

INQUIRY UNDER SECTION 438U OF THE LOCAL GOVERNMENT ACT

CENTRAL COAST CITY COUNCIL

Public Hearing

Conducted via Zoom videoconference

On Friday, 8 October 2021 at 9.00am  
(Day 6)

Before Ms Roslyn McCulloch, Commissioner

1 THE COMMISSIONER: Good morning. The public inquiry into  
2 Central Coast Council is now resuming. Our first witness  
3 this morning is Doug Vincent. Mr Vincent, would you be  
4 able to come on camera and come off mute, please?

5  
6 MR VINCENT: Good morning, Commissioner.

7  
8 THE COMMISSIONER: Good morning, Mr Vincent. I'll have  
9 Ms Annis-Brown swear you in to give evidence, thank you.

10  
11 <DOUG VINCENT, affirmed [9.00am]

12  
13 <EXAMINATION BY THE COMMISSIONER:

14  
15 THE COMMISSIONER: Thanks, Mr Vincent.

16  
17 Q. You are not a newbie, I understand, to the council.  
18 You had a role on Wyong Shire Council?

19 A. Yes, that's correct. I was a Wyong councillor since  
20 2008 and I'd served on two previous Wyong councils.

21  
22 Q. Did you have any special roles in that council?

23 A. As far as committees, do you mean?

24  
25 Q. Just anything, yes.

26 A. Gee, I was on the traffic committee, the finance  
27 committee - a range of committees. I haven't got those in  
28 my head at the moment. I didn't expect to be asked that at  
29 this point.

30  
31 Q. That's okay.

32 A. I was on the Joint Water Authority for a while, what  
33 else? There was a range of committees. Whatever  
34 committees I could get on I would go on and participate in.

35  
36 Q. You said finance committee. Do you have some interest  
37 in that?

38 A. No great drilling interest but I found that an  
39 interesting area. The traffic committee was an interesting  
40 area. Actually, on Wyong council I wasn't on the traffic  
41 committee. I've just remembered that. I did go to some of  
42 the meetings, but I wasn't a councillor delegate to that  
43 committee. Just council in general was very interesting,  
44 so you wanted to go and find out what was going on and  
45 participate where you could.

46  
47 Q. What about on Central Coast Council, were you on any

1 committees there?

2 A. Let me get this right. Yes, I was on the ARIC; the  
3 audit risk and improvement committee; the catchments and  
4 coast committee; pedestrian access mobility committee; the  
5 social inclusion advisory committee, particularly when  
6 COVID hit, because we needed to be discussing what was  
7 happening in the community and how we were going to make  
8 our way through that issue at the time, while it was still  
9 current; the status of women's advisory group; the traffic  
10 committee; and innovation and future steering group.

11

12 Q. What's your professional background and experience?

13 A. I'm an electrician by trade and I have an associate  
14 diploma in electrical engineering and a bachelor of  
15 business, which majored in management, not financial  
16 accounting and not auditing, and then a masters in  
17 management as well, which was more focused on  
18 organisational design and I enjoyed focusing on  
19 cross-cultural management and international management.

20

21 Q. You have made a submission to the inquiry. I will get  
22 to that later. It is a little general and I will need to  
23 ask you some questions and you might have to take some on  
24 notice if you don't know the answers today. I will just  
25 run through some questions generally. First of all, you  
26 said you were on the ARIC committee?

27 A. Yes.

28

29 Q. I don't know whether you heard Ms Greenaway's evidence  
30 yesterday, but what was your experience on the committee?

31 A. It was a good experience. I thought it was a good  
32 broad-based committee with a lot of experience. There were  
33 professionals there that had been appointed by  
34 Ian Reynolds, the merger administrator. They came with  
35 good CVs, they came with good knowledge. Some had PhDs.  
36 It was a workable committee.

37

38 There was a large agenda that would be present and we  
39 would go for about two hours every quarter. So we'd meet  
40 about four times a year for about two hours, two and a half  
41 hours, and we would go through as much as we could, with  
42 staff presenting. I have a comment on the ARIC committee,  
43 but I don't know if you have a follow-up question, so I  
44 will see --

45

46 Q. I would like to hear your comment.

47 A. I'll just see what other questions you have and I will

1 see if I can put that comment to one of your questions.

2

3 Q. Do you think there was too much work for the  
4 committee?

5 A. The committee was always pushed for time. Like, I  
6 think we would sit for about an hour and a half, two  
7 hours, to get through the agenda. It would go out to two  
8 and a half hours sometimes, and we'd always be trying to  
9 wrap the meeting up.

10

11 I think it would have been helpful for the committee,  
12 if you're looking for a recommendation, to have met more  
13 regularly. If you are looking for a recommendation for the  
14 inquiry, it would have been better, I thought, in  
15 hindsight, if they had met more regularly.

16

17 Q. A lot of people think, because of its name "audit",  
18 that it's a financial audit committee. It does more than  
19 that, though, doesn't it?

20 A. When you say "an audit committee", it's not like a  
21 KPMG or a NSW Audit Office auditors that are going to go  
22 and spend weeks, months, drilling down, auditing, probing  
23 in detail financial statements. It is a high-level  
24 strategic committee that overlooks a whole range of things  
25 like corporate risk, staffing numbers - what else - the  
26 accounts as they come through. They are an advisory  
27 committee. They have no power. They have no executive  
28 powers. They can't tell the general manager or the chamber  
29 what to do. They can make recommendations to the chamber,  
30 then it's a matter for the councillors to consider or the  
31 general manager to take on those recommendations.

32

33 The committee could ask for people to come forward  
34 with information if they were seeking it, if they thought  
35 there was an issue. So, in general, what they taught us at  
36 the directors course that I did, the company directors  
37 course, you stay at a high level and you run the high level  
38 in the organisation, and if you think there's a problem or  
39 if you sense there's a problem, then you drill down and you  
40 ask questions and you try to find out anything - if there  
41 is anything to be looked at there. But, from my experience  
42 on - I'll let you ask another question and see if I can put  
43 in some more information in another question.

44

45 Q. Okay. I will ask the other members of the committee  
46 this. Did you have cause to have any concern about the way  
47 the accounts were presented in terms of their disclosure of

1 restricted funds?

2 A. None at all in that respect. In my view, the elected  
3 body and the audit, risk and improvement committee was just  
4 blindsided. They had no idea that restricted funds were  
5 being spent.

6  
7 To the best of my knowledge, to the best of my  
8 recollection, they had no idea of the massive debts that  
9 both Wyong and Gosford councils brought into the merger.  
10 That was not apparent. If it had have been, there would  
11 have been more questions. There were professionals on that  
12 committee that had been appointed by the administrator, Ian  
13 Reynolds. He was appointed by the State Government at the  
14 time and he had selected people that were on other  
15 committees, and that was evident in the meetings. They  
16 would regularly say what was good practice, what was  
17 happening at other councils, not naming the councils, but  
18 they would say, "Other councils are looking at this; other  
19 councils are looking at that."

20  
21 So, as far as restricted funds, absolutely not. If  
22 you have a look at the chair Colin Gellatly's 2020 report, he's on the  
23 record there stating that he was unaware - and so was the  
24 committee - of any of the restricted funds being spent  
25 until about - there was an inkling of it in about June 2020  
26 when - I have forgotten their name --

27  
28 Q. Grant Thornton?

29 A. Correct, thanks, when Grant Thornton was engaged to  
30 have a look. They thought something might have been  
31 happening, and that was the first inkling we had.

32  
33 After that, the general manager appointed a specific  
34 auditor to have a look, and that auditor found - that was  
35 Dennis Banicevic, Dennis found there was the spending of restricted  
36 funds. Then until we had that phone call on the October  
37 long weekend, as it's been coined, we had no inkling that  
38 that was happening.

39  
40 If I can make a general statement about what I did see  
41 on the audit and risk committee, though. It felt like -  
42 sometimes - a classic case of Yes Minister, an episode of  
43 Yes Minister, when the committee would be seeking just to  
44 get the financials in order, just to get things like the  
45 dashboard progressed.

46  
47 I felt very sorry for the staff. They would come and

1 you would see - the staff were professional, they would do  
2 whatever they could with whatever time and capacity they  
3 had, but they would come to the committee and you could see  
4 they were in fallback positions and they were trying to  
5 say, "Yes, we'll try to have that for the next meeting."  
6 I expressed my concern and frustration to the chair, to the  
7 general manager, on several occasions, like, "Could you  
8 please try to get things in order sooner? Could you please  
9 try to progress some of the recommendations sooner?" You  
10 know, as politely or kindly as I could, I expressed my  
11 frustrations. From what I saw in the room I thought the  
12 rest of the committee had those same frustrations.

13

14 Q. Do you know what was preventing the dashboard from  
15 being provided?

16 A. I think it was just pure staff resourcing. The staff  
17 were going from bushfire to bushfire - not with the natural  
18 disasters, but also with motions from the chamber, also  
19 with the amalgamation process. They were full up. They  
20 had had a huge amount of change in both Gosford and Wyong  
21 for at least five years, maybe eight years, so they had  
22 change fatigue. They were - there was turnover and churn  
23 in the staffing numbers, so there people who - some who had  
24 risen to their level of incompetence, but most of them were  
25 competent, but they just didn't have the time or the  
26 resources under them to bring forward some of the reports  
27 and information that was needed.

28

29 Before the councils were merged, Gosford did a major  
30 downsizing of their staffing numbers. In my view, they  
31 were running under-staffed, so they didn't have the  
32 capacity to deliver the services that you needed for the  
33 170,000 people in Gosford when they did the fit for the  
34 future. Wyong had gone through a downsizing process as  
35 well. In my mind, Wyong was about the right size, but as  
36 staff left, and as we had two general managers, until an  
37 organisational structure was put in by the elected body, a  
38 general manager, in general, wasn't good practice for them  
39 to go out and be appointing staff.

40

41 So, in my mind, the organisation was under-resourced  
42 and they were having difficulty, one, managing the  
43 amalgamation process, which was a huge process and I think  
44 you are going to ask me about that later so I won't go into  
45 that now, and they had a huge issue trying to harmonise  
46 things across Gosford and Wyong. They had a huge issue  
47 with the elected body. And when you do the amalgamation -

1 I should save that for the amalgamation - it is very  
2 simplistic to say that you can amalgamate, get rid of half  
3 the directors, which they did - halve the directors and  
4 expect the same amount of work to be done to the same level  
5 of detail going from 150,000 to 160,000 residents to, like,  
6 330,000 residents, which is what we had on the Central  
7 Coast.

8  
9 Q. The general manager suggested that the amount of staff  
10 turnover was not out of the ordinary for an organisation of  
11 that size. Was there staff turnover in any particular  
12 areas of the council that concerned you?

13 A. No, not that I was aware of. I really wasn't privy to  
14 that level of detail. I knew that we had a churn rate and  
15 a turnover, which was natural, but I didn't - oh, well,  
16 you've asked that. Yes, the - well, at the lower level  
17 staffing level, nothing came through saying, "We're having  
18 a whole heap of people leave from parks and gardens or from  
19 HR" or somewhere. But we had four chief financial officers  
20 in four years; we had four governance officers - not  
21 officers, directors. That was chief financial officer and  
22 directors in four years. By the time we got to about the  
23 second or third one I started thinking, wow. Some people  
24 left because of ill health, some people left because of  
25 better opportunities, some people left to go back to the  
26 areas that they were more comfortable working in. But by  
27 the time we got to the second or third chief financial  
28 officer, or the second governance officer, I thought this  
29 is not right. Something got to be - for the churn rate in  
30 that area, in my mind, that wasn't normal.

31  
32 Q. Did you ever understand why that was happening?

33 A. No, and I'm hoping that your inquiry may get to the  
34 bottom of that.

35  
36 Q. I'm not sure that we will be able to do that.

37 A. I didn't hear that.

38  
39 Q. I said I'm not sure that we'll be able to do that.

40 A. Well, you have --

41  
42 Q. Why people left.

43 A. You have the ability to ask people questions under  
44 oath or under --

45  
46 Q. Certainly.

47 A. You have the ability to ask those questions and you

1 have the ability to drill down into these areas, where  
2 people may or may not have known things. I think you have  
3 the ability to be able to access the council email systems,  
4 the council records, council TRIM system --

5  
6 Q. I'm sorry, Mr Vincent, I'll ask the questions and if  
7 you could give me the answers.

8 A. Cool.

9  
10 Q. Thank you. You were at Wyong. At Wyong, there was a  
11 proposal to upgrade the IT system; is that right?

12 A. Look, there had always been talk. Wyong had gone into  
13 a joint system with other councils and that had been, from  
14 memory - I came into Wyong about 2008. There had been a  
15 system that they collaboratively had done with other  
16 councils. There was always talk that systems would need to  
17 be upgraded. There wasn't any talk about the system was  
18 broken or wasn't operating or they couldn't get figures out  
19 of it. There were always updates. In the work that I do,  
20 I do project management and contract administration, I know  
21 that - and operations. I know that IT systems inherently  
22 are very difficult to put in. Fifty per cent of them fail.  
23 If they are not done correctly with the right contractor,  
24 the right contract and the right user acceptance testing,  
25 they fail. So I think the idea that we needed to jump in  
26 and replace the IT system at Wyong - yes, you would need to  
27 do that at some point in time, but as far as the Wyong one  
28 being broken, no, I didn't think it was.

29  
30 Q. Okay. Did you have any knowledge of how difficult it  
31 was to unify the two systems when Central Coast was formed?

32 A. I didn't, but I do have a better appreciation of that  
33 now. Look, under the administration, under Ian Reynolds,  
34 the administrator appointed by the State Government, my  
35 understanding and my recollection was that he appointed -  
36 he engaged or committed the council and the councillors to  
37 a contract to upgrade the IT system. I have a figure in my  
38 head for that, and I don't know if I've heard it in a  
39 confidential session or if it has been publicly reported,  
40 but I'm happy to say what I thought that figure was, if you  
41 want me to.

42  
43 Q. Yes, what you thought that was.

44 A. It was in the order of, say, \$50 million, I thought,  
45 to be doing that. The IT upgrade and records system was  
46 the huge larger part of the cost of the merger of the  
47 council. I think you might ask me questions on the cost of



1 the merger later, so I'll leave that for now.

2  
3 But my understanding with that contract, when it was  
4 done or when it was first commissioned and when they  
5 transitioned the data from Gosford and Wyong to that  
6 system, it was a failure. This was information that  
7 I found out on the brink of the night of the sacking of the  
8 councillors, of the dismissal of the councillors, through  
9 emergency meetings that we had to try to keep the cash flow  
10 in the organisation, which I believe we could have and we  
11 had the ability to. We actually could pay our wages, and  
12 the minister still dismissed the council. So we weren't  
13 insolvent, we were able to run.

14  
15 But the IT system was merged. There was an Oracle  
16 system and it was the main crunch database which would  
17 produce the financial accounts.

18  
19 There was a MAGIQ reporting system that was an overlay  
20 on that, which reported. The MAGIQ system had come from  
21 Wyong. It had worked okay in the past. When the two  
22 systems were merged, my understanding was, and I'd like  
23 you, in your inquiry, if you could ask staff these similar  
24 questions - because it's my understanding that this was -  
25 well, staff's experience was, particularly the directors of  
26 the directorates, they couldn't get sound figures on what  
27 was happening in their directorates. They could get  
28 aggregated figures saying what the budget was for that year  
29 but they couldn't get a break-down in detail. When it came  
30 to reporting their financial positions, they were virtually  
31 running blind for months at a time.

32  
33 In my mind, this is where the crux of the financial  
34 difficulties come. If you've got too much change happening  
35 too suddenly, in an organisation with staff turnover in  
36 particular areas like finance, the ability for an  
37 organisation, for the intellectual capital, the  
38 intellectual property in an organisation to keep up , at  
39 some point it falters.

40  
41 At some point, I believe, somebody didn't fully  
42 understand the system, didn't have a system that was  
43 reporting properly from a result of the \$50 million  
44 contract, or in that order, so the reporting system within  
45 the council was flawed.

46  
47 Unfortunately, I believe the general manager, most of

1 the directors, and/or the councillors, and the ARIC  
2 committee, were running blind. We were blindsided.

3  
4 Q. You just mentioned the cost of the merger. What did  
5 you expect the merger to yield both in terms of costs and  
6 benefits?

7 A. Okay. Well, that's a really good question. This is  
8 all very subjective and people have a view.

9  
10 Q. I understand.

11 A. In general, the merger gets kicked around like a  
12 political football. In my mind, the merger - I'll put it  
13 up front - was a bit about trying to create a gerrymander  
14 where there was the ability for wards and voting to be  
15 created that disenfranchised certain areas, particularly  
16 the north. If you look at the ward structure from the  
17 merger - and I believe wards are important because that  
18 allows --

19  
20 Q. Mr Vincent, I'm asking you what you think the  
21 benefits - the costs and benefits might have been?

22 A. Okay. I'll come back --

23  
24 Q. What did you expect them to be, I should say.

25 A. Look, it's not what I would expect them to be,  
26 I wouldn't have much of an idea. But two general  
27 managers - one in the chamber, in the previous chamber,  
28 gave a figure of 120 to 150 million dollars for the merger.  
29 That was from a general manager who had been around for  
30 40 years.

31  
32 A second general manager that we had - I've seen about  
33 six general managers come through, and I've seen some that  
34 were capable and some that were less capable - a second  
35 general manager came through and said that you can do the  
36 merger, you can take 10 to 15 years to pay for it, but  
37 after you pay for it, the savings will be marginal and the  
38 ability to try and make any grand savings from it will be  
39 limited. He said he had spreadsheets, but he didn't want  
40 to politicise his view on that, but he had said that in  
41 briefings.

42  
43 When I did my own research, what I found was that  
44 there was information out that if Local Government bodies  
45 exceeded 300,000 residents - which we did, we were at 330,  
46 we are probably at 340,000 at the moment - you got  
47 economies of scale up to 300, but beyond that you got less

1 economies of scale. So the ability to make savings, the  
2 ability to service your extremities and be a functioning  
3 service delivery organisation, which is what we needed to  
4 be, was reduced.

5  
6 There was something I was going to add to that, too.  
7 It was reduced. I have a blank on that. I have some notes  
8 here, if I can refer to that, because I did have some  
9 points to make.

10  
11 When it came to the amalgamation, when you look at  
12 Gosford and Wyong, the low-hanging fruit the big savings  
13 that could be done by an amalgamation were already there.  
14 We already had joint road maintenance, we already had joint  
15 recycling and waste management facilities. We had a joint  
16 water and a joint sewerage system, in some respects, or the  
17 water authority definitely. Where we were sharing some of  
18 those assets. So they are the major things that you do in  
19 a council.

20  
21 So to say that you are just going to make savings by  
22 merging it, creating a mega council - 330,000 people,  
23 that's bigger than the ACT, bigger than the  
24 Northern Territory and almost as big as Tasmania, to say  
25 you are going to make savings by getting rid of 10 of the  
26 directors, which they did, and then just keep shedding  
27 staff was highly simplistic, in my view.

28  
29 Q. So, back to the question: you didn't expect any  
30 savings, is that the position?

31 A. I thought we could get savings, yes, and when we could  
32 get those, we definitely should, but the level of savings  
33 you were going to get as opposed to the costs, the 120 to  
34 150 million dollars, I couldn't see us - when you do a  
35 business case you've got to look at what your costs are and  
36 what your savings are. The cost of the merger was 120 to  
37 150 million. The figure reported by the staff was  
38 \$80 million, I think in about March, April 2020, that the  
39 costs to that date, the little rock big rock transition  
40 program was \$80 million costed that had been spent of the  
41 ratepayers' money.

42  
43 If you're spending that, you've actually got to find  
44 some savings. So, yes, of course I thought there were  
45 savings, but the savings to the magnitude that someone  
46 would sit back and go, "Wow, we're getting all these  
47 savings and this merger has been a great thing because

1 we've just made so many savings", you've got to offset that  
2 against the costs.

3  
4 When it came to the savings - the mergers were highly  
5 contentious. When it was put through the Wyong chamber,  
6 when Mayor Eaton was there, the merger was passed by one  
7 vote.

8  
9 When it was out in the community, surveys that the  
10 Wyong staff had done showed that 68 per cent - this is my  
11 recollection - of residents did not want the merger; 57  
12 per cent of businesses did not want the merger. So the  
13 merger was highly contentious. It was highly political.  
14 It was something that was dreamt up by the Liberal State  
15 Government, that they wanted to do this across New South  
16 Wales.

17  
18 We had seen where councils such as - I think it was  
19 the Sunshine Coast Council up in Maroochydore, I think,  
20 from Brisbane up north, they had been merged and it had  
21 been such a failure that the residents actually had a  
22 referendum and they had voted to demerge and they'd  
23 actually voted for a special rate rise because the merger  
24 had been such a failure.

25  
26 So are you going to ask me a question on whether  
27 I support it or didn't support the merger?

28  
29 Q. I think I know that, but, yes, what was your position?

30 A. My position was that I was reluctant to be merged.  
31 The residents that I represented were saying consistently  
32 they didn't want to be merged, and I heard  
33 Councillor Greenaway say yesterday that the residents from  
34 Gwandalan, Summerland Point, Chain Valley Bay, Mannering  
35 Park, they didn't want to be part of the Central Coast  
36 Council. They thought by being merged that their funds  
37 would just flow down south, which they had seen in the  
38 past. They thought that they were cross-subsidising the  
39 south and as the figures and as the budgets show, that's  
40 what happened in the first two budgets.

41  
42 When it came to my view, I had to look, but back in  
43 2012 when I ran for council, I had a pamphlet that I sent  
44 to 75,000 residents and in that pamphlet I was on the  
45 public record saying, "to let the community decide on any  
46 plan to amalgamate Wyong and Gosford councils through a  
47 referendum".

1  
2 So before the councils had even been merged, I was of  
3 the view that a referendum was required so that the  
4 community could have their say. They didn't get their say.  
5

6 In the 2017 election, which was the election for the  
7 Central Coast Council, I was consistent there where I was  
8 saying, "Call for a people's referendum on the council  
9 amalgamation issue".  
10

11 In some respect, it didn't matter particularly what  
12 I thought. It mattered more what the residents thought.  
13 As a councillor on the two previous Wyong councils I was  
14 the highest scoring councillor as far as any votes, from  
15 all the 10 councillors, and on the Central Coast Council  
16 I was the highest scoring councillor with 43 per cent of  
17 the vote with my colleague, Jillian Hogan.  
18

19 So with 43 per cent of the vote I thought I had an  
20 onus to be representing the community as best I could on  
21 the consistent view that I was getting from them. I was a  
22 councillor that liked going out to progress meetings,  
23 precinct meetings, community meetings. I'd be out three or  
24 four nights a week engaging with the community saying,  
25 "What do you think?" "What's your view?" And, if I could,  
26 if it wasn't illegal or immoral, I would go back to the  
27 chamber and I would represent them to the best of my  
28 ability.  
29

30 Q. So you joint Central Coast Council knowing it was a  
31 merged council. Did you join with the intention of  
32 destabilising it, or promoting a demerger?

33 A. No, never. As far as a referendum, we were seeking a  
34 referendum. If from that the community said that they  
35 wanted to demerge, then I would promote that. So I would  
36 promote that with a view that if that's what the community  
37 thought.  
38

39 I did see other councillors on that council who were  
40 destructive, who I thought were creating chaos on purpose,  
41 who I thought it would be to their political advantage to  
42 be having sensationalist motions in the chamber and to some  
43 respect to just try and grab the media headline to try to  
44 make it look as though they were doing something.  
45

46 Q. So you never voted or made decisions with a view to  
47 preserving structures within the council to enable a future

1 demerger?

2 A. I remember Councillor Sundstrom bringing forward a  
3 motion asking for information from the public and the  
4 community on a demerger. Could you just ask that question  
5 again, because I think that's an important one?  
6

7 Q. Did you ever vote in favour of a decision that would  
8 preserve structures that would enable a demerger in the  
9 future? That was a suggestion that was made by one of the  
10 witnesses.

11 A. I can't recollect. I'd have to go back and look  
12 whether I did or I didn't. In my mind, essentially, when  
13 it came to the organisational structure of the Central  
14 Coast Council, I voted for that, I think. When it came - I  
15 don't know, I have some documents. This is called "One  
16 Central Coast", which was our running sheet --  
17

18 Q. I just have to let you know, we can't see what you are  
19 holding up, it's blurry, so it's not very useful. Please  
20 don't do it. Don't do it.

21 A. One Central Coast, people can see that, and that's One  
22 Community Coast. That's the community strategic plan  
23 2018/2028. I think the councillors met in good faith and  
24 tried to nut out what the future direction of our council  
25 would be, and it was things like belonging, the community  
26 belonging, being smart, being competitive, having strategic  
27 competitive advantage, which we thought with the IT and  
28 remote desking and hot-spotting, which is what we are doing  
29 now in COVID. It was being green, preserving the  
30 environment, respecting the environment as much as we  
31 could. It was about being responsible, having good  
32 governance and about being deliverable, delivering the  
33 services. This was our strategic plan for the future.  
34

35 I sense there is some inference that councillors were  
36 actively trying to white-ant and destroy the council  
37 through debt for a deamalgamation purpose. I just didn't  
38 see that and as far as I'm aware I didn't participate in  
39 that.  
40

41 Q. No, thank you. You say you are from the north. Did  
42 you vote to preserve the rights for the north? How did you  
43 approach voting in the chamber where there were matters  
44 that affected the north versus the south?

45 A. When it comes to a councillor, you have to be in the  
46 chamber and you have to vote on behalf of all the people on  
47 the Central Coast. In my view, you have to vote for what's

1 equitable across the coast, what's needed across the coast  
2 and what's fair. If something was of a safety nature, if  
3 there was a bridge in Gosford that was going to collapse or  
4 be washed away, then of course that would be done; that  
5 would need to be done. They were almost like statutory  
6 things that you needed to do.

7  
8 When it came to budgets and when it came to rates  
9 harmonisation and when it came down to who was paying the  
10 money, but who was receiving it, the people that  
11 I represent in the communities and my feedback areas like  
12 the precinct committees, the progress associations, were  
13 telling me regularly how they were paying high rates and  
14 their funds were being used to flow down south. I asked  
15 the staff to prepare a question on notice --

16  
17 Q. Mr Vincent, can I ask you not to do that, please. If  
18 you want to submit a document, you can email them to the  
19 inquiry's email address, but it's not useful to show  
20 something like that which nobody can read. If you want to  
21 tell us what the document is, we can go and find it.

22 A. Okay, sorry. I apologise for that. I did want to put  
23 this on the public record and I did ask for my submission  
24 to be put on the public record. As far as I know, it  
25 hasn't yet been put on the public record, so I'm trying to  
26 put some documents that I used for reference on the public  
27 record in this inquiry so that others watching the inquiry  
28 may be able to go and check this themselves and fact-check  
29 it.

30  
31 Q. I don't understand that to be a document that was  
32 attached to your submission, so if you'd like to tell me  
33 what it is.

34 A. Okay. It was the typical ratepayer 2020 financial  
35 year based on median land values.

36  
37 Q. Who published it?

38 A. The staff published this. I can find this document  
39 and forward it to your office, if you like.

40  
41 Q. That would be excellent.

42 A. This said that the ratepayers and residents in the  
43 north, in the old Wyong Local Government area, were paying  
44 on average about \$200 extra a year in rates. So the Wyong  
45 council had had a 6.9 per cent compound rate rise, which  
46 they'd brought for about five or six years. They were  
47 paying more money. Their asset base was in better

1 condition.

2  
3 Gosford, which was a higher land base value, which had  
4 a higher capacity to pay, which had lower unemployment,  
5 which was considered to be a more affluent area, it came  
6 into the merger paying approximately \$200 a year less on  
7 rates. Rates were frozen for the first three years and  
8 then because of COVID they were frozen for four years.

9  
10 What the people in the north were telling me regularly  
11 was that they were paying higher rates and they were  
12 seeing - we had the higher unemployment, the lower capacity  
13 to pay, the lower land values.

14  
15 But when it came to budgets, the first budget that we  
16 dealt with I think was the '18/'19 budget. There was like  
17 a \$23 million or \$24 million spend in the west Gosford ward  
18 from my recollection, and there was about an \$11 million or  
19 \$12 million spend in the Budgewoi ward.

20  
21 The Wyong ward, which I don't consider to be a  
22 northern or southern ward - Wyong ward and The Entrance  
23 ward actually straddle both of Gosford and Wyong and this  
24 is where I think the gerrymander comes in: you've got one  
25 ward, Budgewoi ward, in the north; you've got Wyong and The  
26 Entrance wards going across the middle; and you've got two  
27 full wards with three councillors in each, which makes six  
28 councillors, down south.

29  
30 When it came to budgets there was in excess of double  
31 the spend in the west Gosford area. From what we were  
32 picking up, it was all about Gosford. It was all about  
33 rejuvenating the Gosford CBD, it was all about spending  
34 down in Gosford. Yes, they need rejuvenation. Yes, they  
35 needed things done. But while that was being done down  
36 there, the Budgewoi ward area or the Wyong ward area were  
37 missing out. They were paying the higher rates.  
38 Historically in Wyong the north had been budget starved as  
39 well. Most of the budget, in my view, had gone to The  
40 Entrance area and areas like that. I'd seen that go on for  
41 a decade and there is no way I could participate in a  
42 chamber and stand there and approve or vote for a budget  
43 which was so lop-sided, so inequitable, and confirmation of  
44 what the people who didn't want the merger were telling me,  
45 68 per cent of them in general, that the merger for them  
46 would just mean that all the funds would flow down south.



1 Q. That was your motivation for not voting in favour of  
2 the budgets, was it?

3 A. The first two budgets.

4  
5 Q. You actually voted against them or you abstained?

6 A. I voted against them and I said clearly in the chamber  
7 why I was voting against those first two budgets, how  
8 inequitable they were, how the ratepayers in the north were  
9 popping up and cross-subsidising --

10  
11 Q. Yes, you have told me. When it comes to the third  
12 budget, you voted in favour of that one?

13 A. I did not support one budget in the whole of that  
14 council. I was a Labor councillor and I did not support  
15 one budget. So when I see that some councillors come on  
16 here and try to pretend there was some voting bloc or some  
17 group of people that did things, I think they need to go  
18 back and have a look at how the votes were done in chamber,  
19 how things were done.

20  
21 When it came to budgets, I did not vote for one. I  
22 know other Labor councillors who didn't vote for any  
23 budgets either.

24  
25 When it came to the second two budget, the way those  
26 budgets - they were more equitable. The final two budgets  
27 were more equitable. But the way they were brought to the  
28 chamber, it was the rush, the last minute, and I hope  
29 you've picked up - because I was wanting to say it but I  
30 wasn't sure how it was going to go down, but I've heard  
31 other councillors say it on the record - it was like a gun  
32 to councillors' heads where they were told, "Councillors,  
33 if you don't vote for this budget, we are likely to go to  
34 the minister and say you are blocking supply, we don't have  
35 supply and you will be sacked, dismissed." In my view, I  
36 had been around long enough, I had been dismissed and  
37 sacked when they had merged the councils and put the  
38 administrator in. I didn't mind if that happened. I would  
39 rather have been dismissed for that and for something that  
40 I thought was too rushed, too incorrect, than what happened  
41 when the cash ran out to pay wages - or, sorry, the  
42 perceived cash, actually; there was enough cash there to  
43 pay wages when the minister when the minister dismissed the  
44 council. But I would rather be stood down for something  
45 like that, which was right on principle, right on  
46 procedure, than go along with it. So I voted against the  
47 final two budgets.

1  
2 Q. Did you have any concern about the fact they were  
3 deficit budgets?

4 A. Yes.

5  
6 Q. Did you express that concern in the chamber?

7 A. No, when it came to the debate on the budgets in the  
8 chamber there were some councillors who took a lot of  
9 oxygen, who were doing a lot of grandstanding.

10  
11 I knew where I was with the position. I'd expressed  
12 my views in other areas like briefings. So I may have. If  
13 I had expressed something, I would have said along the line  
14 that I don't like being in deficit. At some point we need  
15 to get into a surplus. I would say, regularly, ratepayers  
16 and people can have whatever they want as long as they pay  
17 for it. I'd say that out in community meetings. I'd say,  
18 "Look, you can have whatever you want, as long as we pay  
19 for it. We pay our rates, the council delivers services on  
20 our behalf. We can ask for all these things but you need  
21 to prioritise it and look at what you want. We can have -  
22 it's not just the council providing for us. The council is  
23 the caretaker of our money, on our behalf, providing for  
24 us. So you can have that, as long as they can pay for it."

25  
26 I wasn't keen on deficit budgets. I do understand  
27 that the deficit budget was at about 20 or 30 million  
28 dollars in about the third budget. With the floods, with  
29 the fires, with the COVID and with the coastal erosion, and  
30 the cost shifting from the State Government, our costs went  
31 up. We had to some extent a rates freeze where we couldn't  
32 harmonise rates. We did have an incremental increase from  
33 IPART. And while you had all of that going on, your  
34 staff - you had, I think about 2,000 staff, 2,157 staff, to  
35 pay for, they had enterprise agreements and they were  
36 running probably at about 2.7 to 3.7 per cent. So your  
37 wages bill was going up while your income ability was being  
38 reduced.

39  
40 The grants that we were getting from the Federal  
41 Government - this was a big sale that was given in the  
42 Wyong chamber on the merger debate, that we would miss out  
43 on \$10 million from the State Government per council. Well  
44 \$10 million was never going to be enough to do a  
45 \$150 million job.

46  
47 It was said being a mega council we would be powerful.

1 We would be able to lobby, we would be able to get grants.  
2 What we found was that the administrator was able to get  
3 grants but once the elected body came in, for some reason,  
4 federal or state grants pretty much dried up and we were  
5 running very lean on that income.  
6

7 Q. Do you think there was a sufficiently swift reaction  
8 to the catastrophes that beset 2020, in terms of the  
9 budget?

10 A. Which one do you mean?  
11

12 Q. Well, bushfires, then floods, then COVID. Do you  
13 think there was a sufficiently rapid reaction to those  
14 events to rein the budget in. I know it had been set  
15 earlier, but once those events happened do you think there  
16 should have been swifter action?

17 A. The budgetary cycle was normally you would get the  
18 second quarter report coming in in about February - January  
19 February. Concurrent with that you would start setting the  
20 groundwork for the next year's strategic - annual budget.  
21 There was a one-year budget and a five-year budget, or  
22 four-year budget. You would start setting the groundwork  
23 for that.  
24

25 When it came to the bushfires and the floods - the  
26 floods happened earlier and there were some costs with  
27 that. The bushfires happened over that Christmas and  
28 people were trying to manage those. There was a cost with  
29 that, as well, with the RFS, with the SES, because they to  
30 some extent had been cost shifted to Local Government from  
31 State Government.  
32

33 The plans that were put in place - the preliminary  
34 areas that we started looking at in February 2020 on the  
35 strategic planning cycle - it was early days, so I don't  
36 even think the finance department would have - unless they  
37 did know, would have known the result of that.  
38

39 Our expectation was that if we managed one of those  
40 disasters on behalf of the State Government, that they  
41 would pay us quickly for it, that we would get - if they  
42 said to us, "Can you please do some coastal erosion" or  
43 "Can you please run some programs for flooding events", the  
44 State Government would help us with that and pay us  
45 quickly, which I don't believe they paid us as quickly as  
46 they could.  
47

1 When it came to the COVID, that was an evolving thing  
2 and I think that took state, federal - internationally that  
3 took the world very quickly, and they started looking at  
4 what they were doing.

5  
6 So adjusting to the budgets, I see that the Federal  
7 Government at the moment has \$890 billion of debt. That's  
8 the liberal Federal Government. I see when Labor left  
9 office in 2013 there was about \$200 billion debt. So  
10 whether we adjusted quickly enough, we had Grant Thornton  
11 and we did that in about March/April, I see that the state  
12 New South Wales Government has about \$190 - no \$89 billion  
13 of debt at the moment.

14  
15 I have heard previous councillors talking on your  
16 inquiry and they have mentioned the level of state and  
17 federal debt, which just is enormous compared to what  
18 happened at Central Coast Council, but my understanding is  
19 that the general manager engaged Grant Thornton, they  
20 looked at it as quickly as they could. They started  
21 talking about the levers that we could pull to try to  
22 correct the budget. I think you would have heard the  
23 figures - there was like a 150 million, 100 million or a  
24 75 million lever. Do you remember hearing that,  
25 Commissioner?

26  
27 Q. I've heard lots of figures, different figures.

28 A. So with the correction, with the correction budget -  
29 that's the line that you're asking here, I think?

30  
31 Q. No, it was before that. You said that the floods and  
32 the bushfires had an adverse impact on the budget. Were  
33 there any steps taken to adjust the budget in view of those  
34 additional and unexpected costs to the council?

35 A. My recollection was that it was dollars that we were  
36 finding difficult to absorb and we were wanting the State  
37 Government to pay us for the work that we'd done on their  
38 behalf, the same as the work that we did on the lakes, the  
39 same as the work that we did on the dredging of the sand in  
40 the lakes. We were wanting the State Government to pay  
41 their share.

42  
43 When it came to the issues with the budget, the vast  
44 drain - my view - on the council's budget was the  
45 amalgamation. We'd already spent \$80 million of  
46 ratepayers' money in about four or five years on the  
47 amalgamation. That comes out of your general fund. You're

1 trying to run an organisation and you're just pulling tens  
2 of thousands of dollars out of your general fund which  
3 would normally go into roads, footpaths, which would  
4 normally go into the type of services that you deliver.  
5 That, in my view, was the major drain on the budget.  
6

7 Q. You say in your statement on the second page that the  
8 CEO and the CFO were questioned if this was correct, "this"  
9 being that the council was in a poor financial position.  
10 Who was the CEO and CFO that were questioned and gave no  
11 indication that the financial situation was precarious?

12 A. Now, I wouldn't like to guess at that. I remember  
13 being in the chamber and we'd had four chief financial  
14 officers and I remember councillors would say in the  
15 chamber around that budget time when the budget was  
16 approved in the chamber --  
17

18 Q. Do you know which year it was?

19 A. It would be about halfway through the term, so  
20 probably about 2018/19, or '19/20. There were questions  
21 raised around that budget area. I remember some  
22 councillors asking, one, the general manager, "Are we  
23 broke?", and the general manager in general, as far as my  
24 recollection was, would say, "No, councillors, we are not  
25 broke, we are running with some debt, we have a plan to  
26 trajectory out of that".  
27

28 If you have a look at the - I won't hold it up because  
29 I now know that you have difficulty seeing it, but if you  
30 look at the delivery program '18/19, '19/20, it was clear  
31 in there that the council had a view of not running deficit  
32 budgets and we were looking to get into a surplus.  
33

34 So the general manager would say, from my  
35 recollection, that there was a plan to reduce the deficit,  
36 and his view was that we weren't broke. I think that was a  
37 genuine view that he had.  
38

39 When it came to the chief financial officer, questions  
40 were asked there, "Are we broke?" There was one chief  
41 financial officer - and I don't want to put someone's name  
42 to it because I'm not sure who it was. You'd have to go  
43 back and have a look at the actual meeting, but I thought  
44 it was a very tricky answer. The answer that came back was  
45 "Councillors, the figures before you are correct".  
46 I thought, what does that mean? We have asked you, as a  
47 professional that we pay hundreds of thousands of dollars

1 to, to give us a view. You're just saying that the figures  
2 before you are correct." I'm thinking how is the chamber -  
3 we are having a debate here about how things are looking  
4 and that's the answer you give us? I thought it was an odd  
5 answer.

6  
7 Q. Now, some former councillors have said that the budget  
8 was presented as a fait accompli, that you didn't have very  
9 much ability to alter the budget other than perhaps to swap  
10 in and out certain projects. Was that your experience?

11 A. A little bit, a little bit. Like, I mean, staff  
12 really did try to take into account the things that  
13 councillors were saying on behalf of the community and  
14 residents. They really did try and find ways to look at  
15 projects that needed to be done from the community's  
16 perspective. They had their view as well. They needed  
17 to - I don't know, they needed to streamline the approvals  
18 process in the DA area so we had quick turnarounds so that  
19 we could have, you know, development and houses built on  
20 the Central Coast. So there were things that they had from  
21 a statutory perspective. There were things that they had  
22 from an operational perspective. We had a wages bill, a  
23 huge one, so you needed to do that. In my view, we were  
24 under-resourced and the organisation was suffering with its  
25 delivery because of that.

26  
27 Whether we were under-resourced in the finance area, I  
28 think - I'm hoping that your inquiry might be able to find  
29 some detailed information there.

30  
31 But councillors' ability to influence the budget, in  
32 general, like, you were one in 15 councillors sitting in a  
33 room. You could have your view, you could put in a wish  
34 list of things you would like to see in the budget and they  
35 might or might not get in. Some councillors would carry on  
36 like a pork chop if their item wasn't in the budget or if,  
37 you know, a little bit of a pathway or if a road they  
38 particularly looked at wasn't there, and staff would say,  
39 "Look, we have done the CPI index to the pavement, this is  
40 not a high traffic area, it's not a bus route, and, you  
41 know, we believe that a better use of the funds would be in  
42 this area."

43  
44 So there wasn't really negotiation, there was a little  
45 bit of sanity check, reality check, on what people are  
46 asking for and what the staff could deliver and what the  
47 budget could deliver.

1  
2 When it came to the budget on - I think it was when  
3 Grant Thornton was there. They were in the room but we  
4 used to have a facilitator that would come in. It was the  
5 budget where we needed to make the cuts, it was like 150  
6 million, 100 million and 75 million cut. In that meeting  
7 I put up that we should sell land. In particular,  
8 I identified the Chappypie site, which was near the  
9 Warnervale airport, that should be sold. I didn't seem to  
10 be getting any traction so, just off the cuff, I said to  
11 councillors, "Who in the room wants to have that site sold  
12 so that we can utilise those funds to try and reduce this  
13 financial crisis that we're having?" The vast majority of  
14 councillors put their hands up in front of the directors  
15 and the facilitator and the general manager, and then that  
16 made no difference. Things just kept on going because, in  
17 my view, obviously that wasn't part of the plan they were  
18 bringing.

19  
20 So when you ask if councillors were considered? Yes,  
21 some items were put in that made sense. On some of the  
22 bigger ticket items, no.

23  
24 In my view, we should have pulled a bigger lever and  
25 we should have taken that financial crisis a bit more  
26 seriously - in hindsight. But I didn't know they'd been  
27 spending restricted funds. I didn't know our cash reserves  
28 were down to zero, well, not zero, but we were having  
29 difficulty there. I didn't know that there was  
30 \$300 million of pre-existing debt. I didn't know that.

31  
32 What I did know was that we were having issues because  
33 of cost shifting, we were having issues because of the  
34 natural disasters that we'd been having, and we were trying  
35 to do what we thought was best there.

36  
37 I raised the issue about voluntary redundancies in the  
38 room at that point in time. I understand the argument, you  
39 can't afford to have all your intellectual capital,  
40 intellectual property, exit an organisation in one go.  
41 From an organisational structure and design and change  
42 capability perspective, that's just disastrous. Most  
43 companies when they are merged, if they do that and see  
44 their intellectual property go out of the window, it can be  
45 disastrous. We'd had a major merger, we'd had high-level  
46 staff exit the organisation, the directors, not by their  
47 requests but because of the downsizing of the staff, and

1 I knew the risk of involuntary redundancies, not forced  
2 redundancies. But if that was done measured, if that was  
3 done targeted, if it was done in the areas that you thought  
4 the organisation could still get along, I thought it could  
5 be done in a measured way. That was just totally  
6 discounted. It wasn't - not so much by the elected body.  
7 Some of the elected body had a view against that and  
8 I respect their view, but in my view, the staff just  
9 rejected that or didn't - they spoke against it. They said  
10 why we shouldn't do it, and then it was rejected.  
11

12 As a result of that, that session had gone for about  
13 two to three hours and I had had enough. I thought, we're  
14 just here. Some things that we say, like - one of the  
15 councillors used to talk about councillors like a flock of  
16 seagulls arguing over a bunch of chips. They would argue  
17 about --  
18

19 Q. Oh, let me guess.

20 A. As a councillor, I don't normally see eye to eye with  
21 him, but I like that analogy that he put and I agree with  
22 him.  
23

24 The bunch of chips will be thrown up, which is what  
25 footpath are you going to have, what path are you going to  
26 have upgraded, what bit of road are you going to have done,  
27 and the councillors would squabble over those like  
28 seagulls, while the really meaningful big-ticket items were  
29 worked out already.  
30

31 Q. That was my point: did you have any meaningful input  
32 into whether, for example, it was a deficit budget or not?

33 A. I tried to. When I had frustration with that, the  
34 deficit budget, the discussions on the budget - yes, I  
35 tried to. I raised those items. And when I felt as though  
36 I wasn't being heard - and other councillors which have  
37 presented here, I don't know if they said it in the inquiry  
38 but they had raised with me issues about the strategic  
39 planning and that sometimes the die was cast, was already  
40 set. On that 2020 budget I left, I walked out about 20  
41 minutes before it ended, as a bit of a statement saying.  
42 "If you're not going to listen, if you're not going to take  
43 on some of the advice" - I know I was one in 15 so the  
44 world wasn't going to revolve around my thoughts, but at  
45 that point I'd had enough and I left. I walked out of that  
46 budget process.  
47



1 Q. Can I take you back to some more mundane things. You  
2 had already been a councillor. How well do you think the  
3 council conducted the induction for new councillors?

4 A. Oh, it was fairly standard. It was the same as I'd  
5 seen in other councils. I think it was probably a little  
6 bit more of an improvement, because each time they did an  
7 induction they'd always ask councillors what worked, what  
8 didn't work. Staff were always trying to improve things  
9 where they could. They really did. They weren't trying to  
10 work against councillors or set councillors up, I don't  
11 think. So it was - it was the standard one.

12  
13 An extremely generous training budget was offered to  
14 councillors to go and seek training. Directors' doors were  
15 open so that councillors could ask them questions or meet  
16 with them if they wanted.

17  
18 There was the clear division, though, on an almost - I  
19 think it was a little bit maybe controlled - on what staff  
20 councillors could and couldn't talk with. That was made  
21 very clear then, that your point of contact was the  
22 director and the director would either recommend a manager  
23 that you might speak to or not. In my mind, that was a  
24 little bit - because it made sense from a line of command  
25 in an organisation to have a clear message coming through  
26 one area that was consistent and that was hopefully  
27 correct.

28  
29 Secondly, in previously councils, there had been  
30 inappropriate access by some councillors to staff members,  
31 lobbying them, probing them for information, getting a bit  
32 of information so they could spread disinformation or  
33 create anarchy. There were even cases where some senior  
34 staff members were found to be at councillors' places of  
35 work, places of business, discussing things with them -  
36 whether it was council or not I'm not sure. But it was  
37 just highly inappropriate and that was raised in the  
38 chamber back in Wyong. So I could see why the staff were  
39 trying to keep that line of command, that you didn't have  
40 councillors walking through the building going to a certain  
41 officer saying, "What's happening with that project", or  
42 lobbying, inappropriate lobbying for their particular area.

43  
44 Q. I was actually more concerned about the councillors.  
45 So the induction was better than average and there was a  
46 generous training schedule offered. Did you take any of  
47 those opportunities?

1 A. I didn't do any training in the Central Coast Council.  
2 I'd done a lot of training in the previous Wyong council.  
3 The budget that I remember, from the best of my  
4 recollection, was about \$6,000 to \$7,000 per year, I think  
5 it was.  
6

7 Q. Per councillor or per year?

8 A. Per councillor. I thought it was very generous.  
9 I thought it was good. I could see where some might rort  
10 it, just running off to any - what do they call it --  
11

12 Q. Junket?

13 A. -- conference. I didn't want to say that, but I did  
14 use those words myself on other occasions. I could see how  
15 some might rort it but I didn't see anyone rorting it.  
16

17 The previous training I had done on Wyong council -  
18 I had done finance training, I had done governance  
19 training, I had done the Institute of Company Directors  
20 course. While on oath here and on the record, it is my  
21 view, if you have any recommendations, that it be mandatory  
22 that if people are going to run for Local Government and  
23 sit on the board or be the decision-makers for a Local  
24 Government area, that they take on or they commit to doing  
25 a directors course, that they commit to doing certain  
26 finance, governance courses and even media courses, so that  
27 when they have to present to the media they can present  
28 what's factual and truthful.  
29

30 Q. Just on that point, the council isn't a board, it's  
31 not the same thing as a board of directors. It's drawn  
32 from people from all walks of life. Is it reasonable, do  
33 you think, to require everybody to have completed the  
34 Institute of Company Directors course? Wouldn't it be more  
35 appropriate for a targeted - similar course but targeted  
36 for councillors?

37 A. I agree with you that it's not the same. The chamber  
38 is a board. The chamber makes decisions on votes and  
39 direct the general manager who runs the operational part of  
40 the council. If there was a better fit than the company  
41 directors course, which is I think maybe what you are  
42 referring to, yes, if you could improve on the company  
43 directors course for councillors, yes. But it would have  
44 to have the robustness, the level of understanding, rigor,  
45 and when you do that course you can elect to be tested on  
46 it or not tested. So you can be tested and you can get  
47 that company directors qualification or you can not be

1 tested.

2  
3 So if a councillor - and we get people coming from all  
4 walks of life, councillors, and I think that's good, that  
5 diversity is extremely good, but if there are people who  
6 are worried about passing the course or keeping up with the  
7 course, they are going to take something home from it.

8  
9 I remember the main take-home that I remember from the  
10 course was that as a board, you shouldn't be drilling down  
11 into daily operations; as a board, you shouldn't be  
12 micro-managing a general manager or a CEO, that's what they  
13 do; you shouldn't be micro-managing staff. As the board  
14 you should be making high-level decisions based and  
15 information brought to you by the directors of the  
16 organisation - which is exactly what council was doing -  
17 but if you sense a problem, if you think there's a problem,  
18 then you drill down into that area and you check it.

19  
20 If that's the take-home that new councillors or  
21 councillors on, for want of a better word, a board of a  
22 council can have, I think that would be a good thing for  
23 Local Government, that would be a good thing for democracy.  
24 It would be a good thing for our citizens and residents we  
25 represent.

26  
27 Q. Again, switching completely, you spoke to us about  
28 ARIC. What did you understand of the external auditors,  
29 what their role was for the council?

30 A. So the external auditors - we had the New South Wales  
31 auditor-generals - I'll get their proper name - the Audit  
32 Office of New South Wales were the external auditors.  
33 There was also PricewaterhouseCoopers, a huge  
34 multi-national firm.

35  
36 My understanding was that they were to have a look at  
37 the accounts and review that they were done as per the  
38 accounting procedures and codes for Local Government, which  
39 are different to business. They were to look and see if  
40 they could find irregularities or things that were not  
41 correct, and, if they do find that, they reported it back.

42  
43 They were the people with the high-level expertise who  
44 went from organisation to organisation, council to council,  
45 performing these audits and would have a record, a list of  
46 things that they would look and drill down to and check.

1 I remember there was a high-level audit, a forensic  
2 audit of Gosford because the Gosford accounts had some  
3 issues in the early days. I think when the administrator  
4 was in there was found to be irregularities and issues  
5 with - I don't know if I can discuss that on the record  
6 here. That was in confidential. I will if you ask me to.

7  
8 There were irregularities with Gosford which the Audit  
9 Office and the other external auditors took a year and a  
10 half to finalise. That was a frustration to the audit risk  
11 committee. We were hoping for them to come back and give  
12 us their reports. They were delayed and delayed. They did  
13 come in with their reports and things were moved on from  
14 there.

15  
16 Q. Yes. I am aware of that information.

17 A. As far as the internal auditor, when we were at the  
18 audit and risk committee we had a cast of thousands. We  
19 would have the chief executive officer, the chief financial  
20 officer, the director of governance, the director of  
21 environmental planning, the director of connected  
22 communities, the chief internal auditor, the general legal  
23 counsel, the acting unit manager for governance and  
24 business services, the section manager for people  
25 development and expertise, the advisory group support  
26 officer, the Audit Office of New South Wales - we'd have  
27 two people from the Audit Office of New South Wales - we  
28 would have PricewaterhouseCoopers, and sometimes we would  
29 have other invited guests. So there was a cast of  
30 thousands.

31  
32 The intellectual property and capital in that room  
33 I thought was of a high level and high magnitude. But at  
34 no point in time was there any reference to internal or  
35 external restricted funds being spent. To the best of my  
36 knowledge, I can't remember ever hearing about massive debt  
37 coming from Gosford or Wyong at the point of merger.  
38 I found that out later on.

39  
40 Q. At your time at Wyong, were you aware of any  
41 classification of restricted funds as unrestricted?

42 A. No, no, but that's - not from my memory, no. But if  
43 you're going to spend internal restricted funds you need a  
44 motion of council to do that. If internal restricted funds  
45 were spent at Wyong there would have been a motion through  
46 council saying, "We've got this section 94 contribution  
47 over here. We have had a massive flood or bridge collapse

1 or something happen over there which is a major thing. We  
2 didn't expect this, we need to fix this. We are going to  
3 access those internal restricted funds now, spend those  
4 funds on the project and then repay it. We are going to  
5 put it back in that area". That's for internal funds,  
6 restricted funds. For external restricted funds you can  
7 only do that if you have approval from the minister. It is  
8 a ministerial approval to do that.

9  
10 I can't remember Wyong ever looking at seeking that  
11 approval, but you would find that on the Wyong records.  
12 TRIM holds things for about 10, 15 years. If you wanted to  
13 find that, you could ask your staff to go and look for  
14 that. They would have the ability, with the assistance of  
15 the right officers in council, to be able to access them  
16 and find them, and confirm that for you if you want.

17  
18 Can I make a comment on the accounting buckets at the  
19 council?

20  
21 Q. Yes.

22 A. I think the inquiry's looking for recommendations. I  
23 think the inquiry is looking to try to see what some of the  
24 causes were for this financial calamity. If a  
25 recommendation came from it - and I don't fully understand  
26 why things were switched and I don't understand the merit -  
27 but my understanding was in 1993 there used to be what they  
28 called - there was funding for each area in a separate  
29 account. Account funding, I think they called it, 1993.  
30 So your sewerage, your water, your general fund, would all  
31 go into a separate bank account. Separate. Then in 1993,  
32 that was changed and there was a move away from that and  
33 they said, "No, it's okay to keep it all in the one bank  
34 account so long as you can track it on an Excel spreadsheet  
35 or database, whatever you are doing, to understand where  
36 things are at."

37  
38 That's a long time ago they went away from that.  
39 I don't know if other councils have run into the same issue  
40 as Central Coast did, but in my mind, obviously at some  
41 point somebody either didn't know what they could access or  
42 should access, or they got confused with it, with the  
43 changeover, the merging of the IT system and the Oracle  
44 system reporting to the MAGIQ system, which was just giving  
45 dud reports, it was giving reports that were incorrect,  
46 meaningless, and directors were having difficulty running  
47 their directorates with - obviously that one-bucket system

1 wasn't working. So there could be, I don't know, tax  
2 implications, there might be interest or there might be fee  
3 charges, having separate accounts. But, gee, if that costs  
4 you a couple of thousand dollars to have separate buckets,  
5 where if someone was going to go and access your internal  
6 water restricted funds or external restricted funds, if  
7 they had to get special sign off, someone would  
8 automatically go, "Why are you accessing those funds?"  
9 There would be levels of authority and delegation to be  
10 able to access those funds. In my mind, that could  
11 possibly be a reasonable recommendation.  
12

13 Q. It has an appealing simplicity. You actually mention  
14 on the foot of your first page of your statement that there  
15 is conjecture on the practice of spending restricted funds.  
16 Are you referring there to water, sewer and drainage  
17 contributions and whether they are in fact restricted  
18 funds, contributions collected under the Water Management  
19 Act?

20 A. I'm running on the knowledge I have. The conjecture  
21 in my mind was that there was a difference between the  
22 Office of Local Government and the State Government on what  
23 could happen with restricted funds, internal and external.  
24 I only became more aware about this, or there was a steep  
25 learning curve after the October long weekend when we all  
26 got that notice and we said, "What's going on?" We were  
27 trying to work out what, why, where and how and by how  
28 much.  
29

30 When it got into that restricted funds area, I heard  
31 it mentioned around that there were different ways. Some  
32 people said no, it was appropriate that you could spend  
33 those under these guidelines; but then other people were  
34 saying no, you can't do it under the State Government  
35 guidelines. So there seemed to be conflicting policies or  
36 procedures or guidelines, and I started to get it in my  
37 head that maybe some staff were working to some guidelines  
38 and other staff were working to other guidelines.  
39

40 If I was a staff member in that environment with a  
41 high turnover and a lot of intellectual capital and  
42 property coming and going from the organisation, I could  
43 see how it would be difficult. It would be easy to maybe  
44 follow one set of guidelines and then someone else say, no,  
45 you're not doing it right. In saying that, you would  
46 expect the people in that area to understand their core  
47 business of that directorate.

1  
2 Q. But there may have been conflicts between  
3 directorates?  
4 A. Oh, there may have been. I heard people talk about  
5 that. There's always - everyone protects their little  
6 empire. The HR will think that the organisation revolves  
7 around HR. You know, development will think that the  
8 organisation revolves around development and economic  
9 activity and houses and providing houses. It does, you  
10 have to have houses because the price of rent is so high  
11 and we have an under-supply of residential properties. The  
12 finance department will think that the world revolves  
13 around - this is natural in an organisation as large,  
14 monolithic as the Central Coast Council.  
15  
16 Q. I don't think I have any further questions for you,  
17 Mr Vincent. Did you want to make any further statement  
18 before I invite questions from Ms Annis-Brown?  
19 A. You haven't asked me about the Warnervale airport.  
20  
21 Q. Do you want to make a statement about the Warnervale  
22 airport?  
23 A. I wouldn't mind putting something --  
24  
25 Q. I had asked some questions. I think I've got the gist  
26 of what was going on there - were you an opponent of the  
27 development of the airport?  
28 A. I advocated on behalf of citizens in my area to not  
29 have the airport. They wanted the council to spend their  
30 money on roads, rubbish and rates, on footpaths, on play  
31 areas and to run efficient services for them. They didn't  
32 see that an airport was a Local Government charter.  
33 Airports are normally Federal and and State Governments,  
34 Badgery's Creek - whether it was state or federal I'm not  
35 clear on that - is progressing; Newcastle airport. It's  
36 not normally a Local Government charter.  
37  
38 When it comes to Local Government, I'd seen four  
39 airport sites picked in four years where people had thrown  
40 dart at the board and said, "Put one there", had a whole  
41 heap of consultants run off and do things, and they had  
42 budgets of up to half a billion dollars, \$500 million of  
43 ratepayers' money to go and assess airport sites which were  
44 junkets. You could change an airport site like you change  
45 your clothes or your hat. In my mind, this wasn't a very  
46 good way of doing business. You normally did a high-level  
47 feasibility study, you normally drill down, drill down.

1 But they would throw a dart at a board and say, "This is  
2 the site, this is all going to work."

3  
4 To some extent you would have the men in black suits  
5 come in and try and give you the sales pitch on it,  
6 supposedly you were supposed to be impressed that that was  
7 going to work.

8  
9 But the residents were telling me they hadn't moved to  
10 the Central Coast, they hadn't come to the coast to have a  
11 jet airport near them or have jet aircraft flying over the  
12 top of them. The current airport was a turboprop airport.  
13 They were comfortable with that. They didn't have any  
14 issue. They felt safer because they thought if there was  
15 an emergency, you could have a helicopter or something, or  
16 if there was a bushfire, people could be evacuated. It was  
17 good for that. But they hadn't paid \$500,000 to \$600,000  
18 for a sea change from Sydney, where they'd moved away from  
19 aircraft flying over the top of them, to come to the  
20 Central Coast for that.

21  
22 If you look at the airport business plan, it's about  
23 seven or eight stages. For that business plan to work it  
24 has to go to a bums-on-seats volume-based pricing jet  
25 aircraft airport for it to be financially viable. So if  
26 you take the community down that path saying, "We're just  
27 going to do a little bit of this, a little bit of that,"  
28 I know you don't like cliches, and it's a bad one, but you  
29 can't be a little bit pregnant. If you make the decision  
30 to spend \$500 million of the ratepayers' money - where are  
31 you going to find that - on a "what if" to go and do things  
32 that didn't have approvals, things that the State  
33 Government at the time, the Liberal State Government, was  
34 not supportive of the airport. They were saying, "No,  
35 Badgerys Creek and Newcastle are the areas we prefer to see  
36 this done."

37  
38 For Central Coast Council to keep pushing ahead with  
39 an airport seemed to me to be business madness, seemed to  
40 be ludicrous. Staff had put out reports saying that if you  
41 want economic activity, if you want people to be able to  
42 have jobs - which we do on the Central Coast because a lot  
43 of our people commute to Sydney, 15 or 20 per cent of  
44 people commute to Sydney - an airport was not the best  
45 result for economic activity and employment.

46  
47 Other things like employment zones, bulky goods



1 outlets were better use of that land. Those reports, when  
2 it was under administration, those reports, when it was  
3 under certain directors who didn't end up in the Central  
4 Coast Council, who had pushed this airport - by the time  
5 the elected body had come in it was in a position where  
6 they had brought it to a stage, and then they wanted the  
7 elected body to sign off on it. Well, it was, to my  
8 recollection, about \$1.2 million to break the contract and  
9 in my mind that was money well spent, to not take the  
10 community down a \$500 million, half a billion dollars plan  
11 of ratepayers' money on something that at that time didn't  
12 stack up.

13  
14 Four previous airports had not stacked up and they had  
15 changed sites. So I thought it was prudent to put it on  
16 hold, have a closer look at it, take a measured approach  
17 and not have a bunch of people coming in in suits trying to  
18 tell us why it was going to work for us and why we should  
19 be doing it.

20  
21 As soon as I saw that, I saw red flags. I saw a  
22 reason to stop, as in the directors course, drill down and  
23 say, "What's going on here? What is the best outcome for  
24 our community."

25  
26 Q. Okay. Then you'll get my next standard question:  
27 what about the RPAC? What was your position on the RPAC  
28 and the decision not to proceed?

29 A. Gosford needed it - not an RPAC, Gosford needed a  
30 library. The residents at Gosford had paid their levies  
31 for five to 10 years, they'd been promised it and they  
32 should be delivered a library that the community can  
33 access. If that library can have connectivity and can have  
34 areas where they can have breakout rooms and  
35 mini conferences that the community can use, that's good.

36  
37 What I saw with the RPAC was that it went to about -  
38 I think it was 150 or 160 million dollars. For me, that  
39 was huge, a huge risk. From a risk management perspective,  
40 likelihood and consequences of something happening,  
41 inherent risk, it was very high, of something going wrong.

42  
43 When I asked about the borrowing capacity of the  
44 council, it would have chewed up, from memory, 70 per cent  
45 of our borrowing capacity, which only left 30 per cent for  
46 a rainy day or for something else that came along.

47

1        There was the funds that they were looking for from  
2 the Snowy Hydro scheme which the Federal Government for  
3 some reason decided that Central Coast wasn't worth a  
4 cracker of that, they put it elsewhere. So we had no  
5 ability to access that.

6  
7        In planning sessions - and I was seen as a bit of a  
8 black sheep maybe, asking these questions, but when it came  
9 to strategic planning sessions - I said to the PCG, the  
10 project control group, "Can we please go around the room",  
11 and this was the chief financial officer, chief executive  
12 officer, the chief governance officer - I can't remember  
13 who else was on the PCG - "Can you please give us your view  
14 of the risk profile of this project and whether we are  
15 running out of track which may blow up on us or become an  
16 issue." As we went around the room it became clear that  
17 all of the PCG had reservations on the scale and the size  
18 of the project, considering that we didn't get the funding,  
19 the federal funding, that we were expecting to get from the  
20 Liberal Federal Government.

21  
22        When were in that predicament, to my mind, it was  
23 something that I didn't want to walk away from; I thought  
24 it would be a good project for Gosford, it would certainly  
25 revitalise Gosford, it would certainly centralise it, but  
26 as far as a risky project for the Central Coast, it was too  
27 big, too risky.

28  
29        When it was scaled back, I think we came back to about  
30 40 or 60 million dollars - I have to be careful because  
31 I think there would be contracts or contractual  
32 arrangements with tendering companies here, so I have to be  
33 careful, but when it came to that scale, I was comfortable  
34 with it. I was very supportive of that. I was always  
35 saying that the people of Gosford deserved to get their  
36 regional library. That's what needed. They'd paid for it,  
37 they had an expectation for it and the council, as a  
38 service delivery organisation, had a responsibility to  
39 deliver it.

40  
41        Q. Is that what happened? Did the council resolve to  
42 proceed with it?

43        A. To be honest, I can't remember what happened with  
44 that. I don't know if the work started or not. I hope it  
45 did. I don't know. I can't remember.

46  
47        Q. Okay.

1 A. You asked me about the general manager and the review  
2 process?

3  
4 Q. Did you sit on any of the review meetings, the  
5 performance review meetings, with the general manager?

6 A. I did.

7  
8 Q. What was your observation of those meetings?

9 A. Would it be better to talk about the selection process  
10 first?

11  
12 Q. Were you on the committee?

13 A. On the selection committee?

14  
15 Q. You were?

16 A. No.

17  
18 Q. Okay. What did you observe as a non-member of the  
19 committee in terms of the process for the selection of the  
20 general manager?

21 A. As far as I'm aware, the process was robust - I won't  
22 say "robust". The process was done correctly. We had,  
23 I think it was, McArthur guiding us on that procedure and  
24 as far as I'm aware it was done correctly. There weren't  
25 any inappropriate steps missed or taken.

26  
27 When it came to the actual process, or how it was  
28 done, I didn't agree with the process. There were four  
29 councillors who were on the committee to review and make  
30 recommendation. In the previous Wyong council I'd seen a  
31 whole of council approach where all councillors, if they  
32 could be available or if they wanted to participate, they  
33 could be involved in the selection of the general manager.  
34 They could access all the applicants' CVs, they could be on  
35 the interview panel that interviewed them, that shortlisted  
36 them, if they requested. It was whole of council.

37  
38 I remember we selected the general manager, Michael  
39 Whittaker, who came in. Michael was a real change agent,  
40 made a lot of change at Wyong, some of it I agreed with,  
41 some of it I didn't, but he was operating under the  
42 direction of the elected body, so I think he did a good job  
43 there.

44  
45 Q. Can I just ask you, in Wyong, was that before 2011  
46 that appointment of that general manager?

47 A. It would have - oh, maybe 2011/12, something like

1 that. I'd seen John Dawson there, I'd Kerry Yates, I'd  
2 seen Michael Whittaker, I'd seen Rob Noble, I had seen  
3 Brian Glendenning, I'd seen Brian Bell, I'd seen Gary  
4 Murphy. But Mike Whittaker - probably about 2011, '13,  
5 '14, something around there.  
6

7 Q. No, I only ask you the date because that was the date  
8 when the guidelines for the recruitment of the general  
9 manager were introduced?

10 A. Okay. We had a company guide us through that as well,  
11 from memory. It was too big a task for a bunch of  
12 councillors to work out themselves. You needed external  
13 professional advice to try and do that.  
14

15 When it came down it we had a small group of four. I  
16 heard some people try to bandy it around that it was party  
17 political or whatever. I just think it's a nonsense.  
18 I think it's those people trying to play that card.  
19

20 My understanding of the selection committee was that  
21 you had two seasoned councillors, which were Bob - the  
22 Liberal councillor, I can't remember his name, and there  
23 was Holstein, who was an independent councillor. Chris was  
24 a previous Liberal member for Gosford and he'd been on  
25 three or four councils. He knew his way around. There was  
26 Jillian Hogan, who was a Labor councillor, she was a new  
27 councillor, and there was Jane Smith, who was the mayor,  
28 the first mayor of Central Coast Council, and a very  
29 capable mayor, too, I think she was one of the best mayors  
30 we've seen. I was on the record saying that.  
31

32 But for a small committee of two new councillors and  
33 two seasoned councillors to be picking out a general  
34 manager for someone who is going to handle 1157 staff, a  
35 budget of there \$750 million to \$850 million, I had  
36 reservations, and I expressed it pretty openly. People  
37 didn't - weren't that keen on some of the things I said  
38 about having an all-council selection process, but it was  
39 decided that we wouldn't have that and I respected that  
40 view, I respected the democracy of the chamber.  
41

42 Q. In terms of supervision, you sat in on the performance  
43 review meetings?

44 A. Yes, yes. It was interesting who sat in and who  
45 didn't sit in. In general, some of the more conservative  
46 independents wouldn't participate in anything like that.  
47 Some of the Liberal councillors did, some of the Labor

1 councillors did and some of the independent councillors  
2 participated.

3  
4 I did, and as far as I could see that review process  
5 was done, from memory, by McArthur the first couple of  
6 times, and then I think at the later date it was done by  
7 the director of HR. I might have that wrong, but that's my  
8 recollection.

9  
10 Q. The former mayor, Ms Smith, was asked questions about  
11 the unavailability of accounts to enable completion of all  
12 of the information for the KPIs for the general manager.  
13 Did you see that as a problem?

14 A. It was a bit of a shortcoming. It was something that  
15 you found hard to give a "doing well" tick to. It was more  
16 of a "room for improvement" area, in my view. But I  
17 sympathise with Gary, the general manager, Gary Murphy.  
18 He'd come into a huge organisation that was undergoing  
19 massive change. They were trying to do a 120 to 150  
20 million dollar amalgamation process. He was trying to  
21 harmonise. A huge challenge for anyone coming in to that  
22 role.

23  
24 Q. Just on that point, because the final accounts weren't  
25 available at the time of the performance review, that KPI  
26 wasn't finalised. Would it have been an advantage to have  
27 had a Q4 report to at least have some unaudited figures to  
28 work from for the purpose of assessing the performance of  
29 the general manager?

30 A. Yes, I'd have to agree with you on that. Yes. As you  
31 have heard previously, with the Q4 reports, by the time we  
32 got to the Q4 reports we were into the next budget and for  
33 some reason we didn't see those - they didn't seem to see  
34 the light of day regularly.

35  
36 Q. Was that something that was raised by you or anyone  
37 else in the chamber?

38 A. In the chamber or in the general manager's performance  
39 review?

40  
41 Q. In the chamber, the need for Q4 reports before the  
42 final audited statements?

43 A. Not to my recollection, no. I don't recollect raising  
44 that. When it came to the budget, the budget seemed to be  
45 a rushed process towards the end and it was this big push  
46 to get it together, make changes, get it to the chamber,  
47 try and see if we could get an extension, sometimes, on the

1 budget before it came to the chamber. So, to be trying to  
2 chase the Q4 report while you're just trying to get out a  
3 been for the next year was a bigger ask on top of what we  
4 were already doing.

5  
6 When it came to the final two budgets, I rejected  
7 those, and I said to the staff and the general manager, the  
8 directors and the general manager in briefings, like, "This  
9 is not right. This is the way - I've seen budgets come to  
10 chambers and that before, and the way we are struggling  
11 with this to put it together, to satisfy where 15  
12 councillors and probably eight directors at the time were  
13 at, it didn't seem to have the rigor, the thoroughness.

14  
15 Hearing some of the evidence that's come forward and  
16 Mr Murphy put forward, it was a very difficult time trying  
17 to get that information, even the CEO, from some of his  
18 officers. So from an organisational perspective, I think  
19 the organisation was haemorrhaging from just trying to run,  
20 operate, provide figures, have a financial accounting  
21 system, which had been merged, but not operating, under  
22 that contract from the previous administrator. It was just  
23 struggling to run.

24  
25 As far as Gary's performance --

26  
27 Q. Sorry, yes, I took you off on a tangent there. Yes.  
28 A. Look, Gary was a nice bloke. He was very amicable.  
29 He was a nice broke to have I a beer with and have a talk  
30 with. Whether his capabilities were at the level that he  
31 could manage Central Coast Council - I think it was a  
32 learning curve for him and a bit of a culture shock. I was  
33 critical - I was being critical of Gary probably from about  
34 the second year or third year and - not overly, but I was  
35 questioning the leadership style. Directors would have  
36 heard me say this and Gary knows that I said - I didn't  
37 know whether Gary was the quiet achiever who was operating  
38 from behind the scenes and getting things done, but I  
39 said, "I haven't seen this leadership style before in a  
40 council." In councils you normally have a general manager  
41 who can get on with just about anyone, but when the tough  
42 decisions need to be made they can stand up and they can  
43 lead and grab hold of the tiller of the boat. Sorry, I  
44 know you don't like this sort of stuff. But they can steer  
45 the ship. I hadn't seen Gary do that. I knew that he was  
46 having, you know, his discussions with the mayors and with  
47 the directors. I was seeing that the organisation was in

1 disarray. Even in meetings sometimes I would sit there and  
2 I would say to myself while, say, Jane Smith was chairing  
3 the meetings - and Jane did a fantastic job, I thought,  
4 those first two years - "When is the general manager going  
5 to participate or take part?" I thought he's just learning  
6 the ropes, he's just getting a feel for the place, he's  
7 trying to understand where the directors are coming from or  
8 the organisation is heading, he's getting his head around  
9 this strategic plan - this is that One Central Coast that I  
10 talked about, 2018-2028 - he's just consumed and he's got a  
11 lot to do. But I was worrying that he was the quiet  
12 achiever and we weren't seeing what he was achieving.

13  
14 I don't think - this is all hearsay and conjecture,  
15 but I don't think Gary was implicitly involved in anything  
16 malicious or devious or covering up in the Central Coast  
17 Council. I don't think that to be his personality profile.

18  
19 Q. Okay, thank you. Unless you want to make a further  
20 statement, Mr Vincent?

21 A. The system of implementation and reporting of council  
22 resolutions.

23  
24 Q. Did you have a concern that that wasn't happening?

25 A. Not so much, because I really wasn't a councillor to  
26 flood the chamber with resolutions. Some councillors, the  
27 more vocal councillors that were looking for anarchy and  
28 disruption in the chamber, they would bring multiple  
29 resolutions to every council meeting. I'd seen those  
30 councillors in previous elections. They would go on  
31 campaign meetings, public meetings, where they would have  
32 lists of resolutions up on a board saying, "These are all  
33 the resolutions I passed through the council" and there  
34 would be a list of about 60 or 70, of which staff wouldn't  
35 have the time to focus on every single thing that they'd  
36 raised, or they might look at 10 or 20 per cent, if they  
37 could get to it.

38  
39 I'd seen in some cases where councillors thought that  
40 flooding the chamber with resolutions - and some of them  
41 were just media grabs. Some of them were just trying to  
42 get, you know, a run in the local paper or on the news  
43 either before the resolution had come to chamber or after,  
44 which is the cycle you saw them take. They'd put it in the  
45 business paper, the business paper was supposed to be  
46 published on the Friday. They'd be doing media on the  
47 Saturday or the Sunday, Monday, before the council meeting.

1  
2 Then at the chamber, you've heard other councillors  
3 say, they would bring in the community and they'd be  
4 revving them up from the floor. They'd be turning around  
5 saying to them, "Where are you? Come on, you're supposed  
6 to be outraged, you're supposed to be showing your  
7 displeasure at your elected body here." They would run  
8 campaigns.

9  
10 Now, when it came to the staff implementing those  
11 reports, if you were a staff member, if you were a director  
12 and if you had to pump out, I don't know, 400, 500  
13 development applications a month, if you had to go and look  
14 at the asset CPI index of your road pavement system and if  
15 you were trying to keep it at the 2 per cent benchmark for  
16 asset backlog or asset deterioration - ours was running at  
17 about 2.8, 2.9, and under the administrator it was running  
18 at about 2.47 per cent, 2.22 per cent - if you were trying  
19 to do all of that, when it came to councillors just  
20 flooding the chamber with motion after motion, at some  
21 point you would have to Pareto it out. You'd say, "I've  
22 only got so many hours in the day, I've only got so many  
23 staff, I've only got so many resources. What are we going  
24 to focus on?" So I think the staff, to the best of their  
25 ability, tried to look the things that came through the  
26 chamber, and some of the things which were just headline  
27 grabbing and trying to take a political platform for the  
28 next Local Government election, I think some of those  
29 things may have gone by the wayside in the staff's mind  
30 because they could see it for what it was and they had the  
31 business of running council that they had to do while the  
32 elected body wasn't there or wasn't running the theatre of  
33 politics in the chamber.

34  
35 Q. But surely they only had to respond to resolutions of  
36 the council, not to motions that were defeated?

37 A. Correct.

38  
39 Q. Yes.

40 A. Correct. But when a motion came to the chamber and  
41 councillors were unsure about it - a motion that was  
42 defeated, or not defeated, a motion would be put on hold or  
43 a motion would be parked and we would ask for a report from  
44 the staff. So a motion might come to the chamber and we  
45 say, "We are not sure about this. Can staff go off and  
46 prepare a pre-sentence report that councillor such and such  
47 has put this motion in. Could they please bring back some



1 information at the next available opportunity to the  
2 chamber." That might tie a staff member up for a week or  
3 something. The report would come back and we'd go, "Okay,  
4 we can see that. That makes sense, that makes merit. Yes,  
5 we support it." "No, that's a nonsense. It is what it is.  
6 We are rejecting it because there are bigger things we need  
7 to look after for residents on the Central Coast."  
8

9 Q. But in terms of resolutions that you supported, you  
10 didn't experience any inordinate delay in the  
11 implementation of those resolutions?

12 A. There was. Some were inordinate. But, as I said, the  
13 staff were trying to do a 120 to 150 million dollar merger.  
14 They were trying to harmonise all the policies across the  
15 councils. There was staff turnover in the finance and the  
16 governance area. And for the organisational chart, which  
17 is what Gary referred to, the organisation had resource  
18 gaps. So they were outsourcing areas, trying to keep up  
19 with the workload they had. So the staff were change  
20 fatigued. The staff were - you know, I was worried about  
21 getting to the point of burning out, to some respect. So  
22 when it came to things coming back slow, yes, I appreciated  
23 it was slow, but it was a huge monolithic organisation with  
24 a lot going on in it and at some point you expected to get  
25 something back.  
26

27 If it was urgent, we would say in the chamber, "Could  
28 you please urgently report on this." Because the  
29 councillors can only direct the general manager, we would  
30 say to the general manager, "Please request your staff to  
31 have this back by this date. Is that feasible?" Then the  
32 director would be put on the spot in the meeting, on the  
33 public record, and they would say, "Oh, yes, we won't be  
34 able to get to it in the next week but we might be able to  
35 get to it for the meeting after that."  
36

37 Once that happened, it didn't matter what the director  
38 was doing, all of a sudden they were told to run north, run  
39 south, run east, run west and be consumed with, sometimes,  
40 I think, spurious and - just motions designed to create  
41 chaos in the chamber.  
42

43 THE COMMISSIONER: Thank you, Mr Vincent. I don't have any  
44 further questions, Ms Annis-Brown, do you have questions?  
45

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

1 THE COMMISSIONER: Thank you. Ms Bulut, you are back, do  
2 you have any questions?

3  
4 MS BULUT: I am, thank you, Commissioner. No, I don't,  
5 thank you very much.

6  
7 THE COMMISSIONER: Thank you, Mr Vincent, for your  
8 evidence. You are free to go now and watch the YouTube.  
9 We'll have a break now.

10  
11 I think, Ms Annis-Brown will correct me if I'm wrong,  
12 the next witness is at 10.50?

13  
14 MS ANNIS-BROWN: Yes, Commissioner, that's correct.

15  
16 THE COMMISSIONER: We will resume at 10.50. Sorry for the  
17 short break.

18  
19 THE WITNESS: Thank you, Commissioner.

20  
21 <THE WITNESS WITHDREW

22  
23 SHORT ADJOURNMENT

24  
25 THE COMMISSIONER: We are back. We will now resume the  
26 hearing of the inquiry into Central Coast Council. The  
27 next witness is Ms Gale. Ms Gale, could you come on camera  
28 and off mute, please.

29  
30 MS GALE: Good morning, Commissioner.

31  
32 THE COMMISSIONER: Good morning. Could I ask  
33 Ms Annis-Brown to swear you in as a witness, please.

34  
35 <REBECCA GALE, sworn: [10.49am]

36  
37 <EXAMINATION BY THE COMMISSIONER:

38  
39 THE COMMISSIONER: Thank you, Ms Gale.

40  
41 Q. Can you tell me, this was your first time on a council  
42 when you joined Central Coast Council?

43 A. Yes, Commissioner, it was.

44  
45 Q. Did you have any experience with Local Government  
46 before joining?

47 A. Yes, Commissioner. I'd worked in the Federal

1 Government, so I'd worked with council. I had, prior to  
2 that, had my own small business that did work with council  
3 as well. So that was my working relationship with council  
4 before coming on board as a councillor.

5  
6 Q. So what is your professional background?

7 A. My qualifications are a bachelor in business, bachelor  
8 in commerce. I have a graduate certificate in journalism.  
9 I have a master of arts in communication and journalism and  
10 I'm a mum to two beautiful boys, and furthering studies.

11  
12 Q. Thank you. You didn't make a written submission to  
13 the inquiry. Is there a reason for that?

14 A. I beg your pardon, Commissioner. I did send in a  
15 short submission. So I did, yes. It's only one page.

16  
17 Q. Okay, we'll have a look for that. I might take a  
18 break just to double check with Ms Annis-Brown about that.  
19 I don't know that I have that, unless it was just a letter  
20 to say that you would be coming to the inquiry?

21 A. Pretty much. It was very - it was a  
22 one-page document, quite brief.

23  
24 Going back to your previous question, to answer that a  
25 bit more fully, if I may, my background was working in the  
26 federal electorate office of Robertson. Prior to that  
27 I did run my own small marketing events business for  
28 festivals across the Central Coast. Prior to that I had  
29 five years in the tertiary education sector, and then it  
30 was quite varied before that.

31  
32 Q. Okay, thank you. When you started on the council,  
33 what was your experience of the induction process - did you  
34 think it was useful?

35 A. Well, there was no official handover. With regards  
36 the induction process, yes, it was useful, because it was a  
37 break, I suppose, break the ice and people got to know one  
38 another, both councillors and the ELT team.

39  
40 It was very basic. It was more sort of  
41 psychoanalysing, and I guess that's useful, to know the  
42 personalities you're dealing with. However, there was no  
43 real information handover which, of course, in hindsight  
44 would have been the most useful part of any induction.

45  
46 Q. In terms of ongoing training that was offered, did you  
47 participate in any of those seminars or education courses?

1 A. Yes, I did, when I could. At the time I had two small  
2 children, now my children are pre-school and primary  
3 school. When I was first coming on board as a councillor  
4 I had a two-year-old and I was working as well as doing  
5 council, as well as doing a board - on a separate board as  
6 well, that was Coast Community Connections. So what I  
7 found was the timing of a lot of the training courses was  
8 difficult to get to. They weren't - predominantly they  
9 were in Sydney or Newcastle, not online.

10  
11 The course I found really beneficial was the OLG  
12 annual conference, because there were so many different  
13 seminars that you could attend. I attended those and found  
14 them incredibly useful.

15  
16 Q. When you started at the council what was your  
17 observation of the culture within the staff?

18 A. There was no observation from me with regards to  
19 staff, because we - it was a very - very firmly instilled  
20 in us that we were only to have access to the CEO or the  
21 general manager and the ELT. That was drilled in to us  
22 from day one, that you were not to speak to any staff and  
23 there would be consequences for that.

24  
25 Q. At least in the ELT and the general manager, were they  
26 a cohesive group or did you notice any divisions?

27 A. Initially I didn't notice any divisions. At the time,  
28 that was Brian Bell. A lot of the staff have changed, the  
29 ELT team has changed since that point in time. So when  
30 I initially came on board back in 2007 I would say they  
31 were very proficient, efficient and quite willing to answer  
32 any queries.

33  
34 The unfortunate part of the puzzle with new  
35 councillors is often you don't know what you don't know.  
36 However, I found them to be quite efficient people.

37  
38 Q. What about over time, did that change with different  
39 personalities coming and going?

40 A. The majority of the operation team are fantastic  
41 operators, very proficient and well worth their while.  
42 There were perhaps a couple over the time that I found to  
43 not be efficient.

44  
45 Q. In any particular area?

46 A. Well, I think certainly within finance, and I had a  
47 huge concern there with regards to the turnover in the

1 finance area. I had a concern with regards to the turnover  
2 in the governance area and, of course, Gary Murphy was our  
3 third general manager, so --

4  
5 Q. In terms of the general manager, were you satisfied  
6 with the process that was gone through to appoint him?

7 A. It was decided, because there were so many of us, that  
8 in fact it would go down to a smaller group. I was okay  
9 with that. It was bipartisan. The understanding was that  
10 they would go through those applicants with the recruitment  
11 agency.

12  
13 My understanding was that at least three candidates  
14 would be presented to us as the board, as the council.  
15 I did also have a background in recruitment, many years  
16 ago. That was my understanding as to what would happen.

17  
18 I had given the directive to those four or five  
19 persons that were on that small committee, councillors, and  
20 also the recruitment agent, that I was after someone with  
21 strong finance. That was an area that, whilst having a  
22 business degree, it was not accounting, I didn't specialise  
23 in accounting, and I knew from the figures that we needed  
24 some strong financial management. I had said that's what  
25 I was looking for, anything else is a bonus around that.

26  
27 Then it was decided with that group, unbeknownst to  
28 the majority of us outside of that small group of  
29 councillors, that in fact they were going to present one  
30 candidate to us and he would be our candidate. He would be  
31 our GM.

32  
33 I did have a problem with that. It's something that  
34 I spoke out about behind closed doors. I said that it  
35 was - well, it was unprofessional not to present more than  
36 one candidate to us as a council board to choose from. It  
37 was listened to, my objection, but certainly it was  
38 decided, and so the choice was I either accepted that, when  
39 it came through as a motion, or made a big splash in the  
40 public. I decided by way of reputation and moving together  
41 collaboratively, that I would support that general manager  
42 coming on board.

43  
44 Q. Some of the other former councillors have described a  
45 process where you could watch recorded videos of interviews  
46 of other candidates that the board put up for appointment.  
47 Did you watch those videos?

1 A. I have heard that question asked. I think my  
2 recollection is I do remember seeing some, but my  
3 understanding at the time was that we would have an  
4 opportunity to do our own interviewing as a board and get a  
5 feel for three candidates, and that opportunity was not  
6 overseen.

7  
8 Q. Okay. Do you, yourself, know whether that process is  
9 compliant with the guidelines for the recruitment of  
10 general managers or not?

11 A. My understanding is technically it is, but it  
12 certainly wasn't within the spirit as to what was  
13 discussed.

14  
15 Q. Did you have any role in or did you participate in the  
16 meetings where the performance of the general manager was  
17 reviewed?

18 A. My feedback with regards to Gary Murphy, general  
19 manager, was again still around the finances. So I was  
20 always concerned about ensuring we were on top of finances.

21  
22 I notice that you have asked some of the councillors  
23 thoughts around Gary Murphy and I found him to be a warm,  
24 compassionate person, but my concern was always around  
25 finances because that was an area that I wasn't proficient  
26 in.

27  
28 Q. Did you sit in on any of the meetings where his  
29 performance was formally reviewed?

30 A. I certainly didn't sit in one on one with the mayor,  
31 and I can't recall if I was in on that particular - what  
32 you are mentioning now. I don't recall if I was in there,  
33 if I was being fed back to, or if it was done online.

34  
35 Q. So generally your relationship with him was good but  
36 you had this nagging concern about finance and his ability  
37 in that regard, is that a fair summary?

38 A. It is.

39  
40 Q. Now, what did you understand needed to be done in  
41 terms of joining the IT systems of the two councils  
42 together to get a unified system? When you started at the  
43 council, what was your expectation?

44 A. Yes. So, my expectation was that the councillors  
45 would stay in a strategic role and that the operational  
46 staff would remain in their operational role. There wasn't  
47 a lot of information forthcoming with regards to IT, and

1 from what I recall at the time, so we're going back to 2017  
2 now, perhaps 2018, was they were getting on with the job.  
3 And that's what we were updated with from the ELT, that  
4 they were doing their job and they were getting on with it.  
5 And we were discouraged from getting involved in the  
6 operational side, as is quite rightly so.

7  
8 Q. Did you observe any difficulty of staff providing  
9 information as a result of the IT systems that they were  
10 operating under?

11 A. I don't remember a lot of information coming our way  
12 with regards to the IT, no. I knew that it was costly.  
13 I'll just have a quick look at my notes and see if I've  
14 written anything. Look, it wasn't something that was  
15 monitored closely.

16  
17 Q. In terms of understanding the accounts, you said  
18 you're not an accountant, what was your understanding of  
19 how contributions under the Water Management Act would be  
20 dealt with in the council's accounts?

21 A. They would absolutely be separate. It's been quite  
22 surprising to find out the information that's unravelled.  
23 They would be separate.

24  
25 Q. Was there ever any discussion with the councillors  
26 about the treatment of those contributions?

27 A. The term that was thrown around often was "the  
28 separate buckets". I think all councillors had a firm  
29 understanding that they were very separate accounts.

30  
31 Q. Perhaps not bank accounts but ledgers in an account -  
32 was that what you understood, or did you think that there  
33 were separate bank accounts?

34 A. To be frank with you, I thought separate bank  
35 accounts. Perhaps the same bank, but certainly kept  
36 separately.

37  
38 Q. Were you aware that there had been any change to the  
39 accounting practice prior to you coming on board as a  
40 councillor, in the treatment of those contributions?

41 A. No.

42  
43 Q. Did you subsequently become aware of that?

44 A. I'm not sure at what point in time, if it was during  
45 my time in council or after. As you can imagine, it's been  
46 over a year since I resigned, so a long time has passed  
47 since I was actually a sworn in councillor back

1 in September 2017.

2  
3 The information that I found frustrating at the time  
4 was that it was very difficult to compare one year to  
5 another. So 2016/2017, obviously that was a 13.6 month,  
6 and it was difficult to then compare from that point  
7 onwards. So there was our first real hurdle to get over.  
8 Impossible to compare, and incomplete information coming  
9 through from finance, to make strategic decisions.

10  
11 Q. Then presumably you weren't alert to the change in the  
12 format for the investment report that came through monthly  
13 in about October 2019?

14 A. There was no resolution from council for that change.  
15 I do recall that a lot of those investment reports were  
16 being asked in council chamber, "Where are we up to? Where  
17 is our investment report?" I do recall at one point that  
18 that particular - the investment reports were behind up to  
19 eight months. So that was very frustrating. There were a  
20 few of us, Councillor Marquart, Councillor Best,  
21 Councillor McLachlan, Councillor Pilon and myself that were  
22 constantly asking questions around finances, funding, where  
23 are our reports, so that we could make sound-based  
24 decisions, and it was very difficult to get that  
25 information within council.

26  
27 Q. When you say some of the investment reports were  
28 eight months behind, could that have been the quarterly  
29 reports? The investment reports were monthly.

30 A. It may have been. I beg your pardon, it was financial  
31 reports, so it may have been the quarterly reports. I'm  
32 going off memory now from years back.

33  
34 Q. And I think there appeared to have been a problem with  
35 getting a Q4 report at all?

36 A. Yes. Not from lack of asking. At the end of the day,  
37 you still have to make decisions in that chamber to the  
38 best of your ability with the information at hand.

39  
40 Q. Yes. In terms of the merger, what did you understand  
41 would be the ballpark cost to the council?

42 A. Are you talking about as a new councillor coming on  
43 board?

44  
45 Q. Yes, yes, what did you expect, when you came on, that  
46 would be the expense to the new council of conducting the  
47 merger?



1 A. When I came on board as a councillor, I was incredibly  
2 enthused. I just thought it was the best opportunity for  
3 the region. Because the decision had been made prior to  
4 coming on board, I didn't question it. It was made and now  
5 we were on board to deliver.  
6

7 Because I'd come from federal politics, federal  
8 government, I was quite aware of how council would work  
9 with State Government and Federal Government to get money  
10 in to deliver for the community. It was quite  
11 disheartening to see that's not always how the rest of the  
12 councillors saw how we should operate within the council.  
13

14 With regards to expenses, I wasn't aware until these  
15 proceedings about a merger committee that was overseeing  
16 costings, nor was I aware of the disbandment of that  
17 particular committee. That would have been incredibly  
18 useful for us to be monitoring, because we were asking  
19 about the costs.  
20

21 When one of my more conservative colleagues asked for  
22 some information about the cost of the merger - because we  
23 were getting a lot of motions or questions on notice  
24 concerning a demerger - that hadn't concerned me, or been  
25 of a consideration to me, I should say, until being in that  
26 chamber, because the decision was made.  
27

28 At that point, my memory recalls that the cost going  
29 forward - again I'm going off memory, it was certainly  
30 early on, it may have been 2018, that that particular  
31 briefing took place. So the costs of the merger going  
32 forward at that point were something like \$75 million,  
33 thereabouts, and to demerge was around \$150 million. So it  
34 was nonsensical for anyone to be entertaining demerging and  
35 not supporting the merge that had already occurred.  
36

37 Q. You just mentioned a committee. I don't know that it  
38 was a committee that was monitoring the progress of the  
39 merger, I think it was a unit within the council staff.

40 A. That may be correct. I wasn't aware of that  
41 particular unit until these proceedings started.  
42

43 Q. Okay. Equally, did you have any information about any  
44 savings that were being made as a result of the merger?

45 A. It was difficult to get any information on the merger,  
46 and that's why I say that it would have been incredibly  
47 beneficial for all of us to be making better strategic

1 decisions. Sorry, what was your question, the initial  
2 question?

3  
4 Q. You've answered it, thank you. Were you aware, when  
5 you started as a councillor, of the infrastructure backlog  
6 problem that was suffered by both predecessor councils?

7 A. Not so much Wyong council. The reason I ran for  
8 council was because I could see that the infrastructure was  
9 so aged, deteriorating, behind, and I couldn't understand  
10 why. So that was one of the reasons I ran. I wanted the  
11 parks updated, I wanted the footpaths laid, shared  
12 walkways, and I wanted the roads updated. That's why I  
13 ran, initially, to make sure that happened and to oversee  
14 the strategic vision for the next 20-odd years.

15  
16 Q. Were you aware of the debt that those councils carried  
17 forward into the Central Coast Council?

18 A. I have become aware of the \$317 million deficit that  
19 we inherited at the start of our time on council. When  
20 I first started, back in September 2017, and was sworn in,  
21 I was not aware of the \$317 million debt that we incurred.

22  
23 I was supportive of the capital works spend that we  
24 had within budget and I was aware that we hadn't been  
25 meeting the benchmark as set for the 2017/18/19. It was  
26 getting better. I did note on 2017 it was 2.6; 2018, 2.43;  
27 2019, 2.41. The bench mark is under 2. So we were heading  
28 in the right direction with regards to the infrastructure  
29 backlog.

30  
31 Q. Did you support deficit budgets in order to fund that  
32 work?

33 A. The information that was provided for us as council,  
34 councillors, there is a document that you can just get from  
35 Central Coast Council website, called "Financial Report,  
36 Central Coast Council". So 1 July 2017 to 30 June 2018.  
37 Within there - this is page 4 - it shows an income  
38 statement that the original unaudited budget for 2017/2018,  
39 prior to grants and contributions was 1.9. The actual  
40 budget, as it would come in, was then a deficit.

41  
42 Then the same for 2018/2019. It was a very slim  
43 surplus, and I have heard other councillors mention this  
44 quite recently, of \$64,000, but still a surplus. That's  
45 what we were shown. But then the actual budget as it came  
46 in was a deficit of 5.

1 Q. When you say the actual budget, are you talking about  
2 the figures at the end of the financial year for that  
3 budget?

4 A. I am, thank you, Commissioner.

5  
6 Q. Yes, okay. And what was the timing of that  
7 information back to the councillors? You start your budget  
8 process in February to deliver a budget by June. When did  
9 you get the information about the prior financial year's  
10 accounts to factor in to the new budget?

11 A. There was never - it was never really highlighted from  
12 the operational team. So unless you dug around and got  
13 your information, then you didn't have it.

14  
15 Q. But you would have needed that information to know,  
16 going forward, whether you were carrying more debt or a  
17 greater deficit than you'd planned for, wouldn't you?

18 A. That's correct. But with regards to was it discussed  
19 in those budgeting briefings that went on for a weekend? I  
20 don't recall it being discussed, the deficit that had  
21 been --

22  
23 (The witness's audio and video feed froze)

24  
25 THE COMMISSIONER: I have frozen. Can anybody tell me  
26 whether they can hear me?

27  
28 MS BULUT: I can hear you, Commissioner. I can't hear the  
29 witness. The witness has frozen for me.

30  
31 THE COMMISSIONER: Great, thank you. I mean, not great.  
32 But perhaps, Roisin, if you could contact Ms Gale and ask  
33 her to rejoin. We will just go off camera for a moment.

34  
35 (Proceedings paused)

36  
37 THE COMMISSIONER: Q. You are back. Thank you, Ms Gale.

38 A. I'm not sure what happened then.

39  
40 Q. As I said a couple of days ago, these things will  
41 happen. I thought it was me. Fortunately it wasn't.  
42 I have taken the time to locate your submission. Yes, we  
43 did receive something from you. It was very brief, so  
44 that's perhaps why I didn't regard it as a response to the  
45 terms of reference, rather than just a submission to say  
46 that you'd be coming along.

47

1 Now, we were just talking about the budget and the  
2 planning for the budget. Did you ever feel that the budget  
3 was presented to you as a fait accompli that you couldn't  
4 alter?

5 A. Because it was such a huge council - sixth largest in  
6 Australia, third largest in New South Wales - a lot of the  
7 projects were across the Central Coast and they were part  
8 of the 10-year plan, the four-year plan, and then you're  
9 talking about the one-year operational plan. There was  
10 wriggle room but, at the end of the day, you either voted  
11 for it or you voted against it. So I think councillors  
12 certainly had a say with regards to what they wanted.  
13

14 Now, if you were to run - by way of example, if you  
15 were to run to an ELT member a month before the budget's  
16 due, it was unlikely that you would get that particular  
17 project up.  
18

19 (The witness's audio and video feed froze)  
20

21 THE COMMISSIONER: Ms Gale has frozen for me again.  
22 Ms Annis-Brown, for you too?  
23

24 MS ANNIS-BROWN: Her picture is also unavailable, her  
25 video.  
26

27 THE COMMISSIONER: We'll go off camera again.  
28

29 (Proceedings paused)  
30

31 THE COMMISSIONER: Q. Thank you for returning, Ms Gale?

32 A. My apologies, I don't know what's happening. The  
33 wi-fi is working but it's cutting me in and out. Can you  
34 repeat the question?  
35

36 Q. We were talking about budgets and you were talking  
37 about projects coming in and out of the budget. Did you  
38 feel as a councillor that you had any control over whether  
39 it was a deficit budget or a surplus budget?

40 A. You did have control over - and that's a control that  
41 you exercised in chamber by your vote. I was very  
42 concerned in 2020 and that is certainly why - because it  
43 was apparent the deficits were ticking up. Then on top of  
44 being asked for approval on a \$50 million loan, which I  
45 opposed, it became very clear that there were some issues  
46 with the deficit.  
47

1 Q. What about prior to 2020 - there were previous deficit  
2 budgets in the two years prior to that. Did you vote  
3 against those budgets?

4 A. The first two I voted for and was presented with a  
5 surplus on those. Then the 2020 is when it really became  
6 very obvious that there was a deficit that was not workable  
7 and when I was presented with a \$32 million deficit budget,  
8 I said this was not acceptable. What was interesting to me  
9 - and I recall saying that it needed to be in surplus for  
10 the end of our term, absolutely. There were councillors  
11 there that were happy with the \$32 million deficit. There  
12 was also a councillor calling out that it should be a  
13 higher deficit, which was nonsensical to me. That  
14 particular councillor called out that it should be a  
15 \$50 million deficit. Mind boggling. So certainly there  
16 was no reason for that budget to go through. It did go  
17 through on the mayor's casting vote.  
18

19 Q. You have a bit of a workshop before you have the final  
20 budget presented in the chamber. What happened in those  
21 earlier discussions about the budget? Was it always  
22 contemplated to be a deficit budget, a large deficit  
23 budget?

24 A. I'm desperately trying to recall those conversations  
25 that were held, and of course they were all confidential,  
26 behind closed doors. My recollection is that it was always  
27 a deficit budget discussion in 2020. Some councillors were  
28 comfortable with that, I was not, and I was one of the  
29 councillors that voiced it - voiced that it should be in  
30 surplus, that is.  
31

32 Q. Okay. Now, did you experience any problem with the  
33 staff implementing resolutions of the council?

34 A. Well, I did. There were different motions that I  
35 popped up, one particularly with regards to having a  
36 briefing on high-level cash flow and ensuring that that  
37 came in before the quarterly adjustment. There was one  
38 briefing. That only just got through, as a resolution.  
39 There was one briefing that was held, and there were a lot  
40 of councillors there that undermined us receiving that  
41 financial information. They didn't see it as necessary.  
42 They ultimately ceased.  
43

44 Q. Just let me go back. So the resolution was passed for  
45 you to receive information.

46 A. Briefing.  
47

1 Q. Briefing, okay. You had one briefing. Was it  
2 intended to be an ongoing exercise?  
3 A. Yes, that was the intent, so we could monitor our  
4 finances.  
5  
6 Q. Why was it stopped? Was it at a staff level or a  
7 councillor level?  
8 A. There was reluctance within some of the councillors to  
9 continue, and that's where it stopped. So to get  
10 information on finances, as I have alluded to, was quite  
11 difficult at times. Some of the conservative councillors  
12 would pop up questions on notice so that we would get  
13 answers, and motions, and that's ultimately how we were  
14 able to get some information. Perhaps not all, because  
15 there was always delays. There was a culture of "We'll  
16 take it on notice." So if you were to ask a question on  
17 the floor, live on council, the response often would be,  
18 "I'll take it on notice" but the information didn't always  
19 eventuate.  
20  
21 So I found the way I got around that was popping up  
22 motions to exercise and get the information I was after.  
23 It may not have been all of the information, but that's how  
24 I got some of it.  
25  
26 Q. Those motions would only have - you would only have  
27 got information if they'd been resolutions of the council  
28 A. That's correct.  
29  
30 Q. Okay. But with a question on notice, you didn't need  
31 to have the resolution of council to get the information?  
32 A. That's correct.  
33  
34 Q. Did you not also have the ability to go directly to  
35 the staff?  
36 A. Not to the staff, so the ELT.  
37  
38 Q. The ELT. Sorry, the ELT.  
39 A. I did. Look, I found most of the ELT quite proficient  
40 and efficient. With regards to the information I was  
41 after, it wasn't able to be - it wasn't provided, or it  
42 was, you know, sort of, "We'll get to that". The  
43 mechanisms I have described is how I got around it.  
44  
45 With regards to using council support, I found council  
46 support to be quite efficient, the staff there - that was  
47 some staff we had access to. They would get back to us and

1 they'd be chasing up different departments. There was a  
2 lag with regards to when a council would request that  
3 information, council support would then go out to that  
4 particular directorate. There was a lag in getting some of  
5 the information back from some directorates, and I would  
6 prefer not to go into details on which ones, but certainly  
7 there was - there were ways around it and I did get some  
8 information. However, as is quite clear from missing  
9 financial information, we didn't get all the information  
10 that we were after, so we were making decisions on  
11 incomplete information.

12

13 Q. Do you think the training that's offered to  
14 councillors is suitable for the role that they have to  
15 play?

16 A. I think I would have liked to have done the board  
17 director course. I think that that would be terrific for  
18 all future councillors, and probably current councillors,  
19 to undertake that one. Certainly there needed to be a  
20 structured financial seminar, just on our particular  
21 council, because it was so huge. That didn't happen.

22

23 Q. So something that was specific to Local Government  
24 finance?

25 A. I meant more the situation of Central Coast Council.  
26 Certainly there were some small courses through OLG on  
27 finance, and I do recall sitting in on some of those and  
28 that was through the Local Government conference, when they  
29 held a whole series of different training sessions. I did  
30 sit on those and they were very useful. However, upon  
31 first starting, perhaps instead of just the psychoanalysing  
32 there should have been more of an emphasis on the  
33 accounting and understanding of our situation. For  
34 example, every councillor should have been aware of the  
35 inherited \$317 million.

36

37 Q. So not so much education, but information?

38 A. Information, thank you.

39

40 Q. What was your position in relation to the decision to  
41 break the Warnervale airport contract?

42 A. I was against it. I was in support of the airport.  
43 I believed the cost was somewhere - it was over a million  
44 and under 2. Whether it was 1.4, something around that.  
45 I don't recall being in favour of breaking it. I was in  
46 favour of the airport as an aviation hub. I was in favour  
47 of all those jobs that it was going to bring. Initially -

1 one of the first briefings I do recall was in Wyong and it  
2 was concerning that \$450,000 business plan that had been  
3 worked on by operational staff and it's back when we had  
4 Brian Bell as CEO or GM, and that was set to go out to the  
5 community. I do recall the ELT team's morale dropping  
6 during that particular meeting when they realised that  
7 there was real reluctance from some of the councillors to  
8 take that further, to take that master plan further.

9  
10 Q. The 450, that was the cost of the preparing the master  
11 plan, was it?

12 A. 4450,000 from memory, yes. You could see the work  
13 that had gone in and to see their shoulders hunch over, and  
14 the disappointment written all over their faces. When I  
15 came into council and took the view that this was our  
16 opportunity to be a great region, and took the regional  
17 view, I struggled to understand why they wouldn't support  
18 that business plan going out. To this day, I still don't  
19 quite understand why we couldn't proceed with that.  
20 There were lots of jobs that were lost because of it.

21  
22 Q. What about the Regional Performing Arts Centre,  
23 what was your attitude to the decision not to proceed with  
24 that project?

25 A. I was aware from the arts that State Government had  
26 contributed from memory \$12 million, and Federal Government  
27 had contributed \$10 million. So I was very excited about  
28 this particular project. Look, it was quite - it went in  
29 different directions. It became something that it probably  
30 wasn't intended to be with, of course, the library and the  
31 performing arts centre joining. I am quite - I like to  
32 sort of watch the dollar zone. So when we started talking  
33 about huge figures and it became apparent that we didn't  
34 have the money for it, and that money wasn't coming in,  
35 that's when the red flags came off. When it became bigger  
36 than Ben-Hur and it wasn't within that, you know,  
37 22 million, or anywhere near that, and, of course - so it  
38 was very disappointing that it went in an area where it  
39 perhaps didn't need to go, and then it of course didn't  
40 eventuate. It's a project that should have happened within  
41 the dollar zone that we could afford. There was reluctance  
42 to let it stay within the affordability.

43  
44 Q. Okay. Do you know how much was expended in the  
45 planning and the steps leading up to the abandonment of  
46 that project?

47 A. Not off the top of my head, Commissioner. No, I



1 don't.

2

3 Q. That's okay. A number of councillors have spoken  
4 about the behaviour of councillors within the chamber.  
5 What did you observe generally about the way the council  
6 functioned in the chamber?

7 A. I think there was oftentimes where the CEO or GM and  
8 the mayor needed to rein in behaviours. It was not an  
9 efficient - not an efficiently run meeting. I do recall,  
10 particularly before COVID times before it went online -  
11 because when it's online people are getting on to say what  
12 they want to say and then they jump off, but back when we  
13 were in the chamber, I do recall numerous late meetings.  
14 So our meetings were, when we all signed up, to be monthly.  
15 Very quickly, with the amount of work, as the third-biggest  
16 in New South Wales and sixth-largest in Australia, it  
17 became apparent you couldn't get through the agenda. So  
18 that was changed to fortnightly. Even fortnightly, we were  
19 there until 11, 12 o'clock at night. We had briefings  
20 right before the meeting. So, by any means, that's an  
21 inefficiently run council.

22

23 Q. So the briefings would have started in the afternoon  
24 and then the meeting about 6.30, is that right?

25 A. Around that, yes. Yes, Commissioner.

26

27 Q. And sometimes ran past midnight?

28 A. Yes, Commissioner.

29

30 Q. What about the behaviour of councillors towards each  
31 other? Did you ever experience any untoward behaviour?

32 A. Yes, I did, Commissioner. I did not exhibit any  
33 untoward behaviour myself. I did receive it and I'd prefer  
34 to leave it there.

35

36 Q. Okay.

37 A. Thank you.

38

39 Q. What did you understand the role of the external  
40 auditors of the council to be?

41 A. Simply that was checks and balances. That was piece  
42 of mind to me to know that our accounts were in order.  
43 Both PwC and the auditor general auditors, I understood,  
44 would be in council, going through things with a fine comb,  
45 and they would uncover any undoing. So once reports came  
46 back that overall things were okay, that was a sense of  
47 relief. It was checks and balances. So an oversight of

1 our finances, particularly.

2  
3 Q. What about ARIC, the committee, what did you  
4 understand they would be doing in terms of the council's  
5 finances?

6 A. So my understanding, Commissioner, is I can talk about  
7 confidential information with you during this session, is  
8 that correct.

9  
10 Q. Yes.

11 A. So long as it's not taken out to the media on my  
12 behalf. My understanding of ARIC, I was not one of the  
13 councillors on ARIC - my understanding of ARIC is that they  
14 were again an oversight committee. Audit, risk and  
15 improvement - so I certainly thought that the priority  
16 would be on finances. That was my understanding. I wasn't  
17 involved. They were paid quite handsomely. There were  
18 four meetings per year. The two members got paid \$2,000  
19 per meeting, I understand - I could be wrong - and the  
20 chair got paid \$20,000. So they were paid quite well when  
21 you consider your councillors had an allowance of \$30,000,  
22 and attended, say, 25 meetings. So I had faith that they  
23 would - if there was anything untoward with the finances,  
24 they would pick it up. That was my initial thought process  
25 there, but I was not involved in ARIC. It was more of a  
26 committee to me that was perhaps reactive, not proactive,  
27 and not seen - I don't recall being approached by anyone  
28 from ARIC. Apologies if I have got that incorrect.

29  
30 Q. Did they ever present to the council?

31 A. There was the IPART presentation. I'm not sure if  
32 they were there, or if there were numerous IPART  
33 presentations that we had the option to go to. Because we  
34 worked different hours and had different commitments,  
35 obviously, as a councillor, it really should be a full-time  
36 job but it's a part-time job and people have to work around  
37 that and have other commitments. I'm not sure if there  
38 were multiple briefings. The briefing I went to in IPART  
39 was held in one of the administration buildings. I don't  
40 recall --

41  
42 Q. Can I just clarify, is this the 2019 IPART decision on  
43 water and other contributions?

44 A. Yes.

45  
46 Q. Okay.

47 A. For the lack of the 39 million, yes, the 39 million

1 not coming through. I don't recall ARIC being there. They  
2 may have been there. I'm going off memory.

3  
4 Q. Just going to that briefing, that was at about the  
5 time that a budget was being prepared as well. What do you  
6 remember as the reaction to the news that you were going to  
7 lose this big wad of funding as a result of the reduction  
8 in the contributions?

9 A. My reaction was shock. I recall saying to Mr Murphy  
10 at the time, "Mr Murphy, this is operational, have you got  
11 this under control? Are you going to take care of this?"  
12 The response was, "Yes".

13  
14 Q. You trusted that?

15 A. I was strategic, not operational, and it was my role  
16 to trust the operational staff. We had to work together.

17  
18 Q. What role did you think the Office of Local Government  
19 played in relation to the financial side of the council?

20 A. The Office of Local Government into the financial  
21 side? Well, my understanding is they provided some  
22 training. So they would have been involved in the  
23 Local Government annual conference providing that training,  
24 that's my understanding. So you could get some information  
25 there, like I did.

26  
27 Q. If I can just take you to the terms of reference.  
28 One of the things I have to look at is whether the  
29 governing body, that's you, the councillors, acted in a  
30 manner that maximised the success of gaining efficiencies  
31 and financial savings from the merger process. What's your  
32 view on that?

33 A. Well, the first efficiency was obviously a cut of the  
34 CEO. So there's your first few hundred-odd thousand  
35 dollars, and then a cut of your ELT team. So you don't  
36 need two directors doing communications any more, you don't  
37 need two directors doing your water, sewer and drainage.  
38 You don't need two directors doing your planning.  
39 So there's the first two big savings. The second saving  
40 was coming on board as a councillor, instead of having  
41 20 councillors, you've got 15. So there's another cut of  
42 some money there.

43  
44 With regards to efficiencies long-term, certainly the  
45 IT would have been one, I would have thought, once that was  
46 brought into line. But, of course, the full merger's not  
47 going to happen overnight. That was apparent. But the

1 resistance to support it perhaps was something I hadn't  
2 considered until witnessing it.

3  
4 Q. Another question I have to consider is whether the  
5 governing body disregarded the financial consequences of  
6 its decisions. Is that something you observed?

7 A. Certainly with regards to the final budget, after  
8 being asked to - because that year, coming off all of those  
9 different catastrophes - the flooding, the bushfires, the  
10 pandemic - it was vital to have a more conservative budget  
11 than any other time, and it was called out within the  
12 briefings, within chamber, that we now need to tighten our  
13 purse strings. This was the time to do it. Being asked to  
14 support the \$50 million loan was a huge red flag. We need  
15 more information. Again, lots of pressure, not a lot of  
16 information. So I did not vote for that. That was the  
17 first red flag.

18  
19 Agreeing to - for anyone to agree to a \$32 million  
20 deficit after coming off so many different catastrophes  
21 was, in my view, irresponsible. I did not vote - I opposed  
22 that last budget because it needed to be a surplus, because  
23 we couldn't foresee all the extra costs that would pop up  
24 from all of those different catastrophes.

25  
26 Q. What about previous decisions of the council, was it  
27 only that final budget where you really thought the  
28 financial consequences were being ignored?

29 A. Sorry, are you talking about all the financial  
30 decisions made over the whole term?

31  
32 Q. Yes.

33 A. There was a - I'll give you an example. To me, it was  
34 as though policies were pushed through without a thought to  
35 the costings. I have seen some of my colleagues  
36 mention different examples to you, but even on the last  
37 ordinary meeting that I attended, which I believe was back  
38 on 19 October, prior to resigning, there was a particular  
39 motion, and I asked a question on the floor to the planning  
40 director, Scott Cox, as to whether or not that particular  
41 motion - and the motion was, pardon me for just a moment, a  
42 scoping study for coastal management program.

43  
44 At this point, we knew that there was no money. We  
45 had been briefed on that. We may have been gagged on it,  
46 but we were aware of it. This is now 19 October 2020.  
47 I asked that question on the floor. The response was

1 "yes", and then there was a whole heap of councillors that  
2 still voted for that to go through, knowing that we didn't  
3 have money in the coffers. So that's just one example of  
4 perhaps not being fiscally responsible, not thinking the  
5 cost of a policy. It's not just the policy, it's the cost  
6 attached to it as well. It's the same with the  
7 biodiversity strategy.

8  
9 Q. When was that adopted?

10 A. The biodiversity strategy?

11  
12 Q. Yes.

13 A. I'm sorry, you're asking me to recall from a long time  
14 ago.

15  
16 Q. The reason that I ask is that a policy, per se,  
17 doesn't cost the council; it's the implementation that  
18 does. Even the scoping, you might never incur the costs of  
19 whatever the proposal was. So I'm just trying to find out  
20 whether there were other decisions of the council prior to  
21 2020 where you felt the councillors were ignoring the  
22 financial consequences of their decisions?

23 A. I can give you a better example, if you'd like,  
24 Commissioner. Another example I could give was with  
25 regards to the advisory committees that were being created.  
26 I did have a - this is all on the record. It was discussed  
27 on the floor, and it was also discussed behind closed  
28 doors. I had a real issue with the number of committees  
29 that were being created. I had dug behind the scenes into  
30 the finances that would concern that, so I'd gone to  
31 different staff members and dug up some information. From  
32 memory, it was over \$5,000 that it cost us as a council,  
33 each of those particular meetings, because it wasn't just  
34 the committee, it was all of our preparation time for our  
35 staff and the actual running of the committee. That's  
36 probably a better example to give you, and that was early  
37 on.

38  
39 Q. How many committees were there, roughly?

40 A. I'm sorry, I don't recall that. It could have  
41 been 20.

42  
43 Q. And how often did the committees meet, do you know?

44 A. It depended on the committee.

45  
46 Q. Monthly, or less frequently than that?

47 A. Commissioner, I'm sorry, it depended on the committee.

1 Some were pushing forward for more meetings than what were  
2 really necessary. I don't recall what stage they were all  
3 up to.

4  
5 Q. Okay. So I was just trying to get a ballpark idea of  
6 the total cost of running the committee system. You're not  
7 suggesting that no committees were useful; you are  
8 suggesting that there is an excess of committees?

9 A. There was an excess of committees. The issue I had  
10 with the committees was, one, the cost; and, two, that they  
11 weren't really representative of the people of the Central  
12 Coast and that was something I called out on the floor as  
13 well. I had been involved in the recruitment on the  
14 committee. I had gone through the applications and there  
15 were a couple of good applications that I thought should  
16 get through, but there was a view that the majority of  
17 councillors that were in that room would only get the  
18 committee members in that they thought should be in. Of  
19 course, any other committee members that they didn't agree  
20 with didn't get up. So there was always - it was not  
21 across the board.

22  
23 Q. The committees don't have a decision-making role; they  
24 simply make recommendations to the council?

25 A. Correct. And I really do think if we are going to  
26 have the committees, that it needs to be representative of  
27 the 340,000-odd people in the Central Coast, not just one  
28 or a few small groups. That wasn't the case.

29  
30 Q. I guess the third part of that question was whether  
31 the governing body's decision since 2017 contributed to the  
32 financial position. What do you think about where the  
33 council finally landed in terms of responsibility - was it  
34 all of the councillors' fault, was it a shared  
35 responsibility with a number of bodies?

36 A. My view is that - it's a really tough question that  
37 you've asked. My view is after all of those catastrophes  
38 in 2020, the financial issues of the Central Coast Council,  
39 whilst we didn't have all the information, it was right in  
40 front of us and it was being called out by a number of us  
41 that we had an increase in deficit, that we needed to pull  
42 in the purse strings. That was I think prior to that first  
43 budget weekend. As time went on, and that was ignored, it  
44 became very difficult to watch, to listen to people that  
45 thought it was appropriate to have a deficit, and not a  
46 surplus. It was very difficult to listen to, as someone  
47 that is quite conservative, and I was after a surplus.

1 I certainly didn't have - like I said, I opposed that  
2 budget and that budget should not have gone through.

3  
4 Q. I understand that, but what I'm asking you is whether  
5 you think the responsibility for where the council was at  
6 that point is entirely one for the councillors, or is it  
7 something that is shared by a number of bodies?

8 A. Well, certainly with regards to the external auditors  
9 that you've mentioned, the ARIC committee, yes, they all  
10 played a part, because we are relying on their expertise.  
11 They are paid for their expertise in ensuring that your  
12 councillors have the right information, that in fact, as a  
13 financial - that financially we were tracking well. Which  
14 is really what - there were no real issues flagged except  
15 for the auditor-general's report that went into the prior  
16 Gosford council's - you know, the local infrastructure  
17 contributions, that \$13-million odd that then came out,  
18 I think in 2019 when they have moved the funds across.

19  
20 So there were bodies in place to ensure that whilst  
21 your councillors were looking at the finances in a whole  
22 breadth of different areas, there were bodies in place to  
23 ensure that those finances were on track. Did they do  
24 their job? I think it's evident that perhaps not.

25  
26 Q. I think really the second question has morphed into  
27 the first in the terms of reference. Are there any other  
28 matters where you think the administration of council's  
29 functions and responsibilities impacted on the community's  
30 confidence in the council?

31 A. Sorry, can you repeat that? I beg your pardon.

32  
33 Q. Yes, sure. Are there any other matters in terms of  
34 the administration of the council's functions and  
35 responsibilities - that is, how the councillors acted and  
36 made decisions - that impacted on the community's  
37 confidence in the council?

38 A. There may well be. Hand on my heart, I was there for  
39 the community, so I did what I could do and represented the  
40 community as best as I possibly could. It's now up to the  
41 community to make that judgment.

42  
43 With regards to the financial crisis, as we are  
44 calling it now, of Central Coast Council, I did feel as  
45 though it was - we were put in a very difficult situation.  
46 As everyone has mentioned with regards to the phone call  
47 that we received to go into the confidential briefing, at

1 that point I was actually on an annual holiday that had  
2 been voted through council and I was allowed to go. So,  
3 I was 24 hours into that, had to get back in my car and  
4 drive back down to attend this meeting, as it popped up.

5  
6 To be handed that information and then gagged on it,  
7 at the same time, was an extraordinarily difficult position  
8 to be in. At no point did I stop feeling that strong sense  
9 of responsibility on my shoulders when I went into that  
10 chamber. So I took it very seriously. It was frustrating  
11 to me that I was always asking, from that point to the  
12 point that I resigned, for that information on our deficit  
13 and our financial situation to be handed across to the  
14 minister - that is, Minister Shelley Hancock, Local  
15 Government Minister. I was told on the hop that it had  
16 been. I had asked in an ordinary meeting on the floor,  
17 "Can you please ensure that our financial information is  
18 handed across to the minister." My understanding is that  
19 was never done.

20  
21 As that situation evolved, and we had both - the  
22 public have to understand that through October, the  
23 councillors were given this information with regards to the  
24 operational staff using restricted funds. There was no  
25 resolution from council. We did not at any time give  
26 permission for that to happen. So that was done. We were  
27 handed information that it had been done.

28  
29 Then throughout October we had both the CFO and the  
30 CEO - the CEO may have gone on extended sick leave before  
31 that, but throughout that October when we had that  
32 catastrophic information, we did not have a CEO or a CFO to  
33 answer questions, to guide us.

34  
35 Again, like you've said, I can talk about confidential  
36 information here, in this space. I do recall being - it  
37 was around 21 October that there was a motion that had been  
38 drawn up by the operational team with regards to  
39 councillors approving the use of restricted funds which, as  
40 we know, is unlawful, to pay council staff wages, or the  
41 staff wouldn't get paid. So, therefore, I was put in the  
42 position where my integrity was compromised, saying, "Okay,  
43 you won't be able to pay your staff, 2,000-odd families,  
44 or, in fact, you need to act - give us approval to act  
45 unlawfully and use restricted funds."

46  
47 Now, by anyone's means, it was a disgraceful place to



1 have been put in, and no councillor, you know, with the  
2 allowance of \$30,000 doing this on behalf of the community,  
3 should be put in that position.

4  
5 It was at that point that I wrote - there were a few  
6 of us - Councillor Marquart and Councillor Pilon wrote to  
7 the minister with regards to requesting an administrator be  
8 appointed because it became apparent that this could not be  
9 sorted. And it was a week or so later that I felt as  
10 though I'd shown my financial responsibility in resigning  
11 by way of requesting that that administrator come in to  
12 bring some financial stability back to this council. So  
13 that was what happened during that time.

14  
15 Q. Do you have any further comments to make before  
16 I invite Ms Annis-Brown to ask any questions?

17 A. Just if I could say, if you wouldn't mind,  
18 Madam Commissioner, to say to the public that it was an  
19 honour and a privilege to serve the Central Coast  
20 community, that I did resign with much contrition, but that  
21 I still believe that I did the right step to lead the  
22 council back to a state of financial stability through  
23 writing again, for a second time, to the Minister for Local  
24 Government, Shelley Hancock, and again requesting an  
25 administrator. I had also met with other people on the  
26 Central Coast, without divulging anything that was  
27 confidential, to say that there was a very grave state of  
28 affairs and that I could not see any way, with a missing  
29 CEO, a missing CFO, and in a situation where information  
30 that was critical to be given to the minister was not given  
31 to her, that we could get ourselves out of this situation.  
32 That's why I strongly supported an administrator to come on  
33 board and bring some financial stability back. That was my  
34 ultimate step in fiscal responsibility.

35  
36 THE COMMISSIONER: Thank you, Ms Gale. Ms Annis-Brown, do  
37 you have any questions?

38  
39 MS ANNIS-BROWN: Thank you, Commissioner. No questions.

40  
41 THE COMMISSIONER: Ms Bulut, do you have any questions?

42  
43 MS BULUT: No questions, thank you, Commissioner.

44  
45 THE COMMISSIONER: Ms Gale, that concludes your evidence.  
46 Thank you very much for attending today. I'm sorry we had  
47 a few technical difficulties. Thank you. We will adjourn

1 now and I believe we are starting back at 1.20pm. Thank  
2 you.

3  
4 THE WITNESS: Thank you, Commissioner.

5  
6 <THE WITNESS WITHDREW

7  
8 LUNCHEON ADJOURNMENT

9  
10 THE COMMISSIONER: Good afternoon. We will resume the  
11 hearings of the public inquiry into Central Coast Council.

12  
13 The next witness to be called is Ms Jillian Pilon,  
14 would you please come on camera and come off mute? Could I  
15 ask Ms Annis-Brown to swear you in as a witness, please.

16  
17 <JILLIAN PILON, affirmed: [1.20pm]

18  
19 <EXAMINATION BY THE COMMISSIONER:

20  
21 THE COMMISSIONER: Thank you, Ms Pilon.

22  
23 Q. Can you just tell me, you are a first-term councillor  
24 as well?

25 A. That's correct, Commissioner.

26  
27 Q. Could you come a little closer to your microphone, I'm  
28 having a little difficulty hearing you. Just speak in your  
29 normal voice?

30 A. Yes.

31  
32 Q. You are of course a newbie, as they say. What was  
33 your connection with Local Government before becoming a  
34 councillor?

35 A. I had no prior connection to Local Government before  
36 becoming a councillor.

37  
38 Q. So why did you run for council?

39 A. To be honest, in 2015, I lost my youngest son. At the  
40 time the community rallied around our family, and was very  
41 supportive of providing a skate park to the Central Coast  
42 community and for me it was a way of giving back and doing  
43 what I could in a positive manner for the Central Coast.

44  
45 Q. Okay.

46 A. I apologise for being upset.

47

1 Q. Not at all. Do you want to have a break for a few  
2 minutes?  
3 A. Let's see how I go. Thanks.  
4  
5 Q. I will change the subject completely. On the council,  
6 did you sit on any committees?  
7 A. I did. I was on their status of women advisory  
8 committee. I actually did take myself off that later,  
9 because I didn't feel it was, I guess, doing what I thought  
10 it would. I was on the economic employment committee. So  
11 was my husband, who has been in business for over 28 years.  
12 He left that committee because of the same reason, and --  
13  
14 Q. For the same reason, sorry, as --  
15 A. For the same reason as he didn't feel that it was  
16 providing to the community what he expected to get out of  
17 that, out of that role, and I guess the committees - there  
18 was a lot of expenses. As you said before, there was a lot  
19 of committees and I think a lot of them probably weren't  
20 providing back to the community what they had hoped.  
21  
22 Also, I was with the catchments and coast committee  
23 with Tuggerah Lakes.  
24  
25 Q. How often did those committees meet?  
26 A. They varied. They varied. Some were bi-monthly. I  
27 think some of them quarterly. It just depended on the  
28 actual committee.  
29  
30 Q. I see. Not all of the committees met every month?  
31 A. No.  
32  
33 Q. Did any committees meet monthly, that you sat on?  
34 A. Not that I sat on, no.  
35  
36 Q. Okay. So what is your professional background, how  
37 did you get here?  
38 A. I was with the National Bank for 12 years and I worked  
39 in commercial and consumer lending with the bank. I was a  
40 business owner for about 28 years, employing anywhere  
41 between 20 to 30 - actually up to 50 staff at one point, on  
42 the coast. I also ran for the federal seat of Dobell  
43 whilst I was on council and also briefly worked in the  
44 local federal member's office as well during my time on  
45 council.  
46  
47 Q. So you worked in a bank. Did you have any finance

1 qualifications?  
2 A. Never any, like, official training. Definitely not an  
3 accountant by any means, but I was dealing with consumer  
4 and commercial loans, yes.  
5  
6 Q. So you have some numerical familiarity?  
7 A. Correct.  
8  
9 Q. You didn't write a submission to the inquiry. Do you  
10 intend to, because I thought at one stage you might provide  
11 something?  
12 A. Look, I started. It became quite lengthy, to be  
13 honest. I really found my time on council in this past  
14 year has really affected me mentally. So in the end I felt  
15 that all my decisions that I'd made on council, my voting,  
16 was all on record, all those meetings were on webcasts.  
17 I felt that there was a lot of pressure put on that it was  
18 all the councillors' fault, and I did feel that that really  
19 should have gone across a lot of areas. In the end, I just  
20 didn't want to get involved in the blame game of where that  
21 sat, so I chose not to submit anything in the end.  
22  
23 Q. You say you didn't enjoy your time on council at the  
24 end. I don't want to upset you, but was that due to what  
25 happened with the council or was it the behaviour in the  
26 chamber? What was the problem?  
27 A. I think I was disappointed in - when I actually met  
28 with the administrator and I spoke to him, I was really - I  
29 got upset speaking to him when I mentioned the position  
30 that the councillors were put in at the end, behind closed  
31 doors, and what we were actually asked to do, I felt  
32 illegally. I don't think any of us should ever have been  
33 put in that position.  
34  
35 I think I do carry a lot of guilt in being on that  
36 panel, for me personally. Whilst I was on the minority of  
37 council and really often didn't have - my say really didn't  
38 count because I was a minority, but I did still take a lot  
39 of guilt in the responsibility of not picking up certain  
40 things, whether that be in the investment reports. So that  
41 was a personal issue that I've dealt with.  
42  
43 I feel that there was too much influence from State  
44 Government, so I struggled with that and trying to alert  
45 that there were major systemic problems within this council  
46 that were fair greater than just blaming certain  
47 councillors. So that really didn't sit well with me.

1  
2 Q. What are those systemic problems that you perceived?  
3 A. Look, I think a major problem has to be seen as the  
4 finance, the systems in place around the finances. I don't  
5 think the structure was ever set up from the start, from  
6 the original administrators. To hand over and to hand over  
7 in a position with no CFO in place is disgusting. To have  
8 no permanent CEO for nearly a year. The fact that  
9 accounting practices changed - and I don't believe the ELT  
10 team were over - I don't think - whether that was a lack of  
11 training to them, but I think it put them also in a  
12 position that they weren't even aware of what their budgets  
13 were, I believe. And, yes, I disagreed with a lot of  
14 decisions that were made by the majority of councillors.  
15 There was that as well. I found that extremely  
16 frustrating.

17  
18 By the end of 2019, I had let the Liberal Party know  
19 that I wouldn't run again. I found it too dysfunctional.  
20 I think, for me, it wasn't a matter of being bullied in the  
21 chamber. That's politics. You know, yes, there were  
22 things I didn't agree that were said by certain - well,  
23 probably one particular councillor to myself, but aside  
24 from that, I think there was just a lot of problems. It  
25 wasn't just down to blaming 15 councillors that I believe  
26 went in there, all of them, with good intentions for the  
27 community.

28  
29 Q. Okay. So you said you didn't really get a handover  
30 from the administrator. You did have an induction process  
31 that you went through. Did you find that effective?

32 A. Look, as I think other councillors have mentioned, it  
33 purely was getting to know each other, our weaknesses, our  
34 strengths, trying to encourage us to work together as a  
35 team, not that that really ever happened, I don't think.  
36 Basically, what our meeting procedures were going to be.  
37 I think it was pretty basic handover. There was no  
38 financial handover, I think - I did attend a pre-meeting  
39 before becoming a councillor, like a candidate information  
40 session, and to me - like, what your roles and  
41 responsibilities would be, and I think that was a prudent  
42 time for the administration at that point to make it clear  
43 to anyone who was putting their hand up to run, the actual  
44 true financial position that the council was in at that  
45 stage.

46  
47 Q. So you did attend a candidacy awareness program. Did

1 you find that effective?  
2 A. It was, yes. It did explain that there would be a lot  
3 of hours involved; I guess skill sets that were required;  
4 but, as I said, I think a key part of that should have been  
5 what you were actually getting in for when it came to the  
6 position of merging both Gosford and Wyong councils.  
7  
8 Q. So it should have been more specific to the particular  
9 circumstances that you were entering?  
10 A. Definitely, definitely.  
11  
12 Q. What did you perceive of the - I know you only had  
13 contact with the ELT, but the staff cohesion when you were  
14 there, when you became a councillor, what was your  
15 perception of how things were travelling?  
16 A. I guess only filtered down from the top. Because, as  
17 you've heard, we were only allowed to speak to the ELT.  
18 I think that's probably where a lot has gone wrong in  
19 what's happened. I feel that a lot of the staff - since  
20 leaving council now and have come and spoken out, at the  
21 time I think would have liked to have come to us. Being  
22 the councillors, I think they should have had that ability  
23 to do that. I understand that maybe it's done to alleviate  
24 fraud and being able to go to the staff, but I think we  
25 really should have been able to speak to them. So not a  
26 lot. There was obviously always that, I guess,  
27 Gosford/Wyong, but not a lot to my knowledge, that I'm  
28 aware.  
29  
30 Q. You weren't on the selection panel for the general  
31 manager. What did you think of the process of the  
32 selection of the general manager?  
33 A. I was really disappointed in the process of selecting  
34 the general manager. I think I opposed the group that were  
35 bringing forward the candidates, and I recall being  
36 contacted by the mayor at the time to say that it was going  
37 to be a selection panel of four and she rang to ask whether  
38 I would be that person for the Liberal Party. I wasn't. I  
39 wasn't on that group.  
40  
41 Q. Was that your choice not to be on it?  
42 A. I think partly it was. I don't know. Actually, I  
43 think at the time it was actually Councillor Burke that  
44 stood for the Liberal Party there. Because he had  
45 previously been on council, he was, I guess, seen as -  
46 whether you can see the leader of the group, the three of  
47 us, the others, were new. So Chris, I guess, took a

1 precedence over us to do that position, I believe.

2  
3 On the day, I recall, that we met Mr Gary Murphy -  
4 there was a few of us, I know there was Councillors Gale,  
5 Best, Marquart and McLachlan, that we were all really  
6 disappointed that we were only provided with one candidate.  
7 We did know of others and Brian Glendenning, who had  
8 actually been in that role, and we were extremely  
9 disappointed that we were given one choice. We said it  
10 wasn't professional in a business that large. It just  
11 wasn't professional to come to us with one person on the  
12 day.

13  
14 We asked questions of Gary. My major concern on that  
15 day was around confrontation, that he didn't like  
16 confrontation, and for me that rang alarm bells from the  
17 start, that you are in charge of, you know, around 2,000  
18 staff and in that role you're going to have confrontations,  
19 I would suspect, pretty well - quite often every day. So  
20 that was my major concern.

21  
22 Mr Murphy was really - is a very lovely, caring man.  
23 I got on really well with him, but as Councillor Gale  
24 alluded to, she was concerned around the financial areas  
25 with Mr Murphy, and I would have to say that as well. At  
26 the end, Mr Murphy actually admitted to not even checking  
27 the cash flow, which, yes, is just astonishing to me.

28  
29 I know at the time we were told that we were going to  
30 have to get out the cheque book and really pay to get  
31 someone good in that role, and there were initial figures  
32 of around \$300,000; it got pushed out over \$500,000. I did  
33 expect more of Mr Murphy in that role and I expected a lot  
34 more in the finance department, and I guess control. We'd  
35 had two acting CEOs and I do feel that they pulled  
36 councillors into line more. I recall Mr Brian Bell, he  
37 would just say, "Just stop. Stop. Councillors, just  
38 stop." And he wouldn't put up with it.

39  
40 Q. This is behaviour in the chamber?

41 A. Yes, yes, and just even decisions. He would call it  
42 out. And even behind the scenes in briefings and things  
43 like that.

44  
45 I had dealt with Mr Brian Glendenning on a matter when  
46 I went and saw him, where I didn't feel council were doing  
47 the right thing when it came to money on a project, and he

1 got straight on to it, he got straight on to the staff and  
2 made sure that happened, as it should have, above board  
3 should have happened.

4  
5 Q. That was when he was in the acting general manager  
6 role?

7 A. Correct.

8  
9 Q. What about the chief financial officer position - were  
10 you concerned about that not being filled and being filled  
11 in an acting capacity?

12 A. Yes, totally. As I said, I don't know how you combine  
13 two councils as large - we were going into one of the  
14 largest councils, and you walk away and leave that without  
15 a CFO in place? That's on the administration. That's on  
16 the State Government. That's not on councillors. That  
17 wasn't our call and, yes, I think that was a disgrace.

18  
19 The fact that Gary Murphy took I think about 10 months  
20 to come into the role, he then had to find and put someone  
21 in that position. He was there for a certain amount of  
22 time. I know Gary wasn't, I guess, supportive of what was  
23 happening with him, or wasn't happy with it. He mentioned  
24 in his speech that he wasn't - wasn't happy with him.

25  
26 Q. Sorry, are you talking about a particular financial  
27 officer?

28 A. Yes, with the permanent position. We then went back  
29 to acting CFOs. There was never stability in that role,  
30 and that's basically your key - your two key positions, the  
31 CEO and CFO, and I don't believe we ever had stability in  
32 that area, particularly when you've got so much change  
33 going on for the staff and for the ELT team and for  
34 councillors. I think we were let down very poorly in those  
35 two areas.

36  
37 Q. In terms of the IT system, do you think that had any  
38 flow-on effect in terms of the accessibility of information  
39 to councillors?

40 A. I would say it did. We were very delayed with  
41 information coming to us at times. As other councillors  
42 have alluded to, you would put in requests via email. Some  
43 of those would take months to come back.

44  
45 In the chamber, things that were either asked as a  
46 motion - look, members of the public would come to me and  
47 say, "What's happened to this? What's happened to that?"



1 It would be months down the track, so then you'd put up a  
2 question on notice and then - to be honest, I believe we  
3 probably even had a question on notice on a question on  
4 notice because things were delayed and didn't come back to  
5 us. Maybe that was an IT problem, I don't know. But it  
6 was evident that that needed to be replaced before the  
7 amalgamation. Both Gosford and Wyong I think had made it  
8 clear, and I think that was going to cost around  
9 \$70 million. The systems needed to be placed whether we  
10 merged or not.

11

12 Q. You said you didn't have a great deal of information  
13 at the handover stage. Did you ever really understand how  
14 the council was accounting for contributions under the  
15 Water Management Act?

16 A. I think we definitely had briefings around restricted  
17 funds in those areas. That was provided to us, yes.

18

19 Q. You assumed that they would be classified as  
20 restricted funds in the accounts as well?

21 A. Definitely.

22

23 Q. You also got monthly investment reports.

24 A. They weren't always monthly. They were supposed to be  
25 monthly, but they were quite often delayed, yes.

26

27 Q. Was that a cause for concern for you, when they were  
28 delayed?

29 A. Yes. I think that was - I would have to say  
30 Councillor Best was the main person highlighting, main  
31 councillor to continually highlight delays, whether it was  
32 in investment reports or financial reports, so, yes, that  
33 was in the chamber as a concern, yes.

34

35 Q. The Q reports you are referring to there?

36 A. Yes.

37

38 Q. So you weren't aware of the change to the investment  
39 report in October 2019 when the --

40 A. Unfortunately, that is probably the biggest area that  
41 I struggled - that I didn't pick up on that, and I  
42 apologise, yes, that I didn't pick up on that, where that  
43 information was taken out. I don't know who made that  
44 decision. I think the investment reports, from memory,  
45 I don't believe were ever briefed on a monthly basis. So  
46 I think moving forward that's something that needs to  
47 happen, definitely. Rather than just leaving it to, "Do

1 councillors have any questions", there needs to be a  
2 briefing on that, and I think even a statement put out by  
3 the CFO at the meetings so that the community is kept up to  
4 date as well. And that that's, yes, put online as well.

5  
6 Q. There was a request to prepare a dashboard. What was  
7 your knowledge about that?

8 A. Yes. That came up numerous times in the chamber, that  
9 we were - that councillors were asking for that to be done,  
10 and I know they were requesting that of ARIC, to, you know,  
11 come forward with that as well.

12  
13 That never eventuated in three years that we were  
14 there. To me, that is another - when I talk about systemic  
15 problems, that dashboard should have been there from the  
16 start with a simplified structure for everyone to be able  
17 to see and liquidity with council moving forward. It  
18 should have been there from the start.

19  
20 Q. Do you know why it wasn't? Was it an IT problem,  
21 staff resistance? You don't know?

22 A. Sorry, I don't know. That would be something to ask  
23 the ELT team, I would imagine.

24  
25 Q. You just mentioned ARIC. What did you understand  
26 ARIC's role was going to be?

27 A. I guess purely that - audit, risk and improvements.  
28 I didn't see any of that, and I guess I saw them as a  
29 governance backstop, basically, that they would have our  
30 back, and I don't think they did. I don't recall meeting  
31 with them at any stage, and I would have felt that they  
32 would have come to us with the knowledge that were issues.

33  
34 Q. If they knew about it?

35 A. Exactly.

36  
37 Q. Did you understand --

38 A. Sorry, yes.

39  
40 Q. Did you understand them to have a role of getting  
41 right down into the accounts or a higher-level role?

42 A. I hadn't really thought of it. To be honest, I would  
43 have thought that they would - given they were paid, they  
44 were professionals, they had a lot of experience in OLG or  
45 accounting, yes, I thought they would have dug down deeper  
46 than what actually happened.

1 Q. Council also had external and internal auditors. Did  
2 you differentiate those roles from ARIC's role?

3 A. I mean, they have obviously got different roles, and  
4 the external auditors did come to council with a number of  
5 issues, but, once again, I don't believe the extremities  
6 were conveyed to us that could have been picked up. That's  
7 what I believe auditors are there for, not councillors on  
8 \$30,000 a year. Even though, at the end of the day, it  
9 does come back to us. We are the ones that wear the blame,  
10 but when you are paying so much money for auditors and an  
11 ARIC committee, I feel we were all let down by all of them.

12

13 Q. You said that the auditors did come. Do you remember  
14 when the auditors came to present to council?

15 A. Sorry, I don't have that date on hand.

16

17 Q. That's okay. What about the Office of Local  
18 Government, what role did you see them playing?

19 A. To be honest, I feel that when we first went into  
20 council, I believe the Office of Local Government should  
21 have had some form of oversight, when you're combining two  
22 massive councils like that. I don't believe that happened,  
23 particularly given that we didn't have a permanent CEO or a  
24 CFO.

25

26 I believe, once again, there's another area that I  
27 think has let us down. When I say "us", I believe the  
28 Central Coast community. I'm not particularly saying let  
29 the councillors down, but let the community down. There  
30 should have been some oversight, I believe, at that point.

31

32 I think in September, as you are aware, a few of us,  
33 Councillors Best, McLachlan, Marquart and Gale, wrote to  
34 the Office of Local Government because we were really  
35 concerned about a number of issues that were happening.  
36 I think it got said that we didn't hear back from them. We  
37 did receive an email back and it was basically we had to  
38 keep that confidential, and it was seen as, I guess, a  
39 whistleblower status. But, it was - I think they said they  
40 could have up to six months to come back to us. So it  
41 wasn't like any response. Although it probably led to this  
42 inquiry, I believe. Yes.

43

44 Q. So when you said you think something more proactive  
45 early in your term, are you thinking of something like a  
46 financial overseer sitting in the council?

47 A. Yes, definitely.

1  
2 Q. For an appropriate period, perhaps?  
3 A. An appropriate period, and given there was no CEO and  
4 CFO for nearly a year, that really could have been extended  
5 possibly until that time.  
6  
7 Q. To hand the reins over to somebody permanent?  
8 A. Yes.  
9  
10 Q. Did you have any concern about the successive deficit  
11 budgets that the council had approved?  
12 A. Yes. It wasn't until the final one that I'd just  
13 said, "You're not cutting back enough. You're not  
14 listening. I can't support this". But I had signed off  
15 previously. In the end, it just got to the point where,  
16 you know, tough times call for hard measures, which I had  
17 said, and I was not supportive particularly of the last  
18 budget.  
19  
20 Q. So the previous budgets, you could see some purpose in  
21 having a deficit?  
22 A. It was concerning. I was even concerned when we were  
23 initially told, I think, that it was going to be - that  
24 budget was around, I think, \$64,000. That really didn't  
25 seem right to me, but I was like, okay, I'm new into this;  
26 I was told initially by the acting CEO, "Councillor, you  
27 listen to your staff, they are the experts, be guided by  
28 them." So I didn't feel that I was the one to speak up to  
29 challenge that, but as things went on, I began to challenge  
30 the finances more as we got into council more.  
31  
32 Q. Sorry, I'm just looking through my notes. What was  
33 your position in relation to the breaking of the contract  
34 for the Warnervale airport?  
35 A. Oh, I was always supportive of the Warnervale airport,  
36 for our region, providing jobs and - employment and  
37 training, the tourism to our Central Coast region. I was  
38 part of the group of councillors that rescinded the airport  
39 motions, I think a record six times throughout council.  
40  
41 Q. So you weren't supportive of the decision to break the  
42 contract?  
43 A. No.  
44  
45 Q. Do you know the figure, the cost of that decision?  
46 A. Given that we don't have access to our iPads and it's  
47 been over a year, from memory, I thought it was between

1 about maybe 1.1 to 1.2. There was the master plan for the  
2 \$450,000 that to me was a huge issue from the start, that  
3 staff had put so much into that and councillors didn't  
4 allow the transparency of that even going out to the  
5 community to get feedback from the community. All works  
6 were suspended without that document ever going out for  
7 consultation like it should have. I think when you look at  
8 the cost of the Warnervale airport, it far outreached the  
9 1-point-whatever it was, 1.1 to pay it out, and the master  
10 plan, but it was what that would provide to our Central  
11 Coast region down the track as well, in millions of  
12 dollars, that needed to be considered.

13

14 Q. So it wasn't so much the council's budget, but the  
15 flow-on effects to the community?

16 A. Exactly.

17

18 Q. What about the regional performing arts centre when  
19 that project was abandoned - were you supportive of the  
20 project from the beginning or what was your position?

21 A. I always had concerns around the costings of the RPAC.  
22 That was raised extensively in the chamber. The only reason  
23 why I think I supported that at one stage was after meeting  
24 with State Government, I think Greg Sullivan, who was a  
25 State Government employee. We all met with him and he was  
26 very supportive of that and I felt, okay, we don't have the  
27 money to do this ourselves, obviously the State Government  
28 is going to support this project. But as things went on  
29 and it was blowing out, and even I recall - I think in it  
30 might have been about June 2019, I was going to - I'd  
31 messaged a state member to say that I wanted to meet with  
32 Greg Sullivan again because I had issues, and he actually -  
33 his position had been resolved a week prior to that. So in  
34 the end, I didn't support - as much as I would have loved  
35 to have seen a performing arts centre, it didn't make sense  
36 financially for the council or for the community. We have  
37 The Art House up at Wyong. That was already, I think,  
38 costing council - costing the community, I think, a million  
39 a year for that. It just didn't stack up to run with the  
40 RPAC on a lot of levels down at Gosford.

41

42 Q. Do you know how much money was spent in getting it up  
43 to that stage before it was abandoned?

44 A. Not offhand, I'm sorry, no.

45

46 Q. That's okay. I'll just get your take on some of the  
47 matters that are required to be considered in this public

1 inquiry. How do you consider the governing body acted, or  
2 whether it acted to maximise the success of gaining  
3 efficiencies and financial savings from the merger process?  
4 A. I don't believe it really did. As Councillor Gale  
5 mentioned, there was the initial cut-backs, like combining  
6 staff at a higher level, the fact that we weren't able to  
7 reduce staff numbers ourselves, I think until maybe  
8 mid 2019. Whenever you're going to merge two businesses or  
9 councils, I think there needs to be that ability to do that  
10 to gain those efficiencies. I don't think that was the  
11 right decision, that cut-backs could be made, but I also  
12 think there should have been a freeze put on the hiring of  
13 staff.

14  
15 So whilst the councillors were only able to - we were  
16 responsible for the CEO, employing him, he was the only  
17 one, so there were hundreds of staff actually put on, and  
18 I would have thought we would have been looking to cut back  
19 rather than put more staff on. It really surprised me, as  
20 we got closer to that time where the cut-off was going to  
21 be - and I had always thought, okay, this is going to be an  
22 issue of coming to staff and saying they may have to go -  
23 it was all systems go behind the scenes by the CEO,  
24 I believe, to employ a lot more staff. So there was no -  
25 those efficiencies didn't come into play.

26  
27 Q. Do you think the governing body disregarded the  
28 financial consequences of its decisions?

29 A. Yes. I think in a number of areas. There was the  
30 coal - providing funding. If you don't mind, I might just  
31 try and find some information in regards to that. I do  
32 think --

33  
34 Q. Can I just stop you. That was a contribution that the  
35 council made to the legal costs of an applicant, was it, or  
36 an objector?

37 A. Yes, I think it was in support - so with the coal  
38 mine, originally I didn't support that, but then there were  
39 councillors that actually provided funding, after getting  
40 advices not to, and still ran with that and put the  
41 community at risk, I believe, as well, and the council at a  
42 major risk with that.

43  
44 Q. What was the risk that the council was put at? I just  
45 don't understand if you were not - council wasn't a party  
46 to the proceedings?

47 A. We - sorry, I would like to find that, if that's

1 possible.

2

3 Q. Yes, take a few minutes.

4 A. It may be something - actually, do you mind if I find  
5 that?

6

7 Q. No, not at all.

8 A. Okay. This was, I guess, part of the report that  
9 I was going to send in to you. I had there that of major  
10 concern to me was the disregard of the financial  
11 consequences to council and its ratepayers - was the  
12 decision from council to provide funding of \$200,000 to the  
13 Australian Coal Alliance Incorporated for the specific  
14 purpose of engaging a suitable expert to provide evidence  
15 in the proceedings in court against Wallaroo II. As  
16 I said, I could not support providing this money towards  
17 legal costs, which could open an open-ended court case. We  
18 received strong legal advice against that action. We were  
19 made aware of the potential of putting the council and its  
20 ratepayers at high risk, and council's legal team had  
21 already chosen against an appeal. I could not support the  
22 council in paying legal costs for an independent community  
23 group, given the risks and the massive precedence set for  
24 any community group to ask council in future for funding.

25

26 Q. So there will be a legal advice to that effect  
27 somewhere in the council's records. Okay, thank you. Is  
28 there any other decision where you think the council  
29 ignored the financial consequences of its decisions?

30 A. Yes, I would say in sending the \$4.6 million back to  
31 the State Government in regards to the Winnie Bay. That was  
32 a project that I know there was a lot of community angst  
33 around, but surveys that had been done, the majority of  
34 people surveyed were in support of that, and I think it's  
35 probably the first time that funding has ever been sent  
36 back to a State Government, to say, "No, thank you, we  
37 don't want your grant of \$4.6 million".

38

39 I believe that brings up the issue of reputable damage  
40 to the council for future funding. I think I heard  
41 previously some of the councillors saying that the State  
42 Government and the Federal Government didn't come forward  
43 with grants. I believe that is incorrect. Very early into  
44 council I put up a motion to have a grants officer that  
45 basically applies for everything possible that we can get  
46 and comes back to us with a report on those monthly, what  
47 we've received, what we haven't received, to bring that

1 revenue into council.

2  
3 I believe Louise Fisher did a very good job in that  
4 role. When I say about putting on staff, if anything,  
5 there was that and the business development area in the  
6 council was where I did, on a number of occasions, say in  
7 the chamber or to the CEO that I felt that these are the  
8 roles, if you're going to have staff, the areas that need  
9 support. That's a critical role in bringing money in to  
10 the council. So sending back money, I don't think that sat  
11 very well with the State Government.

12  
13 I think there was - I recall that there was the key  
14 iconic sites in council - it came up for expiration and  
15 I put forward to renew that. That got voted against.

16  
17 Q. Can you just explain that, I'm not sure what that  
18 means?

19 A. Yes. So, Councillor Best and myself put forward - and  
20 I think this was in about October 2018, and it's called the  
21 key iconic sites. We put forward that the council would  
22 extend the provisions that were given to the key iconic  
23 sites as part of the consolidated LEP process. A lot of  
24 this was out around The Entrance area. I know the business  
25 chamber was supportive of this, out at The Entrance, but  
26 the majority of the council did not support to continue  
27 this.

28  
29 I think it disregarded developers' wishes in the area.  
30 I believe we were a very green council, led by the mayor,  
31 and I know there's been discussions for and against  
32 Councillor Smith over the period. I don't believe any  
33 mayor should have any extremes, whether that's  
34 environmentally, whether that's extremely right wing, left  
35 wing. I believe mayors should be balanced and need to take  
36 into account all things.

37  
38 Where council lacked was, I guess, the lack of  
39 development, and developers were probably scared to come  
40 forward and put things through the council based on how  
41 green the council was. So this trying to support  
42 development in the area and to bring money into our  
43 contributions, that, to me, I felt was a disregard as well  
44 of bringing more money into the council.

45  
46 Q. Tell me if I am right: the key iconic sites issue was  
47 about identifying sites that would be suitable for



1 development.  
2 A. Yes, so there were a number of sites, maybe about 20,  
3 and they had already been passed from the previous council  
4 at Wyong council that was in place, and it came up to  
5 expire. A lot of them said, "Well, none of them have done  
6 anything." But we'd also been through a period where - any  
7 sort of development takes a long time to progress, and I  
8 believe that should have stayed in place, to try and  
9 encourage development, whether it be in Gosford, whether  
10 that be out around The Entrance areas. So I just think  
11 that had an influence on the council of not encouraging  
12 developers to come forward, which then brings money into  
13 the community.  
14  
15 Q. Before you mentioned the key iconic sites we were  
16 talking about state funding. Does it have anything to do  
17 with state funding, or you've just gone on to another  
18 example?  
19 A. No, I apologise, not to do with state funding but just  
20 in general of did it have any consequences.  
21  
22 Q. Reputation?  
23 A. No, no, sorry, not reputation, but - I apologise.  
24 It's not to do with reputation. It's to do with not  
25 providing - bringing in revenue to the council.  
26  
27 Q. By way of contributions?  
28 A. Yes, of - yes.  
29  
30 Q. Okay. If I can just go back to the grant, this is the  
31 Winnie Bay grant, was that a tied grant, did you have to  
32 contribute money equally, 25, 75, 100 per cent?  
33 A. No, that was fully funded.  
34  
35 Q. That was a dispute about the environmental impact of  
36 the proposal, was it?  
37 A. I would say largely, yes. I'm certain, yes, yes.  
38  
39 Q. Are there any other examples where you think the  
40 council failed to consider the financial consequences of  
41 its decisions?  
42 A. I would say there was a period where we were in  
43 financial crisis. I know it's only minor, but to me it's a  
44 moral issue around councillors voting for a wage increase.  
45 So we'd had staff come to us to obtain a loan for  
46 \$50 million, which I didn't support, and I think it was not  
47 long after that. So we were going through, we'd had the

1 bushfires, we'd had floods, we were in COVID, and I know it  
2 was a small amount, but to me that doesn't send a good  
3 message to the community. I just didn't agree with that.  
4 I think it lets all of us down.

5  
6 Q. So who was the wage rise for - staff?

7 A. Councillors.

8  
9 Q. Oh, the councillor allowance was increased?

10 A. Correct. And some of us actually even rescinded and  
11 tried to, I guess, convince those that did that it really  
12 wasn't the right thing to do, but it was still obtained.  
13 At the time, I felt that the staff really should have been  
14 cutting back as well, not just councillors, all of us. We  
15 were all in it together.

16  
17 Q. Are there any other areas that you think the council's  
18 decisions and behaviour impacted on the community's  
19 perception of the council?

20 A. Perception of the council? You've only got to look at  
21 the times where there were hundreds of people coming to the  
22 chamber. Now, I know other councillors have said that's  
23 been driven by councillors, but the community were very  
24 vocal, I guess, in areas such as - whether it was the  
25 dredging, whether it was the airport. There were a number  
26 of issues that I feel the community felt like they were  
27 being let down by the decisions being made by council.

28  
29 Q. I don't have any further questions for you, Ms Pilon,  
30 but if you just wait there, I will see if Ms Annis-Brown  
31 does.

32 A. Thank you, Commissioner.

33  
34 MS ANNIS-BROWN: Thank you, Commissioner. No questions.

35  
36 THE COMMISSIONER: Ms Bulut, do you have any questions for  
37 Ms Pilon?

38  
39 MS BULUT: No questions, thank you, Commissioner.

40  
41 THE COMMISSIONER: Thank, Ms Bulut.

42  
43 Thank you very much, Ms Pilon. I'm sorry that some of  
44 the questions were upsetting for you. That's the  
45 conclusion of your evidence, and you may go off screen.

46  
47 <THE WITNESS WITHDREW

1  
2 THE COMMISSIONER: Our next witness is Mr McLachlan at  
3 2.30pm, so we will take a break until 2.30pm. Thank you.

4  
5 SHORT ADJOURNMENT

6  
7 THE COMMISSIONER: Thank you, we will now resume this  
8 afternoon's hearings in the public inquiry into Central  
9 Coast Council. The next witness is Mr McLachlan.  
10 Mr McLachlan, could you come on camera and off mute,  
11 please.

12  
13 MR McLACHLAN: Can you hear me?

14  
15 THE COMMISSIONER: Yes, I can. Ms Annis-Brown, could you  
16 swear Mr McLachlan, please.

17  
18 <BRUCE McLACHLAN, affirmed: [2.33pm]

19  
20 <EXAMINATION BY THE COMMISSIONER:

21  
22 THE COMMISSIONER: Q. Tell me, did you have experience  
23 on a council before you came to Central Coast Council?

24 A. No, very much a new councillor. I actually ran as an  
25 independent and I ran ungrouped and under the line and was  
26 the first councillor ever to get into the Central Coast  
27 Council in that manner. I didn't have any party  
28 affiliations and I achieved everything on first preference  
29 votes. So I came in with clean eyes and no preconceived  
30 ideas. I came in basically as a resident and a business  
31 person that was probably just sick of seeing the Central  
32 Coast going nowhere and I got sick of whingeing about it so  
33 I decided to put my hand up and see if I could actually  
34 move it along.

35  
36 Q. Did you go to any of the candidate awareness sessions  
37 before you put your hand up?

38 A. I put my application in four minutes before the  
39 closure date.

40  
41 Q. No, these were sessions that were conducted before  
42 people nominated to go on councils.

43 A. I decided at 10.30 in the morning that I would  
44 actually put my application in. So I didn't have much time  
45 to actually --

46  
47 Q. It was a very last-minute decision, was it?

1 A. Yes, it was. I had thought about it for a while and  
2 I wasn't going to do it and at the last minute I did, so -  
3 and I'm glad I did it, yes.

4  
5 Q. What is your background?

6 A. I'm a real estate agent, third generation local  
7 business, 42 years in the business now and almost 100 years  
8 in the district as a family, in our operation, so long-term  
9 associations with the district and the council. I think my  
10 grandfather was the successful tenderer of building the  
11 jetty in 1927. So I think that was our first association  
12 with the council.

13  
14 Q. Very good. On the council, did you have any special  
15 roles?

16 A. No, only councillor, and I did sit on the economic  
17 development committee.

18  
19 Q. You've made a submission to the inquiry, which I will  
20 ask you some questions about later. If we can just run  
21 through some of the questions that I've been asking other  
22 councillors. So, from the beginning, what was your  
23 experience with the handover, the amount of information you  
24 got and training that you received initially?

25 A. Obviously with a new role there was an induction  
26 period. I found the CEO and the ELT were quite welcoming.  
27 There was an induction weekend which was, you know, to get  
28 a group of people together and go through some personality  
29 profiling and things like that. I found that quite  
30 beneficial. I've used it in my business for many years.  
31 Some people didn't see the benefit in it, but if you want  
32 to work in a team environment it's very important to  
33 understand the matrix of what you're dealing with.

34  
35 So, in the general overview of operational plan and  
36 things like that, the big picture stuff - and that's what  
37 councillors are there for, for the strategic and the  
38 visionary things - but as far as, you know, I hear the  
39 words "handover from the administrators", we didn't have  
40 anything to do with the formal administrators, it was the  
41 CEO, Mr Bell, that took us under his wing and inducted us.  
42 I was generally happy with the process.

43  
44 Q. With the benefit of hindsight, is there anything you  
45 would have added to that process?

46 A. Oh, the benefit of hindsight, now, I think probably in  
47 my business, my accountant gives me a cash flow position

1 every week, and I think probably, you know, from a learning  
2 curve, for any new councillor now, I would suggest to any  
3 new councillors to get a position of their cash flow and  
4 finances from day one. You know, coming in to a new  
5 organisation, I defy any new councillor to not be daunted  
6 by the bureaucracy and the hierarchy of it at all. So you  
7 don't walk in the door and kick in the doors and demand the  
8 financials on day one. It's just not - that's not the  
9 reality. But, you know, I think it would be a good  
10 recommendation to the government that a new council starts  
11 clean with a financial position, and that would be a good  
12 start for the councillors.

13  
14 I think had we been informed of the actual financial  
15 position, I think the outcome would have been totally  
16 different.

17  
18 Q. Do you think that would be necessary to carry that  
19 information flow on through your role as councillor?

20 A. Yes, I think you are - you know, it's often said you  
21 are the board, you are responsible for the administration  
22 of the \$850 million budget. Even though the councillors  
23 really only get to tinker around the edges and add a little  
24 bit of input, you know, the staff do 95 per cent of the  
25 input, but ultimately, as far as legality and direction,  
26 and hierarchy goes, the council is the board and does sit  
27 above the CEO and is responsible. So, yes, I think --

28  
29 Q. It is the board in that sense, but it's also not a  
30 board in that it's elected, and people come from all sorts  
31 of places, they are not as homogeneous as maybe a company  
32 board might be?

33 A. No, I do take on Dick Persson's comments in his  
34 reports that the councillors didn't understand their full  
35 position, and I jokingly say to people, I didn't really  
36 understand that I was supposed to be a forensic auditor,  
37 you know? Like, we are lay people, you know, and  
38 Dick Persson is right, he said that councillors should not  
39 be responsible for the forensic auditing that was required  
40 to get to the bottom of this.

41  
42 Q. Yes. When you were on the council, when you first  
43 started, and I know that you only had contact with the ELT,  
44 did you see any divisions within the ELT, any disharmony?

45 A. No, when we first kicked off the ELT were very keen to  
46 welcome us and get us aboard and all that sort of thing.  
47 I didn't mind the fact that we could only speak to the ELT.

1 I think there was protections on both - it went both ways.  
2 The councillors were protected from any innuendo or junior  
3 staff members that might have taken a question we asked  
4 about them in the field the wrong way, you know, and at the  
5 same time, in my perspective as being in the property  
6 business, I was happy not to have any innuendo that I could  
7 walk down into the planning department and look at DAs and  
8 things like that. So, I mean, I had no issue with the ELT  
9 and that division and that sort of thing.

10  
11 I think the ELT - they are all applying for a slice of  
12 the pie, so I don't think there was any hostility amongst  
13 them. I saw teamwork in that regard. You know, once  
14 again, we didn't get to see the machinations downstairs,  
15 but, you know, with a big organisation you are going to get  
16 a mix of culture, a mix of opinions, a mix of - especially  
17 bringing two big organisations together with basically  
18 different cultures and agendas and that sort of thing. No,  
19 I didn't see that division at the top end.

20  
21 Q. Were you on the selection committee for the general  
22 manager position?

23 A. No, I thought about going on it, but when we first  
24 started with the recruitment agency, the recruitment agency  
25 said you would probably get, you know, three or four  
26 applicants that the council will interview, and it would be  
27 like an interview day and the three or four applicants  
28 would come in and the whole council would get a chance to  
29 interview them. So on that basis, I thought, well, there's  
30 no point being on the selection panel, I'll just wait until  
31 the top candidates come and we'll go from there. But at no  
32 point was I ever told that the selection committee was  
33 going to be the selection committee and pick one person.  
34 I thought - and I did protest that. I thought that was -  
35 I thought in the process of hiring a CEO for such a major  
36 position, that, you know, there should have been a  
37 cross-section of applicants.

38  
39 The other thing, too, that I thought was wrong was  
40 that the full council never got a chance to interview the  
41 acting CEO, Brian Glendenning. I think in my business, or  
42 in business generally, there's a saying, "keep the people,  
43 keep the profits". Brian had been there for a lot of years  
44 and knew a lot of - he knew the business, he was a learned  
45 barrister, he could answer questions on the spot. He  
46 didn't have to take questions on notice, and there was a  
47 chance of stability in keeping him in the system, in the

1 businesses, and he was a skilled operator. I thought that  
2 he was a better candidate than Gary Murphy, who came from  
3 an engineering background and a small council. I just  
4 never understood why Brian Glendenning didn't get at least  
5 an interview with the council, and I think, you know, he'd  
6 already put a budget together and the budget ended up only  
7 a small deficit in comparison to the next deficits, but,  
8 you know, I think he deserved a run and I think,  
9 unfortunately, he's now lost to Local Government. I think  
10 he's moved on to - I think he's been appointed as a judge  
11 or something like that, good on him.

12  
13 Q. Did you take advantage of the opportunity to look at  
14 the videos of the interviews that the recruitment agency  
15 had conducted?

16 A. No, because I didn't think that we were only going to  
17 get one interview, and I think that's where, you know, had  
18 we been told that was it, then I might have gone back and  
19 looked at the other ones. But we were basically - there  
20 was a meeting booked and Gary was the sole thing.

21  
22 Nothing against Gary Murphy personally, you know, he's  
23 a very fine upstanding gentleman. I got on well with him.  
24 But I did question in his interview, he raised himself a  
25 problem with conflict and I just thought - and I questioned  
26 him on the night, "How are you going to handle it?"  
27 I thought that was a red flag. To be honest with you,  
28 employing people in my business, I don't employ people that  
29 don't have the personality skill set for a role. That was  
30 a red flag for me.

31  
32 Q. Yes. Were you concerned about his ability to keep an  
33 eye on the finances, or did that come later, or did it  
34 come?

35 A. Well, once again, the finances from a lay person point  
36 of view, being a councillor and that sort of thing, finance  
37 division, chief financial officer, when we had one, CEO,  
38 audit and risk committee, external auditor, and then the  
39 Office of Local Government. I mean, I thought all those  
40 people would be keeping an eye on finances. I didn't think  
41 that you had to ask the CEO, you know, all that sort of  
42 stuff. So, once again, the finances - we were more  
43 involved in the strategic vision and direction where the  
44 Central Coast was going. You know, not how much was in the  
45 piggy bank. From that point of view, it was never flagged  
46 or raised or issues there, other than the deficits. The  
47 deficits were growing and then, you know questions were

1 being asked about that, but, you know, we didn't ring up  
2 and say, "Gary, how's the restricted funds? Can we pay the  
3 wages this week?" None of those conversations.  
4

5 Q. Just on the deficits, what was your attitude - you  
6 said there was an initial deficit budget that was put  
7 through, I think, by Mr Glendenning, or under his watch.

8 A. Yes. I can't remember the actual figures now, but  
9 I think we started with - when they amalgamated it was  
10 \$64 million in the bank, I think, and then when we first  
11 came in, it was a paper-thin \$64,000 surplus, the very  
12 first budget - which we didn't set. We were elected  
13 in September, so that budget was already set. Then the  
14 next budget came in, I think, a \$5 million deficit, I think  
15 it was, and then it went to 32 or 40 and then 80 and then  
16 off the cliff as we have at the moment.  
17

18 Q. Were you concerned about the lack of continuity in the  
19 CFO role?

20 A. Yes. I mean, that - once again, you wonder what's  
21 going on, but there didn't seem to be any sense of urgency  
22 or concern amongst the ELT about it. There was no huddling  
23 in the corner giving you any indication that there was  
24 something wrong.  
25

26 Councillor Best did a very good job in asking a lot of  
27 questions, and often he would get a bit of push-back from  
28 the ELT and didn't get the answers he wanted, but, you  
29 know, to Councillor Best's credit he did early on from 2019  
30 start really drilling down on what was going wrong, what  
31 was the failure in the audits from the Office of Local  
32 Government, you know. And I do recall around November 2019  
33 asking - Councillor Best asked, "Where are the Q4 reports?"  
34 I remember him asking Gary Murphy, "Can we have the draft?  
35 It doesn't have to be fully audited, just give us the  
36 draft." And there was push-back there. There was some  
37 reason why we couldn't have it, all that sort of thing. So  
38 there were warning bells. You know, the councillors just  
39 didn't sit idle and say nothing. You know, this is what  
40 I take umbrage to, you know, "It's all the councillors'  
41 fault and you did nothing about it." That's not true. If  
42 you go back through the webcasts, there's lots and lots of  
43 times that budgeting questions were raised and the answers  
44 weren't really given, and there are obvious reasons as we  
45 find out in the end.  
46

47 Q. Do you think they were the sole reasons or do you



1 think there were other problems that were hampering the  
2 ability of the staff to give you information?  
3 A. Well, this is what we don't know. Like, no-one's  
4 really come out and actually said exactly what the  
5 situation is. We have an interim administrator's report  
6 saying that the CEO did know about it. He's come out in  
7 the media and said that. We had a crisis meeting with  
8 Mr Murphy. He came in and said, you know, "Houston, we've  
9 got a problem". This is after our earlier crisis meeting  
10 where he walked in and he said, "We thought we were  
11 \$40 million out, we are now \$89 million out" and then  
12 finally he came in and said, "We can't find another", I  
13 think, "\$100 million of unrestricted funds." You know, he  
14 did say he employed someone to come in and fix a problem,  
15 but his words were he let him down.

16  
17 So I don't know exactly what the problem was, and what  
18 was the let down, but I - you know, Mr Persson was saying  
19 in his reports that people knew about it, but it wasn't  
20 disclosed to the councillors in that regard.

21  
22 The councillors did ask about it. You can go back,  
23 November 2019, Councillor Best was asking for the Q4  
24 reports; and before that, the \$13 million unrestricted  
25 funds that was brought up in the audit that had to be paid  
26 back. You know, there were questions raised about that.  
27 It wasn't the councillors sitting around idle, twiddling  
28 their thumbs.

29  
30 Q. As I understand it, the Q reports weren't audited  
31 statements, they were just snapshots?

32 A. Yes. We were asking for snapshots.

33

34 Q. Yes, okay. So you didn't know anything either about  
35 the removal of the unrestricted cash position from the  
36 investment reports in October 2019?

37 A. In the 700-page business paper, one line?

38

39 Q. I'm not being critical. Just saying, you were  
40 unaware?

41 A. No, no, I missed that one. No, that's - that's the  
42 whole thing. I mean, who took it out? This is the answer  
43 we would like you to get to and find out. We were never  
44 even told, let alone told there was a missing line item.  
45 Maybe they should have put an extra line item in called  
46 "Waste and mismanagement", and added the line item in?

47

1 Q. What did you expect would be the costs of the merger  
2 when you came on as councillor?

3 A. I didn't know, and I don't think anyone really knew.  
4 But we did ask that question early on and we did get a  
5 briefing. I actually emailed - before the public hearing  
6 came in I actually emailed council and I tried to get the  
7 minutes of that meeting, but as a resident now, I have to  
8 GIPA that and it wasn't forthcoming.

9  
10 Very early on in the piece there was - I'm not sure  
11 whether the staff brought it up or whether it was brought  
12 up because of a notice of motion, but we had an external  
13 consultant come in, it was at the Wyong rooms, and if  
14 I remember rightly, in my notes, it was anywhere in the  
15 order of \$80 million possibly up to \$150 million to merge.  
16 Interestingly, people wanted to know about the costs of  
17 demerger, and she came back and said to demerge would have  
18 been double that again. So to demerge was the same cost  
19 again, to demerge, but she went through, and what I do  
20 remember was, the demerger costs were unfunded and they  
21 would have to be funded by ratepayers by way of a special  
22 levy and that sort of thing. I thought, wow, why would you  
23 want to put your rates up just to go back to where you  
24 were?

25  
26 I also remember it couldn't be done within the term of  
27 the council and it had to be done by referendum and it had  
28 to be done I think after the next term. So it was  
29 something like you couldn't do anything for I think  
30 something like seven years, it would cost you double to do  
31 it and you would have to put the rates up to do it.  
32 I thought why are we even talking about demerger? We've  
33 already made a decision. The egg has been scrambled. You  
34 can't put it back together again. Let's move forward. So  
35 I was very pro merger to get on with the job that we were  
36 elected to do, and that was to manage the merged council.

37  
38 Unfortunately, what happened, there was an element in  
39 the council, and they were the majority of councillors, who  
40 had a different opposing view to that. The Labor position  
41 was that they were not in favour of the merger and,  
42 basically, they wanted to pull it apart.

43  
44 Now, I take the time to actually - I'd like to thank  
45 publicly Richard Mehrterns, in his submission, where he's  
46 come out and said - and I think I have got it here:

47

1 On page 1 you refer to a view of several  
2 councillors that at some near stage the  
3 amalgamation would be reversed, and that  
4 some aimed to maintain as many of the  
5 existing structures as possible ...  
6

7 So basically, when we first walked in the door, there was  
8 an agenda to hold the two councils together and not  
9 progress the merger.  
10

11 Finally, when things were getting voted down and not  
12 moving forward, Councillor Best and I put up a notice of  
13 motion, and I put it in my submission, "Success of the  
14 amalgamation". I've given you a copy of that.  
15

16 That was to ask for - I will read it out:  
17

18 Council recognise the extensive work  
19 currently being carried out and managed by  
20 staff on all levels surrounding the  
21 effective integration of our amalgamated  
22 councils. The council seeks to support  
23 staff and better understand the challenges  
24 faced through receiving regular reports and  
25 formal briefings from staff. The council  
26 recognise the importance of supporting the  
27 amalgamation with a view to achieving an  
28 optimum outcome for our 330,000 residents  
29 and ratepayers.  
30

31 And this is important:  
32

33 Council also recognises the importance of  
34 supporting staff and indeed morale in this  
35 changing work environment. Further,  
36 council notes the amnesty on staff  
37 redundancies set by the State Government  
38 will expire on 12 May 2019.  
39

40 So we put the council on notice, and this was 13 August  
41 2018, that staff redundancies were coming up in a year's  
42 time and we could plan ahead and decide what we want to do  
43 with the staff numbers.  
44

45 This was actually voted down. This notice of motion  
46 to support the success of the amalgamation was voted down.  
47 I think it was a huge turning point on the success and

1 failure of the council. We didn't get the reports from the  
2 merger. We never got any costings or any progress, and  
3 basically what we did get out of that vote was an amendment  
4 to actually run a plebiscite in a state or federal  
5 election, not even binding on council. Pure politics.  
6 Pure party politics. This was the agenda that came in to  
7 council to trash the merger, make sure it didn't work and  
8 to hold the two councils together.

9  
10 Basically, whatever was put up - the airport, there  
11 were things like Kangy --

12  
13 Q. Just to stop you there before you go on to any other  
14 matters, Mr McLachlan, I understand that out of this  
15 resolution, or the motion, that you wanted to get  
16 information from the staff about how the merger was  
17 progressing, good and bad.

18 A. Yes.

19  
20 Q. Do you think you might not have had a better chance of  
21 getting the motion supported if you hadn't used the words  
22 "Success of amalgamation" and things like that, when you  
23 knew that the majority of the council were philosophically  
24 opposed to the merger?

25 A. I didn't title it, Greg did. It doesn't matter.  
26 You're either going to support the amalgamation or you're  
27 not; you are going to support the merger or you are not.  
28 What would you suggest would be a title in the thing?

29  
30 Q. It's not for me to suggest. I can understand why a  
31 motion with that title might immediately raise hackles,  
32 whereas if you are going in and asking for information,  
33 maybe you might have obtained the information because  
34 everybody wanted the information?

35 A. I think we all stood for council to manage a merged  
36 council. If you didn't want to manage a merged council,  
37 why put your hand up, unless it's for you to act for your  
38 party in a differing agenda? This is what happened.

39  
40 There's talk about culture and distrust within the ELT  
41 and the councillors. So what happened is, the political  
42 arm was opposed to what the staff arm was doing. They were  
43 there to progress the merger and get on with the work that  
44 they had to do, and you had the political arm basically  
45 trying to tear it up.

46  
47 So this talk about distrust between the ELT, this is

1 where it came from. Then what happens is, even though  
2 you've got a briefing that said it would double the cost  
3 and ratepayers would have to put their rates up to cover  
4 the demerger, this attitude still prevailed.

5  
6 One of your key things is to find out whether people  
7 acted in the interests of the ratepayers, in the interests  
8 of citizens. I don't believe that's acting in the  
9 interests of the people of the Central Coast.

10  
11 Q. I interrupted you before, you were going to talk about  
12 I think the Warnervale airport?

13 A. The war.

14  
15 Q. The war?

16 A. The war, yes. Well, once again, it didn't have to be  
17 a war. There was a master plan put up, it cost \$450,000,  
18 and good governance said that the people of the Central  
19 Coast should have their say on it.

20  
21 My attitude from the start, I wasn't sure whether it  
22 was a good thing or a bad thing. I didn't have any  
23 background on the airport. I didn't know much about it.  
24 I took the view that it should be the public's decision to  
25 say whether they liked it or they didn't. I said from the  
26 outset, if the public didn't support it then I wouldn't  
27 support it. But the public never got a chance to have a  
28 formal input into their master plan. This is where it went  
29 wrong and this is where the governance went wrong.

30  
31 So \$450,000 master plan straight in the bin. That  
32 triggered compensation to an existing leaseholder, you  
33 know, and not accidentally; with full legal knowledge that  
34 this is what they were doing. And I don't think the amount  
35 was actually known at that stage. As opposed to allowing  
36 the people of the Central Coast to say whether they want an  
37 airport or not. I think, in hindsight, early in the piece  
38 they might have actually won the public's support against  
39 it. But, like everything, if you tell somebody they can't  
40 have something, they want it all the more. I think in the  
41 end it backfired against the anti-airport lobby.

42  
43 Q. There was another project I think you mentioned when I  
44 interrupted you?

45 A. There's a stack of them. There was - getting back to  
46 the merger, or the lack of, Dick Persson came out and said  
47 there was no appetite for any merger savings, that this

1 council had no appetite or no attempts at merger savings  
2 when there were a lot of attempts by certain councillors to  
3 try and progress the merger and chase those merger savings.  
4

5 One of the very first things you do when you bring a  
6 new entity together or a new organisation, or you want to  
7 build a new product or company, is to create a vision and  
8 an identity, an identity brand. The Central Coast logo,  
9 the blue dot logo, was a temporary in-house design by  
10 council staff just to get through administration, and the  
11 idea was to give it to the councillors to then go out to  
12 the public, and whether an art design or whatever, create a  
13 new regional logo for the Central Coast, to announce the  
14 Central Coast as a new region and to create some civic  
15 pride.  
16

17 We put that up, and what happened? Because that's an  
18 advancement of the merger and the advancement of the  
19 region, that was voted down. So I noticed one of the  
20 councillors was complaining about lack of signage or  
21 branding in her suburbs years on, but she was one of the  
22 councillors that voted not to go ahead with any signage or  
23 branding. So you can't have it both ways. This is what  
24 went on.  
25

26 The staff soon realised that the agenda of the  
27 political arm was at cross-purposes to their years and  
28 years of work dealing with the merger.  
29

30 In that vote for that regional identity, basically  
31 they stood up and said, "You can't do this because we're  
32 going to demerge." Basically, you were telling 2,000-odd  
33 staff that all the work they had done for years and years  
34 and years on bringing that merger together was going to be  
35 possibly torn up.  
36

37 My question to you would be if you got a memo today  
38 saying, "I think we'll disband the inquiry, I don't think  
39 there will be any findings", I'm just wondering what that  
40 would do to your staff morale.  
41

42 Q. I don't have a huge staff, but I'm sure some --

43 A. I don't think it would give you a lot of morale.  
44

45 Q. I understand.

46 A. That's the point. You're managing a staff of 2,000  
47 people and there's a culture and you're trying to get them

1 to go in one direction and you stand up in a council  
2 meeting and say, "All the work you've been doing, we think  
3 we'll tear it up", and you wonder why you have a problem.

4  
5 Q. Do you think there was sufficient support for the  
6 merger externally, financially and otherwise?

7 A. I don't know any government department that says  
8 they've got too much money. I don't think - you know,  
9 I think it's the nature of government that whatever you  
10 get's not enough. I understand we got the same as every  
11 other council. Whether that's equitable on size and that  
12 sort of thing - I do think there was not an effort to live  
13 within our means. I think that, you know, there was not  
14 the financial capacity or desire from the CEO, staff, or  
15 whoever, it's down to the councillors to actually say,  
16 "Hey, let's live within our means." Not to say some of the  
17 councillors didn't say, "Let's live within our means."  
18 There was a view that, you know, we were spending way too  
19 much money and, you know, there was a favourite saying,  
20 "spending like drunken sailors", and all that sort of  
21 thing, but I think, you know, the merger could have had  
22 more money, but what department doesn't say that?

23  
24 Q. Had you supported those earlier deficit budgets before  
25 2020?

26 A. The budget of \$5 million I thought was manageable.  
27 I thought that through there. And then when it got to the  
28 next one, you think, well, \$850 million turnover, you know,  
29 can we afford an overdraft of, you know, \$32 million or  
30 \$40 million? Possibly. But then it just kept climbing  
31 after that.

32  
33 Then the financial discussions and consultants - the  
34 consultants did push back on the councillors that wanted to  
35 keep borrowing more money and I thought at that point there  
36 enough's enough. There was a view that money was cheap and  
37 we should just be borrowing more money and more money, and  
38 political terms like "the green new deal" and all that sort  
39 of thing were being used, and any cut-back was deemed an  
40 austerity measure, regardless if it was \$1.

41  
42 Q. Just stopping you there, you said "the financial  
43 consultants"; do you mean the staff?

44 A. No, no, they brought in some - in the budget meetings  
45 towards the end when they were blowing out, you know --

46  
47 Q. In 2020?

1 A. Yes, when they had the - when they had to really start  
2 pulling it back, yes.

3  
4 Q. What about in 2019 when the IPART decided to slash the  
5 contributions that the council would receive as a water  
6 authority?

7 A. Yes, we were told it was an unfortunate loss, all that  
8 sort of thing, but we weren't told that we had to cut back,  
9 you know, the equivalent amount of money.

10  
11 Having said that, in the budget sessions, you know,  
12 the staff would say to the councillors, "Look, we really  
13 are looking for cut-backs" and, you know, of course the  
14 councillors would put their hand up for more. A bit like  
15 Oliver Twist, "I want more". Obviously the staff didn't  
16 get - not that the staff didn't say to the councillors,  
17 "You really need to cut back". I think the staff would  
18 just go back and put lines through the budget, without even  
19 asking afterwards, and just do what they had to do. You  
20 know, the staff ran the place. Let's be honest. Let's not  
21 get too caught up in our importance. The staff made  
22 90 per cent of the decisions. The councillors were  
23 tinkering around the edges when it came to the budget.

24  
25 Q. So the budget was presented to you, whatever it might  
26 be, surplus, deficit, and what I've heard from other former  
27 councillors is that you might get to swap in or out a  
28 project but really you didn't affect the bottom line?

29 A. No, we were tinkering around the edges and, you know,  
30 there was a process that had to be done. When it came to -  
31 I think was it \$40 million and when it went to \$89 million,  
32 Gary Murphy said, "We really have to cut some projects. We  
33 are really in trouble and we are really looking for  
34 savings." I only had one project, it was an art project at  
35 The Entrance, I was trying to get some boost down to  
36 The Entrance waterfront. I put my hand up straightaway and  
37 said, "Look, you can defer that one. I don't mind. It's  
38 something that's not essential." I put my hand up  
39 straightaway and said, "Take that out." It was \$400,000.  
40 I looked around the room and was waiting for all the other  
41 councillors to put their hand up, but they didn't. One of  
42 them put their hand up and wanted to borrow another  
43 \$50 million, from memory. You know, so, we had differing  
44 views on the finances.

45  
46 Q. Did you ever find that the resolutions of the council  
47 weren't implemented by the staff?



1 A. Some were slow, some dragged on for different reasons,  
2 and, yes, I mean, they had a huge workload and, you know,  
3 I think they were always behind the eight-ball, whatever it  
4 was. I think that side of it needs a bit of sense of  
5 urgency to it but, you know, there was - in fairness to  
6 staff there was a crisis management at the end, so --

7  
8 Q. Sure, at the end. Did you use the councillor support  
9 system?

10 A. Yes, it was good, yes. Yes, I found it good. I found  
11 that the support system - anything that came through, I  
12 would put through to support and they would generally look  
13 after it. You know, I got good - I was quite envious,  
14 running a small business, having all that support at your  
15 fingertips, I was quite envious. The iPads were good.  
16 I found the iPads good.

17  
18 Q. And the hub, you didn't have a problem with the hub?

19 A. Only when they changed the password and didn't tell  
20 you. I think they changed it quarterly for security, and  
21 once I worked that out, it was fine.

22  
23 No, look, like any technology, it takes a while to  
24 learn it. I mean, I don't know anyone that doesn't  
25 complain about technology. I think the iPad was - I found  
26 it very functional and easy to cart around. I actually  
27 brought the systems in to my office and - not the  
28 councillor systems but the iPads and that sort of thing.  
29 Now my staff run their reports off iPads, so.

30  
31 Q. What about the behaviour within the chamber. What can  
32 you tell me about that?

33 A. It was combative, it was politics. You know,  
34 sometimes it was heated and sometimes it wasn't. I mean,  
35 it's all live streamed, anyone can watch it. There was the  
36 tussle of politics. Sometimes some personalities crept  
37 into it. Generally, I mean, it's all there live streamed  
38 and you have media standing in the gallery looking at it.  
39 There was a couple of meetings that were very heated, and  
40 the public were very heated. You know, they were opposing  
41 what the councillors were doing and let the councillors  
42 know accordingly, in no uncertain terms.

43  
44 Q. Somebody recorded the gallery being revved up by  
45 councillors. Did you observe that?

46 A. I don't think they needed revving up. They were  
47 already revved up. They were - you know, the flood issue

1 was very strong.

2

3 Q. The dredging?

4 A. Well, the dredging was Ettalong. The Ettalong  
5 dredging was where the councillors refused to take up the  
6 grants fund and held up the dredging, which then looked  
7 like navigational closure for Brisbane Waters.

8 Navigational closure - the ferry was grounded, but  
9 navigational closure automatically closes a port to a  
10 commercial operator. So commercial fishermen, commercial  
11 charters - as soon as the maritime services close the  
12 channel, they can't get their boats out. So you had  
13 pro fishermen, charterer fishermen, looking at imminent  
14 closure of their livelihood.

15

16 I think the councillors have got to be responsible for  
17 their interactions. If you go back to that meeting, that  
18 webcast, you will see a point where one of the councillors  
19 turns around in a very snide manner and turns around to  
20 that gallery and tells that gallery they'll have to wait  
21 until the outcome of the state election before they see any  
22 funding. At that point there, it erupted. That was the  
23 closure of Gosford and that's where they did the audit on  
24 safety and that sort of thing.

25

26 You tell a bunch of pro fishermen that they can't get  
27 their boats out, you're not going to get a great response.  
28 I think, you know, councillors that are claiming to be  
29 victims, and all that sort of thing, really need to look at  
30 their own behaviour and how they responded with the  
31 community at large on the night.

32

33 Q. Ultimately, though, the State Government did step in  
34 and carry out - after the council had done it?

35 A. Labor backflipped that night on the position, through  
36 pressure from the crowd, and actually took up the funding.  
37 It was a co-funding arrangement. The silly thing is, it  
38 was actually a Labor policy that the Liberals inherited.  
39 It was what Labor used to do and the Labor guys were  
40 playing hardball. Because there was a state election  
41 coming up and we had a Labor candidate as a councillor  
42 playing hardball politics as a pinch point. They were  
43 using the Ettalong channel as a pinch point for a future  
44 election issue. Of course, in the meantime, you're looking  
45 at closure of commercial operators and a closure of our  
46 ferry, and that sort of thing. Massive impacts to the  
47 Ettalong business community. The major club down there had

1 a 25 per cent drop in takings the first week the ferry  
2 closed, so you had a whole district, a whole peninsula,  
3 there were economic impacts, social impact. Kids used to  
4 travel across that ferry to school and that sort of thing,  
5 and had to catch the train and get to the northern  
6 beaches - you try to get to the northern beaches on public  
7 transport. You know, that sort of thing. You wonder why  
8 the community don't want the politics. They don't want to  
9 see the councils playing politics.

10  
11 So as far as revving up the community goes, now,  
12 I don't think inviting people to come to council and put  
13 pressure on your councillors and that, to tell them to pull  
14 their heads in, is revving the community up. It's very  
15 hard to get people engaged in council. It's very hard to  
16 get people engaged in council matters. The gallery's  
17 usually 10 people, and that sort of thing. Until something  
18 flares up with the community and then the community comes  
19 looking for protest. Once again, the councillors need to  
20 look at how they handle themselves with the public.

21  
22 Q. I took you off track there when I suggested it was  
23 dredging. You were talking about flooding and said --

24 A. Yes, flooding. Flooding. There was constant notice  
25 of motions we put up to manage or mitigate the flooding at  
26 The Entrance channel. There had been a drought situation,  
27 the sand bar builds up, the lake gets clogged, the water  
28 quality drops. It has been going on for years and years.  
29 It is ongoing. But it does need to be managed.

30  
31 The locals were all saying, "It's going to flood, it's  
32 going to flood." But what happened was - and I notice you  
33 often say the committees had no recommendations, but in the  
34 committee for the Tuggerah Lakes and estuary committee,  
35 they recommended no further action on the dredge, no buying  
36 a dredge, and things like that. It was not picked up,  
37 passed on en masse. The staff have to take recommendations  
38 and so there was never a dredge purchased when the old one  
39 finally died. The sand built up and there was no change to  
40 management and eventually the inevitable happened and it  
41 flooded. It just happened to flood two weeks or - I wrote  
42 a notice of motion called "Flood risk rising and we need to  
43 do something about that". Of course, that's written two  
44 weeks before the business paper. Two days before the  
45 business paper we have the east coast low and 10,000 houses  
46 go under, and then next week we have a council meeting. So  
47 you can imagine the crowd and the uproar of that. Once

1 again, not managed by the councillors because they went on  
2 social media and ranted and caused their own backlash  
3 amongst the community.

4

5 Q. Forgive me, have I already asked you about ARIC and  
6 what you perceived its role to be?

7 A. I think we just said audit and risk.

8

9 Q. Yes, I might have. I think we started earlier.  
10 That's why I thought I had better check, because I'm out of  
11 order. If I can just ask you a few questions from your  
12 statement. Do you have a copy of it there?

13 A. Yes. One page, I think. Fairly short.

14

15 Q. I just don't have a lot of details on when some of  
16 these things happened.

17 A. I'll have to work on memory, so.

18

19 Q. Okay. Then perhaps that won't help.

20 A. We'll try.

21

22 Q. You talk about opposition to the progress of the  
23 merger and then over the page you go on to refer to the  
24 airport master plan and the Winnie Bay tourism grant. They  
25 aren't necessarily connected with the merger, are they?

26 A. Which --

27

28 Q. At the foot of the first page, you say

29

30 A review of the records reveals an attempt  
31 by conservative councillors to progress the  
32 merger and get on with the job at hand.

33

34 A. Yes.

35

36 Q. And then you go over and refer to the airport master  
37 plan and Winnie Bay tourism grant?

38 A. Well, the airport master plan was part of the merger.  
39 It was a regional asset. It was a regional asset for the  
40 Central Coast. It was very much part of the merged thing  
41 that the whole Central Coast would actually have a regional  
42 airport.

43

44 This terminology of "jet airport" - I take offence to  
45 that. It was always going to be a light aviation hub,  
46 built over stages. Airports are built in stages. This  
47 idea that we were going to go out and spend \$500 million to

1 build a jet airport, I mean, you only build an airport as  
2 the stages require. If you only need a little terminal,  
3 you go and get a donga and that's your terminal. So this  
4 nonsense about outlaying \$500 million, and all that sort of  
5 stuff.

6  
7 But that was regional. It was a regional asset. So,  
8 yes, it was the merger. Once again, it was work that the  
9 staff had done for years and years and years of work, in  
10 Wyong Shire Council, through administration, and then  
11 presented to the new council and basically torn up. So,  
12 you know, that was, as I said, the war, the start of the  
13 war.

14  
15 Q. In the next line there you say something about a  
16 breach of the code of conduct and people voting against  
17 staff recommendations. You're not suggesting that it would  
18 be a breach of the code of conduct to not accept a staff  
19 recommendation, are you?

20 A. No, the code of conduct says that we have to engage  
21 the community and that, and then not exhibiting the  
22 airport - the staff recommendation was to exhibit the  
23 master plan for the airport. So if you don't do that then  
24 you're breaching your code of conduct by not allowing the  
25 community. So they went ahead and shut that down,  
26 triggered compensation and did all that without any  
27 community input.

28  
29 Q. No, I was just trying to understand why it would have  
30 been a breach of the code of conduct, and you say because  
31 they weren't informing the community --

32 A. No.

33  
34 Q. -- or giving the community an opportunity to  
35 understand?

36 A. No, I remember at one of the meetings I actually  
37 brought my little framed code of conduct oath that the  
38 council gives you when you first sign up. I brought it  
39 proudly in to the meeting, held it up for the live stream  
40 and reminded them they'd all signed one.

41

42 Q. Here's one that I would like a date on - the next  
43 paragraph:

44

45 Under the cloak of a confidential meeting,  
46 ignored the clear and concise CEO and  
47 council's legal warnings and voted to

1 outlay ratepayers' funds even after  
2 warnings that surcharge provisions could be  
3 applied.  
4

5 A. Yes, that's the coal donation. That is the coal  
6 donation. From very early in the outset, when I first  
7 signed up, in the very first meeting we went there, there  
8 was an urgency motion to - you had to actually make a  
9 decision on by-elections. Council could either avoid a  
10 by-election by using the ballot or run a \$350,000  
11 by-election. This was my first meeting, first time as a  
12 councillor, I walked in, not a member of a party, don't get  
13 to talk to anybody and find a position, that sort of thing.  
14

15 I looked at the paper and thought, \$350,000, well, of  
16 course we'll save that. Why would we run a by-election  
17 when we don't have to? They said, "All in favour of the  
18 urgency motion to discuss by-election?" I put my hand up.  
19 I look around the room and I see that there wasn't a lot of  
20 hands up. I thought, what planet am I on? What body would  
21 not try to save \$350,000 of public's money. I found it a  
22 very uncomfortable experience, and that was my very first  
23 meeting.  
24

25 I was never comfortable with the way public moneys  
26 were treated and in one of the briefing sessions for the  
27 budget thing we had to save some money, I said, "What about  
28 asset sales?" The CEO at the time, Mr Norman, said, "I can  
29 only identify \$4 million worth of asset sales." I chipped  
30 him. I said, "This is the only room I ever sit in on the  
31 Central Coast where the word "only" comes before the words  
32 "\$4 million". I said "Only \$4 million. That's a lot of  
33 money and a lot of money we could take off the costs", and  
34 it was in response to one of the councillors wanting a  
35 \$400,000 toilet. We were arguing for what seemed like  
36 forever over a toilet block at Tuggerawong that one of the  
37 councillors demanded be in the budget. I said, "Well,  
38 let's find some money. Do we have any asset sales?" "Yes,  
39 there's \$4 million worth of asset sales." I said, "Hang on  
40 a sec, there's \$4 million of asset sales. You want your  
41 toilet for \$400,000. Can we sell the surplus asset sales?"  
42 Howled down, "selling the farm", all this political  
43 rhetoric, but still wanted the toilet for \$400,000. This  
44 is the rot that went on.  
45

46 I took umbrage to the treatment of public moneys and  
47 when this vote came around - I was in support of the

1 position up until this vote where the council's - the CEO  
2 said - the legal counsel came in and gave us legal advice  
3 and said, "You will lose this money. Do not do it. You  
4 cannot win this court case. Do not waste the ratepayer  
5 funds. Do not make the donation." I think it was on a  
6 Monday night and by 3 o'clock the next afternoon the money  
7 had been lost.

8  
9 Importantly, before that vote was taken the  
10 councillors were put on notice that surcharge provisions  
11 could apply, because they were told they were wasting the  
12 money.

13  
14 I don't know what's going to happen about this public  
15 inquiry, where you are going to go or what findings you are  
16 going to do, but one thing I do think that is needed in the  
17 public sector is some respect for public moneys. We hear  
18 the term "waste and mismanagement", but nothing ever gets  
19 done about it.

20  
21 I picked up on Dick Persson's comments about surcharge  
22 provisions being very unlikely to apply, but when you have  
23 a situation where a CEO gives advice, legal counsel comes  
24 in and gives advice, and then you are given a third advice  
25 again not to do it and told that you may be charged  
26 yourself, personally, if you go ahead and waste this money,  
27 and the councillors still put their hand up - now, at what  
28 point - I have heard you talk about training for  
29 councillors and things like that. How much training are  
30 you going to give councillors when they still do that; when  
31 they still put their politics to that point that they put  
32 themselves personally on the line? I think it's something  
33 that, from this inquiry, they have got something to work  
34 on, that if surcharge provisions were applied, I think it  
35 would send a major signal right across councils in New  
36 South Wales and Australia, that if you go ahead and put  
37 your money - if you put your hand up and waste money after  
38 you've been told, after you've been advised, after you've  
39 been warned, then so be it on your head. I think the  
40 public is so sick of the bureaucrats wasting money and the  
41 politicians wasting money. Everyone talks about it, but  
42 no-one does anything about it. Commissioner, I think  
43 you've got an opportunity to do something.

44  
45 Q. In the next paragraph you refer to an environmental  
46 group. Which group was that?

47 A. The main environmental group was the CEN group, that

1 was the former mayor, Jane Smith's position, and other  
2 councillors have been on that, and it was very heavily  
3 populated through the committees and that. Can I say,  
4 great group, but not as a political arm.  
5  
6 Q. No, but community groups are able to apply for  
7 funding. Do you know whether there was any breach of the  
8 funding --  
9 A. I don't think this was - no, sorry, for the funding,  
10 for the coal --  
11  
12 Q. Is that what you are talking about?  
13 A. No, I think that was a separate - that was a coal not  
14 water group - I forget the name of the group it was, but I  
15 think they had the same political affiliation, yes.  
16  
17 Q. Something like the coal alliance or --  
18 A. Something like that, yes.  
19  
20 Q. Okay.  
21 A. It will all be there. It will be well documented.  
22  
23 Q. Sorry, I'm just trying to figure out which bit you are  
24 talking about, so it's all in the same - it was about legal  
25 case?  
26 A. Yes.  
27  
28 Q. Okay. Well, those were the questions that I had from  
29 your statement. I'll just go to these questions from the  
30 terms of reference. I think we have covered sufficiently  
31 whether the council maximised the success of the merger  
32 process. Actually, I think you've even answered the  
33 financial decisions question for me satisfactorily, too.  
34 Is there any other way that you think the council behaved  
35 which affected its standing in the community as a council?  
36 A. I think we had serious reputation damage - serious  
37 reputational damage as far as the region goes. It's well  
38 documented that the Winnie Bay walk was the first council  
39 ever to hand back a major tourism grant cheque, fully  
40 funded, \$4.6 million, and, you know, whilst I hear on  
41 environmental grounds and all that sort of thing, there  
42 were surveys done, the public were in favour for it. If  
43 you took the typical democratic process, if you took your  
44 code of conduct, you have to be guided by the public and  
45 then the public were in favour for the walkway. So  
46 councillors voted against council's own surveys.  
47



1       What's probably not known to a lot of people, during  
2 the course of the - before it was finally voted down, the  
3 very last evening, we had the Darkinjung come in and plead  
4 to have their aboriginal input design not taken out, and  
5 there was a memorandum of understanding with the Darkinjung  
6 as custodians of our lands and that sort of thing, and they  
7 were told their design input was going to be taken out.

8  
9       I put up an amendment that actually encompassed all  
10 the environmental concerns that the opposing side put up.  
11 So they had their amendment put up with all the changes  
12 they wanted to make, and I said, "Can I make an amendment?"  
13 So I kept everything they wanted - softer track, less  
14 intrusion, take out the commercial market stalls, all the  
15 things that the environmental concerns were about. But I  
16 asked for the key design features to be still retained that  
17 would enable the grant to go forward. There were key  
18 design features that the government said had to be there to  
19 get the \$4.6 million. That was the Darkinjung input into  
20 their whale story bridge and their platform. That also was  
21 for wheelchair access. So I combined the two of them  
22 together: the environmentalists got what they wanted with  
23 their less intrusion; the Darkinjung were still retained,  
24 the indigenous input was still retained. The key criteria  
25 was there to meet the grant. \$4.6 million did not have to  
26 be torn up. But the politics of the situation where you  
27 had hardline Labor fighting the Liberal MPs project, pet  
28 project, they want to see a ribbon cut, the whole thing.  
29 So it still got tossed.

30  
31       I heard you say Winnie Bay was put aside on  
32 environmental measures. It wasn't. It was done on  
33 political measures. So if you go back - the staff could  
34 provide you the amendment that would show you there was no  
35 reason to knock it back on environmental concerns; everyone  
36 got a win about it.

37  
38       Now, when we knocked that back, when we tore that  
39 cheque up, there was obviously furore, "Council in crisis",  
40 you know, the media was terrible. Then all of a sudden -  
41 I've got no proof of it, but we do know grants are  
42 political. It's well-documented. There are investigations  
43 into it at the moment, we have got the Premier just  
44 removed, stepped aside, and that, over a grant. So we know  
45 grants are political.

46  
47       At the end of the day, this council tore \$4.6 million

1 up and threw it in the New South Wales government's face,  
2 and all of a sudden, a once in a generation chance to get  
3 \$400 million for the Central Coast got taken out to the  
4 other regions. We lost it.

5  
6 Now, I can't prove that we lost \$400 million because  
7 we tore up the \$4.6 million cheque, but I believe we lost  
8 \$400 million because we tore up the \$4.6 million cheque.  
9 I'm there on webcast, I've asked Gary Murphy on webcast  
10 what his views were. He wouldn't elaborate on it. I said,  
11 "I'll do it for you." I said, "If I knock on your door and  
12 give you a nice Christmas present and say, 'There you are,  
13 Commissioner, here's your Christmas present', and you just  
14 tore it up in my face and threw it back at me, do you think  
15 I'm going to come back next year and give you a Christmas  
16 present? I'm not going to. It's not going to happen."  
17 That's exactly what happens in politics. It's politics of  
18 people.

19  
20 For us to go and have a \$4.6 million cheque torn up -  
21 it wasn't just the \$4.6 million, there was a million  
22 dollars worth of staff time that was already put into  
23 getting that grant done. There was years and years of  
24 consultation with people like the 5 Lands Walk and  
25 the Darkinjung to get to the point we were grants ready.

26  
27 On top of it, to rub salt into injury, the council  
28 then voted to actually start putting council money - this  
29 was fully funded - to use council money to start drawing up  
30 a new plan, I think it was \$150,000 for a new plan that was  
31 unfunded. We had no money for it. Yet we still started  
32 drawing up - I think it was a \$150,000 plan. So you talk  
33 about responsibility and spending money. I mean, this is  
34 the fiscal responsibility. You're asking councils to be  
35 fiscally responsible and I think the first step in  
36 everyone's life to be fiscally responsible is probably to  
37 buy your own home and you had 50 per cent of the ruling arm  
38 were not ratepayers to this council. They hadn't even  
39 provided their own financial security. And you're asking  
40 them to run an \$850 million budget and be fiscally  
41 responsible, when they are still not even fiscally  
42 responsible for their own accommodation.

43  
44 Q. Are you suggesting that that should be a requirement  
45 for councillors, that they be homeowners?

46 A. I think the public are very vocal about - not  
47 homeowners, ratepayers. The public are very vocal, since

1 this financial thing it's often in social media, "I can't  
2 believe the councillors are not ratepayers". You can't  
3 serve two masters. If you want to go and tear up a  
4 \$4.6 million cheque because you are running as a Labor  
5 candidate against the Liberal MP, don't use the council's  
6 money for your politics; use your own money. You want to  
7 tear up ratepayer money?

8  
9 All these rate rises that we are getting, the rate  
10 rises that have been put through now, 50 per cent of this  
11 ruling arm will not get a rate rise. The majority bloc  
12 councillors that did all this voting that we're talking  
13 about that I'm objecting to will not get a rate rise. The  
14 public don't like that. The public are saying, "If you're  
15 going to act for ratepayers' interests, how about some  
16 empathy and at least be a ratepayer?"

17  
18 Now, I can't say - I think, from a democracy point of  
19 view, we have to allow everyone a chance to do it, and  
20 I don't think that will ever change. But the public, the  
21 public are the ones saying councillors should be at least  
22 ratepayers.

23  
24 THE COMMISSIONER: Okay. I don't have any further  
25 questions for you, Mr McLachlan. I will just check with  
26 Ms Annis-Brown.

27  
28 MS ANNIS-BROWN: Yes, Mr McLachlan, just one question, if  
29 I may.

30  
31 <EXAMINATION BY MS ANNIS-BROWN:

32  
33 MS ANNIS-BROWN: Q. Some councillors have raised  
34 concerns about the size of the business papers and late  
35 items being submitted to council for consideration. I'm  
36 just wondering what your view is on that?

37 A. I think the business paper needs to come out earlier.  
38 I think they should probably add a week to the calendar and  
39 give councillors a chance, an extra week, to read it. That  
40 would be my suggestion. I think often we got the business  
41 paper sometimes 72 hours before the council meeting, Friday  
42 night when it was a Monday meeting. I wasn't in a party,  
43 so I didn't get a chance to sit down and talk to people  
44 about it, but I managed to - I was lucky enough in my  
45 business I was used to large documents. Property has got  
46 large contracts and that sort of thing, so I wasn't that  
47 foreign to it. But it would be to a layperson. But I

1 struggled. As I said before, a line item for unrestricted  
2 funds taken out of a 700-page document? And you got two a  
3 month. Don't forget, you got two business papers a month.  
4

5 I might just, if I could, say something. There was a  
6 submission by Kevin Armstrong, a local community member.  
7 He presented to Mr Persson the idea that the financial  
8 papers should not be passed en masse. We are talking about  
9 the size of the business paper. What happens is often, to  
10 get through that, a lot of things were passed en masse and  
11 a lot of things weren't picked up because they were  
12 literally - you know, we had a gallery full of 100 people  
13 wanting to fight over a granny flat on someone's yard, so  
14 therefore the financials were pushed through.  
15

16 Of course they were pushed through because, once  
17 again, finance department, chief financial officer, CEO,  
18 ARIC, audit, Office of Local Government audit, so if it is  
19 an audited document, why do we need to look at it? I think  
20 that sort of thing.  
21

22 It would be a good idea for councillors to say, "You  
23 can't push the financials through en masse, you must at  
24 least discuss them." I think then it would have to be put  
25 up and then councillors would then either choose to look at  
26 it, talk to it. I think the learning out of this council  
27 will be that, going forward, a financially savvy councillor  
28 who understood the documents could make himself look pretty  
29 good and would probably star it and talk to it. So that's  
30 one item I would suggest as a change coming out of that,  
31 through there.  
32

33 Q. Can I just go further with that. So councillors were  
34 not able to take items from that en masse clump, if you  
35 like, of reports in the business paper?

36 A. Yes, we could. We could actually take whatever we  
37 said, we could just pass through en masse. The business  
38 paper - we'd star the items, say, "What do you want to talk  
39 about? We want to talk about items 1, 2, 3", "Yes, I want  
40 to talk about 4", "I want to talk about 5". Each  
41 councillor would star what they wanted to talk about.  
42

43 But when it came to the financials, and it was just  
44 like the investment report and that sort of thing, so the  
45 investment - and we talk about missing a line item on an  
46 investment report. Now, I defy anyone to find that, what  
47 was hidden. But if it wasn't passed through en masse there

1 wouldn't be - there certainly wouldn't be the criticism  
2 that the councillors didn't look at it. It would have to  
3 be at least discussed in part and brought up, and say, "Do  
4 we want to discuss it", and they could just pass it through  
5 then. At least it would be brought up. That was a  
6 resident suggestion from Kevin Armstrong.

7  
8 I think the idea of mandatory training for  
9 directorship would be - once you are elected, I think that  
10 would be - the directors training would be - I'm a company  
11 director and I haven't done training for it, I've just done  
12 it for 40 years and sort of have some understanding of it.  
13 I run a trust account and I do understand that you can't  
14 have all your moneys in one account. If I did that,  
15 I would be in jail. So I think, you know, I had that  
16 understanding before I joined, but a lot of councillors do  
17 need that basic training. So I think some mandatory  
18 training would be well worthwhile.

19  
20 I think that was - we touched on ratepayers and the  
21 surcharge provision, and that sort of thing. They would be  
22 the sorts of things that I would say to you, from my  
23 interview, if you took those things on board, that would be  
24 what I would ask you to look at.

25  
26 MS ANNIS-BROWN: Thank you, Commissioner, I have no  
27 further questions.

28  
29 THE COMMISSIONER: Ms Bulut, do you have any questions for  
30 Mr McLachlan?

31  
32 MS BULUT: No questions, thank you, Commissioner.

33  
34 THE COMMISSIONER: Thank you, Ms Bulut. Thank you,  
35 Mr McLachlan, for your evidence. Did you want to say  
36 anything else?

37  
38 THE WITNESS: I just wanted to say to the Central Coast  
39 people that this wasn't the outcome that I put my hand up  
40 to do and I'm very sorry.

41  
42 I also want to say that out of crisis comes  
43 opportunity. I think there's a lot of good things that  
44 will come out of this, and I think everything needs to get  
45 a broom through it.

46  
47 Everyone talks about the cost, but there was a cost of

1 running Gosford council and there was a cost of running  
2 Wyong council. It wasn't like you were getting them for  
3 free. Things like the IT system had to be fixed on both  
4 councils, so the massive cost of the Central Coast IT for  
5 council is really only an added cost to what was going to  
6 happen anyway.

7  
8 There is a lot of this rhetoric here which is not  
9 being pushed through or played through by the dominant  
10 political arm in the region. They want to make the merger  
11 look terrible. But there's a lot of good things that will  
12 come out of it and I think - was it the Phoenix that rose  
13 from the ashes? That's what I would like to see come out  
14 of this inquiry and the Central Coast finally get a chance  
15 as a region to go forward.

16  
17 That's why I stood up. Basically, as a region, we are  
18 under-performing, we were under-performing under the two  
19 former councils. Our competing regions were well ahead of  
20 us: the Hunter was outstripping us, South Coast, Blue  
21 Mountains, that sort of thing. Our low socioeconomics was  
22 dragging on. Gosford had become ghetto like and finally  
23 there was a chance with a merged council to go forward.  
24 Once again, we saw the political arm that didn't want that,  
25 and there's a reason why they don't want it, because a lift  
26 in demographics is a change in voter demographics. You  
27 know, if a region goes forward and rises economically,  
28 there's a change in voter demographics. So the political  
29 arm fought that. Some sides of politics do well out of  
30 welfare and some sides don't.

31  
32 But the Central Coast needs to go forward. It can't  
33 stay where it was. It can't stay in the draconian  
34 situation, and I think a regional council, when it is done  
35 properly - we don't need to pay for two mayors. Look at  
36 the cost of CEOs, we know all of that. Let's just get on  
37 with the job that we were told to get on with and let the  
38 new councillors come in - and I think, you know, I'm not a  
39 betting person but I don't think I'll be back; I don't  
40 think this council will be back.

41  
42 You know, let the new councillors come in and take the  
43 region forward, as it should have done in the start. It  
44 was a great opportunity that was squandered, but it's not  
45 over and we should be going forward. Thank you.

46  
47 THE COMMISSIONER: Thank you, Mr McLachlan. That

1 concludes your evidence. You can go off camera and we are  
2 concluded for the week.

3  
4 <THE WITNESS WITHDREW

5  
6 THE COMMISSIONER: We are going to start at 10am on Monday  
7 next week. I will be back then, thank you. I apologise,  
8 my ever reliable assistant reminds me we are starting at  
9 9 on Monday, so we will commence then, thank you.

10  
11 AT 3.40PM THE COMMISSION WAS ADJOURNED TO MONDAY,  
12 11 OCTOBER 2021 AT 9AM