



PUBLIC INQUIRY INTO LIVERPOOL CITY COUNCIL

**COMMISSIONED UNDER S 438U OF THE LOCAL
GOVERNMENT ACT 1993 (NSW)**

**PUBLIC HEARING
SYDNEY**

**THURSDAY, 17 JULY 2025
AT 10.00 AM**

DAY 3

APPEARANCES

Ms T McDonald SC, Senior Counsel Assisting

Ms B Anniwell, Counsel Assisting

Mr E McGinness, Counsel Assisting

**Mr J Emmett SC, with Mr D Parish and Mr N Andrews, Counsel for Liverpool
City Council**

Ms C Palmer, Counsel for Mayor Ned Mannoun

Mr A Searle, Counsel for Mr J Ajaka

Ms C Hamilton-Jewell, Counsel for Mr P Ristevski

Mr P English, Counsel for Mr F Portelli

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to any direction against publication commits an offence against s 12B of the Royal
Commissions Act 1923 (NSW).*

<THE HEARING COMMENCED AT 10.24 AM

COMMISSIONER: Yes.

5 **MS McDONALD:** Commissioner, I think there might be an application to appear.

COMMISSIONER: Yes.

10 **MR ENGLISH:** (Indistinct).

COMMISSIONER: Yes, leave is granted for the purposes of appearing for Mr Portelli.

15 **MR SEARLE:** Commissioner, my name is Adam Searle of counsel. By leave of the inquiry, I appear for the Honourable John Ajaka.

COMMISSIONER: Thank you, Mr Searle.

20 **MS McDONALD:** Commissioner, may I first deal with some administrative matters.

COMMISSIONER: Yes.

25 **MS McDONALD:** The first matter is I'll hand up two - I'll hand up two copies of two documents.

COMMISSIONER: Yes.

30 **MS McDONALD:** Can I take you to the first document, which should be headed TB2 Policies?

COMMISSIONER: Yes.

35 **MS McDONALD:** This is an updated index to exhibit 2. Commissioner, you will see at the bottom of the table the addition of tab 26, a document OLG.001.001.0276, Councillor Access to Information and Interaction with Staff Policy.

COMMISSIONER: Yes.

40 **MS McDONALD:** If exhibit 2 can be supplemented by the addition of that document.

COMMISSIONER: All right. That document can be added to exhibit 2 - would be tab number 26.

45 **MS McDONALD:** The second document is headed TB8 General Exhibits 2.

COMMISSIONER: Yes.

MS McDONALD: I would ask for that document to be marked for identification to begin with.

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COMMISSIONER: The index?

MS McDONALD: Yes.

10 **COMMISSIONER:** The index headed TB8 General Exhibit 2 will be MFI7. Are we up to 7?

<MFI #7 TB8 GENERAL EXHIBIT 2

15 **MS McDONALD:** 7, yes.

COMMISSIONER: Thank you.

20 **MS McDONALD:** Now, Commissioner, TB8 is a folder which was originally provided to the parties Friday of last week, and at that stage, given that it had been provided to the parties relatively recently, it was determined not to tender that volume.

COMMISSIONER: Yes.

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MS McDONALD: In the interim, that - there had been an addition of a number of other documents to the volume, and MFI7 is an updated index to the volume.

COMMISSIONER: As of today's date?

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35 **MS McDONALD:** Yes. Now - excuse me for a moment - I understand that the updated index was provided to the parties last night. What we propose to do was instead of tendering TB8 today or at the moment, for the parties to continue to review the new documents added to the volume. And if there is any issue with them, obviously to raise it. There are a number of documents contained in this volume that we do intend to show to the witness today. The majority of them are council records. We don't anticipate that there will be any issue with them, but what we propose to do is if we show the witness a document which currently is not in evidence but is in TB8, we will show it to the witness and then tender that individual document. And if
40 there is an issue that any of the parties wish to raise when they see the document that we are about to tender, it can be raised at that point.

45 **COMMISSIONER:** All right. And, Mr Emmett, are you going to say something? I'll come back to him in just a moment. But if we adopt that course, would you ask me to mark it as exhibit 8 or mark them individually as we go? Entirely relaxed about the approach, whatever parties think is easier to manage.

MS McDONALD: Maybe if we could mark it exhibit 8 and then - no, I think we'll have to just give them an individual exhibit.

COMMISSIONER: Probably.

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MS McDONALD: Yes.

COMMISSIONER: Mr Emmett.

10 **MR EMMETT:** Commissioner, it's only this. We are content with that course.

COMMISSIONER: Yes.

15 **MR EMMETT:** We will need to take instructions on the documents live when they're being - so I know those in my team have reviewed the documents - I'm fairly sure all of the ones that came through last night.

COMMISSIONER: Yes.

20 **MR EMMETT:** And there are some where some query has been raised. I don't know if it has been communicated yet to the solicitors assisting you, Commissioner. If I need to seek a short pause in order to confirm that any given document is - is not one in respect of which we make any application, I'll say so at the time.

25 **COMMISSIONER:** That's perfectly sensible, Mr Emmett. But that approach - does anyone else wish to say something?

MS PALMER: Commissioner, I'll just say, as I didn't announce my appearance yesterday as Ms Richardson did on the previous day, but -

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COMMISSIONER: Yes.

MS PALMER: - Palmer, for Mr Mannoun.

35 **COMMISSIONER:** Thank you, Ms Palmer.

MS PALMER: But just that we'd adopt a similar approach to Mr Emmett.

40 **COMMISSIONER:** That's fine. Very sensible. And the same for you, Ms Hamilton-Jewell?

MS HAMILTON-JEWELL: Commissioner, we do adopt the same approach. We have one further difficulty. My client is presently overseas.

45 **COMMISSIONER:** Okay.

MS HAMILTON-JEWELL: But there may have been additional (indistinct).

COMMISSIONER: All right. Well, does anyone in the back row - at least you've got a table today, which is an improvement.

MR ENGLISH: Indeed. We're content with the same.

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COMMISSIONER: We're going to have to maybe try and knock through the wall soon if more people start turning up. Look, as I have indicated already previously, if there's any difficulty the parties can let me know and we can accommodate it. But to the extent that the witness is going to be shown council records, hopefully we won't
10 run into too many difficulties, given that this is a public inquiry into the council. But of course I'll hear from the parties if an issue arises, and if there needs to be a short break as we go then that can be accommodated. Is there anything else anyone wishes to raise before we get to the evidence?

15 **MS McDONALD:** So I call Farooq Portelli.

COMMISSIONER: Yes. We might need to let Mr Portelli know. Just for those in the back row, as you would have - probably aware the acoustics are not great, so you might just need to keep your voices up a little bit, particularly if there's an issue that
20 arises as we go, so I make sure I hear you. Thank you. Thank you, Mr Portelli. Just come forward.

<FAROOQ PORTELLI, SWORN

25 **COMMISSIONER:** Thank you, Mr Portelli. Yes, Ms McDonald.

MS McDONALD: Please state your full name.

MR PORTELLI: Farooq Charles Portelli.

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MS McDONALD: And your current occupation?

MR PORTELLI: I'm a director of corporate services at the Liverpool City Council.

35 **COMMISSIONER:** It is - there's - my powers, such as they are, do not extend to acoustic. I'll ask those assisting us to increase the volume. Mr Portelli, as nice as this room is, it doesn't carry sound very well. We'll all just try to keep our voices up a little bit.

40 **MR PORTELLI:** Right.

COMMISSIONER: But that's about as much as I can do.

MS McDONALD: Mr Portelli, I want to first ask you some questions about the
45 history of your employment with the council. When did you first start working for Liverpool City Council?

MR PORTELLI: In 2004.

MS McDONALD: Before 2004, and if you can answer this in a general fashion, did you have previous experience with working with other councils?

MR PORTELLI: Yes, I did.

MS McDONALD: And what were those councils?

MR PORTELLI: I worked with Hawkesbury City Council, I worked with Swan Hill City Council and Swan Hill Water Board in Victoria.

MS McDONALD: And from Swan Hill Water Board, did you then move to Liverpool City Council?

MR PORTELLI: That's correct.

MS McDONALD: Now, when you -

MR PORTELLI: I'm sorry, not - beg your pardon, not to Liverpool City Council. To the Department of Local Government. After I left Swan Hill City Council, I got a job with the Department of Local Government for 10 years.

MS McDONALD: Department of Local Government in New South Wales?

MR PORTELLI: That's correct.

MS McDONALD: And then from that role you moved to Liverpool City Council.

MR PORTELLI: No. From that role I became the finance manager at Hawkesbury City Council.

MS McDONALD: Right.

MR PORTELLI: And then from Hawkesbury City Council to Liverpool City Council as the chief financial officer.

MS McDONALD: Right. Now, that was in 2004. At that time or around that time, was the - had the council been placed into administration?

MR PORTELLI: That's correct. Yes.

MS McDONALD: Were you employed before it went into administration?

MR PORTELLI: No, afterwards.

MS McDONALD: During the period of administration?

MR PORTELLI: That's correct. Shortly - shortly after it the - it was put into administration.

MS McDONALD: Now - and you were the chief financial officer?

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MR PORTELLI: That's correct.

MS McDONALD: From being the chief financial officer, what was the next role that you occupied within Liverpool City Council?

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MR PORTELLI: Similar to the one I hold now, director of corporate services. It had - it had different titles because it changed a couple of times, but basically that function.

15 **MS McDONALD:** When did you become director of corporate services?

MR PORTELLI: I was the chief financial officer for three years, and then I became the - so 2007 I became the director of corporate services.

20 **MS McDONALD:** And after being the director of corporate services, were you then promoted to another role?

MR PORTELLI: Yes. That's correct.

25 **MS McDONALD:** And what was that role?

MR PORTELLI: The chief financial officer - chief executive officer, I beg your pardon.

30 **MS McDONALD:** And when were you appointed the chief executive officer?

MR PORTELLI: In 2010.

35 **MS McDONALD:** The chief executive officer, is that a similar role to the role that we now know as general manager?

MR PORTELLI: That's correct. Yes. The legislation actually refers to the general manager, but councils have used the term "CEO" as well, yes.

40 **MS McDONALD:** Could document LCC.002.009.5924 be brought up, please. Yes. Sorry. Yes. If we can just move down to the bottom of that first page 8. You can see that the footer of the document is minutes of 21 June 2010, then confirmed on 19 July 2010. Can you see that?

45 **MR PORTELLI:** Yes. Yes, I do.

5 **MS McDONALD:** And - and on the screen, can you see - sorry, if we go back to the top of the page. It's headed Acting General Management Arrangements, and it refers to a mayoral minute recommending that an acting general manager be appointed for the period of 2 July until the official commencement of a general manager. And if we move down, the bottom of the page, there is the motion that council proceeds with the appointment of an acting general manager, Farooq Portelli, for the period of 2 July 2010. So that's roughly when you were appointed the acting CEO or general manager?

10 **MR PORTELLI:** That's correct.

15 **MS McDONALD:** And then if we can then go to LCC.002.009.5926. Yes, please. And again, if we just go down to the bottom of that first page, you can see the footer is Minutes of the Ordinary Council Meeting held on Wednesday, 2 September 2010, confirmed on 18 October 2010. And if we move back to the top of the page, you can see that the subject matter is General Manager Recruitment. Under that section, you can see the council is moving into a closed council session, but it's dealing with the appointment of the general manager. You can see that?

20 **MR PORTELLI:** Yes, yes.

MS McDONALD: And if we can move through that document and go to lower case 0002, you can see a motion that - council officer, general manager position, Mr Farooq Portelli, and being put to the motion, was declared carried.

25 **COMMISSIONER:** Mr Emmett?

MR EMMETT: That's all right. I was just - thank you.

30 **MS McDONALD:** If we could move back to the previous page - and this is under the section Recommendation. You can see under those various paragraphs it refers to negotiating a suitable remuneration package and contract with the preferred applicant, and the council using the division of Local Government standard contract of employment of general managers. Do you see that?

35 **MR PORTELLI:** That's correct. Yes.

MS McDONALD: The contract that you entered into after being offered that position and accepting it, it was - reflected the standard contract at the time?

40 **MR PORTELLI:** That's correct. It's the standard contract on the - by the Department of Local Government at the time.

MS McDONALD: And was the contract for five years?

45 **MR PORTELLI:** Off memory, yes.

MS McDONALD: Now, that was 2010. In 2012 there were council elections.

MR PORTELLI: Yes. That's correct.

5 **MS McDONALD:** And a new mayor was elected?

MR PORTELLI: Yes. That's correct.

10 **MS McDONALD:** And the new mayor was different to the mayor that headed the council when you were appointed?

MR PORTELLI: Yes. It was Ned Mannoun who got elected, and it was Wendy Waller who was the previous mayor.

15 **MS McDONALD:** And that was roughly around September 2012 that the new council -

MR PORTELLI: That's correct.

20 **MS McDONALD:** - and the new mayor started?

MR PORTELLI: That's correct.

25 **MS McDONALD:** Right. Now, from September 2012 you were the general manager of the council and working with Mayor Mannoun?

MR PORTELLI: That's correct.

30 **MS McDONALD:** Now, in September 2013, was a motion - a mayoral minute put forward at the council meeting for your employment to be terminated?

MR PORTELLI: I believe it was December 2013, not September.

35 **MS McDONALD:** I'm sorry. I meant to say December 2013. Could document INQ.029.001.0002 be bought up, please. Now, these are the minutes of the meeting of Liverpool City Council of 18 December 2013?

MR PORTELLI: That's correct.

40 **MS McDONALD:** If we go to page 0002. You will see there recorded a motion moved by the mayor, seconded by Councillor Ristevski that the council move into a closed session.

MR PORTELLI: Yes. That's correct.

45 **MS McDONALD:** As it was to discuss personal matters concerning particular individuals other than councillors.

MR PORTELLI: That's correct.

MR EMMETT: Can I leap to my feet here?

5 **COMMISSIONER:** Yes.

MR EMMETT: It's not clear to me that the balance of this document should be published. It may be, but if that records something that occurred in closed session -

10 **COMMISSIONER:** These are minutes.

MR EMMETT: They are.

15 **COMMISSIONER:** Anything that happens in closed session is required to be recorded in the minutes. These are publicly available documents?

MS McDONALD: Yes. We got them from the website.

20 **COMMISSIONER:** Mr Emmett, do you need a moment just to confirm my understanding?

MR EMMETT: Could I have a moment?

25 **COMMISSIONER:** Of course you can.

MR EMMETT: That may well be the case. This is - no criticism at all of my learned friend.

30 **COMMISSIONER:** No, no.

MR EMMETT: But it's just dealing with it on the fly, I need to -

35 **COMMISSIONER:** Of course. Of course. We'll pause for a moment and that can be confirmed. Can we just scroll back to the start of the document? That might assist Mr Emmett and those with him to identify the document.

MR EMMETT: Confirming we have no difficulty with this document. I'm sorry for the delay.

40 **COMMISSIONER:** No need to apologise, Mr Emmett. It's best to deal with things in a careful way.

45 **MS McDONALD:** Now, looking at the minutes of that meeting, you can see that there is a sequence of events that occurred which includes that the mayor and certain councillors left the chambers. A quorum was not achieved. The meeting was then adjourned to 6.45. Then the meeting was reopened. There were councillors present, but then a quorum was not achieved. It was re-adjourned until a certain period. Then

the meeting was opened again, and then a quorum was not achieved within half an hour after the time designated, et cetera, and so the mayor adjourned the meeting and fixed the adjourned meeting until 23 December at council's chambers.

5 **MR PORTELLI:** That's correct.

MS McDONALD: Now, while - when the council had moved into closed session, did you remain or were you part of - where it includes "staff and members of the public left the chamber", did you leave the chamber?

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MR PORTELLI: Yes, I did.

MS McDONALD: Was - what was your understanding of the matter that was going to be discussed in the closed session?

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MR PORTELLI: My understanding was that the mayor was going to move that I be dismissed.

MS McDONALD: Now, would you give us some background as to what had occurred which led to the mayor seeking your dismissal?

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MR PORTELLI: I guess obviously the mayor at that point in time decided that I wasn't the person he wanted in that job, clearly. I think the issue that I had - or that we had that we couldn't reconcile was that some time before that I appointed - I did a restructure and I appointed a new director of planning. That director of planning - I'm just trying to think of his name - Matt Daniels - was appointed. About a week after that appointment I got - received a letter from - I'm not sure if it was a constituent, but somebody who was angry that he was engaged and that - and he was angry because he alleged that this - that Matt Daniels was a bankrupt owing a number of creditors moneys.

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I - when I got that letter I referred it to my general counsel at the time to ascertain whether there was any issue if he was, in fact - sorry, before that, I actually called him in and asked him if that was the case, and he confirmed that he was bankrupt. I then referred that letter to the general counsel and she indicated that didn't cause any concern. It wasn't a problem. So on that basis, I kept him on.

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About four weeks after that, on a Saturday morning, I was reading the Sydney Morning Herald and on the front page of the Sydney Morning Herald there was a picture of him and about being a bankrupt and a story. I remember when I saw that I felt a sick feeling in my stomach. Something was wrong. And it dawned on me - I should have known earlier, but it just didn't dawn on me until I saw that article, but I remember seeing something in the senior officer's contract about bankrupt. So I went into the Department of Local Government website, I downloaded the senior officer contract - because there's two senior officer contracts, one for general managers and one for other senior staff. And when I went through that, I actually - I saw that one of the conditions that a - where a person's position is terminated is if they become a

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bankrupt. So when I saw that I realised that I had made a mistake in his employ. On the - that was on the Saturday morning.

5 On the Monday, at work, I went to see the mayor and told him that I'm going to have to dismiss this gentleman because he cannot be employed as he is a declared bankrupt. The mayor wasn't happy about that. The mayor thought he was a very good - performing his function, and I believe he was. Having said that, he insisted that I get an external legal opinion. And to keep - I thought I will do that. So I sought that external legal opinion and I also took a few days, and in the interim I checked
10 the Local Government Act myself, and it was stipulated in the Act itself that a senior officer can't be employed as a bankrupt. And I also rang the Department of Local Government and asked their advice, and they indicated to me words to the effect that he was technically never employed. I got the external legal advice that confirmed that he could not be employed.

15 So I advised the mayor that that was the outcome and that I would be dismissing him. The mayor was not happy with that. And off memory, I think some time had passed after that and the mayor conducted a - a performance review of myself. And the panel members on that performance review was the mayor, Councillor Ristevski,
20 Councillor Mazhar Hadid and Councillor Peter Harle. When that performance review was being conducted I was there, and they also had a - an independent - I think someone from PricewaterhouseCoopers, off memory, and he was facilitating.

25 So I think a performance KPI would come up and if it would be discussed, and then I would get a score between 1 and 5, 1 being low and 5 being the highest. And typically, the scores I was getting from the mayor and Councillor Ristevski were, you know, a 2, and Councillor Hadid and Councillor Harle was a 5. And, you know, I thought that - that's not practical. I mean, how can you have the two extremes? And this continued for a few question, a few KPIs. And just to give you an example, one
30 of them might be that, "Did the CEO meet all statutory reporting deadlines?" you know, with the financial reports, the annual report and other deadlines. And again, to get a score of 2 from two councillors and 5 from two councillors - either I did or I didn't, and I did, so -

35 **MS McDONALD:** So that's like a black and white question, in a way.

MR PORTELLI: That's right. Quite so. So after a while, the facilitator wanted to close - stop the meeting and ask me to stay - to move into another room. And it was - we're in the meeting room, which was adjacent to my office anyway. So I just
40 went through another door into my office and waited while they discussed.

MS McDONALD: And can I just pause. The facilitator was the person from Pricewaterhouse?

45 **MR PORTELLI:** That's correct. And then while I was - I was waiting for, I don't know, 15 minutes or so, and then he came in - the facilitator came in and basically advised that the performance review had ended. He was apologetic because he too, I

think - I think he is the one - I wasn't there, but I'm presuming he advised that the appraisal was not effective or justified because of the diversity of views. And that was end of it. But that was a clear - another indication to me that - that the mayor wasn't pleased and wasn't satisfied.

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MS McDONALD: Could I just ask you, the incident with Mr Daniel or Daniels -

MR PORTELLI: Daniels.

10 **MS McDONALD:** When - he was a director of planning and council had designated him to being a senior staff position?

MR PORTELLI: Yes, the senior staff positions were determined before they were advertised. So the appointment would be to that senior staff position.

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MS McDONALD: When - and again, roughly, I know it's a number of years ago - when did this issue about the bankruptcy status of Mr Daniels - when did that come to your notice?

20 **MR PORTELLI:** I - I can't recall.

MS McDONALD: The meeting that I had - just took you to was in December 2013.

MR PORTELLI: It was before that, but I can't remember then.

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MS McDONALD: The performance review that you spoke about, again, if you can, roughly which month of 2013 was that?

MR PORTELLI: I can't remember. I can't remember.

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MS McDONALD: Do you recall around 18 December 2013 submitting a complaint about concerns you had about the governing body of Liverpool City Council to the Office of Local Government?

35 **MR PORTELLI:** Yes, I did. I did do that, yes.

MS McDONALD: In that complaint, what matters did you raise?

MR PORTELLI: I'm - I can't recall.

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MS McDONALD: Could you bring up, please, document OLG.001.001.1716, and it can be live streamed. It's a request, just for a - double-checking before that document is live streamed.

45 **COMMISSIONER:** All right.

MS McDONALD: Yes.

COMMISSIONER: All right. We just won't put it up on the live stream just yet.

5 **MS McDONALD:** I realise this is not your document, Mr Portelli, but it's a record from the Office of Local Government of certain events around that time, and I'm taking you to it to see if that assists in jogging your memory. Could you just excuse me?

COMMISSIONER: Of course.

10 **MR EMMETT:** I don't need to be heard further on that document.

COMMISSIONER: So there's no objection to it going up on the live stream?

15 **MR EMMETT:** No, your Honour. No, Commissioner.

COMMISSIONER: Thank you. That can be placed on the live stream.

20 **MS McDONALD:** Can you see there the issue is the decision by the council to terminate your employment?

MR PORTELLI: Yes.

25 **MS McDONALD:** Could we move through the document to the section headed Background. You will see the first paragraph records your submission of a complaint on about - on 18 December.

MR PORTELLI: Yes.

30 **MS McDONALD:** And then you will see in the next paragraph a mayoral minute which proposed the termination of the general manager's contract was introduced in the closed session on 18 December. At this meeting, a majority of councillors refused to deal with the matter and left the council - I think that means without a quorum.

35 **MR PORTELLI:** Correct. Yes.

40 **MS McDONALD:** It was then - the meeting was then adjourned until 23 December. By that time, you must have made your complaint. And then it records that the Office of Local Government treated it as a public interest disclosure. That was provided - or that information was provided to the councillors, reminding them of their obligations under the Public Interest Disclosure Act and the motion was subsequently withdrawn. Do you recall any discussion with Office of Local Government that your complaint should be treated as a PID, a public interest disclosure matter?

45 **MR PORTELLI:** I spoke to the - I'm just trying to think of his title. The - he was the senior officer at the Department of Local Government. The title escapes me for

the moment. Director General - not Director General. It will come to me. And I explained what the issue was and he indicated that that would be treated as a PID.

5 **MS McDONALD:** Was it your understanding that to be treated as a PID there was some protections to the person making the complaint generally described as prevention of victimisation or - sorry, hurting you in any way in your employment until the complaint is determined?

10 **MR PORTELLI:** Yes. That's correct.

MS McDONALD: So it further records that the OLG ultimately determined that it wasn't a PID matter. No further action was proposed. And that was then provided to both yourself and the councillors on 20 March 2014.

15 **MR PORTELLI:** That's correct.

MS McDONALD: And then if we go back to key points in the document, we've got during a confidential session of the Liverpool City Council at its meeting on 26 March, it was resolved to terminate your employment.

20 **MR PORTELLI:** That's correct.

MS McDONALD: And then if we go back towards the beginning of the document under Response, it refers to - there appears to have been relationship issues between the mayor, some councillors and the general manager. You've spoken about the issue with Mr Daniels. You've spoken about the performance review and your experience of that. Were there any other matters that you can recall that generated these relationship issues?

25 **MR PORTELLI:** There probably were, but none that I can sort of just call up at hand.

MS McDONALD: And I'm jumping around a little bit. The background recorded that at that 18 December meeting a mayoral minute was put forward proposing your termination. Is that your recollection of how -

30 **MR PORTELLI:** Yes.

MS McDONALD: - it was - it was to proceed on 18 December if there was a quorum?

40 **MR PORTELLI:** Yes.

MS McDONALD: Now, this records that at the council meeting on 26 March 2014 there was a resolution to terminate your employment. What happened in interim period, say from December, where because there was what appeared to be a public

interest disclosure matter being considered by the OLG your employment could not be terminated up until that meeting in March?

5 **MR PORTELLI:** Basically I guess the relationship was not good between myself and the mayor. I got on with business as usual, as did he, but you would get, for example, invitations to go to a function, typically the mayor and the CEO would go - be invited and I would find that - you know, my PA would liaise with his PA so that we could organise going together, but, no, he wanted to go on his own. So things like that. Obviously there was tensions between us.

10 In the subsequent weeks - we had two newspapers in Liverpool at the time, the Liverpool Leader and the Liverpool Champion. And occasionally I saw one - or a couple of times I saw, you know, an article suggesting that there are tensions between the mayor and the general manager. Between December and March I came
15 to the conclusion that - you know, I've had an impeccable career, I don't want council to be brought into disrepute. Given that there's now a perception that the two senior people in the council had issues - so I approached the mayor and said to him that I am willing to leave, let's do this amicably.

20 And basically, at the meeting that you referred to in March, just before it commenced I actually spoke to the councillors and said to them that - words to the effect that the mayor is going to be putting a motion for my dismissal and that, "I ask you to support it because I would prefer to leave on a positive note rather than continue under the current circumstances."

25 **MS McDONALD:** As part of these decisions about leaving on a positive note, were there discussions about any payments pursuant to your contract?

30 **MR PORTELLI:** Yes. It would be based on the standard 38 weeks.

MS McDONALD: I think we describe that as the without-cause 38 weeks termination?

35 **MR PORTELLI:** That's correct. Yes.

MS McDONALD: So you received payment of the 38 weeks?

40 **MR PORTELLI:** Yes. There was a deed of release prepared and I got the 38 weeks' payment. Yes.

MS McDONALD: Could you please bring up document INQ.031.001.0003.

COMMISSIONER: Pause from putting it on the live stream? (Indistinct).

45 **MS McDONALD:** If I can indicate it's an article from the Daily Telegraph.

COMMISSIONER: Okay. All right. Thank you. Just maybe - I wonder whether, if you're going to go to a document in the list of bundle 8 - now MFI7 - that might give Mr Emmett and anybody else at the bar table an indication that they might need to form a view about whether it should be shown. Would that assist?

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MR EMMETT: Yes, that would assist. And maybe just the, sort of, one-line description of the document. So if it's - you know, if we could go to that document, "It's an article in the Daily Telegraph," I'll know I won't need to seek any time at all.

10 **COMMISSIONER:** Yes, I jumped ahead. My fault.

MR EMMETT: But I did appreciate that indication, because I didn't know yet what the document was. So I'm grateful to my learned friend.

15 **COMMISSIONER:** We'll hit our stride.

MS McDONALD: This is from the Daily Telegraph, Mr Portelli. 27 March 2014. If we can move up - you can see - I will just jump ahead. It records that you've ended your decade-long stint at Liverpool Council, announcing your retirement. The council had moved into a closed session to discuss a confidential mayoral minute which discussed your resignation. Can I just pause there. Again, is your recollection at this particular meeting the resolution was introduced via the means of a mayoral minute?

25 **MR PORTELLI:** Yes, it was.

MS McDONALD: But as you've given evidence, you knew it was coming and you had that opportunity to have a discussion with other councillors?

30 **MR PORTELLI:** I did, yes.

MS McDONALD: It records that it's understood you supported the motion. Then it records that - if you can move up a little bit - news of the resignation almost reduced councillors Peter Harle and Mazhar Hadid to tears, with some very complementary comments from them. Then if we move to the next page, records you were humbled by the kind words of the councillors and also the mayor, Ned Mannoun, who spoke fondly of you. But then not all were party to the way the situation had been handled, and it records that Councillor Anne Stanley left the room during the confidential matter, stating:

40

"The hypocrisy that was going on about a person that we wanted to sack was more than I could stomach."

45 Do you recall that - sorry, when they moved into a confidential session or a closed session, I'm sorry, did you join the council at that point?

MR PORTELLI: Yes.

MS McDONALD: And was it - do you recall that at least one councillor left that closed session?

MR PORTELLI: She may have. I can't recall.

MS McDONALD: You really can't recall?

MR PORTELLI: No.

MS McDONALD: All right. So at that point - I think your resignation from council was effective about 1 July 2014.

MR PORTELLI: That's correct. I was going to take leave. I had considerable leave accumulated, so I was taking leave until that date.

MS McDONALD: So formally you stopped working there, but you were still on the books because you were -

MR PORTELLI: On leave.

MS McDONALD: On leave. And then 1 July 2014, you were no longer employed by the council?

MR PORTELLI: That's correct.

COMMISSIONER: I'm sorry to interrupt, Mr Portelli. Just so I'm clear in my mind, although there was a motion advanced that your employment be terminated, do I understand that - was that ultimately passed or did you in fact resign and your resignation was -

MR PORTELLI: My understanding, Mr Commissioner, is that I was still the CEO up until 1 July but on leave, and an interim would be held - CEO would be acting in that job until 1 July, which time council could effectively appoint - because the council can't have two CEOs.

COMMISSIONER: Quite so. But your employment came to an end by resolution of council. Is that your understanding?

MR PORTELLI: Yes, it did. Yes.

COMMISSIONER: Thank you.

MS McDONALD: Could you just excuse me? Would you bring up, please, document INQ.002.001.0101. And these are open minutes of the ordinary council meeting held on 26 March 2014 and confirmed on Wednesday 30 April 2014. And if you would go to page _0048, please. Yes. I do apologise. Would you please go to 0047. You can see there headed Closed Session - the council moved to a closed

session, and then returned to open session at 9.41. If we then go to page 0048, in open session you've got the mayoral minute, which talks about you announcing your departure. But then if we go to the end of the page, it's moved by the mayor that your contract of employment be terminated under those particular clauses. And they are
5 the 38 weeks clause?

MR PORTELLI: Yes.

MS McDONALD: And then if you - we go to page 49, as you've given evidence it
10 refers to the deed of release, and then matters dealing with your immediate replacement. And you can see on being put to the meeting the motion was declared carried.

MR PORTELLI: Yes.
15

MS McDONALD: Now, just in a general way, Mr Portelli, after you left employment with Liverpool City Council, did you seek immediate employment elsewhere?

MR PORTELLI: No, I didn't.
20

MS McDONALD: Right. Did you have a sabbatical period?

MR PORTELLI: Yes, I did.
25

MS McDONALD: And also without going into personal details, over the next couple of years, were there some personal matters which you had to deal with which prevented you returning to full-time employment?

MR PORTELLI: Yes, there were.
30

MS McDONALD: Jumping ahead to 2022, in that year you returned to - I will put it broadly to begin with - doing some work for Liverpool City Council.

MR PORTELLI: Yes . That's correct.
35

MS McDONALD: Again, without asking you for details, up until recommencing doing some work for Liverpool City Council, had you been employed by any other council?
40

MR PORTELLI: No.

MS McDONALD: Or employed in - when I say employed, employed by, like, an employer or an outside organisation?
45

MR PORTELLI: No, I wasn't.

COMMISSIONER: Sorry, Ms McDonald, what was that date?

MS McDONALD: It started with returning to the council in 2022.

5 **COMMISSIONER:** Thank you.

MS McDONALD: Can I turn to around just November/December 2022. At that time, were you approached by somebody at council to undertake some consulting work?

10

MR PORTELLI: Yes. I received a phone call from Ms Tina Bono. She was the acting CEO at that time.

15 **MS McDONALD:** When you worked at council previously, had you met Tina Bono?

MR PORTELLI: Yes, she was the manager of children's services at that time.

20 **MS McDONALD:** Children's services?

MR PORTELLI: Yes, on my recollection. Yes.

25 **MS McDONALD:** And we can take that exhibit down. And had you maintained contact with her over the years?

MR PORTELLI: No, I didn't. But my phone was the same number as it was 10 years ago.

30 **MS McDONALD:** Now, she contacted you at that point. She was the acting CEO. And did she put a proposal to you about doing some consulting work for the council?

35 **MR PORTELLI:** That's correct. She called me, asked if I would be available to provide some assistance. She explained that she was the acting CEO, and she talked about me - would I be willing to come in and review the restructure that they had done, the council had approved in August of that year, as well as a number of other matters that she would like assistance with. I agreed - I thought - I told her I would be interested. And then she subsequently put that information in an email to me, with conditions, and that followed with discussions of time that I would be asked to - to spend at work, and basically the arrangements. And that occurred over - well, a few days I guess. We agreed the terms and the - and the rate, and it was about three days a week, 20 hours a week.

40 **MS McDONALD:** Sorry, three days a week -

45 **MR PORTELLI:** Or about 20 hours in a week, over three days.

MS McDONALD: Was there anticipated period that you would be providing this consulting work?

5 **MR PORTELLI:** Yes. It was - it was agreed that it would be - I was there from about six weeks, November/December.

MS McDONALD: In providing your consultancy services to the council, were you contracted as an individual or was it through a corporate entity that you may control?

10 **MR PORTELLI:** I - it was - yes, it was a - an entity - yes, it was an entity.

MS McDONALD: A corporate entity -

15 **MR PORTELLI:** Corporate entity.

MS McDONALD: - that you control?

MR PORTELLI: I'm just trying to think now. Yes.

20 **MS McDONALD:** And what's the entity's name?

MR PORTELLI: Just my - my name.

25 **MS McDONALD:** So is it Farooq Portelli Proprietary Limited, something like that?

MR PORTELLI: Something like that, yes.

30 **MS McDONALD:** Now, the work that you were brought in for the - that period, November/December, you said it was primarily to review a restructure that had been approved in August 2022.

MR PORTELLI: That's correct.

35 **MS McDONALD:** Excuse me for a minute. Could you bring up document INQ.001.001.1264, which is an organisational chart that we understand is dated August 2022. Mr Portelli, if you can assist us. Going back and trying to get an organisational chart at a specific time sometimes is a bit challenging. This document - I think our understanding is it was dated August 2022. Is that the organisational structure that you were asked to review?

40 **MR PORTELLI:** No. No, it wasn't. This was what had existed, and at the council meeting - I think it was 31 August - it was at the end of August - there was a - it wasn't presented in a - in that sort of form, but it was a - I guess the people who worked on this were Peter Diplas and Paul Perrett. And I got the documents that they
45 presented to council in terms of what they were proposing, but it wasn't this. This is what was - how it was working at the time, not what they were coming up with.

MS McDONALD: All right. And what they were coming up with, is it your understanding that that was resolved - sorry, I'll withdraw that. What they were proposing, was that ultimately implemented?

5 **MR PORTELLI:** No, it wasn't.

MS McDONALD: So your role was to look at what they proposed and to review that.

10 **MR PORTELLI:** Yes, it was.

COMMISSIONER: Just so I'm clear, Mr Portelli, this was the structure that was in place at the time that the work was being done to examine a potential new structure and about which your advice was being sought?

15 **MR PORTELLI:** I presumed - sorry, Commissioner, I mean, that - that is basically what I recall that they had.

COMMISSIONER: Yes.

20 **MR PORTELLI:** That they were working to, but not what they were proposing for - or supposed by adopted in August.

COMMISSIONER: Thank you.

25 **MS McDONALD:** Excuse me for a minute. Could document INQ.001.001.0981, which are minutes of a council meeting, be brought up, please. Can you see there minutes of the ordinary meeting held on 31 August 2022.

30 **MR PORTELLI:** Yes.

MS McDONALD: Would you move forward, please, to page 0062. Now, I understand this is before you were engaged, but can you see there there's council in closed session to - where they are dealing with a confidential review of the original structure?

35

MR PORTELLI: Yes.

40 **MS McDONALD:** And then if you go down the bottom of the page when the council come out of closed session, you've got a motion that approves the senior management structure with five senior staff positions, et cetera. And then if you go to the next page, there was a foreshadowed motion which was to defer any action until a permanent CEO had been appointed, and it appears that was defeated but the original motion was passed.

45

MR PORTELLI: Yes. That's correct.

MS McDONALD: So there does seem to be some kind of approval for a senior management structure with five senior positions, and then the next part is:

5 "Requesting management arrange a briefing with councillors to present a high-level transformation roadmap, et cetera."

This is where you were brought in your consulting role?

10 **MR PORTELLI:** No, it wasn't. What that is referring to - they had engaged a consultant. And it may have been more than one, but they certainly engaged a consultant who was preparing a roadmap in terms of what they were going to do for this transition. And this was going to be over three years. So that was in progress when I was engaged. It did not eventuate. So the structure that, as you would be aware, that was adopted in August never actually eventuated.

15 **MS McDONALD:** All right. Now, the work that you undertook as a consultant, did you eventually produce some kind of report?

20 **MR PORTELLI:** Well, I was providing - I was drafting a report and it basically was a critique of what had happened. Because most of the - well, at the time you would understand from - and you could see from that resolution to councillors - now Members of Parliament - left of me, they weren't happy with what was being proposed, and particularly with regard to the CEO not being there, involved in it. There was also - it was also a time when there were the - the union were up in arms, 25 complaining about lack of consultation that the council continued to dismiss a number of managers. They actually had a billboard on the side of a truck of the mayor - I'm not sure if it was someone else as well, but they basically were critical of the way that this was all being done. So the environment that I saw when this was - when I was asked to investigate this was one that was, you know, hostile, I 30 guess.

As part of the review, I reviewed what they were proposing. Just to give you some - so you can imagine, the five or six directors - divisions that you saw earlier, with maybe five or six managers, that was turning into one where there was a - I 35 think it was a director of operations - about three group managers and about 18 managers. It was 90, 95 per cent of the of the staff and budget. Then it had, sort of, three or four other directorate positions. Like, the CFO was a directorate position, the chief people officer was a directorate position. It was a very lop-sided proposed structure. Any way you look at it, it couldn't - it couldn't function. So I drafted 40 a - a - quite a lengthy report that was a critique.

Before I submitted that, I thought, you know, it - I'm not providing the real benefit of my engagement if I just critique what I've been shown, so I also started to look at alternative structures, and I proposed - developed about two or three options. By this 45 time, the new CEO had started - Mr Ajaka - and I presented obviously what was adopted in August, but also the alternative - three alternatives that I proposed would be far better solutions.

MS McDONALD: You just mentioned Mr Ajaka.

MR PORTELLI: Yes.

5 **MS McDONALD:** It was around, I think, December 2022 that he was employed as the new general -

MR PORTELLI: That's correct.

10 **MS McDONALD:** Or permanent general manager.

MR PORTELLI: That's correct.

15 **MS McDONALD:** And your involvement with council then moved away from being a consultant, and you were appointed the acting director of corporate services?

MR PORTELLI: Yes. Before I had finished in December I had some meetings with John Ajaka. We talked - we contracted a HR consultant because the HR manager was also being moved - was leaving council. So there were a number of issues. He had a copy of my - because when I applied for the consultancy work, all the documents I had to present council included my resume and background and - and the like. He had gone through that and spoke to me - he was impressed with the - you know, skills and qualifications that I had and huge experience, and he asked me if I would be interested in coming back next year on a - on a part time - not on a part time, on a contract basis. I indicated that I would.

MS McDONALD: And that contract basis was an appointment as the acting director of corporate services?

30 **MR PORTELLI:** Yes.

MS McDONALD: Our records reflect that you were appointed to that position in January 2023.

35 **MR PORTELLI:** It was a three-month contract, off memory, yes.

MS McDONALD: And then jumping ahead, in May 2023, after the position was advertised and a recruitment process was followed, you were appointed the director in a permanent role?

40 **MR PORTELLI:** In - for a contract of five years.

MS McDONALD: I'm sorry. Yes. Because it was still designated a senior staff position and it would be subject to a contract, and the contract was for five years.

45 **MR PORTELLI:** That's correct. Yes.

MS McDONALD: Would you bring up document INQ.001.001.1002. And, again, sorry, these are minutes of the council. Yes. Thank you. If we can just look at the first page to confirm, it's the council meeting of 1 March. And then if you would go through to page 0073, please. Mr Portelli, do you see there a corporate services report identified as Corp 02? It's identified at the beginning as a report prepared by you in your role as acting director of corporate services. And if we look at the executive summary, it refers to the meeting of 31 August 2022, where a new organisational structure was adopted.

10 There's been an - I'm jumping, summarising - an extensive review in two stages. Stage 1 is to determine a functional design. It illustrates functional responsibility and reporting as well as the senior management structure, and then there's anticipated structure number - stage number 2. And then you can see a recommendation that the council approves the proposed functional design which is set out in attachment 1.

15 And I'm going to jump over your report, and if we can go through to page 0080. Is there any chance we can - well done. Is it being live streamed? Thank you.

And, Mr Portelli, looking at that, is that your - after your consultancy and your further work as the acting director, is that the proposed functional structure that you're putting forward to council, where we've got six directorships and underneath those directorships particular areas that they will have a responsibility for?

MR PORTELLI: That's correct. But it wasn't just mine. At this stage the - you know, the CEO and the other directors had input. Bear in mind that there was considerable consultation going on from January until this was presented. And that included all staff. There were public meetings, indoor and outdoor staff. We set up a submissions - you know, staff could make submissions. There were quite a number of submissions made and considered. So this - this was a - a document that basically had the executive support as well as recognising contributions from staff, from the unions. So it was a far more - a far more collaborated process in coming to this.

MS McDONALD: Now, you might be able to assist us with this. Could we move to page 0081. And I think this is described as the pre-August 2022 interim structure. When I asked you about the structure that was introduced, I think - is it Mr Perrett?

MR PORTELLI: Beg your pardon?

MS McDONALD: You spoke about your consultancy.

MR PORTELLI: Yes.

MS McDONALD: Was to review an interim or a proposed structure.

MR PORTELLI: Yes.

MS McDONALD: Is that the proposed structure?

MR PORTELLI: No.

MS McDONALD: So that's something else again.

5 **MR PORTELLI:** Yes.

MS McDONALD: Right. Could we then move to document INQ.001.001.1036.
And again - minutes. Sorry, the - yes, please. I think we're starting with the agenda to
the meeting of 30 August 2023. And could we go through to page 0279. And,
10 Mr Portelli, is this your report that has been presented at the 30 August 2023
meeting, which - is this stage 2 of the process that you were undertaking?

MR PORTELLI: That's correct. Yes.

15 **MS McDONALD:** And just jumping through your report, if we can go to page 285,
that's the proposed functional strategy which we saw previously?

MR PORTELLI: That one in - as of March, yes.

20 **MS McDONALD:** And then if we go through to the next page, you've then got a
proposed management structure, which is updated 3 August. And then the next page
is one - 21 August. And is it your understanding that the one dated - which is the
functional design - so we have got management structure and we have got functional
design. Were those the two structures that were going to be put to the council at that
25 August meeting?

MR PORTELLI: Can you scroll to the top one again? Yes. Yes. Scroll down to the
bottom one again. Yes. So it showed the departments, and the other one showed the
actual managers.

30 **MS McDONALD:** And is it your understanding that this proposal or the structure
was adopted by council?

MR PORTELLI: No, it wasn't. That was what was put to council. They - a couple
35 of changes were made - where, for example, in - under Director Corporate Support at
the bottom there, Corporate Strategy and Performance.

MS McDONALD: I'll just pause. Which page are you talking about?

40 **MR PORTELLI:** I'm talking about that slide. If you look at the right column where
the cursor is now -

COMMISSIONER: 287, the functional design?

45 **MS McDONALD:** Thank you.

MR PORTELLI: Yes. If you look at the chart that's in front of you now, in the far-right column.

COMMISSIONER: Director of Corporate Support?

5

MR PORTELLI: Yes. That area was moved to City Futures.

COMMISSIONER: Which area - which part of that?

10 **MR PORTELLI:** That was a team of people. That whole team moved over to Director City Futures.

COMMISSIONER: Which part of - which one of the three, six - nine departments, I think, you've described them was moved?

15

MR PORTELLI: All of it. All of it.

COMMISSIONER: I'm sorry.

20 **MR PORTELLI:** And similarly -

MS McDONALD: Sorry, could I just interrupt? At the moment we've got Director Corporate Support, and you're identified as being the director.

25 **MR PORTELLI:** Yes. Yes.

MS McDONALD: And we've got financial management property services.

MR PORTELLI: Yes. People and Culture.

30

MS McDONALD: Yes.

MR PORTELLI: Legal services. Governance.

35 **MS McDONALD:** Complaint handling.

MR PORTELLI: Complaint handling.

40 **MS McDONALD:** Executive services, procurement and corporate strategy and performance.

MR PORTELLI: Right. And what I'm saying is this is what went to council.

MS McDONALD: Yes.

45

MR PORTELLI: But at that council meeting they made some changes.

MS McDONALD: Yes. And you've identified that there were changes to some of the responsibilities that came under your directorship?

5 **MR PORTELLI:** Yes. Actually, those sections that I'm talking about moved to other directorates.

MS McDONALD: All right. When you say those sections, there were nine sections on that.

10 **MR PORTELLI:** Yes, yes.

MS McDONALD: Were all of those moved?

15 **MR PORTELLI:** No. Only -

MS McDONALD: Or did you retain some of them?

MR PORTELLI: Yes, I - most of them. What moved was Executive Services.

20 **MR PORTELLI:** Moved to - to Director Community and Lifestyles.

MS McDONALD: Yes.

25 **MR PORTELLI:** And Corporate Strategy and Performance moved to Director City Futures.

MS McDONALD: And then you retained the other seven of those parts or responsibilities?

30 **MR PORTELLI:** Yes. Yes. Yes.

COMMISSIONER: Are you leaving this document? You are leaving this document?

35 **MS McDONALD:** Yes.

40 **COMMISSIONER:** Could I just go back to page 279. Reference has been made to this a couple of times, but the structure adopted on 31 August, do we have that structure or is that the little one - the one that we're having a little difficulty putting -

MS McDONALD: Can you just excuse me for a minute?

COMMISSIONER: Yes, of course.

45 **MS McDONALD:** Excuse me for a minute.

COMMISSIONER: I don't want to take you off course. We can come back to it.

MS McDONALD: No, no. If we could bring up LCC-001-002-0011. It's another organisational chart. High-level organisation structure. Now, Mr Portelli, that has a date on the right-hand top corner of October 2023. Can I ask you, first question, broadly, does that reflect your understanding of what was -

5

MR PORTELLI: Yes, that looks like the final one. Yes.

COMMISSIONER: It was adopted after the changes to the functional structure that you've just described?

10

MR PORTELLI: Yes.

MS McDONALD: If you just excuse me for a moment.

15 **COMMISSIONER:** Is that a convenient time in any event, Ms McDonald?

MS McDONALD: Yes, it probably would. Thank you, Commissioner.

20 **COMMISSIONER:** All right. Mr Portelli, we're just going to take the mid-morning break for about 20 minutes. Feel free to stretch your legs, get some coffee. But if you wouldn't mind being back here just a couple of minutes before five past 12 -

MR PORTELLI: Certainly.

25 **COMMISSIONER:** - I'd be most grateful. We'll adjourn until five past 12.

<THE HEARING ADJOURNED AT 11.45 AM

<THE HEARING RESUMED AT 12.09 PM

30

COMMISSIONER: Yes.

35 **MS McDONALD:** Commissioner, before resuming Mr Portelli's evidence, may I tender the document which was described as Office of Local Government note, being document OLG.001.001.1716.

COMMISSIONER: That will be exhibit 7 - 8, I'm sorry.

<EXHIBIT #8 OFFICE OF LOCAL GOVERNMENT NOTE

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MS McDONALD: And may I tender the extract from the Daily Telegraph, being document INQ.031.001.0003.

COMMISSIONER: Document will be exhibit 9.

45

<EXHIBIT #9 EXTRACT FROM THE DAILY TELEGRAPH

MS McDONALD: Mr Portelli, if I can just return to this question of structure. I'll take you back to document INQ.001.001.1036, which was the agenda for 30 August 2023. And if we can go to page 279 - and this can be live streamed. This was your report. Now, can we move through to - I will just get - if I go through to page 20286.
5 Can you see down the bottom of that page you've got attachment 3?

MR PORTELLI: Yes.

MS McDONALD: Sorry. Forget what's at the bottom. It should be at the top of the
10 page. It's got attachment 2.

MR PORTELLI: Yes.

MS McDONALD: And then if we go through to the next page, which was the
15 Functional Design, up the top we've got attachment 3.

MR PORTELLI: Yes.

MS McDONALD: And then can I take you to the minutes of the meeting,
20 INQ.001.001.1039. And that can be live streamed. That's the minutes of the meeting. And if we can go through to page 34. Can you see there it has got the motion in paragraphs 2 and 3:

25 "Approves the final functional design and senior management structure as outlined in attachment 2."

And then paragraph 3:

30 "The management structure as provided in attachment 3."

So you can see that they relate back to your report included in the agenda?

MR PORTELLI: Yes.

35 **MS McDONALD:** And it would appear from the motion put and carried that the structure as set out in attachment 2 and attachment 3 were approved by council.

MR PORTELLI: Yes.

40 **MS McDONALD:** And that had, under your section, I think, the nine sub-areas?

MR PORTELLI: Well, that's not what I recall was adopted.

45 **MS McDONALD:** All right. Can I then take you to document LCC-001-002-0011, which is an organisational chart as at October 2023. Yes. And looking at it, and in particular under the box Director Corporate Support, which has five areas, does that

reflect your recollection of what you remembered was passed at that council meeting?

MR PORTELLI: Yes.

5

MS McDONALD: But at least as indicated by this organisational chart, as at October 2023 that was in operation?

MR PORTELLI: Yes.

10

MS McDONALD: And just before we leave organisation charts, is it the case that the council has recently had a restructure of the organisation?

MR PORTELLI: Yes, it has.

15

MS McDONALD: And was it at the June meeting that that restructure was approved?

MR PORTELLI: Actually, it's - it's not approved yet. What's happened is that a proposal has been put but it's not final yet. The final structure is probably - it won't probably be put to the council until about August.

MS McDONALD: All right. But can I show you this document, which is document INQ.009.001.0033. Excuse me for a minute. I think I've got two versions of this proposed model. Instead of that document, can I take - ask for INQ.004.001.0012 to be put up on the screen? And this is headed A Proposed Model of Six to four directorates. And it can be live streamed. Mr Portelli, looking at that document, is your - is that - sorry, is your understanding that that's the proposed restructured model for council?

25
30

MR PORTELLI: Not quite. What that represents - it's under the Local Government Act a restructure must be reviewed within 12 months of an elected council.

MS McDONALD: Yes. Just pausing there. Was an election last year in September?

35

MR PORTELLI: That's right. So the - the clock is ticking for the September coming.

MS McDONALD: Yes.

40

MR PORTELLI: What this represents, if it's - is what we've issued to staff at this stage and unions to give feedback. We have spoken to the council at a governance meeting, where the CEO put his proposal, but it's not final yet. What's - what - this was to do is to, I guess, brief the council in terms of and confirm the four directorates, but the actual - but those purple boxes underneath are still being reviewed and may - and may well change or move - move between now and

45

September. And it will be at that council meeting that we actually put the - the structure for council to adopt within that 12-month period.

5 **COMMISSIONER:** This was issued for consultation purposes?

MR PORTELLI: That's correct. Yes.

COMMISSIONER: As part of that process.

10 **MR PORTELLI:** Yes, Commissioner. Yes.

MS McDONALD: But is it your understanding that the row with the black boxes, which are the directorships, that has been implemented? So the move to the four directorships?

15 **MR PORTELLI:** Yes. The titles may change a little bit, but yes.

MS McDONALD: And the issue of which functions as illustrated by the purple squares or rectangles, that's still subject to consultation?

20 **MR PORTELLI:** Yes. So too the grey boxes. I mean, that's still - what's - the only part that's really been confirmed are the four directorates.

25 **MS McDONALD:** Excuse me for a minute. Can you just excuse me for a minute? I want to move to a different topic, Mr Portelli, which is broadly the preparation of the budget and the governing body of the council debating and determining the budget at a council meeting.

30 **MR PORTELLI:** Yes.

MS McDONALD: Now, from the time of your return to council in about 2022, but when you were then appointed director of corporate services or corporate support, the issue of the budget, does that come under your jurisdiction?

35 **MR PORTELLI:** Yes.

MS McDONALD: And it comes under your jurisdiction because generally you have responsibility for financial management?

40 **MR PORTELLI:** Yes. And the chief financial officer reports to me.

MS McDONALD: And the chief financial officer, obviously that person has a role in devising the budget?

45 **MR PORTELLI:** Yes.

MS McDONALD: And does the chief financial officer have a number of other employees who work with him or her?

MR PORTELLI: Yes.

5

MS McDONALD: Now, I want to first ask you about the June 2024 council meeting, which - at that meeting - I've described it as the budget was put forward for debate, and ultimately acceptance by council.

10 **MR PORTELLI:** That's correct.

MS McDONALD: And when I say "budget", is it the case that a document actually entitled Budget is put forward or is it contained in another document?

15 **MR PORTELLI:** What's put - what's put forward is the strategic plan, the delivery plan. So the 10-year strategic plan, the four-year delivery plan, the one-year operational plan. It includes the budget, it includes the pricing policy, the fees and charges to be charged in the coming year, and it includes all of the resource documents, which include the workforce management plan for the next three years,
20 the long-term financial plan for the next 10 years, and the capital works program for the next 10 years.

All of those documents, technically, are made available, at least for 28 days' public exhibition prior to that June council meeting. We get community consultation and
25 feedback on any and all of those documents. And then at the June council meeting, council considers those same documents and any feedback from the community. It may adopt them as they went out, it may adopt them with some changes as a result of the community feedback. That's what's presented.

30 **MS McDONALD:** The feedback from the community, does that usually arise after the budget has been put on public exhibition?

MR PORTELLI: That's correct. For 28 days.

35 **MS McDONALD:** And the feedback from the community as a result of the public exhibition, how is that raised with the councillors? For example, are they provided with that beforehand or -

MR PORTELLI: At the council meeting or - and before - with the documents - so
40 they get the documents days before the council meeting. They get a summary of - of all the submissions, and basically what was asked and what, you know - and then there are staff - there are staff recommendations to go with that. And they have access, if they wish, to the actual submissions. But typically the summary is - suffices.

45

MS McDONALD: And again, at a hypothetical level, if in the summary there's a particular item or piece of expenditure that a constituent has raised concern about, a

councillor could pursue that in discussions amongst councillors and then ultimately at the meeting?

MR PORTELLI: Yes.

5

MS McDONALD: Now -

MR PORTELLI: Sorry, when you say amongst councillors, it's given to them that - the prescribed period before the council meeting. So they can - I suppose they
10 can discuss it amongst themselves.

MS McDONALD: Yes.

MR PORTELLI: But on an unofficial basis, yes.
15

MS McDONALD: I will come to this a little bit later, but there's briefings given to councillors about the budget.

MR PORTELLI: Yes, but - I'm sorry, I thought you -
20

MS McDONALD: No, no, I'm talking at an informal level. Your understanding that if councillors receive these submissions and somebody has raised a concern, "You're spending too much on a swimming pool, why are you doing that?" councillors can discuss that informally amongst themselves?
25

MR PORTELLI: No. No. What - the submissions would come in.

MS McDONALD: Yes.

MR PORTELLI: So the draft documents go out in May. 28 days later we provide the report to go to council, and a summary of the detail of the submissions in the report.
30

MS McDONALD: Yes.
35

MR PORTELLI: And if they wish, they can have access to the actual submissions. So in June they will have the documents, and a recommendation as to what - to accept the strategic documents and the budget. And after consideration, officers - officers' analysis in the report of what submissions they've received. So the
40 councillors then may decide that as a result of having, for example, 50 residents -

MS McDONALD: Complaining about a swimming pool.

MR PORTELLI: Yes, or asking that moneys be moved, some moneys be allocated to an area, then councils may decide to actually, you know, move that \$50,000 into that area.
45

5 **MS McDONALD:** Look, my question was an innocuous question about if that's being raised before the ultimate council meeting in June, to your knowledge there would be an opportunity for councillors informally to discuss amongst themselves submissions about, for example, moving that money to that - another item that has been generated by members of the public.

MR PORTELLI: No. If I understand the question, the councillors won't get the actual submissions until we give them the report in June.

10 **COMMISSIONER:** I think you might be at cross-purposes, Mr Portelli. I think what counsel assisting is saying once the councillors get the information that you've described, including the summary of the issues that have arisen, because they get that the relevant period before the meeting -

15 **MR PORTELLI:** Yes.

COMMISSIONER: - there is an opportunity for them to discuss the material that they have. The distinction, as I understand you're drawing - and do correct me if I have misunderstood you in any way - is that they will only get the actual submissions themselves if they go and ask for them.

MR PORTELLI: Yes. That's correct. Yes.

25 **COMMISSIONER:** Did I understand that correctly?

MR PORTELLI: Yes, you did. I apologise.

30 **MS McDONALD:** Thank you, Commissioner. Now, I want to ask you some questions about the June 2024 meeting and budget. Can we commence with document INQ.001.001-1216. And this is the long-term financial plan, one of the documents that you referred to beforehand. And can we go to page 19. I just wanted to ask you about this graph. This sets out the expected expenditure. No, sorry, I - wrong page number. It's 18.

35 **COMMISSIONER:** Underscore 18 or -

MS McDONALD: Underscore 0018. Now, I understand this graph, as it says, is a composition of the council's income and expenditure budget for 2024/2025.

40 **MR PORTELLI:** Yes.

MS McDONALD: And you can see there there's amounts for rates and annual charge, user charges and fees, et cetera. The one - the item that I wanted to take you to is the final column, Gain on Sale of Assets.

45 **MR PORTELLI:** Yes.

MS McDONALD: And there, the blue column has got an amount of 11 million. And as its titling suggests, that was what was expected from the council selling assets in the next financial year?

5 **MR PORTELLI:** As - that's the gain, not the actual total value of the asset.

MS McDONALD: All right. So -

10 **MR PORTELLI:** So for example, if the - if the asset had a book value of 5 million and it had an expected proceeds value of 16 million, then the 11 million would be the gain on sale.

MS McDONALD: Right.

15 **MR PORTELLI:** That you see in this graph.

MS McDONALD: And put broadly, the anticipated assets, which were going to be sold, at that point did it include sale of property - certain property owned by the council?

20 **MR PORTELLI:** Yes.

MS McDONALD: Do you recall in the lead-up to the June meeting, were there any documents that were either publicly available or which actually nominated the properties that were being earmarked or looked at to be sold?

25 **MR PORTELLI:** Sorry, to the community?

MS McDONALD: Yes.

30 **MR PORTELLI:** No.

MS McDONALD: You don't recall that at all?

35 **MR PORTELLI:** Well, the central amount of that - '25, yes. The substantial amount of - included in that gain of sale of assets relates to a particular property, and that was only added in the budget at the last hour, if you like, at the direction of the CEO.

40 **MS McDONALD:** When you say it was added in the budget at the last moment, can I ask you the chronology with the budget? And I'm putting it at a general level. Drafts of the budget are created, there's briefings with the councillors?

MR PORTELLI: Correct.

45 **MS McDONALD:** I'll come to a document that I think you prepared for this year's budget, and there appears to be quite a few briefings with councillors.

MR PORTELLI: Correct.

MS McDONALD: Does it - and I take it during that process they're giving you feedback?

5

MR PORTELLI: Correct. Yes.

MS McDONALD: Does it culminate then in a version of the budget which is then put on public exhibition?

10

MR PORTELLI: Yes.

MS McDONALD: And as you've indicated, that can generate submissions from members of the public.

15

MR PORTELLI: Yes.

MS McDONALD: And then ultimately, there is the budget that's going to be put to the council to either vote in favour of or against at the June meeting.

20

MR PORTELLI: Yes.

MS McDONALD: When you said that it was added to the budget - I think your words were "at the last moment", something like that.

25

MR PORTELLI: Yes.

MS McDONALD: When was the sale of that property added?

MR PORTELLI: We had a last - what's a - what - a last cut that had the budget result with a \$4 million deficit projected. And then there was an email from the director of corporate - the Director of Futures to the CEO, responding to him. I imagine it's responding to him because it had a valuation - an independent valuation of one of our properties. And that was given to me to include in the budget. So I sent that to the CFO to - the chief financial officer to include that in the budget. That - the result of that turned the proposed \$4 million deficit to a \$4 million surplus.

35

MS McDONALD: I'm sorry, from a 4 million deficit to a -

MR PORTELLI: 4 million surplus.

40

MS McDONALD: Director of Futures at that point, who was that?

MR PORTELLI: Shayne Mallard, in his - in his division he has the commercial development unit. So they - they got this valuation.

45

MS McDONALD: You said it was sent to the CFO. Who was the CFO at the time?

MR PORTELLI: The chief financial officer.

MS McDONALD: Yes.

5 **MR PORTELLI:** Vishwa Nadan.

MS McDONALD: Vishwa Nadan?

MR PORTELLI: Yes. From me to him.

10 **MS McDONALD:** Yes. Sorry, I'm just identifying -

MR PORTELLI: Yes.

15 **MS McDONALD:** - people. So you were provided with this email that was from Mr Mallard, as the Director of Futures, to the -

MR PORTELLI: To the CEO.

20 **MS McDONALD:** And at that time, was that Mr Breton as an acting CEO?

MR PORTELLI: No, that was -

MS McDONALD: It was still Mr Ajaka?

25 **MR PORTELLI:** It was Mr Ajaka, yes.

MS McDONALD: Sorry, I'll get my dates right. And that raised a valuation of a property which was included in the budget - would change from deficit to surplus?

30 **MR PORTELLI:** Yes.

MS McDONALD: What was the property?

35 **MR PORTELLI:** 3 Hoxton Park Road.

MS McDONALD: 3 Hoxton Park Road. Is it your recollection that it was - and, sorry, I will start again. You were sent a copy of that email and then you instructed the chief financial officer to include it in the budget?

40 **MR PORTELLI:** Yes.

MS McDONALD: So include that revenue.

45 **MR PORTELLI:** Yes, the revenue and the profit.

MS McDONALD: When you were instructed to do that, was that after public exhibition of the budget had closed?

5 **MR PORTELLI:** No, no, that was before - before it went out on public exhibition. We can't do those things afterwards.

MS McDONALD: So before public exhibition you included in the budget - and I will put it broadly to begin with - this sale of an asset that - what was going to bring in about - sorry, when you take into account that book value versus its realised value -

10

MR PORTELLI: The profit of 8 million.

MS McDONALD: Was going to be 8 million.

15

MR PORTELLI: Yes.

MS McDONALD: In any of the documents that went on public exhibition - withdraw that question. In normal circumstances where is revenue is going to be generated by the sale of an asset, such as a piece of property, is the usual way of including that - that's anonymised?

20

MR PORTELLI: Normally that is the case, and the reason we do that is so we don't compromise the potential sale of that property. Our - I guess by signalling what we're expecting to get - so that - for commercial-in-confidence we normally don't identify the assets. However, I think it was in the '24 budget we actually did identify a couple of the assets. But typically you're correct, it's normally just under a general head of Asset Sales, to not - not sacrifice our commercial prospects, I guess.

25

30 **MS McDONALD:** So your recollection is in the - what, the previous year's budget -

MR PORTELLI: Yes.

MS McDONALD: - there was some identification of properties that were going to be sold?

35

MR PORTELLI: Yes.

MS McDONALD: And that was, sorry, in the - 2023/'24?

40

MR PORTELLI: I believe, yes. Could have been '23/'24, could have been '22/'23.

MS McDONALD: Can I ask, was that inadvertent or done -

45 **MR PORTELLI:** It was inadvertent.

MS McDONALD: I'm sorry. I asked was it inadvertent, the disclosure of the properties in that previous budget?

MR PORTELLI: Yes.

5

MS McDONALD: Yes. If we can focus on this proposed sale of 3 Hoxton Park Road, is it your understanding that it was not inadvertently disclosed in any of the - that that property was proposed to be sold in any of the publicly available documents?

10

MR PORTELLI: It was not - sorry, are you asking - are you asking that it - was it disclosed or not disclosed?

MS McDONALD: Was it disclosed?

15

MR PORTELLI: Yes, it was. I believe it was.

MS McDONALD: In which document?

20

MR PORTELLI: I think in the - in the long-term financial plan. Long-term financial plan. It certainly was known to the councillors and it was debated on the - in the May meeting before it went out for public exhibition.

MS McDONALD: And when you say it was identified in the long-term financial plan, is your recollection that it was expressly identified as, "We are going to sell 3 Hoxton Park Road"?

25

MR PORTELLI: It would be under the designated - under asset sales. And I think - I hope I'm not mistaken, but I believe it was identified.

30

MS McDONALD: And when you say identified, not in a generalised fashion, "We are going to sell a property owned by the council and we anticipate \$8 million revenue being generated by it." Was it at a level of that generality or did it actually refer to or name the property?

35

MR PORTELLI: I would have to check. I'm not sure.

MS McDONALD: That's all right. But your recollection is in the various councillor briefings, at some time they were informed of the identity of the particular property?

40

MR PORTELLI: Yes, definitely.

MS McDONALD: And so when you gave an answer that this - the inclusion was at a relatively late stage, does that reflect that it was incorporated into the budget just before it went on public exhibition?

45

MR PORTELLI: Yes.

MS McDONALD: And so what the members of the public saw in the publicly exhibited documents would have been a budget where the council was going to be in the black or have a surplus of about \$4 million for the next year?

5 **MR PORTELLI:** Yes.

MS McDONALD: Excuse me for a minute. And it was - that source of revenue was included in the budget that was passed?

10 **MR PORTELLI:** Yes.

MS McDONALD: Subsequently, has that property been sold?

15 **MR PORTELLI:** No.

MS McDONALD: A tenant of the property, did that - is that the SES?

MR PORTELLI: Yes.

20 **MS McDONALD:** Could an agenda for the August 2024 meeting be brought up. INQ.001.001.1082. Yes. And would you please go to page _0505. Now, this is a report entitled SES Relocation Report. And if we could just move down that page. Sorry. Back. Stop. Can you see it's under Executive Summary:

25 "Council endorsed a report to sell 3 Hoxton Park Road property. The council who were staffed there have been relocated, but the SES and agency of the government remains as the only tenant occupying the ground floor."

30 And then if we can just move up a little bit. No, down the other way. Sorry. And the report identifies the need to locate an alternative suitable council site to relocate and house the SES. And there's a proposal there for a property in Rowe Street.

MR PORTELLI: Yes.

35 **MS McDONALD:** Right. Can I just ask you - and, sorry, if we can go back - where it talks at the beginning of the executive summary:

"Council endorsed a report to sell 3 Hoxton Road ..."

40 Do you know what report the executive summary is referring to?

MR PORTELLI: What was the date, sorry, of this report?

45 **MS McDONALD:** It - sorry, I've got it in the agenda for the 28 August 2024 meeting.

MR PORTELLI: Right. So that means in the June meeting that would have been the property - that's - property would have been endorsed for sale in the -

MS McDONALD: You said would have been. Have you got a recollection?

5

MR PORTELLI: '24 for the '24/'25 year.

MS McDONALD: I'm sorry, I'll start again.

10 **MR PORTELLI:** Yes.

MS McDONALD: In June '24 you've got -

MR PORTELLI: Yes.

15

MS McDONALD: - the budget being considered by the meeting.

MR PORTELLI: Yes.

20 **MS McDONALD:** And is it the case that in the material publicly available to the public from that meeting, sale of 3 Hoxton Road wasn't identified?

MR PORTELLI: No. It may not have been identified, but it would have been included.

25

MS McDONALD: Included in what?

MR PORTELLI: In the budget.

30 **MS McDONALD:** So the fact that the budget included revenue of \$8 million, is it your understanding that that's what the executive summary is referring to where it says, "council endorsed a report"?

35 **MR PORTELLI:** Well, that's what I'm proposing, because this is - that's why I asked the dates. This was in August. So where it says, "council endorsed a report to sell 3 Hoxton Park Road", I'm presuming that was the June meeting prior.

MS McDONALD: Do you recall, up until August, was there ever a standalone resolution by the council to sell 3 Hoxton Road?

40

MR PORTELLI: I can't recall.

MS McDONALD: Could we then move to the minutes of 28 August.

45 **COMMISSIONER:** Just before we get there, there was obviously some printing issue or conversion issue with that document. We might just have those assisting the

inquiry substitute the version that's in the exhibit with a clearer version, if one exists. That would be very helpful.

MS McDONALD: I think that's the one that -

COMMISSIONER: We have. All right.

MS McDONALD: - we have, but we will endeavour to see if we can get a - I think that reproduces part of the previous report which was on flood - flood plains.

COMMISSIONER: Yes.

MS McDONALD: Right. Could we turn to the minutes of the meeting of 28 August 2024, INQ.001.001.1103, at - and maybe if we can just get the first page up. So that's the minutes. And can we then move to _0025. Sorry. So this refers to that SES relocation report, and that the council endorses the proposal to relocate the SES to that other property due to the impending sale of 3 Hoxton Park Road. And then it would appear that that motion - if you can help me with this - the motion was put, and then it was proposed that the item be deferred.

MR PORTELLI: Yes.

MS McDONALD: And that deferral motion was then passed?

MR PORTELLI: Yes. It's declared carried, yes.

MS McDONALD: All right.

COMMISSIONER: Is there any magic in the difference between the word "endorses" and "approved", as appears in resolution? Can come back to it, but -

MS McDONALD: Yes.

COMMISSIONER: - if someone can let me know whether I can treat "endorse" as "approved" or approved subject to something else happening, I would be grateful.

MS McDONALD: We'll take that on notice.

COMMISSIONER: Of course.

MS McDONALD: Then could we go to the minute of the 26 November 2024 meeting, INQ.001.001.1122. And that's the first page you can see there, the minutes. Can we move to _0030. Now, this time we've got an item number which is entitled Budget Adjustment. Do you see that?

MR PORTELLI: Yes. Yes.

MS McDONALD: And again, if you can assist me, there was a motion that this item be deferred and be dealt with as part of the Project 26 report. That appears to have been lost.

5 **MR PORTELLI:** Yes.

MS McDONALD: Then there is a foreshadowed motion. And again, I will just generalise it - that council record a preliminary budget adjustment of \$14 million in revenue and 8.4 million surplus from sale against the forecasted sale of 3 Hoxton
10 Park Road, Liverpool.

MR PORTELLI: Yes.

MS McDONALD: And then also as 5:
15

"Update the long-term financial plan and the impact on council's financial ratios."

And if we go down the bottom of the page, the foreshadowed motion became the motion. It was put to the meeting and was declared carried.
20

MR PORTELLI: Yes.

MS McDONALD: And then it sets out who voted in favour of it and who voted against.
25

MR PORTELLI: Yes.

MS McDONALD: Is your understanding of the effect of that resolution - is that 3 Hoxton Park Road will not be sold?
30

MR PORTELLI: That's correct.

MS McDONALD: And that had an impact on the budget?

35 **MR PORTELLI:** That's correct. \$14 million in cash and 8.4 in profit.

MS McDONALD: Sorry, could you say that again? I missed that.

MR PORTELLI: 14 million in cash and 8.4 in profit.
40

MS McDONALD: So the 8.4 is that -

MR PORTELLI: The profit on sale.

45 **MS McDONALD:** The calculation you showed -

MR PORTELLI: Yes.

MS McDONALD: You spoke about.

MR PORTELLI: Yes.

5 **MS McDONALD:** But 14 million would have come into the -

MR PORTELLI: Yes, based on the valuations.

10 **MS McDONALD:** - bank account of the -

MR PORTELLI: Council, yes.

MS McDONALD: And under proposal 5:

15 "Update the long-term financial plan and impact."

Was that undertaken?

20 **MR PORTELLI:** That should have been, yes.

MS McDONALD: And to be put in summary, it now means that for that budget year the council would be in deficit?

25 **MR PORTELLI:** Well, for the year just gone.

MS McDONALD: Yes.

30 **MR PORTELLI:** Yes. In essence, the - the budget result that we have now for 30 June '25 just gone has been impacted by exactly that amount.

35 **MS McDONALD:** Can you excuse me for a minute. I want to take you back to the 26 June 2024 council meeting, where the budget was before the council. By the time you get to the June meeting with the budget, is it the case that the proposed budget has, to a considerable degree, been finalised?

MR PORTELLI: Yes.

40 **MS McDONALD:** Is there an opportunity on the floor of council for small amendments to be made to the budget?

MR PORTELLI: Yes.

45 **MS McDONALD:** But in your experience, are they usually relatively small amendments?

MR PORTELLI: Yes.

MS McDONALD: Now - excuse me. I have five minutes to go. The matter that I wanted to take you to I think will go longer than five minutes. I might - and I apologise for this, I am jumping around. I might go to another topic under Budget, which will probably only take us five minutes.

5

MR PORTELLI: Sure.

MS McDONALD: Excuse me for a minute. Can LCC.016.001.0003 be put on the screen, which is entitled Schedule of 2025-26 Budget Preparation, Engagements with Councillors. Yes, if it can be live streamed, please. Mr Portelli, this document you've seen before?

10

MR PORTELLI: Yes.

MS McDONALD: Have you created it?

15

MR PORTELLI: Yes.

MS McDONALD: And is this document a document you regularly create or was it done to assist the inquiry?

20

MR PORTELLI: This one particularly to assist the inquiry, but we normally create a program for budget review, preparation, the strategic plan and all the documents that will go before the council in June well before that. So we work to the - a program.

25

MS McDONALD: And you can see there on the first page it commence on 3 December '24, and you've got a mayor and councillor workshop?

MR PORTELLI: Yes. Correct.

30

MS McDONALD: And so is that the first of - meeting, though entitled a workshop, where you start engaging with the council about the budget?

MR PORTELLI: Yes.

35

MS McDONALD: Now, just looking at this relatively quickly, in the Forum column you do have entries - for example, a governance meeting.

MR PORTELLI: Yes.

40

MS McDONALD: The governance meeting, that's the governance committee, is it?

MR PORTELLI: Yes.

45

MS McDONALD: And all councillors attend it?

MR PORTELLI: Well, all councillors, yes, are on it. Yes.

MS McDONALD: And you - from this document, it appears that you utilise that venue or forum as having the potential to raise matters about the budget.

5

MR PORTELLI: Yes.

MS McDONALD: And then the next - the third entry is a mayor and councillor workshop.

10

MR PORTELLI: Yes.

MS McDONALD: And if we go across to the next page, we can see it continues. So we've got workshops again, but they are known as council brief/workshops?

15

MR PORTELLI: Yes.

MS McDONALD: Then if we go to the next page, we've got Extraordinary Council Meeting. And this is the final opportunity for councillors to consider the proposed draft budget before referral for public exhibition.

20

MR PORTELLI: Yes.

MS McDONALD: And then, as you've got the June - 18 June is the council meeting where they resolved to adopt the budget.

25

MR PORTELLI: That's correct.

MS McDONALD: Right. Just out of interest, there does seem to be quite a few workshop, et cetera. This was the first budget that was being considered by a new council?

30

MR PORTELLI: Yes, it was.

MS McDONALD: Elected in September 2024.

35

MR PORTELLI: That's correct.

MS McDONALD: Does that mean you scheduled some additional workshops, or is this schedule - reflects what you usually do?

40

MR PORTELLI: Yes, it does. What we usually do.

MS McDONALD: (Indistinct).

45

COMMISSIONER: Yes. Mr Portelli -

MR PORTELLI: (Indistinct) sorry.

5 **COMMISSIONER:** That's perfectly fine. We'll all do our best to keep our voices up. If someone can't hear they'll let me know, and we can just have you repeat your answer.

MR PORTELLI: All right.

10 **MS McDONALD:** Excuse me for a minute. Your Honour, just so I don't forget, can that document, which is LCC.016.001.0003 - can that be tendered?

COMMISSIONER: Exhibit 10. That will be exhibit 10.

15 **<EXHIBIT #10 LCC.016.001.0003**

MS McDONALD: Mr Portelli, you've given evidence about the procedure with budgets, the public exhibition and the ability of members of the public to make submissions. When you use the word "submissions", does that incorporate really any matter of concern or comment by a member of the public about the proposed budget?

20 **MR PORTELLI:** That's correct.

MS McDONALD: And you've given evidence that those submissions are summarised, though - and provided to councillors, though councillors can demand access to individual submissions.

MR PORTELLI: Generally they're even provided, because generally - you may be talking, you know, 10, eight - very few submissions. When - in that context, they will be provided, and as an attachment. In the last budget we had maybe 200.

30 **MS McDONALD:** So that's 200 submissions from members of the public?

MR PORTELLI: Via - via - if I recall correctly, via a - a Facebook account. So - so it may be - a councillor actually sought submissions and coordinated them through an account.

MS McDONALD: Could the witness be shown exhibit - sorry, I withdraw that. Could the witness be shown document LCC - I think .014.002.0598. And please don't put it on live streaming for the minute. Would you move down the document, please. Can you see there there's an email - and I'll use the initials MC - on 13 May to Councillor Ristevski?

MR PORTELLI: Yes.

45 **MS McDONALD:** And in that - and it's got subject:

"Rates will increase by six per cent."

And you can see there that MC raises - or states that she - the person is a long-term resident, the rate increase has no merit and should be revoked. And then there's a reference to cost-of-living increases.

5 **MR PORTELLI:** Yes.

MS McDONALD: Could we then go to the top of the document. That is an email from Councillor Ristevski to Councillor Support?

10 **MR PORTELLI:** Yes.

MS McDONALD: I think the same date. And it's got:

15 "Please submit this against the rate rise and festival spending."

And I probably should have taken you to this earlier, but if we go down to the bottom of the document, under "Regards, M," you've got:

20 "Rates will rise by six per cent."

A reference to inflation, a reference to:

25 "I'm the only councillor that voted for no increase. We've got 28 days to stop this. Please send me an email."

When you spoke about an increase in the number of submissions and a reference to a councillor raising submissions in the general community, is that what you're referring to as an example?

30 **MR PORTELLI:** Yes. That's correct.

MS McDONALD: And with that example, it seems that MC - really, it's - I'm not - I'm undermining the issue, but it really focuses on you're increasing rates - you're proposing the increase in rates of six per cent.

35 **MR PORTELLI:** That's correct. The council actually had a raffle of sorts or some - to encourage residents to make a submission.

40 **MS McDONALD:** All right. And so that's an example of a submission that, through the conduit of Councillor Ristevski, was then referred to your section?

MR PORTELLI: Well, not to my section, but to council for consideration. Yes.

45 **MS McDONALD:** But when you spoke about the summary or consolidation of submissions, is that done by your financial team?

MR PORTELLI: No, it's done by the corporate planning team.

MS McDONALD: Sorry, the corporate -

MR PORTELLI: Corporate planning.

5 **MS McDONALD:** Right. And so that submission, which is, "I don't want the rates to increase by six per cent," that was one of the submissions?

MR PORTELLI: Yes.

10 **MS McDONALD:** Of the 200 submissions that were made by members of the public, were they - if you can generalise, were they generally along those lines of complaints about the six per cent rate increase?

15 **MR PORTELLI:** From my recollection. There'd be more detail in the actual report that went to council in June, if - if we refer to it.

MS McDONALD: So there was a separate report to council dealing with the various submissions?

20 **MR PORTELLI:** Not a separate report. The report that presents the strategic documents and the budget in June. That - the submissions are referred to in that and detail - their details, and how they came to council and the basis of them, whether they were mail, whether they were of this sort or how - however they came to council.

25 **MS McDONALD:** I was about to say is that an appropriate time, but before I do, could I tender document LCC-014-002-0598. I haven't identified the constituent who originally sent the email. I would prefer at the moment for that information not to be made public.

30 **COMMISSIONER:** Yes.

MS McDONALD: Just as an interim measure.

35 **COMMISSIONER:** So are you asking me to make an order pursuant to section 12B of the Act over the identifying features of the author of the email?

MS McDONALD: Yes.

40 **COMMISSIONER:** That is, the email that was then passed on by the councillor to the Councillor Support?

MS McDONALD: Yes.

45 **COMMISSIONER:** Does anyone have any difficulty with that approach? All right. That document will be exhibit 11, although subject to further order, pursuant to section 12B of the Royal Commissions Act, I direct that anything that may identify

the author of the email that was sent to Councillor Ristevski on 13 May 2025 at 10.31 pm not be published otherwise than to the legal representatives of the authorised parties.

5 <EXHIBIT #11 EMAIL SENT TO COUNCILLOR RISTEVSKI DATED
13/05/2025

10 **COMMISSIONER:** And we'll adjourn. Do you want to come back at 2 o'clock or 10 past?

MS McDONALD: We just have to do something in the lunch break, so I would be grateful for 10 past.

15 **COMMISSIONER:** 10 past 2.

MS McDONALD: Thank you.

20 **COMMISSIONER:** We're just adjourning for lunch. So if you wouldn't mind being back here, ready to go, at about five past.

MR PORTELLI: Certainly.

COMMISSIONER: Thank you.

25 <THE HEARING ADJOURNED AT 1.08 PM

<THE HEARING RESUMED AT 2.15 PM

30 **COMMISSIONER:** Yes, Ms McDonald.

MS McDONALD: Mr Portelli, I want to return to the June 2024 budget and the meeting that occurred on 26 June, where the council considered the budget and whether to pass it. That meeting, you attended?

35 **MR PORTELLI:** Yes.

MS McDONALD: Before the meeting, were you provided by any of the governing body of council with any notification of amendments that they were going to seek to make to the budget?

40 **MR PORTELLI:** No.

45 **MS McDONALD:** I want to ask you some questions about what occurred at the budget, and for that purpose what I intend to do is play an extract of the - of the video of the council meeting. And we might pause it at particular points. Now, this is in evidence and the video is INQ.011.001.0007. And I understand we have to move to a different system to play the video. Right. If we just pause it to begin with. And,

sorry, if I can ask, this is the beginning of the - right. And looking at the video, you can see it's focusing on the mayor and also Mr Breton?

MR PORTELLI: Yes.

5

MS McDONALD: And then right up in the right-hand corner, in a separate, in a sense, screen, who's that?

MR PORTELLI: Councillor Ali. He's remote.

10

MS McDONALD: Right. Could we forward to the time stamp which is 32.40. And before you press play, this is where the budget documents or the budget papers - or item CFD02, the discussion about it commences.

15 **(Video played)**

MS McDONALD: Could you just pause it for a minute? What time stamp have you got?

20 **ASSOCIATE:** 32 - I believe that's at 20 now. 32.20.

MS McDONALD: Maybe if we can move forward to 40. 32.40.

ASSOCIATE: This is 32.41.

25

MS McDONALD: That should be fine.

(Video played)

30 **MS McDONALD:** Can you just pause? It's a little bit difficult, but we've now got a new screen on the right-hand side. The front table, does that consist of a number of other councillors?

35 **MR PORTELLI:** The table facing us are four councillors, and there's a table facing them with four more councillors.

MS McDONALD: Right. And can I just pause. That second table with four other councillors facing the councillors on the screen we can't see at the moment -

40 **MR PORTELLI:** From the look of it, yes, that's right. Yes.

MS McDONALD: And again, just looking at the table with the councillors, we have - is it Councillor Macnaught?

45 **MR PORTELLI:** Yes.

MS McDONALD: And then who's next to her?

MR PORTELLI: Councillor Harle.

MS McDONALD: Next to -

5 **MR PORTELLI:** Councillor Hadid. And Councillor -

COMMISSIONER: It's not a memory test, someone can help.

10 **MR PORTELLI:** It will come to me. Councillor -

MS McDONALD: Goodman?

MR PORTELLI: Karnib.

15 **COMMISSIONER:** Karnib, did you say?

MR PORTELLI: Yes, up the top.

20 **COMMISSIONER:** Up the top right. And who's on the far right of the table?

MR PORTELLI: I'm just trying to remember.

MS McDONALD: Was Councillor Goodman -

25 **MR PORTELLI:** Goodman. Thanks. Sorry.

MS McDONALD: Now, we'll probably get a better shot of this, but the table behind those four councillors, seated at that table are various staff members of council?

30 **MR PORTELLI:** Staff members, yes.

MS McDONALD: And we might not be able to determine this, but do you recall if you were sitting behind -

35 **MR PORTELLI:** The screen?

MS McDONALD: Yes. You were present and you were sitting either at that table -

40 **MR PORTELLI:** Myself?

MS McDONALD: Yes. I would be at the exact opposite, this side. I would be behind the councillors who are not on screen.

45 **MS McDONALD:** Okay. So again, not on screen. There is another set-up like that, with -

MR PORTELLI: With the senior officers.

MS McDONALD: With a table with councillors, and then behind them another table with members of council staff?

MR PORTELLI: Yes.

5

MS McDONALD: And you were seated back there?

MR PORTELLI: Yes.

10 **MS McDONALD:** All right. If we can resume playing, please.

(Video played)

15 **MS McDONALD:** Could I just pause there. Are we at the stage where the mayor is identifying which book the various papers dealing with the budget are located?

MR PORTELLI: I'm not sure from -

20 **MS McDONALD:** All right.

MR PORTELLI: Yes.

MS McDONALD: Keep on playing.

25 **(Video played)**

30 **MS McDONALD:** Could we just pause it for a minute, please. You observed that the mayor picked up a piece of paper that was in front of him and then started reading a number of, as he identified, adjustments. Before the mayor stood up and took that piece of paper, had you been told any of those adjustments would be sought to be made?

MR PORTELLI: No.

35 **MS McDONALD:** And to your knowledge, none of the information contained on that piece of paper was circulated to anybody within your area of jurisdiction? For example, your chief financial officer or -

40 **MR PORTELLI:** No.

MS McDONALD: And when the mayor was reading it out, he would pause. Do we take it's being - as we are here, it's being recorded. So he was reading it out to be recorded into the minutes of the meeting?

45 **MR PORTELLI:** It could be that, or he may - sometimes he may give the scribe a copy. And he would read it for the - so that the audience - everybody hears what was moving.

MS McDONALD: So sitting there - and I know you're not on screen - this is the first time you've heard about these adjustments?

MR PORTELLI: Yes.

5

MS McDONALD: Could we resume playing, please. And, sorry, can I just confirm, is this at about 40.08, roughly?

ASSOCIATE: Yes.

10

MR PORTELLI: And right now you can see the other side of the councillors and us officers behind them, in the shot.

MS McDONALD: So this is the opposite side with the four different councillors.

15

MR PORTELLI: Yes. And us officers behind them.

MS McDONALD: And you're behind that?

20 **MR PORTELLI:** Yes.

(Video played)

25 **MS McDONALD:** Can we pause that there. The person who asked the question about implications for the budget -

MR PORTELLI: Councillor Rhodes.

30 **MS McDONALD:** You're then - no, you're not nominated. It's your chief financial officer. I'm sorry. That person was in attendance?

MR PORTELLI: Yes.

35 **MS McDONALD:** And it's nominated that he's adding the numbers and will "get back to us in a minute"?

MR PORTELLI: Yes.

40 **MS McDONALD:** So at that stage, other than kind of scribbling down the amounts that the mayor announced and doing quick addition yourself, there had been no identification of the total amount of these adjustments?

MR PORTELLI: Not to my knowledge.

45 **MS McDONALD:** Could you resume, please.

(Video played)

MS McDONALD: Could you pause, please. Other than Councillor Macnaught, the last councillor to speak, that was Councillor Goodman?

MR PORTELLI: Goodman. Yes.

5

MS McDONALD: And he was, to quote him, "adding to the list"?

MR PORTELLI: Yes.

10 **MS McDONALD:** He'd referred to 100,000. Was the items that he was including, were they to total 100,000 or were they 100,000 each?

MR PORTELLI: My understanding was that they totalled \$100,000.

15 **MS McDONALD:** So in addition to the list that the mayor read out, we've now got Councillor Goodman adding another 100,000. And is it the case at this stage there doesn't seem to be any announcement of the total?

MR PORTELLI: At this stage?

20

MS McDONALD: That's the case?

MR PORTELLI: That's right. Yes.

25 **MS McDONALD:** Could we resume, please.

(Video played)

30 **MS McDONALD:** Could we just stop for a minute. That's Councillor Kaliyanda who asked that question?

MR PORTELLI: Yes.

35 **MS McDONALD:** She refers to the removal of a reference to the sale of council assets from the budget papers. It will play on and she identifies a property. That would suggest that in the lead-up to this budget that there was some kind of disclosure of a property asset that was going - that was proposed to be sold to generate revenue.

40 **MR PORTELLI:** Yes.

MS McDONALD: And was that 3 Hoxton Park Road?

MR PORTELLI: I'm assuming so.

45

MS McDONALD: All right. This morning I asked you some questions about - the usual practice is that if it's proposed to sell a piece of property owned by the council,

that you will not nominate the property because it might mean that you don't - you lose an advantage in the marketplace. And I asked you about whether there had been an inadvertent disclosure in any of the iterations of the budgets or documents going on public exhibition that that was one of the proposed properties. And I could be
5 wrong, I don't have a transcript, but my recollection was you said there was an issue in the previous financial year's budget but not in this one.

MR PORTELLI: Yes. In the previous year's budget we identified a couple of properties in the original report. We put it on - once we -
10

COMMISSIONER: Could you speak up?

MR PORTELLI: Sorry. In the previous budget we identified a couple of properties that were in the original report, which are uploaded onto the internet. When we
15 discovered that the properties were identified, we took them down.

MS McDONALD: Can I just stop you there. That arose for the '23/'24 budget?

MR PORTELLI: Yes.
20

MS McDONALD: All right. The '24/'25 budget, was there any inadvertent identification of 3 Hoxton Park Road?

MR PORTELLI: I don't recall that there were any, no.
25

MS McDONALD: Right. It - just does that recollection - and I'm not criticising you, but it seems inconsistent with the comment that Councillor Kaliyanda just made about the removal of the sale - about the removal of the sale of council assets from the budget papers.
30

MR PORTELLI: She didn't identify it, from what I could hear.

MS McDONALD: We might just play on.

MR PORTELLI: Right.
35

MS McDONALD: And that might assist you.

(Video played)
40

MS McDONALD: Can I just pause. Does that assist?

MR PORTELLI: Beg your pardon?

MS McDONALD: Does that assist you?
45

MR PORTELLI: Yes, it does. They were identified.

MS McDONALD: Right. And does that mean, concentrating just on 3 Hoxton Park Road, that has been identified in one of the documents or the budget papers leading up to this meeting?

5 **MR PORTELLI:** I'm not sure if it was identified in the document papers now or whether it was subsequently disclosed, but it's obviously identified. Yes.

MS McDONALD: And can you recall, was that an inadvertent identification?

10 **MR PORTELLI:** I'm thinking that - that given that we disclosed them the year that we did and then we withdrew them, in terms of from the internet - and I would have to check with the CFO, but maybe we've decided to continue to disclose them.

MS McDONALD: Because there was an inadvertent disclosure the year before, in a
15 sense, the - - -

MR PORTELLI: Yes.

MS McDONALD: The cat's out of the bag.
20

MR PORTELLI: We did get some - we did get some, I guess, criticism when we did the community consultation. We went and did - presented to the community that they previously weren't disclosed, basically for the reason I gave. So again, I would have to check with the chief financial officer.

25 **MS McDONALD:** Okay. If we can keep on playing.

(Video played)

30 **MS McDONALD:** Can I just stop - is that Councillor Rhodes who's just started speaking?

MR PORTELLI: Right. Yes.

35 **MS McDONALD:** Right. Sorry.

(Video played)

40 **MS McDONALD:** Can I just stop there. We might have to go back a little bit. Could you go back to about 57.34? And I'm just looking at where you go.

MR PORTELLI: Where I go?

MS McDONALD: At the back of the - if we can go back to 57.54, and Councillor
45 Rhodes will be asking that question again.

(Video played)

MS McDONALD: Keep on going.

(Video played)

5 **MS McDONALD:** Can you just stop it. Did you observe from the back table you stood up and walked off?

MR PORTELLI: Yes.

10 **MS McDONALD:** You seem to have your phone in your hand.

MR PORTELLI: Yes.

MS McDONALD: Who did you go and speak to?

15

MR PORTELLI: I'm guessing I went to see the CFO. Went across to the other side.

MS McDONALD: All right. If we can keep on playing.

20 **(Video played)**

MS McDONALD: Could we pause there? When you spoke about the budget changes, the ones proposed in the report, what are you taking into account there, where you say there will be a - "Ultimately a 2.5 million effect to our reserves"? And
25 looking at something in the order with the operating result of 2.8 million?

MR PORTELLI: When you make adjustments to the budget, as was done in this shot, it includes both operating costs and capital. All of - both operating and capital costs have an effect on cash on reserves, but only the operating costs have an effect
30 on the operating result, the profit and loss. So if you are spending \$1 million on operating costs - additional operating costs and another \$1 million on capital costs, on capital works, there will be a \$2 million reduction to cash but there will only be a \$1 million reduction to the operating surplus - or \$1 million increase to an operating loss as a result.

35

MS McDONALD: So if you're looking at something like is the budget saying a surplus or a deficit next year, are you saying it's going to have an effect in the order of the surplus would come down to about 2.8 million?

40 **MR PORTELLI:** It was lesser than that. The 2.8 was the cash - a cash effect, but the only - the operating component of that was going to affect the budget operating result.

MS McDONALD: Okay. All right. And then if we continue, I think (audio
45 distortion) another question.

(Video played)

MS McDONALD: Can you stop it there. The discussion at the council does continue, I think, roughly for another half an hour. You will probably be relieved that I don't intend to play that. And ultimately, the motion adopting the budget was put and it was carried six for, three against.

5

MR PORTELLI: Yes.

MS McDONALD: I just want to ask you - and this - I'm sorry, I withdraw that. The amounts that were raised primarily by the mayor on the floor of the chambers, is it fair that you and your chief financial officer, in a sense, were dealing with them on the run?

10

MR PORTELLI: Yes.

MS McDONALD: Which included questions from councillors about, "How is this affecting the budget we're about to approve?"

15

MR PORTELLI: Yes.

MS McDONALD: And also, "How is it going to affect predictions and for future financial health and operation of the council?"

20

MR PORTELLI: Yes. In terms of the budget that we were going to approve, the effect on that was obvious, because the total amount was provided. But in terms of the effect going on, we would have to go back and relook at that.

25

MS McDONALD: You can't do that on the run, you've got to -

30

MR PORTELLI: Well, not - not accurately. Can I just make another point?

MS McDONALD: Yes.

35

MR PORTELLI: I just recalled something. We were talking about the identification of the properties.

MS McDONALD: Yes.

40

MR PORTELLI: I think what the - I think what we - because this came back to me - where we decided that we could show those properties. What I said earlier about the commercial interest, that's - if you identify, for example, one property - let's say it is property A - you're going to - you've got a book value of 5 million and you're going to sell it for 10, it identifies how much you're selling it for. And you know if you show what that property is, you clearly know, "This property, it's going to sell for \$10 million."

45

But if there are multiple properties and then you've got property sales and you put three assets down, and they're going to generate \$20 million and you've got a

book - a profit of 10 million, now you don't give away your commercial concern because you don't know which asset is selling for what. So what I'm saying is if there's just the one asset, you identify commercially what you're going to get for it. But if you're going to sell two or more assets, you're just showing the profit in total and the income in total. Cash income in total. So you don't give away the commercial value of the individual assets, because they are combined.

10 **MS McDONALD:** In this budget, were you - was it contemplated that there'd be a sale of one or more property?

MR PORTELLI: More.

MS McDONALD: And do you recall what the other properties were?

15 **MR PORTELLI:** I think in there, well, you had Hammondville, you had Hoxton Park Road. In subsequent - subsequent years we had - in the long-term plan we had Moore Street.

20 **MS McDONALD:** Excuse me for a minute. I just wanted to revisit something that I asked you about this morning. And if we can bring up document INQ.001.001.1122.

COMMISSIONER: Just have that number again?

25 **MS McDONALD:** Sorry. INQ.001.001.1122. And it was at - yes. Thank you. I took you to this - minutes of the ordinary meeting of November - sorry, 26 November 2024. If you go to underscore page 0030. And this was dealing with the budget adjustment. And I won't go into it in detail again, but it was to do with not selling 3 Hoxton Park Road.

30 **MR PORTELLI:** Yes.

MS McDONALD: In paragraph 2 there's a reference to Project 26, a report. What's Project - what's the Project 26 report?

35 **MR PORTELLI:** Project 26 is a report that was presented by the CEO to council. It's got its name because '26 is the year that the airport is scheduled to be operative. And what Project 26 is put to council, basically, is that council - council, in considering Project 26, covers four - four different areas.

40 One is that we analyse our asset portfolio with a view to maximising their use, and that could be improving them, repairing them, modifying them, selling them, changing their use. So one - one was full asset management. The second prong was one in relation to technology, that we needed to invest in information technology because council's IT is - right across the council is woefully outdated. It needs an
45 investment.

5 The other two areas are - and they're basically in terms of finance - is to look at our revenue streams and look to both maximising the existing ones and new opportunities for additional revenue streams. And the fourth one was the - on the expenses side. Again, to minimise expenses and look for other ways of doing things, to not only reduce the existing ones but we'd just eliminate them if at all possible.

10 So basically, what it was getting council to do is basically accept a strategy that we - we do all of those things. Now, it's common sense for business to do those things. I guess it's also to get the council's mind around that just because we have - particularly on the asset side, just because we have certain assets doing certain things and providing certain services, they may not be the best utilisation for the council, so we should be open-minded in terms of reviewing what assets we've got, how we're utilising them and whether we can better utilise them. Or use them differently, to provide the same or better service at less cost.

15 **MS McDONALD:** And was Project 26 at - this report, I'm sorry, that's referred to, is it at a high level or a general level of -

20 **MR PORTELLI:** It is. It gave more detail than I just gave, but it didn't talk about anything specific - any specific properties, for example.

MS McDONALD: So this is a - establishing a framework that's - that suggested that these particular four areas need to be addressed in the future by the council?

25 **MR PORTELLI:** Yes. And more strategically. I mean, they do, but more strategically than currently.

MS McDONALD: But that strategy is to be developed in the future?

30 **MR PORTELLI:** Yes, it's being developed.

COMMISSIONER: And what - you might have said this, Mr Portelli, and I might have missed it, but what was the overall objective of Project 26 as you understood it?

35 **MR PORTELLI:** The overall objective, Commissioner, was to, I guess, really look at how we're managing the business and services to the community, and being open-minded in re-looking at how we do that to be more efficient. Particularly, that - I guess the sticking point with the four of those things I nominated was the asset management, because councils generally are a bit reluctant - I mean, when they talk about selling an asset, they tend to think, "Well, that will not go down well."
40 And when you talk about asset management, it's not necessarily selling. It can - any range of different uses or connotations to that. But we're trying to get council to recognise that it was to provide community services and we have assets in order to do that. We need to be more open-minded about how we manage those assets. And if
45 it involves selling an asset, then if it's better for - if we convince you that it's better for the community, then you should be onboard for doing that.

COMMISSIONER: It was an overall approach to - or review of strategy into the future. Is that that fair?

MR PORTELLI: Yes, yes.

5

MS McDONALD: I want to turn to a different topic, Mr Portelli.

MR PORTELLI: Yes.

10 **MS McDONALD:** That is - taking you back to 2024. You have been appointed the director of corporate services?

MR PORTELLI: Yes.

15 **MS McDONALD:** You're - or the council's general manager is Mr Ajaka.

MR PORTELLI: In 2024? 2023?

MS McDONALD: No, I'm taking you to 2024.

20

MR PORTELLI: Right. Yes.

MS McDONALD: Around April.

25 **MR PORTELLI:** Yes. Yes.

MS McDONALD: And just identifying, at that point, that was your role?

MR PORTELLI: Yes, yes.

30

MS McDONALD: And the general manager to whom you reported was Mr Ajaka.

MR PORTELLI: Yes. That's correct.

35 **MS McDONALD:** Can I take you to the area around April 2024. And I want to bring up a document, LCC.010.007.9827. And if you can just excuse me. Could we not live stream this at the moment, if we can just bring it up on the screen. Yes, that can be live streamed, please. I'm looking at that copy of the email at the top. It's from you.

40

MR PORTELLI: Yes.

MS McDONALD: It's to a Stephen Blackadder.

45 **MR PORTELLI:** Yes.

MS McDONALD: Who was Stephen Blackadder?

MR PORTELLI: Stephen Blackadder is a consultant that we were using at the time to help formulate the KPIs for the CEO.

MS McDONALD: And was that a particular task that you were in charge of or -

MR PORTELLI: Not in charge of. The CEO asked me to assist in the process to try and speed it up.

MS McDONALD: Okay. And this is some communication about that, but what I'm focusing on is - you apologise for the delay:

"It's been crazy here."

Then you make a comment:

"Mayor and CEO are at war at the moment."

When you wrote in the email that the mayor and the CEO are at war at the moment, what were you referring to?

MR PORTELLI: Just earlier in that - that month they had a meeting. We had a meeting where the mayor sent an email to John Ajaka and cc'd myself and Councillor Macnaught. And in that email he - he was encouraging the CEO to look at making some structural changes. They included - I think he was suggesting in the email that they could reduce the - make a saving of about \$1 million, I think, by reducing directors by two. Another \$1 million by reducing some savings in management. He also - I think there was - another item was review legal services. I think there was a fourth dot point. I can't recall what the fourth one was now.

MS McDONALD: So this -

MR PORTELLI: That was an email maybe two weeks, I think, before -

MS McDONALD: This email?

MR PORTELLI: Before this one, yes.

MS McDONALD: All right. So this is the mayor raising with the general manager, and particular other people copied into it, as you described it, some structural changes to the organisation that would leave - lead to savings.

MR PORTELLI: Sorry, repeat that?

MS McDONALD: The email - in this email, the mayor was setting out what he was proposing as structural changes which would lead to savings?

MR PORTELLI: Yes. He was - he was - he was suggesting that the CEO look at that.

5 **MS McDONALD:** Now, on 16 April 2024, so before you sent this email, did you attend a meeting at which the mayor was present, Mr Ajaka was present and maybe one or two other people. I think, for example, Councillor Macnaught had been there?

10 **MR PORTELLI:** Yes, there were four of us. There was Councillor Macnaught and the mayor, and there was John Ajaka and myself.

MS McDONALD: Where was this meeting held?

MR PORTELLI: In the - John Ajaka's office. The CEO's office.

15 **MS McDONALD:** Was the meeting held to discuss or respond to that email?

MR PORTELLI: Yes.

20 **MS McDONALD:** And what occurred at the meeting?

25 **MR PORTELLI:** Well, the - the mayor started talking about - I guess the need to manage the budget, and that the salaries-related costs had been escalating in recent years more than what was reasonable. And I think he suggested a percentage - off memory, three or five per cent, but it had been exceeding that in recent years. So the mayor was identifying that that was a concern and had to be managed, and obviously in that email he suggested a couple of areas that could be looked at. The CEO was, I guess, a bit angered by the suggestion. He - he insisted that he wasn't going to be putting staff off. The discussion went for half an hour or more. At one time, he got - yeah, he got to the point where he said something to the mayor which was not -

30 **MS McDONALD:** All right. Can you excuse my language -

MR PORTELLI: Yes.

35 **MS McDONALD:** Did he say to the mayor, "Shut the fuck up"?

MR PORTELLI: Yes.

40 **MS McDONALD:** And at that point of the meeting, had things turned rather heated?

45 **MR PORTELLI:** Well, when you say - yes, well, obviously when you say - come to saying something like that it is rather heated. But other than - like, there was certainly nothing physical. They were all - at one time, I think Mr Ajaka actually stood up, but then he sat down again. But other than that, the mayor kept calm, as did - councillor.

MS McDONALD: After Mr Ajaka said those words, did the meeting continue?

MR PORTELLI: Yes, it did. Again, the mayor stayed calm and the meeting did continue.

5 **MS McDONALD:** All right. And also Mr Ajaka stayed in the room, contributing to the meeting?

10 **MR PORTELLI:** Yes, we all stayed in the room. I was directly opposite the mayor - sitting directly opposite the mayor, and Mr Ajaka was sitting directly opposite Councillor Macnaught. And we continued discussing a bit more, yes.

MS McDONALD: Ultimately, at the end of the meeting, I take it things weren't resolved, in that there hadn't been an acceptance of the mayor's proposals?

15 **MR PORTELLI:** That's correct.

MS McDONALD: And what was the outcome of the meeting? Was it basically, "We've disagreed, but we'll continue to discuss"? Or -

20 **MR PORTELLI:** Well, the mayor and Councillor Macnaught left the room. I - I didn't get that perception, no. I got the perception that Councillor Ajaka was - CEO Ajaka was not interested in a restructure to effect the changes that were being proposed.

25 **MS McDONALD:** All right. But I think - how did the meeting end? Did it just end or was there any proposal for -

MR PORTELLI: There were no proposal, no.

30 **MS McDONALD:** So the meeting just ended?

MR PORTELLI: The meeting ended. Again, the only - the only - I guess when you say "proposal", it concluded with the CEO declaring that he wasn't going to - was not going to make those changes.

35 **MS McDONALD:** And I think you said that the mayor and Mr Ajaka - not - sorry. I will start again.

MR PORTELLI: And Councillor Macnaught.

40 **MS McDONALD:** Councillor Macnaught and the mayor left Mr Ajaka's office. You remained there?

MR PORTELLI: I remained for some moments, yes.

45 **MS McDONALD:** Did you have - say anything to Mr Ajaka?

MR PORTELLI: Look, he turned to me and said, "I shouldn't have said what I did," and I said, "Well, no, you shouldn't have," but nothing much more than that. But obviously the mayor is encouraging you to look at that. From a financial perspective, I think he should. Our - our - in this budget going forward, and the reason
5 we've - with the new CEO have done a restructure, is to curtail exactly that problem.

MS McDONALD: Well, a restructure has occurred which has to occur after the council was elected back in September 2024?

10 **MR PORTELLI:** That's right.

MS McDONALD: And as part of that restructure, as we saw in the proposed restructure document I showed you at lunchtime, two directors - the position has been abolished?
15

MR PORTELLI: Yes.

MS McDONALD: And their corresponding executive assistants of that role - those roles, I'm sorry, have been abolished?
20

MR PORTELLI: Yes. The roles have. Where we can relocate or offer, you know, current existing positions, vacant positions to them we - we do that. But, yes, those positions specifically have been abolished.

25 **MS McDONALD:** Were there two other roles, in particular one role which is either known as a senior policy adviser or a senior adviser?

MR PORTELLI: Yes.

30 **MS McDONALD:** Has that role been abolished?

MR PORTELLI: I believe they have.

MS McDONALD: The person occupying that position was Ms Boustani?
35

MR PORTELLI: The senior adviser role, yes.

MS McDONALD: And is she still working at the council?

40 **MR PORTELLI:** I believe she is, but not in that role.

MS McDONALD: Which role is she now in?

MR PORTELLI: I'm not sure. I'm not sure what the title is.
45

MS McDONALD: Sorry. We're getting back to around April 2024. Could you bring up document OLG.001.001.0311. This is an email chain between the mayor and Mr Ajaka. One email Mr Portelli is copied into.

5 **ASSOCIATE:** (Indistinct)?

COMMISSIONER: Not yet.

10 **MS McDONALD:** Yes, you can. We need to go to the bottom of the page, please. Actually, the next page. I think this is the starting point. This is an email from the mayor to Mr Ajaka on 24 April entitled Workplace Safety. And then he sets out:

"I do not feel safe at my place of work, being 52 Scott Street, I'm sorry."

15 This is pre-Civic Place, I take it?

MR PORTELLI: Sorry?

20 **MS McDONALD:** This is pre-Civic Place, where -

MR PORTELLI: Yes. Yes. In Moore Street.

MS McDONALD:

25 "Not being in the office this week, this is purely because of the manner in which you spoke to me at the meeting."

And then there's a few - sorry, further reference to:

30 "My preference is to have the deputy mayor sitting next to me. I note you've made no effort to reach out to me personally. I must say this lack of remorse or action from your side is disappointing."

35 You were copied into that - that email. Do you know why you were copied into it?

MR PORTELLI: Look, I suggest that would be because I was at that meeting.

40 **MS McDONALD:** All right. Councillor Macnaught isn't copied into it. But as you said, you were the other person attending. If we move to the beginning of the document, there is an email from Mr Ajaka to the mayor responding to that. It's entitled Personal and Confidential. You're not copied into that email. So I take it -

MR PORTELLI: I haven't seen it.

45 **MS McDONALD:** At least around the time it was sent you hadn't seen it.

MR PORTELLI: Yes. That's correct.

MS McDONALD: Right. And if we return to the email down the bottom, do you recall any - for example, discussion with Mr Ajaka about the email?

MR PORTELLI: No, I don't recall any. No.

5

MS McDONALD: And what about with the mayor?

MR PORTELLI: Not that I can recall. There may have been. I can't recall.

10 **MS McDONALD:** And summarising the subsequent developments, there were - I think it might have been a mayoral minute for Mr Ajaka's employment to be terminated at a council meeting, and then that was postponed and there was other activity about Mr Ajaka's ongoing employment. Did you have any role in respect of that?

15

MR PORTELLI: No.

MS McDONALD: Excuse me. Now, Mr Portelli, you will be happy to know there's just a couple of other topics I want to ask you about. Excuse me for a minute.

20 Mr Portelli, you're aware that there was an inquiry conducted by the Office of Local Government which looked at some aspects of employment of personnel at Liverpool City Council?

MR PORTELLI: Yes.

25

MS McDONALD: And in respect of some court proceedings taken by the council, you provided an affidavit.

MR PORTELLI: Can you just repeat that? Court proceedings taken -

30

MS McDONALD: By the council.

MR PORTELLI: Yes, yes.

35 **MS McDONALD:** And you've provided an affidavit?

MR PORTELLI: Yes, yes.

40 **MS McDONALD:** Excuse me for a minute. Could we bring up but not live stream OLG.007.001.0004. That's the cover page, Mr Portelli. You can see it's in the Land and Environment Court and it's your affidavit of 25 July of last year?

MR PORTELLI: Yes.

45 **MS McDONALD:** I'm not going to take you to great detail of this document, but if we go to page 2 - sorry, the next page. I won't go into detail, but in this you set out your experience with working with council, et cetera, and how you were engaged

ultimately in the role of director of corporate support, commencing around January 2023.

MR PORTELLI: Yes.

5

MS McDONALD: And also in the report you set out some details concerning a family member who was ultimately employed by the council.

MR PORTELLI: Yes.

10

MS McDONALD: And you set out the position about your understanding of how she eventually became engaged?

MR PORTELLI: Yes.

15

MS McDONALD: Excuse me. Your Honour, I - sorry, Commissioner, I intend to tender this. I just have a question mark over whether there should be a non-publication order over it, in that it goes into some personal family details of Mr Portelli.

20

COMMISSIONER: I see. I see. Was it read in the Land and Environment Court proceeding?

MS McDONALD: It was. I double-checked that. It was read in the court proceedings.

25

COMMISSIONER: Well, I'm - why don't we mark it for identification. But if it's been read in the Land and Environment Court proceeding, then it's a matter of public record. But it can be MFI -

30

MS McDONALD: 8. Yes.

COMMISSIONER: - 8 for the moment. That's OLG.007.001.0004.

35 **<MFI #8 OLG.007.001.0004**

COMMISSIONER: And if there are some particular details that might need to be redacted, for example - but the starting point is it seems to be a matter of public record.

40

MS McDONALD: A different - I'm worried about Mr Emmett next to me.

MR EMMETT: I'm sorry. I didn't mean to distract my learned friend. I apologise.

45 **COMMISSIONER:** That's all right.

5 **MS McDONALD:** If we can bring that down. I want to turn to another topic, Mr Portelli. That is social media, and some comments made about the council on social media. And in particular, I want to raise a particular entry on social media on a councillor's, I understand, Facebook account, to which you took objection. And in particular, if I describe it as the "Dumb and Dumber". Do you know what I'm talking about?

MR PORTELLI: I know the "Dumb and Dumber" - what that refers to, but -

10 **MS McDONALD:** All right.

MR PORTELLI: Yes, on their Facebook page. Yes.

15 **MS McDONALD:** Did you observe - excuse me - at some time after September of last year on Councillor Ristevski's social media - I think it's his Facebook account - a particular Facebook entry, if I refer to it as the "Dumb and Dumber".

MR PORTELLI: Yes.

20 **MS McDONALD:** And this particular entry, how did you react to it?

MR PORTELLI: I was very angry.

25 **MS McDONALD:** What I propose to do, Mr Portelli, is play it. Commissioner, I don't seek to live stream this, but if it can be played. And, I'm sorry, you need something, don't you? It is a video: LCC-012-001-0284.

30 **COMMISSIONER:** Okay. All right. We just need to make arrangements - we need to play it in the room rather than have the audio pushed out through the live stream. Won't be a moment.

MS McDONALD: All right. I might move to a different -

35 **COMMISSIONER:** Whatever is convenient for you. I don't think it will take very long, if you'd prefer to wait.

MS McDONALD: Okay.

40 **(Video played)**

MS McDONALD: And has it got a particular -

MR PORTELLI: Sorry?

45 **MS McDONALD:** What's it - what's it actually called?

MR PORTELLI: It's the call that you hear at - these are the five daily prayers where the - the caller to prayer on a loud speaker calls out, to call the worshippers to come and pray.

5 **MS McDONALD:** When - in what circumstances did you first see that?

MR PORTELLI: The mayor showed it to me.

MR EMMETT: Sorry, I missed that.

10

MR PORTELLI: The mayor showed it to me.

MS McDONALD: And, Mr Portelli, you're clearly upset now. Your reaction when the mayor showed that to you -

15

MR PORTELLI: Actually, when he showed it to me, I - I didn't hear the sound. I just saw the caption. And I was - I mean, again, I thought this is a stupid thing for someone to be doing because, you know, the mayor and the - Councillor Ammoun are councillors that represent the council, and it's - brings council into disrepute. But a couple of days later, Councillor Ammoun mentioned it to me and he said how did - what did I think of it. And I said, well, pretty much what I just said now. He said, "Weren't you angry?" I said, "Over what?" And then he said, "The Adhan." I said I didn't hear it, then he played it to me, and I was very angry.

20

25 **MS McDONALD:** When it was first shown to you without the sound, and it's just the "Dumb and Dumber", which was a film, with the heads, what was your reaction to that?

30

MR PORTELLI: Again, I find it very foolish for someone to do that, particularly - I mean, you can have thoughts about a person, you may like them or not like them, but they are - you're mayor and councillor. And to belittle them in a public way like that, I personally believe that brings council into disrepute. It's certainly slurs those two councillors, and it's not behaviour of an intelligent, responsible person.

35

MS McDONALD: Would you use the terminology "Dumb and Dumber" in dealing with any other people within council or people that you're dealing with about council activities?

40

MR PORTELLI: I'm sorry, I'm not sure I understood the question.

MS McDONALD: This - picking up from the film Dumb and Dumber -

MR PORTELLI: Yes.

45

MS McDONALD: - would you ever use that terminology in describing either anybody else within council or anybody from outside council that you were dealing with for - in respect of council's business?

MR PORTELLI: No, I wouldn't. No.

MS McDONALD: All right.

5 **MR PORTELLI:** Can I just also point out too with the caption and the Adhan, both of those councillors are Muslims. So they are of the Islamic faith. So it was very specific and directed to them and to my community - well, to my faith.

MS McDONALD: Why did the mayor show it to you?

10

MR PORTELLI: Why did -

MS McDONALD: Why did the mayor -

15 **MR PORTELLI:** Because he knows me and he knows that I am very religious.

MS McDONALD: Very what, sorry?

MR PORTELLI: Religious.

20

MS McDONALD: All right.

MR PORTELLI: And that I would not appreciate what I saw.

25 **MS McDONALD:** And just in respect of that particular meme, did you take it any further?

MR PORTELLI: Yes. I lodged a code of conduct complaint.

30 **MS McDONALD:** All right.

MS HAMILTON-JEWELL: Can I raise a matter? And I'm loathed to get on my feet. My understanding of the protocol - my understanding of the code of conduct procedures is that matters that are the subject of code of conduct (indistinct) I don't at
35 this stage have instructions as to the status of that (indistinct) but I am concerned that discussing it in a public hearing, the subject matter of a code of conduct complaint may well traverse the confidentiality (indistinct) set out in the code of conduct procedures.

40 **COMMISSIONER:** Do those procedures bind me?

MS HAMILTON-JEWELL: Commissioner, to my knowledge - and at this stage I'm not able to assist you, Commissioner, on that. Certainly there are provisions of the Local Government Act which contemplate (indistinct) hearings in public.

45

COMMISSIONER: Yes.

MS HAMILTON-JEWELL: But likewise, there's no prohibition on you, Commissioner, holding particular segments privately. In my respectful submission, until such time as I'm able to obtain instructions in respect of that matter, I respectfully request that if the subject matter of that code of conduct complaint is to be traversed, that it be dealt with in private session.

MS McDONALD: I might be able to shortcut this.

COMMISSIONER: Good.

MS McDONALD: Without accepting the submissions that my learned friend has made - and that might be a matter down the track that you have to consider, my question was going to be which - the first question has been answered, "Did you do anything about it?" My second question is, "Has it been resolved," which should give a yes or no answer, and then I was moving on.

COMMISSIONER: To the extent the witness (indistinct).

MS McDONALD: Yes.

COMMISSIONER: Do you know, one way or the other - before you answer, let's wait to see if there's any objection. Do you know one way or other whether there's been a finalisation.

MR PORTELLI: No, there hasn't been finalisation, to my knowledge. I haven't been advised of that.

MS PALMER: May I just say that we have not made any application for an NPO in respect of this document. We do appreciate counsel assisting has thoughtfully not had this streamed publicly.

COMMISSIONER: Yes. Yes.

MS PALMER: But if we could just preserve the position in relation to this. I anticipate we might make an NPO application, just in -

COMMISSIONER: Your position is reserved, and it's not been played publicly and it's not going on a website. I would say in relation to non-publication generally, this is a public inquiry as - whatever one might think - and I'm not expressing a view one way or another at the moment about the nature of what's been played. It is - or has been in the public domain. Of course I'll hear anybody on a non-publication order application, but when I'm asked to make orders under section 12B of the Royal Commissions Act I'll need to be persuaded as to why otherwise public inquiries should make that evidence private. But certainly your position is reserved, and I think counsel assisting has taken a very appropriate course (indistinct). Are you leaving this now, Ms McDonald?

MS McDONALD: I was going to ask for it to be marked for identification.

COMMISSIONER: Yes.

5 **MS McDONALD:** Video LCC.012.001.0284.

COMMISSIONER: MFI9.

<MFI #9 VIDEO LCC.012.001.0284

10

COMMISSIONER: Someone will correct me if I am wrong.

MS McDONALD: I was then moving -

15 **COMMISSIONER:** Moving to a different topic?

MS McDONALD: Yes.

20 **COMMISSIONER:** Mr Portelli, in answering some of counsel assisting's questions you said that before you'd heard the audio for the - for that particular post, you formed the view when you were shown it that it brought the council into disrepute?

MR PORTELLI: Yes.

25 **COMMISSIONER:** Could you just explain to me why you formed that view on seeing that?

30 **MR PORTELLI:** Because, Commissioner - again, if you have an issue with a mayor or councillor, then by all means deal with it. But when you show that to the world and you mock those individuals by the slogan "Dumb and Dumber", what is the community to think of the council? Both of the person who would do that and of the people who they are seeing in that video? I mean, it did make you - make you think that, you know, the council is a circus. I mean, it's not the professional community organisation that it should be when you do things like that.

35

COMMISSIONER: And do you have a view about whether that sort of engagement on social media can have a wider affect on the organisation and its staff?

40 **MR PORTELLI:** Well, certainly. It affected me, and there are many other Muslims working at council. It's - I think it's an atrocious thing to do.

MS McDONALD: Can I just - following on from the Commissioner's questions, that - is your understanding that was posted councillor's Facebook page?

45 **MR PORTELLI:** That's my understanding.

MS McDONALD: And that various councillors, including the mayor, have their own Facebook page, which is like, for example, Councillor Macnaught's Facebook page, and it's identified as Councillor Macnaught's Facebook page? Is that your understanding?

5

MR PORTELLI: I'm not - well, I don't know. I don't know.

MS McDONALD: All right. But you do know that at least many of the councillors have their own Facebook page.

10

MR PORTELLI: Yes, yes.

MS McDONALD: With the Facebook page of Councillor Ristevski, do you regularly look at it?

15

MR PORTELLI: No.

MS McDONALD: Is it a matter of if somebody, as with that one, comes up to you and says, "Have you seen this," or, "Look at this," that's when you would view it?

20

MR PORTELLI: Yes. Because - because any complaints that are made go to the CEO, he invariably forwards - he will assess them, of course. I mean, some things he may find trivial or - you know, and - or deal with it directly. But where he takes it further he refers it to governance - a senior officer in governance, and he typically cc's me in because governance and legal report to me. So I would see it that way as well.

25

MS McDONALD: Is that part of the code of conduct procedure that when it's been referred to governance, you're copied into that -

30

MR PORTELLI: Not specifically that I'm copied in, but it refers to - governance to then process it.

MS McDONALD: I wanted to ask you a question about Facebook postings on the Mayor of Liverpool - Ned Mannoun, Mayor of Liverpool Facebook page. Can you excuse me for a minute. I'll ask for a document to be put up. You might need to see another document which we haven't got on the computer system for it to make sense, but could we bring up LCC-002-006-0003, please.

35

40 **COMMISSIONER:** Just in the room?

MS McDONALD: Yes. LCC.002.006.0003.

COMMISSIONER: We had had a good run.

45

MS McDONALD: We did.

COMMISSIONER: It was bound to happen.

ASSOCIATE: I do have a copy of it here.

5 **MS McDONALD:** You have a digital copy?

ASSOCIATE: Yes, I can pull it up.

10 **MS McDONALD:** Commissioner, could you just bear with us for a minute?

COMMISSIONER: Of course.

15 **MS McDONALD:** We do have some hard copies, if we can just distribute those to the legal representatives. And they can see what is coming and if there is an issue, to deal with it now.

COMMISSIONER: All right.

20 **MS McDONALD:** May I hand up to the Commissioner and also Mr Portelli copies of the two -

COMMISSIONER: Thank you.

25 **MS McDONALD:** Mr Portelli, if we could start with the document which does have an identification LCC-002-006-0003. Do you have that? It's -

COMMISSIONER: Whilst Mr Portelli is looking at that, I might just pre-emptively mark that MFI10, so for the purpose of the transcript we can follow.

30 **<MFI #10 HARD COPY OF LCC-002-006-0003**

35 **MS McDONALD:** Now, Mr Portelli, I can give you some more context with the second document, but just looking at MFI10 to begin with, this is Facebook postings on Ned Mannoun, Mayor of Liverpool Facebook page.

MR PORTELLI: Yes.

40 **MS McDONALD:** And on MFI10, at the top, is that a particular posting that you made?

MR PORTELLI: Yes.

45 **MS McDONALD:** If you go to the second document, which has got some more, I suppose, context for it. And, Commissioner, that's headed Facebook Post Ned Mannoun Mayor of Liverpool 24 July 2024, and consists of two pages. Could that be marked for identification?

COMMISSIONER: With the other document or separately?

MS McDONALD: Actually, probably -

5 **COMMISSIONER:** It can form part of MFI10?

MS McDONALD: Yes, that makes sense. And again, Mr Portelli, to give you some context, you can see on the beginning of this second document there is a posting on the mayor of Liverpool's Facebook page, and then it appears that there's a number of
10 people responding to it? Yes.

MR PORTELLI: Yes.

MS McDONALD: And if you look down the bottom, you can see there's a person
15 whose name starts with B making certain comments. And then across the page there are further comments.

MR PORTELLI: Yes.

20 **MS McDONALD:** And then your comment that appears in the single page of MFI10 is down the bottom?

MR PORTELLI: Yes.

25 **MS McDONALD:** And to state the obvious, this was a posting that you made in response to this posting by the mayor and various responses?

MR PORTELLI: Yes.

30 **MS McDONALD:** And if I can take you to your response, which is:

"A man of the people, a man of action. We Liverpoolians appreciate your service and dedication."

35 What were you - were you responding to something in particular there?

MR PORTELLI: Yes. What I was responding to is there was an interim report issued by the Office of Local Government.

40 **MS McDONALD:** I've asked you about that. Your affidavit that we've just tendered was in response to that.

MR PORTELLI: Yes. But - but when that document was issued - let me go back a step. The Office of Local Government sent officers - three officers to council to
45 conduct an investigation of sorts. They were there for several weeks, asking for any number of documents, which I had my staff provide. They collected information, and

then they finally finished their investigation and went back to the Office of Local Government.

5 Then subsequent to that, there is a document that is released by the minister that has a number of people, myself included, being named in. And we were named, suggesting that - things like - you know, the people - these people either don't have - are employed at council and don't have experience, don't know about Local Government, don't have the right qualifications or know the mayor. And that infuriated me. Again, I have an unblemished history and I'm seen in public, and the
10 mayor - and the minister actually went on radio and spoke to it, commenting things like - when he was asked, "Who are the people who divulged this," and he said, "We have to protect them and keep that confidential," and I'm thinking, "What about the people you've just accused?"

15 So when I saw this reference to, you know, "This is Australia, not North Korea," that hit home with me, because this is my country, and how dare anybody make - make - put something out there and accuse me and other people of being guilty before - and having to prove innocence? So when I saw the mayor stand up for that, I made that - that remark. I was thanking him -

20 **MS McDONALD:** All right. So the answer to my question is, when you put in a "a man of the people", et cetera, you were responding to the posting that the mayor had made which appears on page 1.

25 **MR PORTELLI:** That's right.

MS McDONALD: All right. And I'm not going to ask you details about this, but after making that posting were you subject to a code of conduct complaint?

30 **MR PORTELLI:** I'm not aware of it.

MS McDONALD: You were never notified?

35 **MR PORTELLI:** That I was subject to a code of conduct complaint? No.

MS McDONALD: Were you told that there were any complaints made about your posting.

40 **MR PORTELLI:** No.

MS McDONALD: By somebody like the CEO?

MR PORTELLI: Not that I recall, no.

45 **COMMISSIONER:** Sorry, was the witness told by the CEO that there had been complaints or that the CEO had made a complaint?

MS McDONALD: No, no. I'm sorry if that's not clear.

COMMISSIONER: Yes.

5 **MS McDONALD:** That the CEO had told you that he or the council had received complaints about your posting.

MR PORTELLI: He had recently told me that there had been a complaint, but I didn't - I'm not - I didn't think it was about this.

10

MS McDONALD: All right. What did you think it was about?

MR PORTELLI: I - that would give away who the complainant is, so should that happen?

15

MS McDONALD: Sorry, can we just pause. When the CEO spoke to you -

MR PORTELLI: Yes.

20 **MS McDONALD:** - did he identify it as a code of conduct complaint?

MR PORTELLI: Yes.

25 **MS McDONALD:** Commissioner, we have had some difficulties in obtaining all of the details about code of conduct complaints, and as I outlined in the opening that is an area that we are looking at. I would ask for Mr Portelli to answer the question, what was - what was the allegation about.

COMMISSIONER: Well, is there any objection to that?

30

MR EMMETT: I should rise to my feet, although Mr Portelli is not my witness.

COMMISSIONER: Yes.

35 **MR EMMETT:** If there is a code of conduct regime that could apply - and I need to reserve Ms Hamilton-Jewell's position as well, that - if my learned friend does want to investigate or investigate the detail, it may be safest to do that in a private session first. I don't know - I don't know the subject matter. I don't know what Mr Portelli is going to say.

40

COMMISSIONER: No, none of us seem to at the moment other than Mr Portelli. Ms McDonald, what -

45 **MS McDONALD:** Couldn't it be covered by a non-publication order instead of moving into private session?

COMMISSIONER: Except that - just hang on. Except that if I don't - if we don't pause the live stream, one might perhaps question the utility of oral evidence.

MS McDONALD: Sorry. Yes.

5

COMMISSIONER: If it was documentary then that probably would work, but it might cut across the utility of a 12B order if -

MS McDONALD: No, sorry. I'm - I'm thinking - I'm equating -

10

COMMISSIONER: Is the issue - is the question going to go further than whether Mr Portelli thinks - knows whether it's about his post on social media or some other topic? Or are you wanting to get more?

15 **MS McDONALD:** What I took from Mr Portelli's answer is that - or answers -

COMMISSIONER: Yes.

20 **MS McDONALD:** - is that he was ignorant of any complaint arising from this posting, but there had been another complaint that the CEO or the general manager had informed him was subject to a code of conduct complaint.

25 **COMMISSIONER:** All right. Just pause there. And don't answer for a moment, in case someone wants to object to this. You're aware now of the existence of a code of conduct complaint? As you sit here now, you're aware of the existence of a complaint?

MR PORTELLI: Yes.

30 **COMMISSIONER:** And is it to do with any post you have made on social media, as far as you're aware? Just pause. Is there any problem with that question?

MR PORTELLI: It was in regards to LinkedIn.

35 **MS McDONALD:** It was -

COMMISSIONER: LinkedIn.

MS McDONALD: LinkedIn.

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COMMISSIONER: Do you want to go further than that?

MS McDONALD: I would press for some more detail.

45 **COMMISSIONER:** All right.

MS McDONALD: Though I take my learned friend's point. In the circumstances, maybe -

COMMISSIONER: Private session.

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MS McDONALD: - a private session. I'm sorry, Commissioner, I'm just looking at the time.

COMMISSIONER: Yes.

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MS McDONALD: We really haven't, sorry, amongst the parties discussed the practicality of moving into a closed session.

COMMISSIONER: Right.

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MS McDONALD: And how that would operate.

COMMISSIONER: All right. Is there anyone in the room who a party would object to remaining in the room, for the purposes of a private session? We've all got legal - they're all legal representatives who are in the room? There's no room for anyone else, seemingly.

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MS McDONALD: I'm looking at that gentleman over there. I don't mean to - sorry.

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COMMISSIONER: Mr Emmett has vouched for him?

MS McDONALD: Yes.

MR EMMETT: Yes.

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COMMISSIONER: All right. Now, can I just - just pause for a moment. If I can just - okay. I'm told it's a matter of a nod and we can go into private session. But just before I do, the basis of me going into private session is what?

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MS McDONALD: It's raising - it appears that it's going to be raising a matter which is subject to a code of conduct complaint.

COMMISSIONER: Yes.

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MS McDONALD: As my learned friend indicated, the actual procedure of code of conduct does have confidentiality provisions in it.

COMMISSIONER: It does.

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MS McDONALD: Obviously, Commissioner, you are not constrained by that.

COMMISSIONER: Yes.

MS McDONALD: But at the moment, at this point in the inquiry, just so that we can get - finish the evidence of Mr Portelli, if we could move into private session, I'll ask some more details about his understanding of the complaint.

5 **COMMISSIONER:** Yes.

MS McDONALD: If subsequently it becomes relevant that it should - in a sense, that evidence should be in - in an open source, we can deal with that subsequently.

10 **COMMISSIONER:** All right. I'm content to adopt that course. What I would ask is when the transcript of the private session is available the parties review it, and then you can address me on whether some or all of that can be made public, or whether some or all of it should be the subject of redactions.

15 We might just close the door. All right. Pursuant to section 12B of the Royal Commissions Act, I direct that the next passage of evidence be taken in private, and the transcript of this - the private session of the inquiry not be published beyond the legal representatives of the authorised parties until further order. Is that sufficient?

20 **MS PALMER:** I just have one question, Commissioner.

COMMISSIONER: Yes.

MS PALMER: And I'm grateful for that order.

25 **COMMISSIONER:** Yes.

MS PALMER: I understand there's an overflow hearing room.

30 **COMMISSIONER:** Yes.

MS PALMER: But it's not known to me who is in that overflow hearing room.

35 **COMMISSIONER:** Nor me. Can that room be - yes. All right. So from that I understand that that - whoever is in that public overflow room won't see or hear what's happening in the private session. Does that address - does that address the concern?

MS PALMER: It does. Thank you, Commissioner.

40 **COMMISSIONER:** All right. So -

MS McDONALD: Sorry, from that, can I just check, anybody else who might be watching it is now excluded? It's only here?

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COMMISSIONER: Okay. All right. So can we now go into private session, pursuant to the direction. And we'll just pause until we get a nod that that's happened. I'm sorry, Mr Portelli, we just want to make sure we get it right.

5 **MR PORTELLI:** Not a problem.

<THE HEARING MOVED TO PRIVATE SESSION AT 4.06 PM

<THE HEARING RESUMED AT 4.21 PM

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COMMISSIONER: All right. Yes, we will resume in public session.

15 **MS McDONALD:** Thank you, Commissioner. Commissioner, given the time we would ask that Mr Portelli return to continue his evidence. He is not available tomorrow, so I would ask for his evidence to be stood over to recommence Monday morning.

20 **COMMISSIONER:** All right. And have you completed your examination of Mr Portelli?

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MS McDONALD: Yes, I have.

25 **COMMISSIONER:** All right. Mr Portelli, you've heard that. What that means is unfortunately we will have to get you back on Monday morning. Thank you for your attendance during what is a long day. I appreciate there is no doubt many other things you would rather be doing than sitting in a witness box. So I'm grateful. And we will see you back here just before 10 a.m. on Monday. Thank you. You are free to go for today. Are there any other matters to deal with this afternoon before we adjourn?

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MS McDONALD: No. Thanks, Commissioner.

COMMISSIONER: 10 am tomorrow?

35 **MS McDONALD:** Yes.

COMMISSIONER: And who are we starting with tomorrow?

40 **MS McDONALD:** Mr Pasley.

COMMISSIONER: All right. 10 am tomorrow. Thank you.

<THE HEARING ADJOURNED AT 4.22 PM