

INQUIRY UNDER SECTION 438U OF THE LOCAL GOVERNMENT ACT

CENTRAL COAST CITY COUNCIL

Public Hearing

Conducted via Zoom videoconference

On Tuesday, 5 October 2021 at 9:00am
(Day 3)

Before Ms Roslyn McCulloch, Commissioner

1 THE COMMISSIONER: Good morning. Hopefully you can all
2 see and hear us today. This is day three of the public
3 hearings into Central Coast Council, and the hearings will
4 now resume.

5
6 Firstly, please let me apologise to the witnesses,
7 their legal representatives and to the public for the
8 temporary interruption to the proceedings. The inquiry has
9 gratefully received the assistance of information
10 technology staff from the Department of Planning, Industry
11 and Environment over the past week. Due to the
12 difficulties which we encountered at the start of the
13 public hearings, there has been a complete change in the
14 technology. The hearing is now being conducted via Zoom,
15 with a direct live stream available on the Office of Local
16 Government YouTube page.

17
18 This technology has been tested over several days and
19 the experts have a high degree of confidence that it will
20 operate efficiently for the remainder of the public
21 hearings.

22
23 That is not to say that there will be no problems. We
24 fully expect that minor issues will arise. The inquiry
25 staff will provide witnesses with instructions about how to
26 navigate the technology according to the type of device
27 they are using. There is a contact number if there are
28 problems.

29
30 I wish to correct a statement I made on 28 September
31 to the effect that a video of the proceedings would be
32 available on the inquiry website. In fact I was in error.
33 The recording which was made by the transcription service
34 was an audio only recording. In any event, the written
35 transcript for both the 27th and 28th September 2021 was
36 uploaded to the inquiry web page and that practice will
37 continue throughout the inquiry.

38
39 I also want to clarify that copies of the submissions
40 may be obtained via an application under the Government
41 Information (Public Access) Act. It's not simply an email
42 to the inquiry. That will be vetted and assessed through
43 the Office of Local Government and it will be subject to
44 the provisions of that Act. The inquiry's staff will not
45 generally provide copies of those submissions directly.

46
47 The hearings will now continue with witnesses

1 generally being called in the order as originally planned,
2 but subject to the availability of witnesses and their
3 legal representatives. That general order is, firstly, the
4 suspended councillors, and then a group of people
5 comprising the current and former administrators, general
6 managers and senior financial staff of both Central Coast
7 Council and its predecessor councils, Gosford City Council
8 and Wyong Shire Council, and members of the audit risk and
9 improvement committee, which is often referred to as ARIC,
10 and then finally the members of the public who made
11 submissions to the inquiry and who have asked to make oral
12 submissions as well.

13
14 Pursuant to my discretion under section 12B of the
15 Royal Commissions Act, some witnesses will give evidence in
16 private. I make decisions about those matters having
17 regard to the particular circumstances of the witnesses and
18 the impact that their giving of evidence might have on
19 their current or future employment, on their mental health
20 or other factors such as that.

21
22 We will now continue with the evidence. However,
23 Ms Jane Smith is unavailable today and she will continue
24 her evidence tomorrow. So the first witness that we will
25 hear from today is Mr Richard Mehrtens. Could I ask
26 Mr Mehrtens to come on camera, please. Thank you,
27 Mr Mehrtens.

28
29 MR MEHRTENS: Morning, Commissioner.

30
31 THE COMMISSIONER: I will just ask Ms Annis-Brown to swear
32 you in as a witness.

33
34 <RICHARD MEHRTENS, affirmed: [9.05am]

35
36 <EXAMINATION BY THE COMMISSIONER:

37
38 THE COMMISSIONER: Q. Thank you, Mr Mehrtens, and
39 thank you for preparing a submission to the inquiry. That
40 is quite useful. I will start with some general questions
41 and then I will ask you some questions about your written
42 submission, if that's convenient?

43 A. Certainly.

44
45 Q. Is this your first time in local government - was it,
46 when you were elected to the Central Coast Council?

47 A. It was, yes.

1
2 Q. Did you have any relationship with local government
3 prior to becoming a councillor?
4 A. Not in any formal capacity; only as a resident and an
5 interested community member.
6
7 Q. Did you have any special roles on the council when you
8 were elected?
9 A. Special roles as in official positions, no.
10
11 Q. Committees, or --
12 A. No. I was a member of several committees, advisory
13 committees, as a councillor I was the ex officio member of
14 the Central Coast Council on the Central Coast showground
15 trust committee, but nothing formal greater than that.
16
17 Q. What's your professional background, qualifications?
18 A. I am currently a senior engagement adviser with a
19 state-owned public utility. My qualifications, I have
20 a bachelor of social science with a major in policy and
21 I have a masters degree in urban and regional planning.
22
23 Q. How much do you know about the pre-merged councils,
24 Gosford and Wyong?
25 A. Only what I guess would be fairly public. Things that
26 were conveyed in the media. I think there was - there was
27 a general sense that - there was a hope I had that Central
28 Coast Council might be able to, I guess, benefit from being
29 merged, because there were general public issues with both
30 Gosford council and Wyong council, at least that was
31 publicly conveyed, but not - I didn't have any official or
32 kind of other relationship with Gosford council or Wyong
33 council, just as a community member.
34
35 Q. I see. Then what about the council when it was under
36 administration prior to your election? How much do you
37 know about the operations of the council as a merged
38 entity?
39 A. I'm aware, I guess, there was a perception that there
40 was a role for the administrator and the then CEO to
41 undertake at least some kind of preparatory or enabling
42 work towards the amalgamation and to get that set up as
43 a working entity for the elected council when that came on
44 board, kind of 18 months later. I understand that there
45 was a loose advisory committee formed of former councillors
46 from across both former councils. My understanding, from
47 once again media reports, was that that was not a terribly

1 effective or utilised body, it was more just probably to
2 keep people quiet, because I understand that there was
3 a process involved where those suspended or those kind of
4 former councillors weren't allowed to speak publicly. So
5 I think it was probably an opportunity there to try and
6 keep some of those people from making public comments that
7 they couldn't make on that committee but could make if they
8 weren't involved at all. But that's my general
9 understanding, that it was a period of administration to
10 try and, you know, corral some of the more difficult issues
11 into kind of control under an administrator rather than
12 under a brand new elected council.

13

14 Q. So starting from when you were elected, what was your
15 observation of the handover from the administrator to the
16 councillors?

17 A. From my memory, there wasn't a handover from the
18 administrator to the councillors, nor was there a handover
19 even from the CEO, the original administration CEO who was
20 acting in that capacity. He either departed very soon
21 after we got elected or just before, I can't remember off
22 the top of my head, I'm sorry, and then we actually had
23 another CEO in that interim period who wasn't the CEO
24 during that period of administration. So I would say
25 handover directly was minimal to zero. Then we were given
26 an orientation program of, you know - officially, I would
27 think, it was a weekend that we were kind of pulled
28 together as the newly elected body to meet the senior staff
29 and to kind of - it was a lot of "getting to know you",
30 a lot of ice-breaking. From memory, there wasn't a huge
31 program of kind of briefings. Those continued kind of on
32 a weekly basis after that. We would receive regularly on
33 a Monday afternoon several hours of briefings, and then
34 traditionally before a council meeting, back in the earlier
35 days, we received further briefings prior to council
36 meetings. So that kind of continued on on that schedule.
37 But in terms of an official handover, I don't remember the
38 content being terribly detailed in conveying what the
39 situation was like previous. It was more about, "Well,
40 here is the situation you've got and here are the issues
41 that we're moving on with", so that was more the tenor of
42 that conversation.

43

44 Q. Did you have any training as a councillor?

45 A. Specifically, no. There were briefings generally held
46 by staff who would, you know, bring us up to date with
47 their particular directorate issues. There were times that

1 I had attended - or that outside speakers were brought in
2 to provide us with subject matter knowledge. There were
3 times that I have seen probably the same financial training
4 briefing three or four times from, you know, the same
5 provider, who provides you with, once again, an amount of
6 knowledge specific to what they are talking about, but
7 generally, no. And I think the unfortunate thing as well
8 was that professional development, while that was a budget
9 provided for, generally the opportunity to undertake that
10 sort of training was limited to conferences. Oddly enough,
11 I think it was a thing that I noted when I got elected,
12 that professional development was classified as going to
13 conferences, which I don't think is necessarily the best
14 way of handling that situation. While there were - you
15 know, we would receive councillor support updates I think
16 weekly or - I think, going back, weekly or fortnightly from
17 council staff which sometimes provided different courses or
18 different training that were available, they were generally
19 conference based, and that was not always appropriate for
20 me to be able to attend because I work full time, and so,
21 yeah, I took advantage of what I could, but generally I was
22 unimpressed by I guess the official offering of
23 professional developments and training that was offered.

24
25 Q. And the financial training that you did undertake,
26 that you think you did three or four times, who was that
27 conducted by?

28 A. I can check and provide you the name of that
29 organisation. It was someone who we'd dealt with during
30 the crisis period in October of 2020. I can't remember the
31 name of the organisation, but I can look and try and
32 provide you that information. It was someone that council
33 regularly referred to. It was a gentleman that came and
34 visited the council very early on and I think spoke to us
35 about financial matters, or financial training for
36 councillors, and he was someone who I had seen at local
37 government conferences as well providing that same program
38 of training, and then again when we were in the crisis
39 period in October last year, he was requested by
40 councillors to come in - by some councillors again to come
41 in and talk us through this as what we perceived as a - or
42 as what some councillors perceived as an independent voice
43 that wasn't council staff.

44
45 Q. I see. That wasn't so much in the nature of training
46 as in information about a specific issue that you were
47 experiencing?

1 A. That last time, yes, but it did go back through a lot
2 of the same content because it was, I think, brought on by
3 councillors to try and figure out - kind of learn how we
4 got to that issue.

5
6 Q. And was it useful training?

7 A. I mean, I think there was a heavy focus on what was
8 probably classified as, I guess, a ratio analysis in terms
9 of is your backlog ratio greater than or less than your
10 kind of cash on hand, or whatever it might have been.
11 I can't remember the specifics of what the course was.
12 I think my reading since then and the reading I did in
13 preparation for the submission kind of led me to believe
14 that that's probably not an appropriate level of
15 consideration for what local government councillors need to
16 be looking at. I think I referred to in my submission for
17 a factor analysis in terms of looking at kind of the deeper
18 underlying factors that, you know, will contribute to your
19 risk ratios and your risk profiles that you've got for your
20 business. I think merely looking at a kind of ratio
21 analysis between kind of the various factors and at a top
22 line dashboard, which is often provided in those financial
23 statements that we did have on a monthly or six-monthly
24 basis, I think those probably don't reveal the full nature
25 of the issues that we were experiencing.

26
27 Q. Were you given training on how to read, for example,
28 the annual financial statements?

29 A. No.

30
31 Q. Would that have been useful?

32 A. Quite possibly. And I think this is the thing.
33 I think it's one thing to kind of give a one-week training
34 course or a one-day training course in some instances on
35 how to read a financial statement - look, I didn't know
36 what I was looking for specifically, I don't know if
37 that - and I think, you know, what the revelations have
38 been since, that some of that information was removed at
39 various times. What I still - even as someone who has
40 completed a training course in that particular kind of
41 financial statement reading, would I have noticed that
42 specifically? I'm not sure. I can't comment on what
43 I would have noticed or wouldn't have noticed but, you
44 know, I think all training is probably more beneficial, but
45 I do worry about the kind of adequacy of kind of one-off
46 training to provide any sort of guidance or certainty that
47 someone's going to pick up on particular issues,

1 unfortunately.

2

3 Q. To what extent do you think that you as a councillor
4 relied on the staff to provide you with information?

5 A. Oh, a very high level. I think, you know, one of the
6 things we were told regularly, and not just when we were
7 coming in but regularly over the course of our term, was
8 that the staff are there to provide you that information.
9 They are there to be the experts. They are the people who
10 are there day-to-day, that the ELT are the ones who kind
11 of - they are the experts, you are not the experts, you are
12 here to represent the community, you are here to be civic
13 leaders, you are here to guide the strategic direction of
14 council. So, you know, I personally as a councillor relied
15 heavily on the staff to provide the information that
16 I thought we needed. I didn't always feel that that was
17 forthcoming and that, of course, information is going to be
18 withheld or it's going to be tempered in a way that is
19 going to minimise potential damage to council if people had
20 found out certain information. I don't have any specifics
21 of what that might look like, it's just a feeling that
22 I had as a councillor that, you know, it's a political
23 environment, not just on the council's side but on the
24 staff side, and I think that everyone was very cautious.
25 I personally was very cautious of, you know, realising the
26 information that we were being provided was somewhat
27 tempered by the views and needs of staff.

28

29 I had hoped that there was - I think especially with
30 the financial stuff, I think that was an unfortunate
31 situation that got out of hand. I don't know kind of how
32 that would have affected anything else, but I think the
33 reality is that we were not provided the information.
34 I think that was a general feeling that I had and I'm sure
35 some of my colleagues had as well, that we weren't being
36 provided all the information but we were at least being
37 provided the information that would have kept us afloat and
38 within everyone's self interest that we kept the
39 organisation kind of up and running.

40

41 Q. You said then you thought there was a political
42 situation, including between the staff and the councillors.
43 What was the relationship between the staff and the
44 councillors like?

45 A. Generally I think it was one of - my opinion as well
46 is that it was ones that was not built on trust. I don't
47 think there was - my feeling was that there was not

1 generally trust between the councillors. There was not
2 generally trust between the councillors and the staff, and
3 I don't think there was, from my perception and my opinion,
4 trust of the councillors from the staff. I think there
5 were - you know, there were various incidents that kind of
6 led to this. I can't remember specifics, but there were
7 definitely events where information had, you know, been
8 leaked or staff had said one thing and then done another
9 thing, which kind of didn't contribute to a relationship of
10 trust between the governing body and the executive
11 leadership team. I think that that set in fairly early in
12 the term. I think that once you get past that point you
13 can't pull it back to try and form - or certainly to my
14 opinion, there wasn't a mood to try and improve the
15 relationship between ELT and councillors.

16
17 Q. Did it make any difference when the mayor changed?

18 A. I certainly felt more included in decision making.
19 I felt that there was - I think that was - the first mayor
20 had a certain way of managing the council and the ELT.
21 I had heard that there were issues in the relationship
22 between the first mayor and the ELT. I don't have
23 specifics of that. I only know that that's - you know,
24 that was a rumour that was kind of going around the
25 building. Once the second mayor came in, I felt that there
26 was a much more open exchange of kind of ideas between the
27 council and the ELT. That didn't change, I don't think,
28 the overall mood because I think everything had kind of set
29 quite firm by that point, but I felt that the tone had at
30 least lifted in terms of being able to have conversations
31 about issues before. I think we would often find issues
32 had kind of already been decided, and whether that was an
33 ELT decision or what, I don't know, but I felt that the
34 decision-making had been quite a bit more open after that.

35
36 Q. And within the staff itself, did you observe anything
37 about the culture?

38 A. Not specifically. I feel - there was only one
39 incident that I - that we, I believe, as councillors were
40 informed about. A kind of middle-level manager had left
41 the organisation under - I guess I would describe it as
42 a cloud. I understand that there was some sort of bullying
43 allegations going on there and that the staff member had
44 felt that he couldn't continue in his role due to that
45 bullying and he left. We didn't get told officially what
46 was going on, only that the staff member was gone, and
47 I think we were only told because of the serious nature of

1 the bullying and that something public might have come out.
2 I think that's why we were told. I don't think we were
3 told for any other reason, because I'm sure that there were
4 other incidents that had gone on in the organisation that
5 we didn't know about, but this one was different for some
6 reason and I think probably due to the seriousness.

7
8 Other than that, we didn't hear much, or I didn't
9 personally hear much about the relationship between the
10 staff. I think that there was, you know, obviously Central
11 Coast Council, Wyong council and Gosford council - you
12 know, we're a small region generally. A lot of staff had
13 been there for many, many years. I think there were
14 definitely perceptions that there was favouritism amongst
15 the staff and that certain staff - you know, you couldn't
16 touch certain staff because they had been there for so long
17 or they had certain relationships. So I think that
18 probably - it is not something that I heard about
19 specifically in terms of how that manifested itself, but
20 certainly my - what I had heard, you know, on the council
21 rumour mill was that, you know, some staff were untouchable
22 because of just how long they had been there, how
23 entrenched they were, the positions they held.

24
25 I think, you know, if you look at the executive
26 leadership team that we had, they had all been very
27 long-serving members of Central Coast Council, or the
28 predecessor councils, so I think that there was
29 a perception that those particular people and the managers
30 under them who had also been there for a long time
31 were - you know, they were the people who had the power and
32 they were able to assert themselves in that new structure
33 and kind of maintain their positions.

34
35 Q. Did you have any reason to be suspect about the
36 experience or expertise within the finance section of the
37 council staff?

38 A. I had no reason to be. I guess the hindsight is
39 20/20, and seeing after what happened, I guess maybe that
40 could have been. Whether qualifications came into it
41 I don't know. Whether it was other things, I don't know
42 either, but I had no reason to suspect that the
43 qualifications or experience of the finance people had led
44 to this situation. I don't know what caused it and I don't
45 have any reason to believe it was specifically experience
46 or qualifications.

1 Q. Were you concerned at all about the churn within the
2 staff - for example, the chief financial officer position
3 was often not filled or was rotated through a number of
4 people?

5 A. Absolutely. That caused concern. I think we had one
6 acting person in that role for probably the vast majority
7 of my memory of the council. I felt that the person acting
8 in that role was probably one of the - who I felt to be one
9 of the more genuine people that we dealt with, and I think
10 there was some disappointment amongst myself and the
11 councillors that that person ended up not getting the
12 full-time role. But that's not our decision and I hadn't
13 done any of the, you know, due diligence on that person's
14 background or qualifications to know why they should be,
15 but in terms of the people we dealt with, which was a very
16 limited pool of people in terms of really only being the
17 executive leadership team and kind of the unit managers
18 directly underneath them, the person we dealt with in an
19 acting capacity as the CFO I felt was well liked by the
20 councillors, and that's all I can really comment on that.
21 I personally had no issues of trust with that particular
22 person. I think the people that followed I didn't form
23 a relationship with at all, and that may again be clouding
24 my judgment there in terms of how I felt about this
25 particular person, but I had no reason to doubt their kind
26 of qualifications or experience and I felt that they
27 treated us councillors with respect, which is, you know,
28 sadly something that you can't always guarantee. But
29 I felt that person had been more honest with us than others
30 and I - you know, now I struggle to think about whether
31 that was true or not.

32
33 Q. What about the general manager, were you on the
34 selection committee for the general manager position?

35 A. No, I wasn't on the selection committee. There was
36 a selection committee and before that there was - we had
37 been presented to a meeting of council, a briefing of
38 councillors. There were several steps. We had to select
39 a recruitment firm. Three firms had tendered for that, so
40 we then got to decide which firm was chosen to complete the
41 recruitment. One firm had done the recruitment for I think
42 the majority of the executive leadership team, from memory.
43 We didn't want that firm to do the recruitment for the CEO.
44 That was a fairly kind of solid point I think most
45 councillors agreed on. We ended up going with a different
46 firm, a firm who in particular had a focus on - I think
47 they had won some awards for recruiting women CEOs. That

1 was something that we, as councillors, were interested in.
2 We felt that a woman CFO would - or my memory of this, of
3 these conversations, was that a woman CFO - CEO, sorry,
4 would change the culture and change the tenor of
5 conversations that were occurring between councillors,
6 between the council staff, and that would change that
7 culture.

8
9 We ended up choosing that particular organisation and
10 then, you know, some time had passed and we then kind of
11 got back to the situation where we had finally - I think we
12 had - they had cut it down, the HR company had cut it down
13 from 110 or 100 positions, I think, 100 applicants, down to
14 I think 11, and then the committee, the actual panel, went
15 through and culled that further.

16
17 Eventually councillors were shown I think a series of
18 four interviews, or interviews from four applicants that
19 were video interviews. I think it was a - I felt that the
20 selection that we had was lacklustre. There were
21 unfortunately no women. There was very much a group of men
22 who were from largely, from my memory, rural councils.
23 They were generally - and my one enduring memory of this is
24 that I think of the four or five that we saw interviews
25 for, my enduring memory is that they referred to becoming
26 the CEO of Central Coast Council as being a feather in
27 their cap, or it was something that they - you know, they
28 felt that it would be like the pinnacle of their career
29 being the CEO of such a large council.

30
31 For me personally that was an immediate kind of red
32 flag. I didn't like that, that we were just kind of a tick
33 in the box for them to look after a big council, a big
34 amalgamated council. The CEO applicant who didn't mention
35 that was the man who was eventually made the CEO. I think
36 generally that was because I think he was the only
37 applicant who mentioned the word "community". He was
38 someone who didn't mention the fact that this was going to
39 be a good thing on his resume, and I think that appealed to
40 me very much and I think that was a general mood of the
41 other councillors. That was very much an appealing aspect,
42 someone who was here for the community and someone who
43 wasn't talking about themselves.

44
45 Q. Do you have any reason to think that an appropriate
46 process wasn't followed for the appointment of the general
47 manager?

1 A. I don't think I have enough information, but from my
2 feeling I don't see that, I feel like there were a number
3 of steps that had gone into it that we were involved with
4 directly as a broad council governing body. There was
5 a selection of the HR panel, there was the ongoing - I
6 remember that the panel actually met quite regularly or had
7 regular discussions, from what I remember from my
8 councillor colleagues who were on the panel. We watched
9 the interviews, so obviously some video interviews
10 occurred. We then had an in-person meeting with the
11 preferred applicant where all councillors - I think all
12 councillors, or very nearly all councillors, were in
13 attendance and were able to ask questions of the applicant.
14

15 I have no reason, from my position, not involved in
16 that any deeper than being a councillor - it appeared to be
17 fine. I'm sure that there were other behind the scenes
18 things that we didn't see or weren't involved with which
19 occurred, but I had no reason to doubt the veracity of
20 those applications.
21

22 Q. In terms of the ongoing relationship with the general
23 manager, what was your relationship with him like?

24 A. I think fine, professional. I don't think we had - we
25 didn't have a lot of contact one on one. Actually, the
26 time that we really only had one-on-one contact was if he
27 happened to be at an event that I was at. Generally
28 otherwise it was as part of the briefing schedule, or we
29 would catch each other in the hallway. I liked the CEO as
30 a person. I felt - I appreciated that he was often at
31 events that I was at or, you know, he was at events that
32 I was at. I think that was a good indication to me that he
33 was interested and passionate about the community,
34 especially someone who didn't come from the region
35 initially. So I appreciated that he was at, you know, even
36 simple events.
37

38 I think one of the things that we had hoped, I think,
39 from the appointment of this CEO was a looser rein on being
40 able to speak to other staff but I don't think that was
41 ever achieved. I understand why. I understand that the
42 councillors didn't do anything to ingratiate themselves or
43 to show that we could be trusted to speak to other staff,
44 but it was a frustration, especially when an event that
45 I would see the CEO at, other staff would kind of run away,
46 because they knew that they couldn't be seen to be talking
47 to a councillor. I think that was unfortunate, but, you

1 know, I had a professionally good relationship with the
2 CEO. I felt he was genuinely a good man. I think that was
3 one of the concerns that we did have and one of the
4 councillors asked that at his in-person interview, whether
5 he had watched any of our videos at the time. This was
6 kind of mid 2018. We were regularly meeting until 1am due
7 to, you know, various conflicts that were occurring, and
8 I think the feeling I had expressed, and that had been
9 expressed to me by other councillors, was of concern that
10 maybe he wouldn't be able to handle us as a collegiate,
11 because I think there was a general feeling that he was
12 very nice, and while that was what we wanted as a general
13 manager, we were not an easy group of people to corral and
14 I think that was a concern that we had raised.

15

16 Q. Did that come to fruition during his term, those
17 concerns?

18 A. Yes. I don't know whether that would have - I don't
19 have an experience with other GMs beyond the acting roles
20 that we'd had previous to that, so in the kind of eight
21 months between our election and Gary's appointment.
22 I don't know how you would have corralled us. I don't know
23 what the techniques are for general managers to try and
24 bring an unruly governing body under control. I would have
25 liked to have seen what that looks like in practice at
26 another place, but I didn't have the experience myself to
27 know what - how they would conduct that. I think there was
28 a general kind of feeling in council of the governing body
29 that, you know, we were certain personalities and certain
30 people had a view to disruption and that went unchecked.
31 I don't know how much a general manager generally across
32 other councils can control that sort of behaviour, but
33 I think it was definitely not done on Central Coast.

34

35 Q. What about the mayor chairing those meetings? Was
36 there sufficient control by the mayor, do you think?

37 A. I think there was an attempt under both mayors to try
38 and control that behaviour. Once again, I think if
39 a certain group of people are looking to cause issue, then
40 that will continue. I think that - I don't think the
41 standing orders of council or the kind of rules of debate
42 as they are in council necessarily lend themselves to
43 proper control of people who want to disrupt. I think the
44 nature of the chamber lends itself to - especially in the
45 modern day where it is live streamed and people are playing
46 to an audience, I think that, compared to in the past where
47 it might have been, you know, you were only talking to the

1 people who were in the room, and I think that changes the
2 tenor of debate, and I think it makes - I don't think the
3 rules of debate really allow for a mayor to properly be
4 able to control a group of people who don't want to be
5 controlled. I think that's - I think that was my take-away
6 from that very early on in terms of, you know, you can't
7 stop people from - we are all adults, we are all supposed
8 to be adults, and I think the idea is that you are on
9 a council to do a job, but if you have people who don't
10 want to do that job and who want to do something else, it's
11 difficult to pull them into line.

12

13 Q. Do you want to name any names?

14 A. No, thank you.

15

16 Q. Okay. I will just switch to a different topic.

17 How aware were you of the need to upgrade the IT system for
18 the merged council?

19 A. More than a lot of other topics in terms of the
20 amalgamation, but still not very much. I think the reality
21 was that it was regularly referred to as being one of the
22 key pieces of the amalgamation, mainly because of its cost
23 and the need to better harmonise those systems across
24 Gosford and Wyong. Once again, I don't remember we ever
25 got briefings in too much detail about what that actually
26 looked like, or how that was being progressed, but it was
27 just one of those things that was kind of said with kind of
28 the roll of the eyes because it was such a big project,
29 such a costly project and it wasn't, from my perception of
30 things, going well at all. I think it probably embodied
31 a lot of the issues that amalgamation was seen to be having
32 internally, that we just couldn't - it just couldn't be
33 done right. But that's really the extent of my knowledge
34 and it wasn't, from my memory, discussed in any great
35 detail; it was more that it was being worked on and it's
36 very expensive.

37

38 Q. What did you understand that cost to be?

39 A. In the tens of millions. Between 50 and 80 I think
40 were various amounts. I don't remember getting a specific
41 briefing just on the IT system, but I believe it was in the
42 tens of millions, between 50 and 80.

43

44 Q. What is the extent of your knowledge about the way
45 different things were accounted for in the financial
46 statements and the information that you were given as
47 councillors?

1 A. I guess things were accounted for in different ways.
2 I think local government is special in terms of how it
3 likes to account for things and how it is required to
4 account for things. I think one of the things that became
5 quite surprising during the revelations in October last
6 year were that despite the sheer number of various
7 restricted funds that councils do have, whether that be
8 for developer contributions or whether that be for water
9 and sewer, or whatever it might have been, I think it was
10 quite shocking for us to learn that there was only one
11 account and that any sort of restrictions were, I guess,
12 partitions only within spreadsheets rather than being
13 separate accounts, which would have probably made it more
14 difficult for people to kind of just see a pool of money
15 and think it was unrestricted cash on hand.

16
17 So, yes, my understanding of council accounting is
18 that there are a number of different restrictions and that
19 those restrictions need to be upheld, whether they can be
20 internal or external, but they need to be accounted for and
21 they need to be separated. But in this instance generally
22 they weren't, it was all held in one account which I guess
23 raises some questions there.

24
25 Q. But it wasn't just the bank account that was single;
26 the funds were actually classified as unrestricted, this is
27 water, sewer and drainage contributions?

28 A. That seems inappropriate.

29
30 Q. To the man in the street, perhaps.

31 A. Yes, which is who our focus should be.

32
33 Q. Did you have any information about the way
34 contributions were accounted for?

35 A. Not that I specifically recall, no.

36
37 Q. Were you aware of the line item in the investment
38 reports that referred to restricted cash?

39 A. I am more aware of it since and since discussions have
40 been about the fact that the line item had been removed at
41 a certain point in the recent past and had stopped being
42 accounted for. That's really the extent of my awareness.

43
44 Q. And that came long after the event, did it?

45 A. That was - we didn't realise that until
46 approximately October of 2020, I think, or thereabouts, or
47 in the aftermath of that.

1
2 Q. Yes.
3 A. Then we became generally aware amongst the governing
4 body.
5
6 Q. Was there any explanation provided by the staff as to
7 why that had occurred?
8 A. Well, no, because I believe that as a body we weren't
9 made aware of it until it had become public in I think the
10 first administrator's report, or whether it became public
11 during the crisis, I don't remember. But no, there
12 wasn't - as far as I'm aware there wasn't a time that the
13 staff advised us that they were removing that particular
14 line item, or for whatever reason they were removing it.
15
16 Q. Now, in relation to the merger, do you have a concept
17 of what the actual costs of the merger have been to
18 Central Coast Council?
19 A. Actual cost to date? I think there was a number very
20 late in our term. I think it was over 110 million,
21 I believe, but, once again, I think that as has been very
22 widely said in the media and elsewhere since then, we,
23 despite requests - council - the governing body had not
24 been provided with any great detailed assessment or
25 information about the amalgamation process. But I think
26 the amount was definitely over \$100 million. I think it
27 was in the broad horizon of 110, 120, but that was just
28 something that's in my mind. I can't remember specifically
29 where I heard that number.
30
31 Q. Do you know whether that was inclusive of future costs
32 or was that just costs to date?
33 A. I don't recall, I'm sorry.
34
35 Q. That's fine. What about the time to complete the
36 merger, did you have any expectation of how long the
37 process would take?
38 A. We very early on, I think, had been provided with
39 a Gantt chart which had some timelines on it. I think,
40 from memory, a lot of those disappeared off into the
41 nether. I don't think that there was a final moment that
42 we had been told that said the amalgamation will be
43 completed at this time. I don't think the councillors,
44 from my recollection of conversations, thought it would be
45 in any period shorter than officially 10 years, and, yes,
46 I don't remember a final end date, but I don't think anyone
47 thought it was going to be less than a few terms of

1 council.

2

3 Q. What was your expectation in terms of savings that
4 might be - or efficiencies that might be a product of the
5 merger in the first few years that you were in term?

6 A. I think the first few years, me personally, I was
7 sceptical on how that could be achieved. I didn't go in
8 there thinking, "Oh, great, I'm going to be part of
9 a council that can achieve savings through amalgamation".

10 That's not why I put my hand up to be a councillor. So
11 I didn't go in there thinking, okay, I'm going to attack
12 this with these particular items being opportunities for
13 savings. I thought that things like the staff freeze and
14 the wage freeze, you know, the IT amalgamation, any other
15 sort of amalgamation that needed to occur in terms of
16 location of staff or moving staff or moving plant, I think
17 a lot of these things in my mind were going to be immediate
18 upfront costs of amalgamation. I didn't have a view to, in
19 the short term, what those savings could be.

20

21 I think generally they were operational matters as
22 well, which meant that councillors weren't able to have
23 a view of what they looked like and that they were very
24 much internal, run by, managed by, staff who were making
25 efficiencies as they could within the restrictions of the
26 various requirements of the amalgamation or staff freezes,
27 or whatever that might have looked like. But, yes, I think
28 they were - I don't know what the planned efficiencies were
29 in the short term versus medium term versus long term, but
30 I definitely thought that in terms of short-term gains
31 there would probably be fairly few. I thought any sort of
32 gains from amalgamation would come in the longer term
33 through scale, benefits of scale.

34

35 Q. But you were a supporter generally of the merger?

36 A. I don't know if I would say that. I don't know if
37 I had formed a particular opinion. I was concerned
38 that - and the reason it prompted me to run in the first
39 place was I was concerned that there were a number of
40 people who were looking to run to not necessarily
41 destabilise the council, but to dig up old wounds from the
42 former council, so Gosford council in my particular area,
43 and I felt that that was unhelpful. I thought that there
44 was an opportunity we had from the amalgamation to try and
45 start afresh, ironically, and try and do things differently
46 to how the perception was of Gosford council and Wyong
47 council from before. So I think that I saw amalgamation as

1 an opportunity to try and do things differently. I don't
2 know whether that had to come through amalgamation or not.
3 I think that was just a thing that happened. I think that
4 there was - my opinion generally was that the eggs had been
5 scrambled and that it was not going to get unscrambled, so
6 it's best to approach this with a positive mindset to try
7 and, you know, change the way the council was viewed on the
8 Central Coast and hope that, you know, having a region-wide
9 organisation, a region-wide governing body, would yield
10 benefits for the coast. You know, I think there was
11 generally a perception that Gosford and Wyong, although we
12 shared a region, were actually antagonists and that
13 definitely became very clear on council, that there was
14 definitely an antagonistic relationship between Gosford and
15 Wyong, and now I do think that there was probably an issue
16 there that undermined a lot of decisions that were trying
17 to be made for a united region.

18
19 Q. What were the wounds from Gosford City Council that
20 you think remained in Central Coast Council?

21 A. I think there were issues - from what I can perceive
22 of others, I think there were people on both ends of the
23 coast who very much were looking to try and reveal
24 decisions, the truth behind decisions that both councils
25 had made. I think generally the last administration of the
26 Gosford City Council, so the last executive leadership
27 team, the last council, people had a lot of questions about
28 how certain decisions were made. I didn't follow those
29 particular decisions so I don't know which ones they were
30 looking to dig into specifically, but there were people on
31 council, on Central Coast Council, who had made it their
32 mission and their view to try and dig into a lot of those
33 issues and question the decision-making behind those, and
34 question the particular personalities who made those
35 decisions. So I think there was - you know, we know about
36 the very public issues with Gosford's internal restrictions
37 which the auditor-general had found over many years. There
38 were various land sales, car park sales, you know - there
39 were various decisions that the former council had made
40 that people were looking to look into as a councillor and
41 hope that that would kind of yield some answers to that.
42 But I don't - I'm not that person and I don't know what
43 they were hoping to achieve by that.

44
45 Q. One of the things both councils came with was
46 a backlog ratio for infrastructure works. Did you see that
47 as part of the role of the new council to try to tackle?

1 A. I did. It's one of the things that I think a lot of
2 people from my, you know, feelings of early conversations,
3 was that there was definitely a perception that both
4 councils had been, I guess, trying to improve their
5 immediate budget bottom line by not making costly
6 investments to important infrastructure, which, you know,
7 once again immediately might look like it's improving the
8 budget bottom line, but actually in the long-term you are
9 going to cost yourself more.

10
11 There was rumours that people had expected
12 amalgamation to occur for a year or more and that had
13 influenced how both councils had created their budgets,
14 their kind of final budgets. Once again, I can't comment
15 on the veracity of those, but that's something that I had
16 heard, and that that had then - you know, over many years
17 as well, before that, just the inability of councils to
18 properly raise money and to fund certain projects
19 unfortunately led to the fact that, you know, it's easier
20 to just kind of stop spending money, and I think that's
21 what ended up with our situation where we did get in, and
22 I don't think any councillor would have said that we had
23 a good amount of infrastructure or a good quality of
24 infrastructure, and it was definitely I think a view of
25 councillors that we were looking to try and improve that
26 and try and expand how - have an expansionary budget
27 position that would have made those investments into
28 infrastructure.

29
30 Q. What did you observe as the effect of COVID on the
31 budget and the plans for the council?

32 A. We were told that there was going to be a budget
33 deficit in the order of hundreds of millions of dollars,
34 and that immediate action was required to kind of make cuts
35 to cater for that anticipated downfall, which we - I can't
36 remember if we ever even agreed on that one in particular.
37 That was through a couple of days' session with some
38 external financial advisers, which I think probably either
39 led to the revelations that we're currently discussing or
40 were the progenitor of those. But we were told that we had
41 to make some severe budget cuts to address perceived
42 shortfall that we were receiving from the fact that people
43 would be out of work, that people would not be paying their
44 rates. There was even a concerted campaign in the media by
45 some people to tell people not to pay their rates because
46 you wouldn't get fined for not paying your rates, whereas,
47 you know, you would lose your mortgage or your house if you

1 didn't pay your mortgage or if you couldn't put food on
2 your table, so the rates were kind of the first thing to
3 go. I don't know how much of that actually - from memory,
4 not a lot of that eventuated, but there was a call very
5 early on and very quickly to make some very substantial
6 cuts to the budget.

7
8 Q. The external consultant then was Grant Thornton, the
9 accountants?

10 A. That's correct, yes.

11
12 Q. And you think that was when there might have been some
13 discovery that restricted funds were being used for
14 operating expenses?

15 A. I mean, it was never said, that. It's something that
16 I felt was probably likely that that's when such issues
17 would have been discovered, judging by the deep dive that
18 Grant Thornton were doing, and, I mean, I have no evidence
19 for that, it's my opinion that I'm taking away from the
20 briefings that we had at that time and then ended up with
21 in October. It's a distinct possibility in my mind that
22 that's how that was officially discovered at that point.

23
24 Q. But you didn't officially discover it until a little
25 later when the Dennis Banicevic report came out?

26 A. I don't remember the details of Dennis's report
27 specifically. Dennis - actually, that's the name of the
28 man who we brought in regularly to discuss with us, and is
29 regularly used by LGNSW. I mean, I don't have a specific
30 recollection of that report or what was in it but, as you
31 say, I believe that there was - his view was that - yes,
32 actually, I can't comment on that, I can't remember
33 specifics but I remember that report existing now.

34
35 Q. There are a couple of quite controversial matters that
36 came before the council. I will just ask for your take on
37 both of them. One was the Warnervale Airport and council's
38 decision to break the contract. What's your knowledge of
39 that?

40 A. Little, I would say. I had not heard of the
41 Warnervale Airport issues. I had a passing knowledge of
42 the airport before I was elected. It doesn't get much
43 further away from my ward than that does. My opinion of
44 that particular issue was that there had been decades worth
45 of history with that issue in the region, and that people
46 had approached that issue with longstanding particular
47 personal views of what should happen at that airport.

1
2 Councillors that I had spoken to had felt that there
3 were issues with the deals done, I think it was under
4 administration with particular groups of people or
5 particular companies. When I was informed of those
6 decisions, both I guess in briefings and by councillors,
7 I was happy to support that agreement being terminated
8 because they had done a lot of research. They had,
9 I guess, spent a lot of time focusing on this matter.
10 I didn't have any reason to doubt that and I was happy to
11 kind of going along with their decisions on what they felt
12 was a very important matter. I once again didn't have the
13 same background or same briefing as them, and that resulted
14 in a contract being terminated which - I believe the cost
15 that we were told would be that it would be approximately
16 \$1 million to end that contract.

17
18 Q. The other contentious matter was the regional
19 performing arts centre and cultural precinct. What is your
20 knowledge about that issue?

21 A. More so. That one is in my ward and something that
22 I was very passionate about in terms of not just the
23 project itself but the opportunity that that project would
24 create in terms of reinvigorating Gosford CBD. At the time
25 it was a major New South Wales Government priority as well
26 to rejuvenate and reinvigorate Gosford CBD.

27
28 There had been longstanding plans as well for
29 a performing arts centre, for a regional library, for
30 Gosford city. It came to council in one form, which was
31 suggested by staff in terms of promoting particular
32 locations for a library and for a regional performing arts
33 centre. That was - there were so many rounds of changes.
34 I think it was rejected on the first count because
35 locations or costing was too much, and then it came back to
36 council after I think the mayor requested some reviews of
37 locations. It then was presented to us, we were presented
38 with seven or eight different options for how we wanted to
39 proceed, and that was done through an afternoon or
40 a day-long workshop amongst the majority of councillors as
41 to how we wanted to proceed. That was presented to us as
42 an - an option was presented to us that would have seen the
43 creation of an integrated cultural and performing arts
44 precinct in the Gosford CBD.

45
46 I think that was an exciting option that we had. It
47 was really going to set the standard and create a landmark

1 precinct for Gosford and really better link the waterfront
2 with Kibble Park. Eventually that was I think accepted
3 generally by the majority of councillors. It was a very
4 costly exercise. We had received cost estimates in the
5 hundreds of millions. Then staff had been questioned on
6 how we could afford that because there was only a very
7 small proportion that had been funded through specific
8 grant funding for the library fund - sorry, the internal
9 library fund of \$7 million plus there was another State
10 Government grant and a Federal Government grant which were
11 going to support that, but that was only a very small
12 percentage of the final cost. Staff had assured us that
13 because of our scale and because of, you know, it being
14 only a portion of our annual budget, we would be quite
15 satisfied - satisfactorily being able to pay that back over
16 the loan period and that, you know, that was all quite
17 fine.

18
19 I supported staff's view that that was doable. You
20 know, I don't have an aversion to borrowing to fund
21 projects that are going to be strong investments for the
22 region. I think that's a necessary factor that we need to
23 consider, and I was happy to support that project because
24 I thought that despite the cost it was going to be
25 something that would bring further investment and further
26 benefit to the Central Coast.

27
28 Q. It didn't ultimately proceed?

29 A. It didn't, no.

30
31 Q. I think Ms Matthews said that was because some funding
32 that was expected didn't come through?

33 A. I remember that. I don't remember if there wasn't
34 a final verdict on that while we were there. There might
35 have been, I don't recall. There was regular contention by
36 staff that if we didn't progress with plans and detailed
37 design, that we would lose I think it was Federal
38 Government money at the time. Once again, I think -
39 I don't know if that was a thing that staff were saying or
40 whether that was a genuine threat from the Federal
41 Government to withdraw that money. I think the money
42 was - I think it was \$10 million possibly, maybe a bit
43 less. But I think in the scale of the project - I don't
44 know how these funding mechanisms work, but I would say
45 that it was a relatively small amount and I would have
46 thought that it could have progressed, if council were
47 serious, you know, before the financial crisis was - we

1 were aware of that. We could have made up that shortfall
2 in other ways if we were serious about progressing but
3 I believe that the council - the governing body was
4 becoming concerned about the public perception of the
5 project and were willing to let it go and seek whatever
6 advice they could to try and kind of step back from that
7 agreement.

8
9 Q. Are you aware of the rate levels within Central Coast
10 Council area compared to other local government areas that
11 are similar to yours?

12 A. I think it was - I don't think it happened while we
13 were on council, but there was a document produced that
14 I saw that - and it was possibly in line with the first
15 administrator's attempts to increase the rates
16 after October last year, that a document had been produced
17 which showed a table of I think not comparative councils
18 but neighbouring councils, from the Hunter and the north of
19 Sydney, that showed that Central Coast, by comparison, had
20 a comparatively lower rate base than other councils. But
21 I don't think that - that didn't occur, I don't think,
22 while we were in session, and it is not something that
23 I was particularly aware of at that time. It was something
24 that I only became aware of afterwards.

25
26 Q. Later, yes. Council has external auditors. What did
27 you see their role as?

28 A. Well, more than I think was revealed. I think we saw
29 those - that role as being the people who would be looking
30 for the sorts of issues that we found out about
31 in October 2020. They are the ones who have the ability to
32 go through the actual accounts and do reconciliations and
33 make sure that the money that should be in particular
34 places is in the particular places. You know, I perceived
35 them as having a far greater level of expertise,
36 qualification and experience and access to information than
37 the governing body does and did, and we relied on them or,
38 you know, I relied on them to hopefully find the sort of
39 issues before they become issues that we're now dealing
40 with, and I think that obviously didn't occur.

41
42 Q. What about the ARIC, the audit, risk and investment
43 committee, what did you see its role?

44 A. Improvement committee?

45
46 Q. Improvement committee, I'm sorry.

47 A. Sorry, I thought that might have been a test. I think

1 similarly, but on a smaller scale in terms of the fact that
2 they did have qualified independent members from the
3 outside, and that it also had elected members on it from
4 the council, governing body. So I saw those two as
5 playing, I guess, a role hand in hand in terms of, I guess,
6 maybe the translation of the external audit as - and
7 feeding that in to the internal ARIC process. But my
8 experience with ARIC was limited in terms of I didn't sit
9 on ARIC and I don't think, until the very end, where the
10 governing body requested a specific briefing on ARIC, did
11 we have anything to do with the independent members of ARIC
12 or what their specific role was. But, you know, my
13 perception as a layperson who got elected and then didn't
14 have any further contact with ARIC until the very end, that
15 they were independent people who were closer to I guess the
16 internal processes than the councillors were, and that they
17 would, I guess, take their learnings and provide that to
18 make recommendations to the governing body, and that that
19 would be overseen by the independent members as well as the
20 representatives from the governing body on ARIC.

21

22 Q. Could I just ask you a few questions about your
23 submission. Do you have a copy of it handy?

24 A. I have it on my computer, if I can --

25

26 Q. Sure. On page 1 in the first dot point paragraph you
27 said that in your opinion, the fact that the governing body
28 did not act in the manner that would have resulted in
29 efficiencies or savings was in part a view by several
30 councillors that the amalgamation might be reversed. You
31 didn't share that view?

32 A. I didn't share the view because I didn't think that
33 there was a legitimate pathway to that ever occurring.
34 I don't think that in the very short term that was likely
35 to happen. I didn't see - I think it required - it would
36 have required some pretty interesting political manoeuvring
37 at a State Government level for them to want to
38 deamalgamate our council or any of the other amalgamated
39 councils. So I didn't see it as a viable option in the
40 short term, and I think I'm meaning a four to six-year,
41 four to eight-year time period, and I think anything beyond
42 that period, the council is too embedded and too structured
43 to then unscramble the eggs. I didn't believe that was
44 a possibility, but --

45

46 Q. So that was in part an explanation for why you don't
47 think the governing body - that their work resulted in

1 efficiencies. What was the other part of the reason you
2 don't think there were efficiencies achieved?
3 A. Because I don't think that we were particularly
4 focused on the amalgamation piece as a program of work.
5 I don't think generally - it wasn't perceived as a role of
6 councillors, in my opinion, that that was an interesting or
7 important role that we should be playing. It was - you
8 know, it was an internal process that staff were working
9 towards, whether that be, you know, amalgamating workforces
10 or, you know, changing signs or changing policies. We
11 would see some of the external focused policies as they
12 would come out and as they would be completed, but there
13 was also - I think the general perception was, and what
14 I perceived as well, was that it was an internal piece of
15 operational work that we were not really privy to
16 overseeing or having a voice in.

17
18 Q. What were the existing structures that you think
19 people were trying to maintain within the council, those
20 who were opposed to amalgamation?

21 A. I think there was definitely a view that I perceived
22 that people wanted to keep as long and as far as possible
23 separate operations between Gosford and Wyong councils.
24 I think there was a view that it would be beneficial if,
25 you know, there was - and this translated to budgetary
26 stuff as well in terms of how people wanted to spend money.
27 I think there was an unwillingness generally for southern
28 money to be spent in the north and northern money to be
29 spent in the south, even though we were working from
30 a single budget. There was definitely I think a view
31 towards - that through amalgamation, particular communities
32 would be let down and would not receive their fair share,
33 and I think that was what drove that. I don't know what
34 structures they were hoping to protect, but I did get the
35 distinct impression that there was a view that if certain
36 structures were kept separate, then that would make it
37 easier in the future for a deamalgamation process.

38
39 Q. And are you talking simply about councillors there or
40 was it staff as well?

41 A. I didn't have any conversations with council staff
42 about their views on that. It's only stuff that I heard,
43 you know, in a meeting or at a briefing as a view expressed
44 by councillors. Staff - I don't remember staff expressing
45 a particular view on these matters, not that they - I don't
46 think they would have been really in a position to express.

47

1 Q. Over on page 2, the second dot point there, you say
2 that budget positions had generally been small surpluses,
3 but in fact only the first budget brought down by the
4 governing body was a small surplus, and the subsequent
5 budgets were deficit budgets. Were you aware that they
6 were deficit budgets?

7 A. I think I was aware at the time. I probably erred in
8 writing that particular statement, yes.

9
10 Q. Okay. Do you have any recollection of the events
11 before the 2019/2020 budget when the IPART decision
12 affecting water, sewer and drainage rates came down
13 unfavourably? Do you have any recollection of that?

14 A. I remember that occurring. I don't recall specific
15 briefings or changes or amendments to cater to that
16 specifically.

17
18 Q. You say that the staff managed the way the budgets
19 were prepared and they even made the decisions as to
20 whether it would be a surplus or a deficit budget, but
21 wouldn't it be within the control of the councillors to
22 instruct the staff to prepare a surplus budget?

23 A. I think - I definitely think there was a view
24 presented by people who said that we should be able to do
25 that. None of the experiences that I had while on council
26 and involved in the budget processes, such as they were,
27 led me to believe that that was a reality that could be
28 done. The budgets were presented to us basically
29 completed, usually in the February of a year, and I think,
30 as I say in my submission, we would often be brought
31 together for a weekend of budget sessions where the budget
32 would be done and that - I didn't perceive there was an
33 opportunity, really - there wasn't an opportunity that we
34 were provided that allowed us to make any sort of
35 substantive changes to the budget. The budget was prepared
36 and that became even more clear in the final budget
37 in February of 2020, in a budget session that was cut short
38 by a day because of ongoing weather issues. A lot of
39 councillors at that budget session had raised complaints or
40 concerns about specific funding or specific spending, and
41 that they had requested quite substantial changes.
42 However, we were told at that point that "Councillors, you
43 can either vote for this budget as it is or you can vote it
44 down and you will go into administration." At no point at
45 any time did I feel like councillors were able to really
46 influence the specifics of the budget, and it was - you
47 know, it was a document produced, as staff would tell us,

1 based on certain regulations and requirements that X amount
2 of money had to be spent on road maintenance, or whatever,
3 in terms of keeping things at certain grades, or grant
4 funding which had to be spent in a certain way. Yes, so we
5 were very much told - and whether this was just because we
6 were inexperienced or whatever the situation might have
7 been, we didn't know how we could properly challenge those
8 decisions and I don't think - overall, you know, the
9 budgets were supported by councillors on the chamber floor,
10 in the vote, but I don't know if that necessarily reflected
11 a particular view that councillors were happy with
12 a particular budget; it was more just that we were
13 concerned that we didn't know how to change or influence
14 those budgets and if we voted it down, then we didn't want
15 that to occur either.

16
17 Q. Some councillors had a good deal of experience on
18 previous counsels. Did no councillors try to challenge the
19 position of the staff on the budgets?

20 A. From my memory, councillors who had more experience
21 had made certain comments in budget sessions that this is
22 not how it's usually done, but there was - I don't think -
23 there was no broader push for councillors to make that
24 change or how - make that change, perceived how they used
25 to do it, and it just didn't eventuate in that particular
26 way, unfortunately, so --

27
28 Q. Are you aware of whether the budget was met? So you
29 got quarterly statements, Q1 to 3, and then there would be
30 the financial statements at the end of the financial year
31 that would come out somewhat later. Were you ever aware of
32 whether the budget had been met or not?

33 A. Not as a specific piece, no. I think generally - the
34 only way I would look at that would be if I had particular
35 projects that I was aware of that were slated for
36 a particular budget, I would be monitoring that on an
37 individual level in terms of whether I saw a particular
38 road being upgraded or a particular project being
39 completed. I'm not aware of whether those budgets were met
40 specifically on a directorate level or a greater level than
41 that.

42
43 Q. And you didn't have regular information back to the
44 councillors about that, whether budgets were being met,
45 throughout that financial year?

46 A. Not that I'm aware of specifically.

47

1 Q. Okay. You say on page 3 that it's also been recently
2 revealed that cash positions of former councils had been
3 manipulated to appear better than in reality. What
4 actually are you referring to there? What information are
5 you referring to there about the former councils?

6 A. I believe it was a revelation in the administrator's
7 report - I can't remember which one, I'm sorry - where he
8 said that particular cash positions were far worse for
9 unrestricted cash on hand than what was in reality. The
10 numbers had been presented - I think \$80 million cash on
11 hand was presented when in reality that was only I think
12 5 million or less. So that is to what I was referring
13 there.

14
15 Q. Thank you. Over on page 4 you say that the majority
16 of councillors are ill-equipped to delve into the detail
17 that's expected of them. Should they be equipped in that
18 manner?

19 A. I think the answer to that I guess lies in the fact
20 that councillors are in the end responsible for the - under
21 the legislation, responsible for the financial position and
22 financial viability of the council. So in that case, yes,
23 I believe somebody should be - if someone is tasked with
24 that particular legislative responsibility, then one should
25 be equipped to do that. I think that that also just leads
26 into a fact that I don't believe that the current local
27 government system is established in such a way that that is
28 delivered.

29
30 I think that raises a number of structural and
31 legislative issues about how local governments should and
32 could work better in New South Wales, but I don't believe
33 that the councillors currently are experienced or
34 knowledgeable or qualified enough to delve into the detail
35 and have access to the level of detail that would have been
36 required to have uncovered and seen this level of issue
37 that we have now seen in Central Coast Council.

38
39 Q. But do you see it as a problem in the structure in
40 that the responsibility falls on councillors who, by their
41 nature, might not be equipped to deal with it, or is it
42 a matter of being able to train people to get those skills?

43 A. I don't know - one, I think structural. I don't
44 believe that this is something that an elected body of
45 laypeople should be expected to do as a matter of course.
46 I think when you look at a council such as Central Coast
47 Council, where we had annual budgets in excess of

1 \$600 million, \$700 million or \$800 million, \$10 billion of
2 assets, I just genuinely don't believe that a group of
3 laypeople off the street should be also required to be the
4 financial - the final financial arbiters of a council or
5 any organisation of this size. I think there needs to be
6 another level of qualified independent expertise that comes
7 in, whether that's an auditor situation or a financial
8 governance panel, people who can actually look at the
9 situation and delve into the details to get that sort of
10 outcome and to protect the financial viability of an
11 organisation the size of Central Coast Council, and then
12 have a separate organisation which deals with the strategic
13 vision and the civic leadership of a council, because
14 I don't think the current structure at the moment allows
15 for that dual purpose of councillors to work for the
16 benefit of the organisation or for the community.
17 So that's my personal view of that.

18
19 Q. So some people have compared a council to a board of
20 directors of a company. Do you think that's an appropriate
21 analogy?

22 A. It's one that was bandied around a lot. It's one that
23 we heard with some regularity. I think from my very
24 limited experience with both of the organisations, really,
25 that there is some level of comparison that could be made.
26 Once again, a board of directors of a company is made up of
27 people who have spent decades and decades of their life in
28 businesses and on boards. They have got specific training
29 in board leadership and I know that, you know, later on in
30 our term the Australian Institute of Company Directors
31 course was provided as an option for councillors to
32 undertake as part of their professional development. You
33 know, I see comparisons but I think that the difference
34 very much is in the experience level, and the reason that
35 people are on council versus on a board which leads them
36 two very different avenues I think in terms of how
37 effective they can be or how influential they can be in
38 terms of managing the detailed nature of some of the
39 financial aspects especially, which are required on
40 councils.

41
42 Q. So did you take up that opportunity to do the board of
43 directors course?

44 A. No, I didn't. It was only something that I became
45 aware of very late in the term, and I was actually in the
46 middle of the UTS local government course for councillors,
47 the executive certificate in elected members, I think it

1 was called. I was in the middle of that when we got
2 suspended. I actually had to leave one of the classes
3 to - when I got suspended because I couldn't partake any
4 further. I think that option, that opportunity, was
5 interesting and useful. My concern would be that I was
6 only able to take advantage of that because of the pandemic
7 and because it was put online, and it was something where
8 I was able to manage both my full-time work and my council
9 responsibilities because it was online, which is limited if
10 you do have a job or you live on the Central Coast where
11 a lot of opportunities are in Sydney rather than local. So
12 it does limit your opportunities there. I would have been
13 interested in the AICD training, just because I feel like
14 that is probably considered the gold standard of training,
15 but it wasn't made clear to me that that was a possibility
16 or an option that was available.

17
18 Q. You mention in your submission cost shifting. What
19 particularly are you referring to there?

20 A. I think there was - I can't remember the specific
21 amount, but it was in the millions of dollars that staff
22 had estimated was being cost-shifted to Central Coast
23 Council from particularly the State Government. There are
24 things like the waste services levy, there are matters such
25 as the local planning panel and the regional planning panel
26 which were previously roles undertaken by councillors in
27 terms of development determination. However, that was
28 taken away from councils and put in the hands of other
29 panels and other bodies, but that the State Government had
30 established but the council bore the costs for, adding
31 another layer of cost uncertainty and kind of confusion
32 there for residents and also for cost shifting loads. So
33 I think the main ones we experienced were the waste
34 services levy and the costs associated with manning and
35 administering the planning panels. I'm sure there are
36 others, but not others that I can remember off the top of
37 my head.

38
39 Q. You said that it was difficult in your role as a
40 councillor sometimes to be able to read the business papers
41 because of the time that they were received, the manner in
42 which they were received. Can you just expand on that a
43 little?

44 A. The timing got better as time went on under the
45 new - the kind of full-time CEO, but early on in particular
46 there were severe issues with how our briefing papers were
47 presented and the time in which they were presented. We

1 received them only a couple of days before a council
2 meeting. I think by the end we were receiving them a good
3 week or 10 days ahead of time, which was much more useful
4 in terms of being able to get through the, you know, often
5 hundreds and sometimes thousands of pages of briefing
6 material and meeting documents.

7
8 Another issue that we had generally, I know that my
9 fellow councillors in particular had issues with the
10 legibility of the council - of the business papers, the
11 unsociability of the business papers. Yes, that was an
12 issue. I generally found that to be okay. My only issue
13 was especially around budget time when we were looking for
14 specifically ward-based projects or ward-based spending.
15 That was when I particularly found it difficult, because
16 you couldn't search by ward, so you couldn't find - all the
17 projects were kind of listed alphabetically, or whatever
18 they were, and were not broken down by location which made
19 it difficult to kind of identify specific local projects.
20 But, yes, I think in terms of the readability and
21 legibility of the business papers, that was a key matter of
22 concern for a number of my colleagues. I think in terms of
23 the timelines, they did get better, thankfully, and that
24 was under the guidance of the new general manager, who did
25 set much broader time lines, much more strict time lines in
26 terms of when certain notices of motion needed to be
27 submitted. But that still didn't kind of stop the fact
28 that regularly - and I would say at least one out of every
29 two meetings - we would have very late items added to the
30 business paper, and strangely enough they were always quite
31 major issues, so things that staff said, "Oh, we have to
32 deal with this today". I can't remember specifics, but
33 that happened with some regularity, which did make dealing
34 with those often large issues quite contentious because
35 they were things that we probably would have liked to have
36 had extra briefings on but weren't able to get those in
37 time before the meeting.

38
39 Q. So generally by the end of your term the information
40 flow was better?

41 A. It was better, yes.

42
43 Q. Did you have a problem with the hub?

44 A. Yes.

45
46 Q. What were your problems with it?

47 A. The hub was - although it seems to have been invented

1 for just this purpose, I don't think it served its purpose
2 at all. I think it was a very difficult platform to use.
3 I think it was very - it was difficult to search for
4 specific information. I think combined with the fact that
5 I had real trouble exporting documents, because of security
6 reasons or privacy or whatever it might have been, it was
7 very difficult to export particular documents for review on
8 a laptop, and we only had iPads, so reading things on an
9 iPad and then trying to mark up things on an iPad or come
10 back to information on the iPad was only made more
11 difficult by the hub, which was I think a very poor program
12 to be able to access information.

13
14 It relied very much on staff uploading things to
15 certain locations, which wasn't always clear. I eventually
16 stopped using the iPad and started using a private laptop,
17 because I just couldn't deal with using the iPad for this
18 particular role. It was just not adequate. I was able to
19 load the hub program on to my private laptop, thankfully,
20 and I was able to use that with a lot more ease, but, yes,
21 the hub was just not suitable for the level and the detail
22 that we required it to be able to do, unfortunately.

23
24 THE COMMISSIONER: I think those are the questions that
25 I have of your written submission. Ms Annis-Brown may have
26 some questions for you. Could you hold on there.

27
28 <EXAMINATION BY MS ANNIS-BROWN: [10.27am]

29
30 MS ANNIS-BROWN: Q. Mr Mehrtens, just a couple of
31 questions, if I may, again in relation to your submission.
32 On page 1 you refer to a view of several councillors that
33 at some near stage the amalgamation would be reversed, and
34 that some aimed to maintain as many of the existing
35 structures as possible to minimise deamalgamation costs.
36 I'm just wondering whether you held that view, firstly,
37 and, secondly, I guess what was the point in those
38 councillors having that view and did you have discussions
39 with those councillors around that?

40 A. It was not my view to do it, to deamalgamate. It was
41 not my view that it would be done in any short order or
42 could be done. My view was that not just the structural
43 changes that had been made but the political imperative of
44 trying to preserve Central Coast Council as an organisation
45 for state political purposes was necessary, so it would be
46 unlikely that that would occur.

47

1 It was a view by some councillors that if a different
2 government was elected then there might be an option for
3 a plebiscite or some sort of community vote onto whether
4 Central Coast Council would remain or whether it would be
5 deamalgamated. I didn't hold those views, I didn't share
6 those views, only because - you know, I worry about the
7 future of Central Coast Council because I don't know if
8 there is an option for the level of integration on
9 a council level to occur.

10
11 I think one of the issues - I think the wards were
12 necessary and breaking us up into wards was a necessary
13 thing to do for voting purposes and for community building
14 purposes. However, the ward structure did mean that there
15 was a similar level of us and them created that Gosford and
16 Wyong also had, and only made worse by the fact that now it
17 was perceived that any sort of support for a project
18 outside of your particular area was taking money from your
19 ward, that would otherwise be spent in your ward, which
20 I don't believe is true, I don't think - you know, I think
21 that's an argument that some councillors made publicly and
22 also in briefings and in private, and I think that it's
23 those sorts of decisions where decisions were based on
24 whether money was coming to your ward or near your ward -
25 was an unfortunate kind of side effect of the "us versus
26 them", "north versus south", whatever it might have been,
27 mentality that people were hoping that a demerger would be
28 able to satisfy.

29
30 Q. And what was your view about the number of councillors
31 on Central Coast Council?

32 A. I don't know if I formed one specifically. I thought
33 it was probably necessary that there was that number of
34 councillors, so 15.

35
36 I think when you are looking at a situation where the
37 Central Coast Council, as an amalgamated body, had already
38 lost the equivalent of five councillors through the
39 amalgamation of Wyong and Gosford, both having
40 10 councillors. I think losing five in that first
41 amalgamation and then again reducing that again to -
42 I think the administrator had proposed nine or fewer,
43 I worry about the level of representation that can be
44 achieved on a part-time basis for that to kind of result in
45 any sort of good governance.

46
47 I think it might have improved the relationships and

1 governability of the governing body itself by cutting out
2 seven characters, however, I do worry about how only nine
3 councillors, or whatever the number of councillors would
4 be, would be able to service the community at such a low
5 number.
6

7 You know, it was a struggle to try and maintain
8 contact with as many people as you could, respond to the
9 emails that you could, attend the events that you could.
10 You know, I worked full time as well, and I think that
11 makes it harder again. You know, I think that's why a lot
12 of people who end up on councils aren't necessarily
13 representative of their community, they are people who have
14 the time and ability to spend their - you know, to earn
15 a part-time wage while working full-time plus as a
16 councillor. So I would be very concerned about what it
17 would mean for representation on an individual community
18 level if the number of councillors was reduced.
19

20 Q. Thank you. Just one further question. You mention in
21 your submission on page 2 that expansionary spending was
22 considered necessary by councillors to address
23 infrastructure backlogs and lack of investment from
24 previous councils. I'm just wondering if you can elaborate
25 a little bit on that and just perhaps give examples of the
26 projects to which you refer there?

27 A. I think one of the things that I noticed especially in
28 the transition from Gosford council to Central Coast
29 Council was that we had taken a view or we had individual
30 road projects - I don't have individual specifics, but the
31 quality of the roads that we saw, especially in my region
32 on the peninsula, in the Gosford West ward, the condition
33 of roads have markedly improved since Central Coast Council
34 came in. That was I think a direct relationship to the
35 fact that we were spending more money. There was a view in
36 the community that the road system was very poor and
37 I think that, as I said to the Commissioner previously,
38 there was a view over many years that Gosford council just
39 was not spending as much money as it needed to to maintain
40 a quality level of infrastructure.
41

42 There was a view, I think the administrator - the
43 first administrator's budget said this as well, and I think
44 it was a view held by a number of councillors since our
45 election, that we were approaching the issues to try and
46 reduce that infrastructure backlog and spend more money to
47 try and bring our quality of infrastructure up to a higher

1 level. I think that was most clear for me in our local
2 roads and I think that we did achieve that, but, you know,
3 we thought we were doing that under a sustainable way
4 because they were the budgets that were presented, and we
5 assumed that staff had been able to kind of make it all
6 work, you know, pull out of restricted funds appropriately,
7 as needed, for developer contributions or whatever it might
8 have been, to fund the infrastructure that the Council,
9 especially in Gosford, hadn't done before.

10
11 MS ANNIS-BROWN: Thank you, Commissioner. That's the end
12 of my questions.

13
14 THE COMMISSIONER: Thank you, Ms Annis-Brown.

15
16 Ms Bulut, if you are there are, do you have any
17 questions for Mr Mehrtens?

18
19 MS BULUT: Sorry, Commissioner, I'm just turning on my
20 computer and audio. I don't have any questions, no.

21
22 THE COMMISSIONER: Thank you very much.

23
24 Thank you, Mr Mehrtens, for your evidence. You are
25 free to go and you are no longer on your oath, thank you.

26
27 <THE WITNESS WITHDREW

28
29 THE COMMISSIONER: It is 10.35am. We will now take
30 a 20-minute recess and we will resume at 10.55am, and our
31 next witness is Mr Holstein.

32
33 SHORT ADJOURNMENT

34
35 THE COMMISSIONER: Thank you. We will now resume the
36 public hearings in the Central Coast Council inquiry. Our
37 next witness is Mr Chris Holstein. Mr Holstein, are you
38 there?

39
40 MR HOLSTEIN: Yes, I am.

41
42 THE COMMISSIONER: Could you come on camera, please?

43
44 MR HOLSTEIN: Yes, just starting it up now. There you go.

45
46 THE COMMISSIONER: Thank you. Before we start, I will get
47 Ms Annis-Brown to swear you in as a witness.

1
2 <CHRIS HOLSTEIN, affirmed: [10.55am]
3
4 <EXAMINATION BY THE COMMISSIONER:
5
6 THE COMMISSIONER: Q. Thank you, Mr Holstein.
7 I understand you have a commitment at about 12 so we will
8 do our best to finish you up before there?
9 A. Thank you.
10
11 Q. Could you just explain to me your experience in local
12 government?
13 A. I was elected initially to the Gosford City Council in
14 1991. I held that position as a councillor until 2013 and
15 served the six terms as mayor.
16
17 Q. And you hadn't been a councillor since 2013 until you
18 were elected on to the Central Coast Council?
19 A. That's correct.
20
21 Q. Apart from the mayoral roles, what other special roles
22 did you have in Gosford City Council?
23 A. Apart from the mayor, I was involved in many of the
24 building committees for such projects as the Central Coast
25 Stadium, the Peninsula Leisure Centre, I was involved in
26 the Caroline Bay art centre's redevelopment. I was
27 involved in a range of committees that involved traffic
28 committees, community celebrations, Australia Day, the
29 centenary of federation - over that many years, there was
30 a range of committees in that that I was involved in.
31
32 Q. Yes. What is your professional background, your
33 qualifications?
34 A. My professional background has been in - initially
35 retail, small business and in the last seven-odd years and
36 that I've been involved in the community sector dealing
37 with entities that deal with troubled youth and also
38 homelessness.
39
40 Q. I see. Do you have any special expertise in financial
41 information or reading it or understanding it?
42 A. Only from what I've learnt over the period of the time
43 that I was in council, really, and being a small business
44 operator for several years.
45
46 Q. You didn't make a written submission to the inquiry.
47 Is there a reason for that?

1 A. No particular reason, probably just more my
2 disappointment and frustration of the circumstances we
3 found ourselves in, and I did not believe that anything
4 I was going to contribute at that point would get us to
5 a clear definition of why we are. I welcome in inquiry in
6 that may well find. I am more than happy to make comment
7 but at the time, I suppose, the rationale was my
8 displeasure of where we found ourselves at as a council.

9
10 Q. Hopefully you feel that it's going to be a fair
11 process for you. I will ask you a number of questions,
12 though, along similar lines to those that I have asked
13 other councillors.

14 A. More than happy to answer them to the best of my
15 ability.

16
17 Q. Good, thank you. How much knowledge do you have of
18 the pre-merged councils, given that you weren't on
19 Central Coast since - sorry, on Gosford since 2013?

20 A. Limited, really. It's only been from what I may well
21 have read in the media or through what contacts I have
22 maintained over that period of time, both on a professional
23 and personal relationship with people who are involved in
24 the council, not only former councillors, council staff,
25 but also community. You always seem to be a deposit for
26 a lot of people with their opinions in regard to what was
27 happening with that.

28
29 Q. Why did you put your hand up for the Central Coast
30 Council?

31 A. Because I had publicly said that I believed that the
32 amalgamation of the councils would, in the long term, be
33 beneficial for the Central Coast region. I was very keen
34 to hopefully bring some type of experience to the new
35 council, a little bit of knowledge that may well have
36 assisted, and also I was very concerned about what I saw as
37 what I would say a vigorous election campaign and there
38 were going to be issues and challenges for the new council
39 which unfortunately proved to be very much true.

40
41 Q. Do you think it's been beneficial having your
42 experience on the Central Coast Council?

43 A. I wish I could say it had been more beneficial but
44 I don't think it was, and I think there is a range of
45 reasons why my ability to contribute was minimised.
46 I think a lot of that had to do with the politics of the
47 council. I think it had to do with the circumstances of

1 the council, when you look at issues around the council
2 from bushfire, the flooding, the pandemic, the coastal
3 erosion and then COVID, and actually moving back into an
4 area that I'm not very comfortable with, and that is
5 holding meetings on Zoom.

6
7 Q. Sorry about that.

8 A. This is something I absolutely - you smile. So you
9 should. It's very difficult to conduct - I'm more hands on
10 and personally prefer to deal personally with people.

11
12 Q. How much do you know about the council when it was
13 first formed under its first administrator?

14 A. Very little. The aspect that probably hit me is I was
15 concerned that it was a rushed process and moved quicker
16 than it needed to because, as has been proven, I think
17 there was an underestimation both by government and the
18 Department of Local Government in what the costs would be
19 incurred in the amalgamation of the council. I knew it
20 wasn't going to be a quick process, and I think there could
21 have been a greater foundational aid before the two
22 councils came together back as an elected body. There
23 needed to be more work in my mind done in establishing
24 systems, procedures and getting some of the foundations
25 down for the establishment of the new council.

26
27 Q. Are you there talking about the date of the merger or
28 the extent of administration period?

29 A. The extent of the administration period from the
30 decision - I think it was in May of 2016, the announcement
31 was made for the mergers of what was it, 19 councils or
32 something. Some had taken lag action against that. As
33 I said, I was supportive of that, because I could see the
34 long-term benefits, but I think it needed more time to
35 re-evaluate the costs. I know there was a lot of issues in
36 the Queensland amalgamations and difficulties that were
37 associated with that, and I think that the foundation
38 needed to be a lot stronger before the council, with the
39 elected reps, could have moved forward.

40
41 Q. In terms of the funding, did you have any idea first
42 of all what the expected cost of the amalgamation would be?

43 A. I knew it was going to be more than what the
44 commitments were by government. That was going to be
45 evident, as it proved throughout the time. You know,
46 things that never were in the - I think the wage
47 harmonisation, I think it was reported in as something like

1 \$8 million or something to get the two councils. One of
2 the issues too was the issue of the actual merger, the
3 perception by individuals that it was a take-over of Wyong
4 of Gosford, how that whole process ran, and I don't think
5 we got a lot of information nor understood some of the
6 ramifications of not only costs, but the effect to the
7 culture within the organisation of the two councils merging
8 like that.

9
10 Q. What did you observe about that culture?

11 A. You couldn't observe much. We were very clear, when
12 the council came together I've got to say it was very much
13 unusual, having been through four, five council new
14 inductions, this council's induction was very regimented,
15 it was very much about, "Councillors, you speak to the ELT
16 only". There was a greater formality in how this
17 progressed. In hindsight, I suppose, that may have been
18 about some of the - two things: one, the perception of the
19 impact the culture was having within the organisation, the
20 lower levels of management and the amalgamation processes
21 of bringing the two entities together; but also I think it
22 may have been the administrator at the time's concerns were
23 that we had been through a very rigorous election campaign.
24 There was - "vigorous" probably was an understatement on
25 the campaign that the council had gone through, and when
26 the council did come together there was a certain level of
27 animosity between certain councillors and certain factions
28 within the councillors, the elected reps.

29
30 Q. So you think there might have been an attempt to
31 protect lower-level staff, do you think?

32 A. I'm not saying - no, I don't really know if it was
33 protection. I think that the process may have caused some
34 disruption; there may have been some feelings of animosity
35 between the amalgamations from lower levels of management,
36 and I think maybe that was about not getting the
37 councillors too involved in that, and that was an
38 operational issue and it was going to be dealt with by
39 staff and councillors keep right out of it. But the
40 elected reps in the lead-up to the election, if you look at
41 some of the reports back to there, there was a lot of
42 animosity in regards to the election campaign and
43 endeavours by people to get elected and I think that also
44 was an issue that affected the elected reps themselves.

45
46 Q. Did it affect you?

47 A. No. I had previously been a member of a political

1 party when I took a foray into state politics. My reason
2 for leaving council in 2013, I saw out my time having been
3 elected as a state rep in 2011, of which I served one term
4 until 2015. I had a - I'd been down there, been there,
5 done that, and I thought that was a learning experience but
6 wasn't going to repeat that. When I went back into local
7 government, it was very much as an independent. So the
8 issues of parties or specific interests weren't there; it
9 was about, and in my mind always is, local government's
10 about community and that's where it should be focused on.

11

12 Q. Can I take you back to the beginning of your role as a
13 councillor. What sort of handover did you have from the
14 administrator?

15 A. You are talking in 2017, are you?

16

17 Q. Yes.

18 A. Yes. As I said, it was very regimented, it was very -
19 there was a higher level of formality that had never
20 previously existed, and quite clear. The officers, the
21 senior executive team you deal with, there is no talking
22 with other staff, it was all very much "yes, councillor",
23 "no, councillor". It was not as conducive in a work
24 environment. It was very autocratic. It's something I had
25 never experienced before in councillors. We're here, we're
26 as a team, we're going to work to get a better outcome,
27 we're not always going to win in our debates, but we're
28 going to move forward. It was a very, very regimented
29 campaign.

30

31 Officers did offer lots of opportunities for the new
32 councillors. I think there was only five of us that had
33 had experience before in local government, so a lot of the
34 new councillors were given opportunities, as were the other
35 five, to get further information, a lot of that through
36 Department of Local Government, the Local Government and
37 Shires Association, various courses and those things, but
38 it just didn't have that same feeling as coming together
39 for a joint entity to address the issues we had as
40 a council - issues that became even more challenging as
41 various natural events unfolded and as some of the
42 animosities amongst councillors and some of the contentious
43 issues became more and more prevalent.

44

45 Q. So did you attend the induction sessions at the
46 beginning of the council term?

47 A. Yes, I did.

1
2 Q. What about training throughout your role as a
3 councillor? Did you take up the opportunities that were
4 offered?
5 A. Where I thought I needed it, I took the odd things.
6 It's always - you felt - I was out of the - really out of
7 the equation for nearly a decade previously as a council.
8 It was a new world, and so I did think there was at times
9 things I needed to refresh on. But there was a lot of,
10 also, things that I don't think we were given adequate
11 information about - how the culture was in regard to that
12 changeover process, that amalgamation process; I don't
13 think all the costs were totally brought to our attention
14 and the difficulties that were being experienced weren't
15 always made prevalent to the councillors and the costs
16 associated with that.
17
18 Q. Was that something that the councillors had asked the
19 staff to keep them informed about?
20 A. The councillors were all - there was lots of questions
21 asked at times, and I don't think they were always answered
22 as accurately as they could be, but there was also, even in
23 the asking of the questions through council meetings and
24 briefings, a lot of animosity amongst some of the
25 councillors and I think that came because of the vigorous
26 campaign that had been conducted. It then actually took
27 the briefing sessions and council meetings into a level of
28 disarray that I found quite disturbing and difficult, and
29 I think to not give justification to the staff but I think
30 they found it just as frustrating, just as difficult in
31 being able to put forward what they needed to put forward,
32 but then not all information was, particularly around some
33 of the financials.
34
35 Q. In terms of the staff, what effect do you think the
36 staff freeze had on the councillors' ability to achieve
37 efficiencies under the merger?
38 A. Sorry, that was freezing just then when you were
39 speaking. Could you just do that --
40
41 Q. Sorry, I was talking about freezing so that's rather
42 appropriate. The staff freeze - you weren't allowed to
43 make any staff redundant, you had to offer them other
44 positions within the council. What effect did that have on
45 being able to economise?
46 A. I don't think the councillors were too concerned about
47 that. That was just an area that they weren't too fussed

1 about going in on how they would do those things.
2 Fiscally, that should have been some of those, but as put
3 by the ELT, that is an operational issue and dealt with
4 operationally by the senior management. Of course, they
5 had those constraints placed upon them, so they tried to
6 work within that.

7
8 Q. Now, within the finance unit of the council, there had
9 been a number of changes in positions and you were without
10 a chief financial officer for some time?

11 A. Yes.

12

13 Q. What effect did that have?

14 A. Well, the ultimate effect is where we are and where
15 council then suddenly found itself in the spending of
16 restricted funds, which I've got to say came as an extreme
17 shock to me. I knew what could and could not be spent and
18 I think that the reporting back to the councillors was very
19 lacking when all of a sudden we find ourselves in a
20 position where the council officers had acted
21 inappropriately and then to justify that, at the last
22 minute, bring forward to say to councillors, "Oh, by the
23 way, we're needing to meet our wage commitments by using
24 restricted funds". It came as a drastic shock to us and to
25 many of the councillors. It is what it is. I think some
26 of the ability of the councillors to deal with some of the
27 issues may well have impeded the council officers' desire
28 to put information forward.

29

30 Q. Were you part of the committee which selected the
31 general manager for his position?

32 A. Yes, I was.

33

34 Q. Do you consider that an appropriate process was
35 followed?

36 A. Yes. Again, we took guidance from the recruitment
37 agency. They were our guide. They were our sounding board
38 basis as moving forward, and I think the process was done
39 properly. The recruiting agency came up with candidates.
40 One can always argue in hindsight that maybe you didn't
41 pick the right one. Well, at the time I believe that due
42 processes were followed and that of what was made available
43 we selected the right candidate at that time.

44

45 Q. And what about the ongoing supervision of the general
46 manager, did you consider that process to be appropriate?

47 A. Yes, it was. It was only towards the end that

1 I - when all of a sudden, you know, we were getting
2 broadsided with information, that one started to question
3 whether we were being informed adequately and in due
4 course. And I do have to say in defence of the CEO, again,
5 it comes back, council meetings and council briefing
6 sessions became somewhat of a farce, as not all councillors
7 would attend briefing sessions, the meetings went from
8 being in person to on Zoom, and it became very difficult
9 for both the guidance of the general manager, but also for
10 the meeting coordination by the mayor at that time. It
11 devolved into a bit of a rabble and became a joke, as most
12 of the focus was on notices of motion and not the business
13 of council, where it should have been. There was far
14 greater priority given to other matters that were generated
15 by the councillors, not the officers that should have been,
16 and that should have been where the focus was.

17
18 Q. So you think the focus should have been on the matters
19 brought on to the agenda by the staff?

20 A. Yes, and I think the staff was impacted by the fact
21 that, hang on, we're going to put a business paper up, we
22 need this to be dealt with within a reasonable period of
23 time. Hang on, we've got three or four or five six notices
24 of motion, the councillors are going to go straight to
25 those. The business of council, I think whether
26 consciously or subconsciously, was just contracted to
27 understand that the councillors wanted to deal - certain
28 councillors wanted to deal with their business through
29 notices of motion. It was disruptive to what I think was
30 a proper process of dealing with the matters that were
31 foremost, those issues of the officers.

32
33 Q. Just in relation to the IT system, did you have any
34 idea of what it might cost to bring the two councils
35 together in terms of IT?

36 A. Never would I have anticipated the cost, the figures
37 that were being ultimately thrown at us. I think that is
38 where, in the initial administration of when the merger
39 happened, that some of those facts and figures were not
40 noted or not fully understood before council. When I said
41 before about a firm foundation to bring on the elected reps
42 into a new council, that's where I think State Government
43 were lacking in aspects of greater funding, but also in the
44 Department of Local Government of truly understanding and
45 getting a handle on those matters. I think the
46 council - my gut feeling was the council came back too
47 early and a lot of those things needed to be addressed.

1 I can't quote, but anecdotally they say that there was
2 a lot of councils that participated in the mergers that
3 suddenly found costs that weren't originally touted to be
4 of such heights. Of course, you are talking about
5 a council that became the sixth largest council in
6 Australia. A huge, huge area. That wasn't anticipated,
7 some of those costs, or the extent of them.
8

9 Q. Each of the predecessor councils reportedly had
10 considered spending on the IT systems well before the
11 merger. Were you aware of that?

12 A. Remember, I left council in 2013, so in that period of
13 time between then and when the councillors were dismissed
14 and the merger, I don't know what processes, I wasn't
15 involved in those, but that was always something that
16 council was talking about, maintaining that IT, keeping it
17 up to speed. Not my forte. I'm lucky to be here on a Zoom
18 the way I - I think I joked that I actually took my HSC
19 maths exam with an abacus. Very old school. So, yes, but
20 I understood the need for that, but I don't - never ever
21 understood or could have fathomed the costs that would have
22 been involved in that.
23

24 Councils, over the period of times, would always take
25 the upgrades. I think one of the biggest shocks was trying
26 to amalgamate those two systems. I think there was no
27 standard template across the State of New South Wales. All
28 councils didn't run a similar system. The fact that
29 councillors ran different systems and then - we were two
30 close councils, we worked together. There was never any
31 hint that there would be problems when we actually ran as
32 a joint water authority. It seemed to work, because one
33 council would take certain levels of administration, one
34 would take operation. There was never an indication that
35 to bring two different systems together was going to be
36 that costly.
37

38 Q. In terms of the amount of information you received
39 relating to contributions, how did you understand
40 contributions would be accounted for?

41 A. I always had an understanding that there are the silos
42 of funding that cannot be transferred. You've got
43 restricted funds, unrestricted funds, you've got your
44 sewer, your water, all of those things. That was always an
45 operational issue that the staff would then keep us
46 informed about, and there was very clear and concise
47 guidelines under the Local Government Act of where those

1 funds could be expended and how they could be moved. That
2 advice in my previous history from 1991 up to 2013 was
3 always that you received that professional advice from your
4 staff in regard to how funds were being administered, how
5 they were being used, and that they were being maintained
6 in accordance with the Act.

7
8 Q. When you came to be a councillor, were you aware that
9 there had been a change in the accounting practice as to
10 how certain contributions were accounted for?

11 A. You are saying in 2017 when I became a councillor?

12
13 Q. Yes.

14 A. Only subsequently did I find out there were certain
15 procedures and that changed. Now, how, where and when I'm
16 still not too sure of, whether that was done under that
17 initial merger administration. If so, that just reinforces
18 my belief that certain things weren't done that needed to
19 be done and practices implemented at that point; or were
20 these managerial decisions when council came together in
21 2017? But, if so, they were not - if they were reported to
22 the councillors, they weren't highlighted or weren't given
23 due credence to the councillors for their information.

24
25 Q. Now, you used to receive a monthly report, an
26 investment report, which was historical, so you would be
27 looking at the previous month's investments?

28 A. Yes.

29
30 Q. Do you recall that it used to describe unrestricted
31 cash position as a line item?

32 A. Yes, and I'd previously dealt with councils where they
33 would actually have the last couple of reports so you could
34 see a progression of it. You used to have them in a formal
35 business paper. Now you have them on computer. Now things
36 came to you in that - and I've got to say I found that
37 exceedingly difficult to manage, and it was only at some
38 point there we realised that certain information wasn't
39 always coming through, or wasn't consistent in regard to
40 the reports.

41
42 Q. So are you saying there that it would have been up to
43 you to compare the previous investment report?

44 A. Yes, it would have been, and the difficulty of doing
45 that was because they were coming through on computer, you
46 weren't getting them in hard copy. Old school. I used to
47 have my previous report, I could see how we were going.

1 Remember, you are talking about a business paper that could
2 be a thousand pages. You know, nobody was pressing you on
3 the finances. You were reliant upon your professional
4 staff on those things. Who were pressing you were people
5 that had a difficulty with a development application or an
6 issue that was being reported on a change of policy in
7 council and those things.

8
9 Q. Just on the difficulties that you personally
10 experienced, how did you cope with the hub?

11 A. I had difficulties at times, but I must say, whenever
12 I asked for assistance from the officers, you know, we were
13 given that assistance. I have just got to say, because
14 I was old school, computers and that, I found difficulty at
15 times with it.

16
17 Q. Did you use it via an iPad or via a computer?

18 A. Yes, the council officers gave us iPads and that.
19 I still had difficulties. Just old school. They were all
20 personally and all self-inflicted through lack of
21 knowledge. But we started to get around it and we've got
22 better at it. The fact I've stayed on this Zoom meeting
23 for so long proves that I have got better at it, dealing
24 with that.

25
26 Q. The fact that we have stayed live streamed, yes.

27 A. Yes. Don't use the word "freeze".

28
29 Q. Did you understand when you came on to the council
30 that there was an infrastructure backlog from both of the
31 councils?

32 A. I have never been on a council where there is not an
33 infrastructure backlog. Every council has an
34 infrastructure backlog. That infrastructure backlog will
35 be a series of what the officers feel need to be done as
36 things are nearing their use-by date and need to be
37 upgraded and that, but there is also those items of
38 infrastructure that councillors perceive there needs to be
39 a move on, and I had dealt with that previously in other
40 councils as we sought to improve community facilities with
41 surf club rebuilding programs, the Peninsula Leisure Centre
42 reconstruction, Central Coast Stadium, the arts centre.
43 Some would always argue that one should be ahead of the
44 others, but all of them had to go through due process, had
45 to seek - there is not one major project I think that
46 council can undertake, such as those ones I mentioned, that
47 didn't need a contribution from either state or Federal

1 Government to make it become a reality, and they were
2 always conditional upon getting that other support, but due
3 processes were always followed in regard to that.

4
5 As for infrastructure backlog, always there will be
6 that. There will be the officers' priorities, there will
7 be the councillors' priorities, but if the councillors'
8 priorities don't attract additional funding from state or
9 feds, then you've got to go back to your core business and
10 look for those things. You can't compromise one for the
11 other.

12
13 Q. Do you think that council might have been ambitious in
14 trying to address the infrastructure backlog?

15 A. Look, we all have egos as councillors, we're all
16 trying to achieve certain things for our various
17 communities. I've got to say that having been in a council
18 that wasn't divided by wards, we were looking at
19 holistically what was of benefit for everybody across the
20 board. The wards seemed to tend to turn it more
21 politically and only interested in our backyard to do
22 things, and very much that became a bone of contention with
23 some of the councillors that had perceptions that, you
24 know, if you build this, it doesn't benefit my ward down
25 the south or my ward up in the north. So it became
26 a political hot potato and usually those things, in my
27 mind, should have been shut down real quick. Unless you
28 have got a majority consensus, don't push the envelope.
29 Some things just won't happen, and I've experienced that in
30 previous councils where we tried to do international flora
31 festivals and huge things like that that just didn't become
32 a reality, because you couldn't get the funding and
33 couldn't do that, and you went back to where you did have
34 consensus, such as the surf club rebuilding program, such
35 as things like the stadium. They also had their objectors
36 at times, but there was at least a consensus to move
37 forward and it was appealing to the other levels of
38 government to help fund them to make them become a reality.
39 Compromise had to be made, and one thing this council could
40 not do, amongst the individuals within it, was compromise.
41 They stuck on their digs and we either wanted it or we
42 didn't want it, and never the twain shall meet.

43
44 Q. Some witnesses have commented about the behaviour of
45 councillors within the council chamber or on the AVL
46 platform. What was your observation?

47 A. In the observation of where we got to where we were,

1 I made five observations. One was the fact of State
2 Government underestimating what the amalgamation would cost
3 and the initial administration didn't get a sound enough
4 foundation. We were impacted by unprecedented natural
5 disasters that were unheard of. I had experienced all of
6 those things, admittedly not COVID, but I had experienced
7 the bird flu when I was mayor of the City of Gosford, and
8 the impact that had on our rural community. So it was
9 a pandemic, it was an issue agriculturally, but it was an
10 issue. So I have experienced all of those, but never had
11 I experienced so many things in such a short period of
12 time.

13
14 I think it impacted on not only the councillors - I
15 knew how the councillors felt with all these things
16 happening. No doubt the ramifications went right through
17 the staff from the highest level to the lowest level. It
18 was very concerning. So that was another issue. The last
19 one was of course the behaviour of councillors within the
20 chamber and, as I said to you earlier, I think that went
21 back to a very vigorous election campaign that flowed over
22 into the actual elected representatives within the chamber.

23
24 Q. Is there a solution to that?

25 A. It all comes down to individual attitudes. I think
26 I made a comment somewhere through there that I don't know
27 if wards were the way to go, but I have also been of the
28 belief that whilst wards have a role and a place within
29 local government, if you really need to give good
30 representation of your community and allow your community
31 to be able to have an individual to talk to, the problem is
32 the attitude of the councillors. You know, you are there
33 to represent your ward, but you are there to make decisions
34 for everybody. Because it didn't matter - the people who
35 lived in your ward voted for you, but they also then either
36 worked in another ward or they had recreation in another
37 ward, and so everything was that holistic attitude, that
38 team building that we're working for everybody here, even
39 though we're elected by just a part. I think very much
40 that the elected reps loss sight of that. That's my
41 personal opinion. I know some of my colleagues would
42 disagree with that, but I think we lost sight of what the
43 objective was in being a councillor. It's definitely not
44 what you would call a career move or a career job. It
45 doesn't pay that. You are subsidised by your family and by
46 other supports. So your focus isn't on a career path; your
47 focus has got to be on the community. Unfortunately,

1 that's where the politics are going to lead off in
2 different directions. It is a shame, but that's the sheer
3 realities of what happened.

4
5 Q. Just looking at the way the council spent its money,
6 do you think there were excesses in spending?

7 A. Excesses in spending in areas like I talked about, the
8 wage harmonisation, that was very concerning to me, the
9 amount of money that was spent towards that. Then there
10 was issues, I gather, around the Warnervale agreement.
11 There was issues around the performing arts centre and
12 that, all of which, in my mind, for the performing arts -
13 and I couldn't enter debate. As soon as the site on
14 Donnison Street became one of it - I actually worked one
15 day a week at a youth service and I was a part-time
16 employee there, and because I was a part-time employee
17 there and that was where they were considering this, I was
18 excluded from the debate, deemed as a conflict of interest.

19
20 So I didn't really have the opportunity to be in many
21 of those debates about the entertainment centre and that,
22 but they were also items that were contentious during the
23 election campaign. Warnervale was an extremely contentious
24 issue in the election campaign, and none of that subsided
25 when the council was elected.

26
27 Council did expend funds on some things that I think
28 were worthwhile - running the indigenous rugby league
29 competition and getting that up and running was very
30 positive for the community. But for spending in other
31 areas and that, I think a lot of the additional expense
32 wasn't generated by the councillors as much as it was
33 through the impact of the amalgamation. They were
34 operational issues.

35
36 Q. I was going to ask you, how much control did you feel
37 you had as a councillor over whether there was a surplus or
38 a deficit budget?

39 A. Councillors - I've been in councils where we have had
40 a deficit budget and always were part of the discussions
41 that you would have with the officers, what was deemed
42 realistic in that. I don't think a lot of the
43 councillors - and I for one will admit, because the
44 information not coming through about the costs of the
45 amalgamations and costs weren't always being ascertained of
46 what that was - had we had that information or a little bit
47 more detail of that information, aspects of even

1 considering a budget in deficit, in excess, would have been
2 maybe a different consideration. But I don't know, in the
3 overall scheme of things, if the budget considerations pale
4 into insignificance compared to the amalgamation and the
5 costs associated with that that have happened.
6

7 Q. And do you recall council engaging a consultant to
8 look at the costs of COVID on its finances?

9 A. There was numerous conversations around, and, sorry,
10 I can't recall whether specifically a consultant was on
11 some of the costs, but can I say there's always been, when
12 you have a natural disaster, a certain recompense from
13 government, usually not always early, but it does
14 come - support around bushfire and flooding, and coastal
15 erosion is an unusual one, I think council wore a fair bit
16 of the costs initially when that happened. It was council
17 who came to the fore initially to protect people's homes
18 and that, and that came at great cost.
19

20 As for COVID, that was something that had never been
21 experienced before. Even when I dealt with bird flu as
22 mayor of Gosford, government stepped right in with the
23 department of agriculture and virtually council had
24 a secondary role, particularly in some aspects of the
25 funding. But with COVID, it kind of like just landed on us
26 and it was going to be totally and utterly consumed by
27 council alone. So again, a failure by us, as all
28 councillors, to understand - nor for the staff to even
29 report what that cost of COVID was to the council, I don't
30 think that was forthcoming as it should have been, or maybe
31 it just wasn't understood. You know, you were going from
32 one day to the next not knowing what these costs were going
33 to be. It wasn't hard, when you sat down and worked at it,
34 hang on, you know, we can only put two blokes and a truck,
35 where normally you would have two, and three in the back
36 cab, you had to send out more and extra vehicles to do
37 work. You were increasing the cost of actually doing your
38 core business as a council, and I don't think we all truly
39 appreciated that.
40

41 As I said, I can't actually recall whether there was
42 a consultant, but I would have thought that if the
43 councillors didn't initiate it, the staff would have, to
44 get a better understanding.
45

46 Q. I'm just looking at my notes. What role did you
47 understand council's external auditors played?

1 A. You are talking specifically about the ARIC committee,
2 are you?
3

4 Q. No, council engages external auditors to check its
5 financial statements when they are due to be published?

6 A. Yes. Okay, yes, understand what you mean now.
7 I thought you were talking about that committee.
8

9 Q. I will get to that.

10 A. You will get to that? The auditors are to give
11 comfort, I thought, to the councillors that there is
12 a checking ability from the auditors, reporting back to the
13 officers, and in turn then the councillors, about the
14 finances and how those things are progressing. There was
15 concerns very much about getting audit figures back at one
16 point, and that became more and more of a concern as it
17 kept getting delayed. Now, some of the issues may have
18 been around the chief financial officer's lack of position
19 or whether that was being shared amongst a range of the
20 executive leadership team. I'm not too sure, but it just
21 became very frustrating not being able to get, at a time,
22 some of those audit figures through. That should have been
23 a warning to all of us, but --
24

25 Q. Sorry to interrupt you. Now, also, ARIC, what role
26 did you understand ARIC to play?

27 A. They were to provide advice that - several of the
28 appointments were done through the government and several
29 of the councillors sat on that. I suppose that the ARIC
30 committee, I would have thought, would have given more of
31 a direct response back to the council, but it didn't.
32 I was surprised that as some of these problems and issues
33 arose, that they weren't to the forefront in advising us.
34

35 Some of the people that were appointed by the
36 government held very substantially remunerated positions on
37 that board, or that's as I was led to believe, to hold that
38 and hold that authority. So something that wasn't coming
39 to us wasn't coming to ARIC, or they weren't picking things
40 up. That was a concern. But again, only ultimately at the
41 end did it become more evident.
42

43 Q. Just excuse me for a moment. I just wanted to take
44 you to the terms of reference. Have you been able to have
45 a look at those terms of reference?

46 A. Yes, I have. I'm sorry, it did actually go to the
47 wrong email address. I have changed my employment status

1 in the meantime and some of the information wasn't getting
2 to me, but I ultimately did get the information on
3 24 September, yes.

4
5 Q. Can I just ask you some questions that relate to the
6 terms of reference, then. Do you think the governing body
7 acted in a manner that maximised the success of gaining
8 efficiencies and financial savings from the merger process?

9 A. No. I think they were limited because of some of the
10 requirements that were placed upon them in regard to the
11 recruitment, job protection and that. I think that was an
12 impact. I also think that there was unforeseen impacts, as
13 I said, with the costs of the amalgamation that wasn't
14 always being brought to the attention of the councillors
15 for their consideration.

16
17 Q. Do you think the governing body disregarded the
18 financial consequences of its decisions?

19 A. The governing body - when you are talking about --

20
21 Q. The councillors?

22 A. The councillors? I think the councillors were too
23 often distracted by the circumstances around what was
24 happening in regard to those events that we were dealing
25 with, in regard to COVID, the flooding, the fire, the beach
26 erosion. But they were also distracted by the behaviour
27 within the chamber and the focus of the chamber being
28 around aspects that were not the core business of council.
29 I think that - as I said before, I think that may well have
30 been enhanced by what would appear to be officers either
31 not reporting on certain aspects or containing the business
32 paper down into a format that could be dealt with within
33 the time of a council meeting.

34
35 If councillors were putting in X number of notices of
36 motion, then the business paper would have to be
37 diminished, and maybe certain things weren't coming forward
38 or weren't being reported. I can't comment from the
39 council officers' side but I can only suspect that the
40 actions of the councillors in what they wanted to deal with
41 was impacting the reporting back.

42
43 Q. Do you think the councillors' decisions since 2017
44 contributed to the financial position of the council at the
45 time of the suspension of councillors?

46 A. I believe that everybody has to take a certain level
47 of responsibility and, by all means, councillors would have

1 been a contributing factor, but so would aspects of the
2 managerial reporting, aspects of the initial decision to go
3 into amalgamation, those initial foundations by
4 administration when the amalgamation was proceeded with.
5 I believe that there is not one area of focus that you can
6 say, "His fault", "Their fault", "The system's fault", or
7 "The government's fault". It's been a myriad of issues
8 that have culminated in where the council currently is.

9
10 Q. Do you think the council kept under review its
11 performance, and particularly in relation to spending?

12 A. By all means, councillors could have done better with
13 that and I think the reporting procedures back on where
14 those things were heading could have been better, too.

15
16 Remember, the councillors' spending is what they
17 determine and where they are going to move forward. There
18 wasn't a lot of spending on certain things because they
19 could never agree or there was always misconception.
20 Spending or the operations of council, that was an
21 operational issue from the officers, and whether we weren't
22 picking that up or we weren't being reported that, that's
23 another matter.

24
25 Q. Is there any other matter that you think might have
26 impacted on the administration of council?

27 A. I think the behaviour of the councillors definitely
28 impacted upon the administration. I can say, without
29 naming staff, I know that certain levels of staff were very
30 frustrated by the behaviour of councillors. To Mr Murphy's
31 credit, he tried to contain certain aspects of that, tried
32 to keep that focus. But the only criticism there is that
33 senior management needed to be a little bit more tougher
34 with the councillors in regard to aspects of their
35 behaviour, but I don't know whether that would have quelled
36 their effectiveness or quelled their behaviour within the
37 chamber.

38
39 Q. Is it the role of the general manager or the staff to
40 manage the meetings?

41 A. I think the meeting is always run and I have always
42 experienced that it is the mayor's role to carry that, and
43 at times the mayor needs to take some responsibility of
44 keeping a meeting in order.

45
46 But my other experience previously, then, when the
47 mayor was having difficulty with that, the general manager

1 would speak up and make it quite clear to the councillors
2 of your responsibilities, your direction, your behaviour
3 and where you need to head. You know, that probably was
4 lacking at times by the then general manager.

5
6 But only after he was employed, I've got to say, I was
7 taken a little bit aback by the fact that he didn't like
8 confrontation, tried to make it all - you know, let's
9 smoothly continue just running on.

10
11 I think at times there would have been a need. I've
12 dealt with general managers previously who had no
13 difficulty in stepping up and saying, "Mr Mayor, you are
14 the mayor, but these are things I'm not happy with; these
15 are things that need to change", and would relay that to
16 councillors. It is a huge organisation, it is a huge
17 responsibility, and the general manager does have a role
18 there of keeping the mayor and the councillors mindful of
19 their responsibilities.

20
21 Q. Thank you, Mr Holstein. I don't have any more
22 questions, but Ms Annis-Brown might. Could you just hold
23 on there?

24 A. Sure.

25
26 MS ANNIS-BROWN: No, Commissioner, I have no questions.

27
28 THE COMMISSIONER: Ms Bulut, did you have any questions?

29
30 THE WITNESS: I'm sorry, I couldn't hear you.

31
32 THE COMMISSIONER: No, I did it --

33
34 THE WITNESS: It's me that's supposed to make those
35 mistakes, not you, Commissioner.

36
37 THE COMMISSIONER: We're all learning.

38
39 THE WITNESS: I will be learning till the day I die when
40 it comes to computers.

41
42 THE COMMISSIONER: I am sorry, Ms Bulut, did you have any
43 questions?

44
45 MS BULUT: Not from me, thank you very much, Commissioner.

46
47 THE COMMISSIONER: I'm sorry, I did it again. You are

1 free to go.

2

3 THE WITNESS: Thank you. I appreciate it. As I said,
4 I really have a lot of time for local government, it's been
5 my heart and soul, and I can't tell you how disappointed
6 I was. But I don't blame any one individual or any one
7 entity, it is a combination of circumstances. I hope, for
8 the sake of the community, nothing like this ever happens
9 again and we can move forward, because I do believe the
10 amalgamation can give us a better outcome, but it is going
11 to take sooner [sic] than I think anybody ever anticipated.
12 Thank you.

13

14 THE COMMISSIONER: Thank you, Mr Holstein.

15

16 <THE WITNESS WITHDREW

17

18 THE COMMISSIONER: It is 11.46 and I don't think we have
19 another witness scheduled until - help me here,
20 Ms Annis-Brown - 2pm?

21

22 MS ANNIS-BROWN: Commissioner, I believe it is 1pm.

23

24 THE COMMISSIONER: Okay. We will take our break now and
25 we will resume at 1pm. Thank you.

26

27 LUNCHEON ADJOURNMENT

28

29 THE COMMISSIONER: Good afternoon everyone. We will
30 recommence the public hearings of the inquiry into Central
31 Coast Council. Before we do, I just wanted to let the
32 people who are watching via the live stream know that there
33 is a slight delay between when we start and when the
34 broadcast is received by you, so don't be perturbed if
35 we're not starting precisely on time according to your
36 time, because it is according to our time.

37

38 I now call Mr Sundstrom. Mr Sundstrom, could you come
39 on camera and come off mute, please?

40

41 MR SUNDSTROM: Good afternoon, Commissioner.

42

43 THE COMMISSIONER: Thank you, Mr Sundstrom. You must have
44 been watching the YouTube channel, because I could hear
45 myself speaking. If you could keep that off while you are
46 giving evidence, that would be appreciated.

47

1 MR SUNDSTROM: I have turned it off. It reminded me of
2 a few days ago, but you have rectified that situation.

3
4 THE COMMISSIONER: Okay. We also have not perfect video
5 and audio from you today, so if you can minimise any other
6 applications that you are using at the moment so that the
7 bandwidth can be dedicated to you solely, that would be
8 appreciated.

9
10 MR SUNDSTROM: Okay. I hope that's better.

11
12 THE COMMISSIONER: I hope so too. This is one of the
13 things that will happen through the course of the hearing.
14 It's not anyone's fault, it's just one of those things.

15
16 Now, could I ask Ms Annis-Brown to swear you in as
17 a witness, please.

18
19 <JEFF SUNDSTROM, affirmed: [1.01pm]

20
21 <EXAMINATION BY THE COMMISSIONER:

22
23 THE COMMISSIONER: Q. Thank you, Mr Sundstrom. Now, you
24 provided the inquiry with a written submission, thank you.
25 Before I take you to that, I will just run through some of
26 the questions that you might have heard me asking other
27 councillors. They are not identical for every person, so
28 bear with me.

29
30 Just a few general questions first. This is your
31 first time on a council, is it?

32 A. It is, yes.

33
34 Q. Why did you run for local government?

35 A. I wanted to see the community brought back alongside
36 the council. I thought that the council had, you know,
37 walked away from the community somewhat and I wanted to
38 help to re-establish the community voice and I wanted the
39 community voice to be listened to more thoroughly.

40
41 Q. Thank you. Did you have any special roles in the
42 council?

43 A. I was an alternate on ARIC and at the end I did attend
44 one meeting as a member, following the resignation of
45 a couple of councillors. I chaired the heritage committee
46 and I was on the - what we referred to as the CAC
47 committee, the companion animal committee.

1
2 Q. Did you attend any meetings as the alternate on ARIC?
3 A. No.
4
5 Q. So you only had the one meeting experience there?
6 A. Yes.
7
8 Q. What's your professional background and experience?
9 A. I'm an electrician by trade and I joined the fire
10 brigade in 1983 as a firefighter and served for just on
11 37 years as a firefighter. When I first started at council
12 I was working in that role at the same time, however,
13 I retired from the fire brigade in 2018 I think it was.
14 Currently I'm employed by Services Australia.
15
16 Q. Is that in a full-time or a part-time capacity?
17 A. Good question. At the moment, today, it's part-time,
18 however, I was successful in gaining full-time employment
19 and that will commence in the coming days.
20
21 Q. A number of the councillors have full-time positions.
22 Is it difficult to manage the role of councillor and have
23 a full-time job?
24 A. Yes, I think it is. I think that there are times when
25 councillors should have been - councillors should have been
26 able to devote time and attend briefings and maybe they
27 just weren't able to due to work commitments. I think it
28 is a low-paid job, it's a thankless job, obviously, and
29 I think that you can't really expect to work at it as
30 a full-time occupation if you've got another full-time
31 occupation. So it's difficult.
32
33 Q. Did you have difficulty attending any meetings because
34 of your work commitments?
35 A. Occasionally, because firefighting is shiftwork,
36 occasionally I needed to maybe swap a shift with
37 a firefighter or - another firefighter, or even less
38 occasionally I had to miss a commitment for council. So as
39 a firefighter, no, I didn't have too much trouble. Now,
40 however, in the role I'm working in now, yes, that -
41 I expect that that would have been much more difficult.
42
43 Q. I see. Now, when you became a councillor, what did
44 you observe of the handover between - from the
45 administrator's council to your council?
46 A. I didn't look at it as being a handover. I thought it
47 was more of an orientation and there was a bit of, you

1 know, getting to know you between the councillors and the
2 staff. I don't recall any big data dump that they gave us
3 to know the full extent of council's business. So as some
4 of the other witnesses have said, really, as far as
5 a handover is concerned, I don't think there was one.
6

7 Q. And in terms of the induction, did you attend the
8 sessions?

9 A. Yes, I did, yes.

10

11 Q. And did you find them useful?

12 A. In some ways I found them useful; in some ways I found
13 that it was a little bit not condescending, but at a level
14 that wasn't really accepted by many of the councillors.
15 There was a few, you know, bonding sessions and we had
16 a facilitator that took us through looking at personality
17 types and that type of thing and I think the object of
18 those wasn't achieved.

19

20 Q. I see. Would a more targeted education be desirable
21 for new councillors?

22 A. Yes, I think so. Yes, I'd like to see that system
23 revised and, of course, they take funding from the State
24 Government, you know, and hopefully after we look at this
25 situation and maybe a few other councils that are being
26 closely looked at at the moment, that might be an outcome.

27

28 Q. And what areas would you see as being appropriate to
29 be provided, or what type of education?

30 A. I think it needed - it needs to be tailored, depending
31 on what experience councillors bring when they become a
32 councillor, because I don't think that - I don't think that
33 everyone's got the same background. I don't think
34 everyone's got the same experience. I don't think
35 a one-size-fits-all thing, which is what we sort of seem to
36 have at the moment, is suitable.

37

38 Q. So just going on to the staff, you were new to the
39 council. How did you observe the staff when you first
40 arrived?

41 A. The code of conduct that we were under meant that we
42 weren't really able to observe the staff. We had access to
43 the executive leadership team, but as far as access to
44 their staff, their - you know, in their directorates,
45 access was limited, limited to the step that there was no
46 opportunity to really form a working relationship with
47 them. Occasionally if you had asked a question of an ELT

1 member and a manager was brought in to the conversation,
2 you'd be able to go directly to that manager, but you knew
3 that that manager wasn't going to be able to give you
4 a decision, that it would ultimately go back to the ELT.

5
6 As far as frontline staff, I had an experience one
7 time in a park at Kincumber where there was a crew working
8 and I actually stopped, I felt guilty for doing it, but
9 I stopped and asked them how they were going and, you know,
10 how did they feel about the amalgamation and one told me he
11 thought it was good because the new council was providing
12 socks for them. But, you know, I felt guilty for having
13 that conversation and it's not my style to avoid people,
14 it's not my style to, you know, shun anybody, and these
15 workers were, you know, nodding and saying good day as
16 I was walking past, and I thought it was only the right
17 thing to do, to say hello, and I wouldn't hide who I was.
18 So a small conversation ensued but always in the back of my
19 mind I thought gee, I could be called up for this.

20
21 Q. So you were feeling guilty because you thought it
22 could possibly be a breach of your code of conduct?

23 A. Yes, yes.

24
25 Q. So you didn't get much of an opportunity to observe
26 what was going on behind the scenes; it was really just the
27 ELT that you had access to?

28 A. That's right.

29
30 Q. In terms of the staff freeze and the need to harmonise
31 the staff conditions, what effect did that have, did you
32 observe, on the council's ability to achieve efficiencies
33 in relation to staff?

34 A. It clearly was an obstacle. If there was going to be
35 any rationalisation of the workforce, then we had to wait
36 until that was done and dusted. However, I went in to
37 council knowing that both the former Wyong and Gosford City
38 Councils had gone through extensive restructures, and in
39 the back of my mind, I thought that there probably wasn't
40 much more fat to be trimmed from either organisation.

41
42 Q. How did you know about those restructures?

43 A. During the period of time before the amalgamation
44 occurred, that's when I started taking more interest in
45 what was going on at council, and in discussions with other
46 interested parties, that topic came up.

1 Q. Do you know to what extent those restructures trimmed
2 their workforces respectively?

3 A. No. No, I don't have the, you know, the actual
4 figures at hand, nor could I remember them.

5
6 Q. What was your observation of the experience and
7 expertise of the staff within the finance unit of the
8 council?

9 A. The only examples of that that I was privy to was the
10 CFOs and the people that were acting in that role. I don't
11 have any indication of how appropriate or how well skilled
12 those that worked in that directorate were.

13
14 Q. In relation to the CFO or acting CFOs that you had
15 contact with, did you feel that information was flowing
16 freely between the finance unit and the councillors?

17 A. I felt that when we had information coming, that there
18 was - there seemed to be a good system whereby we'd get
19 briefings and have the opportunity to ask questions, and if
20 there was knowledge gaps that were identified, that the -
21 Ms Louie was the one that did most of this, Ms Viv Louie,
22 she seemed to be good at explaining matters, and if you had
23 a question and she wasn't able to give you an answer on the
24 day, she would follow up. But that was just based on the
25 information that we were given. As other councillors have
26 already mentioned, there were problems with the way that
27 information was delivered, but I think you are probably
28 going to that later.

29
30 Q. I will when I get to your submission, you are right.

31 A. Yes.

32
33 Q. Were you on the selection committee for the general
34 manager?

35 A. No, I wasn't.

36
37 Q. From your observation, outside that committee, was an
38 appropriate process followed for the selection of the
39 general manager?

40 A. I think so, yes. There was nothing - there was
41 nothing that went - that I noticed that I was concerned
42 about. I did ask a question, there was a point in time
43 where it was suggested that there hadn't been a great range
44 of candidates to select from. I suggested, well, if that's
45 the case, you have to cast your net, if you don't catch
46 what you are looking for, why don't we go back out and
47 readvertise, but that suggestion of mine wasn't adopted.

1
2 Q. Was that put to a vote, that suggestion?
3 A. No. No.
4
5 Q. So who made the decision not to do that or --
6 A. It was mentioned in a briefing and there was
7 conversation around it and I sensed that it wouldn't have
8 support, so I didn't bother pursuing it.
9
10 Q. And what was your relationship with the general
11 manager like?
12 A. Are you referring to Mr Murphy?
13
14 Q. Yes, Mr Murphy.
15 A. Yes, I had a reasonable relationship with him. I
16 didn't have to deal with him on a daily basis, so, you
17 know, didn't work alongside him, but I didn't have any
18 concerns about him being in the role.
19
20 Q. Were you involved in the supervision of his
21 performance at all?
22 A. Only to the extent that there was a survey and we, you
23 know, did a kind of a report card on him, and the report
24 card that I put through was reflective of just what I've
25 explained, that I didn't have any issues. There was
26 nothing particularly outstanding about his performance that
27 I'd noticed, and so it was just a - what's the way to put
28 it - just a very average performance, I guess. Yes.
29
30 Q. Do you have much knowledge about the need to upgrade
31 the IT system once the council was amalgamated?
32 A. I understood that the systems weren't talking to each
33 other. I understood there was a problem there. I didn't
34 have a great understanding of how that situation was going
35 to be rectified. It was an operational matter and I was
36 just expecting that it would be done sooner rather than
37 later, but I was disappointed to see that it took a long
38 time before the forward-facing parts of council IT changed.
39 For a long time, if residents wanted to have a look at the
40 council website, you would click through a few gateways and
41 one of them was "Are you from the north or the south?" It
42 was like there was no amalgamation at all. The same thing
43 with the phone systems, when people rang in they were asked
44 "Are you from the north or from the south?"
45
46 Q. Do you think that entrenched the "us and them"
47 position of some of the council?

1 A. Of the councillors or --

2

3 Q. Councillors, yes.

4 A. I think - I think a failure to accept that the ward
5 system was only supposed to be a function for the election
6 is what helped promote the "us and them" situation. Yes,
7 I've mentioned it a few times in briefings and I think
8 I even mentioned it in the chamber, you know, that that's
9 the way it should be, we should have councillors acting for
10 the whole community, not just a portion of the community.
11 I think in general terms, that's the way most councillors
12 approached it, but there was still a perception that people
13 had to fight for their ward, and I guess part of that was
14 people want to do the best job they can, they want to be
15 able to prove that they've done the best job they can and
16 they want to be able to say to potential electors, "This is
17 what I've done for our ward", because you are elected into
18 a ward.

19

20 Q. So you didn't have that attitude?

21 A. No. No, no. I was happy to see other wards get
22 funding and projects go ahead in other wards. Of course
23 I was happy for my ward to do well, but, you know, I think
24 that we needed to look at the long term and if one ward did
25 better in one financial year than another, then hopefully,
26 you know, the need would be addressed in the other wards,
27 you know, in following years. And I know that some wards,
28 you know, had more kilometres of roads, so they are going
29 to get more funding because of that. Some wards have got
30 more parks. It's been infrastructure and it's about
31 meeting the needs of the infrastructure and maintaining
32 that.

33

34 Q. Not just about the dollars?

35 A. No.

36

37 Q. In terms of financial information that you were
38 provided with as a councillor, how were you made aware of
39 the way sewer, water and drainage contributions were
40 accounted for?

41 A. Well, we would have briefings, the staff would talk to
42 us about how the contributions were supposed to be divided
43 and where the money was supposed to go, and money that was
44 raised for a certain purpose had to stay, you know, used
45 for those purposes, the restrictions.

46

47 Q. So did you - sorry to interrupt.

1 A. That's okay.

2

3 Q. Did you assume the accounting would reflect that
4 position, that money was intended to be used for certain
5 purposes?

6 A. Yes, I was very surprised when I eventually learnt
7 that money that was intended to be restricted was
8 accessible. I just imagined that, well, we know that to
9 spend money other than what the funds were intended for,
10 those restricted funds, there was a process that needed to
11 be adhered to, and that was that either the councillors or
12 staff would bring a motion asking for permission to go to
13 the minister to get permission to spend those moneys on
14 other than what they were allocated to, and that never
15 happened. I just for the life of me can't - I couldn't
16 understand why that could happen.

17

18 Q. You weren't made aware of the different treatment of
19 those contributions?

20 A. Not until after we realised that there was a big
21 problem. Yes. You know, historically we knew that the
22 Gosford City Council, you know, from a period back to 2001
23 or so, had used funds that they shouldn't have been using,
24 and I think the figure was around \$13 million, and that was
25 repaid. When that was repaid, I thought that was going to
26 be the end of that matter. I thought that there would
27 be - I thought there would be measures taken to ensure
28 that, you know, we don't want to be here again. Not only
29 are we here again but it is, you know, of a magnitude
30 larger.

31

32 Q. And each month you would receive investment reports;
33 do you recall those?

34 A. Yes. Yes.

35

36 Q. Do you remember that they included a description of
37 the unrestricted cash position for each month?

38 A. Yes, yes, I'm aware of that.

39

40 Q. And that at some point that information was no longer
41 provided to the council?

42 A. Yes, yes, and that wasn't something that I picked up
43 at the time. Whenever we would have these reports, again,
44 we would go through a process of briefings, and I relied on
45 the expertise of the staff to bring up any matters that
46 were of real importance, and I was surprised to learn that
47 that wasn't part of the information that was imparted to

1 us. I think it's - anyway.

2

3 Q. So these briefings, when did they occur in relation to
4 the meeting that the item was going to be addressed at?

5 A. When the reports were brought up, there was briefings
6 at each time. When the reports were brought up in the
7 business papers.

8

9 Q. But were the briefings during the council meeting or
10 were they prior to the council meeting?

11 A. Prior.

12

13 Q. I see. So they are not on the public record?

14 A. No.

15

16 Q. Were you aware of the infrastructure backlog of both
17 of the councils prior to the merger?

18 A. Yes, we've had - well, prior to the merger? No,
19 I wasn't aware prior to the merger. As a newly installed
20 councillor I was quickly made aware of it.

21

22 Q. Did you feel that there was a need to address that?

23 A. I understand that there is an obligation to address
24 it, that there are KPIs that the State Government set and
25 that our council, like every other council, has to, you
26 know, work towards meeting those KPIs.

27

28 Q. In terms of the budgets that were set during your term
29 of office, there was an initial budget done by the
30 councillors under the councillors' watch that was a small
31 surplus, and then the next two budgets were both deficit
32 budgets. Can you explain in your words why those decisions
33 were taken to have deficit budgets?

34 A. I think the first deficit budget was a smaller one and
35 the second one ended up being a larger one. I think there
36 were things that were out of our control that led to the
37 second one being a larger one. Are you talking about the
38 result or are you talking about the budget?

39

40 Q. No, the budget.

41 A. Mmm.

42

43 Q. So planning to spend more money than you were
44 receiving?

45 A. Mmm. Yes. Well, I understand that - my understanding
46 was that the size of the organisation could operate with,
47 you know, a small to reasonable deficit, and like

1 I mentioned before about how if a ward missed out in one
2 financial year it could be addressed down the track, the
3 future budgets could be reined in, and that's a long-term
4 thing that we're looking at with the council, it's not, you
5 know, done and dusted on the day at the end of the
6 financial year. It's an ongoing thing, that the real
7 situation that we see from time to time is a snapshot.
8

9 Q. So the deficit budgets in those years you think were
10 consistent with the long-term financial plan of the
11 council?

12 A. I think that what happened long-term was unforeseen,
13 but I don't think that it was irresponsible that we had the
14 budgets that we had.
15

16 Q. Do you remember, when COVID hit, the general manager
17 engaged a consultant to examine what impact that would have
18 on council finances?

19 A. Yes, I do.
20

21 Q. Do you remember the report that became?

22 A. Yes. Yes, I do, yes.
23

24 Q. The advice was on the worst case scenario that you
25 might need to find \$153 million to patch the COVID hole?

26 A. Yes.
27

28 Q. And initially there were some immediate actions in
29 terms of no new appointments for staff, no overtime,
30 et cetera, but those measures would only make a small
31 contribution. I know you didn't ever get the opportunity
32 to address that, but how would that ever have been managed,
33 to patch that big hole?

34 A. Well, obviously through cuts to services initially.
35 There was no opportunity to look at, you know, special rate
36 variations because we were expecting that the rates
37 contributions from the community were going to fall off the
38 cliff as well. So, yes, no, very difficult situation.
39 Certainly we would have been looking towards the State
40 Government for assistance, as probably every council in the
41 state would have. But they are things that come to hand.
42

43 Q. So was it about that time that you got an inkling that
44 there was something amiss about the cash position of the
45 council --

46 A. I didn't --
47

1 Q. -- or was it later?
2 A. It was later, not much later, but there was a phone
3 call I received from the CEO and from Ms Sullivan to
4 indicate that we needed to attend a meeting urgently and
5 that they couldn't address what the meeting was about at
6 the time, but it was very important for councillors to
7 attend. Then it was at that meeting where we - you know,
8 where the you know what hit the fan, I guess.
9
10 Q. And do you know when that was, do you recall?
11 A. I think it was October.
12
13 Q. There are a few controversial items that came up for
14 consideration at the council. One of those was the
15 Warnervale Airport and the contract that was terminated?
16 A. Yes.
17
18 Q. What's your recollection of those events?
19 A. Oh, well - are you talking about the termination of
20 the contract or --
21
22 Q. Yes, and what happened in the council chamber about
23 that particular issue?
24 A. Okay. I formed an opinion about the project at
25 Warnervale, the airport, and I looked at the deal that had
26 been done under administration and I didn't see how that
27 was the best outcome for the people of the Central Coast.
28 I was concerned about the capacity of the signatory to the
29 contract to be the key to that master plan. There was
30 concerns about their capacity. I'm treading carefully,
31 because I don't want to talk down that company and put
32 myself at risk, but my understanding was that they were
33 intending to run a business that serviced a particular
34 aeroplane that was decades old, that there was a limited
35 number of them still in existence, and I understood that
36 there were more of those planes in museums than there were
37 in service. I thought how is this company - and I didn't
38 see a great track record of work from that company - how is
39 this company going to be a key stakeholder in a plan that
40 was massive? I also was concerned that, as were others,
41 the deal that was done was reliant on zoning changes that
42 a future council would have to commit to.
43
44 So it was - you know, they say the deal had hairs all
45 over it, and this is one deal that I didn't think was
46 a great one for our community.
47

1 Q. Did you support the proposed zoning changes, or would
2 you have, if it had come to you?
3 A. We hadn't seen the proposed zoning changes. That was
4 part of the problem. The business case, I guess you would
5 call it, didn't seem to stack up and there was question
6 marks in my mind where there should have been answers
7 provided.
8
9 Q. Another controversial project was the Regional
10 Performing Arts Centre. Did you have much knowledge of
11 that project?
12 A. Yes. Yes, yes, I was involved, yes.
13
14 Q. And funding for that project ultimately - you say in
15 your submission it was promised and didn't come through.
16 Was that only the snowy hydro element of the funding?
17 A. Yes. Yes, that's what I was referring to there. My
18 understanding was that funding for the larger version, you
19 know, the large iteration, was going to be a commercial
20 matter, so it would have been better if we'd had snowy
21 hydro money coming through for that and for other issues
22 that council was facing, but that wasn't going to be the
23 case we found out in the long run.
24
25 Q. Did you support the decision not to proceed with the
26 performing arts centre at that point?
27 A. Yes.
28
29 Q. Now, you mentioned that you had one experience sitting
30 as a member on the ARIC committee?
31 A. Mmm-hmm.
32
33 Q. What did you observe of the nature of the proceedings
34 of an ARIC meeting?
35 A. It was via Zoom at that stage. It was - because we
36 had two new councillor members, it was more of a getting to
37 know you sort of a meeting than a meeting that dealt with
38 matters of an operational nature, and it was one of the
39 first meetings that I attended via Zoom while I was working
40 for Services Australia. So as a casual employee at
41 Services Australia I was able to adjust my hours and I was
42 even able to have a break, an extended break, to sit in a
43 Zoom meeting. So that's what I had done. So it was
44 a brief meeting for me. It wasn't a long meeting. I think
45 I did my best to uphold my responsibility as a member of
46 the committee to attend the meeting.
47

1 Q. So were you there for the entire meeting?
2 A. No, I don't think I was, no.
3
4 Q. How long did that meeting go for?
5 A. From memory I'd say it was 35, 40 minutes. I couldn't
6 be sure at this stage.
7
8 Q. So is that the meeting in total or the amount that you
9 were able to attend?
10 A. The amount I was able to attend.
11
12 Q. You don't know when it finished after you --
13 A. No.
14
15 Q. Were you provided with the same information as the
16 other members of the committee prior to the meeting?
17 A. Yes, look, I don't recall if there was an information
18 pack that was sent to me or not for that meeting and
19 I don't know what information others received, so that's
20 a difficult question for me to answer.
21
22 Q. Okay. The committee seemed to have quite a workload.
23 There was a lot of matters on its agendas for meetings.
24 Was that your observation at the meeting you attended?
25 A. No, it wasn't.
26
27 Q. So what was your observation?
28 A. I came away from the meeting thinking it was just an
29 opportunity to find out what was the - what were the skills
30 of the other members of the committee, and I don't recall
31 us discussing any operational matters at all.
32
33 Q. So you weren't present at the meeting when matters
34 were voted on or --
35 A. No, I don't think there was anything voted on in that
36 meeting.
37
38 Q. Do you remember the date of the meeting?
39 A. No, I don't.
40
41 Q. Would you have a record of it?
42 A. No.
43
44 Q. Council has external auditors that review its
45 financial statements before they are officially lodged and
46 provided to the minister. What is your understanding of
47 the role of those auditors?

1 A. My understanding of the role of those auditors is to
2 have a look, to make sure that the financial reports are
3 consistent with what's required of the council and if there
4 are matters of concern, that they should report back on
5 them.

6
7 Q. Now, I will just ask you a few questions about your
8 submission. Do you have a copy of it handy, Mr Sundstrom?

9 A. Yes, I do.

10
11 Q. Now, you suggested earlier that you probably had
12 a position that was in favour of the merger of the
13 councils?

14 A. No. No, I wouldn't say that. No.

15
16 Q. Sorry. What was your position?

17 A. My position was that the merger was fraught from the
18 start; that there were issues around the report from KPMG,
19 that was a heavily redacted report; there was issues around
20 the way that the former councils supported what appeared to
21 be a rejection of the amalgamation by the community, and
22 then, under pressure from the State Government, buckled and
23 voted for the amalgamation.

24
25 My position on whether we should have an amalgamated
26 council or not I think is less important than the opinion
27 of the community, and I don't think the community's voice
28 was heard. You might recall I mentioned earlier that one
29 of my motivations for putting my hand up to go on council
30 was to ensure that community voice was to be heard. So,
31 you know, in my opinion, the community weren't listened to
32 over this matter.

33
34 Q. So did you voice an opinion within the council about
35 whether there should be any demerger?

36 A. Yes, I did, yes. Okay, yes. I brought a motion to
37 council to get the staff to do some investigation into what
38 is the mood of the community so we can gauge is the
39 community happy with what's, you know, transpired, or if
40 they are not happy with it. If that investigation found
41 that there was, you know, a variance of opinions, I would
42 have happily seen a referendum come up at the next
43 opportunity to see if the community wanted to continue with
44 the merged council or if the community wished to demerge.

45
46 Q. And what happened with that request?

47 A. It never really saw the light of day. I don't recall

1 seeing anything come back from staff. No report.
2 No indication that it was under way at all.
3
4 Q. On page 2 of your written statement you said that
5 there was no formal process of bringing the issue of the
6 millions of dollars of restricted funds to the attention of
7 the administrator, nor later on the elected body. Did you
8 understand that the administrator was unaware of the use of
9 those restricted funds?
10 A. That's the indication that I'd received, yes.
11
12 Q. And certainly you as a councillor were not aware?
13 A. That's right.
14
15 Q. In the next paragraph you refer to "externally
16 restricted funds". Do you understand the difference
17 between internal and external restrictions?
18 A. Yes, yes.
19
20 Q. I don't think the suggestion was that these were
21 externally restricted funds that were being used or had
22 been the subject of a change of treatment in the accounting
23 procedures - externally restricted being, for example,
24 section 94, or later section 711 contributions under the
25 Environmental Planning and Assessment Act?
26 A. Okay. The problem I have with all of this, and it's
27 a problem that seems to be not just me that's having
28 a problem - it's other councillors, it's the Office of
29 Local Government, it was the auditor-general and the
30 solicitor-general - my understanding is that there are
31 differing views on what changes were made and when they
32 were made and about what to do about that. So that's --
33
34 Q. Yes, I think there is a difference of opinion about
35 whether there is a requirement to restrict the funds or
36 not.
37 A. Yes.
38
39 Q. Yes, which is something that we will have to get to
40 the bottom of.
41 A. Absolutely.
42
43 Q. A couple of paragraphs down you refer to the
44 KPMG/Clayton Utz report and you give me a link to a news
45 report, but I would like in your own words, what was your
46 observation of what was going down at the council then?
47 A. Sorry, I don't recall exactly what that report was

1 about at the moment, if you wouldn't mind just elaborating.

2

3 Q. Oh, it is the domestic waste review.

4 A. Is this about - this is about the waste levy?

5

6 Q. Not the State Government waste levy.

7 A. Okay, I go on to say that there were problems with
8 delay and a lack of transparency when integrating the
9 financial systems on amalgamation and delays in the lack of
10 transparency in establishing a single financial system
11 after the amalgamation. Yes, I guess that refers to how
12 the funding - sorry, how the finances of the two councils
13 were blended.

14

15 Q. But what I'm asking you is was that consistent with
16 your observation?

17 A. No, my observation as a new councillor didn't go to
18 this point. I didn't understand that there was such
19 a situation going on. This is a report that I read in
20 hindsight, yes, but it's me trying to rationalise how did
21 we get to where we are.

22

23 Q. So at the foot of that page you've got
24 a paragraph that deals with information coming to and
25 from - from the staff to the councillors. You say the CEO
26 in March 2018 committed to a capex dashboard, a capital
27 expenditure dashboard.

28 A. Yes.

29

30 Q. Did that eventuate?

31 A. Very close to the end of our period before suspension
32 there was a couple of iterations of it. It came up in a
33 council meeting, we looked at it in the chamber, we looked
34 at it in briefings, and it wasn't - didn't give us all the
35 information that we were looking for. Maybe we didn't ask
36 for the right inclusions. But the staff seemed to have an
37 issue with getting everything working on it, and I'm not
38 a programmer, I don't understand how that could have been
39 fixed. I was just hoping that it should have been fixed so
40 that we could have a resource that we could go to and see
41 where things were, you know, on a day-to-day or
42 week-to-week basis.

43

44 Q. So the dashboard wasn't going to be something that was
45 reported monthly or bi-monthly, it was going to be
46 a permanent feature that you could check in on?

47 A. Access, yes.

1
2 Q. Do you know whether the delay was - what the cause of
3 the delay in providing the dashboard was?
4 A. No, I don't know, no. But I do know that it was
5 frustrating to many of the councillors that even though we
6 had requested it and we had followed up, that it never
7 eventuated. I guess maybe - this is purely speculation,
8 but the problems that staff were having with computer
9 systems might have meant that they weren't able to collate
10 information from the various sources. That may have been
11 indicative of a bigger problem.
12
13 Q. But you weren't informed one way or the other?
14 A. No.
15
16 Q. On the following page you say that there appears to
17 have been problems understanding just how many FTEs, full
18 time employees, there were under the former
19 Gosford council. Why was that a problem, do you know?
20 A. I don't know what the cause of the problem was, no.
21
22 Q. Now, I'm over on the page - they are not numbered. It
23 starts with a website link, the macleayargus.com story?
24 A. Yep.
25
26 Q. Okay. So at the foot of that page there is
27 a paragraph that deals with briefings, and you say that
28 questions were asked about previous acts that led to the
29 expenditure of externally restricted funds going back as
30 far as the early 2000s under the former Gosford council,
31 a figure around 14 million, you understand. When was that
32 briefing?
33 A. When was it?
34
35 Q. Yes, was that close to the end of --
36 A. It was during the period of Mr Murphy's tenure and it
37 was early in that period.
38
39 Q. Okay.
40 A. I was thankful for the fact that we were given access
41 to some of our IT at a certain stage after the suspension,
42 and that was, you - you know, I think that you were
43 instrumental in that. However, it was difficult to work
44 out exactly what needed to be noted at that time, and notes
45 that I had taken - and I'm not saying that there was
46 a specific note about that issue, but, yes, notes that
47 I had taken are all on council IT which I don't have access

1 to any more.
2
3 Q. Yes, and it wasn't a public meeting, it was a private
4 councillor briefing?
5 A. Yes. Yes.
6
7 Q. A couple of pages over, commencing "Did the elected
8 body keep"?
9 A. Yes.
10
11 Q. So in the third full paragraph there you said the
12 deficits were seen as affordable. Was that relative to
13 the size of the budget or --
14 A. Yes.
15
16 Q. -- relative to future borrowings? Why did you think
17 it was affordable?
18 A. It was relative to, you know, prospective income, what
19 was manageable by an organisation of this size.
20
21 Q. Did the staff ever warn against the deficit budgets?
22 A. I think the only advice given was that you can't run
23 deficits forever, which is clear, but I think that there
24 was no indication that deficits that were built into the
25 budgets were going to cause an immediate problem.
26
27 Q. At the foot of that, or down to the bottom of that
28 page, you refer to the spending for the dredging. Do you
29 recall how much council spent on the dredging?
30 A. I think the figure was around \$250,000.
31
32 Q. Do you know whether any of that was refunded?
33 A. I would have loved to have seen it refunded but the
34 problem was that the State Government, in their wisdom,
35 decided that it was only ever going to be a fifty-fifty
36 arrangement, that even though now they've taken on
37 responsibility for dredging, at that period of time they
38 would not do so. It was our opinion - and this is backed
39 up by staff - that dredging in Ettalong Channel was a State
40 Government responsibility. It became controversial only
41 because the State Government wouldn't accept that as fact.
42 They disputed that with us.
43
44 Q. That amount of money wouldn't have made a huge
45 different to the council's bottom line?
46 A. Not in itself, but dredging is a project that will go
47 on and on and on, and certainly over a period of time would

1 be millions of dollars.

2

3 Q. Yes. Thank you, Mr Sundstrom. They are the questions
4 I have for you. Could you just stay on and I will check to
5 see whether Ms Annis-Brown has any questions.

6 A. Thank you.

7

8 MS ANNIS-BROWN: Yes, thank you, Commissioner.

9

10 <EXAMINATION BY MS ANNIS-BROWN: [1.52pm]

11

12 MS ANNIS-BROWN: Q. Mr Sundstrom, just a question around
13 something that you mentioned earlier in relation to
14 councillors should be working together as a group to make
15 decisions for the benefit of the whole community?

16 A. Yes.

17

18 Q. And that perhaps some councillors - and correct me if
19 I'm wrong - didn't understand this or were perhaps not
20 willing to work towards this. I guess what I would like to
21 put to you is how did you try and perhaps facilitate the
22 councillors working better as a group? Were there times
23 when perhaps you had discussions with other councillors
24 about ensuring that this would occur? Clearly it was
25 important to you to work for the benefit of the whole
26 community, so perhaps you could just provide some examples
27 or some information around that?

28 A. Yes. I mentioned earlier on that from time to time
29 I would mention in briefings and in the council meetings
30 that it's our responsibility to work for all the community
31 and that we are only - that the wards are only a function
32 of election day. I worked with other councillors on
33 various matters and was able to do so quite well on
34 particular matters. Councillor McLachlan and I worked
35 together on a couple of things. Councillor Rebecca Gale,
36 again, we worked together on a project about a park in
37 Copacabana, but it was when we got down to budgetary
38 matters where people were more parochial, I guess, about
39 their own location, and when we had the meeting that the
40 Commissioner referred to earlier on with regards to what we
41 had to do because of COVID, and when projects were being
42 put up for removal from the plan. I was quite okay with
43 losing projects out of my ward and didn't - you know,
44 didn't put up a fight, because it was in the interests of
45 the community overall rather than being parochial about my
46 patch. I guess by example, I was hoping that people would
47 adopt the approach I was taking.

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Q. Sure. So how receptive do you think the community was to the fact that perhaps in dropping some projects or money for some projects, and clearly bolstering others, perhaps - what was the reaction there? Did you gauge there was a sense that you could bring the community with you on that?

A. I don't think we had the time to realise what the community's attitude was going to be before COVID really hit hard and before, you know, we were eventually suspended. So I don't have a gauge on what the community's attitude might have been to, you know, defunding for a particular park.

MS ANNIS-BROWN: Commissioner, that's all I have. Thank you, Mr Sundstrom.

THE WITNESS: Thank you.

THE COMMISSIONER: Thank you, Ms Annis-Brown. Ms Bulut, do you have any questions for Mr Sundstrom?

MS BULUT: No, I don't, thank you very much, Commissioner.

THE COMMISSIONER: Thank you. Then Mr Sundstrom, you are free to go. Thank you very much for your evidence.

<THE WITNESS WITHDREW

THE COMMISSIONER: We have a little bit of a gap here. We were trying to see all of the councillors this week. Unfortunately, one councillor is not available until next week, so we have this little gap in our diary here, but we will resume at 9am tomorrow.

I trust that the live stream has been successful all day. I'm sure we will hear about it if it hasn't. We will see you all tomorrow at 9am. Thank you.

AT 1.57PM THE INQUIRY WAS ADJOURNED TO WEDNESDAY, 6 OCTOBER 2021 AT 9AM