47 I would also like to thank the witnesses and those

1 people who have viewed the live stream and followed the  
2 transcript for their patience as we managed the various  
3 glitches during the hearing, and for their interest in the  
4 topic.

5  
6  
7  
8

The public hearings into Central Coast Council are now  
concluded. Thank you.

9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43  
44  
45  
46  
47

AT 11.32AM PUBLIC HEARINGS WERE CONCLUDED